

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Otter Tail County
(Including the Otter Tail County
Community Development Agency)
Fergus Falls, Minnesota

Annual Financial Report and
Management and Compliance Report

Year Ended December 31, 2024

Otter Tail County Fergus Falls, Minnesota

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**Otter Tail County
Fergus Falls, Minnesota**

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Introductory Section

Otter Tail County Fergus Falls, Minnesota

Organization

December 31, 2024

Position	Name	District	Term Expires
Elected			
Commissioners			
Board Member	Dan Bucholz	District 1	January 2025
Board Member	Wayne Johnson	District 2	January 2027
Chair	Kurt Mortenson	District 3	January 2025
Board Member	Robert Lahman	District 4	January 2027
Vice Chair	Leland Rogness	District 5	January 2025
Attorney	Michelle Eldien		January 2027
County Sheriff	Barry Fitzgibbons		January 2027
Appointed			
Auditor-Treasurer	Wayne Stein		Indefinite
Assessor	Heather Jacobson		January 2027
County Engineer	Krysten Foster		July 2027
County Administrator	Nicole Hansen		Indefinite
Veterans Service Officer	Robert Emerson		June 2028
Examiner of Titles	Robert Russell		Indefinite
Solid Waste Director	Chris McConn		Indefinite
County Recorder	Lynn Larson		Indefinite
Human Services Board			
Member	Dan Bucholz		January 2025
Chair	Wayne Johnson		January 2027
Vice Chair	Kurt Mortenson		January 2025
Member	Robert Lahman		January 2027
Member	Leland Rogness		January 2025
Human Services Director	Deb Sjostrom		Indefinite
Probation Officer	Michael Schommer		Indefinite
Public Health Director	Jody Lien		Indefinite

**Otter Tail County
Community Development Agency
Fergus Falls, Minnesota**

Organization

December 31, 2024

Position	Name	Term Expires
Appointed		
Vice President	Jeff Ackerson	January 2028
Commissioner	Dena Johnson	January 2028
Commissioner	Val Martin	January 2026
Commissioner	Kurt Mortenson	January 2029
Commissioner	David Ripley	January 2025
Commissioner	Betsy Roder	January 2027
Commissioner	Leland Rogness	January 2026
Commissioner	Heidi Samuelson	January 2027
President	David Schornack	January 2030
Community Development Director	Amy Baldwin	Indefinite

Financial Section



Independent Auditor's Report

Board of County Commissioners
Otter Tail County
Fergus Falls, 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 Otter Tail 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 Otter Tail 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 Otter Tail County Housing and Redevelopment Authority (HRA), which represents 16.0 percent, 41.8 percent, and 21.7 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 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 Otter Tail County's basic financial statements. The Budgetary Comparison Schedule – Debt Service Fund, the combining nonmajor governmental funds financial statements, budgetary comparison schedules for nonmajor governmental funds, combining fiduciary fund financial statements, Otter Tail County Community Development Agency component unit financial statements, Balance Sheet – By Ditch – County Ditch Special Revenue Fund, 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 November 10, 2025, on our consideration of Otter Tail County's and the Otter Tail County Community Development Agency 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 Otter Tail County's or the Otter Tail County Community Development Agency 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 Otter Tail County's and the Otter Tail County Community Development Agency component unit's internal control over financial reporting and compliance.

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

November 10, 2025

Management's Discussion and Analysis

Otter Tail County Fergus Falls, Minnesota

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

Introduction

Otter Tail County's Management's Discussion and Analysis (MD&A) provides an overview of 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 and the notes to the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of Otter Tail County exceeded its liabilities and deferred inflows of resources on December 31, 2024, by \$292,651,092 (net position).
- As of the close of 2024, Otter Tail County's governmental funds reported combined ending fund balances of \$111,991,490, an increase of \$2,966,417 in comparison with 2023. Of this amount, \$38,639,010 was unassigned by Otter Tail County and thus available for spending at the government's discretion.
- Business-type activities' total net position is \$9,913,062 at December 31, 2024. Net investment in capital assets represents \$4,215,606 of the total.
- Otter Tail County's long-term liabilities (due in more than one year) decreased by \$13,586,819, or 14.2 percent, to \$82,356,428 during the current fiscal year. The change is primarily the result of a decrease in Net Pension Liability.

Overview of the Financial Statements

Otter Tail County's MD&A serves as an introduction to the basic financial statements. Otter Tail 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 contains certain other supplementary information.

Government-Wide Financial Statements

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

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

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

Both government-wide financial statements distinguish functions of Otter Tail County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of Otter Tail County include general government, public safety, highways and streets, human services, health, culture and recreation, conservation of natural resources, economic development, and interest. Otter Tail County finances the majority of these activities with local property taxes, transportation sales and use tax, state-paid aids, fees, charges for services, and federal and state grants. The County reports its solid waste collection and disposal program, including County-sponsored recycling programs, as a business-type activity.

The government-wide statements include not only the financial data for Otter Tail County itself (known as the primary government), but also the legally separate Prairie Lakes Municipal Solid Waste Authority, Otter Tail County Community Development Agency, and Otter Tail County Housing and Redevelopment Authority component units, for which Otter Tail County is financially accountable. Further information for these component units is audited and reported separately from the financial information provided herein for the primary government itself.

Fund Financial Statements

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Otter Tail County maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, Capital Improvement Special Revenue Fund, Construction Capital Projects Fund, and the Debt Service Fund, all of which are considered to be major funds. Data from the other special revenue, and capital projects nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report.

Otter Tail County adopts an annual appropriated budget. Budgetary comparison schedules have been provided to demonstrate compliance with the fund budgets.

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Otter Tail County maintains one proprietary fund, an enterprise fund, to account for its solid waste and recycling collection and disposal programs. The proprietary fund financial statements provide information for the Waste Management Enterprise Fund, which is considered to be a major fund of Otter Tail County.

Fiduciary funds (trust fund and custodial funds) are reported when the County acts in a trustee capacity or as custodian of funds. All the County's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Otter Tail County, total net position increased by \$15,310,720 from 2023 to 2024.

Otter Tail County 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	\$ 128,678,477	\$ 126,085,012	\$ 12,638,610	\$ 12,830,920	\$ 141,317,087	\$ 138,915,932
Capital assets, net	251,921,325	246,224,554	6,059,665	4,916,473	257,980,990	251,141,027
Total Assets	\$ 380,599,802	\$ 372,309,566	\$ 18,698,275	\$ 17,747,393	\$ 399,298,077	\$ 390,056,959
Deferred Outflows of Resources						
Deferred amount of refunding	\$ 688,496	\$ 878,008	\$ -	\$ -	\$ 688,496	\$ 878,008
Deferred pension outflows	8,399,566	13,230,250	158,134	353,861	8,557,700	13,584,111
Deferred other postemployment benefits outflows	744,301	796,012	26,883	29,027	771,184	825,039
Total Deferred Outflows of Resources	\$ 9,832,363	\$ 14,904,270	\$ 185,017	\$ 382,888	\$ 10,017,380	\$ 15,287,158
Liabilities						
Long-term liabilities	\$ 81,966,574	\$ 93,578,364	\$ 7,866,117	\$ 8,797,944	\$ 89,832,691	\$ 102,376,308
Other liabilities	7,434,817	7,896,799	458,287	314,712	7,893,104	8,211,511
Total Liabilities	\$ 89,401,391	\$ 101,475,163	\$ 8,324,404	\$ 9,112,656	\$ 97,725,795	\$ 110,587,819
Deferred Inflows of Resources						
Deferred lease inflows	\$ 1,457,352	\$ 1,748,822	\$ -	\$ -	\$ 1,457,352	\$ 1,748,822
Deferred pension inflows	16,142,193	14,734,057	620,376	483,243	16,762,569	15,217,300
Deferred other postemployment benefits inflows	693,199	434,963	25,450	14,841	718,649	449,804
Total Deferred Inflows of Resources	\$ 18,292,744	\$ 16,917,842	\$ 645,826	\$ 498,084	\$ 18,938,570	\$ 17,415,926
Net Position						
Net investment in capital assets	\$ 216,252,375	\$ 218,564,780	\$ 4,215,606	\$ 4,133,449	\$ 220,467,981	\$ 222,698,229
Restricted	24,302,919	32,115,643	343,082	-	24,646,001	32,115,643
Unrestricted	42,182,736	18,140,408	5,354,374	4,386,092	47,537,110	22,526,500
Total Net Position	\$ 282,738,030	\$ 268,820,831	\$ 9,913,062	\$ 8,519,541	\$ 292,651,092	\$ 277,340,372

Net investment in capital assets of \$220,467,981 represents the largest portion of net position (75.3 percent). Otter Tail County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Otter Tail County's investment in its capital assets is reported net of

related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Otter Tail County's Changes in Net Position is a summary of the County's activity for the year.

Otter Tail County 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	\$ 8,149,532	\$ 10,452,379	\$ 10,354,077	\$ 9,948,940	\$ 18,503,609	\$ 20,401,319
Operating grants and contributions	39,496,877	41,483,102	366,936	371,001	39,863,813	41,854,103
Capital grants and contributions	421,951	1,307,760	-	111,599	421,951	1,419,359
General revenues						
Property taxes	52,072,502	48,872,171	-	-	52,072,502	48,872,171
Other taxes	6,983,748	7,417,128	-	-	6,983,748	7,417,128
Grants and contributions	5,124,920	5,260,712	-	-	5,124,920	5,260,712
Other general revenues	4,878,970	2,593,614	75,848	57,075	4,954,818	2,650,689
Transfers	(226,772)	43,256	226,772	(43,256)	-	-
Total Revenues	\$ 116,901,728	\$ 117,430,122	\$ 11,023,633	\$ 10,445,359	\$ 127,925,361	\$ 127,875,481
Expenditures						
Program expenses						
General government	\$ 18,952,841	\$ 19,599,332	\$ -	\$ -	\$ 18,952,841	\$ 19,599,332
Public safety	19,155,698	21,369,850	-	-	19,155,698	21,369,850
Highways and streets	29,090,025	24,928,049	-	-	29,090,025	24,928,049
Human services	24,286,069	23,380,446	-	-	24,286,069	23,380,446
Health	4,220,650	4,492,464	-	-	4,220,650	4,492,464
Culture and recreation	1,260,978	915,247	-	-	1,260,978	915,247
Conservation of natural resources	2,797,300	2,815,987	-	-	2,797,300	2,815,987
Economic development	1,823,124	1,618,685	-	-	1,823,124	1,618,685
Interest	1,397,844	1,148,863	-	-	1,397,844	1,148,863
Solid waste	-	-	9,630,112	9,516,687	9,630,112	9,516,687
Total Program Expenses	\$ 102,984,529	\$ 100,268,923	\$ 9,630,112	\$ 9,516,687	\$ 112,614,641	\$ 109,785,610
Increase (Decrease) in Net Position	\$ 13,917,199	\$ 17,161,199	\$ 1,393,521	\$ 928,672	\$ 15,310,720	\$ 18,089,871

Otter Tail County's governmental activities increased the County's net position during 2024 by \$13,917,199.

Business-type activities of the Waste Management Enterprise Fund increased Otter Tail County's net position by \$1,393,521 during 2024.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of Otter Tail County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements.

As of December 31, 2024, Otter Tail County's governmental funds reported combined ending fund balances of \$111,991,490, an increase of \$2,966,417 in comparison with the prior year balance.

The General Fund is the chief operating fund of the County and is used to account for all financial resources except those to be accounted for in another fund. The fund balance of Otter Tail County's General Fund increased by \$4,948,989 during the current fiscal year.

Special revenue governmental funds account for the proceeds of specific revenue that are restricted, committed, or assigned to expenditures for specific purposes.

- The Road and Bridge Special Revenue Fund balance increased by \$3,070,343 in 2024.
- The Human Services Special Revenue Fund balance decreased by \$45,273 in 2024.
- The Capital Improvement Special Revenue Fund balance increased by \$2,287,145 in 2024.
- The Construction Capital Projects Fund balance increased by \$105,583 in 2024.

Debt service funds account for the payments of principal, interest, and fiscal charges on long-term obligations of Otter Tail County.

- The Debt Service Funds were combined for 2024 and the fund balance decreased by \$1,988,235 in 2024.

The fund balance as of December 31, 2024, for all other governmental funds decreased by \$5,412,135.

Proprietary funds. As previously noted, the Waste Management Enterprise Fund is the County's sole proprietary fund.

General Fund Budgetary Highlights

The Otter Tail County Board of Commissioners, over the course of a budget year, may amend/revise the County's overall operating budget of the General Fund to reflect changes in revenue sources and expenditures that were not anticipated when the budget was established in the prior year.

Actual revenues for 2024 were \$3,676,142 more than the final budget. Actual expenditures were less than budgeted expenditures by \$706,136 in 2024.

Capital Assets and Debt Administration

Capital Assets

Otter Tail County's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to \$257,980,990 (net of accumulated depreciation and amortization). The total increase in the County's investment in capital assets for the current fiscal year was 2.7 percent.

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

Capital Assets	Governmental Activities – 2024	Governmental Activities – 2023	Business-Type Activities – 2024	Business-Type Activities – 2023	Total Primary Government – 2024	Total Primary Government – 2023
Land	\$ 8,532,300	\$ 8,448,271	\$ 419,433	\$ 299,433	\$ 8,951,733	\$ 8,747,704
Construction in progress	25,028,219	21,240,640	1,794,729	380,991	26,822,948	21,621,631
Land improvements	16,163	24,852	-	-	16,163	24,852
Buildings and improvements	27,365,919	28,236,484	2,383,223	2,531,296	29,749,142	30,767,780
Machinery, furniture, vehicles, and equipment	6,184,256	5,962,782	980,864	1,115,116	7,165,120	7,077,898
Infrastructure	184,487,494	181,718,025	90,089	94,790	184,577,583	181,812,815
Landfill	-	-	391,327	494,847	391,327	494,847
Subscription-based information technology arrangements	216,916	412,368	-	-	216,916	412,368
Lease buildings	9,095	18,189	-	-	9,095	18,189
Lease equipment	80,963	162,943	-	-	80,963	162,943
Totals	\$ 251,921,325	\$ 246,224,554	\$ 6,059,665	\$ 4,916,473	\$ 257,980,990	\$ 251,141,027

More detailed information about Otter Tail County's capital assets can be found in Note 3 of this report.

Long-Term Debt

As of December 31, 2024, Otter Tail County had \$57,850,763 in bonds and notes outstanding, compared with \$62,701,347 as of December 31, 2023, a decrease of 7.7 percent.

The state limits the amount of net debt that the County can issue to three percent of the market value of all taxable property. Otter Tail County's outstanding net debt is significantly below the state-imposed limit. The County's financial advisor annually reviews the outstanding debt issues to determine which, if any, issues should be considered for refinancing.

Outstanding Debt at Year-End

Outstanding Debt	Governmental Activities – 2024	Governmental Activities – 2023	Business-Type Activities – 2024	Business-Type Activities – 2023	Total Primary Government – 2024	Total Primary Government – 2023
Bonds payable						
General obligation bonds	\$ 21,055,000	\$ 23,630,000	\$ -	\$ -	\$ 21,055,000	\$ 23,630,000
Revenue bonds	29,560,000	31,255,000	4,375,000	4,570,000	33,935,000	35,825,000
Plus: unamortized premium	2,485,532	2,844,314	375,231	402,033	2,860,763	3,246,347
Totals	\$ 53,100,532	\$ 57,729,314	\$ 4,750,231	\$ 4,972,033	\$ 57,850,763	\$ 62,701,347

Other obligations include loans payable, leases payable, software subscriptions payable, compensated absences, other postemployment benefits liability, landfill closure and postclosure care costs, and net pension liability. The notes to the financial statements (Notes 3 and 4) provide detailed information about the County's long-term liabilities.

Economic Factors and Next Year's Budgets and Rates

Otter Tail County's budget balances its fiscal responsibility with the need to ensure quality county services. The County's elected and appointed officials consider many factors when setting the budget, tax rates, and fees that will be charged for the business-type activities.

Otter Tail County's net tax capacity (tax base) for taxes payable in 2024 was \$157,135,104, which was 11.3 percent more than 2023.

By the end of 2024, Otter Tail County had approved its balanced 2025 revenue and expenditures budgets. The 2025 total levy is \$53,055,419, which is an increase of \$1,903,894, or 3.7 percent, compared to the 2024 levy of \$51,151,525.

Requests for Information

Otter Tail County's financial report provides citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances, and it shows accountability for the money it receives and spends. If you have questions about this report, or need additional financial information, contact Kris Vipond, Deputy Administrator (218-998-8034), or Dawn Godel, Finance Director (218-998-8037), at the Otter Tail County Government Services Center, 510 Fir Avenue West, Fergus Falls, Minnesota 56537.

Basic Financial Statements

Government-Wide Financial Statements

Exhibit 1

**Otter Tail County
Fergus Falls, Minnesota**

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

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and pooled investments	\$ 88,494,509	\$ 8,400,261	\$ 96,894,770	\$ 9,076,573
Taxes receivable – delinquent	1,064,438	-	1,064,438	41,252
Special assessments receivable				
Delinquent	41,423	-	41,423	-
Noncurrent	155,295	-	155,295	-
Accounts receivable	63,227	268,490	331,717	267,709
Accrued interest receivable	600,554	-	600,554	-
Internal balances	191	(191)	-	-
Due from other governments	10,918,967	288,087	11,207,054	321
Due from component unit	79,503	-	79,503	-
Lease receivable				
Due within one year	299,876	-	299,876	-
Due in more than one year	1,232,529	-	1,232,529	-
Loans receivable (net of allowance)				
Due within one year	-	-	-	9,905
Due in more than one year	-	-	-	159,494
Inventories	567,358	-	567,358	-
Prepaid items	-	-	-	21,972
Land held for resale	-	-	-	182,829
Restricted assets				
Cash and pooled investments	-	1,961,891	1,961,891	31,914
Temporarily restricted				
Cash with escrow agent	6,004,561	-	6,004,561	-
Advance to component unit	19,156,046	1,720,072	20,876,118	-
Capital assets				
Non-depreciable	33,560,519	2,214,162	35,774,681	195,017
Depreciable – net of accumulated depreciation and amortization	218,360,806	3,845,503	222,206,309	25,240,807
Total Assets	\$ 380,599,802	\$ 18,698,275	\$ 399,298,077	\$ 35,227,793
Deferred Outflows of Resources				
Deferred amount on refunding	\$ 688,496	\$ -	\$ 688,496	\$ -
Deferred pension outflows	8,399,566	158,134	8,557,700	194,302
Deferred other postemployment benefits outflows	744,301	26,883	771,184	-
Total Deferred Outflows of Resources	\$ 9,832,363	\$ 185,017	\$ 10,017,380	\$ 194,302

Exhibit 1*(Continued)*

**Otter Tail County
Fergus Falls, Minnesota**

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

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Accounts payable	\$ 2,176,293	\$ 255,385	\$ 2,431,678	\$ 207,512
Salaries payable	1,840,494	102,885	1,943,379	117,163
Contracts payable	1,473,424	-	1,473,424	-
Due to other governments	100,582	8,559	109,141	96,355
Due to primary government	-	-	-	79,503
Accrued interest payable	537,266	83,229	620,495	1,994
Deposits payable	342,175	-	342,175	214,888
Advance from primary government	-	-	-	1,784,633
Unearned revenue	712,733	-	712,733	1,159
Other postemployment benefits liability	251,850	8,229	260,079	-
Long-term liabilities				
Due within one year	7,055,605	420,658	7,476,263	211,475
Due in more than one year	55,981,237	6,506,856	62,488,093	19,518,903
Other postemployment benefits liability	3,137,584	102,519	3,240,103	-
Net pension liability	15,792,148	836,084	16,628,232	969,120
Total Liabilities	\$ 89,401,391	\$ 8,324,404	\$ 97,725,795	\$ 23,202,705
Deferred Inflows of Resources				
Deferred lease inflows	\$ 1,457,352	\$ -	\$ 1,457,352	\$ -
Deferred pension inflows	16,142,193	620,376	16,762,569	666,375
Deferred other postemployment benefits inflows	693,199	25,450	718,649	-
Total Deferred Inflows of Resources	\$ 18,292,744	\$ 645,826	\$ 18,938,570	\$ 666,375
Net Position				
Net investment in capital assets	\$ 216,252,375	\$ 4,215,606	\$ 220,467,981	\$ 6,279,782
Restricted for				
General government	890,153	-	890,153	-
Public safety	1,198,162	-	1,198,162	-
Highways and streets	6,342,981	-	6,342,981	-
Conservation of natural resources	1,477,400	-	1,477,400	-
Debt service	14,265,939	-	14,265,939	-
Postclosure care	-	343,082	343,082	-
Section 8 HAP	-	-	-	21,026
Economic development	-	-	-	3,693,461
Held in trust for other purposes	128,284	-	128,284	-
Unrestricted	42,182,736	5,354,374	47,537,110	1,558,746
Total Net Position	\$ 282,738,030	\$ 9,913,062	\$ 292,651,092	\$ 11,553,015

Exhibit 2

**Otter Tail County
Fergus Falls, Minnesota**

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

	Program Revenues		
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions
<u>Functions/Programs</u>			
Primary Government			
Governmental activities			
General government	\$ 18,952,841	\$ 3,308,926	\$ 919,056
Public safety	19,155,698	289,054	2,287,981
Highways and streets	29,090,025	1,586,690	19,389,552
Human services	24,286,069	1,045,601	11,672,849
Health	4,220,650	1,094,566	2,223,737
Culture and recreation	1,260,978	16,466	1,913,233
Conservation of natural resources	2,797,300	2,869	562,474
Economic development	1,823,124	799,686	8,200
Interest	1,397,844	5,674	519,795
Total governmental activities	\$ 102,984,529	\$ 8,149,532	\$ 39,496,877
Business-type activities			
Solid waste	9,630,112	10,354,077	366,936
Total Primary Government	\$ 112,614,641	\$ 18,503,609	\$ 39,863,813
Discretely Presented Component Units	\$ 11,033,864	\$ 9,817,505	\$ 1,125,520

General Revenues

Property taxes
Transportation sales and use tax
Taxes – other
Wheelage taxes
Grants and contributions not restricted to specific programs
Payments in lieu of tax
Investment earnings
Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net Position – Beginning

Net Position – Ending

Net (Expense) Revenue and Change in Net Position				
Primary Government				Discretely Presented Component Units
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
\$ -	\$ (14,724,859)	\$ -	\$ (14,724,859)	
-	(16,578,663)	-	(16,578,663)	
421,951	(7,691,832)	-	(7,691,832)	
-	(11,567,619)	-	(11,567,619)	
-	(902,347)	-	(902,347)	
-	668,721	-	668,721	
-	(2,231,957)	-	(2,231,957)	
-	(1,015,238)	-	(1,015,238)	
-	(872,375)	-	(872,375)	
\$ 421,951	\$ (54,916,169)	\$ -	\$ (54,916,169)	
-	-	1,090,901	1,090,901	
\$ 421,951	\$ (54,916,169)	\$ 1,090,901	\$ (53,825,268)	
\$ 33,540				\$ (57,299)
	\$ 52,072,502	\$ -	\$ 52,072,502	\$ 2,028,147
	5,509,767	-	5,509,767	-
	125,232	-	125,232	-
	1,348,749	-	1,348,749	-
	5,124,920	-	5,124,920	-
	583,833	-	583,833	-
	4,137,055	75,848	4,212,903	23,255
	158,082	-	158,082	13,500
	(226,772)	226,772	-	-
\$ 68,833,368	\$ 302,620	\$ 69,135,988	\$ 2,064,902	
\$ 13,917,199	\$ 1,393,521	\$ 15,310,720	\$ 2,007,603	
268,820,831	8,519,541	277,340,372	9,545,412	
\$ 282,738,030	\$ 9,913,062	\$ 292,651,092	\$ 11,553,015	

Fund Financial Statements

Governmental Funds

Exhibit 3

**Otter Tail County
Fergus Falls, Minnesota**

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

	General	Road and Bridge	Human Services
<u>Assets</u>			
Cash and pooled investments	\$ 43,872,009	\$ 9,002,093	\$ 20,735,017
Petty cash and change funds	3,120	50	-
Taxes receivable – delinquent	565,880	85,953	280,043
Special assessments			
Delinquent	-	1,008	-
Noncurrent	-	-	-
Accounts receivable	6,159	20,522	36,546
Accrued interest receivable	600,554	-	-
Due from other funds	9,950	1,106,807	-
Due from other governments	275,207	8,423,620	2,215,701
Lease receivable	-	-	-
Advance to other funds	528,157	-	1,111,606
Inventories	-	567,358	-
Advance to component unit	791,046	-	-
Restricted assets			
Temporarily restricted			
Cash with escrow agent	-	-	-
Total Assets	\$ 46,652,082	\$ 19,207,411	\$ 24,378,913
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 509,205	\$ 763,883	\$ 884,172
Salaries payable	916,422	205,299	713,603
Contracts payable	-	1,473,424	-
Due to other funds	-	-	9,950
Due to other governments	42,308	9,426	48,848
Deposits payable	301,675	25,500	-
Advance from other funds	-	-	-
Unearned revenue	712,733	-	-
Total Liabilities	\$ 2,482,343	\$ 2,477,532	\$ 1,656,573
Deferred Inflows of Resources			
Unavailable revenue	\$ 796,428	\$ 6,436,779	\$ 980,955
Deferred lease inflows	-	-	-
Total Deferred Inflows of Resources	\$ 796,428	\$ 6,436,779	\$ 980,955

Capital Improvement	Construction Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,106,883	\$ 2,943,911	\$ 2,592,476	\$ 2,238,950	\$ 88,491,339
-	-	-	-	3,170
74,305	-	38,307	19,950	1,064,438
-	-	-	40,415	41,423
-	-	-	155,295	155,295
-	-	-	-	63,227
-	-	-	-	600,554
-	-	-	-	1,116,757
-	-	-	4,439	10,918,967
-	-	1,532,405	-	1,532,405
-	-	-	-	1,639,763
-	-	-	-	567,358
-	-	18,365,000	-	19,156,046
-	-	-	6,004,561	6,004,561
\$ 7,181,188	\$ 2,943,911	\$ 22,528,188	\$ 8,463,610	\$ 131,355,303
\$ -	\$ -	\$ -	\$ 19,033	\$ 2,176,293
-	-	-	5,170	1,840,494
-	-	-	-	1,473,424
359,831	450,672	-	296,113	1,116,566
-	-	-	-	100,582
-	-	15,000	-	342,175
-	-	1,111,606	528,157	1,639,763
-	-	-	-	712,733
\$ 359,831	\$ 450,672	\$ 1,126,606	\$ 848,473	\$ 9,402,030
\$ 53,107	\$ -	\$ 28,428	\$ 208,734	\$ 8,504,431
-	-	1,457,352	-	1,457,352
\$ 53,107	\$ -	\$ 1,485,780	\$ 208,734	\$ 9,961,783

Exhibit 3
(Continued)

**Otter Tail County
Fergus Falls, Minnesota**

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

	General	Road and Bridge	Human Services
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u> (Continued)			
Fund Balances			
Nonspendable			
Inventories	\$ -	\$ 567,358	\$ -
Advance to other funds	528,157	-	1,111,606
Missing heirs	128,284	-	-
Restricted			
Debt service	-	-	-
Law library	-	-	-
Recorder's technology equipment	148,498	-	-
Real estate shortfall	463,733	-	-
E-911	1,126,056	-	-
Recorder's compliance	221,945	-	-
Handgun permits	14,011	-	-
Ditch maintenance and repairs	-	-	-
Sheriff's contingencies	-	-	-
Snowmobile trails	53,095	-	-
Aquatic invasive species	615,376	-	-
Assigned			
Property and casualty insurance	436,926	167,359	77,687
Workers' compensation	220,191	124,870	60,718
Veteran's van	6,121	-	-
Emergency management	6,200	-	-
General government	-	-	-
Public safety	-	-	4,981,436
Highways and streets	-	9,433,513	-
Human services	-	-	11,145,217
Health	-	-	4,364,721
Culture and recreation	-	-	-
Capital outlay	-	-	-
Unassigned	39,404,718	-	-
Total Fund Balances	\$ 43,373,311	\$ 10,293,100	\$ 21,741,385
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 46,652,082	\$ 19,207,411	\$ 24,378,913

Capital Improvement	Construction Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 567,358
-	-	-	-	1,639,763
-	-	-	-	128,284
-	-	19,915,802	6,004,561	25,920,363
-	-	-	55,977	55,977
-	-	-	-	148,498
-	-	-	-	463,733
-	-	-	-	1,126,056
-	-	-	-	221,945
-	-	-	-	14,011
-	-	-	862,024	862,024
-	-	-	5,000	5,000
-	-	-	-	53,095
-	-	-	-	615,376
-	-	-	-	681,972
-	-	-	-	405,779
-	-	-	-	6,121
-	-	-	-	6,200
903,986	-	-	-	903,986
2,135,328	-	-	8,103	7,124,867
3,545,696	-	-	-	12,979,209
183,240	-	-	-	11,328,457
-	-	-	-	4,364,721
-	-	-	1,236,446	1,236,446
-	2,493,239	-	-	2,493,239
-	-	-	(765,708)	38,639,010
\$ 6,768,250	\$ 2,493,239	\$ 19,915,802	\$ 7,406,403	\$ 111,991,490
\$ 7,181,188	\$ 2,943,911	\$ 22,528,188	\$ 8,463,610	\$ 131,355,303

Exhibit 4

**Otter Tail County
Fergus Falls, Minnesota**

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

Fund balances – total governmental funds (Exhibit 3)	\$ 111,991,490
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.	\$ 251,921,325
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	\$ 8,504,431
Deferred outflows of resources are not available resources and, therefore, are not reported in the governmental funds.	
Deferred amount on refunding	\$ 688,496
Deferred pension outflows	8,399,566
Deferred other postemployment benefits outflows	744,301
Total outflows of resources not reported in the governmental funds	\$ 9,832,363
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.	\$ 79,503
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	\$ (21,055,000)
Revenue bonds	(29,560,000)
Loans payable	(2,043,454)
Bond premiums	(2,485,532)
Leases payable	(80,452)
Software subscriptions payable	(192,326)
Accrued interest payable	(537,266)
Compensated absences	(7,620,078)
Other postemployment benefits liability	(3,389,434)
Net pension liability	(15,792,148)
Long-term liabilities not reported in the governmental funds	\$ (82,755,690)
Deferred inflows are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Deferred pension inflows	\$ (16,142,193)
Deferred other postemployment benefits inflows	(693,199)
Deferred inflows of resources not reported in the governmental funds	\$ (16,835,392)
Net Position of Governmental Activities (Exhibit 1)	\$ 282,738,030

Exhibit 5

**Otter Tail County
Fergus Falls, Minnesota**

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

	General	Road and Bridge	Human Services	Capital Improvement
Revenues				
Taxes	\$ 28,101,418	\$ 10,887,353	\$ 13,189,521	\$ 3,825,530
Special assessments	185,447	-	-	-
Licenses and permits	580,713	-	234,895	-
Intergovernmental	6,395,597	20,162,797	14,844,853	316,490
Charges for services	1,524,185	1,027,694	1,419,879	-
Fines and forfeits	15,348	-	-	-
Gifts and contributions	14,600	-	37,752	-
Investment earnings	3,857,367	-	1,360	13,611
Miscellaneous	1,922,466	111,493	859,836	29,453
Total Revenues	\$ 42,597,141	\$ 32,189,337	\$ 30,588,096	\$ 4,185,084
Expenditures				
Current				
General government	\$ 17,104,512	\$ -	\$ -	\$ 240,877
Public safety	14,321,352	-	2,172,872	645,824
Highways and streets	-	26,515,211	-	754,185
Human services	-	-	24,331,738	111,592
Health	62,684	-	4,256,783	30,561
Culture and recreation	318,170	-	-	16,530
Conservation of natural resources	2,476,364	-	-	-
Economic development	1,900,880	-	-	-
Intergovernmental				
Highways and streets	-	1,885,389	-	-
Culture and recreation	631,697	-	-	-
Capital outlay				
General government	-	-	-	98,370
Debt service				
Principal	441,438	9,953	-	-
Interest	10,902	67	-	-
Total Expenditures	\$ 37,267,999	\$ 28,410,620	\$ 30,761,393	\$ 1,897,939
Excess of Revenues Over (Under) Expenditures	\$ 5,329,142	\$ 3,778,717	\$ (173,297)	\$ 2,287,145
Other Financing Sources (Uses)				
Transfers in	\$ 84,800	\$ 400,000	\$ 185,224	\$ -
Transfers out	(843,711)	(1,176,417)	(57,200)	-
Loans issued	378,758	-	-	-
Total Other Financing Sources (Uses)	\$ (380,153)	\$ (776,417)	\$ 128,024	\$ -
Net Change in Fund Balance	\$ 4,948,989	\$ 3,002,300	\$ (45,273)	\$ 2,287,145
Fund Balance – January 1, as previously reported	\$ 38,424,322	\$ 7,222,757	\$ 21,786,658	\$ 4,481,105
Change within financial reporting entity				
Nonmajor funds to major	-	-	-	-
Combination of major funds	-	-	-	-
Fund Balance – January 1, as restated	\$ 38,424,322	\$ 7,222,757	\$ 21,786,658	\$ 4,481,105
Increase (decrease) in inventories	\$ -	\$ 68,043	\$ -	\$ -
Fund Balance – December 31	\$ 43,373,311	\$ 10,293,100	\$ 21,741,385	\$ 6,768,250

Construction Capital Projects	Prairie Lakes Municipal Solid Waste Authority Debt Service	Chemical Dependency Debt Service	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,733,244	\$ 981,247	\$ 58,718,313
-	-	-	-	187,555	373,002
-	-	-	-	-	815,608
-	-	-	548,197	1,929,344	44,197,278
-	-	-	-	2,271	3,974,029
-	-	-	-	59,285	74,633
-	-	-	-	-	52,352
50,595	-	-	3,864	391,112	4,317,909
54,988	-	-	308,965	21,902	3,309,103
\$ 105,583	\$ -	\$ -	\$ 2,594,270	\$ 3,572,716	\$ 115,832,227
\$ -	\$ -	\$ -	\$ -	\$ 68,403	\$ 17,413,792
-	-	-	-	5,596	17,145,644
-	-	-	-	5,903,331	33,172,727
-	-	-	-	-	24,443,330
-	-	-	-	-	4,350,028
-	-	-	-	2,711,263	3,045,963
-	-	-	-	300,373	2,776,737
-	-	-	-	-	1,900,880
-	-	-	-	-	1,885,389
-	-	-	-	-	631,697
-	-	-	-	-	98,370
-	-	-	4,270,000	-	4,721,391
-	-	-	1,488,922	-	1,499,891
\$ -	\$ -	\$ -	\$ 5,758,922	\$ 8,988,966	\$ 113,085,839
\$ 105,583	\$ -	\$ -	\$ (3,164,652)	\$ (5,416,250)	\$ 2,746,388
\$ -	\$ -	\$ -	\$ 1,176,417	\$ 4,115	\$ 1,850,556
-	-	-	-	-	(2,077,328)
-	-	-	-	-	378,758
\$ -	\$ -	\$ -	\$ 1,176,417	\$ 4,115	\$ 151,986
\$ 105,583	\$ -	\$ -	\$ (1,988,235)	\$ (5,412,135)	\$ 2,898,374
\$ 2,387,656	\$ 20,060,000	\$ (547,818)	\$ -	\$ 15,210,393	\$ 109,025,073
-	-	-	2,391,855	(2,391,855)	-
-	(20,060,000)	547,818	19,512,182	-	-
\$ 2,387,656	\$ -	\$ -	\$ 21,904,037	\$ 12,818,538	\$ 109,025,073
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,043
\$ 2,493,239	\$ -	\$ -	\$ 19,915,802	\$ 7,406,403	\$ 111,991,490

Exhibit 6

**Otter Tail County
Fergus Falls, Minnesota**

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

Net change in fund balance – total governmental funds (Exhibit 5)	<u>\$ 2,898,374</u>
--	----------------------------

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

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

Deferred inflows of resources – unavailable revenue – December 31	\$ 8,504,431
Deferred inflows of resources – unavailable revenue – January 1	<u>(7,796,447)</u>

Total adjustment to revenue in the government-wide statements for current and prior year unavailable revenue	<u>\$ 707,984</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	\$ 18,550,837
Net book value of capital assets disposed	(421,177)
Current year depreciation and amortization	<u>(12,432,889)</u>

Total adjustment to the government-wide statements for current year capital asset activity	<u>\$ 5,696,771</u>
--	----------------------------

Change in long-term receivable reported as due from component unit in the statement of activities but not reported in governmental funds.

	<u>\$ (8,344)</u>
--	--------------------------

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

Principal payments on leases	\$ 90,809
Principal payments on subscription-based technology arrangements	<u>175,616</u>

Total adjustment to the government-wide statements for principal payments on financing sources	<u>\$ 266,425</u>
--	--------------------------

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

Proceeds of new debt	
Loans issued	<u>\$ (378,758)</u>

Principal repayments	
General obligation bonds	\$ 2,575,000
Revenue bonds	1,695,000
Loans	<u>184,966</u>

Total adjustment to the government-wide statements for payments made on long-term liabilities	<u>\$ 4,454,966</u>
---	----------------------------

Exhibit 6
(Continued)

Otter Tail County
Fergus Falls, Minnesota

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

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

Change in accrued interest payable	\$ (67,290)
Amortization of premiums	358,782
Change in compensated absences	(1,224,473)
Change in other postemployment benefits liability	180,786
Change in net pension liability	7,702,212
Change in deferred pension outflows	(4,830,684)
Change in deferred amount on refunding	(189,512)
Change in deferred pension inflows	(1,408,136)
Change in deferred other postemployment benefits outflows	(51,711)
Change in deferred other postemployment benefits inflows	(258,236)
Change in inventories	68,043
	<hr/>
Total adjustment to the government-wide statements for other activities not reported in governmental funds	\$ 279,781
	<hr/>
Change in Net Position of Governmental Activities (Exhibit 2)	\$ 13,917,199
	<hr/>

Proprietary Fund

Exhibit 7

**Otter Tail County
Fergus Falls, Minnesota**

**Statement of Net Position
Waste Management Enterprise Fund
December 31, 2024**

Assets

Current assets	
Cash and pooled investments	\$ 8,398,671
Petty cash and change funds	1,590
Accounts receivable	268,490
Due from other governments	288,087
	<hr/>
Total current assets	\$ 8,956,838
Restricted assets	
Cash and pooled investments	\$ 1,961,891
	<hr/>
Noncurrent assets	
Advance to component unit	\$ 1,720,072
Capital assets	
Non-depreciable	2,214,162
Depreciable – net of accumulated depreciation	3,845,503
	<hr/>
Total noncurrent assets	\$ 7,779,737
Total Assets	\$ 18,698,466

Deferred Outflows of Resources

Deferred pension outflows	\$ 158,134
Deferred other postemployment benefits outflows	26,883
	<hr/>
Total Deferred Outflows of Resources	\$ 185,017

Liabilities

Current liabilities	
Accounts payable	\$ 255,385
Salaries payable	102,885
Due to other funds	191
Due to other governments	8,559
Accrued interest payable	83,229
Compensated absences payable	195,658
Bonds payable	225,000
Other postemployment benefits liability	8,229
	<hr/>
Total current liabilities	\$ 879,136
Noncurrent liabilities	
Compensated absences payable	\$ 362,816
Bonds payable	4,525,231
Estimated liability for landfill closure/postclosure care	1,618,809
Other postemployment benefits liability	102,519
Net pension liability	836,084
	<hr/>
Total noncurrent liabilities	\$ 7,445,459
Total Liabilities	\$ 8,324,595

Exhibit 7
(Continued)

Otter Tail County
Fergus Falls, Minnesota

Statement of Net Position
Waste Management Enterprise Fund
December 31, 2024

Deferred Inflows of Resources

Deferred pension inflows	\$	620,376
Deferred other postemployment benefits inflows		25,450
		<hr/>
Total Deferred Inflows of Resources	\$	645,826
		<hr/>

Net Position

Net investment in capital assets	\$	4,215,606
Restricted for postclosure care costs		343,082
Unrestricted		5,354,374
		<hr/>
Total Net Position	\$	9,913,062
		<hr/>

Exhibit 8

**Otter Tail County
Fergus Falls, Minnesota**

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

Operating Revenues	
Charges for services	\$ 9,675,214
Licenses and permits	2,870
Sale of recyclable materials	503,637
Miscellaneous	172,356
	<hr/>
Total Operating Revenues	\$ 10,354,077
	<hr/>
Operating Expenses	
SCORE	\$ 1,761,450
Waste management	4,121,158
Household hazardous waste	236,191
Processing costs	3,198,239
Depreciation	439,342
Landfill closure and postclosure care costs	(300,889)
	<hr/>
Total Operating Expenses	\$ 9,455,491
	<hr/>
Operating Income (Loss)	\$ 898,586
	<hr/>
Nonoperating Revenues (Expenses)	
Intergovernmental	\$ 366,936
Interest income	12,870
Interest income restricted for sanitation	62,978
Interest expense	(174,621)
	<hr/>
Total Nonoperating Revenues (Expenses)	\$ 268,163
	<hr/>
Income (loss) before transfers	\$ 1,166,749
	<hr/>
Transfers in	\$ 254,372
Transfers out	(27,600)
	<hr/>
Total transfers	\$ 226,772
	<hr/>
Change in Net Position	\$ 1,393,521
	<hr/>
Net Position – January 1	8,519,541
	<hr/>
Net Position – December 31	\$ 9,913,062
	<hr/>

Exhibit 9**Otter Tail County
Fergus Falls, Minnesota****Statement of Cash Flows
Waste Management Enterprise Fund
For the Year Ended December 31, 2024**

Cash Flows from Operating Activities	
Receipts from customers and users	\$ 10,380,284
Payments to suppliers	(6,492,100)
Payments to employees	(2,740,450)
	<hr/>
Net cash provided by (used in) operating activities	\$ 1,147,734
	<hr/>
Cash Flows from Noncapital Financing Activities	
Intergovernmental	\$ 366,936
Payments received on advance to component unit	181,414
Transfers in	254,372
Transfers out	(27,600)
	<hr/>
Net cash provided by (used in) noncapital financing activities	\$ 775,122
	<hr/>
Cash Flows from Capital and Related Financing Activities	
Principal paid on long-term debt	\$ (195,000)
Interest expense	(205,486)
Purchases of capital assets	(1,582,534)
	<hr/>
Net cash provided by (used in) capital and related financing activities	\$ (1,983,020)
	<hr/>
Cash Flows from Investing Activities	
Investment earnings received	\$ 75,848
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 15,684
	<hr/>
Cash and Cash Equivalents at January 1	10,346,468
	<hr/>
Cash and Cash Equivalents at December 31	\$ 10,362,152
	<hr/>
Cash and Cash Equivalents – Exhibit 7	
Cash and pooled investments	\$ 8,398,671
Petty cash and change funds	1,590
Restricted cash and pooled investments	1,961,891
	<hr/>
Total Cash and Cash Equivalents	\$ 10,362,152
	<hr/>

Exhibit 9*(Continued)*

**Otter Tail County
Fergus Falls, Minnesota**

**Statement of Cash Flows
Waste Management Enterprise Fund
For the Year Ended December 31, 2024**

Reconciliation of Operating Income (Loss) to Net Cash Provided by**(Used in) Operating Activities**

Operating income (loss)	\$ 898,586
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Adjustments to reconcile operating income (loss) to net cash provided by**(used in) operating activities**

Depreciation expense	\$ 439,342
(Increase) decrease in accounts receivable	178,050
(Increase) decrease in due from other governments	(151,673)
(Increase) decrease in due from other funds	12
(Increase) decrease in deferred pension outflows	195,727
(Increase) decrease in deferred other postemployment benefits outflows	2,144
Increase (decrease) in accounts payable	138,554
Increase (decrease) in salaries payable	5,151
Increase (decrease) in compensated absences – current	85,931
Increase (decrease) in due to other funds	191
Increase (decrease) in due to other governments	(4,296)
Increase (decrease) in compensated absences – long-term	(32,905)
Increase (decrease) in other postemployment benefits liability	(9,475)
Increase (decrease) in deferred other postemployment benefits inflows	10,609
Increase (decrease) in deferred pension inflows	137,133
Increase (decrease) in net pension liability	(444,458)
Increase (decrease) in landfill closure/postclosure care	(300,889)

Total adjustments	\$ 249,148
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Net Cash Provided by (Used in) Operating Activities	\$ 1,147,734
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Fiduciary Funds

Exhibit 10**Otter Tail County
Fergus Falls, Minnesota****Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024**

	Social Welfare Private-Purpose Trust Fund Custodial Funds	
<u>Assets</u>		
Cash and pooled investments	\$ 128,764	\$ 1,836,335
Taxes and special assessments receivable for other governments	-	3,129,851
Due from other governments	-	111,944
Total Assets	\$ 128,764	\$ 5,078,130
<u>Liabilities</u>		
Due to other governments	\$ -	\$ 1,044,746
Due to others	8,913	-
Total Liabilities	\$ 8,913	\$ 1,044,746
<u>Net Position</u>		
Restricted for individuals, organizations, and other governments	\$ 119,851	\$ 4,033,384

Exhibit 11

**Otter Tail County
Fergus Falls, Minnesota**

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

	Social Welfare Private-Purpose	
	Trust Fund	Custodial Funds
Additions		
Contributions		
Individuals	\$ 378,384	\$ 921,361
Local collaborative funds	-	428,484
Property tax collections for other governments	-	131,866,730
Other taxes collected for other governments	-	1,939,636
Assessments for others	-	1,557,750
Tax-forfeited land sales for other governments	-	24,869
License and fees collected for the state	-	1,324,045
Miscellaneous	-	2,710
Total Additions	\$ 378,384	\$ 138,065,585
Deductions		
Beneficiary payments to individuals	\$ 405,087	\$ 186,052
Payments of property tax to other governments	-	131,935,348
Loan repayments	-	80,584
Payments to the state	-	4,126,994
Payments to other entities	-	427,641
Total Deductions	\$ 405,087	\$ 136,756,619
Change in net position	\$ (26,703)	\$ 1,308,966
Net Position – January 1	146,554	2,724,418
Net Position – December 31	\$ 119,851	\$ 4,033,384

Discretely Presented Component Units

Exhibit 12

**Otter Tail County
Fergus Falls, Minnesota**

**Combining Statement of Net Position
Discretely Presented Component Units
December 31, 2024**

	Prairie Lakes Municipal Solid Waste Authority	Community Development Agency	Housing and Redevelopment Authority	Total
Assets				
Current assets				
Cash and pooled investments	\$ 2,023,128	\$ 3,716,676	\$ 3,336,769	\$ 9,076,573
Taxes receivable – delinquent	-	11,325	29,927	41,252
Accounts receivable	248,348	17,862	1,499	267,709
Due from other governments	321	-	-	321
Loans receivable – current (net of allowance)	-	-	9,905	9,905
Prepaid items	5,961	-	16,011	21,972
Land held for resale	-	182,829	-	182,829
Total current assets	\$ 2,277,758	\$ 3,928,692	\$ 3,394,111	\$ 9,600,561
Noncurrent assets				
Restricted cash and cash equivalents	\$ -	\$ -	\$ 31,914	\$ 31,914
Loans receivable (net of allowance)	-	-	159,494	159,494
Capital assets				
Nondepreciable	25,489	-	169,528	195,017
Depreciable – net	23,349,122	-	1,891,685	25,240,807
Total noncurrent assets	\$ 23,374,611	\$ -	\$ 2,252,621	\$ 25,627,232
Total Assets	\$ 25,652,369	\$ 3,928,692	\$ 5,646,732	\$ 35,227,793
Deferred Outflows of Resources				
Deferred pension outflows	\$ 194,302	\$ -	\$ -	\$ 194,302
Liabilities				
Current liabilities				
Accounts payable	\$ 168,203	\$ 31,231	\$ 8,078	\$ 207,512
Salaries payable	117,163	-	-	117,163
Due to other governments	89,515	-	6,840	96,355
Due to primary government	79,503	-	-	79,503
Accrued interest payable	-	-	1,994	1,994
Security deposits	-	-	10,888	10,888
Deposits payable	-	204,000	-	204,000
Advance from primary government – current	1,750,000	-	34,633	1,784,633
Unearned revenue	-	-	1,159	1,159
Compensated absences payable – current	211,475	-	-	211,475
Total current liabilities	\$ 2,415,859	\$ 235,231	\$ 63,592	\$ 2,714,682

Exhibit 12*(Continued)*

**Otter Tail County
Fergus Falls, Minnesota**

**Combining Statement of Net Position
Discretely Presented Component Units
December 31, 2024**

	Prairie Lakes Municipal Solid Waste Authority	Community Development Agency	Housing and Redevelopment Authority	Total
Liabilities (Continued)				
Noncurrent liabilities				
Advance from primary government	\$ 18,335,072	\$ -	\$ 756,413	\$ 19,091,485
Compensated absences payable – long-term	427,418	-	-	427,418
Net pension liability	969,120	-	-	969,120
Total noncurrent liabilities	\$ 19,731,610	\$ -	\$ 756,413	\$ 20,488,023
Total Liabilities	\$ 22,147,469	\$ 235,231	\$ 820,005	\$ 23,202,705
Deferred Inflows of Resources				
Deferred pension inflows	\$ 666,375	\$ -	\$ -	\$ 666,375
Net Position				
Net investment in capital assets	\$ 5,009,615	\$ -	\$ 1,270,167	\$ 6,279,782
Restricted for Section 8 HAP	-	-	21,026	21,026
Restricted for economic development	-	3,693,461	-	3,693,461
Unrestricted	(1,976,788)	-	3,535,534	1,558,746
Total Net Position	\$ 3,032,827	\$ 3,693,461	\$ 4,826,727	\$ 11,553,015

**Otter Tail County
Fergus Falls, Minnesota**

**Combining Statement of Activities
Discretely Presented Component Units
For the Year Ended December 31, 2024**

	Program Revenues		
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions
Component Units			
Prairie Lakes Municipal Solid Waste Authority	\$ 8,559,836	\$ 9,320,760	\$ -
Community Development Agency	683,183	342,292	-
Housing and Redevelopment Authority	1,790,845	154,453	1,125,520
Total Component Units	\$ 11,033,864	\$ 9,817,505	\$ 1,125,520

General Revenues

Property tax
Payments in lieu of tax
Investment earnings
Miscellaneous

Total general revenues

Change in Net Position

Net Position – January 1

Net Position – December 31

Net (Expense) Revenue and Changes in Net Position					
Capital Grants and Contributions	Prairie Lakes Municipal Solid Waste Authority	Community Development Agency	Housing and Redevelopment Authority	Total	
\$ -	\$ 760,924	\$ -	\$ -	\$ 760,924	
-	-	(340,891)	-	(340,891)	
33,540	-	-	(477,332)	(477,332)	
\$ 33,540	\$ 760,924	\$ (340,891)	\$ (477,332)	\$ (57,299)	

\$ -	\$ 533,281	\$ 1,494,866	\$ 2,028,147
-	-	-	-
10,872	-	12,383	23,255
-	-	13,500	13,500
\$ 10,872	\$ 533,281	\$ 1,520,749	\$ 2,064,902
\$ 771,796	\$ 192,390	\$ 1,043,417	\$ 2,007,603
2,261,031	3,501,071	3,783,310	9,545,412
\$ 3,032,827	\$ 3,693,461	\$ 4,826,727	\$ 11,553,015

Otter Tail County Fergus Falls, 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

Otter Tail County was established March 18, 1858, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

Discretely Presented Component Units

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

Component Units of the County		
Component Unit	Component Unit Included in Reporting Entity Because	Separate Financial Statements Available at
Otter Tail County Community Development Agency (CDA)	The County appoints Board members, employs the persons responsible for the day-to-day operations (management), and is financially accountable for the CDA.	The Otter Tail County CDA does not issue separate financial statements.
Otter Tail County Housing and Redevelopment Authority (HRA)	The County appoints Board members and employs the persons responsible for the day-to-day operations (management).	Otter Tail County Housing and Redevelopment Authority 500 West Fir Avenue Fergus Falls, Minnesota 56537
Prairie Lakes Municipal Solid Waste Authority (Prairie Lakes)	The County appoints members and is financially accountable for Prairie Lakes.	Prairie Lakes Municipal Solid Waste Authority 115 North Tower Road Fergus Falls, Minnesota 56537

Joint Ventures and Jointly-Governed Organizations

The County participates in several joint ventures described in Note 6. The County also participates in the jointly-governed organizations described in Note 6.

Otter Tail County

Fergus Falls, Minnesota

Basic Financial Statements

Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the County (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 net position, and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities and different business-type activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function, segment, 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. All remaining governmental funds are aggregated and reported as nonmajor funds.

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.

The County reports the following major governmental funds:

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

The Road and Bridge Special Revenue Fund is used to account for revenues and expenditures of the County Highway Department, which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways. Revenues include property taxes, intergovernmental assistance, and charges for services.

Otter Tail County Fergus Falls, Minnesota

The Human Services Special Revenue Fund is used to account for economic assistance and community social services programs. Revenues include property taxes, intergovernmental assistance, and charges for services.

The Capital Improvement Special Revenue Fund is used to finance equipment acquisition or repair of buildings and other capital improvements. Financing is provided by a tax levy and intergovernmental revenue.

The Construction Capital Projects Fund is used to account for the costs associated with remodeling, renovations, and improvements to the Otter Tail County Courthouse, the Government Services Center, and various lake improvement projects.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs. Revenue sources in this fund are restricted solely for debt retirement.

The County reports the following major enterprise fund:

The Waste Management Enterprise Fund is used to account for the financial activities relating to the operation of waste disposal sites owned by Otter Tail County.

The County reports the following nonmajor governmental funds:

- County Ditch Special Revenue Fund
- Law Library Special Revenue Fund
- Sheriff's Contingent Special Revenue Fund
- Parks and Trails Special Revenue Fund
- Highway Improvement Capital Projects Fund

Additionally, the County reports the following funds:

The Social Welfare Private-Purpose Trust Fund accounts for funds the County is holding in trust on behalf of individuals receiving social welfare assistance.

Custodial funds are custodial in nature. These funds account for activity that the County holds for others in an agent capacity.

Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, 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. 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 and are available.

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. Otter Tail County considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-

Otter Tail County Fergus Falls, Minnesota

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, acquisitions under leases, and subscription-based technology arrangements are reported as other financing sources.

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

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

Cash and Cash Equivalents

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

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at fair value at December 31, 2024, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments of governmental, enterprise, and fiduciary funds 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 \$3,857,367.

Receivables and Payables

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Any residual balances outstanding between the primary government and the component units are reported in the government-wide financial statements as "due to/from primary government" and "due to/from component unit."

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

No allowance for uncollectible receivables 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 prior taxes receivable. No provision has been made for an estimated uncollectible amount.

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Special Assessments 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. No provision has been made for an estimated uncollectible amount.

Property Assessed Clean Energy (MinnPACE) Loan Program

The County has entered into an agreement with the Saint Paul Port Authority to facilitate the implementation and administration of the MinnPACE loan program. Through this program, qualifying commercial building owners within the County can receive loans from the Port Authority for the purpose of financing energy efficiency and conservation building improvement projects. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement. By participating, the County has agreed to: (1) levy assessments against the related properties in accordance with the loan agreements between the Port Authority and property owners, (2) collect scheduled assessment payments, and (3) transfer all collections to the Port Authority. The County has met those responsibilities for 2024. At December 31, 2024, the outstanding MinnPACE loans to be collected by the County are \$1,477,166.

Advance to Component Unit

In 2011, 2013, 2018, and 2020, Otter Tail County agreed to issue \$10,475,000, \$19,380,000, \$1,065,000, and \$2,000,000, respectively, in General Obligation Disposal System Revenue Bonds to finance the acquisition/expansion of the Perham Resource Recovery Facility, which is owned by the Prairie Lakes Municipal Solid Waste Authority component unit. The proceeds from the sale of these bonds were recognized by the County. The annual payments on the advance are essentially the principal payments due on the bonds each year.

In 2019, the County issued \$6,365,000 in Taxable General Obligation Disposal System Revenue Refunding Bonds, Series 2019B, for the purpose of effecting an advance crossover refunding of the 2022 through 2030 maturities of the County's \$10,475,000 General Obligation Disposal System Revenue Bonds, Series 2011, and resulted in the County increasing the principal payments owed from Prairie Lakes by \$150,000, but will result in a lower total future cash outlay as the refunding bonds were issued with a lower interest rate than the refunded bonds. The bonds were sold in advance of the call date of the Series 2011 bonds, and proceeds were invested in an escrow account with direct obligations of the U.S. government. The Series 2011 bonds were fully refunded in 2021.

In 2021, the County issued \$13,635,000 in General Obligation Disposal System Revenue Refunding Bonds, Series 2021A, for the purpose of advance refunding the 2022 through 2034 maturities of the County's \$19,380,000 General Obligation Disposal System Revenue Bonds, Series 2013A, resulting in the County increasing the principal payments owed from Prairie Lakes by \$120,000, but will result in a lower total future cash outlay as the refunding bonds were issued with a lower interest rate than the refunded bonds. The bonds were sold in advance of the call date of the Series 2013A bonds, and proceeds were invested in an escrow account with direct obligations of the U.S. government. The Series 2013A bonds were fully refunded in 2022.

The principal payments on all disposal bonds in 2024 were \$1,695,000.

On December 31, 2015, Otter Tail County agreed to advance funds to cover a cash deficit in the Prairie Lakes Municipal Solid Waste Authority Fund. The amount of the advance was \$2,788,620. Repayment will be through future collection of tipping fees. The principal payments made in 2024 were \$181,414.

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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 rather than when consumed. Inventories in the proprietary fund and at the government-wide level are recorded as expenses when consumed.

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

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (roads, bridges, sidewalks, and similar items), and right-to-use assets acquired under leasing or subscription-based information technology 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 are defined by the County as assets with an initial, individual cost of more than the capitalization threshold and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (entry price) on the date of donation.

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

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

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

Estimated Useful Lives of Capital Assets

Assets	Years
Land improvements	5 to 20
Buildings	40
Building improvements	Up to 30
Public domain infrastructure	20 to 100
Furniture, equipment, and vehicles	3 to 20
Right-to-use equipment	3 to 5
Right-to-use building	4 to 5
Right-to-use subscription arrangements	2 to 5

The County landfill is depreciated based on capacity used.

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Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the 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 type 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. Bond issuance costs are recognized as an expense in the period incurred.

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

Pension Plan

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

Deferred Outflows/Inflows of Resources and Unearned Revenue

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

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In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The County has four types of deferred inflows. 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. The County also reports deferred inflows of resources for the net present value of leases that mature beyond one year, amortized to revenue on a straight-line basis over the lease terms. These amounts arise under both the modified and the full accrual basis of accounting and are reported in both the governmental funds balance sheet and the statement of net position. The County also reports deferred inflows of resources associated with OPEB and pension benefits. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

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

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 not expected to be converted to cash.

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

Committed – amounts that can be used for the specific purposes imposed by formal action (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or

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changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned – amounts the County intends to use for specific purposes but 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, the County Administrator, or the County Auditor-Treasurer, who have been delegated that authority by Board resolution.

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

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

Minimum Fund Balance

Otter Tail County is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Otter Tail County has adopted a minimum fund balance policy to address cash flow or working capital needs. The County is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County will maintain an unrestricted fund balance level of no less than five months of the General Fund operating expenditures. At December 31, 2024, unrestricted fund balance for the General Fund was at or above the minimum fund balance level.

Operating Revenues and Expenses

The Waste Management Enterprise Fund's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing services. Nonexchange revenues, including investment income and grants, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide services. Expenses not meeting this definition are reported as nonoperating expenses.

Use of Estimates

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

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Change in Accounting Principles

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

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

Restatement of Beginning Fund Balance for Change Within the Financial Reporting Entity

Both of Otter Tail County's previously reported major debt service funds, the Prairie Lakes Municipal Solid Waste Authority Debt Service Fund and the Chemical Dependency Debt Service Fund, and the six nonmajor debt service funds (Government Service Center, Sheriff Operations, Highway Construction, Master Facility Construction, Detention Facility, and Capital Improvement) were combined and are reported in 2024 as the Debt Service Fund. The January 1, 2024, fund balance of the impacted funds are described below:

Change Within the Financial Reporting Entity

Fund	Fund Balance, January 1, 2024, as Previously Reported	Change Within Financial Reporting Entity (Combining of Debt Service Funds)	Fund Balance, January 1, 2024, as Restated
Major Debt Service Funds			
Formerly Prairie Lakes Municipal Solid Waste Authority	\$ 20,060,000	\$ (20,060,000)	\$ -
Formerly Chemical Dependency	(547,818)	547,818	-
Debt Service	-	21,904,037	21,904,037
Nonmajor Debt Service Funds			
Formerly Government Service Center	12,547	(12,547)	-
Formerly Sheriff Operations	327,582	(327,582)	-
Formerly Highway Construction	235,454	(235,454)	-
Formerly Master Facility Construction	1,399,275	(1,399,275)	-
Formerly Detention Facility	183,003	(183,003)	-
Formerly Capital Improvement	233,994	(233,994)	-
Total	\$ 21,904,037	\$ -	\$ 21,904,037

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Note 2 – Stewardship, Compliance, and Accountability

Deficit Fund Equity

The County Ditch Special Revenue Fund had a positive fund balance of \$96,316 as of December 31, 2024. The deficits will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems:

Summary of Ditch Systems

Count of Individual Ditches	Amount
24 ditches with positive fund balances	\$ 862,024
35 ditches with deficit fund balances	(765,708)
Total Fund Balance	<u>\$ 96,316</u>

Excess of Expenditures Over Budget

For the General Fund or major special revenue funds, any excess of expenditures over budget are discussed in the notes to the required supplementary information. The following funds had expenditures in excess of budget for the year ended December 31, 2024.

Excess of Expenditures Over Budget

Fund	Expenditures	Final Budget	Excess
County Ditch Special Revenue Fund	\$ 300,373	\$ 143,544	\$ 156,829
Debt Service Fund	5,758,922	5,453,828	305,094

Note 3 – Detailed Notes

Assets

Deposits and Investments

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

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

Basic Financial Statement Accounts	Primary Government	Component Units	Fiduciary Funds	Total
Cash and pooled investments	\$ 96,894,770	\$ 9,076,573	\$ 1,965,099	\$ 107,936,442
Restricted assets – Cash and pooled investments	1,961,891	31,914	-	1,993,805
Restricted assets – Cash with escrow agent	6,004,561	-	-	6,004,561
Total	<u>\$ 104,861,222</u>	<u>\$ 9,108,487</u>	<u>\$ 1,965,099</u>	<u>\$ 115,934,808</u>

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Cash and Investments	Amount
Cash and pooled investments held by the County	\$ 112,566,125
Cash held by the Otter Tail County HRA	3,368,683
Total Cash and Investments	<u>\$ 115,934,808</u>

Deposits

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

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

Custodial Credit Risk for Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. At December 31, 2024, \$247,500 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

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

The County does not have additional policies for the investment risks described below beyond complying with the requirements of Minnesota statutes.

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. While the County does not have a policy on interest rate risk, the County minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

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

Investment Type	<u>Interest Rate Risk</u> Maturity Date	Carrying (Fair) Value
U.S. government agency securities		
U.S. Treasury Note	04/30/2025	\$ 1,497,720
U.S. Treasury Note	10/31/2025	1,286,792
Total U.S. Treasury Notes		\$ 2,784,512
Government Money Market Fund	N/A	6,004,560
Negotiable certificates of deposit	Varies	14,108,816
Total Investments		<u>\$ 22,897,888</u>

N/A – Not Applicable

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. The County does not have a policy on credit risk, but invests only in securities that meet the ratings requirements set by state statute. Investments in negotiable certificates of deposit and money market fund held by the County are not rated.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County does not have a policy on custodial credit risk.

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Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County does not have a policy on the concentration of credit risk, but typically, the County invests in U.S. Treasury securities, U.S. agency securities, and obligations backed by the U.S. Treasury and/or U.S. agency securities without limit. Investments that make up more than five percent of the County's total investments and subject to concentration of credit risk are as follows:

Concentration of Credit Risk of Investments

Issuer	Fair Value
Negotiable certificates of deposit	\$ 14,108,816

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 by Fair Value Level	December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. government agency securities	\$ 2,784,512	\$ -	\$ 2,784,512	\$ -
Government Money Market Fund	6,004,560	-	6,004,560	-
Negotiable certificates of deposit	14,108,816	-	14,108,816	-
Total Investments Included in the Fair Value Hierarchy	\$ 22,897,888	\$ -	\$ 22,897,888	\$ -

Level 2 debt securities are valued using a matrix yield-based pricing technique based on the securities' relationship to benchmark quoted prices.

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Receivables

The County had receivables scheduled to be collected beyond one year as of December 31, 2024, as follows:

Governmental Activities' Receivables as of December 31, 2024

Receivables – Governmental Activities	Amounts Not Scheduled for Collection During the Subsequent Year
Special assessments	\$ 155,295
Lease receivable	1,232,529
Advance to component unit	17,371,413
Total	<u>\$ 18,759,237</u>

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

Receivables – Business-Type Activities	Amounts Not Scheduled for Collection During the Subsequent Year
Advance to component unit	<u>\$ 1,720,072</u>

Leases Receivable

Otter Tail County has entered into a lease agreement as a lessor for building space. The lease term is for eight years, and fixed annual lease receipts range between \$279,000 and \$315,000. During 2024, the Debt Service Fund received total principal payments of \$296,644 and interest payments of \$18,356.

Capital Assets

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

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Governmental Activities

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

Capital Assets – Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 8,448,271	\$ 84,029	\$ -	\$ 8,532,300
Construction in progress	21,240,640	10,277,286	(6,489,707)	25,028,219
Total capital assets not depreciated	\$ 29,688,911	\$ 10,361,315	\$ (6,489,707)	\$ 33,560,519
Capital assets depreciated				
Land improvements	\$ 917,570	\$ -	\$ -	\$ 917,570
Buildings	33,809,510	611,500	-	34,421,010
Building improvements	17,896,830	-	(6,254)	17,890,576
Machinery, furniture, vehicles, and equipment	23,922,409	2,540,464	(1,953,444)	24,509,429
Infrastructure	304,490,416	11,527,265	(135,323)	315,882,358
Total capital assets depreciated	\$ 381,036,735	\$ 14,679,229	\$ (2,095,021)	\$ 393,620,943
Less: accumulated depreciation for				
Land improvements	\$ 892,718	\$ 8,689	\$ -	\$ 901,407
Buildings	15,603,140	670,972	-	16,274,112
Building improvements	7,866,716	806,089	(1,250)	8,671,555
Machinery, furniture, vehicles, and equipment	17,959,627	2,038,140	(1,672,594)	18,325,173
Infrastructure	122,772,391	8,622,473	-	131,394,864
Total accumulated depreciation	\$ 165,094,592	\$ 12,146,363	\$ (1,673,844)	\$ 175,567,111
Total capital assets depreciated, net	\$ 215,942,143	\$ 2,532,866	\$ (421,177)	\$ 218,053,832
Capital assets amortized				
Subscription-based information technology arrangements	\$ 582,154	\$ -	\$ -	\$ 582,154
Lease buildings	36,377	-	-	36,377
Lease equipment	322,000	-	-	322,000
Total capital assets amortized	\$ 940,531	\$ -	\$ -	\$ 940,531
Less: accumulated amortization for				
Subscription-based information technology arrangements	\$ 169,786	\$ 195,452	\$ -	\$ 365,238
Lease buildings	18,188	9,094	-	27,282
Lease equipment	159,057	81,980	-	241,037
Total accumulated amortization	\$ 347,031	\$ 286,526	\$ -	\$ 633,557
Total capital assets amortized, net	\$ 593,500	\$ (286,526)	\$ -	\$ 306,974
Governmental Activities Capital Assets, Net	\$ 246,224,554	\$ 12,607,655	\$ (6,910,884)	\$ 251,921,325

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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	\$ 299,433	\$ 120,000	\$ -	\$ 419,433
Construction in progress	380,991	1,413,738	-	1,794,729
Total capital assets not depreciated	\$ 680,424	\$ 1,533,738	\$ -	\$ 2,214,162
Capital assets depreciated				
Buildings	\$ 6,988,306	\$ -	\$ -	\$ 6,988,306
Landfill	3,585,738	-	-	3,585,738
Machinery, furniture, vehicles, and equipment	4,265,878	48,796	(22,785)	4,291,889
Infrastructure	141,010	-	-	141,010
Total capital assets depreciated	\$ 14,980,932	\$ 48,796	\$ (22,785)	\$ 15,006,943
Less: accumulated depreciation for				
Buildings	\$ 4,457,010	\$ 148,073	\$ -	\$ 4,605,083
Landfill	3,090,891	103,520	-	3,194,411
Machinery, furniture, vehicles, and equipment	3,150,762	183,048	(22,785)	3,311,025
Infrastructure	46,220	4,701	-	50,921
Total accumulated depreciation	\$ 10,744,883	\$ 439,342	\$ (22,785)	\$ 11,161,440
Total capital assets depreciated, net	\$ 4,236,049	\$ (390,546)	\$ -	\$ 3,845,503
Business-Type Activities Capital Assets, Net	\$ 4,916,473	\$ 1,143,192	\$ -	\$ 6,059,665

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	\$ 1,375,742
Public safety	1,030,628
Highways and streets, including depreciation of infrastructure assets	9,874,085
Human services	79,518
Health	21,131
Culture and recreation	34,593
Conservation of natural resources	10,490
Economic development	6,702
Total	<u>\$ 12,432,889</u>
Business-Type Activities – Depreciation	Amount
Solid waste	<u>\$ 439,342</u>

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Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

Interfund Balances as of December 31, 2024

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Special Revenue Fund	\$ 9,950
Road and Bridge Special Revenue Fund	Capital Improvement Special Revenue Fund	\$ 359,831
Road and Bridge Special Revenue Fund	Construction Capital Projects Fund	450,672
Road and Bridge Special Revenue Fund	County Ditch Special Revenue Fund	74,954
Road and Bridge Special Revenue Fund	Parks and Trails Special Revenue Fund	221,159
Road and Bridge Special Revenue Fund	Waste Management Enterprise Fund	191
Total Due to Road and Bridge Special Revenue Fund		\$ 1,106,807
Total Due To/From Other Funds		\$ 1,116,757

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenses/expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances From/To Other Funds

Interfund Balances as of December 31, 2024

Receivable Fund	Payable Fund	Amount
General Fund	County Ditch Special Revenue Fund	\$ 528,157
Human Services Special Revenue Fund	Debt Service Fund	1,111,606
Total Advances From/To Other Funds		\$ 1,639,763

The General Fund advance is to provide working capital to ditch systems with low reserves and operating costs in excess of revenues. This balance will be paid from future ditch special assessments. The Human Services Special Revenue Fund advance is to deposit the principal and interest portion of the outstanding Series 2016A Bonds in an irrevocable escrow account. This balance will be paid from future lease revenue.

Otter Tail County Fergus Falls, Minnesota

Interfund Transfers

Interfund transfers for the year ended December 31, 2024, consisted of the following:

Interfund Transfers for the Year Ended December 31, 2024

Transfers Between Funds	Amount	Purpose
Transfer to Debt Service Fund from Road and Bridge Special Revenue Fund	\$ 1,176,417	To transfer funds for bond principal and interest payment.
Transfer to Human Services Special Revenue Fund from General Fund	185,224	To transfer funds for applicable SLFRF expenditures.
Transfer to Waste Management Enterprise Fund from General Fund	254,372	To reimburse landfill closure costs.
Transfer to Road and Bridge Special Revenue Fund from General Fund	400,000	To transfer Navigating Road Ahead funds, per 2024 budget.
Transfer to General Fund from Human Services Special Revenue Fund	57,200	To transfer funds for 2024 Environmental Health.
Transfer to General Fund from Waste Management Enterprise Fund	27,600	To transfer funds for 2024 Environmental Health.
Transfer to Sheriff's Contingent Special Revenue Fund from General Fund	4,115	To transfer funds per 2024 budget.
Total Transfers Between Funds	<u>\$ 2,104,928</u>	

Liabilities and Deferred Inflows of Resources

Construction Commitments

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

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

Project	Spent-to-Date	Remaining Commitment
Roads and bridges	\$ 1,052,753	\$ 9,137,685

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Long-Term Debt

Governmental Activities

Bond payments are typically made from the Debt Service Fund. Information on individual bonds payable was as follows:

General Obligation Bonds Payable as of December 31, 2024

General Obligation Bonds	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
2017 Capital Improvement Bonds	2028	\$115,000- \$150,000	3.00	\$ 1,335,000	\$ 585,000
2019 Capital Improvement Bonds	2037	\$585,000- \$905,000	3.00-5.00	12,890,000	10,365,000
2020 Capital Improvement Bonds	2036	\$105,000- \$1,055,000	1.00-3.00	9,560,000	9,110,000
2020 Capital Improvement Refunding	2025	\$540,000- \$1,135,000	4.00	3,275,000	995,000
Total General Obligation Bonds				<u>\$ 27,060,000</u>	\$ 21,055,000
Add: unamortized premium					<u>1,222,820</u>
Total General Obligation Bonds, Net					<u>\$ 22,277,820</u>

Revenue Bonds Payable as of December 31, 2024

Revenue Bonds	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
2018 Disposal System Revenue Bonds	2028	\$85,000- \$125,000	3.00-4.00	\$ 1,065,000	\$ 470,000
2019 Disposal System Revenue Refunding Bonds	2030	\$650,000- \$805,000	1.85-2.45	6,365,000	4,365,000
2020 Disposal System Revenue Bonds	2031	\$170,000- \$215,000	1.15-2.00	2,000,000	1,450,000
2021 Disposal System Revenue Refunding Bonds	2034	\$75,000- \$1,820,000	1.80-4.00	13,635,000	12,080,000
2023 Transportation Sales Tax Revenue Bonds	2044	\$295,000- \$805,000	4.00-5.00	11,195,000	11,195,000
Total Revenue Bonds				<u>\$ 34,260,000</u>	\$ 29,560,000
Add: unamortized premium					<u>1,262,712</u>
Total Revenue Bonds, Net					<u>\$ 30,822,712</u>

Loans Payable

In 2020 and 2024, the County entered into loan agreements with the Minnesota Pollution Control Agency (MPCA) for financing of the Minnesota Clean Water Partnership Project. These funds are provided to property owners and

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are secured by special assessments placed on the individual parcels requesting repair of a failing septic system. As of December 31, 2024, the total amount borrowed was \$2,043,454.

The County has drawn down \$1,849,662 on the 2020 MPCA loan, and it is considered fully disbursed. It is a no interest loan, unless the repayment is late. The repayment schedule requires semi-annual installments of \$92,483 which began on June 15, 2024.

The total available for the County to draw down for the 2024 MPCA loan is \$1,250,000 with an interest rate of 1.5 percent per year. The original issue amount also included \$37,500 of estimated interest. As of December 31, 2024, the County has drawn \$378,758, which is not included in the loan payable debt service requirement below, because a repayment schedule is not currently available.

Business-Type Activities

Bonds Payable as of December 31, 2024

Revenue Bonds	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
2022 Solid Waste Revenue Bonds	2038	\$195,000- \$410,000	4.00-5.00	<u>\$ 4,570,000</u>	\$ 4,375,000
Add: unamortized premium					<u>375,231</u>
Total Revenue Bonds, Net					<u><u>\$ 4,750,231</u></u>

Debt Service Requirements

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

Governmental Activities

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

Year Ending December 31	Principal	Interest
2025	\$ 1,955,000	\$ 571,127
2026	1,335,000	502,202
2027	1,390,000	446,027
2028	1,450,000	387,328
2029	1,600,000	324,678
2030-2034	8,720,000	972,711
2035-2039	<u>4,605,000</u>	<u>144,267</u>
Total	<u>\$ 21,055,000</u>	<u>\$ 3,348,340</u>

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Revenue Bonds Debt Service Requirements as of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 2,045,000	\$ 944,421
2026	2,170,000	874,644
2027	2,240,000	800,740
2028	2,320,000	723,904
2029	2,275,000	645,825
2030-2034	11,690,000	2,207,774
2035-2039	3,080,000	1,065,600
2040-2044	3,740,000	385,800
Total	<u>\$ 29,560,000</u>	<u>\$ 7,648,708</u>

Loans Payable Debt Service Requirements as of December 31, 2024

Year Ending December 31	Principal*
2025	\$ 184,966
2026	184,966
2027	184,966
2028	184,966
2029	184,966
2030-2033	739,866
Total	<u>\$ 1,664,696</u>

*There are no interest payments related to the 2020 Loans Payable from the Minnesota Pollution Control Agency.

Business-Type Activities

Revenue Bonds Debt Service Requirements as of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 225,000	\$ 194,125
2026	235,000	182,625
2027	250,000	170,500
2028	260,000	157,750
2029	275,000	144,375
2030-2034	1,580,000	499,750
2035-2038	1,550,000	127,000
Total	<u>\$ 4,375,000</u>	<u>\$ 1,476,125</u>

Conduit Debt

The County issued 2016A General Obligation Capital Improvement Refunding Bonds, a portion of which was issued on behalf of the Viking Library System. The bond repayments are paid by the Viking Library System.

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Although Otter Tail County has pledged its full faith, credit, and taxing powers for these bonds, the Viking Library System is primarily obligated to pay the debt and, therefore, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2024, there were bonds outstanding with an aggregate principal payment amount of \$345,000.

Leases

The County has entered into lease agreements as lessee for copier leases for various departments, a postage machine and mailing system, and Public Works building space. Leases range from three to five years and have been recorded at the present value of their future minimum lease payments as of the inception date. Lease payments are paid from the General Fund and the Road and Bridge Special Revenue Fund:

Lease Principal and Interest Requirements to Maturity As of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 58,678	\$ 616
2026	16,633	261
2027	5,141	42
Total	<u>\$ 80,452</u>	<u>\$ 919</u>

Subscription-Based Information Technology Arrangements

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

SBITA Principal and Interest Requirements to Maturity As of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 173,824	\$ 5,067
2026	9,129	496
2027	9,373	251
Total	<u>\$ 192,326</u>	<u>\$ 5,814</u>

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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

Long-Term Liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 23,630,000	\$ -	\$ (2,575,000)	\$ 21,055,000	\$ 1,955,000
Revenue bonds	31,255,000	-	(1,695,000)	29,560,000	2,045,000
Add: unamortized premiums	2,844,314	-	(358,782)	2,485,532	-
Total bonds payable	\$ 57,729,314	\$ -	\$ (4,628,782)	\$ 53,100,532	\$ 4,000,000
Loans payable	1,849,662	378,758	(184,966)	2,043,454	184,966
Leases payable	171,261	-	(90,809)	80,452	58,678
Software subscriptions payable	367,942	-	(175,616)	192,326	173,824
Compensated absences	6,395,605	1,224,473*	-	7,620,078	2,638,137
Governmental Activities Long-Term Liabilities	\$ 66,513,784	\$ 1,603,231	\$ (5,080,173)	\$ 63,036,842	\$ 7,055,605

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

Business-Type Activities

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

Long-Term Liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 4,570,000	\$ -	\$ (195,000)	\$ 4,375,000	\$ 225,000
Add: unamortized premiums	402,033	-	(26,802)	375,231	-
Total revenue bonds payable	\$ 4,972,033	\$ -	\$ (221,802)	\$ 4,750,231	\$ 225,000
Estimated liability for landfill closure/postclosure care costs	1,919,698	-	(300,889)	1,618,809	-
Compensated absences	505,448	53,026*	-	558,474	195,658
Business-Type Activities Long-Term Liabilities	\$ 7,397,179	\$ 53,026	\$ (522,691)	\$ 6,927,514	\$ 420,658

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

Deferred Inflows of Resources – Unavailable Revenue

Unavailable revenue consists of taxes, special assessments, state and/or federal grants, state highway users tax allotments, and other receivables not collected soon enough after year-end to pay liabilities of the current period. Unavailable revenue at December 31, 2024, is summarized by fund:

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Unavailable Revenue as of December 31, 2024

Governmental Fund	Taxes	Special Assessments	Grants and Allotments	Other	Total
General	\$ 402,324	\$ -	\$ 1,802	\$ 392,302	\$ 796,428
Road and Bridge	63,235	1,008	6,342,980	29,556	6,436,779
Human Services	205,699	-	764,877	10,379	980,955
Capital Improvement	53,107	-	-	-	53,107
Debt Service	28,428	-	-	-	28,428
Nonmajor governmental funds					
County Ditch	-	194,285	-	-	194,285
Parks and Trails	14,449	-	-	-	14,449
Total	\$ 767,242	\$ 195,293	\$ 7,109,659	\$ 432,237	\$ 8,504,431

Other Postemployment Benefits (OPEB)

Plan Description

Otter Tail County administers an other postemployment benefits plan, a single-employer defined benefit health care plan, to eligible retirees and their spouses.

The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

Funding Policy

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

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

Type of Participant Covered by the OPEB Benefit Terms	Number of Participants
Inactive employees or beneficiaries currently receiving benefit payments	28
Active plan participants	458
Total	486

Total OPEB Liability

The County's total OPEB liability of \$3,500,182 was measured as of January 1, 2024, and was determined by an actuarial valuation as of that date. The OPEB liability is liquidated through the General Fund, Road and Bridge Special Revenue Fund, and Human Services Special Revenue Fund. For the business-type activities, the OPEB liability is liquidated by the Waste Management Enterprise Fund.

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

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otherwise specified:

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

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

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

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

Changes in the Total OPEB Liability

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

Total OPEB Changes for the Year	Amount
Balance at January 1, 2024	\$ 3,690,443
Service cost	\$ 226,351
Interest	151,074
Assumption changes	147,974
Differences between expected and actual experience	(432,981)
Benefit payments	(282,679)
Net change	\$ (190,261)
Balance at December 31, 2024	\$ 3,500,182

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:

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

Change in Discount Rate	Discount Rate	Total OPEB Liability
1% Decrease	2.70%	\$ 3,783,241
Current	3.70%	3,500,182
1% Increase	4.70%	3,242,681

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

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

Change in Health Care Trend Rate	Health Care Trend Rates	Total OPEB Liability
1% Decrease	5.50% Decreasing to 3.00%	\$ 3,163,858
Current	6.50% Decreasing to 4.00%	3,500,182
1% Increase	7.50% Decreasing to 5.00%	3,892,625

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 \$392,611. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 272,403	\$ 360,817
Changes in actuarial assumptions	238,609	357,832
Contributions paid subsequent to the measurement date	260,172	-
Total	\$ 771,184	\$ 718,649

The \$260,172 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 of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

Year Ended December 31	OPEB Expense Amount
2025	\$ 15,186
2026	(19,598)
2027	(19,603)
2028	(136,120)
2029	(47,502)

Changes in Actuarial Methods and Assumptions

The following changes in actuarial assumptions occurred in 2024:

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

Pension Plans

Defined Benefit Pension Plans

Plan Description

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

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

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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 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

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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%

Employer Contributions for the Year Ended December 31, 2024

Pension Plan	Contribution
General Employees Plan	\$ 2,210,513
Police and Fire Plan	707,771
Correctional Plan	190,455

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 \$12,691,741 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 0.3433 percent. It was 0.3498 percent measured as of June 30, 2023. The County recognized pension expense of \$1,170,945 for its proportionate share of the General Employees Plan's pension expense.

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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 \$583,938 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 \$8,798 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	\$ 12,691,741
State of Minnesota's proportionate share of the net pension liability associated with the County	328,182
Total	<u>\$ 13,019,923</u>

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

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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,200,917	\$ -
Changes in actuarial assumptions	63,210	4,869,980
Difference between projected and actual investment earnings	-	3,620,478
Changes in proportion	102,589	327,836
Contributions paid to PERA subsequent to the measurement date	1,115,079	-
Total	<u>\$ 2,481,795</u>	<u>\$ 8,818,294</u>

The \$1,115,079 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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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	\$ (4,047,411)
2026	(777,726)
2027	(1,653,695)
2028	(972,746)

Police and Fire Plan

At December 31, 2024, the County reported a liability of \$3,647,279 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 0.2772 percent. It was 0.2772 percent measured as of June 30, 2023. The County recognized pension expense of \$689,662 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota contributed \$19.4 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. Additionally, the State of Minnesota contributed \$9 million of supplemental state aid to the Police and Fire Plan for the Plan's fiscal year ended June 30, 2024. Legislation requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, until the Police and Fire Plan and the State Patrol Plan are 90 percent funded for three consecutive years, or July 1, 2048, whichever is earlier. This contribution also does not meet the definition of a special funding situation. The County recognized \$78,725 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 \$15,551 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

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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	\$ 3,647,279
State of Minnesota's proportionate share of the net pension liability associated with the County	139,033
Total	<u>\$ 3,786,312</u>

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

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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,411,644	\$ -
Changes in actuarial assumptions	3,908,279	5,370,020
Difference between projected and actual investment earnings	-	1,093,966
Changes in proportion	88,445	120,212
Contributions paid to PERA subsequent to the measurement date	375,898	-
Total	<u>\$ 5,784,266</u>	<u>\$ 6,584,198</u>

The \$375,898 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended December 31	Pension Expense Amount
2025	\$ (183,072)
2026	861,761
2027	(520,370)
2028	(1,418,287)
2029	84,138

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Correctional Plan

At December 31, 2024, the County reported a liability of \$289,212 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 0.9489 percent. It was 0.9459 percent measured as of June 30, 2023. The County recognized pension expense of \$422,242 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 \$49,875 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	\$ 204,747	\$ -
Changes in actuarial assumptions	-	975,370
Difference between projected and actual investment earnings	-	361,217
Changes in proportion	910	23,490
Contributions paid to PERA subsequent to the measurement date	85,982	-
Total	\$ 291,639	\$ 1,360,077

The \$85,982 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended December 31	Pension Expense Amount
2025	\$ (1,059,792)
2026	166,688
2027	(153,220)
2028	(108,096)

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Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2024, was \$2,282,849.

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

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

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

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

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

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

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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.

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).

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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%	\$ 27,720,805	6.00%	\$ 8,619,232	6.00%	\$ 2,350,202
Current	7.00%	12,691,741	7.00%	3,647,279	7.00%	289,212
1% Increase	8.00%	328,965	8.00%	(435,735)	8.00%	(1,352,687)

Pension Plan Fiduciary Net Position

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

Defined Contribution Plan

Four elected officials of Otter Tail 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

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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 \$7,302, which represents five percent of covered payroll.

Note 4 – Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,618,809 landfill closure and postclosure care liability at December 31, 2024, represents the cumulative amount reported to date based on the use of 92 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$70,665 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2024. The County expects to close the landfill in 2034 or later. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. At December 31, 2024, investments of \$1,961,891 are held for these purposes. These are reported as restricted assets on the statement of net position.

Note 5 – Risk Management

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

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 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.

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Note 6 – Summary of Significant Contingencies and Other Items

Contingent Liabilities

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

The County, in connection with the normal conduct of its affairs, is involved in various judgments, claims, and litigation. The County Attorney identified no potential claims against the County that would materially affect the financial statements.

Joint Ventures

Northwest Regional Development Commission

The Northwest Regional Development Commission provides services to Kittson, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau Counties in Northwest and West Central Minnesota. Through the Dancing Sky Area Agency on Aging program, the Northwest Regional Development Commission serves 21 counties in Regions I, II, and IV. This combined area on aging was established to administer all aspects of the Older Americans Act by providing programs to meet the needs of the elderly in the 21-county area.

Control is vested in the Northwest Regional Development Commission Board. The Board consists of one Commissioner from each of the seven counties. Each member of the Board is appointed by the County Commissioners of the county they represent. The Northwest Regional Development Commission Board meets quarterly to discuss and approve major items such as the area plan and dollar allocations, while the advisory councils and joint powers boards continue to meet monthly to make decisions affecting their local counties.

Financing is provided by appropriations from member parties and by state and federal grants. During 2024, Otter Tail County provided \$14,436 to the Northwest Regional Development Commission.

Complete financial information can be obtained from the Northwest Regional Development Commission, 109 South Minnesota Street, Warren, Minnesota 56762.

West Central Minnesota Drug and Violent Crime Task Force

The West Central Minnesota Drug and Violent Crime Task Force was established in 1996 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Becker, Douglas, Grant, Otter Tail, Pope, and Wadena Counties, and the Cities of Alexandria, Detroit Lakes, Fergus Falls, Glenwood, Pelican Rapids, Starbuck, and Wadena. The Task Force's objectives are to detect, investigate, and apprehend controlled substance offenders in the six-county area.

Control of the Task Force is vested in a Board of Directors. The Board of Directors consists of department heads or a designee from each participating full-time member agency. In the event of dissolution of the Task Force, the equipment will be divided and returned to the appropriate agencies. If only one agency terminates its agreement and the unit continues, all equipment will remain with the Task Force.

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Fiscal agent responsibilities for the Task Force are with Douglas County, which reports the Task Force as a custodial fund. Financing and equipment will be provided by the full-time and associate member agencies. Otter Tail County contributed \$5,000 to the Task Force in 2024.

Separate financial information can be obtained from the Douglas County Courthouse, 305 8th Avenue West, Alexandria, Minnesota 56308.

Pomme de Terre River Association

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

Control is vested in a Joint Powers Board, comprised of one representative of each County Board of Commissioners and one representative from each soil and water conservation district Board of Supervisors included within the agreement. During 2024, Otter Tail County did not contribute any funds to the Joint Powers Board.

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

Central Minnesota Emergency Services Board

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

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

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

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

The Central Minnesota Emergency Services Board has no long-term debt. Financing is provided by the

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appropriations from member parties and by state and federal grants. During 2024, Otter Tail County contributed \$12,907 to the City of Saint Cloud for the Central Minnesota Emergency Services Board.

Complete financial information can be obtained from the Central Minnesota Emergency Services Board, City of Saint Cloud, Office of the Mayor, City Hall, 400 Second Street South, Saint Cloud, Minnesota 56301.

Otter Tail County Family Services Collaborative

The Otter Tail County Family Services Collaborative was established in 1999 under the authority of Minn. Stat. §§ 142D.15 and 245.491. The Collaborative includes the Otter Tail County Human Services Board, Court Services, Public Health, and Social Services, nine school districts within the County, and ten private agencies. The purpose of the Collaborative is to establish an integrated fund to support interventions, services, and programs for children and families in the County.

Control of the Otter Tail County Family Services Collaborative is vested in a Collaborative Leadership Council comprised of one representative from each participating agency and a Board of Directors comprised of representatives from the elected board of the governmental entities and from the boards of the private agencies.

Any party may withdraw from the agreement by the passage of a resolution by its governing board declaring its intent to withdraw. A party exercising its option to withdraw shall remain liable for financial obligations incurred prior to its withdrawal and shall not be entitled to a refund of contributions to the integrated fund. Upon termination of the agreement, any surplus funds will be distributed by resolution of the governing board in accordance with law in a manner to best accomplish the continuing purposes of the Collaborative.

Financing is provided by state and federal grants and cash and in-kind contributions from its member parties. Otter Tail County, in a fiduciary capacity, reports the transactions of the Collaborative as a custodial fund on its financial statements. During 2024, the County contributed \$2,900 in funds to the Collaborative.

Complete financial information can be obtained from Otter Tail County, 510 Fir Avenue West, Fergus Falls, Minnesota 56537.

Partnership4Health Community Health Board

Partnership4Health Community Health Board was originally established July 1, 2014, by a joint powers agreement among Becker, Clay, Otter Tail, and Wilkin Counties, pursuant to Minn. Stat. ch. 145A, and pursuant to Minn. Stat. § 471.59, for the purpose of transitioning grant contracts. The Community Health Board became operational as of January 1, 2015. The joint powers agreement remains in force until any single county provides a resolution of withdrawal, duly passed by its governing board, to the County Board and the auditor of the other counties participating in the agreement, and the Commissioner of Health for the State of Minnesota, at least one year before the beginning of the calendar year in which it takes effect.

Partnership4Health Community Health Board's purpose is to engage in activities designed to protect and promote the health of the general population within a community health service area by emphasizing the prevention of disease, injury, disability, and preventable death through the promotion of effective coordination and use of community resources, and by extending health services into the community.

Control is vested in Partnership4Health's Board, which consists of five members comprised of four County Commissioners and one community member. Terms for County Commissioners on the Community Health Board

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shall be for one year with no term limits. The term for the at-large community member shall be a three-year term rotated among the four counties.

The financial activities of Partnership4Health are accounted for in a custodial fund by Clay County. The individuals who administer the activities of Partnership4Health are considered to be employees of Clay County Public Health and Otter Tail County Public Health. During 2024, Otter Tail County did not contribute to Partnership4Health Community Health Board.

Separate financial information can be obtained from Partnership4Health Community Health Board, 715 11th Street North, Suite #303, Moorhead, Minnesota 56560.

Viking Library System

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

The Viking Library System is governed by a governing board which consists of 19 members. Each County Board appoints a resident of the County, each member library board appoints a representative, and any libraries with a service area population over 15,000 have an additional representative. Currently, Fergus Falls and Douglas County have additional representatives. During 2024, Otter Tail County provided \$631,697 to the Viking Library System.

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

Jointly-Governed Organizations

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

District IV Transportation Planning

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

Buffalo-Red River Watershed District

The Buffalo-Red River Watershed District was formed pursuant to Minn. Stat. § 103D.201, effective June 17, 1963, and includes land within Becker, Clay, Otter Tail, and Wilkin Counties. The purpose of the District is to conserve the natural resources of the state by land-use planning, flood control, and other conservation projects by using sound scientific principles for the protection of the public health and welfare and the provident use of natural resources.

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Control of the District is vested in the Buffalo-Red River Watershed District Board of Managers, which is composed of seven members having staggered terms of three years each, with one appointed by the Becker County Board, three appointed by the Clay County Board, one appointed by the Otter Tail County Board, and two appointed by the Wilkin County Board. Tax settlements of \$148,981 were distributed to the Buffalo-Red River Watershed District in 2024.

Region Four – West Central Minnesota Homeland Security Emergency Management Organization

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

Minnesota Counties Computer Cooperative

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties created the Minnesota Counties Computer Cooperative (MCCC) to facilitate services and training and provide software and related cost-effective measures to substantially reduce technology costs for the counties. During the year, Otter Tail County expended \$543,197 to the MCCC for services received. The County has no operational or financial control over the MCCC.

Sentencing to Service

Otter Tail County, in conjunction with other local governments, participates in the State of Minnesota's Sentencing to Service (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations and initiatives, as well as the Department of Corrections and Natural Resources, provide the funds needed to operate the STS program. The County receives payment for reimbursement and services performed under this agreement.

MAHUBE-OTWA Community Action Partnership, Inc.

MAHUBE Community Council, Inc., was incorporated as a private, non-profit organization in July 1965 (serving Mahnomon, Hubbard, and Becker Counties). In April 2012, MAHUBE Community Council became MAHUBE-OTWA Community Action Partnership, Inc., serving the five-county area of Becker, Hubbard, Mahnomon, Otter Tail, and Wadena Counties. The 18-member Board composition includes members from three sectors: low-income, private organizations, and elected public offices from the five-county area. Board Director's terms of office are three years. MAHUBE-OTWA provides services for low-income and elderly persons living in the five-county area. In order to reduce poverty in its community, this community action agency works to better focus available local, state, private, and federal resources to assist low-income individuals and families to acquire useful skills and knowledge, gain access to new opportunities, and achieve economic self-sufficiency. During 2024, Otter Tail County made payments of \$300,556 to MAHUBE-OTWA.

Minnesota Inter-County Association

The Minnesota Inter-County Association (MICA) is a voluntary organization of 14 Minnesota counties – Benton, Blue Earth, Carver, Crow Wing, Dakota, Olmsted, Otter Tail, Rice, Scott, Sherburne, Saint Louis, Stearns,

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Washington, and Winona. The 14 members are growing counties that comprise a major portion of Minnesota's population and economy. MICA works on behalf of its members to influence regional and state programs to solve problems common to its members, produce and share high quality information on issues of concern to its members and their residents, increase public understanding of county government, and facilitate cooperation among counties in areas of mutual interest. The MICA Board of Directors is the policy-setting body. Member counties are represented on the Board by two Commissioners chosen by their respective County Boards. During 2024, Otter Tail County expended \$17,883 to MICA.

Lakeland Mental Health Center

Lakeland Mental Health Center was formed pursuant to Minn. Stat. ch. 317A as a 501(c)(3) non-profit corporation on February 10, 1961, and includes Becker, Clay, Douglas, Grant, Otter Tail and Pope Counties. The purpose of Lakeland Mental Health Center is to promote healthy individuals, families, and communities by providing high-quality accessible mental health services. The management of Lakeland Mental Health Center is vested in a Board of Directors consisting of one Commissioner and one community-at-large representative from each member county, plus one human service director, or equivalent position, rotated between the member counties. Services are provided to the member counties through purchase of service agreements. A member county may lose its membership by action of the Board of Directors if it fails to have a signed contract with Lakeland Mental Health Center. Otter Tail County paid \$1,393,069 in 2024 for services purchased through Lakeland Mental Health Center.

West Central Regional Juvenile Center

The West Central Regional Juvenile Center functions as a co-ed 32-bed secure facility, as well as a co-ed 15-bed non-secure care program. The Center is located in Moorhead, Minnesota, and provides services for juveniles with behavioral, protection, dependency, and delinquency issues. Counties who have signed a cooperative service agreement with the West Central Regional Juvenile Center include: Becker, Cass, Clay, Douglas, Grant, Otter Tail, Stevens, Todd, Traverse, Wadena, and Wilkin. Otter Tail County paid \$62,727 in 2024 for services provided by the West Central Regional Juvenile Center.

Lakes Country Service Cooperative

Lakes Country Service Cooperative (LCSC) was established in May 1976. LCSC is a public, nonprofit agency dedicated to providing quality, innovative services that help make their members successful. Services include finance and human resources, leadership and employee professional development, communications, technology, cooperative purchasing, health and safety, community wellness, insurance wellness, and education. LCSC serves school districts, cities, counties, and other governmental agencies in the nine-county area that includes Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, and Wilkin Counties. Otter Tail County paid \$137,656 in 2024 for services provided by Lakes Country Service Cooperative.

Otter Tail Lakes Country Association

Otter Tail Lakes Country Association is a regional 501(c)(6) non-profit marketing and economic development organization that was formed in 1976. Membership is comprised of businesses, organizations, and communities. The Board of Directors consists of up to 12 directors serving three-year terms: four representing communities, four representing hospital/tourism-related industries, and four from other businesses or industries who have a shared interest in the economic growth and development of Otter Tail County. The Otter Tail County Board of Commissioners shall appoint no more than two individuals to serve as ex-officio members. Ex-officio members shall count toward quorum, possess full Director privileges, and do not have term limits. Otter Tail County

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provided \$184,767 to this organization in 2024.

Tax Abatements

Otter Tail County enters into property tax abatement agreements with local businesses under Minn. Stat. §§ 469.1812 through 469.1815, which meet the criteria for disclosure under GASB Statement No. 77, *Tax Abatement Disclosures*. Under this statute, the County may grant property tax abatements not to exceed (1) ten percent of the net tax capacity of the political subdivision for the taxes payable year to which the abatement applies, or (2) \$200,000, whichever is greater. The abatements may be granted to any business located within or promises to relocate to the County. For fiscal year 2024, Otter Tail County had the following abatements:

Battle Lake Hotel Partners, LLC

The County entered into a property tax abatement with Battle Lake Hotel Partners, LLC, in March 2015, for a period of ten years effective in years 2016 through 2026, to abate \$56,390 of property taxes for the purposes of economic development. For 2024, the total tax abated was \$1,636.

Battle Lake Hotel Partners, LLC, agreed to create one full-time job paying not less than the higher of state or federal minimum wage; maintain the business for at least ten years from the date of the agreement; keep real estate taxes and all city fees current for the duration of the agreement; complete stated improvements no later than March 31, 2016; and utilize all structures located on the parcels included in the abatement for seasonal recreational use and not for long-term rentals.

Grow Perham, LLC

The County entered into a property tax abatement with Grow Perham, LLC, in October 2014, for a period of nine years effective in years 2016 through 2025, to abate \$30,939 of property taxes for the purposes of housing to support economic development. For 2024, the total tax abated was \$2,969.

Grow Perham, LLC, agreed to operate, maintain, preserve, and keep the project in good repair and condition during the life of the agreement; that the project and any further additions, modifications, or replacements shall at times be connected to and utilize city-owned utilities; to comply with income requirements such as at least 40 percent of the residential units in the project must be occupied or available for occupancy by persons whose incomes at the time of initial occupancy do not exceed 80 percent of the greater of state or area median income, and this requirement must be for the duration of the agreement; the developer must deliver or cause to be delivered to the City a Compliance Certificate executed by the developer covering the preceding 12 months together with written evidence satisfactory to the City of compliance with income requirements; and the project will be completed by June 30, 2015.

The County entered into a property tax abatement with Grow Perham, LLC, in May 2016, for a period of 15 years effective in years 2017 through 2031, to abate \$93,552 of property taxes for the purposes of housing to support economic development. For 2024, the total tax abated was \$11,081.

Grow Perham, LLC, agreed to operate, maintain, preserve, and keep the project in good repair and condition during the life of the agreement; the project and any further additions, modifications, or replacements shall at times be connected to and utilize City-owned utilities; the project will be completed by December 31, 2016; prior to the termination date of this agreement, the developer shall not transfer the project or any part thereof or any interest therein without the prior written approval of the city, county, and school; and the developer will pay all

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real property taxes during the life of the agreement.

Fergus Care Center, LLC

The County entered into a property tax abatement with Fergus Care Center, LLC, in November 2018, for a period of six years effective in years 2021 through 2025, to abate \$60,000 of property taxes for the purposes of health care and to support jobs and economic development. For 2024, the total tax abated was \$4,498.

Fergus Care Center, LLC, agrees to the requirements of the property tax abatement as it relates to damage and destruction, change of use and transfer and assignment of the project as developed. Fergus Falls Center, LLC, agrees, so long as this agreement remains in effect, to pay all real property taxes with respect to all parts of the tax abatement property owned by it which are payable pursuant to any statutory or contractual duty. Fergus Care Center, LLC, agrees that it will not challenge the market value of the tax abatement property with respect to the project.

Northstar Behavioral Health

The County entered into a property tax abatement with Northstar Behavioral Health in September of 2019, for ten years effective in years 2021 through 2030, to abate \$265,380 of property taxes for the purposes of health care and to support jobs and economic development. For 2024, the total tax abated was \$14,244.

Colony Housing, LLC

The County entered into a property tax abatement with Colony Housing, LLC, in August of 2019, for 15 years effective in years 2021 through 2035, to abate \$194,827 of property taxes for the purpose of supporting jobs and economic development. For 2024, the total tax abated was \$10,960.

East Silent Lake Resort, LLC

The County entered into a property tax abatement with East Silent Lake Resort, LLC, in October of 2021, for a period of 15 years effective in years 2024 through 2038, or until the LLC receives the maximum abatement of \$147,000, whichever is earlier. The purpose of the abatement is to preserve and enhance the tax base, provide employment opportunities, and help redevelop or renew blighted areas. For 2024, the total tax abated was \$1,559.

S & Z Properties, LLC

The County entered into a property tax abatement with S & Z Properties, LLC, in October of 2021, for a period through 2029, or until the LLC receives the maximum abatement of \$45,000, whichever is earlier. The purpose of the abatement is to preserve and enhance the tax base, provide employment opportunities, and help redevelop or renew blighted areas. For 2024, the total tax abated was \$5,338.

Summer Holdings, LLC

The County entered into a property tax abatement with Summer Holdings, LLC, in June of 2021, for a period through 2027, or until the LLC receives the maximum abatement of \$5,000, whichever is earlier. The purpose of the abatement is to preserve and enhance the tax base, provide employment opportunities, and help redevelop or renew blighted areas. For 2024, the total tax abated was \$1,410.

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Dental Specialists of Fergus Falls, LLC

The County entered into a property tax abatement with Dental Specialists of Fergus Falls, LLC, in December of 2021, for nine and one-half years effective in years 2024 through 2033, or until the LLC receives the maximum abatement of \$80,000, whichever is earlier. The purpose of the abatement is to preserve and enhance the tax base, provide employment opportunities, and help redevelop or renew blighted areas. For 2024, the total tax abated was \$2,496.

Blue Spruce Properties, LLC

The County entered into a property tax abatement with Blue Spruce Properties, LLC, in March of 2022, for 11 years effective in years 2024 through 2035, to abate \$79,580 of property taxes for the purposes of preserving and enhancing the tax base, retaining housing opportunities and providing employment opportunities. For 2024, the total tax abated was \$5,522.

The County has not entered into any tax increment financing agreements which meet the criteria for disclosure under GASB Statement No. 77, *Tax Abatement Disclosures*. The Cities of Battle Lake, Fergus Falls, Henning, New York Mills, Ottertail, Pelican Rapids, Perham, and Wadena have entered into tax increment financing agreements which meet the criteria for disclosure under GASB Statement 77. The cities' authority to enter into these agreements comes from Minn. Stat. §§ 469.1812 through 469.1815 for the purpose of encouraging private development, redevelopment, renovation and renewal, growth in low-to-moderate income housing, and economic development within a city. During 2024, there were 34 pay-as-you-go tax increment financing districts within these various cities. The tax increment collection during 2024 associated with these tax increment districts totaled \$1,627,914. The captured net tax capacity of these 34 districts is \$2,014,288, which represents 1.27 percent of the County's total net tax capacity, or approximately \$814,977 in County property taxes.

Note 7 – Discretely Presented Component Unit Disclosures

Summary of Significant Accounting Policies

In addition to those identified in Note 1, Otter Tail County's discretely presented component units have the following significant accounting policies.

Reporting Entities

Prairie Lakes Municipal Solid Waste Authority (Prairie Lakes)

Prairie Lakes is governed by a six-member Board of Directors—one member appointed from Becker, Clay, Todd, and Wadena Counties, and two from Otter Tail County. Receipts and disbursements are recorded in the Prairie Lakes Municipal Solid Waste Authority Fund by Otter Tail County.

Prairie Lakes is a component unit of Otter Tail County because Prairie Lakes is fiscally dependent on Otter Tail County. Prairie Lakes issues separate financial statements.

Otter Tail County Community Development Agency (CDA)

On December 11, 2018, Otter Tail County, acting through its Board of Commissioners, adopted an enabling resolution establishing the CDA pursuant to Minn. Stat. §§ 469.090 through 469.108 for the purpose of providing

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community development services in connection with market rate housing programming activities to the Otter Tail County, Minnesota, area. The CDA is governed by a nine-member Board of Directors: two are County Commissioners and seven are appointed by the Commissioners.

The CDA is a component unit of Otter Tail County because the County appoints Board members, employs the persons responsible for the day-to-day operations (management), and is financially accountable for the CDA. The first year of operations was 2019. The CDA's financial statements are included as supplementary information in this report. The CDA has no employees.

Otter Tail County Housing and Redevelopment Authority (HRA)

The HRA is a separate legal entity formed by Otter Tail County, Minnesota, under the State of Minnesota statutes. The HRA was formed to own and operate housing for low-income clients. The HRA has an agreement with the Department of Housing and Urban Development (HUD) to help individuals and families procure decent and affordable housing by subsidizing their rent payments (Housing Choice Vouchers Program).

The HRA, a component unit of Otter Tail County, was established in 1972 and is governed by a five-member Board of Commissioners who are appointed by the Otter Tail County Board of Commissioners.

The HRA is a component unit of Otter Tail County because the County appoints Board members and employs the persons responsible for the day-to-day operations (management). The HRA has no employees. The HRA issues separate financial statements.

Basic Financial Statements

Prairie Lakes

The accounts of Prairie Lakes are organized as an enterprise fund in its separately issued financial report. Operating revenues, such as charges for services, result from exchange transactions associated with providing services. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as interest income, grants, and member county contributions result from nonexchange transactions or incidental activities. Operating expenses are all expenses incurred to provide services. Expenses not meeting this definition are reported as nonoperating expenses. Prairie Lakes' net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

CDA

The accounts of the CDA, reported as part of Supplementary Information, are organized in a governmental fund, reported as its General Fund. The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance both include a reconciliation to convert the governmental fund to governmental activities. At the governmental activities level, net position is reported as restricted for economic development.

HRA

The funds of the HRA are presented as proprietary funds in its separately issued financial report. Proprietary funds are used to account for operations financed and operated in a manner similar to private business enterprises,

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where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues include intergovernmental revenue and property taxes. Operating expenses for proprietary funds include the cost-of-service agreement fees, contract services, housing assistance payments, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Measurement Focus and Basis of Accounting

Prairie Lakes

Prairie Lakes' 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

CDA

The CDA's governmental activities are reported using the economic resources measurement focus and the full accrual basis of accounting. The General Fund is reported using the current financial measurement focus and the modified accrual basis of accounting.

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

HRA

The HRA's 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents, Deposits and Investments

Prairie Lakes

For the purposes of the statement of cash flows, cash and cash equivalents include cash and pooled investments. Prairie Lakes' cash is pooled and invested with Otter Tail County and is treated as a cash equivalent because

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Prairie Lakes can deposit or effectively withdraw cash at any time without prior notice or penalty. Interest is credited to the Prairie Lakes Municipal Solid Waste Authority Fund. Otter Tail County obtains collateral to cover the deposits in excess of insurance coverage.

CDA

All cash and investments of the Otter Tail County CDA are on deposit with the County and are considered to be cash on hand. The CDA cash is pooled and invested with Otter Tail County and is treated as cash on hand because the CDA can deposit or effectively withdraw cash at any time without prior notice or penalty. The County obtains collateral to cover the deposits in excess of insurance coverage.

HRA

The HRA's cash and cash equivalents consist of savings and checking accounts, cash on hand, and certificates of deposit. Restricted cash is shown separately from cash and cash equivalents. The HRA obtains collateral to cover the deposits in excess of insurance coverage. The cash and cash equivalents of the HRA are not subject to custodial credit risk.

Property Taxes

CDA

The CDA Board annually adopts a levy and certifies it to the County for collection. The County is responsible for collecting all property taxes for the CDA. Real property taxes are paid by taxpayers of the County in two equal installments on May 15 and October 15. The County provides tax settlements to the CDA throughout the year.

HRA

The HRA Board annually adopts a levy and certifies it to the County for collection. The County is responsible for collecting all property taxes for the HRA. Real property taxes are paid by taxpayers of the County in two equal installments on May 15 and October 15. The County provides tax settlements to the HRA throughout the year.

Land Held for Resale

CDA

The CDA land held for resale consists of land, along with related costs to develop the properties, intended to be resold by the CDA.

Restricted Assets

HRA

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

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Capital Assets

Prairie Lakes

Capital assets, which include property, plant, and equipment, are reported in the financial statements. Prairie Lakes does not have a formal policy in place to define capital assets. Instead, it currently uses the capital asset listing developed by the City of Perham at the time of the sale of the facility from the City of Perham to the counties.

Property, plant, and equipment of Prairie Lakes are depreciated using the straight-line method over the following estimated useful lives:

Estimated Useful Lives of Capital Assets

Assets	Years
Buildings	20-40
Machinery, furniture, equipment, and vehicles	3-20

HRA

Capital assets, which include land, buildings, vehicles, furniture, equipment, and machinery are reported in the financial statements. Capital assets are defined by the HRA as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Estimated Useful Lives of Capital Assets

Assets	Years
Buildings and improvements	10-50
Furniture, equipment, and machinery	5-10
Vehicles	3

Long-Term Obligations

Prairie Lakes

Long-term liabilities consist of advances from Otter Tail County.

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Equity Classifications

Prairie Lakes

Equity is classified as net position. Net investment in capital assets represents capital assets, net of accumulated depreciation, reduced by debt attributed to the acquisition, construction, or improvement of the assets.

Unrestricted net position is net position that does not meet the definition of “restricted” or “net investment in capital assets.”

CDA

The CDA’s fund balance is reported as restricted for economic development.

HRA

Equity is classified as net position.

Net investment in capital assets represents capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position is net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Detailed Notes

Assets

Deposits and Investments

Prairie Lakes

Prairie Lakes pools its deposits and investments with Otter Tail County, which acts in a fiscal agent capacity and carries collateral to cover deposits in excess of Federal Deposit Insurance Corporation (FDIC) coverage. Prairie Lakes follows the County’s investment policy for credit risk. At December 31, 2024, Prairie Lakes’ investments were not subject to custodial credit risk.

CDA

The CDA pools its deposits and investments with Otter Tail County, which acts in a fiscal agent capacity and carries collateral to cover deposits in excess of FDIC coverage. The CDA follows the County’s investment policy for credit risk. At December 31, 2024, the CDA’s investments were not subject to custodial credit risk.

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HRA

In accordance with Minnesota statutes, the HRA maintains deposits at those depository banks and brokerages authorized by the HRA's Commission, all of which are covered by Federal Depository Insurance. Statutes require that all HRA deposits be protected by insurance, collateral, or surety bonds. The market value of the collateral pledged must be equal to or greater than 110 percent of the deposits not covered by insurance or bonds.

At December 31, 2024, the carrying amount of the HRA's deposits was \$3,368,683, and the bank balance was \$3,390,978.

The entire bank balance was covered by the FDIC and pledged collateral at December 31, 2024.

Restricted Cash

HRA

Restricted cash consists of \$10,888 in tenant security deposits and \$21,026 restricted for HUD vouchers.

Loans Receivable

HRA

The HRA offers several loan programs through its General and State/Local Fund. The loans due are from homeowners and landlords for assistance purchasing or rehabilitating properties.

Homeowner rehab loans are "deferred loans" that are completely forgiven after ten years if all conditions are met. It is estimated that conditions are likely to be met by the borrower, and an allowance for the full amount of outstanding homeowner rehab loans has been recognized to offset the loan balance.

Rental rehab loans are required to be paid back by the landlords in monthly payments, typically over ten years, with a zero percent interest rate. Loans may have a forgivable portion, typically 25 percent, which will be forgiven after the first five years of loan compliance. The initial loan is reduced by the 25 percent forgivable portion when recorded on the books at inception.

Down payment assistance loans are written for the term of the original mortgage on the home. The loans have a zero percent interest rate. The loans are to be repaid at final payment of original mortgage, upon loan refinancing, or upon sale or transfer of the property. The HRA records the loan at face value at inception, and it remains at that value until paid or written-off.

Tax levy rehab loans are "deferred loans" that are forgivable at ten percent each year and completely forgiven after ten years, if all conditions are met. It is estimated that conditions are likely to be met by the borrower, and an allowance for the full amount of outstanding tax levy rehab loans has been recognized to offset the loan balance.

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Loans receivable activity for the year ended December 31, 2024, was as follows:

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

Loans Receivable	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Homeowner rehab	\$ 210,713	\$ -	\$ (190,925)	\$ 19,788	\$ -
Rental rehab	93,541	-	(49,062)	44,479	9,905
Down payment assistance	89,242	61,320	(25,642)	124,920	-
Tax levy rehab provisions	232,803	26,500	(57,530)	201,773	-
Total	\$ 626,299	\$ 87,820	\$ (323,159)	\$ 390,960	\$ 9,905
Allowance for homeowner rehab loan	\$ (216,502)	\$ -	\$ 190,925	\$ (25,577)	\$ -
Allowance for tax levy rehab loan	(227,014)	(26,500)	57,530	(195,984)	-
Total allowance	\$ (443,516)	\$ (26,500)	\$ 248,455	\$ (221,561)	\$ -
Loans Receivable, Net	\$ 182,783	\$ 61,320	\$ (74,704)	\$ 169,399	\$ 9,905

Capital Assets

Prairie Lakes

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

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

Capital Assets – Prairie Lakes	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 25,489	\$ -	\$ -	\$ 25,489
Capital assets depreciated				
Buildings	\$ 34,477,221	\$ -	\$ -	\$ 34,477,221
Machinery, furniture, and equipment	4,863,641	511,518	-	5,375,159
Total capital assets depreciated	\$ 39,340,862	\$ 511,518	\$ -	\$ 39,852,380
Less: accumulated depreciation for				
Buildings	\$ 12,309,972	\$ 963,792	\$ -	\$ 13,273,764
Machinery, furniture, and equipment	2,767,091	462,403	-	3,229,494
Total accumulated depreciation	\$ 15,077,063	\$ 1,426,195	\$ -	\$ 16,503,258
Total capital assets depreciated, net	\$ 24,263,799	\$ (914,677)	\$ -	\$ 23,349,122
Capital Assets, Net	\$ 24,289,288	\$ (914,677)	\$ -	\$ 23,374,611

Depreciation expense for the year was \$1,426,195.

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HRA

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

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

Capital Assets – HRA	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 59,390	\$ 13,500	\$ -	\$ 72,890
Construction in progress	-	96,638	-	96,638
Total capital assets not depreciated	\$ 59,390	\$ 110,138	\$ -	\$ 169,528
Capital assets depreciated				
Buildings and improvements	\$ 1,661,870	\$ 1,385,694	\$ -	\$ 3,047,564
Vehicles	9,657	-	(9,657)	-
Total capital assets depreciated	\$ 1,671,527	\$ 1,385,694	\$ (9,657)	\$ 3,047,564
Less: accumulated depreciation for				
Buildings and improvements	\$ 1,112,431	\$ 43,448	\$ -	\$ 1,155,879
Vehicles	3,488	536	(4,024)	-
Total accumulated depreciation	\$ 1,115,919	\$ 43,984	\$ (4,024)	\$ 1,155,879
Total capital assets depreciated, net	\$ 555,608	\$ 1,341,710	\$ (5,633)	\$ 1,891,685
Capital Assets, Net	\$ 614,998	\$ 1,451,848	\$ (5,633)	\$ 2,061,213

Depreciation expense for the year was \$43,984.

Liabilities

Deposits Payable

CDA

The CDA received a \$204,000 deposit in 2024 that will be paid to the State of Minnesota in January of 2025.

Advance from Primary Government

Prairie Lakes

Prairie Lakes has entered into an advance arrangement with Otter Tail County. The County issued \$10,475,000 in General Obligation Disposal System Revenue Bonds, \$19,380,000 in General Obligation Waste Disposal Revenue Bonds, \$1,065,000 in General Obligation Waste Disposal Revenue Bonds, and \$2,000,000 in General Obligation Waste Disposal Revenue Bonds in order to finance the acquisition/expansion and improvements of the facility. The proceeds from the sale of these bonds were recognized by Otter Tail County. Prairie Lakes' repayment of the advance for these bond issues to the County is essentially equal to the principal and interest on the bonds for the year.

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During 2019, Otter Tail County issued \$6,365,000 in Taxable General Obligation Disposal Revenue Refunding Bonds that will refund the \$10,475,000 General Obligation Disposal System Revenue Bonds and resulted in Prairie Lakes increasing the principal payments owed to Otter Tail County by \$150,000, but will result in a lower total future cash outlay, as the refunding bonds were issued with a lower interest rate than the refunded bonds. During 2021, Otter Tail County issued \$13,635,000 in General Obligation Waste Disposal Revenue Refunding Bonds to advance refund the \$19,380,000 General Obligation Waste Disposal Revenue Bonds, Series 2013A, which resulted in Prairie Lakes decreasing the principal payments owed to Otter Tail County by \$270,000, due to a premium received on the refunding bonds. This will also result in a lower future cash outlay, as the refunding bonds were issued with a lower interest rate than the refunded bonds.

On December 31, 2015, Otter Tail County advanced funds to Prairie Lakes to zero out a negative pooled cash balance. The advance balance consists of the following at December 31, 2024:

Advances from Primary Government at December 31, 2024

Type of Indebtedness	Maturity	Installment Amounts	Interest Rate (%)	Original	Balance
Advance from primary government – 2015	-	Varies	0.25	\$ 2,788,620	\$ 1,720,072
Advance from primary government – 2018	2028	\$105,000- \$125,000	3.00-4.00	1,065,000	470,000
Advance from primary government – 2019	2030	\$670,000- \$805,000	1.85-2.45	6,365,000	4,365,000
Advance from primary government – 2020	2031	\$190,000- \$215,000	1.15-2.00	2,000,000	1,450,000
Advance from primary government – 2021	2034	\$690,000- \$1,820,000	1.15-2.00	13,635,000	12,080,000
Total Advance from Primary Government				<u>\$ 25,853,620</u>	<u>\$ 20,085,072</u>

Repayment of the advance from primary government – 2015 will be through a combination of \$1 per ton of waste received at the Prairie Lakes facility as well as 50 percent of any revenues above expenses at the end of each year, exclusive of the first \$200,000 set aside as major capital expenses. Because of the variable repayment amounts, a final debt payment schedule is not available. The following payment schedule does not include the debt service applicable to this advance.

The future minimum obligations as of December 31, 2024, were as follows:

Future Minimum Obligations as of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 1,750,000	\$ 465,746
2026	1,800,000	412,594
2027	1,855,000	357,565
2028	1,910,000	300,604
2029	1,845,000	243,525
2030-2034	<u>9,205,000</u>	<u>545,399</u>
Total	<u>\$ 18,365,000</u>	<u>\$ 2,325,433</u>

Otter Tail County Fergus Falls, Minnesota

HRA

The HRA obtained project financing assistance from Otter Tail County of \$825,000 to fund the North Fields of Dalton project. The agreement is a 20-year agreement maturing in November 2043 with annual payments totaling \$50,454 at a two percent interest rate.

The future minimum obligations as of December 31, 2024, were as follows:

Future Minimum Obligations as of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 34,633	\$ 15,821
2026	35,326	15,128
2027	36,033	14,421
2028	36,753	13,701
2029	37,488	12,966
2030-2034	198,993	53,277
2035-2039	219,704	32,566
2040-2043	192,116	9,700
Total	<u>\$ 791,046</u>	<u>\$ 167,580</u>

Changes in Long-Term Liabilities

Prairie Lakes

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

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

Long-Term Liabilities – Prairie Lakes	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Advance from primary government	\$ 21,961,486	\$ -	\$(1,876,414)	\$ 20,085,072	\$ 1,750,000
Compensated absences	515,878	123,015*	-	638,893	211,475
Long-Term Liabilities	<u>\$ 22,477,364</u>	<u>\$ 123,015</u>	<u>\$(1,876,414)</u>	<u>\$ 20,723,965</u>	<u>\$ 1,961,475</u>

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

HRA

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

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

Long-Term Liabilities – HRA	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Advance from primary government	\$ -	\$ 825,000	\$(33,954)	\$ 791,046	\$ 34,633

Otter Tail County

Fergus Falls, Minnesota

Defined Benefit Pension Plan

Prairie Lakes

Plan Description

All full-time and certain part-time employees of Prairie Lakes are covered by a defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plan is a tax qualified plan 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 Prairie Lakes employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

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. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2024. The employer was required to contribute 7.50 percent of annual covered salary in 2024. Rates did not change from 2023.

Prairie Lakes' contributions for the General Employees Plan for the year ended December 31, 2024, were \$170,857. The contributions are equal to the statutorily required contributions as set by state statute.

Pension Costs

At December 31, 2024, Prairie Lakes reported a liability of \$969,120 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. Prairie Lakes' proportion of the net pension liability was based on Prairie Lakes' 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, Prairie Lakes' proportion was 0.0262 percent. It was 0.0263 percent measured as of June 30, 2023. Prairie Lakes recognized pension expense of \$42,933 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. Prairie Lakes recognized \$44,588 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

Otter Tail County Fergus Falls, Minnesota

Plan.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. Prairie Lakes recognized an additional \$672 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

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 Prairie Lakes	Amount
Prairie Lakes' proportionate share of the net pension liability	\$ 969,120
State of Minnesota's proportionate share of the net pension liability associated with Prairie Lakes	<u>25,059</u>
Total	<u>\$ 994,179</u>

Prairie Lakes 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:

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	\$ 91,155	\$ -
Changes in actuarial assumptions	4,693	367,673
Difference between projected and actual investment earnings	-	288,697
Changes in proportion	11,880	10,005
Contributions paid to PERA subsequent to the measurement date	<u>86,574</u>	<u>-</u>
Total	<u>\$ 194,302</u>	<u>\$ 666,375</u>

The \$86,574 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:

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

Year Ended December 31	Pension Expense Amount
2025	\$ (226,178)
2026	38,128
2027	(31,904)
2028	(338,693)

Otter Tail County **Fergus Falls, Minnesota**

Pension Liability Sensitivity

The following presents Prairie Lakes’ proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what Prairie Lakes’ 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
1% Decrease	6.00%	\$ 2,116,714
Current	7.00%	969,120
1% Increase	8.00%	25,119

Additional pension information regarding benefits provided, contributions, actuarial assumptions, discount rate, and pension plan fiduciary net position can be found in Note 3.

Risk Management

Prairie Lakes

Prairie Lakes 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. Prairie Lakes has entered into a joint powers agreement with Minnesota entities to form the Minnesota Counties Intergovernmental Trust (MCIT). MCIT is a public entity risk pool currently operated as a common risk management and insurance program for its members. Prairie Lakes is a member of both the MCIT Workers’ Compensation and Property and Casualty Divisions. For other risk, Prairie Lakes carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

Prairie Lakes retains the risk for the deductible portion of the policies, which is considered immaterial to the financial statements. At December 31, 2024, there are no other claims liabilities reported in the financial statements based on the requirements of GASB.

CDA

The Otter Tail Community Development Agency is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters, for which the CDA carries commercial insurance. To manage these risks, the CDA has entered into a joint powers agreement with Minnesota counties (through Otter Tail County) to form the MCIT. The CDA is a member of the MCIT Property and Casualty Division. The amount of settlements did not exceed insurance coverage.

Otter Tail County Fergus Falls, Minnesota

The CDA retains the risk for the deductible portion of the policies, which is considered immaterial to the financial statements. At December 31, 2024, there are no other claims liabilities reported in the financial statements based on the requirements of GASB.

HRA

The HRA is exposed to various risks of losses including general liability, property damage, and employee bodily injury. The insurance coverage is considered to be adequate to cover unexpected claims against the HRA. The HRA retains the responsibility to cover any settlements exceeding the specific coverage. There was no reduction in coverage from the prior year, and settlements have not exceeded insurance coverage in the past three years.

Other Items

Operating Budget

CDA

Budget-to-Actual Comparison for the Year Ending December 31, 2024

CDA Revenues and Expenses	Budget		Actual		Variance
Revenues	\$	744,800	\$	874,405	\$ 129,605
Expenses		621,300		683,183	(61,883)
Change in Fund Balance	\$	123,500	\$	191,222	\$ 67,722

Required Supplementary Information

Exhibit A-1

**Otter Tail County
Fergus Falls, Minnesota**

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 28,016,834	\$ 28,016,834	\$ 28,101,418	\$ 84,584
Special assessments	503,657	503,657	185,447	(318,210)
Licenses and permits	492,067	492,067	580,713	88,646
Intergovernmental	6,057,556	6,057,556	6,395,597	338,041
Charges for services	1,369,034	1,369,034	1,524,185	155,151
Fines and forfeits	20,000	20,000	15,348	(4,652)
Gifts and contributions	4,700	4,700	14,600	9,900
Investment earnings	551,200	551,200	3,857,367	3,306,167
Miscellaneous	1,905,951	1,905,951	1,922,466	16,515
Total Revenues	\$ 38,920,999	\$ 38,920,999	\$ 42,597,141	\$ 3,676,142
Expenditures				
Current				
General government				
Commissioners	\$ 543,583	\$ 543,583	\$ 491,237	\$ 52,346
Courts	355,000	355,000	227,947	127,053
County coordinator	1,207,426	1,207,426	1,251,457	(44,031)
County auditor	1,117,901	1,117,901	1,371,449	(253,548)
Motor vehicle	524,380	524,380	470,148	54,232
County treasurer	423,119	423,119	407,029	16,090
County assessor	1,565,894	1,565,894	1,450,486	115,408
Elections	388,937	388,937	348,314	40,623
Accounting and auditing	80,000	80,000	88,883	(8,883)
Board of Adjustments	29,600	29,600	34,362	(4,762)
Information technology	2,091,446	2,091,446	2,008,457	82,989
Attorney	2,285,620	2,285,620	1,841,458	444,162
Recorder	596,725	596,725	610,230	(13,505)
Planning and zoning	32,520	32,520	25,114	7,406
Land and resource	1,679,996	1,679,996	1,537,514	142,482
Facilities operations	2,570,779	2,570,779	2,344,138	226,641
Geographical information survey	522,955	522,955	519,999	2,956
Veterans service officer	473,517	473,517	483,900	(10,383)
Land trust	-	-	1,235	(1,235)
Unallocated	1,622,168	1,622,168	1,591,155	31,013
Total general government	\$ 18,111,566	\$ 18,111,566	\$ 17,104,512	\$ 1,007,054

Exhibit A-1
(Continued)

**Otter Tail County
Fergus Falls, Minnesota**

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 9,076,583	\$ 9,076,583	\$ 8,647,828	\$ 428,755
Boat and water safety	180,008	180,008	141,158	38,850
Coroner	158,080	158,080	88,752	69,328
County jail	4,749,444	4,749,444	4,189,601	559,843
Humane society	82,944	82,944	82,944	-
Snowmobile account	-	-	104,930	(104,930)
Enhanced 911	179,500	179,500	144,086	35,414
Navigating the road ahead	75,000	75,000	757,897	(682,897)
Emergency management	224,036	224,036	164,156	59,880
Total public safety	\$ 14,725,595	\$ 14,725,595	\$ 14,321,352	\$ 404,243
Health				
Environmental health	\$ 86,642	\$ 86,642	\$ 62,684	\$ 23,958
Culture and recreation				
Historical society	\$ 162,170	\$ 162,170	\$ 162,170	\$ -
History museum	100,000	100,000	100,000	-
County fairs	56,000	56,000	56,000	-
Total culture and recreation	\$ 318,170	\$ 318,170	\$ 318,170	\$ -
Conservation of natural resources				
County extension	\$ 520,605	\$ 520,605	\$ 480,086	\$ 40,519
Soil and water conservation	480,050	480,050	487,391	(7,341)
Septic system loan program	300,000	300,000	391,053	(91,053)
Lake improvement districts	461,787	461,787	465,512	(3,725)
Aquatic invasive species	545,022	545,022	652,322	(107,300)
Total conservation of natural resources	\$ 2,307,464	\$ 2,307,464	\$ 2,476,364	\$ (168,900)
Economic development				
Red River Valley Development Association	\$ 1,800	\$ 1,800	\$ 1,800	\$ -
West Central Minnesota Initiative	27,250	27,250	27,250	-
Tourism	1,168,381	1,168,381	1,103,676	64,705
Veteran's van	1,200	1,200	-	1,200
Housing and redevelopment	584,529	584,529	761,044	(176,515)
Wellness account	2,500	2,500	7,110	(4,610)
Total economic development	\$ 1,785,660	\$ 1,785,660	\$ 1,900,880	\$ (115,220)

Exhibit A-1
(Continued)

**Otter Tail County
Fergus Falls, 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				
Culture and recreation	\$ 631,697	\$ 631,697	\$ 631,697	\$ -
Debt service				
Principal	\$ 6,950	\$ 6,950	\$ 441,438	\$ (434,488)
Interest	391	391	10,902	(10,511)
Total debt service	\$ 7,341	\$ 7,341	\$ 452,340	\$ (444,999)
Total Expenditures	\$ 37,974,135	\$ 37,974,135	\$ 37,267,999	\$ 706,136
Excess of Revenues Over (Under) Expenditures	\$ 946,864	\$ 946,864	\$ 5,329,142	\$ 4,382,278
Other Financing Sources (Uses)				
Transfers in	\$ 84,800	\$ 84,800	\$ 84,800	\$ -
Transfers out	(638,020)	(638,020)	(843,711)	(205,691)
Loans issued	300,000	300,000	378,758	78,758
Total Other Financing Sources (Uses)	\$ (253,220)	\$ (253,220)	\$ (380,153)	\$ (126,933)
Net Change in Fund Balance	\$ 693,644	\$ 693,644	\$ 4,948,989	\$ 4,255,345
Fund Balance – January 1	38,424,322	38,424,322	38,424,322	-
Fund Balance – December 31	\$ 39,117,966	\$ 39,117,966	\$ 43,373,311	\$ 4,255,345

Exhibit A-2

**Otter Tail County
Fergus Falls, Minnesota**

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 11,038,865	\$ 11,038,865	\$ 10,887,353	\$ (151,512)
Intergovernmental	21,714,101	21,714,101	20,162,797	(1,551,304)
Charges for services	4,131,750	4,131,750	1,027,694	(3,104,056)
Miscellaneous	185,100	185,100	111,493	(73,607)
Total Revenues	\$ 37,069,816	\$ 37,069,816	\$ 32,189,337	\$ (4,880,479)
Expenditures				
Current				
Highways and streets				
Administration	\$ 909,031	\$ 909,031	\$ 936,273	\$ (27,242)
Maintenance	7,274,219	7,274,219	7,100,967	173,252
Construction	23,579,151	23,579,151	16,272,835	7,306,316
Equipment maintenance and shop	3,139,640	3,139,640	2,196,091	943,549
Materials and services for resale	10,000	10,000	9,045	955
Total highways and streets	\$ 34,912,041	\$ 34,912,041	\$ 26,515,211	\$ 8,396,830
Intergovernmental				
Highways and streets	\$ 1,680,600	\$ 1,680,600	\$ 1,885,389	\$ (204,789)
Debt service				
Principal	\$ -	\$ -	\$ 9,953	\$ (9,953)
Interest	-	-	67	(67)
Total debt service	\$ -	\$ -	\$ 10,020	\$ (10,020)
Total Expenditures	\$ 36,592,641	\$ 36,592,641	\$ 28,410,620	\$ 8,182,021
Excess of Revenues Over (Under)				
Expenditures	\$ 477,175	\$ 477,175	\$ 3,778,717	\$ 3,301,542
Other Financing Sources (Uses)				
Transfers in	\$ 400,000	\$ 400,000	\$ 400,000	\$ -
Transfers out	(877,175)	(877,175)	(1,176,417)	(299,242)
Total Other Financing Sources (Uses)	\$ (477,175)	\$ (477,175)	\$ (776,417)	\$ (299,242)
Net Change in Fund Balance	\$ -	\$ -	\$ 3,002,300	\$ 3,002,300
Fund Balance – January 1	7,222,757	7,222,757	7,222,757	-
Increase (decrease) in inventories	-	-	68,043	68,043
Fund Balance – December 31	\$ 7,222,757	\$ 7,222,757	\$ 10,293,100	\$ 3,070,343

Exhibit A-3

**Otter Tail County
Fergus Falls, 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	\$	13,409,716	\$	13,409,716	\$	13,189,521	\$ (220,195)
Licenses and permits		250,000		250,000		234,895	(15,105)
Intergovernmental		15,221,393		15,221,393		14,844,853	(376,540)
Charges for services		1,298,300		1,298,300		1,419,879	121,579
Gifts and contributions		45,600		45,600		37,752	(7,848)
Investment earnings		1,000		1,000		1,360	360
Miscellaneous		377,604		377,604		859,836	482,232
Total Revenues	\$	30,603,613	\$	30,603,613	\$	30,588,096	\$ (15,517)
Expenditures							
Current							
Public safety							
Community corrections	\$	2,720,921	\$	2,720,921	\$	2,172,872	\$ 548,049
Human services							
Income maintenance	\$	6,738,326	\$	6,682,166	\$	6,517,781	\$ 164,385
Social services		16,843,725		16,843,725		17,813,957	(970,232)
Total human services	\$	23,582,051	\$	23,525,891	\$	24,331,738	\$ (805,847)
Health							
Nursing service	\$	4,927,826	\$	4,927,826	\$	4,256,783	\$ 671,043
Total Expenditures	\$	31,230,798	\$	31,174,638	\$	30,761,393	\$ 413,245
Excess of Revenues Over (Under) Expenditures	\$	(627,185)	\$	(571,025)	\$	(173,297)	\$ 397,728
Other Financing Sources (Uses)							
Transfers in	\$	158,820	\$	158,820	\$	185,224	\$ 26,404
Transfers out		(72,200)		(72,200)		(57,200)	15,000
Total Other Financing Sources (Uses)	\$	86,620	\$	86,620	\$	128,024	\$ 41,404
Net Change in Fund Balance	\$	(540,565)	\$	(484,405)	\$	(45,273)	\$ 439,132
Fund Balance – January 1		21,786,658		21,786,658		21,786,658	-
Fund Balance – December 31	\$	21,246,093	\$	21,302,253	\$	21,741,385	\$ 439,132

**Otter Tail County
Fergus Falls, Minnesota**

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

	Original Budget		Final Budget		Actual Amounts		Variance with Final Budget
Revenues							
Taxes	\$	4,153,565	\$	4,153,565	\$	3,825,530	\$ (328,035)
Intergovernmental		253,612		253,612		316,490	62,878
Investment earnings		-		-		13,611	13,611
Miscellaneous		-		-		29,453	29,453
Total Revenues	\$	4,407,177	\$	4,407,177	\$	4,185,084	\$ (222,093)
Expenditures							
Current							
General government							
County assessor	\$	30,200	\$	30,200	\$	-	\$ 30,200
Data processing		220,000		220,000		127,077	92,923
Facilities operations		217,488		217,488		23,611	193,877
Land and resource		120,000		120,000		90,189	29,811
Other general government		590,727		590,727		-	590,727
Total general government	\$	1,178,415	\$	1,178,415	\$	240,877	\$ 937,538
Public safety							
Sheriff	\$	666,100	\$	666,100	\$	624,974	\$ 41,126
County jail		26,550		26,550		20,850	5,700
Court services		40,000		40,000		-	40,000
Total public safety	\$	732,650	\$	732,650	\$	645,824	\$ 86,826
Highways and streets							
Maintenance	\$	-	\$	-	\$	754,185	\$ (754,185)
Human services							
Social services	\$	80,000	\$	80,000	\$	111,592	\$ (31,592)
Health							
Nursing service	\$	-	\$	-	\$	30,561	\$ (30,561)
Culture and recreation							
Phelps Mill Park	\$	50,000	\$	50,000	\$	16,530	\$ 33,470
Capital outlay							
General government	\$	-	\$	-	\$	98,370	\$ (98,370)
Total Expenditures	\$	2,041,065	\$	2,041,065	\$	1,897,939	\$ 143,126
Excess of Revenues Over (Under) Expenditures	\$	2,366,112	\$	2,366,112	\$	2,287,145	\$ (78,967)
Other Financing Sources (Uses)							
Transfers out		(2,112,500)		(2,112,500)		-	2,112,500
Net Change in Fund Balance	\$	253,612	\$	253,612	\$	2,287,145	\$ 2,033,533
Fund Balance – January 1		4,481,105		4,481,105		4,481,105	-
Fund Balance – December 31	\$	4,734,717	\$	4,734,717	\$	6,768,250	\$ 2,033,533

Exhibit A-5

**Otter Tail County
Fergus Falls, Minnesota**

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

	2024	2023	2022
Total OPEB Liability			
Service cost	\$ 226,351	\$ 210,425	\$ 274,977
Interest	151,074	85,479	102,367
Differences between expected and actual experience	(432,981)	-	468,542
Changes of assumption or other inputs	147,974	(531,724)	230,597
Benefit payments	(282,679)	(273,138)	(262,105)
Net change in total OPEB liability	\$ (190,261)	\$ (508,958)	\$ 814,378
Total OPEB Liability – Beginning	3,690,443	4,199,401	3,385,023
Total OPEB Liability – Ending	\$ 3,500,182	\$ 3,690,443	\$ 4,199,401
 Covered-employee payroll	 \$ 34,286,649	 \$ 31,908,152	 \$ 30,978,788
Total OPEB liability (asset) as a percentage of covered-employee payroll	10.21%	11.57%	13.56%

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

2021		2020		2019		2018	
\$	251,344	\$	243,432	\$	195,084	\$	189,402
	99,053		101,946		97,210		93,027
	-		228,809		-		-
	-		(20,105)		-		-
	(257,457)		(213,955)		(180,557)		(142,457)
\$	92,940	\$	340,127	\$	111,737	\$	139,972
	3,292,083		2,951,956		2,840,219		2,700,247
\$	3,385,023	\$	3,292,083	\$	2,951,956	\$	2,840,219
\$	30,376,391	\$	29,420,233	\$	26,782,914	\$	26,002,829
	11.14%		11.19%		11.02%		10.92%

**Otter Tail County
Fergus Falls, Minnesota**

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

Measurement Date	Employer's Proportion of the Net Pension Liability/Asset (%)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Otter Tail County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related 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	0.3433	\$ 12,691,741	\$ 328,182	\$ 13,019,923	\$ 29,055,733	43.68	89.08
2023	0.3498	19,560,424	539,299	20,099,723	27,818,747	70.31	83.10
2022	0.3502	27,735,956	812,984	28,548,940	26,228,280	105.75	76.67
2021	0.3443	14,703,152	448,986	15,152,138	24,788,880	59.31	87.00
2020	0.3394	20,348,581	627,539	20,976,120	24,207,613	84.06	79.06
2019	0.3265	18,051,454	560,976	18,612,430	23,104,080	78.13	80.23
2018	0.3299	18,301,499	600,284	18,901,783	22,159,080	82.59	79.53
2017	0.3328	21,245,732	267,174	21,512,906	21,436,853	99.11	75.90
2016	0.3254	26,420,866	345,119	26,765,985	20,189,156	130.87	68.91
2015	0.3193	16,547,783	N/A	16,547,783	18,763,471	88.19	78.19

The measurement date for each year is June 30.

N/A – Not Applicable

**Otter Tail County
Fergus Falls, Minnesota**

Schedule of Contributions

PERA General Employees Retirement Plan

December 31, 2024

Year Ending		Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)		Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c) (%)
2024	\$	2,210,513	\$ 2,210,513	\$ -	\$	29,473,507	7.50
2023		2,144,477	2,144,477	-		28,593,027	7.50
2022		2,033,420	2,033,420	-		27,112,267	7.50
2021		1,898,933	1,898,933	-		25,319,107	7.50
2020		1,840,315	1,840,315	-		24,537,533	7.50
2019		1,774,685	1,774,685	-		23,662,467	7.50
2018		1,689,742	1,689,742	-		22,529,893	7.50
2017		1,636,875	1,636,875	-		21,825,001	7.50
2016		1,570,812	1,570,812	-		20,944,156	7.50
2015		1,442,294	1,442,294	-		19,230,587	7.50

The County's year-end is December 31.

**Otter Tail County
Fergus Falls, 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 Otter Tail 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	0.2772	\$ 3,647,279	\$ 139,033	\$ 3,786,312	\$ 3,769,938	96.75	90.17
2023	0.2772	4,786,884	192,842	4,979,726	3,640,169	131.50	86.47
2022	0.2774	12,071,352	527,310	12,598,662	3,369,644	358.24	70.53
2021	0.2546	1,965,242	88,370	2,053,612	3,009,277	65.31	93.66
2020	0.2751	3,626,112	85,431	3,711,543	3,104,654	116.80	87.19
2019	0.2888	3,074,568	N/A	3,074,568	3,047,847	100.88	89.26
2018	0.2762	2,944,008	N/A	2,944,008	2,894,963	101.69	88.84
2017	0.2680	3,618,319	N/A	3,618,319	2,747,296	131.70	85.43
2016	0.2750	11,036,229	N/A	11,036,229	2,653,923	415.85	63.88
2015	0.2660	3,022,382	N/A	3,022,382	2,439,613	123.89	86.61

The measurement date for each year is June 30.

N/A – Not Applicable

**Otter Tail County
Fergus Falls, Minnesota**

Schedule of Contributions

PERA Public Employees Police and Fire Plan

December 31, 2024

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c) (%)
2024	\$ 707,771	\$ 707,771	\$ -	\$ 3,998,706	17.70
2023	655,643	655,643	-	3,704,198	17.70
2022	627,742	627,742	-	3,546,565	17.70
2021	540,340	540,340	-	3,052,768	17.70
2020	558,273	558,273	-	3,154,085	17.70
2019	516,059	516,059	-	3,044,596	16.95
2018	484,217	484,217	-	2,988,994	16.20
2017	459,024	459,024	-	2,833,481	16.20
2016	436,067	436,067	-	2,691,774	16.20
2015	408,632	408,632	-	2,522,420	16.20

The County's year-end is December 31.

**Otter Tail County
Fergus Falls, 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	0.9489	\$ 289,212	\$ 2,408,926	12.01	97.54
2023	0.9459	427,594	2,217,920	19.28	95.94
2022	0.9671	3,214,640	2,214,598	145.16	74.58
2021	0.8646	(142,036)	1,911,646	(7.43)	101.61
2020	0.9105	247,055	1,981,303	12.47	96.67
2019	0.9100	125,990	1,941,109	6.49	98.17
2018	0.9140	150,326	1,866,789	8.05	97.64
2017	0.9100	2,593,510	1,825,989	142.03	67.89
2016	0.9000	3,287,826	1,695,796	193.88	58.16
2015	1.0100	156,146	1,812,160	8.62	96.95

The measurement date for each year is June 30.

**Otter Tail County
Fergus Falls, Minnesota**

Schedule of Contributions

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

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c) (%)
2024	\$ 190,455	\$ 190,455	\$ -	\$ 2,176,629	8.75
2023	202,934	202,934	-	2,319,246	8.75
2022	188,501	188,501	-	2,154,297	8.75
2021	178,452	178,452	-	2,039,451	8.75
2020	167,973	167,973	-	1,919,691	8.75
2019	174,265	174,265	-	1,991,600	8.75
2018	164,241	164,241	-	1,877,040	8.75
2017	163,871	163,871	-	1,872,811	8.75
2016	153,096	153,096	-	1,749,674	8.75
2015	151,474	151,474	-	1,731,131	8.75

The County's year-end is December 31.

Otter Tail County

Fergus Falls, Minnesota

Notes to the Required Supplementary Information

For the Year Ended December 31, 2024

Note 1 – Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Construction Capital Projects Fund and the Highway Improvement Capital Projects Fund. All annual appropriations lapse at fiscal 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 County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level.

Note 2 – 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 3 – Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes occurred:

2024

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

2023

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

2022

- The discount rate was changed from 2.90 percent to 2.00 percent.
- The inflation rate was changed from 2.50 percent to 2.00 percent.

Otter Tail County Fergus Falls, Minnesota

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

2021

No changes in actuarial methods or assumptions occurred in 2021.

2020

- The discount rate was changed from 3.30 percent to 2.90 percent.
- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and employee classification.

2019

No changes in actuarial methods or assumptions occurred in 2019.

2018

- The actuarial cost method used changed from the Projected Unit Credit to Entry Age Normal Percent of Pay.
- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality tables with MP 2015 Generational Improvement Scale (with blue collar adjustment for police and fire personnel) to the RP-2014 White Collar Mortality tables (de-trended to 2006) and then projected beyond the valuation date using Scale MP-2017 (with blue collar adjustment for police and fire personnel).
- The discount rate was changed from 3.50 percent to 3.30 percent.
- The retirement and withdrawal tables for all employees were updated.

Otter Tail County Fergus Falls, Minnesota

Note 4 – 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.

Otter Tail County Fergus Falls, Minnesota

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.

Otter Tail County Fergus Falls, Minnesota

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.

Otter Tail County Fergus Falls, Minnesota

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.

Otter Tail County Fergus Falls, 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.

Otter Tail County Fergus Falls, 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.

Otter Tail County Fergus Falls, 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.

Otter Tail County Fergus Falls, 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.

Otter Tail County Fergus Falls, 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

Exhibit B-1

**Otter Tail County
Fergus Falls, 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	\$ 1,762,192	\$ 1,762,192	\$ 1,733,244	\$ (28,948)
Intergovernmental	2,213,250	2,213,250	548,197	(1,665,053)
Investment earnings	7,755	7,755	3,864	(3,891)
Miscellaneous	315,000	315,000	308,965	(6,035)
Total Revenues	\$ 4,298,197	\$ 4,298,197	\$ 2,594,270	\$ (1,703,927)
Expenditures				
Debt service				
Principal	\$ 4,270,000	\$ 4,270,000	\$ 4,270,000	\$ -
Interest	1,183,828	1,183,828	1,488,922	(305,094)
Total Expenditures	\$ 5,453,828	\$ 5,453,828	\$ 5,758,922	\$ (305,094)
Excess of Revenues Over (Under) Expenditures	\$ (1,155,631)	\$ (1,155,631)	\$ (3,164,652)	\$ (2,009,021)
Other Financing Sources (Uses)				
Transfers in	968,725	968,725	1,176,417	(207,692)
Net Change in Fund Balance	\$ (186,906)	\$ (186,906)	\$ (1,988,235)	\$ (2,216,713)
Fund Balance – January 1, as restated (Note 1)	21,904,037	21,904,037	21,904,037	-
Fund Balance – December 31	\$ 21,717,131	\$ 21,717,131	\$ 19,915,802	\$ (2,216,713)

Otter Tail County Fergus Falls, Minnesota

Nonmajor Governmental Funds

Special Revenue Funds

County Ditch – to account for the financing of repairs to the ditch system that are deemed to benefit the properties against which special assessments are levied.

Law Library – to account for the financial activities relating to the operation of the County's Law Library. Financing is provided by a charge for services levied on cases in district and County court. Expenditures for Law Library books and periodicals are made from the Law Library Fund upon approval of the Law Library Board of Trustees.

Sheriff's Contingent – to account for both the advance and reimbursement of travel expenses by the County Sheriff and one-quarter of liquor and narcotics fines to be used for investigating violations of liquor and narcotics laws.

Parks and Trails – to account for the financial activities relating to the operation of the County's public parks and trails system.

Capital Projects Fund

Highway Improvement – is used to account for the costs related to the construction of the public works garage facility and various County highway resurfacing, reconstruction, and bridge projects.

Exhibit C-1

**Otter Tail County
Fergus Falls, Minnesota**

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

	Special Revenue (Exhibit C-3)	Highway Improvement Capital Projects	Total (Exhibit 3)
<u>Assets</u>			
Cash and pooled investments	\$ 2,238,950	\$ -	\$ 2,238,950
Taxes receivable – delinquent	19,950	-	19,950
Special assessments receivable			
Delinquent	40,415	-	40,415
Noncurrent	155,295	-	155,295
Due from other governments	4,439	-	4,439
Restricted assets			
Temporarily restricted			
Cash with escrow agent	-	6,004,561	6,004,561
Total Assets	\$ 2,459,049	\$ 6,004,561	\$ 8,463,610
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 19,033	\$ -	\$ 19,033
Salaries payable	5,170	-	5,170
Due to other funds	296,113	-	296,113
Advance from other funds	528,157	-	528,157
Total Liabilities	\$ 848,473	\$ -	\$ 848,473
Deferred Inflows of Resources			
Unavailable revenue	\$ 208,734	\$ -	\$ 208,734
Fund Balances			
Restricted			
Debt service	\$ -	\$ 6,004,561	\$ 6,004,561
Law library	55,977	-	55,977
Ditch maintenance and repairs	862,024	-	862,024
Sheriff's contingencies	5,000	-	5,000
Assigned			
Public safety	8,103	-	8,103
Culture and recreation	1,236,446	-	1,236,446
Unassigned	(765,708)	-	(765,708)
Total Fund Balances	\$ 1,401,842	\$ 6,004,561	\$ 7,406,403
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,459,049	\$ 6,004,561	\$ 8,463,610

Exhibit C-2

**Otter Tail County
Fergus Falls, Minnesota**

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

	Special Revenue (Exhibit C-4)	Debt Service (Exhibit C-5)	Highway Improvement Capital Projects	Total (Exhibit 5)
Revenues				
Taxes	\$ 981,247	\$ -	\$ -	\$ 981,247
Special assessments	187,555	-	-	187,555
Intergovernmental	1,929,344	-	-	1,929,344
Charges for services	2,271	-	-	2,271
Fines and forfeits	59,285	-	-	59,285
Investment earnings	-	-	391,112	391,112
Miscellaneous	21,902	-	-	21,902
Total Revenues	\$ 3,181,604	\$ -	\$ 391,112	\$ 3,572,716
Expenditures				
Current				
General government	\$ 68,403	\$ -	\$ -	\$ 68,403
Public safety	5,596	-	-	5,596
Highways and streets	-	-	5,903,331	5,903,331
Culture and recreation	2,711,263	-	-	2,711,263
Conservation of natural resources	300,373	-	-	300,373
Total Expenditures	\$ 3,085,635	\$ -	\$ 5,903,331	\$ 8,988,966
Excess of Revenues Over (Under) Expenditures	\$ 95,969	\$ -	\$ (5,512,219)	\$ (5,416,250)
Other Financing Sources (Uses)				
Transfers in	4,115	-	-	4,115
Net Change in Fund Balance	\$ 100,084	\$ -	\$ (5,512,219)	\$ (5,412,135)
Fund Balance – January 1, as previously reported	\$ 1,301,758	\$ 2,391,855	\$ 11,516,780	\$ 15,210,393
Change within financial reporting entity	-	(2,391,855)	-	(2,391,855)
Fund Balance – January 1, as restated	\$ 1,301,758	\$ -	\$ 11,516,780	\$ 12,818,538
Fund Balance – December 31	\$ 1,401,842	\$ -	\$ 6,004,561	\$ 7,406,403

**Otter Tail County
Fergus Falls, Minnesota**

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2024**

	County Ditch	Law Library	Sheriff's Contingent	Parks and Trails	Total
<u>Assets</u>					
Cash and pooled investments	\$ 698,002	\$ 55,617	\$ 12,974	\$ 1,472,357	\$ 2,238,950
Taxes receivable – delinquent	-	-	-	19,950	19,950
Special assessments receivable					
Delinquent	40,415	-	-	-	40,415
Noncurrent	155,295	-	-	-	155,295
Due from other governments	-	4,310	129	-	4,439
Total Assets	\$ 893,712	\$ 59,927	\$ 13,103	\$ 1,492,307	\$ 2,459,049
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>					
Liabilities					
Accounts payable	\$ -	\$ 3,950	\$ -	\$ 15,083	\$ 19,033
Salaries payable	-	-	-	5,170	5,170
Due to other funds	74,954	-	-	221,159	296,113
Advance from other funds	528,157	-	-	-	528,157
Total Liabilities	\$ 603,111	\$ 3,950	\$ -	\$ 241,412	\$ 848,473
Deferred Inflows of Resources					
Unavailable revenue	\$ 194,285	\$ -	\$ -	\$ 14,449	\$ 208,734
Fund Balances					
Restricted					
Law library	\$ -	\$ 55,977	\$ -	\$ -	\$ 55,977
Ditch maintenance and repairs	862,024	-	-	-	862,024
Sheriff's contingencies	-	-	5,000	-	5,000
Assigned					
Public safety	-	-	8,103	-	8,103
Culture and recreation	-	-	-	1,236,446	1,236,446
Unassigned	(765,708)	-	-	-	(765,708)
Total Fund Balances	\$ 96,316	\$ 55,977	\$ 13,103	\$ 1,236,446	\$ 1,401,842
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 893,712	\$ 59,927	\$ 13,103	\$ 1,492,307	\$ 2,459,049

Exhibit C-4

**Otter Tail County
Fergus Falls, Minnesota**

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

	County Ditch	Law Library	Sheriff's Contingent	Parks and Trails	Total
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 981,247	\$ 981,247
Special assessments	187,555	-	-	-	187,555
Intergovernmental	-	-	-	1,929,344	1,929,344
Charges for services	-	-	-	2,271	2,271
Fines and forfeits	-	56,174	3,111	-	59,285
Miscellaneous	2,891	3,955	-	15,056	21,902
Total Revenues	\$ 190,446	\$ 60,129	\$ 3,111	\$ 2,927,918	\$ 3,181,604
Expenditures					
Current					
General government	\$ -	\$ 68,403	\$ -	\$ -	\$ 68,403
Public safety	-	-	5,596	-	5,596
Culture and recreation	-	-	-	2,711,263	2,711,263
Conservation of natural resources	300,373	-	-	-	300,373
Total Expenditures	\$ 300,373	\$ 68,403	\$ 5,596	\$ 2,711,263	\$ 3,085,635
Excess of Revenues Over (Under)					
Expenditures	\$ (109,927)	\$ (8,274)	\$ (2,485)	\$ 216,655	\$ 95,969
Other Financing Sources (Uses)					
Transfers in	-	-	4,115	-	4,115
Net Change in Fund Balance	\$ (109,927)	\$ (8,274)	\$ 1,630	\$ 216,655	\$ 100,084
Fund Balance – January 1	206,243	64,251	11,473	1,019,791	1,301,758
Fund Balance – December 31	\$ 96,316	\$ 55,977	\$ 13,103	\$ 1,236,446	\$ 1,401,842

**Otter Tail County
Fergus Falls, Minnesota**

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

	<i>Formerly Non- major Fund</i>	<i>Formerly Non- major Fund</i>	<i>Formerly Non- major Fund</i>	<i>Formerly Non- major Fund</i>
	Government Service Center	Sheriff Operations	Highway Construction	Master Facility Construction
Fund Balance – January 1, as previously reported	\$ 12,547	\$ 327,582	\$ 235,454	\$ 1,399,275
Change within financial reporting entity Nonmajor fund to major	<u>(12,547)</u>	<u>(327,582)</u>	<u>(235,454)</u>	<u>(1,399,275)</u>
Fund Balance – January 1, as restated	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

<i>Formerly Non-major Fund</i>		<i>Formerly Non-major Fund</i>	
Detention Facility		Capital Improvement	Total
\$	183,003	\$ 233,994	\$ 2,391,855
	(183,003)	(233,994)	(2,391,855)
\$	-	\$ -	\$ -

**Otter Tail County
Fergus Falls, Minnesota**

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Special assessments	\$ 254,603	\$ 254,603	\$ 187,555	\$ (67,048)
Miscellaneous	-	-	2,891	2,891
Total Revenues	\$ 254,603	\$ 254,603	\$ 190,446	\$ (64,157)
Expenditures				
Current				
Conservation of natural resources				
Drainage ditches	143,544	143,544	300,373	(156,829)
Net Change in Fund Balance	\$ 111,059	\$ 111,059	\$ (109,927)	\$ (220,986)
Fund Balance – January 1	206,243	206,243	206,243	-
Fund Balance – December 31	\$ 317,302	\$ 317,302	\$ 96,316	\$ (220,986)

**Otter Tail County
Fergus Falls, Minnesota**

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Fines and forfeits	\$ 41,588	\$ 41,588	\$ 56,174	\$ 14,586
Miscellaneous	-	-	3,955	3,955
Total Revenues	\$ 41,588	\$ 41,588	\$ 60,129	\$ 18,541
Expenditures				
Current				
General government				
Law library	78,090	78,090	68,403	9,687
Net Change in Fund Balance	\$ (36,502)	\$ (36,502)	\$ (8,274)	\$ 28,228
Fund Balance – January 1	64,251	64,251	64,251	-
Fund Balance – December 31	\$ 27,749	\$ 27,749	\$ 55,977	\$ 28,228

**Otter Tail County
Fergus Falls, Minnesota**

**Budgetary Comparison Schedule
Sheriff's Contingent Special Revenue Fund
For the Year Ended December 31, 2024**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Fines and forfeits	\$ 8,400	\$ 8,400	\$ 3,111	\$ (5,289)
Expenditures				
Current				
Public safety				
Sheriff	6,500	6,500	5,596	904
Excess of Revenues Over (Under) Expenditures	\$ 1,900	\$ 1,900	\$ (2,485)	\$ (4,385)
Other Financing Sources (Uses)				
Transfers in	2,650	2,650	4,115	1,465
Net Change in Fund Balance	\$ 4,550	\$ 4,550	\$ 1,630	\$ (2,920)
Fund Balance – January 1	11,473	11,473	11,473	-
Fund Balance – December 31	\$ 16,023	\$ 16,023	\$ 13,103	\$ (2,920)

**Otter Tail County
Fergus Falls, Minnesota**

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 1,000,000	\$ 1,000,000	\$ 981,247	\$ (18,753)
Intergovernmental	4,793,000	4,793,000	1,929,344	(2,863,656)
Charges for services	2,000	2,000	2,271	271
Miscellaneous	-	-	15,056	15,056
Total Revenues	\$ 5,795,000	\$ 5,795,000	\$ 2,927,918	\$ (2,867,082)
Expenditures				
Current				
Culture and recreation				
Parks and trails	5,878,008	5,878,008	2,711,263	3,166,745
Net Change in Fund Balance	\$ (83,008)	\$ (83,008)	\$ 216,655	\$ 299,663
Fund Balance – January 1	1,019,791	1,019,791	1,019,791	-
Fund Balance – December 31	\$ 936,783	\$ 936,783	\$ 1,236,446	\$ 299,663

Otter Tail County Fergus Falls, Minnesota

Fiduciary Funds

Custodial Funds

Forfeited Tax – to account for proceeds from the sale of tax-forfeited land collected by the County to be distributed to local governments within the County.

Jail Inmate – to account for the receipts and disbursements on behalf of individuals held in the Otter Tail County jail.

Recoveries – to account for the state's portion of funds that are recovered from estates or collection payments that are on Medical Assistance and other programs.

Family Services Collaborative – to account for the collection and disbursement of funds for the County's Family Services Collaborative.

Mortgage Registration – to account for the collection and distribution of funds collected for mortgage registration taxes collected and remitted to the State of Minnesota.

State Revenue – to account for the collection and distribution of funds for the State of Minnesota.

Taxes and Penalties – to account for the collection of taxes and penalties and their payment to the various taxing districts.

**Otter Tail County
Fergus Falls, Minnesota**

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

	<u>Forfeited Tax</u>	<u>Jail Inmate</u>
<u>Assets</u>		
Cash and pooled investments	\$ 94,803	\$ 46,953
Taxes and special assessments receivable for other governments	-	-
Due from other governments	-	-
Total Assets	<u>\$ 94,803</u>	<u>\$ 46,953</u>
<u>Liabilities</u>		
Due to other governments	<u>\$ 94,803</u>	<u>\$ -</u>
<u>Net Position</u>		
Restricted for individuals, organizations, and other governments	<u>\$ -</u>	<u>\$ 46,953</u>

Recoveries	Family Services Collaborative	Mortgage Registration	State Revenue	Taxes and Penalties	Total Custodial Funds
\$ 96,204	\$ 745,741	\$ 89,096	\$ 316,336	\$ 447,202	\$ 1,836,335
-	-	-	50,459	3,079,392	3,129,851
-	111,944	-	-	-	111,944
\$ 96,204	\$ 857,685	\$ 89,096	\$ 366,795	\$ 3,526,594	\$ 5,078,130
\$ 96,204	\$ 1,105	\$ 89,096	\$ 316,336	\$ 447,202	\$ 1,044,746
\$ -	\$ 856,580	\$ -	\$ 50,459	\$ 3,079,392	\$ 4,033,384

Exhibit D-2

**Otter Tail County
Fergus Falls, Minnesota**

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

	<u>Forfeited Tax</u>	<u>Jail Inmate</u>
Additions		
Contributions		
Individuals	\$ -	\$ 204,758
Local collaborative funds	-	-
Property tax collections for other governments	-	-
Other taxes collected for other governments	-	-
Assessments for others	-	-
Tax-forfeited land sales for other governments	24,869	-
License and fees collected for the state	-	-
Miscellaneous	2,710	-
Total Additions	\$ 27,579	\$ 204,758
Deductions		
Beneficiary payments to individuals	\$ -	\$ 186,052
Payments of property tax to other governments	27,579	-
Loan repayments	-	-
Payments to the state	-	-
Payments to other entities	-	-
Total Deductions	\$ 27,579	\$ 186,052
Change in net position	\$ -	\$ 18,706
Net Position – January 1	-	28,247
Net Position – December 31	\$ -	\$ 46,953

Recoveries	Family Services Collaborative	Mortgage Registration	State Revenue	Taxes and Penalties	Total Custodial Funds
\$ 716,603	\$ -	\$ -	\$ -	\$ -	\$ 921,361
-	428,484	-	-	-	428,484
-	-	-	-	131,866,730	131,866,730
-	-	-	1,939,636	-	1,939,636
-	-	-	-	1,557,750	1,557,750
-	-	-	-	-	24,869
-	-	1,324,045	-	-	1,324,045
-	-	-	-	-	2,710
\$ 716,603	\$ 428,484	\$ 1,324,045	\$ 1,939,636	\$ 133,424,480	\$ 138,065,585
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 186,052
-	-	-	-	131,907,769	131,935,348
-	-	-	-	80,584	80,584
716,603	-	1,324,045	2,086,346	-	4,126,994
-	427,641	-	-	-	427,641
\$ 716,603	\$ 427,641	\$ 1,324,045	\$ 2,086,346	\$ 131,988,353	\$ 136,756,619
\$ -	\$ 843	\$ -	\$ (146,710)	\$ 1,436,127	\$ 1,308,966
-	855,737	-	197,169	1,643,265	2,724,418
\$ -	\$ 856,580	\$ -	\$ 50,459	\$ 3,079,392	\$ 4,033,384

Community Development Agency

Exhibit E-1

**Otter Tail County
Fergus Falls, Minnesota**

**General Fund Balance Sheet and
Governmental Activities Statement of Net Position
Community Development Agency
December 31, 2024**

	General Fund	Reconciliation	Governmental Activities
<u>Assets</u>			
Current assets			
Cash	\$ 3,716,676	\$ -	\$ 3,716,676
Taxes receivable – delinquent	11,325	-	11,325
Accounts receivable	17,862	-	17,862
Land held for resale	182,829	-	182,829
Total Assets	\$ 3,928,692	\$ -	\$ 3,928,692
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position</u>			
Current liabilities			
Accounts payable	\$ 31,231	\$ -	\$ 31,231
Deposits payable	204,000	-	204,000
Total Liabilities	\$ 235,231	\$ -	\$ 235,231
Deferred Inflows of Resources			
Unavailable revenue	\$ 8,134	\$ (8,134)	\$ -
Fund Balance			
Restricted for economic development	\$ 3,685,327	\$ (3,685,327)	
Net Position			
Restricted for economic development		\$ 3,693,461	\$ 3,693,461
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	\$ 3,928,692	\$ -	\$ 3,928,692

Long-term assets are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources unavailable revenue on the General Fund Balance Sheet but not on the Statement of Net Position.

**Otter Tail County
Fergus Falls, Minnesota**

**General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and
Statement of Activities – Governmental Activities
Community Development Agency
For the Year Ended December 31, 2024**

	General Fund	Reconciliation	Governmental Activities
Revenues			
Taxes	\$ 532,113	\$ 1,168	\$ 533,281
Intergovernmental	584	-	584
Investment earnings	3,546	-	3,546
Miscellaneous	338,162	-	338,162
Total Revenues	\$ 874,405	\$ 1,168	\$ 875,573
Expenditures/Expenses			
Current			
Economic development	683,183	-	683,183
Net Change in Fund Balance/Change in Net Position	\$ 191,222	\$ 1,168	\$ 192,390
Fund Balance/Net Position – January 1	3,494,105	6,966	3,501,071
Fund Balance/Net Position – December 31	\$ 3,685,327	\$ 8,134	\$ 3,693,461

In the governmental fund, 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 revenues between the fund statement and the Statement of Activities is the increase or decrease in revenues deferred as unavailable.

Other Schedules

**Otter Tail County
Fergus Falls, Minnesota**

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

	Cash and Pooled Investments	Special Assessments Receivable Delinquent	Special Assessments Receivable Noncurrent	Total Assets
Judicial Ditches				
1	\$ (710)	\$ -	\$ -	\$ (710)
2	33,095	34,290	-	67,385
3	(55)	-	-	(55)
4	(92)	-	-	(92)
5	(35)	-	-	(35)
County Ditches				
1	(1,807)	-	-	(1,807)
2	-	-	-	-
3	(219)	-	-	(219)
4	50,777	21	5,002	55,800
5/36/68	41,835	87	10,002	51,924
8	9,901	41	10,001	19,943
10	(13,499)	-	-	(13,499)
11	8,120	-	-	8,120
12	6,254	-	-	6,254
13	(7,070)	-	-	(7,070)
14	(69)	-	-	(69)
15/28	98,300	2	1,000	99,302
16	94,371	219	5,005	99,595
17	3,218	48	14,147	17,413
18/37	20,904	2	15,004	35,910
19	(6,726)	-	-	(6,726)
20	(2,375)	-	-	(2,375)
21	62,870	29	930	63,829
23	102,680	27	-	102,707
24	(683)	-	-	(683)
25	35,816	455	14,985	51,256
27	(68)	-	-	(68)
29	13,290	346	5,001	18,637
30	18,336	-	-	18,336
31	(73,472)	-	-	(73,472)
32	(4,535)	-	-	(4,535)
35	-	-	-	-
38	100,171	6	-	100,177
39	18,051	-	5,000	23,051
40	(722)	-	-	(722)
41/65	16,139	501	14,820	31,460
42	(1,054)	-	-	(1,054)
43	(3,739)	-	-	(3,739)
44	7,622	54	10,001	17,677
45	(4,866)	-	-	(4,866)
46	(126)	-	-	(126)
47	(3,648)	-	-	(3,648)
48	20,319	3,828	5,001	29,148
49	(11,426)	-	-	(11,426)
50	(6,112)	-	-	(6,112)

Due to Other Funds		Advance from Other Funds	Unavailable Revenue	Total Liabilities and Deferred Inflows of Resources	Fund Balance	Total Liabilities, Deferred Inflows of Resources, and Fund Balance
\$	45	\$ 688	\$ -	\$ 733	\$ (1,443)	\$ (710)
	375	7,059	33,903	41,337	26,048	67,385
	-	381	-	381	(436)	(55)
	829	530	-	1,359	(1,451)	(92)
	621	2,018	-	2,639	(2,674)	(35)
	923	2,368	-	3,291	(5,098)	(1,807)
	-	289	-	289	(289)	-
	-	242	-	242	(461)	(219)
	1,709	-	5,002	6,711	49,089	55,800
	1,140	803	10,039	11,982	39,942	51,924
	2,891	332	10,040	13,263	6,680	19,943
	1,129	6,244	-	7,373	(20,872)	(13,499)
	1,416	-	-	1,416	6,704	8,120
	1,626	-	-	1,626	4,628	6,254
	4,491	3,356	-	7,847	(14,917)	(7,070)
	118	12,995	-	13,113	(13,182)	(69)
	52	569	1,002	1,623	97,679	99,302
	770	477	5,216	6,463	93,132	99,595
	233	10,662	14,179	25,074	(7,661)	17,413
	309	1,484	15,006	16,799	19,111	35,910
	3,874	47,866	-	51,740	(58,466)	(6,726)
	420	6,793	-	7,213	(9,588)	(2,375)
	136	-	939	1,075	62,754	63,829
	45	444	25	514	102,193	102,707
	220	3,635	-	3,855	(4,538)	(683)
	5,362	5,792	15,409	26,563	24,693	51,256
	438	1,680	-	2,118	(2,186)	(68)
	1,152	-	5,110	6,262	12,375	18,637
	327	136	-	463	17,873	18,336
	573	3,087	-	3,660	(77,132)	(73,472)
	4,438	793	-	5,231	(9,766)	(4,535)
	-	146	-	146	(146)	-
	1,039	-	2	1,041	99,136	100,177
	5,349	-	5,000	10,349	12,702	23,051
	-	489	-	489	(1,211)	(722)
	1,674	242	15,133	17,049	14,411	31,460
	374	19,408	-	19,782	(20,836)	(1,054)
	6,523	-	-	6,523	(10,262)	(3,739)
	1,875	567	10,032	12,474	5,203	17,677
	3,243	31,410	-	34,653	(39,519)	(4,866)
	321	700	-	1,021	(1,147)	(126)
	1,253	493	-	1,746	(5,394)	(3,648)
	1,274	125	8,410	9,809	19,339	29,148
	2,631	1,266	-	3,897	(15,323)	(11,426)
	1,532	1,754	-	3,286	(9,398)	(6,112)

Exhibit F-1*(Continued)*

**Otter Tail County
Fergus Falls, Minnesota**

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

	Cash and Pooled Investments	Special Assessments Receivable Delinquent	Special Assessments Receivable Noncurrent	Total Assets
County Ditches (Continued)				
51	(2,240)	-	-	(2,240)
52	(99,231)	-	-	(99,231)
53	57,116	-	-	57,116
54	(724)	-	-	(724)
55	12,375	459	-	12,834
56	23,875	-	-	23,875
57	-	-	-	-
58	50,972	-	1,001	51,973
59	(95)	-	-	(95)
62	(124)	-	-	(124)
63	(1,625)	-	-	(1,625)
64	(16,137)	-	-	(16,137)
70	44,879	-	38,395	83,274
71	10,000	-	-	10,000
Total	\$ 698,002	\$ 40,415	\$ 155,295	\$ 893,712

Due to Other Funds	Advance from Other Funds	Unavailable Revenue	Total Liabilities and Deferred Inflows of Resources	Fund Balance	Total Liabilities, Deferred Inflows of Resources, and Fund Balance
404	840	-	1,244	(3,484)	(2,240)
1,230	143,128	-	144,358	(243,589)	(99,231)
262	-	-	262	56,854	57,116
-	709	-	709	(1,433)	(724)
2,896	125	442	3,463	9,371	12,834
2,005	-	-	2,005	21,870	23,875
-	765	-	765	(765)	-
480	255	1,001	1,736	50,237	51,973
-	372	-	372	(467)	(95)
239	341	-	580	(704)	(124)
612	8,427	-	9,039	(10,664)	(1,625)
2,462	19,024	-	21,486	(37,623)	(16,137)
1,614	176,848	38,395	216,857	(133,583)	83,274
-	-	-	-	10,000	10,000
\$ 74,954	\$ 528,157	\$ 194,285	\$ 797,396	\$ 96,316	\$ 893,712

**Otter Tail County
Fergus Falls, Minnesota**

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

	Governmental Funds	Enterprise Fund	All Funds
Appropriations and Shared Revenue			
State			
Highway users tax	\$ 16,813,263	\$ -	\$ 16,813,263
County program aid	3,105,653	-	3,105,653
PERA pension contributions	101,206	38,889	140,095
Police aid	469,791	-	469,791
Local government aid	8,489	-	8,489
Market value credit	764,800	-	764,800
Disparity reduction aid	13,255	-	13,255
Aquatic invasive species aid	461,274	-	461,274
SCORE	-	209,582	209,582
Local homeless prevention aid	70,930	-	70,930
Affordable housing aid	143,671	-	143,671
Local government cannabis aid	2,114	-	2,114
E-911	287,512	-	287,512
Riparian aid	160,000	-	160,000
Out-of-home placement aid	2,546	-	2,546
Total appropriations and shared revenue	\$ 22,404,504	\$ 248,471	\$ 22,652,975
Reimbursement for Services			
State			
Minnesota Department of Human Services	\$ 2,759,964	\$ -	\$ 2,759,964
Payments			
Payments in lieu of taxes	\$ 583,833	\$ -	\$ 583,833
Local payments for interest on bonds	519,795	-	519,795
Local contributions	136,673	-	136,673
Total payments	\$ 1,240,301	\$ -	\$ 1,240,301
Grants			
State			
Minnesota Department/Board of			
Corrections	\$ 579,622	\$ -	\$ 579,622
Emergency Medical Services	300,000	-	300,000
Employment and Economic Development	59,181	-	59,181
Labor and Industry	29,916	-	29,916
Public Safety	30,804	-	30,804
Transportation	2,587,187	-	2,587,187
Health	795,217	-	795,217
Veterans Affairs	12,500	-	12,500
Natural Resources	2,088,738	-	2,088,738
Human Services	3,355,764	-	3,355,764
Secretary of State	119,035	-	119,035
Water and Soil Resources	101,200	-	101,200
Peace Officer Standards and Training Board	32,436	-	32,436
Minnesota Pollution Control Agency	-	118,465	118,465
Total state	\$ 10,091,600	\$ 118,465	\$ 10,210,065

Exhibit F-2*(Continued)***Otter Tail County
Fergus Falls, Minnesota****Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2024**

	Governmental Funds	Enterprise Fund	All Funds
Grants (Continued)			
Federal			
U.S. Department of			
Agriculture	\$ 932,932	\$ -	\$ 932,932
Justice	74,349	-	74,349
Transportation	616,678	-	616,678
Treasury	459,294	-	459,294
Education	1,050	-	1,050
Health and Human Services	5,571,479	-	5,571,479
Homeland Security	45,127	-	45,127
Total federal	\$ 7,700,909	\$ -	\$ 7,700,909
Total state and federal grants	\$ 17,792,509	\$ 118,465	\$ 17,910,974
Total Intergovernmental Revenue	\$ 44,197,278	\$ 366,936	\$ 44,564,214

**Otter Tail County
Fergus Falls, 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	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Partnership4Health Community Health Board WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Not Provided	\$ 385,488	\$ -
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	242MN101S2520	668,318	-
Passed Through Minnesota Department of Agriculture WIC Farmers' Market Nutrition Program (FMNP)	10.572	Not Provided	929	-
Total U.S. Department of Agriculture			\$ 1,054,735	\$ -
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety Missing Children's Assistance	16.543	Not Provided	\$ 6,476	\$ -
Passed Through Minnesota Trial Courts Treatment Court Discretionary Grant Program	16.585	Not Provided	67,873	-
Total U.S. Department of Justice			\$ 74,349	\$ -
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	1030056	\$ 421,451	\$ -
Passed Through Minnesota Department of Public Safety Highway Safety Cluster				
State and Community Highway Safety	20.600	F-ENFRC24-2024- OTTERSD	24,452	14,817
State and Community Highway Safety (Total State and Community Highway Safety 20.600 \$34,437)	20.600	F-SAFE24-2024-OTTERPH	9,985	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$160,790)	20.608	F-ENFRC24-2024- OTTERSD	134,636	12,882
Passed Through Minnesota Trial Courts Minimum Penalties for Repeat Offenders for Driving While Intoxicated (Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$160,790)	20.608	Not Provided	26,154	-
Total U.S. Department of Transportation			\$ 616,678	\$ 27,699

Exhibit F-3*(Continued)*

**Otter Tail County
Fergus Falls, 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	Passed Through to Subrecipients
U.S. Department of the Treasury				
Direct				
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 459,294	\$ -
U.S. Department of Education				
Passed Through Partnership4Health Community Health Board Special Education – Grants for Infants and Families	84.181	Not Provided	\$ 2,875	\$ -
U.S. Department of Health and Human Services				
Passed Through Horizon Public Health Medical Reserve Corps Small Grant Program	93.008	U3REP230686	\$ 655	\$ -
Passed Through Northwest Regional Development Commission Aging Cluster				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	Not Provided	35,589	-
Passed Through Partnership4Health Community Health Board Public Health Emergency Preparedness	93.069	Not Provided	22,443	-
COVID-19 Immunization Cooperative Agreements	93.268	Not Provided	10,403	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	Not Provided	600	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Not Provided	44,697	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Not Provided	10,505	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$550,529)	93.558	Not Provided	80,955	-
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	Not Provided	3,638	-
Maternal and Child Health Services Block Grant to the States	93.994	Not Provided	68,245	-

Exhibit F-3*(Continued)*

**Otter Tail County
Fergus Falls, 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	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Passed Through Minnesota Department of Human Services				
Marylee Allen Promoting Safe and Stable Families Program	93.556	2301MNFPS	16,075	-
Temporary Assistance for Needy Families	93.558	2401MNTANF	469,574	-
(Total Temporary Assistance for Needy Families 93.558 \$550,529)				
Child Support Services	93.563	2301MNCES	951,363	-
Child Support Services	93.563	2301MNCSES	277,321	-
(Total Child Support Services 93.563 \$1,228,684)				
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2401MNRMA	4,859	-
CCDF Cluster				
Child Care and Development Block Grant	93.575	2401MNCDF	18,287	-
Community-Based Child Abuse Prevention Grants	93.590	2302MNBCAP	15,693	-
Children's Justice Grants to States	93.643	Not Provided	25,000	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2301MNCWSS	2,797	-
Foster Care Title IV-E	93.658	2401MNFOS	574,949	-
Social Services Block Grant	93.667	2401MNSOSR	381,810	-
Child Abuse and Neglect State Grants	93.669	2301MNNCAN	2,797	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2301MNCILP	70,726	-
Children's Health Insurance Program	93.767	2305MN5021	1,079	-
Medicaid Cluster				
Medical Assistance Program	93.778	2405MN5ADM	2,388,277	-
Medical Assistance Program	93.778	2405MN5MAP	17,016	-
(Total Medical Assistance Program 93.778 \$2,405,293)				
Passed Through Polk-Norman-Mahnomen Community Health Board				
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	118491	33,791	-
Total U.S. Department of Health and Human Services			\$ 5,529,144	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	Not Provided	\$ 8,500	\$ -
Passed Through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	F-EMPG-2021-OTTERCO- 4051	36,627	-
Total U.S. Department of Homeland Security			\$ 45,127	\$ -
Total Federal Awards			\$ 7,782,202	\$ 27,699
Totals by Cluster				
Total expenditures for SNAP Cluster			\$ 668,318	
Total expenditures for Highway Safety Cluster			34,437	
Total expenditures for Aging Cluster			35,589	
Total expenditures for CCDF Cluster			18,287	
Total expenditures for Medicaid Cluster			2,405,293	

Otter Tail County

Fergus Falls, 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 Otter Tail County. The County's reporting entity is defined in Note 1 to the financial statements. The schedule does not include \$834,516 in federal awards expended by the Otter Tail County Housing and Redevelopment Authority component unit, because other auditors performed a single audit in accordance with 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 Otter Tail 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 Otter Tail County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Otter Tail 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

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

Otter Tail County Fergus Falls, Minnesota

Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

Reconciliation to Schedule of Intergovernmental Revenue

Reconciling Items	Amount
Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 7,700,909
Grants received more than 60 days after year-end, considered unavailable revenue in 2024	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children (AL No. 10.557)	121,803
Special Education – Grants for Infants and Families (AL No. 84.181)	1,825
Public Health Emergency Preparedness (AL No. 93.069)	2,035
COVID-19 Immunization Cooperative Agreements (AL No. 93.268)	348
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program (AL No. 93.314)	300
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (AL No. 93.323)	4,413
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response (AL No. 93.354)	1,461
Temporary Assistance for Needy Families (AL No. 93.558)	21,940
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health (AL No. 93.967)	2,859
Maternal and Child Health Services Block Grant to the States (AL No. 93.994)	18,971
Marylee Allen Promoting Safe and Stable Families Program (AL No. 93.556)	4,569
Refugee and Entrant Assistance State/Replacement Designee Administered Programs (AL No. 93.566)	1,372
Foster Care Title IV-E (AL No. 93.658)	5,510
Child Abuse and Neglect State Grants (AL No. 93.669)	2,797
Unavailable revenue in 2023, recognized as revenue in 2024	
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response (AL No. 93.354)	(15,960)
Marylee Allen Promoting Safe and Stable Families Program (AL No. 93.556)	(1,556)
Temporary Assistance for Needy Families (AL No. 93.558)	(89,845)
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	(1,549)
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 7,782,202</u>

Management and Compliance Section

Otter Tail 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
Otter Tail County
Fergus Falls, 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 Otter Tail 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 November 10, 2025. Our report includes a reference to other auditors who audited the financial statements of the Otter Tail County Housing and Redevelopment Authority, a discretely presented 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 does not include the results of our audit testing of the Prairie Lakes Municipal Solid Waste Authority component unit's internal control over financial reporting or compliance and other matters. We issue a separate Management and Compliance Report for the Prairie Lakes Municipal Solid Waste Authority component unit. This report also does not include the results of our audit testing of the Otter Tail County Community Development Agency 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 Otter Tail 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2024-003 to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Otter Tail 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 Otter Tail 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 2024-004 and 2024-005. Also, in connection with our audit, nothing came to our attention that caused us to believe that Otter Tail 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.

Otter Tail County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Otter Tail 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

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

November 10, 2025



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
Otter Tail County
Fergus Falls, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Otter Tail 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 Otter Tail County's major federal programs for the year ended December 31, 2024. Otter Tail County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Otter Tail County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Otter Tail County's compliance with the compliance requirements referred to above.

Other Matter – Federal Expenditure Not Included in the Compliance Audit

Otter Tail County's basic financial statements include the operations of the Otter Tail County Housing and Redevelopment Authority component unit, which expended \$834,516 in federal awards which are not included in Otter Tail County's Schedule of Expenditures of Federal Awards during the year ended December 31, 2024. Our compliance audit, described in the Opinion on Each Major Federal Program section, does not include the operations of the Otter Tail County Housing and Redevelopment Authority because other auditors performed a single audit in accordance with the Uniform Guidance.

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 Otter Tail 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 Otter Tail 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 Otter Tail 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.

Report on Internal Control Over Compliance

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

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

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

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

/s/Julie Blaha

Julie Blaha
State Auditor

November 10, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Otter Tail County **Fergus Falls, 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? **Yes**

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

Federal Awards

Internal control over the major federal programs:

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

Type of auditor’s report issued on compliance for the major federal programs: **Unmodified**

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

Identification of the major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
93.563	Child Support Services
93.778	Medicaid Cluster

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

Otter Tail County qualified as a low-risk auditee? **No**

Section II – Financial Statement Findings

2024-001 Segregation of Duties

Prior Year Finding Number: 2023-001

Year of Finding Origination: 1996

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Significant Deficiency

Criteria: Management is responsible for establishing and maintaining internal control. Adequate segregation of duties is a key internal control in preventing and detecting errors or irregularities. To protect the County’s assets,

Otter Tail County Fergus Falls, Minnesota

proper segregation of the record-keeping, custody, and authorization functions should be in place. Where management decides segregation of duties may not be cost effective, compensating controls should be in place.

Condition: Several of the County's departments that collect fees lack proper segregation of accounting functions necessary to ensure adequate internal accounting controls. These departments generally have one staff person responsible for billing; collecting, recording, and depositing receipts; and reconciling bank accounts.

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

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

Cause: The County informed us that it is not practical to collect fees for services provided in various departments only at one collection point. Collection points within the departments provide convenience to the customer and cost savings to the County, which otherwise would have to establish a billing system for collecting fees for services provided throughout the County. In departments that collect larger amounts of fees, such as Motor Vehicles, the County uses cash registers to record the transactions and limits access to collection. The Land and Resource Department has established a policy that it will only collect checks, so any cash payments are made at the Treasurer's Office. For landfills and transfer stations throughout the County, collections are deposited at a local bank daily to limit the cash on hand. Although the County has established procedures to limit risks, some of the departments are limited in staff, so it is not practical to segregate the record-keeping function from the custody function for fees collected.

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

View of Responsible Official: Acknowledge

2024-002 Documenting and Monitoring Internal Controls

Prior Year Finding Number: 2023-002

Year of Finding Origination: 2008

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Significant Deficiency

Criteria: Management is responsible for the County's internal control over financial reporting. This responsibility requires performing a risk assessment of existing controls over significant functions of the accounting system used to produce financial information for the Board, management, and external financial reporting. The risk assessment is intended to determine if the internal controls that County management has established are still effective or if changes are needed to maintain a sound internal control structure. Changes may be necessary due to events, such as organizational restructuring, updates to information systems, or changes to services being provided.

Otter Tail County Fergus Falls, Minnesota

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

Context: Assessing risk and monitoring transaction cycles and account balances ensures activity is being properly recorded and reported in the financial statements.

Effect: Management cannot be assured that internal controls are operating effectively and transactions are processed according to policy without monitoring the controls.

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

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

View of Responsible Official: Concur

2024-003 Audit Adjustments

Prior Year Finding Number: 2023-003

Year of Finding Origination: 2021

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

Context: The inability to detect material 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:

- In the Road and Bridge Special Revenue Fund, adjustments were required to increase due from other governments by \$7,063,191, deferred inflows of resources by \$6,372,536, and intergovernmental revenue by \$690,655, to account for receivables due from the State of Minnesota Department of Transportation related to remaining appropriations as of the year-end.

Otter Tail County Fergus Falls, Minnesota

- In the Construction Capital Projects Fund, adjustments were required to increase due to other funds by \$450,672, miscellaneous revenue by \$54,988, and highways and streets expenditures by \$505,660 to account for a prior year interfund payable that is still outstanding at December 31, 2024.

Cause: The County informed us that County staff missed these transactions during the process for year-end financial reporting due to error.

Recommendation: We recommend the County implement additional procedures over financial reporting that include a comprehensive review of balances, disclosures, 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

No matters were reported.

Section IV – Other Findings and Recommendations

2024-004 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 on December 31, 2024.

Context: At December 31, 2024, the County's accounts at two institutions were exposed to custodial credit risk in the amounts of \$221,226 and \$26,274.

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

Cause: The County used the book value of the pledged securities rather than the fair market value of the pledged securities when determining the amount of pledged collateral.

Recommendation: We recommend the County revise its procedures to monitor all County deposits to determine whether there is adequate collateral pledged, using fair market value, to secure deposits in accordance with Minn. Stat. § 118A.03.

Otter Tail County Fergus Falls, Minnesota

View of Responsible Official: Acknowledge

2024-005 Contract Compliance

Prior Year Finding Number: N/A

Year of Finding Origination: 2024

Type of Finding: Minnesota Legal Compliance

Criteria: Minnesota Statutes Section 471.425, subdivision 4a, states that each contract of a municipality must require the prime contractor to pay any subcontractor within ten days of the prime contractor's receipt of payment from the municipality, or pay interest of one and one-half percent per month, or any part of a month, to the subcontractor on any undisputed amount not paid on time to the subcontractor.

Condition: For two of the six contracts tested for compliance with the State of Minnesota contracting and bid laws identified, the County entered into a contract that did not contain the required disclosure regarding prompt payment to subcontractors.

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

Effect: The County is not in compliance with Minn. Stat. § 471.425.

Cause: County staff did not ensure that the contract or bid specification contained the required disclosure regarding prompt payment to subcontractors.

Recommendation: We recommend the County review the statutory requirements with all County staff involved with contracting to ensure compliance with applicable contracting and bidding statutes for all future contracts.

View of Responsible Official: Concur

2024-006 Ditch Fund Balance Deficits

Prior Year Finding Number: 2023-005

Year of Finding Origination: 2009

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, 35 of the 59 individual ditch systems had deficit fund balances totaling \$765,708.

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

Cause: Ditch expenditures were necessary, and the ditch levies were not sufficient to cover all costs.

Otter Tail County Fergus Falls, Minnesota

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

View of Responsible Official: Concur



**Representation of Otter Tail County
Fergus Falls, Minnesota**

Corrective Action Plan
For the Year Ended December 31, 2024

Finding Number: 2024-001

Finding Title: Segregation of Duties

Name of Contact Person Responsible for Corrective Action:

Kris Vipond, Assistant Finance Director

Corrective Action Planned:

Progress has been made to address this concern; however, additional efforts to formalize existing policy and procedures in written format that can be shared with all staff to inform them of the County's expectations needs to be undertaken in upcoming fiscal years. In addition, the County's financial management team needs to develop procedures and a practice to internally audit those departments with limited personnel where the level of segregation is not as adequate as desired and if significant weaknesses are identified implement reasonable and practical changes to address those weaknesses.

Anticipated Completion Date:

12/31/2026

Finding Number: 2024-002

Finding Title: Documenting and Monitoring Internal Controls

Name of Contact Person Responsible for Corrective Action:

Kris Vipond, Assistant Finance Director

Corrective Action Planned:

The Assistant Finance Division Director will take the lead role to update narratives annually and work with other financial management team members to perform a risk assessment of existing internal controls over the procedures, policies and significant functions which are used to produce financial information for both internal and external reporting. If the assessment indicates that existing internal controls are no longer adequate, members of the financial management team will work to develop and implement the necessary changes to ensure that a sound internal control structure is being maintained. Internal controls directly relating to audit findings will be evaluated immediately.

Anticipated Completion Date:

12/31/2026



Finding Number: 2024-003

Finding Title: Audit Adjustments

Name of Contact Person Responsible for Corrective Action:

Kris Vipond, Assistant Finance Director

Corrective Action Planned:

It will be recommended that at year-end, a review by multiple members of the financial management team of the County's modified accrual general ledger account balances and supporting documents be completed to determine that all transactions have been properly coded and posted. Transactions that are identified as having been incorrectly posted will be reviewed, policies and procedures will be reviewed, the issue will be discussed with staff and modified accrual general ledger corrections will be authorized by a supervisor in the Finance division.

Anticipated Completion Date:

12/31/2025

Finding Number: 2024-004

Finding Title: Insufficient Collateral

Name of Contact Person Responsible for Corrective Action:

Amber Anderson, Chief Deputy Treasurer

Corrective Action Planned:

The Chief Deputy Treasurer will revise the procedures to determine the amount of pledged collateral to state that fair market value of pledged securities be used and will continue to monitor all County deposits to determine there is adequate collateral pledged to secure deposits.

Anticipated Completion Date:

12/31/2025

Finding Number: 2024-005

Finding Title: Contract Compliance

Name of Contact Person Responsible for Corrective Action:

Kris Vipond, Assistant Finance Director

Corrective Action Planned:

The County will review statutory requirements with all County staff involved with contracting to ensure compliance with applicable contracting and bidding statutes for all future contracts by providing information at Team Lead, Department Head and Supervisor meetings and will implement procedures to improve controls over contracting.

Anticipated Completion Date:

12/31/2025

Finding Number: 2024-006

Finding Title: Ditch Fund Balance Deficits

Name of Contact Person Responsible for Corrective Action:

Kris Vipond, Assistant Finance Director

Corrective Action Planned:

Ditch system benefits are being re-determined and assessments are being levied annually; however, time to fully resolve this concern will be needed as there is significant cost associated with the redetermination process which also leads to repair and maintenance costs being incurred prior to having assessments placed on each system. Also, annually levied assessments are not always adequate to cover past cost and the cost that might occur in the current year due to various unknowns. However, the Otter Tail County Board of Commissioners is fully committed to the redetermination process and to levying assessments against each system to establishing a fund for future costs, which over time will resolve this issue.

Anticipated Completion Date:

12/31/2028



**Representation of Otter Tail County
Fergus Falls, Minnesota**

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2024

Finding Number: 2023-001

Year of Finding Origination: 1996

Finding Title: Segregation of Duties

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

Summary of Corrective Action Previously Reported: Progress has been made to address this concern; however, additional efforts to formalize existing policy and procedures in written format that can be shared with all staff to inform them of the County's expectations needs to be undertaken in upcoming fiscal years. In addition, the County's financial management team needs to develop procedures and practice to internally audit those departments with limited personnel where the level of segregation is not as adequate as desired and if significant weaknesses are identified implement reasonable and practical changes to address those weaknesses.

Status: Not Corrected. Steps have been taken to address with departmental leadership the need to be aware of and consider changes to existing procedures where there are a limited number of personnel involved. A formal policy and procedure is planned for the future.

Finding Number: 2023-002

Year of Finding Origination: 2008

Finding Title: Documenting and Monitoring Internal Controls

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

Summary of Corrective Action Previously Reported: The Assistant Finance Division Director will take the lead role to update narratives annually and work with other financial management team members to perform a risk assessment of existing internal controls over the procedures, policies and significant functions which are used to produce financial information for both internal and external reporting. If the assessment indicates that existing internal controls are no longer adequate, members of the financial management team will work to develop and implement the necessary changes to ensure that a sound internal control structure is being maintained. Internal controls directly relating to audit findings will be evaluated immediately.

Status: Not Corrected. Narratives have been updated annually. A more formal risk assessment process is a future goal.



Finding Number: 2023-003

Year of Finding Origination: 2021

Finding Title: Audit Adjustment

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

Summary of Corrective Action Previously Reported: It will be recommended that at least monthly, a review by members of the financial management team of the receipt, disbursement, and journal entries posted to the County's general ledger be completed to determine that all transactions have been properly coded and posted. Transactions that are identified as having been incorrectly posted will be reviewed, policies and procedures will be reviewed, the issue will be discussed with staff and general ledger corrections will be authorized by a supervisor in the Finance division.

Status: Not Corrected. Financial statements will continue to be reviewed for accuracy. Year-end modified accrual balances will be reviewed by multiple senior finance staff.

Finding Number: 2023-004

Year of Finding Origination: 2023

Finding Title: Procurement, Suspension and Debarment

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

Summary of Condition: For two procurements tested above the micro-purchase threshold, documentation of the history of the procurement, providing full and open competition, and a cost or price analysis was not available.

For the one covered transaction tested, the verification for suspended or debarred vendors was not performed before entering into the covered transaction.

Summary of Corrective Action Previously Reported: Directors in departments receiving federal funding will document the history of procurement transactions, including contract selection and rationale, in accordance with federal regulations. They will also verify vendors are not debarred or suspended, or that other exclusions apply prior to entering into contracts and will maintain the appropriate documentation. In addition, they will work with other internal County departments that may purchase on their behalf to document and verify in a similar manner.

Status: Partially Corrected. The County implemented procedures over the procurement process. However, documentation was not always maintained showing vendors were not suspended or debarred.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2023-005

Year of Finding Origination: 2009

Finding Title: Ditch Fund Balance Deficits

Summary of Condition: As of December 31, 2023, the County had individual ditch systems where liabilities exceeded assets, resulting in individual deficit fund balance amounts.

Summary of Corrective Action Previously Reported: Ditch system benefits are being re-determined and assessments are being levied annually; however, time to fully resolve this concern will be needed as there is significant cost associated with the redetermination process which also leads to repair and maintenance costs being incurred prior to having assessments placed on each system. Also, annually levied assessments are not always adequate to cover past cost and the cost that might occur in the current year due to various unknowns. However, the Otter Tail County Board of Commissioners is fully committed to the redetermination process and to levying assessments against each system to establishing a fund for future costs, which over time will resolve this issue.

Status: Not Corrected. This is a long term fix and Corrective Action progress will continue annually.

Finding Number: 2017-005

Year of Finding Origination: 2017

Finding Title: Procurement, Suspension and Debarment

Program: U.S. Department of Health and Human Services' Medical Assistance Program (Assistance Listing #93.778)

Summary of Condition: The following items were noted for the contracts tested: for two of the four contracts tested, the County did not have a history of procurement including documentation for the rationale of selecting the vendor and the basis for price, and for all four contracts tested, the County lacked documentation demonstrating that it reviewed vendors for suspension or debarment prior to entering the contracts.

Summary of Corrective Action Previously Reported: Directors in departments receiving federal funding will document the history of procurement transactions, including contract selection and rationale, in accordance with federal regulations. They will also verify vendors are not debarred or suspended, or that exclusions apply prior to entering into contracts and will maintain the appropriate documentation. In addition, they will work with other internal County departments that may purchase on their behalf to document and verify in a similar manner.

Status: Fully Corrected. Corrective action was taken.

Otter Tail County Community Development Agency



**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 Commissioners
Otter Tail County Community Development Agency
Fergus Falls, 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 Otter Tail County, Minnesota, which include as Supplementary Information, the financial statements of the Otter Tail County Community Development Agency (CDA), 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 November 10, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CDA'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 Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Recommendations 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 CDA'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 CDA failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the CDA's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

CDA's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the CDA's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Recommendations and Corrective Action Plan. The Agency'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 Agency'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 Agency'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

November 10, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Otter Tail County Community Development Agency

Fergus Falls, Minnesota

Schedule of Findings and Recommendations

For the Year Ended December 31, 2024

Financial Statement Findings

2024-001 **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: A material audit adjustment was identified that resulted in a significant change to the Agency's financial statements.

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

Effect: The following audit adjustment was reviewed and approved by management and is reflected in the financial statements: increased deposits payable and decreased miscellaneous revenue by \$204,000 to reflect funds received for conduit debt purposes to be paid in 2025.

Cause: Otter Tail County staff who prepare the Agency's financial statements were not informed that the funds received were related to conduit debt and recorded it as miscellaneous revenue.

Recommendation: We recommend the Agency implement additional procedures over financial reporting that include a comprehensive review of balances, disclosures, and supporting documentation by a qualified individual to ensure the Agency'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



**Representation of Otter Tail County Community Development Agency
Fergus Falls, Minnesota**

Corrective Action Plan

For the Year Ended December 31, 2024

Finding Number: 2024-001

Finding Title: Audit Adjustment

Name of Contact Person Responsible for Corrective Action:

Kris Vipond, Assistant Finance Director

Corrective Action Planned:

It will be recommended that at year-end, a review by multiple members of the financial management team and the Community Development Agency of the County's modified accrual general ledger account balances and supporting documents be completed to determine that all transactions have been properly coded and posted. Transactions that are identified as having been incorrectly posted will be reviewed, policies and procedures will be reviewed, the issue will be discussed with staff and modified accrual general ledger corrections will be authorized by a supervisor in the Finance division.

Anticipated Completion Date:

12/31/2025

