State of Minnesota

Office of the State Auditor

Julie Blaha
State Auditor

Redwood County
Redwood Falls, Minnesota

Year Ended December 31, 2023

Redwood County
Redwood Falls, Minnesota

Table of Contents

	Exhibit	Page
Introductory Section		
Organization		1
Financial Section		
Independent Auditor's Report		2
Management's Discussion and Analysis		5
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	1	14
Statement of Activities	2	15
Fund Financial Statements		
Governmental Funds		
Balance Sheet	3	16
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities	4	18
Statement of Revenues, Expenditures, and Changes in Fund Balance	5	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities	6	23
Proprietary Fund		
Statement of Net Position	7	25
Statement of Revenues, Expenses, and Changes in Net Position	8	26
Statement of Cash Flows	9	27
Fiduciary Funds		
Statement of Fiduciary Net Position	10	28
Statement of Changes in Fiduciary Net Position	11	29
Notes to the Financial Statements		30
Required Supplementary Information		
Budgetary Comparison Schedules		
General Fund	A-1	73
Road and Bridge Special Revenue Fund	A-2	76
Human Services Special Revenue Fund	A-3	77
Solid Waste Special Revenue Fund	A-4	78
Ditch Special Revenue Fund	A-5	79
EDA Special Revenue Fund	A-6	80
Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits	A-7	81
PERA General Employees Retirement Plan		
Schedule of Proportionate Share of Net Pension Liability	A-8	83
Schedule of Contributions	A-9	84

Redwood County
Redwood Falls, Minnesota

Table of Contents

	Exhibit	Page
Required Supplementary Information (Continued)		
PERA Public Employees Police and Fire Plan		
Schedule of Proportionate Share of Net Pension Liability	A-10	85
Schedule of Contributions	A-11	86
PERA Public Employees Local Government Correctional Service Retirement Plan		
Schedule of Proportionate Share of Net Pension Liability	A-12	87
Schedule of Contributions	A-13	88
Notes to the Required Supplementary Information		89
Supplementary Information		
Governmental Fund		
Budgetary Comparison Schedule – Debt Service Fund	B-1	99
Fiduciary Funds		100
Combining Statement of Fiduciary Net Position – All Custodial Funds	C-1	101
Combining Statement of Changes in Fiduciary Net Position – All Custodial Funds	C-2	103
Other Schedules		
Schedule of Intergovernmental Revenue	D-1	105
Schedule of Expenditures of Federal Awards	D-2	107
Notes to the Schedule of Expenditures of Federal Awards		108
Management and Compliance Section		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*		109
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance		111
Schedule of Findings and Questioned Costs		114
Corrective Action Plan		116
Summary Schedule of Prior Audit Findings		117

Introductory Section

Redwood County
Redwood Falls, Minnesota

Organization
2023

Office	Name	Term Expires
Commissioners		
1st District	Rick Wakefield, Vice Chair	January 2025
2nd District	Jim Salfer, Chair	January 2027
3rd District	Dennis Groebner	January 2027
4th District	Robert Van Hee	January 2025
5th District	David Forkrud	January 2025
County Officers		
Elected		
Attorney	Jenna Peterson	January 2027
Auditor-Treasurer	Jean Price	January 2027
District Court Judge	Patrick R. Rohland	January 2027
Recorder	Joyce Anderson	January 2027
Sheriff	Jason Jacobson	January 2027
Appointed		
Administrator	Vicki Kletscher	Indefinite
Assessor	Jesse Jacobson	September 2024
Director of Planning and Environmental Services	Nick Brozek	Indefinite
Highway Engineer	Anthony Sellner	April 2024
License Center Supervisor	Amy Serbus	Indefinite
Maintenance Supervisor	Loren Gewerth	Indefinite
Medical Examiner	Dr. Kelly Mills	December 2024
Veterans Service Officer	Roger Zollner	Indefinite

Financial Section

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

Independent Auditor's Report

Board of County Commissioners
Redwood County
Redwood Falls, Minnesota

Report on the Audit of the Financial Statements

Opinions
We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Redwood County, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Redwood County as of December 31, 2023, and the respective changes in financial position, and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis of Matter – Change in Accounting Principle
As discussed in Note 1 to the financial statements, in 2023, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Correction of an Error in Previously Issued Financial Statements
As discussed in Note 1 to the financial statements, the previously issued 2022 financial statements have been restated to correct an error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

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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 GASB, 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 Redwood County's basic financial statements. The Debt Service Fund budgetary comparison schedule, combining fiduciary fund statements, Schedule of Intergovernmental Revenue, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2024, on our consideration of Redwood County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Redwood County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Redwood County's internal control over financial reporting and compliance.

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

July 30, 2024

Management’s Discussion and Analysis

Redwood County
Redwood Falls, Minnesota

Management's Discussion and Analysis
December 31, 2023
(Unaudited)

The Management's Discussion and Analysis (MD&A) provides an overview and analysis of the County's financial activities for the fiscal year ended December 31, 2023. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the County's basic financial statements that follow this section.

Financial Highlights

- Governmental activities' total net position is $144,793,041, of which $122,761,377 is the net investment in capital assets, and $7,951,156 is restricted to specific purposes. The $14,080,508 remaining may be used to meet the County's ongoing obligations to citizens and creditors.

- The County's net position increased by $8,434,862 for the year ended December 31, 2023. A large part of the increase is attributable to the County's net investment in capital assets.

- The net cost of governmental activities for the current fiscal year was $12,590,982. The net cost was funded by general revenues totaling $21,415,730.

- Fund balances of the governmental funds increased by $6,999,560. Most of the increase was due to the sale of the Series 2023A General Obligation Bonds.

- For the year ended December 31, 2023, the assigned and unassigned fund balance of the General Fund was $15,397,099, or 124.0 percent of the total General Fund expenditures for the year, an increase of 42.8 percentage points.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the basic financial statements. The basic financial statements consist of three parts: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other required supplementary information.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

The County adopts an annual appropriated budget for its General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, Solid Waste Special Revenue Fund, Ditch Special Revenue Fund, EDA Special Revenue Fund, and Debt Service Fund. Budgetary comparison schedules have been provided as either required or other supplementary information for each of these funds to demonstrate compliance with this budget.

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

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

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

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not reflected in the government-wide statements because the resources of these funds are not available to support the County's own programs or activities. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

All fiduciary activities are reported in a separate Statement of Fiduciary Net Position on Exhibit 10, Statement of Changes in Fiduciary Net Position on Exhibit 11, and the Custodial Funds Combining Statements are shown on Exhibits C-1 and C-2.

Notes to the Financial Statements

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 30 through 72 of this report.

Other Information

Other information is provided as supplementary information regarding Redwood County's intergovernmental revenue and federal awards programs.

Government-Wide Financial Analysis

Over time, net position serves as a useful indicator of the County's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $144,793,041 at the close of 2023. The largest portion of the net position (84.8 percent) reflects the County's net investment in capital assets (for example: land, buildings, equipment, and infrastructure such as roads and bridges), less any related outstanding debt used to acquire those assets. However, it should be noted that these assets are not available for future spending or for liquidating any remaining debt. Comparative data with 2022 is presented.

Net Position

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	$ 44,403,248	$ 33,244,803
Capital assets	147,090,832	137,344,295
Total Assets	$ 191,494,080	$ 170,589,098
Deferred Outflows of Resources		
Deferred other postemployment benefits outflows	$ 344,559	$ 200,869
Deferred pension outflows	3,968,766	5,385,660
Total Deferred Outflows of Resources	$ 4,313,325	$ 5,586,529
Liabilities		
Long-term liabilities	$ 36,135,147	$ 31,918,757
Other liabilities	6,243,163	5,873,951
Total Liabilities	$ 42,378,310	$ 37,792,708
Deferred Inflows of Resources		
Prepaid property taxes	$ -	$ 52
Deferred other postemployment benefits inflows	123,450	155,841
Deferred pension inflows	4,503,697	260,455
Deferred lease inflows	803,348	985,889
Advance from other governments	3,205,559	622,503
Total Deferred Inflows of Resources	$ 8,636,054	$ 2,024,740
Net Position		
Net investment in capital assets	$ 122,761,377	$ 119,547,640
Restricted	7,951,156	5,423,493
Unrestricted	14,080,508	11,387,046
Total Net Position	$ 144,793,041	$ 136,358,179

Unrestricted net position—the part of net position that may be used to meet the County's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements—is 9.7 percent of net position.

Governmental Activities

The County's activities increased net position by 6.2 percent ($136,358,179 for 2022, compared to $144,793,041 for 2023). Key elements in this increase in net position are as follows for 2023, with comparative data for 2022.

Net Position

	Governmental Activities	
	2023	2022
Revenues		
Program revenues		
Fees, charges, fines, and other	$ 5,927,365	$ 3,499,319
Operating grants and contributions	14,919,798	13,864,407
Capital grants and contributions	2,785,720	7,150,243
General revenues		
Property taxes	14,990,168	13,932,445
Other	6,425,562	3,555,855
Total Revenues	$ 45,048,613	$ 42,002,269
Expenses		
General government	$ 5,964,522	$ 5,697,183
Public safety	5,679,205	5,467,785
Highways and streets	11,829,095	11,400,028
Sanitation	716,942	719,462
Human services	3,111,772	3,066,456
Health	219,806	228,841
Culture and recreation	467,239	445,646
Conservation of natural resources	4,614,409	5,694,852
Economic development	3,152,344	161,751
Interest	468,531	593,019
Total Expenses	$ 36,223,865	$ 33,475,023
Special Item		
PrimeWest Health buy-in	$ (389,886)	$ -
Change in Net Position	$ 8,434,862	$ 8,527,246
Net Position – January 1	136,358,179	127,830,933
Net Position – December 31	$ 144,793,041	$ 136,358,179

Financial Analysis of the Government's Funds

Governmental Funds

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

At the end of 2023, governmental funds reported combined ending fund balances of $27,444,711, an increase of $6,999,560 in comparison with the prior year. Of the combined ending fund balances, $16,228,060 represents committed, assigned and unassigned fund balance which is available for spending at the County's discretion. The

remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been restricted for various reasons either by state law, grant agreements, bond covenants, or is nonspendable.

The General Fund is the main operating fund for the County. At the end of the current fiscal year, it had an assigned and unassigned fund balance of $15,397,099. As a measure of the General Fund's liquidity, it may be useful to compare assigned and unassigned fund balance to total expenditures. The General Fund's assigned and unassigned fund balance represents 124.0 percent of total General Fund expenditures. The ending fund balance increased by $2,576,774 during 2023, primarily due to an increase in intergovernmental revenue and investment earnings.

The Road and Bridge Special Revenue Fund had an assigned fund balance of $2,023,711 at fiscal year-end, representing 8.8 percent of its annual expenditures. The ending fund balance increased $4,225,904 during 2023, primarily due to not spending all of the proceeds from the sale of the Series 2023A General Obligation Bonds.

The Solid Waste Special Revenue Fund had an assigned fund balance of $40,776 at fiscal year-end.

The Ditch Special Revenue Fund had restricted fund balance of $2,385,206 at fiscal year-end. The ending fund balance increased $259,889 during 2023.

The EDA Special Revenue Fund had an assigned fund balance of $59,343 at fiscal year-end.

The Debt Service Fund had restricted fund balance of $879,283 at fiscal year-end. The Debt Service Fund was created in 2008 due to the issuance of bonds for the renovation of the Government Center, remodeling of the Courthouse, and the purchase of equipment. In 2013, new bonds were sold for the construction and remodeling of the Law Enforcement Center. In 2016, the sale of a refunding bond occurred which was used to crossover refund $1,170,000 of the $3,920,000 General Obligation Improvement Bond, Series 2008A, called on February 1, 2019. In 2021, General Obligation Bonds in the amount of $9,185,000 were sold for the construction of the Justice Center and $1,285,000 to refund the 2013A Law Enforcement Center bonds. In 2023, General Obligation Bonds in the amount of $9,170,000 were sold to fund various improvements to roads and bridges.

Governmental Activities

The County's total revenues were $45,048,613. Table 1 presents the percent of total County revenues by source for the year ended December 31, 2023.

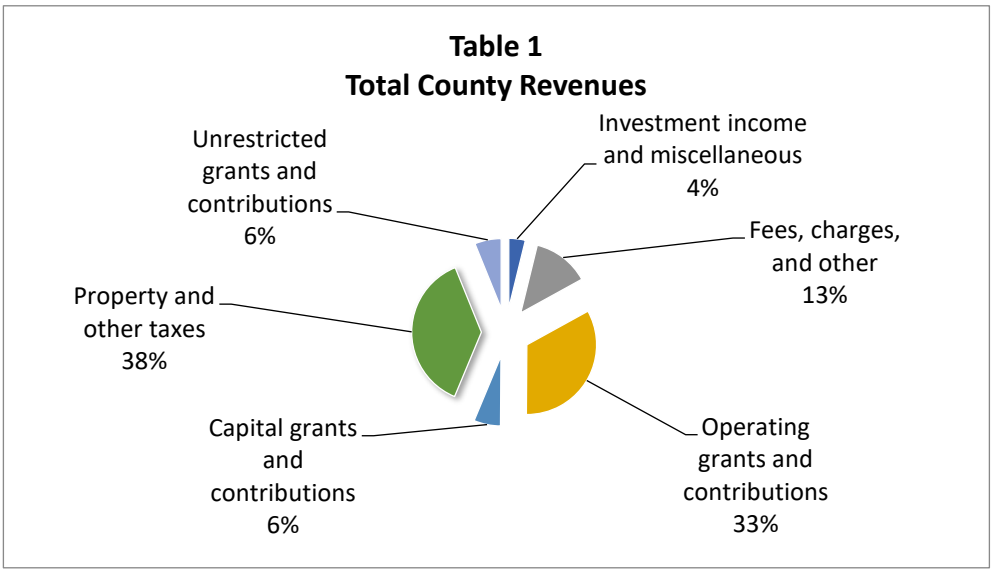
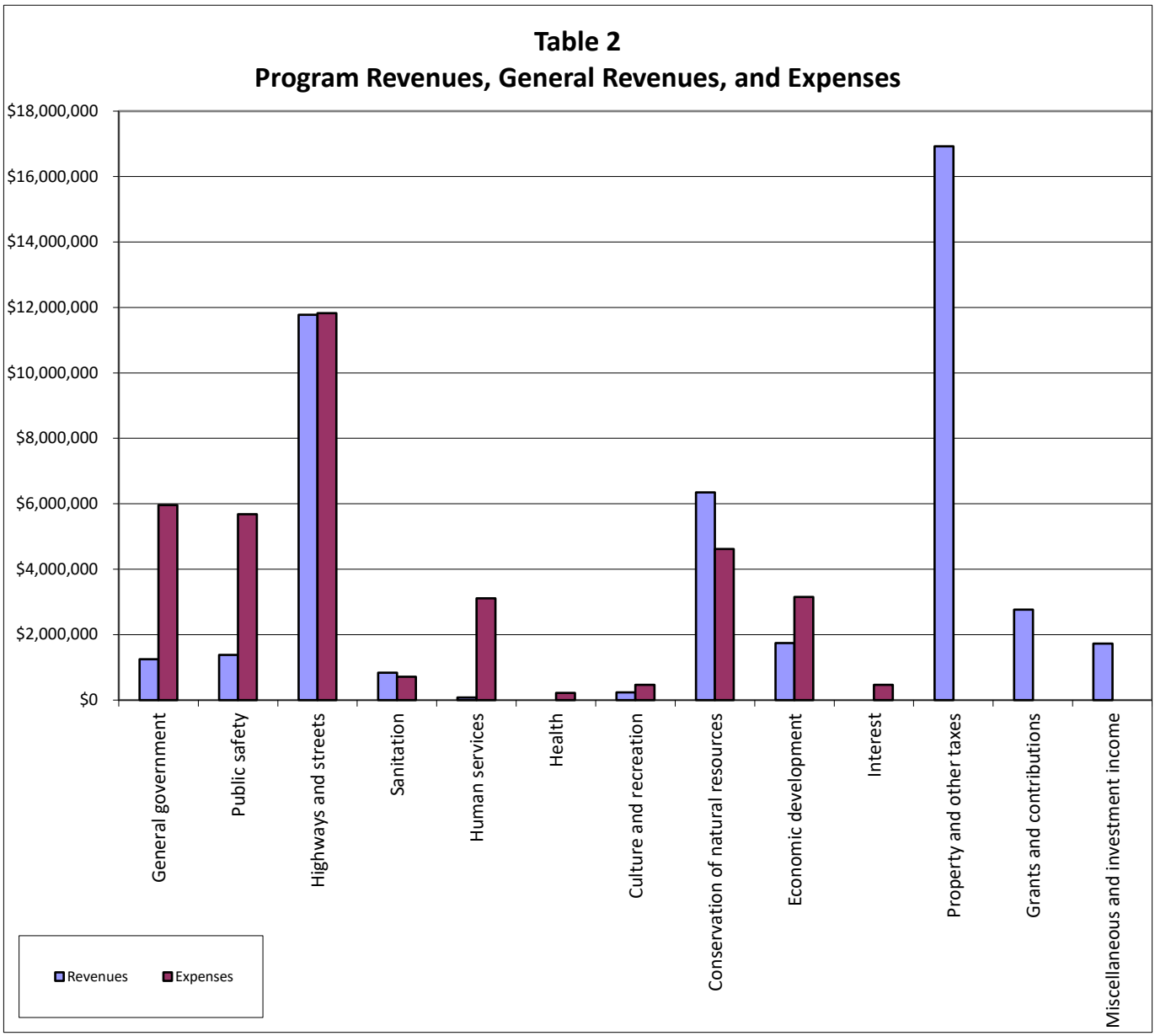


Table 2 presents the cost and revenue of each program, as well as the County's general revenues.

Total program and general revenues for the County were $45,048,613, while total expenses were $36,223,865, and special item of $389,886 reflecting an $8,434,862 increase in net position for the year ended December 31, 2023.



The cost of all governmental activities this year was $36,223,865. However, as shown on the Statement of Activities on Exhibit 2, the amount that taxpayers ultimately financed for these activities through County taxes was only $14,990,168, because some of the cost was paid by those who directly benefited from the programs ($5,927,365) or by other governments and organizations that subsidized certain programs with grants and contributions ($17,705,518). The County paid for the remaining "public benefit" portion of governmental activities with general revenues, primarily taxes (some of which could be used only for certain programs) and other revenues, such as grants and contributions not restricted to specific programs and investment income.

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

Table 3
Governmental Activities

	Total Cost of Services 2023	Net Cost (Revenue) of Services 2023
Highways and streets	$ 11,829,095	$ 56,095
General government	5,964,522	4,718,624
Public safety	5,679,205	4,301,443
Conservation of natural resources	4,614,409	(1,735,496)
Economic development	3,152,344	1,411,746
Human services	3,111,772	3,034,677
All others	1,872,518	803,893
Totals	$ 36,223,865	$ 12,590,982

General Fund Budgetary Highlights

The amendments to the budget were for the creation of the EDA Special Revenue Fund for presentation in the financial statements. Actual expenditures were greater than budgeted expenditures by $331,511.

Capital Assets and Debt Administration

Capital Assets

The County's capital assets for its governmental activities at December 31, 2023, totaled $147,090,832 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure, leased equipment, and software subscriptions. The investment in capital assets increased $9,746,537, or 7.1 percent, from the previous year. The increase was due to the $14,982,916 addition in infrastructure.

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

	2023	2022
Land and right of way	$ 2,546,260	$ 2,542,341
Infrastructure	110,160,211	98,001,235
Buildings	24,637,029	25,372,083
Improvements other than buildings	535,726	573,229
Machinery and equipment	5,747,360	5,357,000
Leased equipment	93,713	219,155
Software subscriptions	46,992	-
Construction in progress	3,323,541	5,279,252
Totals	$ 147,090,832	$ 137,344,295

Additional information about the County's capital assets can be found in the notes to the financial statements of this report.

Long-Term Liabilities

The County has long-term liabilities at December 31, 2023, of $28,794,511.

Debt includes, Series 2016A, General Obligation Capital Improvement Plan Refunding Bonds, used to crossover refund $1,170,000 of the $3,920,000 General Obligation Improvement Bond, Series 2008A, called on February 1, 2019. Series 2016A, General Obligation Capital Improvement Plan Refunding Bonds will mature on February 1, 2024.

The County issued Series 2021A, General Obligation Law Enforcement Center Refunding Bonds in the amount of $1,285,000 to refund $1,500,000 of the $3,375,000 Series 2013A, General Obligation Law Enforcement Center Bonds, to be called on February 1, 2022. Series 2021A, General Obligation Law Enforcement Center Refunding Bonds will mature on April 1, 2028.

The County issued Series 2021A, General Obligation Recycling Facility Refunding Bonds in the amount of $770,000 to refund $900,000 of the $2,040,000 Series 2013A, General Obligation Recycling Facility Bonds, to be called on February 1, 2022. This bond is paid by Redwood/Renville Regional Solid Waste Authority. Series 2021A, General Obligation Recycling Facility Refunding Bonds will mature on April 1, 2028.

The County issued Series 2021A, General Obligation Justice Center Bonds in the amount of $9,185,000 for the construction of the Justice Center. Series 2021A, General Obligation Justice Center Bonds will mature on April 1, 2042.

The County issued Series 2021A, General Obligation CSAH Bonds in the amount of $6,095,000. Series 2021A, General Obligation CSAH Bonds will mature on April 1, 2037.

The County issued Series 2023A, General Obligation Capital Improvement Bonds in the amount of $9,170,000 to fund various improvements to roads and bridges. Series 2023A, General Obligation Capital Improvement Bonds will mature on February 1, 2034.

Table 5
Outstanding Bonded Debt

	2023	2022
General Obligation Crossover Refunding Bonds, Series 2016A	$ 250,000	$ 495,569
General Obligation Law Enforcement Center Refunding Bonds, Series 2021A	1,256,511	1,454,814
General Obligation Recycling Facility Refunding Bonds, Series 2021A	754,942	871,931
General Obligation Justice Center Bonds, Series 2021A	9,886,025	9,922,921
General Obligation CSAH Bonds, Series 2021A	6,634,541	6,892,722
General Obligation Capital Improvement Bonds, Series 2023A	10,012,492	-
Totals	$ 28,794,511	$ 19,637,957

Minnesota statutes limit the amount of debt a county may levy to 3.0 percent of its total market value. At the end of 2023, the County's outstanding debt was 0.45 percent of its total estimated market value.

Additional information on the County's long-term debt can be found in the notes to the financial statements of this report.

Economic Factors and Next Year's Budgets

The County's elected and appointed officials considered many factors when setting the 2024 budget, tax rates, and fees that will be charged for the year.

- The average unemployment rate for Redwood County at the end of 2023 was 2.4 percent, a decrease of 0.7 percentage points from one year ago. The state unemployment rate was 2.6 percent. The 2022 County population (last known year) was 15,348, a decrease of 77 from the 2020 census of 15,425.

- At the end of 2023, Redwood County set its 2024 revenue and expenditure budgets.

- The 2024 property tax levy for the County increased to $17,197,510, compared to $15,365,685 in 2023.

Requests for Information

This financial report is designed to provide a general overview of Redwood County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the County's Auditor-Treasurer, Jean Price, Redwood County Government Center, 403 South Mill Street, PO Box 130, Redwood Falls, Minnesota 56283.

Basic Financial Statements

Government-Wide Financial Statements

Redwood County
Redwood Falls, Minnesota

Exhibit 1

Statement of Net Position
Governmental Activities
December 31, 2023

Assets		
Cash and pooled investments	$	28,137,902
Investments		5,656,599
Receivables – net		10,371,190
Inventories		191,834
Prepaid items		45,723
Capital assets		
Non-depreciable or amortizable		5,869,801
Depreciable or amortizable – net of accumulated depreciation and amortization		141,221,031
Total Assets	**$**	**191,494,080**
Deferred Outflows of Resources		
Deferred other postemployment benefits outflows	$	344,559
Deferred pension outflows		3,968,766
Total Deferred Outflows of Resources	**$**	**4,313,325**
Liabilities		
Accounts payable and other current liabilities	$	5,251,221
Unearned revenue		991,942
Long-term liabilities		
Due within one year		1,151,626
Due in more than one year		28,614,162
Other postemployment benefits liability		1,100,669
Net pension liability		5,268,690
Total Liabilities	**$**	**42,378,310**
Deferred Inflows of Resources		
Deferred other postemployment benefits inflows	$	123,450
Deferred pension inflows		4,503,697
Deferred lease inflows		803,348
Advance from other governments		3,205,559
Total Deferred Inflows of Resources	**$**	**8,636,054**
Net Position		
Net investment in capital assets	$	122,761,377
Restricted for		
General government		399,786
Public safety		882,371
Conservation of natural resources		5,258,557
Highways and streets		1,225,266
Economic development		185,176
Unrestricted		14,080,508
Total Net Position	**$**	**144,793,041**

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

Redwood County
Redwood Falls, Minnesota

Exhibit 2

Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues: Fees, Charges, Fines, and Other	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government					
Governmental activities					
General government	$ 5,964,522	$ 812,296	$ 433,602	$ -	$ (4,718,624)
Public safety	5,679,205	156,828	1,220,934	-	(4,301,443)
Highways and streets	11,829,095	209,060	8,778,220	2,785,720	(56,095)
Sanitation	716,942	626,632	208,535	-	118,225
Human services	3,111,772	442	76,653	-	(3,034,677)
Health	219,806	-	-	-	(219,806)
Culture and recreation	467,239	138,105	95,353	-	(233,781)
Conservation of natural resources	4,614,409	3,981,006	2,368,899	-	1,735,496
Economic development	3,152,344	2,996	1,737,602	-	(1,411,746)
Interest	468,531	-	-	-	(468,531)
Total Governmental Activities	**$ 36,223,865**	**$ 5,927,365**	**$ 14,919,798**	**$ 2,785,720**	**$ (12,590,982)**

General Revenues	
Property taxes	$ 14,990,168
Wheelage tax	357,489
County local option sales tax	1,263,001
Other taxes	17,682
Payments in lieu of tax	298,146
Grants and contributions not restricted to specific programs	2,764,529
Unrestricted investment income	1,512,382
Miscellaneous	212,333
Special Item (Note 3)	
PrimeWest Health buy-in	(389,886)
Total general revenues and special item	**$ 21,025,844**
Change in net position	**$ 8,434,862**
Net Position – Beginning	**136,358,179**
Net Position – Ending	**$ 144,793,041**

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

Fund Financial Statements

Governmental Funds

Redwood County
Redwood Falls, Minnesota

Balance Sheet
Governmental Funds
December 31, 2023

	General	Road and Bridge	Human Services
Assets			
Cash and pooled investments	$ 14,557,765	$ 11,616,508	$ 27,697
Petty cash and change funds	1,700	-	-
Investments	4,602,853	498,375	-
Taxes receivable			
Delinquent	44,486	12,317	15,209
Special assessments receivable			
Delinquent	-	-	-
Noncurrent	23,029	-	-
Accounts receivable – net	41,316	4,726	-
Accrued interest receivable	8,796	8,333	-
Due from other funds	-	368,208	-
Due from other governments	103,878	1,892,642	-
Loans receivable	1,158,141	-	-
Leases receivable	820,012	-	-
Inventories	-	191,834	-
Prepaid items	26,471	18,692	-
Total Assets	**$ 21,388,447**	**$ 14,611,635**	**$ 42,906**
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	$ 101,529	$ 50,384	$ -
Salaries payable	377,488	106,740	-
Contracts payable	58,695	1,296,193	-
Due to other funds	367,731	-	-
Due to other governments	191,605	3,327	27,697
Unearned revenue	972,275	19,667	-
Total Liabilities	**$ 2,069,323**	**$ 1,476,311**	**$ 27,697**
Deferred Inflows of Resources			
Unavailable revenue	$ 1,259,069	$ 1,176,594	$ 15,209
Deferred lease inflows	803,348	-	-
Advance from other governments	-	3,205,559	-
Total Deferred Inflows of Resources	**$ 2,062,417**	**$ 4,382,153**	**$ 15,209**
Fund Balances			
Nonspendable	$ 26,921	$ 210,526	$ -
Restricted	1,658,558	5,918,113	-
Committed	174,129	600,821	-
Assigned	5,503,246	2,023,711	-
Unassigned	9,893,853	-	-
Total Fund Balances	**$ 17,256,707**	**$ 8,753,171**	**$ -**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 21,388,447**	**$ 14,611,635**	**$ 42,906**

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

Solid Waste	Ditch	EDA	Debt Service	Total
$ 92,794	$ 43,704	$ 388,447	$ 573,623	$ 27,300,538
-	-	-	-	1,700
-	-	-	305,981	5,407,209
-	-	-	3,769	75,781
30,755	1,584	-	-	32,339
-	2,437,028	-	-	2,460,057
-	83,157	-	-	129,199
-	-	-	283	17,412
-	-	-	-	368,208
-	1,948,415	1,631,227	-	5,576,162
-	-	92,692	-	1,250,833
-	-	-	-	820,012
-	-	-	-	191,834
-	210	350	-	45,723
$ 123,549	**$ 4,514,098**	**$ 2,112,716**	**$ 883,656**	**$ 43,677,007**
$ 44	$ 108,215	$ 65	$ 321	$ 260,558
135	13,313	4,500	-	502,176
-	665,359	1,579,734	-	3,599,981
-	477	-	-	368,208
6,839	219,680	-	-	449,148
-	-	-	-	991,942
$ 7,018	**$ 1,007,044**	**$ 1,584,299**	**$ 321**	**$ 6,172,013**
$ 30,755	$ 3,401,421	$ 164,276	$ 4,052	$ 6,051,376
-	-	-	-	803,348
-	-	-	-	3,205,559
$ 30,755	**$ 3,401,421**	**$ 164,276**	**$ 4,052**	**$ 10,060,283**
$ -	$ 210	$ 350	$ -	$ 238,007
45,000	2,385,206	92,484	879,283	10,978,644
-	-	211,964	-	986,914
40,776	-	59,343	-	7,627,076
-	(2,279,783)	-	-	7,614,070
$ 85,776	**$ 105,633**	**$ 364,141**	**$ 879,283**	**$ 27,444,711**
$ 123,549	**$ 4,514,098**	**$ 2,112,716**	**$ 883,656**	**$ 43,677,007**

Redwood County
Redwood Falls, Minnesota

Exhibit 4

Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position — Governmental Activities
December 31, 2023

Fund balance – total governmental funds (Exhibit 3)		**$ 27,444,711**
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.		147,090,832
Deferred outflows of resources resulting from the other postemployment benefits liability are not available resources and, therefore, are not reported in the governmental funds.		344,559
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.		3,968,766
An internal service fund is used by Redwood County to charge the cost of the self-funded insurance programs to functions. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		802,785
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources—unavailable revenue in the governmental funds.		6,051,376
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	$ (26,280,000)	
Unamortized premium on bonds	(2,514,511)	
Leases payable	(91,324)	
Software subscription liability	(47,065)	
Loans payable	(37,156)	
Compensated absences	(795,732)	
Other postemployment benefits liability	(1,100,669)	
Net pension liability	(5,268,690)	
Accrued interest payable	(147,694)	(36,282,841)
Deferred inflows of resources resulting from the other postemployment benefits liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(123,450)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(4,503,697)
Net Position of Governmental Activities (Exhibit 1)		**$ 144,793,041**

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

Redwood County
Redwood Falls, Minnesota

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2023

	General	Road and Bridge	Human Services
Revenues			
Property taxes	$ 8,628,898	$ 2,573,840	$ 2,945,852
Other taxes	17,682	1,623,207	-
Special assessments	58,507	-	-
Licenses and permits	54,653	24,800	-
Intergovernmental	4,151,690	11,497,602	135,196
Settlements	-	-	30,282
Charges for services	836,259	12,089	-
Gifts and contributions	14,200	-	-
Investment earnings	1,070,224	386,141	-
Miscellaneous	454,112	169,079	442
Total Revenues	**$ 15,286,225**	**$ 16,286,758**	**$ 3,111,772**
Expenditures			
Current			
General government	$ 5,083,408	$ -	$ -
Public safety	5,227,545	-	-
Highways and streets	-	21,735,883	-
Sanitation	-	-	-
Culture and recreation	368,578	-	-
Conservation of natural resources	1,268,978	-	-
Economic development	10,563	-	-
Intergovernmental			
General government	109,323	-	-
Highways and streets	-	642,735	-
Sanitation	-	-	-
Human services	-	-	3,111,772
Health	219,806	-	-
Debt service			
Principal	129,182	216,659	-
Interest	4,241	225,301	-
Administrative (fiscal) charges	-	820	-
Bond issuance costs	-	84,645	-
Total Expenditures	**$ 12,421,624**	**$ 22,906,043**	**$ 3,111,772**
Excess of Revenues Over (Under) Expenditures	**$ 2,864,601**	**$ (6,619,285)**	**$ -**
Other Financing Sources (Uses)			
Leases issued	$ 23,652	$ -	$ -
Software subscriptions issued	37,156	28,012	-
Transfers in	1,680,942	704,000	-
Transfers out	(1,650,005)	-	-
Proceeds from sale of bonds	-	9,170,000	-
Premium on bonds issued	-	919,082	-
Proceeds from sale of capital assets	10,314	3,092	-
Total Other Financing Sources (Uses)	**$ 102,059**	**$ 10,824,186**	**$ -**

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

Solid Waste	Ditch	EDA	Debt Service	Total
$ -	$ -	$ 114,848	$ 712,204	$ 14,975,642
-	-	-	-	1,640,889
625,693	2,045,486	11,389	-	2,741,075
2,200	-	-	-	81,653
208,535	2,323,562	2,946,419	26,174	21,289,178
-	-	-	-	30,282
-	725	-	-	849,073
-	-	-	-	14,200
1	3,401	3,945	15,730	1,479,442
777	-	2,996	-	627,406
$ 837,206	**$ 4,373,174**	**$ 3,079,597**	**$ 754,108**	**$ 43,728,840**
$ -	$ -	$ -	$ -	$ 5,083,408
-	-	-	-	5,227,545
-	-	-	-	21,735,883
8,003	-	-	-	8,003
-	-	-	-	368,578
-	3,378,348	-	-	4,647,326
-	-	3,139,242	-	3,149,805
-	-	-	-	109,323
-	-	-	-	642,735
697,683	-	-	-	697,683
-	-	-	-	3,111,772
-	-	-	-	219,806
100,000	-	-	410,000	855,841
36,000	-	-	340,445	605,987
104	-	-	2,441	3,365
-	-	-	-	84,645
$ 841,790	**$ 3,378,348**	**$ 3,139,242**	**$ 752,886**	**$ 46,551,705**
$ (4,584)	**$ 994,826**	**$ (59,645)**	**$ 1,222**	**$ (2,822,865)**
$ -	$ -	$ -	$ -	$ 23,652
-	-	-	-	65,168
-	946,005	-	-	3,330,947
-	(1,680,942)	-	-	(3,330,947)
-	-	-	-	9,170,000
-	-	-	-	919,082
-	-	-	-	13,406
$ -	**$ (734,937)**	**$ -**	**$ -**	**$ 10,191,308**

Redwood County
Redwood Falls, Minnesota

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2023

	General	Road and Bridge	Human Services
Special Item (Note 3)			
PrimeWest Health buy-in	$ (389,886)	$ -	$ -
Net Change in Fund Balance	$ 2,576,774	$ 4,204,901	$ -
Fund Balance – January 1, as restated (Note 1)	14,679,933	4,527,267	-
Increase (decrease) in inventories	-	21,003	-
Fund Balance – December 31	$ 17,256,707	$ 8,753,171	$ -

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

Solid Waste	Ditch	EDA	Debt Service	Total
$ -	$ -	$ -	$ -	$ (389,886)
$ (4,584)	$ 259,889	$ (59,645)	$ 1,222	$ 6,978,557
90,360	(154,256)	423,786	878,061	20,445,151
-	-	-	-	21,003
$ 85,776	$ 105,633	$ 364,141	$ 879,283	$ 27,444,711

Redwood County
Redwood Falls, Minnesota

Exhibit 6

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Government-Wide Statement of Activities—Governmental Activities
For the Year Ended December 31, 2023

Net change in fund balance – total governmental funds (Exhibit 5)		**$ 6,978,557**
Amounts reported for governmental activities in the statement of activities are different because:		
In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in revenue deferred as unavailable.		
Unavailable revenue – December 31	$ 6,051,376	
Unavailable revenue – January 1	(4,612,227)	1,439,149
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. In the statement of activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. The difference is the net book value of the assets disposed of.		
Expenditures for general capital assets and infrastructure	$ 14,231,128	
Net book value of assets disposed of	(69,285)	
Current year depreciation and amortization	(4,415,306)	9,746,537
Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of activities.		
Principal repayments		
General obligation bonds	$ 715,000	
Loans payable	9,732	
Amortization of discounts and premiums	217,528	942,260
New debt issued (See Note 3 for more information)		(10,089,082)

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

Redwood County
Redwood Falls, Minnesota

Exhibit 6
(Continued)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Government-Wide Statement of Activities—Governmental Activities
For the Year Ended December 31, 2023

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	$ 113,006	
Principal payments on software subscriptions	18,103	131,109
Leases issued	$ (23,652)	
Software subscriptions issued	(65,168)	(88,820)
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 the governmental funds.		
Change in accrued interest payable	$ 7,938	
Change in deferred other postemployment benefits outflows	143,690	
Change in deferred pension outflows	(1,416,894)	
Change in compensated absences	(20,277)	
Change in other postemployment benefits liability	(258,367)	
Change in net pension liability	5,166,787	
Change in deferred other postemployment benefits inflows	32,391	
Change in deferred pension inflows	(4,243,242)	
Change in inventories	21,003	(566,971)
An internal service fund is used by Redwood County to charge the cost of the self-funded insurance programs to functions. The increase or decrease in net position of the internal service fund is reported in the government-wide statement of activities.		(57,877)
Change in Net Position of Governmental Activities (Exhibit 2)		**$ 8,434,862**

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

Proprietary Fund

Redwood County
Redwood Falls, Minnesota

Exhibit 7

Statement of Net Position
Proprietary Fund
December 31, 2023

	Governmental Activities Internal Service Fund
Assets	
Current assets	
Cash and pooled investments	$ 835,664
Investments	249,390
Accrued interest receivable	1,130
Due from other governments	8,265
Total Assets	**$ 1,094,449**
Liabilities	
Current liabilities	
Accounts payable	$ 37,988
Claims payable	253,676
Total Liabilities	**$ 291,664**
Net Position	
Unrestricted	**$ 802,785**

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

Redwood County
Redwood Falls, Minnesota

Exhibit 8

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2023

	Governmental Activities Internal Service Fund
Operating Revenues	
Charges for services	$ 1,798,043
Operating Expenses	
Cost of service	1,889,919
Operating Income (Loss)	**$ (91,876)**
Nonoperating Revenues (Expenses)	
Investment earnings	33,999
Change in net position	**$ (57,877)**
Net Position – January 1	**860,662**
Net Position – December 31	**$ 802,785**

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

Redwood County
Redwood Falls, Minnesota

Exhibit 9

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2023

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities	
Receipts from internal services provided	$ 1,798,268
Payments to suppliers	(1,689,459)
Net cash provided by (used in) operating activities	**$ 108,809**
Cash Flows from Investing Activities	
Investment earnings received	$ 36,202
Sale of investments	500,673
Net cash provided by (used in) investing activities	**$ 536,875**
Net Increase (Decrease) in Cash and Cash Equivalents	**$ 645,684**
Cash and Cash Equivalents at January 1	**189,980**
Cash and Cash Equivalents at December 31	**$ 835,664**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating income (loss)	**$ (91,876)**
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
(Increase) decrease in accounts receivable	$ 35,723
(Increase) decrease in prepaid items	(4,075)
Increase (decrease) in accounts payable	36,989
Increase (decrease) in claims payable	132,048
Total adjustments	**$ 200,685**
Net Cash Provided by (Used in) Operating Activities	**$ 108,809**

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

Fiduciary Funds

Redwood County
Redwood Falls, Minnesota

Exhibit 10

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	Custodial Funds
Assets	
Cash and pooled investments	$ 1,371,383
Investments	245,164
Taxes receivable for other governments	283,443
Total Assets	**$ 1,899,990**
Liabilities	
Due to others	$ 701
Due to other governments	172,746
Total Liabilities	**$ 173,447**
Net Position	
Restricted for individuals, organizations, and other governments	**$ 1,726,543**

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

Redwood County
Redwood Falls, Minnesota

Exhibit 11

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2023

		Custodial Funds
Additions		
Appropriations from counties	$	187,874
Contributions from individuals		247,864
Interest earnings		30,763
Property tax collections for other governments		15,026,026
Fees collected for state		8,408,591
Fees collected for other governments		1,091,483
Property tax overpayments from individuals/entities		35,771
Refunds collected for court-ordered tax abatement		2,901
Miscellaneous		41,550
Total Additions	**$**	**25,072,823**
Deductions		
Payments of property taxes to other governments	$	15,012,641
Payments of fees to other governments		42,243
Payments to state		8,502,761
Payments to other individuals/entities		497,438
Payments to other governments		445,220
Total Deductions	**$**	**24,500,303**
Change in Net Position	**$**	**572,520**
Net Position – January 1		**1,154,023**
Net Position – December 31	**$**	**1,726,543**

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

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, 2023. 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

Redwood County was established February 6, 1862, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. § 373.01. As required by accounting principles generally accepted in the United States of America, these financial statements present Redwood County. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator serves as the clerk of the Board of Commissioners but has no vote.

Blended Component Unit

Blended component units are legally separate organizations that are so intertwined with the County that they are, in substance, the same as the County and, therefore, are reported as if they were part of the County. Redwood County has one blended component unit reported as the EDA Special Revenue Fund.

Component Units of the County

Component Unit	Component Unit Included in Reporting Entity Because	Separate Financial Statements
Redwood County Economic Development Authority (RCEDA) provides services pursuant to Minn. Stat. §§ 469.090-.1082.	The County appoints all RCEDA Board members and is financially responsible for funding its projects.	Separate financial statements are not prepared.

Joint Ventures and Jointly-Governed Organizations

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

Basic Financial Statements

Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about Redwood County. These statements include the financial activities of the overall County

government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

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

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

Fund Financial Statements

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

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

- The Road and Bridge Special Revenue Fund accounts for restricted revenues from the federal and state government, as well as assigned property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

- The Human Services Special Revenue Fund accounts for assigned property tax and other revenues used for economic assistance and community social services programs.

- The Solid Waste Special Revenue Fund accounts for restricted special assessment revenues, miscellaneous revenues, and revenue resources from the state for the costs relating to disposal of the County's solid waste.

- The Ditch Special Revenue Fund accounts for special assessment revenues levied against benefitted property to finance the cost of constructing and maintaining an agricultural drainage ditch system.

- The EDA Special Revenue Fund accounts for restricted revenues from the federal and state government, as well as committed amounts to loan to county businesses.

- The Debt Service Fund is used to account for the accumulation of restricted resources used for, and the payment of, principal, interest, and related costs.

Additionally, the County reports the following fund types:

- The Internal Service Fund accounts for health insurance premiums and payments.
- Custodial funds account for monies held in a fiduciary capacity for property taxes collected for other governments, special districts that use the County as a depository, and individual inmate accounts from the County jail.

Measurement Focus and Basis of Accounting

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

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

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

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

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

Cash and Cash Equivalents

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

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their

fair value at December 31, 2023. A market approach is used to value all investments other than external investment pools, which are measured at net asset value. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2023 were $1,200,751.

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

Receivables and Payables

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

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

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

Special assessments receivable consist of delinquent special assessments payable in the years 2018 through 2023 and noncurrent special assessments payable in 2024 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

Accounts receivable are shown net of an allowance for uncollectible accounts.

The County has no accounts receivable scheduled to be collected beyond one year.

Inventories and Prepaid Items

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

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (such as roads, bridges, sidewalks, and similar items), and right-to-use assets acquired under leasing and software subscription arrangements, are reported in the government-wide financial statements. Capital assets are defined by the County and its blended

component unit as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (entry price) on the date of donation.

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

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

Property, plant, and equipment of Redwood 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 asset's estimated useful life or the lease term:

Estimated Useful Lives of Capital Assets

Assets	Years
Buildings	25-40
Building improvements	20-35
Improvements other than buildings	20-35
Public domain infrastructure	15-70
Furniture, equipment, and vehicles	3-20
Right-to-use equipment and software subscriptions	3-5
Intangible assets	3-7

Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for compensated absences is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion consists of an amount based on a trend analysis of current usage of vacation and vested sick leave. The noncurrent portion consists of the remaining amount of vacation and total vested sick leave. For the governmental activities, compensated absences are liquated by the General Fund and other governmental funds that have personal services.

Long-Term Obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing

sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Acquisitions under leases and software subscriptions are reported as an other financing source at the present value of the future minimum payments as of the inception date.

Pension Plan

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent and noncurrent special assessments receivable, interest receivable, and grant monies receivable. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. This unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The County reports advanced allotments for state aid received by the County not yet appropriated by the State of Minnesota. Deferred inflows for leases represent the lease revenues per lease agreements the County expects to recognize in future periods. These amounts arise under both the modified and the full accrual basis of accounting and are reported in both the governmental funds balance sheet and the statement of net position. The County also reports deferred inflows of resources associated with defined benefit pension plans and OPEB. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

Unearned Revenue

Proprietary funds, 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 net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- Unrestricted net position – the amount of net position that does not meet the definition of restricted or net investment in capital assets.

Classification of Fund Balances

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

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

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

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

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

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

Redwood 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

Redwood County has adopted a minimum fund balance policy for the General Fund. The General Fund 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 Board has determined it needs to maintain a minimum unrestricted fund balance (committed, assigned, and unassigned) of no less than three months of operating expenditures. The fund balance policy was adopted by the County Board on December 27, 2011. At December 31, 2023, unrestricted fund balance for the General Fund was at or above the minimum fund balance level.

Use of Estimates

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

Change in Accounting Principle

During the year ended December 31, 2023, Redwood County adopted new accounting guidance by implementing the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Correction of an Error

During the year ended December 31, 2023, Redwood County created the EDA Special Revenue Fund to report the operations of the County's blended component unit. This change resulted in a restatement of fund balance of $423,786 that was moved from the General Fund to the EDA Special Revenue Fund as follows:

Correction of an Error

	General Fund	EDA Special Revenue Fund
Fund balance, January 1, 2023, as previously reported	$ 15,103,719	$ -
Change in reporting	(423,786)	423,786
Fund balance, January 1, 2023, as restated	$ 14,679,933	$ 423,786

Note 2 – Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

Each of the other governmental funds' budgets are discussed in the notes to the required supplementary information. For the Debt Service Fund, current year expenditures exceeded the final budget as follows:

Excess of Expenditures Over Budget

Expenditures	Final Budget	Excess
$ 752,886	$ 752,784	$ 102

Deficit Fund Equity

Although the Ditch Special Revenue Fund had a positive fund balance of $105,633 as of December 31, 2023, the County reported individual ditches with deficit balances. The deficits will be eliminated with future special assessment levies against the benefitted properties.

Summary of Ditch Systems

115 ditches with positive fund balances	$ 2,385,416
82 ditches with deficit fund balances	(2,279,783)
Total Fund Balance	$ 105,633

Note 3 – Detailed Notes on All Funds

Assets and Deferred Outflows of Resources

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, 2023

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	$ 28,137,902
Investments	5,656,599
Statement of fiduciary net position	
Cash and pooled investments	1,371,383
Investments	245,164
Total Cash and Investments	$ 35,411,048

Deposits

The County is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The County is required by Minn. Stat. § 118A.03 to protect deposits with

insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County's policy is to minimize deposit custodial credit risk by obtaining collateral or bond for all uninsured amounts on deposit and obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. As of December 31, 2023, the County's deposits were not exposed to custodial credit risk.

Investments

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

(1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;

(2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

(3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

(4) time deposits fully insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or bankers' acceptances of United States banks;

(5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

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

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County's policy is to minimize interest rate risk by: (1) structuring the investment portfolio so that

securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; (2) investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and (3) limiting the average maturity in accordance with the County's cash requirements.

Credit Risk

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

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County's policy is to minimize investment custodial credit risk by permitting brokers that obtain investments for the County to hold them only to the extent Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage is available. As of December 31, 2023, the County's investments held by brokers were not subject to custodial credit risk.

Concentration of Credit Risk

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

Cash and Investments and Information Relating to Potential Investment Risk as of December 31, 2023

Investment Type	Credit Risk: Credit Rating	Credit Risk: Rating Agency	Concentration Risk: Over 5 Percent of Portfolio	Interest Rate Risk: Maturity Date	Carrying (Fair) Value
U.S. government agency securities					
Federal Home Loan Bank Bonds	AAA	Moody's		05/28/2024	$ 249,390
Federal Home Loan Bank Bonds	AAA	Moody's		06/30/2026	232,073
Federal Home Loan Bank Bonds	AAA	Moody's		06/30/2026	459,811
Federal Home Loan Bank Bonds	AAA	Moody's		10/28/2026	936,160
Federal Home Loan Bank Bonds	AAA	Moody's		10/28/2026	928,490
Federal Home Loan Bank Bonds	AAA	Moody's		11/23/2026	709,635
Federal Home Loan Bank Bonds	AAA	Moody's		11/24/2026	946,930
Federal Home Loan Bank Bonds	AAA	Moody's		12/15/2026	474,415
Total Federal Home Loan Bank Bonds			>5%		$ 4,936,904
Federal Home Loan Mortgage Corporation Notes	AAA	Moody's	<5%	08/26/2024	$ 498,375
Investment pools/mutual funds					
MAGIC Fund	N/R	N/A	>5%	N/A	$ 29,112,049
Negotiable certificates of deposit	N/A	N/A	<5%	Varies	$ 466,485
Total investments					$ 35,013,813
Checking					106,578
Savings					288,957
Petty cash and change funds					1,700
Total Cash and Investments					$ 35,411,048

N/A – Not Applicable
N/R – Not Rated
<5% – Concentration is less than 5% of investments
>5% – Concentration is more than 5% of investments

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.

Recurring Fair Value Measurements as of December 31, 2023

		Fair Value Measurements Using		
	December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. agencies	$ 5,435,279	$ -	$ 5,435,279	$ -
Negotiable certificates of deposit	466,485	-	466,485	-
Total Investments Included in the Fair Value Hierarchy	$ 5,901,764	$ -	$ 5,901,764	$ -
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	$ 29,112,049			

Debt securities classified in Level 2 are valued using the following approach:

- U.S. agencies, municipal bonds, negotiable certificates of deposit: matrix pricing based on the securities' relationship to benchmark quoted prices;

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

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

Receivables

Governmental Activities' Receivables as of December 31, 2023

	Receivable	Less: Allowance for Uncollectible Accounts	Net Receivables	Amounts not Scheduled for Collection During the Subsequent Year
Taxes receivable – delinquent	$ 75,781	$ -	$ 75,781	$ -
Special assessments receivable				
Noncurrent	2,460,057	-	2,460,057	429,738
Delinquent	32,339	-	32,339	-
Accounts receivable	411,312	(282,113)	129,199	-
Interest	18,542	-	18,542	-
Due from other governments	5,584,427	-	5,584,427	-
Loans receivable	1,250,833	-	1,250,833	1,203,098
Leases receivable	820,012	-	820,012	642,830
Total Governmental Activities	$ 10,653,303	$ (282,113)	$ 10,371,190	$ 2,275,666

The County has entered into lease agreements as a lessor and as of December 31, 2023, there are nine active lease receivable agreements for land, equipment, buildings, and infrastructure with various lessees. Fixed annual lease receipts range between $100 and $10,571 and extend to periods ending between December 31, 2024, through June 1, 2080. During 2023, the General Fund and the Solid Waste Special Revenue Fund received total principal and interest payments of $185,871 and $98, respectively.

Loans Receivable

On June 4, 2013, the County Board approved a $1,000,000 loan to the Redwood/Renville Regional Solid Waste Authority (RRRSWA) to finance a Joint Regional Material Recovery Facility. The County is anticipating repayments to begin after the bonds are paid in full in 2028.

In 2009, the Redwood County Economic Development Authority (RCEDA) received a Rural Business Enterprise Grant through the United States Department of Agriculture with a match from the County to provide revolving loans to serve as a gap financing tool for new or existing businesses within the County. The County Board approves loans as recommended by the RCEDA. The County has three outstanding RCEDA loans as of December 31, 2023.

On April 4, 2017, the County Board approved to loan up to $125,000 to the Redwood County Historical Society for installation of a broadband wireless network at the Gilfillan Farm Site at a zero percent interest rate. As of December 31, 2023, the outstanding balance was $20,000.

On May 16, 2017, the County Board approved to expend loans up to $200,000 to initially fund the Redwood County Low Interest Septic Loan Program. The County has 20 outstanding septic loans totaling $158,141 as of December 31, 2023.

Changes in Loans Receivable for the Year Ended December 31, 2023

	Beginning Balance	Increase	Decrease	Ending Balance
RRRSWA loan	$ 1,000,000	$ -	$ -	$ 1,000,000
RCEDA loans				
Scenic City Realty, LLC	14,106	-	5,071	9,035
South Forty Meat Market	23,592	-	2,180	21,412
Red Rock Chiropractic	46,383	-	4,138	42,245
Redwood County Historical Society	20,000	-	-	20,000
County septic loans	161,944	44,686	48,489	158,141
Total	$ 1,266,025	$ 44,686	$ 59,878	$ 1,250,833

Of the loans receivable at December 31, 2023, $1,203,098 are not expected to be received within one year.

Capital Assets

Changes in Capital Assets for the Year Ended December 31, 2023

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	$ 816,360	$ -	$ -	$ 816,360
Right-of-way	1,725,981	3,919	-	1,729,900
Construction in progress	5,279,252	2,921,595	4,877,306	3,323,541
Total capital assets not depreciated	$ 7,821,593	$ 2,925,514	$ 4,877,306	$ 5,869,801
Capital assets depreciated and amortized				
Buildings	$ 30,907,488	$ -	$ -	$ 30,907,488
Improvements other than buildings	826,841	-	-	826,841
Machinery and equipment	12,402,704	1,118,166	239,256	13,281,614
Infrastructure	138,870,354	14,982,916	-	153,853,270
Leased equipment	392,881	19,996	22,229	390,648
Software subscriptions	-	61,842	-	61,842
Total capital assets depreciated and amortized	$ 183,400,268	$ 16,182,920	$ 261,485	$ 199,321,703
Less: accumulated depreciation and amortization for				
Buildings	$ 5,535,405	$ 735,054	$ -	$ 6,270,459
Improvements other than buildings	253,612	37,503	-	291,115
Machinery and equipment	7,045,704	661,554	173,004	7,534,254
Infrastructure	40,869,119	2,823,940	-	43,693,059
Leased equipment	173,726	142,405	19,196	296,935
Software subscriptions	-	14,850	-	14,850
Total accumulated depreciation and amortization	$ 53,877,566	$ 4,415,306	$ 192,200	$ 58,100,672
Total capital assets depreciated and amortized, net	$ 129,522,702	$ 11,767,614	$ 69,285	$ 141,221,031
Total Capital Assets, Net	$ 137,344,295	$ 14,693,128	$ 4,946,591	$ 147,090,832

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

Depreciation and Amortization Expense Charged to Functions/Programs

General government	$	736,004
Public safety		217,776
Highways and streets, including depreciation of infrastructure assets		3,377,143
Sanitation		11,256
Culture and recreation		19,143
Conservation of natural resources		53,984
Total Depreciation and Amortization Expense – Governmental Activities	$	4,415,306

Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

Interfund Balances as of December 31, 2023

Receivable Fund	Payable Fund		Amount
Road and Bridge Special Revenue Fund	General Fund	$	367,731
Road and Bridge Special Revenue Fund	Ditch Special Revenue Fund		477
Total Due To/From Other Funds		$	368,208

The outstanding balances between funds result from the time lag between the dates the interfund goods and services were provided and reimbursable expenditures occurred, and when transactions are recorded in the accounting system and when the funds are repaid. All balances are expected to be liquidated in the subsequent year.

Interfund transfers

Interfund Transfers for the Year Ended December 31, 2023

Transfer from General Fund to Road and Bridge Special Revenue Fund	$	704,000	Transfer funding for equipment purchases/ARPA funds/reduce R&B levy
Transfer from General Fund to Ditch Special Revenue Fund		946,005	Transfer due to low cash balance caused by outstanding FEMA reimbursement
Transfer from Ditch Special Revenue Fund to General Fund		1,680,942	Repay prior transfers caused by outstanding FEMA reimbursement
Total Interfund Transfers	$	3,330,947	

Liabilities and Deferred Inflows of Resources

Accounts Payable

Governmental Activities' Payables as of December 31, 2023

Accounts payable	$ 298,546
Salaries payable	502,176
Contracts payable	3,599,981
Claims payable	253,676
Due to other governments	449,148
Accrued interest payable	147,694
Total Payables	$ 5,251,221

Construction and Other Commitments

The County has active construction projects and other commitments as of December 31, 2023. The projects and commitments include the following:

Active Construction Projects and Other Commitments as of December 31, 2023

	Spent-to-Date	Remaining Commitment
Justice Center Building	$ 10,607,818	$ 4,900
Online GIS Services	27,096	13,548
Various Ditch FEMA projects	1,507,455	1,335,769
EDA Housing Partnership	25,151	27,849

Deferred Inflows of Resources – Unavailable Revenue/Leases/Advanced Allotments

Unavailable revenue consists of special assessments, taxes, state and federal grants, interest, and miscellaneous revenue not collected soon enough after year-end to pay liabilities of the current period.

Deferred Inflows of Resources by Fund as of December 31, 2023

	Special Assessments	Taxes	Grants	Interest	Other	Total
Governmental funds						
General Fund	$ 23,029	$ 44,486	$ -	$ 5,006	$ 1,989,896	$ 2,062,417
Special Revenue Funds						
Road and Bridge	-	12,317	4,233,530	-	136,306	4,382,153
Human Services	-	15,209	-	-	-	15,209
EDA	-	-	71,585	-	92,691	164,276
Solid Waste	30,755	-	-	-	-	30,755
Ditch	2,438,612	-	949,472	-	13,337	3,401,421
Debt Service Fund	-	3,769	-	283	-	4,052
Total	$ 2,492,396	$ 75,781	$ 5,254,587	$ 5,289	$ 2,232,230	$ 10,060,283
Deferred inflows of resources						
Unavailable revenue	$ 2,492,396	$ 75,781	$ 2,049,028	$ 5,289	$ 1,428,882	$ 6,051,376
Leases	-	-	-	-	803,348	803,348
Advanced allotments	-	-	3,205,559	-	-	3,205,559
Total	$ 2,492,396	$ 75,781	$ 5,254,587	$ 5,289	$ 2,232,230	$ 10,060,283

Long-Term Debt

Loans Payable

Beginning in 2003, the County entered into loan agreements with the Minnesota Pollution Control Agency for financing groundwater improvement projects. The loans are secured by special assessments placed on the individual parcels requesting repair of a failing septic system. Loan payments are reported in the General Fund.

Loans Payable as of December 31, 2023

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2023
Middle Minnesota Continuation	2024	$ 746	2.00	$ 13,469	$ 1,470
Redwood-Cottonwood River Septic Loan Program 2013	2027	4,708	2.00	84,950	21,518
Middle Minnesota Watershed SSTS Loan Project	2029	3,662	2.00	66,090	14,168
Total					$ 37,156

General Obligation Bonds

In 2016, the County issued $1,170,000 General Obligation Capital Improvement Plan Refunding Bonds, Series 2016A. Proceeds from the sale of the bonds were used to crossover refund $1,170,000 of the $3,920,000 General Obligation Capital Improvement Plan Bonds, Series 2008A. Maturities 2020 through 2024, inclusive, were called for redemption on February 1, 2019, at a price of par plus accrued interest. The County refunded the Series 2008A bonds to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of $77,764.

In 2021, the County issued $17,335,000 General Obligation Bonds, Series 2021A; $2,055,000 of the proceeds from the sale of the bonds were used to refund LEC Bonds, Series 2013A, and the Recycling Facility Bonds for both Redwood and Renville County, Series 2013A. Maturities 2023 through 2028 were called for redemption on February 1, 2022, at a price of par plus accrued interest. The County refunded the Series 2013A bonds to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of $185,200.

In 2023, the County issued $9,170,000 General Obligation Capital Improvement Plan Bonds, Series 2023A, to finance certain capital improvements within the County as authorized in the County's 2023-2027 Capital Improvement Plan. Principal payments are scheduled to begin in 2025.

Payments on bonds, other than the Recycling Facility and CSAH Bonds, are made from the Debt Service Fund. Solid waste assessments pay for Redwood County's portion of the Recycling Facility Bonds, for which payments are made from the Solid Waste Special Revenue Fund. Regular maintenance allotments pay the CSAH bonds, which are paid by the Road and Bridge Special Revenue Fund.

General Obligation Bonds as of December 31, 2023

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2023
2023 General Obligation Capital Improvement Plan Bonds, Series 2023A	2034	$600,000-$1,150,000	5.00	$ 9,170,000	$ 9,170,000
Add: Unamortized premium					842,492
Total Capital Improvement Plan Bonds					$ 10,012,492
2021 General Obligation Justice Center Bonds, Series 2021A	2042	$180,000-$695,000	2.00-5.00	9,185,000	$ 9,185,000
Add: Unamortized premium					701,025
Total Justice Center Bonds					$ 9,886,025
2021 General Obligation CSAH Bonds, Series 2021A	2037	$205,000-$520,000	2.00-5.00	6,095,000	$ 5,890,000
Add: Unamortized premium					744,541
Total CSAH Bonds					$ 6,634,541
2021 General Obligation Law Enforcement Center Refunding Bonds, Series 2021A	2028	$170,000-$245,000	5.00	1,285,000	$ 1,115,000
Add: Unamortized premium					141,511
Total Law Enforcement Center Bonds					$ 1,256,511
2021 General Obligation Recycling Facility Refunding Bonds, Series 2021A	2028	$100,000-$150,000	5.00	770,000	$ 670,000
Add: Unamortized premium					84,942
Total Recycling Facility Bonds					$ 754,942
2016 General Obligation Capital Improvement Plan Refunding Bonds, Series 2016A	2024	$225,000-$250,000	2.00	1,170,000	$ 250,000
Total General Obligation Bonds, Net					$ 28,794,511

Debt Service Requirements

Debt Service Requirements as of December 31, 2023

Year Ending	General Obligation Bonds		Loans Payable	
December 31	Principal	Interest	Principal	Interest
2024	$ 880,000	$ 946,183	$ 9,928	$ 694
2025	1,445,000	973,319	8,628	502
2026	1,660,000	895,694	8,801	328
2027	1,745,000	810,569	5,780	151
2028	1,830,000	721,194	2,666	67
2029-2033	9,780,000	2,226,869	1,353	14
2034-2038	6,240,000	557,868	-	-
2039-2042	2,700,000	119,171	-	-
Total	$ 26,280,000	$ 7,250,867	$ 37,156	$ 1,756

Leases

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

Future Minimum Lease Obligations and Present Value of Minimum Lease Payments as of December 31, 2023

Year Ending December 31	Principal	Interest
2024	$ 54,421	$ 3,149
2025	11,965	2,291
2026	11,333	1,623
2027	9,620	940
2028	3,985	259
Total governmental activities lease payments	$ 91,324	$ 8,262

Software Subscriptions

The County has entered into various agreements to finance software subscriptions. Software subscriptions range from three to five years and have been recorded at the present value of their future minimum payments as of the inception date. Software subscription payments are paid by the General Fund and the Road and Bridge Special Revenue Fund.

Future Minimum Software Subscription Obligations and Present Value of Minimum Software Subscription Payments as of December 31, 2023

Year Ending December 31	Principal	Interest
2024	$ 18,131	$ 25
2025	15,801	18
2026	5,949	9
2027	5,388	-
2028	1,796	-
Total governmental activities software subscription payments	$ 47,065	$ 52

Changes in Long-Term Liabilities

Changes in Long-Term Liabilities for the Year Ended December 31, 2023

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds					
Series 2023A Capital Improvement Plan	$ -	$ 9,170,000	$ -	$ 9,170,000	$ -
Series 2021A Justice Center	9,185,000	-	-	9,185,000	-
Series 2021A CSAH	6,095,000	-	205,000	5,890,000	310,000
Series 2021A LEC Refunding	1,285,000	-	170,000	1,115,000	200,000
Series 2021A Recycling Refunding	770,000	-	100,000	670,000	120,000
Series 2016A Crossover Refunding	490,000	-	240,000	250,000	250,000
Add: Unamortized premiums	1,812,957	919,082	217,528	2,514,511	-
Total bonds payable	$ 19,637,957	$ 10,089,082	$ 932,528	$ 28,794,511	$ 880,000
Clean water loans payable	46,888	-	9,732	37,156	9,928
Compensated absences	775,455	669,478	649,201	795,732	189,146
Leases	180,678	23,652	113,006	91,324	54,421
Software subscription liability	-	65,168	18,103	47,065	18,131
Total Long-Term Liabilities	$ 20,640,978	$ 10,847,380	$ 1,722,570	$ 29,765,788	$ 1,151,626

Fund Balances

At year-end, the County has fund balance in the following classifications.

Fund Balance Classifications as of December 31, 2023

		Special Revenue						
	General	Road and Bridge	Human Services	EDA	Solid Waste	Ditch	Debt Service	Total
Nonspendable								
Inventories	$ -	$ 191,834	$ -	$ -	$ -	$ -	$ -	$ 191,834
Missing heirs	450	-	-	-	-	-	-	450
Prepaid items	26,471	18,692	-	350	-	210	-	45,723
Total nonspendable	$ 26,921	$ 210,526	$ -	$ 350	$ -	$ 210	$ -	$ 238,007
Restricted								
Affordable housing aid	$ -	$ -	$ -	$ 91,063	$ -	$ -	$ -	$ 91,063
Attorney's forfeited property	47,049	-	-	-	-	-	-	47,049
Broadband grant study	-	-	-	1,421	-	-	-	1,421
Combating Sexual Exploitation of Youth	1,200	-	-	-	-	-	-	1,200
County road projects (local sales tax and wheelage tax)	-	235,559	-	-	-	-	-	235,559
County highway construction	-	4,972,157	-	-	-	-	-	4,972,157
Debt service	-	-	-	-	-	-	879,283	879,283
Ditch maintenance, repair, and other	-	-	-	-	-	2,385,206	-	2,385,206
Enhanced 911	416,246	-	-	-	-	-	-	416,246
Gun permit fees	41,599	-	-	-	-	-	-	41,599
Highway allotments	-	710,397	-	-	-	-	-	710,397
Homeless prevention aid	32,249	-	-	-	-	-	-	32,249
Invasive species	46,832	-	-	-	-	-	-	46,832
Law library	94,402	-	-	-	-	-	-	94,402
Public safety aid	312,947	-	-	-	-	-	-	312,947
Recorder's compliance	114,722	-	-	-	-	-	-	114,722
Recorder's technology fund	113,413	-	-	-	-	-	-	113,413
Buffer administration	336,426	-	-	-	-	-	-	336,426
Septic system grant	24,016	-	-	-	-	-	-	24,016
Septic/sewer loans	14,127	-	-	-	-	-	-	14,127
Sheriff's contingency	11,693	-	-	-	-	-	-	11,693
Sheriff's contributions	4,662	-	-	-	-	-	-	4,662
Sheriff's DWI	2,870	-	-	-	-	-	-	2,870
Sheriff's forfeited property	26,830	-	-	-	-	-	-	26,830
Victim assistance	17,275	-	-	-	-	-	-	17,275
Waste to energy	-	-	-	-	45,000	-	-	45,000
Total restricted	$ 1,658,558	$ 5,918,113	$ -	$ 92,484	$ 45,000	$ 2,385,206	$ 879,283	$ 10,978,644
Committed								
Outstanding contracts	$ 18,448	$ 600,821	$ -	$ 27,849	$ -	$ -	$ -	$ 647,118
RCEDA revolving loan 2008	-	-	-	184,115	-	-	-	184,115
Retiree health insurance	1,838	-	-	-	-	-	-	1,838
County septic system revolving loan	67,727	-	-	-	-	-	-	67,727
Sheriff canteen	66,616	-	-	-	-	-	-	66,616
WESCAP Valley Area Transit	19,500	-	-	-	-	-	-	19,500
Total committed	$ 174,129	$ 600,821	$ -	$ 211,964	$ -	$ -	$ -	$ 986,914

Fund Balance Classifications as of December 31, 2023

		Special Revenue						
	General	Road and Bridge	Human Services	EDA	Solid Waste	Ditch	Debt Service	Total
Assigned								
Assessor tax court	$ 29,956	$ -	$ -	$ -	$ -	$ -	$ -	$ 29,956
Attorney driving diversion program	247	-	-	-	-	-	-	247
Broadband	-	-	-	16,208	-	-	-	16,208
Building projects	3,196,018	-	-	-	-	-	-	3,196,018
Computer miscellaneous	30,000	-	-	-	-	-	-	30,000
Computer voice-over IP (VOIP)	92,329	-	-	-	-	-	-	92,329
Courthouse car	30,000	-	-	-	-	-	-	30,000
Countywide housing study	-	-	-	35,000	-	-	-	35,000
EDA	-	-	-	5,216	-	-	-	5,216
EDA development grant program	-	-	-	2,919	-	-	-	2,919
Election	273,070	-	-	-	-	-	-	273,070
Forfeited tax	168,896	-	-	-	-	-	-	168,896
Grand jury	74,787	-	-	-	-	-	-	74,787
Highways and streets	-	2,023,711	-	-	-	-	-	2,023,711
Law enforcement dog fund	791	-	-	-	-	-	-	791
Maintenance equipment	21,430	-	-	-	-	-	-	21,430
Park equipment	3,384	-	-	-	-	-	-	3,384
Public health	112,669	-	-	-	-	-	-	112,669
Sheriff records system	50,000	-	-	-	-	-	-	50,000
Sheriff vehicle	59,947	-	-	-	-	-	-	59,947
Solid waste	-	-	-	-	40,776	-	-	40,776
Staff development	4,406	-	-	-	-	-	-	4,406
Veterans service office van purchase	24,202	-	-	-	-	-	-	24,202
Water quality loans	978,473	-	-	-	-	-	-	978,473
Workers' compensation/ property casualty insurance	352,641	-	-	-	-	-	-	352,641
Total assigned	$ 5,503,246	$ 2,023,711	$ -	$ 59,343	$ 40,776	$ -	$ -	$ 7,627,076
Unassigned	$ 9,893,853	$ -	$ -	$ -	$ -	$ (2,279,783)	$ -	$ 7,614,070
Total Fund Balances	$ 17,256,707	$ 8,753,171	$ -	$ 364,141	$ 85,776	$ 105,633	$ 879,283	$ 27,444,711

Other Postemployment Benefits (OPEB)

Plan Description

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

Redwood County pays the health insurance for qualified retired employees and elected officials. Employees who retire between age 55 and 65 with 25 years of public service, and with at least ten years of service with Redwood County, qualify for health insurance benefits. Elected officials qualify if they serve a minimum of two years as an elected Redwood County official. The elected official and his or her surviving spouse and dependents will receive one year of paid or partially paid medical insurance for every two years of service to Redwood County. Additional years, not a multiple of two, are prorated. A maximum of six years of paid insurance is available to elected officials. Elected officials taking office on or before January 4, 2011, qualify for health insurance benefits when retiring between age 55 and 65, with at least ten years of service with Redwood County.

The County also provides health insurance benefits for eligible retired employees and their dependents 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

The amount paid by the County will not exceed the amount that the County contributes to employees pursuant to policy 6.16, as may be amended from time to time by the County Board. For retired employees, the County rates are based on the County's group health policy rates in effect at the time of retirement and are a fixed amount until discontinued at age 65 and after a maximum of six years for elected officials.

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

Employees Covered by the OPEB Benefit Terms
As of the December 31, 2022, Actuarial Valuation (most current information)

Active plan participants	104
Inactive employees or beneficiaries currently receiving benefit payments	10
Total	114

Total OPEB Liability

The County's total OPEB liability of $1,100,669 was measured as of December 31, 2023, and was determined by an actuarial valuation as of December 31, 2023, using an actuarial valuation date of January 1, 2023. The OPEB liability is liquidated through the General Fund and other governmental funds that have personal services.

The total OPEB liability in the fiscal year-end December 31, 2023, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

OPEB Actuarial Assumptions and Other Inputs

Actuarial cost method	Entry Age Normal Percent of Salary
Inflation	2.25 percent
Salary increases	Follow most recent PERA of Minnesota Actuarial Valuations
Health care cost trend	8.0 percent, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent

The current year discount rate is 4.00 percent. The discount rate was selected from a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates are based on SOA Pub-2010 General Headcount Weighted Mortality Table, SOA Pub-2010 Public Safety Headcount Weighted Mortality Table, on SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.

The actuarial assumptions are currently based on a combination of historical information and the most recent actuarial valuation for PERA as of July 1, 2021.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability
For the Year Ended December 31, 2023

Total OPEB liability, balance at December 31, 2022	$	842,302
Changes for the year		
Service cost	$	61,228
Interest		37,434
Differences between expected and actual experience		165,027
Changes in assumptions		65,412
Benefit payments		(70,734)
Net change	$	258,367
Total OPEB liability, balance at December 31, 2023	$	1,100,669

OPEB Liability Sensitivity

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

Sensitivity of the Total OPEB Liability to Changes
In the Discount Rate as of December 31, 2023

	Discount Rate	Total OPEB Liability	
1% Decrease	3.00%	$	1,164,361
Current	4.00%		1,100,669
1% Increase	5.00%		1,038,826

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

Sensitivity of the Total OPEB Liability to Changes
In the Health Care Trend Rates as of December 31, 2023

	Health Care Trend Rates	Total OPEB Liability	
1% Decrease	7.00% Decreasing to 3.50%	$	998,252
Current	8.00% Decreasing to 4.50%		1,100,669
1% Increase	9.00% Decreasing to 5.50%		1,218,355

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

For the year ended December 31, 2023, the County recognized OPEB expense of $153,020.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB as of December 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience of the plan	$ 239,088	$ 67,066
Changes in actuarial assumptions	105,471	56,384
Total	$ 344,559	$ 123,450

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Schedule of Amortization of Deferred Outflows And Inflows of Resources Related to OPEB As of December 31, 2023

Year Ended December 31	OPEB Expense Amount
2024	$ 54,356
2025	55,326
2026	17,317
2027	21,398
2028	15,100
Thereafter	57,612

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2023:

- The discount rate used changed from 4.31 percent to 4.00 percent.
- Health care trend rates have been revised to an initial rate of 8.00 percent for 2023, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent.

Pension Plans

Defined Benefit Pension Plans

Plan Description

All full-time and certain part-time employees of Redwood 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 Redwood County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

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

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

Benefits Provided

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

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost-of-living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and a maximum of 1.50 percent. 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. If the Correctional Plan's funding status declines to 85 percent or below for two consecutive years, or 80 percent for one year, the maximum will be lowered from 2.50 percent to 1.50 percent. If on January 1, after the year of the 1.50 percent increase, the funding level increases above the

applicable 85 percent or 80 percent funding status, the increase returns to 2.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

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

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 are available for vested members and are based on years of service and average high-five salary.

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 2022.

Member and Employer Required Contribution Rates

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

Employer Contributions for the Year Ended December 31, 2023

General Employees Plan	$ 400,814
Police and Fire Plan	198,346
Correctional Plan	83,678

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

Pension Costs

General Employees Plan

At December 31, 2023, the County reported a liability of $3,651,503 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the County's proportion was 0.0671 percent. It was 0.0659 percent measured as of June 30, 2022. The County recognized pension expense of $493,380 for its proportionate share of the General Employees Plan's pension expense.

Legislation requires the State of Minnesota to contribute $16 million to the General Employees Plan annually until September 15, 2031. The County recognized an additional $452 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, 2023

The County's proportionate share of the net pension liability	$	3,651,503
State of Minnesota's proportionate share of the net pension liability associated with the County		100,659
Total	$	3,752,162

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, 2023

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual economic experience	$	119,388	$	25,463
Changes in actuarial assumptions		597,647		1,000,846
Difference between projected and actual investment earnings		-		180,940
Changes in proportion		108,752		42,704
Contributions paid to PERA subsequent to the measurement date		199,693		-
Total	$	1,025,480	$	1,249,953

The $199,693 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

General Employees Plan
Schedule of Amortization of
Deferred Outflows and Inflows of Resources
As of December 31, 2023

Year Ended December 31	Pension Expense Amount
2024	$ 116,635
2025	(562,007)
2026	100,420
2027	(79,214)

Police and Fire Plan

At December 31, 2023, the County reported a liability of $1,448,844 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the County's proportion was 0.0839 percent. It was 0.0944 percent measured as of June 30, 2022. The County recognized pension expense of $422,294 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed $18 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2023. The contribution consisted of $9 million in direct state aid that meets the definition of a special funding situation and $9 million in supplemental state aid that does not meet the definition of a special funding situation.

Legislation requires the State of Minnesota to pay direct state aid of $9 million on October 1 each year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional ($3,516) as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

Police and Fire Plan
Employer's Share of the Net Pension Liability and the State's Related Liability
As of December 31, 2023

The County's proportionate share of the net pension liability	$ 1,448,844
State of Minnesota's proportionate share of the net pension liability associated with the County	58,374
Total	$ 1,507,218

Legislation also requires the State of Minnesota to contribute $9 million to the Police and Fire Plan each year, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized $7,551 as revenue, which results in a reduction of the net pension liability, for its

proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan.

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, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 409,646	$ -
Changes in actuarial assumptions	1,788,891	2,037,121
Difference between projected and actual investment earnings	57,160	-
Changes in proportion	81,079	419,361
Contributions paid to PERA subsequent to the measurement date	100,515	-
Total	$ 2,437,291	$ 2,456,482

The $100,515 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, 2024. 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, 2023

Year Ended December 31	Pension Expense Amount
2024	$ 68,793
2025	18,821
2026	343,805
2027	(115,504)
2028	(435,621)

Correctional Plan

At December 31, 2023, the County reported a liability of $168,343 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the County's proportion was 0.3724 percent. It was 0.3763 percent measured as of June 30, 2022. The County recognized pension expense of $138,108 for its proportionate share of the Correctional Plan's pension expense.

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, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 64,839	$ 14,696
Changes in actuarial assumptions	396,396	768,004
Difference between projected and actual investment earnings	-	4,540
Changes in proportion	529	10,022
Contributions paid to PERA subsequent to the measurement date	44,231	-
Total	$ 505,995	$ 797,262

The $44,231 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, 2024. 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, 2023

Year Ended December 31	Pension Expense Amount
2024	$ (1,401)
2025	(399,053)
2026	82,721
2027	(17,765)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2023, was $1,053,782.

Actuarial Assumptions

The total pension liability in the June 30, 2023, 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, 2023

	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, 2023, 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%

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent in 2023. This was an increase from the 6.50 percent, 5.40 percent, and 5.42 percent used in 2022 for the General Employees Plan, the Police and Fire Plan, and the Correctional Plan, respectively. 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 2023:

General Employees Plan

- 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.

Police and Fire Plan

- 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.

Correctional Plan

- 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.

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, 2023

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.00%	$ 6,459,802	6.00%	$ 2,874,679	6.00%	$ 887,358
Current	7.00%	3,651,503	7.00%	1,448,844	7.00%	168,343
1% Increase	8.00%	1,341,570	8.00%	276,617	8.00%	(405,339)

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

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

Total Contributions by Dollar Amount and Percentage of Covered Payroll Made by the Employer For the Year Ended December 31, 2023

	Employee	Employer
Contribution amount	$ 5,807	$ 5,807
Percentage of covered payroll	5.00%	5.00%

Special Item

On October 16, 2018, the Redwood County Board approved a buy-in of $389,886 to join PrimeWest Health, a

County-owned health plan, effective January 1, 2023. PrimeWest Health was created with the goal of simplifying access to health care for Medicare and Medical Assistance recipients in the 24-county region.

Note 4 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and 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, other than pertaining to health insurance, 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 2023 and 2024. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

On October 15, 2013, Redwood County entered into a joint powers agreement with three local counties (Lyon, Murray, and Swift) and Southwest Health and Human Services to form the Minnesota Public Sector Collaborative to self-insure health insurance as of January 1, 2014. Benton County joined as of January 1, 2018, and Chippewa County joined as of January 1, 2020. Premiums are withheld from employees and transferred into an internal service fund. Claims are managed and paid by a third party, and the County will be billed weekly, in aggregate, for claims incurred.

The County established a limited risk management program for health coverage in 2014. Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The County has retained risk up to a $60,000 stop-loss per person insured (employee and eligible dependent) per year with an aggregate stop loss of 125 percent of the estimated monthly covered benefits. Liabilities of the Internal Service Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The December 31, 2023, liability is determined based on detailed reports received by the County from the third-party administrator for claims incurred, adjusted, and paid through March 31, 2024.

Changes in Claims Liabilities
For the Years Ended December 31, 2022, and 2023

	2022	2023
Unpaid claims, January 1	$ 95,897	$ 121,629
Incurred claims	1,709,063	2,025,575
Claims payments	(1,683,331)	(1,893,528)
Unpaid Claims, December 31	$ 121,629	$ 253,676

Note 5 – Summary of Significant Contingencies and Other Items

Contingent Liabilities

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

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

Lincoln-Pipestone Rural Water System

At December 31, 2022, the most recent information available, the Lincoln-Pipestone Rural Water System had $31,842,000 of general obligation bonds and other loans outstanding through 2059. The bonds were issued by some of the participating counties in the Rural Water System to finance the construction of water system expansions and improvements.

The debt is paid by the Lincoln-Pipestone Rural Water System from special assessments levied against property specifically benefited by the applicable expansion, extension, or enlargement of the system and from the net revenues from time to time received in excess of the current costs of operating and maintaining the system. The bonds are general obligations of the issuing counties for which their full faith, credit, and taxing powers are pledged. The participating counties (Jackson, Lac qui Parle, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock, and Yellow Medicine) have adopted Board resolutions and have signed joint powers agreements to define their liability for a proportional share of the debt should the issuing counties make any debt service payments. In such a situation, each of the other counties will promptly reimburse the paying counties in proportion to the percentage of Lincoln-Pipestone Rural Water System customers located in such county, in accordance with Minn. Stat. § 116A.24, subd. 3. The outstanding bonds are reported as liabilities in the annual financial statements of the Lincoln-Pipestone Rural Water System and are not reported as liabilities in the financial statements of any of the ten participating counties. The participating counties disclose a contingent liability due to the guarantee of indebtedness.

Joint Ventures

Redwood County has an ongoing financial interest or responsibility in the following joint ventures:

Lincoln-Pipestone Rural Water System

Redwood County, along with Jackson, Lac qui Parle, Lincoln, Lyon, Murray, Nobles, Pipestone, Rock, and Yellow Medicine Counties, jointly established the Lincoln-Pipestone Rural Water System pursuant to Minn. Stat. ch. 116A. The Rural Water System is responsible for storing, treating, and distributing water for domestic, commercial, and industrial use within the area it serves. The cost of providing these services is recovered through user charges.

The Lincoln-Pipestone Rural Water System is governed by a Board appointed by the District Court. The Rural Water System's Board is solely responsible for the budgeting and financing of the Rural Water System.

Bonds were issued by Lincoln, Nobles, and Yellow Medicine Counties to finance the construction of the Rural Water System. Costs assessed to municipalities and special assessments levied against benefited properties pay approximately 85 percent of the amount necessary to retire principal and interest on the bonds. The remainder of the funds necessary to retire the outstanding bonds and interest will be provided by appropriations from the Lincoln-Pipestone Rural Water System. Outstanding obligations at December 31, 2022, the most recent information available, were $31,842,000.

Complete financial statements of the Lincoln-Pipestone Rural Water System can be obtained at 415 East Benton Street, PO Box 188, Lake Benton, Minnesota 56149-0188.

Red Rock Rural Water System

The Red Rock Rural Water System was established pursuant to Minn. Stat. ch. 116A, through a joint powers agreement pursuant to Minn. Stat. § 471.59, and under the jurisdiction of the Fifth Judicial District. Brown, Cottonwood, Jackson, Lyon, Martin, Murray, Nobles, Redwood, and Watonwan Counties have agreed to guarantee their shares of debt arising within each respective county. The Red Rock Rural Water System provides water for participating rural water users and cities within the water district. The cost of providing these services is recovered through user charges.

The governing body is composed of nine members appointed to three-year terms by the District Court. Each county is responsible for levying and collecting the special assessments from the benefited properties within the county. The bond issue and notes payable are shown as long-term debt in the financial statements of the Red Rock Rural Water System.

Complete financial statements can be obtained from the Red Rock Rural Water System, 305 West Whited Street, Jeffers, Minnesota 56145.

Redwood/Renville Regional Solid Waste Authority

The Redwood/Renville Regional Solid Waste Authority (RRRSWA) joint powers agreement was established by an agreement between Redwood County and Renville County under the authority of Minn. Stat. § 471.59. The agreement was made to facilitate development and operation of an integrated solid waste management system to serve the counties and to provide for a separate, free-standing public entity. The governing board is composed of seven members. Three members are appointed by the Redwood County Board of Commissioners, three members are appointed by the Renville County Board of Commissioners, and one at-large member is jointly appointed by the two counties.

In June 2013, Redwood and Renville Counties each loaned the RRRSWA $1,000,000, with a 2.0 percent interest rate, having only interest paid in the first three years of operation. In March 2017, Redwood and Renville Counties approved to not charge interest on the loans as of January 1, 2017. These loans are expected to start being paid back to the counties in 2028, after the bonded debt is paid in full.

In August 2013, Redwood County issued $2,040,000 General Obligation Recycling Facility Bonds, Series 2013A, which were paid to the RRRSWA. In 2021, General Obligation Recycling Facility Refunding Bonds, Series 2021A were issued in the amount of $770,000 to refund the Series 2013A. Renville County pays Redwood County for its share of the principal and interest payments on the general obligation bonds. Redwood County's portion of the bonds is paid from solid waste assessments.

Renville County is the fiscal host and includes the RRRSWA as a fiduciary fund in its financial statements.

Complete financial statements of the Redwood/Renville Regional Solid Waste Authority can be obtained from the fiscal agent, Renville County Administrator's Office, Renville County Government Services Center, 105 Fifth Street, Suite 315, Olivia, Minnesota 56277.

Southwest Health and Human Services

Southwest Health and Human Services (SWHHS) was formed pursuant to Minn. Stat. ch. 145A and §§ 471.59 and 393.01, subd. 7, by Lincoln, Lyon, Murray, and Pipestone Counties. SWHHS began official operation on January 1, 2011, and performs human service and public health functions. Funding is provided by the member counties based on consideration of, (1) population based on the most recent national census, (2) tax capacity, and (3) the most recent three-year average Social Services Expenditure and Grant Reconciliation Report (SEAGR), each factor to be weighted equally.

Rock County's health and human services functions were assumed by SWHHS as of January 1, 2012. Redwood County's health and human services functions and Pipestone County's human services function joined SWHHS as of January 1, 2013.

SWHHS is governed by the:

- Joint Health and Human Services Board ("Joint Board") – responsible for financial, personnel, budget, and general administration of the agency, and is made up of one County Commissioner (or alternate) from each county serving on the Community Health Board and one County Commissioner (or alternate) serving on the Human Services Board;

- Human Services Board – responsible for duties set forth in Minn. Stat. ch. 393 and made up of two County Commissioners appointed annually and one layperson to be appointed consistent with the requirement of the Commissioner of Human Services; and

- Community Health Board – responsible for all duties set forth in Minn. Stat. ch. 145A and made up of one County Commissioner and one alternate from each member county, unless such county has a population in excess of twice that of any other member county, in which case, it shall have two Commissioners and two alternates.

Financing is provided by state and federal grants and appropriations from member counties. Redwood County's contribution in 2023 for the human services function was $3,006,196, and its contribution to the health services

function was $219,806.

Complete financial statements of Southwest Health and Human Services can be obtained at 607 West Main, Marshall, Minnesota 56258.

Advocate, Connect, Educate (A.C.E.) of Southwest Minnesota

Redwood County, in conjunction with Cottonwood, Lincoln, Lyon, Murray, Nobles, and Rock Counties and the Southwest Regional Development Commission, pursuant to Minn. Stat. § 471.59, have formed an agreement to coordinate the delivery of volunteer services to nonprofit community service entities and local units of government meeting the guidelines for receiving volunteer services under the authority of the counties. The entity known as the Retired and Senior Volunteer Program of Southwest Minnesota (RSVP of Southwest Minnesota) changed its name to A.C.E. of Southwest Minnesota as of January 1, 2014. The Board comprises one voting member from each participating county and one voting member of the A.C.E. of Southwest Minnesota Advisory Council. In 2023, Redwood County made contributions of $35,678 to A.C.E. of Southwest Minnesota.

Brown-Lyon-Redwood-Renville Gang and Drug Task Force

The Brown-Lyon-Redwood-Renville Gang and Drug Task Force was established between Brown, Lyon, Redwood, and Renville Counties and the Cities of Marshall, New Ulm, and Redwood Falls, pursuant to Minn. Stat. § 471.59. The Task Force was established to create a cooperative law enforcement effort that provides drug enforcement services for member organizations.

The Task Force is governed by an Advisory Board consisting of one appointed member from each party to the agreement. Financing is provided through contributions of the participating counties, grants, and forfeitures. During 2023, Redwood County paid $63,928 to the Task Force.

Fiscal agent responsibilities for the Task Force are with the City of New Ulm. The Task Force is reported as a fiduciary fund in the City of New Ulm's financial statements.

Plum Creek Library System

Redwood County, along with 19 cities and eight other counties, participates in the Plum Creek Library System. The Plum Creek Library System was created as a public library service on May 29, 1974, by the act of contracting with various public libraries in its region to provide expanded library service, with the additional purpose of furthering the public interest by providing the potential for extending public library services into areas without such services. The Plum Creek Library System is governed by a board of trustees which consists of two representatives from each county. One is appointed by the County Commissioners, and the second from the board of the participating libraries. During 2023, Redwood County provided $109,323 to the Plum Creek Library System.

Complete financial statements of the Plum Creek Library System can be obtained at 290 South Lake Street, PO Box 697, Worthington, Minnesota 56187.

Counties Providing Technology

Counties Providing Technology (CPT) was established in 2018, under the authority conferred upon by member parties by Minn. Stat. § 471.59, for the purpose of purchasing the former software vendor, Computer Professionals Unlimited, Inc., (CPUI) and to provide for the development, operation, and maintenance of

technology applications and systems. Redwood County and 23 other counties are members of CPT. Each member county provided an initial contribution to start up CPT and provide funds for the purchase of CPUI. CPT purchased CPUI in September 2018 for a purchase price of $3,600,000. In March 2022, Pope County made a contribution to join CPT.

Control is vested in the CPT Board, which consists of one individual appointed by each member county's Board of Commissioners. The joint powers agreement provides that initial operating capital contributed by each member is to be repaid from any excess in fund balance at the end of the fiscal year, in proportion to the initial contribution. Once the initial contribution is repaid, there is no remaining equity interest for the member counties.

Financing is primarily from county member contributions. During 2023, Redwood County did not provide any contributions to CPT.

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

PrimeWest Health

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

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

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

Financing is provided by Medical Assistance and General Assistance Medical Care payments from the Minnesota Department of Human Services, initial start-up loans from the member counties, and by proportional contributions from member counties, if necessary, to cover operational costs. Redwood County did contribute $389,886 to PrimeWest Health during 2023. Complete financial information can be obtained from its administrative office at PrimeWest Health, 3905 Dakota Street, Suite 101, Alexandria, Minnesota 56308.

Jointly-Governed Organizations

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

Area II Minnesota River Basin Project

The Area II Minnesota River Basin Project provides cost-share and technical assistance for the implementation of flood reduction measures to the area between the Cities of Ortonville and Mankato. During the year, Redwood County contributed $12,123 to the Project.

Redwood-Cottonwood Rivers Control Area

The Redwood-Cottonwood Rivers Control Area (RCRCA) works to improve water quality, reduce erosion, and enhance recreational opportunities by providing education, outreach, monitoring, and technical assistance within the boundaries of the watersheds of the Redwood and Cottonwood Rivers for the participating counties. The RCRCA consists of Brown, Cottonwood, Lincoln, Lyon, Murray, Pipestone, Redwood, and Yellow Medicine Counties. During 2023, Redwood County contributed $26,480 to the RCRCA.

Note 6 – Subsequent Event

In 2024, Lyon County issued General Obligation Drainage Bonds, Series 2024A, on Joint Ditch 15 with Redwood County. Redwood County landowners are responsible for the $405,000 that will be collected by Redwood County through special assessments and paid to Lyon County for repayment on the bond. A note payable was signed with amounts owed through 2039.

Required Supplementary Information

Redwood County
Redwood Falls, Minnesota

Exhibit A-1

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Property taxes	$ 8,733,033	$ 8,618,185	$ 8,628,898	$ 10,713
Other taxes	15,000	15,000	17,682	2,682
Special assessments	10,329	10,329	58,507	48,178
Licenses and permits	62,720	62,720	54,653	(8,067)
Intergovernmental	2,738,582	2,735,097	4,151,690	1,416,593
Charges for services	807,580	807,580	836,259	28,679
Gifts and contributions	-	-	14,200	14,200
Investment earnings	57,045	53,100	1,070,224	1,017,124
Miscellaneous	403,994	403,994	454,112	50,118
Total Revenues	**$ 12,828,283**	**$ 12,706,005**	**$ 15,286,225**	**$ 2,580,220**
Expenditures				
Current				
General government				
Commissioners	$ 262,582	$ 262,582	$ 248,852	$ 13,730
Law library	8,500	8,500	30,613	(22,113)
County administration	489,848	489,848	495,470	(5,622)
Administrator	443,426	443,426	426,577	16,849
Auditor-Treasurer	462,225	462,225	434,907	27,318
License center	206,200	206,200	200,186	6,014
Assessor	535,928	535,928	554,700	(18,772)
Elections	66,200	66,200	54,280	11,920
Computer	499,198	499,198	415,095	84,103
Attorney	954,515	954,515	971,000	(16,485)
Recorder	340,447	340,447	325,419	15,028
Buildings and plant	709,283	709,283	783,098	(73,815)
Veterans service officer	163,168	163,168	138,166	25,002
Other general government	-	-	5,045	(5,045)
Total general government	**$ 5,141,520**	**$ 5,141,520**	**$ 5,083,408**	**$ 58,112**
Public safety				
Sheriff	$ 4,413,048	$ 4,413,048	$ 4,303,168	$ 109,880
Coroner	23,000	23,000	22,544	456
E-911 system	73,000	73,000	184,208	(111,208)
Probation and parole	308,047	308,047	368,470	(60,423)
Restorative justice	98,685	98,685	88,973	9,712
Sentencing to Service	88,728	88,728	81,495	7,233
Emergency management	104,108	104,108	137,231	(33,123)
Other public safety	15,000	15,000	41,456	(26,456)
Total public safety	**$ 5,123,616**	**$ 5,123,616**	**$ 5,227,545**	**$ (103,929)**

The notes to the required supplementary information are an integral part of this schedule.

Redwood County
Redwood Falls, Minnesota

Exhibit A-1
(Continued)

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Culture and recreation				
Museum	$ 3,900	$ 3,900	$ 2,717	$ 1,183
Parks	199,833	199,833	185,408	14,425
Minnesota trails	95,633	95,633	93,353	2,280
Other culture and recreation	87,500	87,500	87,100	400
Total culture and recreation	**$ 386,866**	**$ 386,866**	**$ 368,578**	**$ 18,288**
Conservation of natural resources				
Extension	$ 152,565	$ 152,565	$ 117,576	$ 34,989
Agricultural inspection	343,103	343,103	444,292	(101,189)
Soil and water conservation	541,989	541,989	586,428	(44,439)
Water quality loan program	-	-	79,579	(79,579)
Other conservation of natural resources	41,104	41,104	41,103	1
Total conservation of natural resources	**$ 1,078,761**	**$ 1,078,761**	**$ 1,268,978**	**$ (190,217)**
Economic development				
Other economic development	**$ 147,871**	**$ 10,564**	**$ 10,563**	**$ 1**
Intergovernmental				
Health	$ 228,841	$ 228,841	$ 219,806	$ 9,035
Library	109,323	109,323	109,323	-
Total intergovernmental	**$ 338,164**	**$ 338,164**	**$ 329,129**	**$ 9,035**
Debt service				
Principal	$ 9,733	$ 9,733	$ 129,182	$ (119,449)
Interest	889	889	4,241	(3,352)
Total debt service	**$ 10,622**	**$ 10,622**	**$ 133,423**	**$ (122,801)**
Total Expenditures	**$ 12,227,420**	**$ 12,090,113**	**$ 12,421,624**	**$ (331,511)**

The notes to the required supplementary information are an integral part of this schedule.

Redwood County
Redwood Falls, Minnesota

Exhibit A-1
(Continued)

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Excess of Revenues Over (Under) Expenditures	**$ 600,863**	**$ 615,892**	**$ 2,864,601**	**$ 2,248,709**
Other Financing Sources (Uses)				
Leases issued	$ -	$ -	$ 23,652	$ 23,652
Software subscriptions issued	-	-	37,156	37,156
Transfers in	1,000	1,000	1,680,942	1,679,942
Transfers out	(704,000)	(704,000)	(1,650,005)	(946,005)
Proceeds from sale of capital assets	-	-	10,314	10,314
Total Other Financing Sources (Uses)	**$ (703,000)**	**$ (703,000)**	**$ 102,059**	**$ 805,059**
Special Item (Note 3)				
PrimeWest Health buy-in	**$ (389,886)**	**$ (389,886)**	**$ (389,886)**	**$ -**
Net Change in Fund Balance	**$ (492,023)**	**$ (476,994)**	**$ 2,576,774**	**$ 3,053,768**
Fund Balance – January 1, as restated (Note 1)	**14,679,933**	**14,679,933**	**14,679,933**	**-**
Fund Balance – December 31	**$ 14,187,910**	**$ 14,202,939**	**$ 17,256,707**	**$ 3,053,768**

The notes to the required supplementary information are an integral part of this schedule.

Redwood County
Redwood Falls, Minnesota

Exhibit A-2

Budgetary Comparison Schedule
Road and Bridge Special Revenue Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Property taxes	$ 2,591,004	$ 2,591,004	$ 2,573,840	$ (17,164)
Other taxes	1,336,000	1,336,000	1,623,207	287,207
Licenses and permits	19,300	19,300	24,800	5,500
Intergovernmental	19,151,648	19,151,648	11,497,602	(7,654,046)
Charges for services	6,000	6,000	12,089	6,089
Investment earnings	-	-	386,141	386,141
Miscellaneous	150,050	150,050	169,079	19,029
Total Revenues	**$ 23,254,002**	**$ 23,254,002**	**$ 16,286,758**	**$ (6,967,244)**
Expenditures				
Current				
Highways and streets				
Administration	$ 618,377	$ 618,377	$ 627,502	$ (9,125)
Maintenance	3,624,566	3,624,566	3,695,962	(71,396)
Construction	22,765,407	22,765,407	16,316,805	6,448,602
Equipment and maintenance shops	1,288,048	1,288,048	1,095,614	192,434
Total highways and streets	**$ 28,296,398**	**$ 28,296,398**	**$ 21,735,883**	**$ 6,560,515**
Intergovernmental				
Highways and streets	**$ 908,338**	**$ 908,338**	**$ 642,735**	**$ 265,603**
Debt service				
Principal	$ -	$ -	$ 216,659	$ (216,659)
Interest	225,275	225,275	225,301	(26)
Administrative (fiscal) charges	-	-	820	(820)
Bond issuance costs	-	-	84,645	(84,645)
Total debt service	**$ 225,275**	**$ 225,275**	**$ 527,425**	**$ (302,150)**
Total Expenditures	**$ 29,430,011**	**$ 29,430,011**	**$ 22,906,043**	**$ 6,523,968**
Excess of Revenues Over (Under) Expenditures	**$ (6,176,009)**	**$ (6,176,009)**	**$ (6,619,285)**	**$ (443,276)**
Other Financing Sources (Uses)				
Software subscriptions issued	$ -	$ -	$ 28,012	$ 28,012
Transfers in	704,000	704,000	704,000	-
Proceeds from sale of bonds	-	-	9,170,000	9,170,000
Premium on bonds issued	-	-	919,082	919,082
Proceeds from sale of capital assets	35,000	35,000	3,092	(31,908)
Total Other Financing Sources (Uses)	**$ 739,000**	**$ 739,000**	**$ 10,824,186**	**$ 10,085,186**
Net Change in Fund Balance	**$ (5,437,009)**	**$ (5,437,009)**	**$ 4,204,901**	**$ 9,641,910**
Fund Balance – January 1	**4,527,267**	**4,527,267**	**4,527,267**	**-**
Increase (decrease) in inventories	**-**	**-**	**21,003**	**21,003**
Fund Balance – December 31	**$ (909,742)**	**$ (909,742)**	**$ 8,753,171**	**$ 9,662,913**

The notes to the required supplementary information are an integral part of this schedule.

Redwood County
Redwood Falls, Minnesota

Exhibit A-3

Budgetary Comparison Schedule
Human Services Special Revenue Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Property taxes	$ 2,946,847	$ 2,946,847	$ 2,945,852	$ (995)
Intergovernmental	171,718	171,718	135,196	(36,522)
Settlements	20,152	20,152	30,282	10,130
Miscellaneous	-	-	442	442
Total Revenues	**$ 3,138,717**	**$ 3,138,717**	**$ 3,111,772**	**$ (26,945)**
Expenditures				
Intergovernmental				
Human services	3,138,717	3,138,717	3,111,772	26,945
Net Change in Fund Balance	**$ -**	**$ -**	**$ -**	**$ -**
Fund Balance – January 1	-	-	-	-
Fund Balance – December 31	**$ -**	**$ -**	**$ -**	**$ -**

The notes to the required supplementary information are an integral part of this schedule.

Redwood County
Redwood Falls, Minnesota

Exhibit A-4

Budgetary Comparison Schedule
Solid Waste Special Revenue Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Special assessments	$ 621,206	$ 621,206	$ 625,693	$ 4,487
Licenses and permits	-	-	2,200	2,200
Intergovernmental	205,950	205,950	208,535	2,585
Investment earnings	-	-	1	1
Miscellaneous	100	100	777	677
Total Revenues	**$ 827,256**	**$ 827,256**	**$ 837,206**	**$ 9,950**
Expenditures				
Current				
Sanitation				
Solid waste	$ 4,500	$ 4,500	$ 5,228	$ (728)
Hazardous waste	1,200	1,200	2,775	(1,575)
Total sanitation	**$ 5,700**	**$ 5,700**	**$ 8,003**	**$ (2,303)**
Intergovernmental				
Solid waste	**$ 690,898**	**$ 690,898**	**$ 697,683**	**$ (6,785)**
Debt service				
Principal	$ 100,000	$ 100,000	$ 100,000	$ -
Interest	36,000	36,000	36,000	-
Administrative (fiscal) charges	750	750	104	646
Total debt service	**$ 136,750**	**$ 136,750**	**$ 136,104**	**$ 646**
Total Expenditures	**$ 833,348**	**$ 833,348**	**$ 841,790**	**$ (8,442)**
Net Change in Fund Balance	**$ (6,092)**	**$ (6,092)**	**$ (4,584)**	**$ 1,508**
Fund Balance – January 1	**90,360**	**90,360**	**90,360**	**-**
Fund Balance – December 31	**$ 84,268**	**$ 84,268**	**$ 85,776**	**$ 1,508**

The notes to the required supplementary information are an integral part of this schedule.

Redwood County
Redwood Falls, Minnesota

Exhibit A-5

Budgetary Comparison Schedule
Ditch Special Revenue Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Special assessments	$ 607,088	$ 607,088	$ 2,045,486	$ 1,438,398
Intergovernmental	2,600,000	2,600,000	2,323,562	(276,438)
Charges for services	-	-	725	725
Investment earnings	-	-	3,401	3,401
Total Revenues	**$ 3,207,088**	**$ 3,207,088**	**$ 4,373,174**	**$ 1,166,086**
Expenditures				
Current				
Conservation of natural resources				
Other	**$ 4,866,380**	**$ 4,866,380**	**$ 3,378,348**	**$ 1,488,032**
Excess of Revenues Over (Under) Expenditures	**$ (1,659,292)**	**$ (1,659,292)**	**$ 994,826**	**$ 2,654,118**
Other Financing Sources (Uses)				
Transfers in	$ -	$ -	$ 946,005	$ 946,005
Transfers out	-	-	(1,680,942)	(1,680,942)
Total Other Financing Sources (Uses)	**$ -**	**$ -**	**$ (734,937)**	**$ (734,937)**
Net Change in Fund Balance	**$ (1,659,292)**	**$ (1,659,292)**	**$ 259,889**	**$ 1,919,181**
Fund Balance – January 1	**(154,256)**	**(154,256)**	**(154,256)**	-
Fund Balance – December 31	**$ (1,813,548)**	**$ (1,813,548)**	**$ 105,633**	**$ 1,919,181**

The notes to the required supplementary information are an integral part of this schedule.

Redwood County
Redwood Falls, Minnesota

Exhibit A-6

Budgetary Comparison Schedule
EDA Special Revenue Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Property taxes	$ -	$ 114,848	$ 114,848	$ -
Special assessments	-	-	11,389	11,389
Intergovernmental	-	3,485	2,946,419	2,942,934
Investment earnings	-	3,945	3,945	-
Miscellaneous	-	-	2,996	2,996
Total Revenues	**$ -**	**$ 122,278**	**$ 3,079,597**	**$ 2,957,319**
Expenditures				
Current				
Economic development				
Economic development	**$ -**	**$ 137,307**	**$ 3,139,242**	**$ (3,001,935)**
Net Change in Fund Balance	**$ -**	**$ (15,029)**	**$ (59,645)**	**$ (44,616)**
Fund Balance – January 1, as restated (Note 1)	**423,786**	**423,786**	**423,786**	**-**
Fund Balance – December 31	**$ 423,786**	**$ 408,757**	**$ 364,141**	**$ (44,616)**

The notes to the required supplementary information are an integral part of this schedule.

Redwood County
Redwood Falls, Minnesota

Schedule of Changes in Total OPEB Liability and Related Ratios
Other Postemployment Benefits
December 31, 2023

	2023	2022
Total OPEB Liability		
Service cost	$ 61,228	$ 71,668
Interest	37,434	21,308
Differences between expected and actual experience	165,027	(22,421)
Changes of assumption or other inputs	65,412	(73,515)
Benefit payments	(70,734)	(59,823)
Net change in total OPEB liability	**$ 258,367**	**$ (62,783)**
Total OPEB Liability – Beginning	**842,302**	**905,085**
Total OPEB Liability – Ending	**$ 1,100,669**	**$ 842,302**
Covered-employee payroll	$ 7,840,094	$ 6,604,853
Total OPEB liability (asset) as a percentage of covered-employee payroll	14.04%	12.75%

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

The notes to the required supplementary information are an integral part of this schedule.

2021	2020	2019	2018
$ 67,757	$ 62,065	$ 39,517	$ 33,825
18,346	27,525	21,927	18,003
49,679	(118,446)	232,051	(2,005)
(5,587)	89,885	33,999	(4,766)
(45,191)	(46,073)	(32,379)	(48,746)
$ 85,004	**$ 14,956**	**$ 295,115**	**$ (3,689)**
820,081	**805,125**	**510,010**	**513,699**
$ 905,085	**$ 820,081**	**$ 805,125**	**$ 510,010**
$ 6,648,867	$ 6,189,706	$ 5,996,804	$ 5,935,946
13.61%	13.25%	13.43%	8.59%

Redwood County
Redwood Falls, Minnesota

Exhibit A-8

Schedule of Proportionate Share of Net Pension Liability
PERA General Employees Retirement Plan
December 31, 2023

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 Redwood 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
2023	0.0671 %	$ 3,651,503	$ 100,659	$ 3,752,162	$ 5,196,163	70.27 %	83.10 %
2022	0.0659	5,076,741	148,656	5,225,397	4,797,750	105.82	76.67
2021	0.0682	2,822,766	86,304	2,909,070	4,762,149	59.28	87.00
2020	0.0636	3,813,111	117,473	3,930,584	4,534,093	84.10	79.06
2019	0.0613	3,389,140	105,329	3,494,469	4,334,873	78.18	80.23
2018	0.0587	3,256,435	106,772	3,363,207	3,944,996	82.55	79.53
2017	0.0611	3,900,584	49,037	3,949,621	3,935,467	99.11	75.90
2016	0.0587	4,766,149	32,178	4,798,327	3,640,899	130.91	68.91
2015	0.0615	3,187,249	N/A	3,187,249	3,615,230	88.16	78.19

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.
N/A – Not Applicable

Redwood County
Redwood Falls, Minnesota

Exhibit A-9

Schedule of Contributions
PERA General Employees Retirement Plan
December 31, 2023

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)
2023	$ 400,814	$ 400,814	$ -	$ 5,344,188	7.50 %
2022	373,653	373,653	-	4,982,752	7.50
2021	355,143	355,143	-	4,735,247	7.50
2020	349,737	349,737	-	4,662,177	7.50
2019	339,683	339,683	-	4,528,280	7.50
2018	304,275	304,275	-	4,057,508	7.50
2017	288,156	288,156	-	3,842,075	7.50
2016	279,393	279,393	-	3,725,245	7.50
2015	284,372	284,372	-	3,791,632	7.50

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

Redwood County
Redwood Falls, Minnesota

Exhibit A-10

Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Police and Fire Plan
December 31, 2023

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 Redwood 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
2023	0.0839 %	$ 1,448,844	$ 58,374	$ 1,507,218	$ 1,102,021	131.47 %	86.47 %
2022	0.0944	4,107,915	179,595	4,287,510	1,147,106	358.11	70.53
2021	0.0793	612,112	27,530	639,642	957,651	63.92	93.66
2020	0.0830	1,094,029	25,787	1,119,816	936,431	116.83	87.19
2019	0.0870	926,203	N/A	926,203	917,918	100.90	89.26
2018	0.0851	907,078	N/A	907,078	897,325	101.09	88.84
2017	0.0820	1,107,098	N/A	1,107,098	843,180	131.30	85.43
2016	0.0780	3,130,276	N/A	3,130,276	751,672	416.44	63.88
2015	0.0780	886,263	N/A	886,263	714,664	124.01	86.61

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.
N/A – Not Applicable

Redwood County
Redwood Falls, Minnesota

Exhibit A-11

Schedule of Contributions
PERA Public Employees Police and Fire Plan
December 31, 2023

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)
2023	$ 198,346	$ 198,346	$ -	$ 1,120,596	17.70 %
2022	202,340	202,340	-	1,143,165	17.70
2021	181,718	181,718	-	1,026,657	17.70
2020	166,709	166,709	-	941,856	17.70
2019	154,918	154,918	-	913,969	16.95
2018	148,964	148,964	-	919,531	16.20
2017	139,165	139,165	-	859,114	16.20
2016	126,981	126,981	-	783,830	16.20
2015	122,845	122,845	-	758,302	16.20

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

The notes to the required supplementary information are an integral part of this schedule.

Redwood County
Redwood Falls, Minnesota

Exhibit A-12

Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Local Government Correctional Service Retirement Plan
December 31, 2023

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
2023	0.3724 %	$ 168,343	$ 873,282	19.28 %	95.94 %
2022	0.3673	1,250,821	826,668	151.31	74.58
2021	0.3511	(57,679)	761,435	(7.58)	101.61
2020	0.3433	93,151	746,977	12.47	96.67
2019	0.3240	44,858	691,091	6.49	98.17
2018	0.3218	52,926	657,220	8.05	97.64
2017	0.3100	883,503	615,745	143.49	67.89
2016	0.3000	1,095,942	565,304	193.87	58.16
2015	0.2900	44,834	526,289	8.52	96.95

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.

Redwood County
Redwood Falls, Minnesota

Exhibit A-13

Schedule of Contributions
PERA Public Employees Local Government Correctional Service Retirement Plan
December 31, 2023

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)
2023	$ 83,678	$ 83,678	$ -	$ 956,315	8.75 %
2022	74,569	74,569	-	852,215	8.75
2021	68,159	68,159	-	778,955	8.75
2020	66,410	66,410	-	758,856	8.75
2019	62,624	62,624	-	715,515	8.75
2018	59,540	59,540	-	680,366	8.75
2017	55,347	55,347	-	632,539	8.75
2016	49,708	49,708	-	568,085	8.75
2015	50,141	50,141	-	573,044	8.75

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

Note 1 – General Budget Policies

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

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

Note 2 – Budget Basis of Accounting

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

Note 3 – Budget Amendments

The following budget amendments were made during the year due to the change in reporting entity:

	Original Budget	Increase (Decrease)	Final Budget
General Fund	$ 12,227,420	$ (137,307)	$ 12,090,113
EDA Special Revenue Fund	-	137,307	137,307

Note 4 – Excess of Expenditures Over Budget

The following funds had expenditures in excess of budget for the year ended December 31, 2023:

	Expenditures	Final Budget	Excess
General Fund	$ 12,421,624	$ 12,090,113	$ 331,511
Solid Waste Special Revenue Fund	841,790	833,348	8,442
EDA Special Revenue Fund	3,139,242	137,307	3,001,935

Note 5 – Employer Contributions to Other Postemployment Benefits

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

The following changes in actuarial assumptions occurred in 2023:

- The discount rate used changed from 4.31 percent to 4.00 percent.
- Health care trend rates have been revised to an initial rate of 8.00 percent for 2023, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent.

The following changes in actuarial assumptions occurred in 2022:

- Mortality tables have been updated from MP-2020 to MP-2021.
- The salary scale rate assumptions have been updated to follow the PERA General Employees and Police and Fire plans from July 1, 2020, to July 1, 2021.
- The discount rate used changed from 2.25 percent to 4.31 percent.

The following changes in actuarial assumptions occurred in 2021:

- Health care trend rates have been revised to an initial rate of 7.50 percent for 2021, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent.
- The discount rate used changed from 2.12 percent to 2.25 percent.

The following changes in actuarial assumptions occurred in 2020:

- Mortality tables have been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2020 for general employees.
- Mortality tables have been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using scale MP-2020 for sheriff employees.
- Mortality tables have been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using scale MP-2020 for surviving spouses.
- Salary scale assumptions have been updated to follow the most recent actuarial valuations for the Public Employees Retirement Association (PERA) as of July 1, 2019.
- Health care trend rates have been revised to an initial rate of 8.00 percent for fiscal 2020, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent.
- The discount rate used changed from 3.26 percent to 2.12 percent.

The following change in actuarial assumptions occurred in 2019:

- The discount rate used changed from 4.11 percent to 3.26 percent.

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

- The actuarial cost method used changed from the Projected Unit Credit with Linear Proration to Decrement to the Entry Age Normal Percent of Salary.
- The discount rate used changed from 3.44 percent to 4.11 percent.
- Salary increase rates have been updated to follow the most recent actuarial valuations for the General Employees and Police and Fire Plans as of July 1, 2017.
- Mortality tables have been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 to SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018.
- Health care trend rates have been revised to an initial rate of 8.00 percent for fiscal 2019, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent.

Note 6 – Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

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

General Employees Retirement Plan

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.

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.

2019

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

2018

- The mortality projection scale was changed from Scale MP-2015 to Scale MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1,

2019, resulting in actuarial equivalence after June 30, 2024.

- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

- Contribution stabilizer provisions were repealed.

- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.

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

2017

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.00 percent for active member liability, 15 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to $21 million in calendar years 2017 and 2018 and returns to $31 million through calendar year 2031. The state's required contribution is $16 million in PERA's fiscal years 2018 and 2019 and returns to $6 million annually through calendar year 2031.

2016

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

2023

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

2022

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

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.

- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.

- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020

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

2019

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

2018

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

- Post-retirement benefit increases changed to 1.00 percent for all years with no trigger.

- An end date of July 1, 2048, was added to the existing $9.0 million state contribution. Additionally, annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.

- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

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

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.

- The assumed rates of retirement were changed, resulting in fewer retirements.

- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested members.

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The

mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.

- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

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

2023

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

2022

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

2021

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

2020

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

2019

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

2018

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

Governmental Fund

Redwood County
Redwood Falls, Minnesota

Exhibit B-1

Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Property taxes	$ 749,023	$ 749,023	$ 712,204	$ (36,819)
Intergovernmental	28,667	28,667	26,174	(2,493)
Investment earnings	-	-	15,730	15,730
Total Revenues	**$ 777,690**	**$ 777,690**	**$ 754,108**	**$ (23,582)**
Expenditures				
Debt service				
Principal	$ 410,000	$ 410,000	$ 410,000	$ -
Interest	340,444	340,444	340,445	(1)
Administrative (fiscal) charges	2,340	2,340	2,441	(101)
Total Expenditures	**$ 752,784**	**$ 752,784**	**$ 752,886**	**$ (102)**
Net Change in Fund Balance	**$ 24,906**	**$ 24,906**	**$ 1,222**	**$ (23,684)**
Fund Balance – January 1	**878,061**	**878,061**	**878,061**	**-**
Fund Balance – December 31	**$ 902,967**	**$ 902,967**	**$ 879,283**	**$ (23,684)**

Redwood County
Redwood Falls, Minnesota

Fiduciary Funds

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

Forfeited Tax Custodial Fund – to account for all funds collected under state statute for the sale of property forfeited for unpaid tax.

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

Soil and Water Conservation District Custodial Fund – to account for the collections and payments of the Redwood Soil and Water Conservation District in accordance with the joint powers agreement between Redwood County and Redwood Soil and Water Conservation District.

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

Sheriff Writ of Execution Custodial Fund – to account for the collection of writ of execution fees and payment of those fees.

Redwood County
Redwood Falls, Minnesota

Combining Statement of Fiduciary Net Position
Fiduciary Funds – All Custodial Funds
December 31, 2023

	Taxes and Penalties	Forfeited Tax
Assets		
Cash and pooled investments	$ 135,941	$ 36,867
Investments	-	-
Taxes receivable for other governments	283,443	-
Total Assets	**$ 419,384**	**$ 36,867**
Liabilities		
Due to others	$ 701	$ -
Due to other governments	135,240	36,867
Total Liabilities	**$ 135,941**	**$ 36,867**
Net Position		
Restricted for individuals, organizations, and other governments	**$ 283,443**	**$ -**

Custodial Funds				
State Revenue	Soil and Water Conservation District	Jail Canteen	Sheriff Writ of Execution	Total Custodial Funds
$ 639	$ 1,182,893	$ 14,976	$ 67	$ 1,371,383
-	245,164	-	-	245,164
-	-	-	-	283,443
$ 639	**$ 1,428,057**	**$ 14,976**	**$ 67**	**$ 1,899,990**
$ -	$ -	$ -	$ -	$ 701
639	-	-	-	172,746
$ 639	**$ -**	**$ -**	**$ -**	**$ 173,447**
$ -	**$ 1,428,057**	**$ 14,976**	**$ 67**	**$ 1,726,543**

Redwood County
Redwood Falls, Minnesota

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds – All Custodial Funds
For the Year Ended December 31, 2023

	Taxes and Penalties	Forfeited Tax
Additions		
Appropriations from counties	$ -	$ -
Contributions from individuals	-	-
Interest earnings	-	-
Property tax collections for other governments	15,026,026	-
Fees collected for state	1,282,559	1,317
Fees collected for other governments	-	-
Property tax overpayments from individuals/entities	35,526	-
Refunds collected for court-ordered tax abatement	2,901	-
Miscellaneous	-	35,550
Total Additions	**$ 16,347,012**	**$ 36,867**
Deductions		
Payments of property taxes to other governments	$ 15,012,641	$ -
Payments of fees to other governments	-	-
Payments to state	1,284,523	1,317
Payments to other individuals/entities	41,326	-
Payments to other governments	-	35,550
Total Deductions	**$ 16,338,490**	**$ 36,867**
Change in Net Position	**$ 8,522**	**$ -**
Net Position – January 1	**274,921**	**-**
Net Position – December 31	**$ 283,443**	**$ -**

Custodial Funds				
State Revenue	Soil and Water Conservation District	Jail Canteen	Sheriff Writ of Execution	Total Custodial Funds
$ -	$ 187,874	$ -	$ -	$ 187,874
-	-	172,372	75,492	247,864
-	30,763	-	-	30,763
-	-	-	-	15,026,026
7,124,715	-	-	-	8,408,591
-	1,091,483	-	-	1,091,483
245	-	-	-	35,771
-	-	-	-	2,901
-	6,000	-	-	41,550
$ 7,124,960	**$ 1,316,120**	**$ 172,372**	**$ 75,492**	**$ 25,072,823**
$ -	$ -	$ -	$ -	$ 15,012,641
245	-	41,998	-	42,243
7,124,715	-	92,206	-	8,502,761
-	330,909	44,897	80,306	497,438
-	409,670	-	-	445,220
$ 7,124,960	**$ 740,579**	**$ 179,101**	**$ 80,306**	**$ 24,500,303**
$ -	**$ 575,541**	**$ (6,729)**	**$ (4,814)**	**$ 572,520**
-	**852,516**	**21,705**	**4,881**	**1,154,023**
$ -	**$ 1,428,057**	**$ 14,976**	**$ 67**	**$ 1,726,543**

Other Schedules

Redwood County
Redwood Falls, Minnesota

Exhibit D-1

Schedule of Intergovernmental Revenue
Governmental Funds
For the Year Ended December 31, 2023

Appropriations and Shared Revenue		
State		
Highway users tax	$	8,970,185
County program aid		692,168
PERA state aid		175,817
Disparity reduction aid		44,858
Police aid		176,046
Enhanced 911		192,739
Next Generation 911		44,461
Market value credit		404,903
Casino credit		80,716
Select Committee on Recycling and the Environment (SCORE)		72,440
Aquatic invasive species aid		19,627
Out of home placement aid		46,371
Local homeless prevention aid		32,249
Statewide affordable housing aid		91,063
Public safety aid		312,947
Deputy registrar aid		26,229
Riparian protection aid		160,000
Total appropriations and shared revenue	**$**	**11,542,819**
Reimbursement for Services		
School districts	$	7,242
Counties		113,342
Cities		726,419
State		76,083
Soil and Water Conservation District		397,217
Southern Prairie Community Care		312,911
Redwood/Renville Regional Solid Waste Authority		136,095
Total reimbursement for services	**$**	**1,769,309**
Payments		
Local		
Payments in lieu of taxes	$	298,146
Local contributions		15,311
Total payments	**$**	**313,457**
Grants		
State		
Minnesota Department of		
Corrections	$	135,244
Natural Resources		93,353
Public Safety		690,148
Transportation		1,412,085
Board of Water and Soil Resources		120,230
Peace Officer Standards and Training Board		14,143
Total state	**$**	**2,465,203**

Redwood County
Redwood Falls, Minnesota

Exhibit D-1
(Continued)

Schedule of Intergovernmental Revenue
Governmental Funds
For the Year Ended December 31, 2023

Grants (Continued)		
Federal		
Department of		
Housing and Urban Development	$	1,559,643
Justice		68,626
Transportation		337,439
Treasury		1,533,881
Homeland Security		1,698,801
Total federal	**$**	**5,198,390**
Total state and federal grants	**$**	**7,663,593**
Total Intergovernmental Revenue	**$**	**21,289,178**

Redwood County
Redwood Falls, Minnesota

Exhibit D-2

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Housing and Urban Development			
Passed Through Minnesota Department of Employment and Economic Development			
COVID-19 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CARE-21-0001-O-FY21 1	**$ 1,631,228**
U.S. Department of Justice			
Passed Through Minnesota Department of Public Safety			
Crime Victim Assistance	16.575	F-CVS-2022-RCAO-11028	$ 16,608
Crime Victim Assistance	16.575	F-CVS-2022-RCAO-11318	17,723
Crime Victim Assistance	16.575	F-CVS-2022-RCAO-11747	16,028
Crime Victim Assistance	16.575	F-CVS-2024-RCAO-12327	18,267
(Total Crime Victim Assistance 16.575 $68,626)			
Total U.S. Department of Justice			**$ 68,626**
U.S. Department of Transportation			
Passed Through City of Marshall, Minnesota			
Highway Safety Cluster			
State and Community Highway Safety	20.600	A-ENFRC23-2023-MARSHAPD-032	$ 648
National Priority Safety Programs	20.616	A-ENFRC23-2023-MARSHAPD-032	983
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC23-2023-MARSHAPD-032	2,005
Total U.S. Department of Transportation			**$ 3,636**
U.S. Department of the Treasury			
Direct			
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		**$ 1,533,881**
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	ID 127-UJNE1-00 FEMA-4390-DR-MN, GM PROJECT 75390-PW 615	$ 245,069
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PA-05-MN-4442-PW-01317(0)	953,113
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	EMGP-20230117-5039	12,750
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	EMGP-20230117-5038	9,977
(Total Disaster Grants – Public Assistance (Presidentially Declared Disasters) 97.036 $1,220,909)			
Emergency Management Performance Grants	97.042	F-EMPG-2020-REDWOOCO-3943	19,875
Total U.S. Department of Homeland Security			**$ 1,240,784**
Total Federal Awards			**$ 4,478,155**

The County did not pass on any federal awards through to subrecipients during the year ended December 31, 2023.

Totals by Cluster

Total expenditures for Highway Safety Cluster	$ 1,631

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Redwood County
Redwood Falls, Minnesota

Notes to the Schedule of Expenditures of Federal Awards
As of and for the Year Ended December 31, 2023

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 Redwood County. The County's reporting entity is defined in Note 1 to the financial statements.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Redwood County under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of Redwood County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Redwood County.

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

Note 2 – De Minimis Cost Rate

Redwood County has elected to not use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	$ 5,198,390
Grants received more than 60 days after year-end, considered unavailable revenue in 2023	
COVID-19 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (AL No. 14.228)	71,585
Highway Planning and Construction (AL No. 20.205)	31,232
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (AL No. 97.036)	712,103
Unavailable revenue in 2022, recognized as revenue in 2023	
Highway Planning and Construction (AL No. 20.205)	(365,035)
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (AL No. 97.036)	(1,170,120)
Expenditures per Schedule of Expenditures of Federal Awards	$ 4,478,155

Management and Compliance Section

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

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Saint Paul, MN 55103

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
Redwood County
Redwood Falls, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Redwood County, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 30, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Redwood 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

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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 Redwood County failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Purpose of This Report

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

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

July 30, 2024

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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
Redwood County
Redwood Falls, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited Redwood 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 Redwood County's major federal programs for the year ended December 31, 2023. Redwood 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, Redwood 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, 2023.

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 Redwood 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 Redwood County's compliance with the compliance requirements referred to above.

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 Redwood County's federal programs.

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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 Redwood 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 Redwood 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 Redwood 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 Redwood 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 Redwood County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters
The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency**.**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, to be a significant deficiency.

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

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

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

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

July 30, 2024

Redwood County
Redwood Falls, Minnesota

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section I – Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:
- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

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

Federal Awards

Internal control over major federal programs:
- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

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

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

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
14.228	COVID-19 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

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

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

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

2023-001 **Suspension and Debarment**
Prior Year Finding Number: N/A
Year of Finding Origination: 2023
Type of Finding: Internal Control Over Compliance and Compliance
Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of the Treasury
Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

Federal requirements prohibit non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Title 2 U.S. *Code of Federal Regulations* § 180.300 describes a required verification process. Prior to entering into the transaction, one of the following must be performed: (1) checking SAM.gov exclusions, (2) collecting a certification, or (3) adding a clause or condition to the covered transaction. The suspension and debarment requirements apply to covered transaction amounts over $25,000.

The County's procurement policy requires verification that vendors are not suspended or debarred.

Condition: For both covered transactions tested, the County did not verify for suspended or debarred vendors, in accordance with its policy, prior to entering into the covered transaction. Additionally, for one of the transactions tested, the County did not have a contract on file that included a suspension and debarment clause.

Questioned Costs: None

Context: The suspension and debarment threshold is $25,000.

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

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

Cause: The County did not realize that consideration for suspension and debarment should be made for all federal contracts, including purchases made through state contracts.

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

View of Responsible Official: Acknowledge

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Representation of Redwood County
Redwood Falls, Minnesota

Corrective Action Plan
For the Year Ended December 31, 2023

Finding Number: 2023-001
Finding Title: Suspension and Debarment
Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Name of Contact Person Responsible for Corrective Action:

Vicki Kletscher, Redwood County Administrator

Corrective Action Planned:

Amend the Redwood County Procurement Policy to include language in section DEBARMENT AND SUSPENSION (E.O.s 12549 and 12689) for internal process for verification of demonstrating vendors are not debarred, suspended, or otherwise excluded from conducting business with the County. The verification and documentation will be completed prior to entering into a covered transaction with a vendor(s) and the results of the search will be attached to the filed paperwork for verification of search.

Anticipated Completion Date:

The Procurement Policy has been amended, and the Redwood County Board of Commissioners adopted the amended policy on May 7, 2024. The County Administrator sent the updated policy and details regarding the change in the policy to all department heads on May 13, 2024.

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Representation of Redwood County
Redwood Falls, Minnesota

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2023

Finding Number: 2022-001
Year of Finding Origination: 2021
Finding Title: Performance Reporting
Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Summary of Condition: Two of the four quarterly performance reports tested did not have supporting documentation on file, therefore, auditor was unable to trace the reports to supporting data. In addition, two of the four reports tested were not submitted by the due date of 15 days following the end of the quarter. Finally, the County has not implemented control procedures over the reporting process, including review.

Summary of Corrective Action Previously Reported: FEMA reports will be submitted quarterly. Reports will be prepared and signed by the Ditch Inspector, and verified by the Director. Director will initial reports.

Status: Partially Corrected. The audit finding reoccurred because documentation supporting the percentage of completion was not saved. The person completing the calculations used to determine the percentage of completion will place the calculations in the project file. The performance reports were submitted timely and were reviewed by the Director.

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