RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

YEAR ENDED DECEMBER 31, 2023

Hoffman, Philipp, & Martell, PLLC

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

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INTRODUCTORY SECTION

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

ORGANIZATION SCHEDULE
DECEMBER 31, 2023

Office	Name	Term Expires
Commissioners		
1st District	Anthony Flage	January 2027
2nd District	Ron Weiss*	January 2025
3rd District	Eric Mickelson	January 2027
4th District	Allen Remick**	January 2027
5th District	Tony Gerardy	January 2025

**Chair*
***Vice-Chair*

Officers		
Elected:		
Attorney	Harbott, Knutson, Larson, & Holten Law Firm	January 2024
Recorder	Joyce Paquin	January 2027
Sheriff	Mitch Bernstein	January 2027
Treasurer	Nick Knott	January 2027
Appointed:		
Assessor	Michelle Nelson	December 2024
Auditor	Kelsey Gervais	Indefinite
Medical Examiner	Dr. Mary Ann Sens	June 2024
Highway Engineer	Taylor Amiot	Indefinite
Veterans Service Officer	Kurtis Ellefson	Indefinite
Environmental Services Director	Kurt Casavan	Indefinite
Social Services Director	Kristi Nelson	Indefinite

FINANCIAL SECTION

Colleen Hoffman, Director
Crystelle Philipp, CPA
Marit Martell, CPA

Hoffman, Philipp, & Martell, PLLC

1541 Highway 59 South | Thief River Falls, MN 56701 | Phone: 218-681-4078 | choffman@hpmaudit.com

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Red Lake County
Red Lake Falls, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Red Lake 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 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 Red Lake County, as of December 31, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events that raise substantial doubt about Red Lake 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 than an audit conducted in accordance with generally accepted auditing standards 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 they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Red Lake County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used in the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered that raise substantial doubt about Red Lake 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 in our audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Red Lake County's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information is comprised of an introductory section and other schedules, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024, on our consideration of Red Lake County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of this report is 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 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 the County's internal control over financial reporting and compliance.

Hoffman, Philipp, & Martell, PLLC
November 7, 2024

PO Box 367
Red Lake Falls, MN 56750
218/253-2598
FAX: 218/253-4894

Red Lake County Auditor's Office

Bob Schmitz, County Auditor

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

The management of Red Lake County offers readers of the County's Financial Statements this narrative overview and analysis of the financial activities of Red Lake County for the fiscal year ended December 31, 2023. The Management's Discussion and Analysis provides comparisons with the previous year and is designed to focus on the current year's activities, resulting changes, and currently known facts, and should be read in conjunction with the County's basic financial statements that follow this section.

FINANCIAL HIGHLIGHTS

The total net position of governmental activities is $64,317,004, of which $56,072,378 is the net investment in capital assets, $5,695,415 is restricted for specific purposes, and $2,549,211 is unrestricted. The total net position of governmental activities increased by $1,353,663 for the year ended December 31, 2023. This is attributed mainly to state funding for highway construction progress.

At the close of 2023, the County's governmental funds reported combined ending fund balances of $6,885,500, a decrease of $447,616 from the prior year. Of the total fund balance amount, $558,878 is non-spendable, $2,254,899 is legally or contractually restricted, $2,054,998 is formally committed for specific purposes, $1,178,076 is assigned for specific purposes, and $838,649 is unassigned. Maintaining an adequate fund balance is necessary to provide County services throughout the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Red Lake County's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

In the *Statement of Net Position* and the *Statement of Activities*, the County's activities include 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 government-wide financial statements can be found as Exhibits 1 and 2 of this report.

Fund Financial Statements

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

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

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

The County reports two governmental fund types: General and Special Revenue. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund, the Road and Bridge Special Revenue Fund, and the Social Services Special Revenue Fund, all of which are considered to be major funds. Data from the nonmajor Ditch Special Revenue Fund is presented with the major funds.

Red Lake County adopts annual budgets for its governmental funds. *Budgetary Comparison Schedule*s have been provided for the major governmental funds to demonstrate compliance with their budgets.

Fiduciary Funds - Fiduciary funds are used to report assets held in a trustee or agency capacity for others and which, therefore, cannot be used to support the government's own programs. Red Lake County's fiduciary funds consist of one private purpose trust fund which is used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments, and six custodial funds which are used to report resources held by the County in a purely custodial capacity. The Social Welfare Private-Purpose Trust Fund is presented in the *Statement of Fiduciary Net Position – Fiduciary Funds* and the *Statement of Changes in Fiduciary Net Position – Fiduciary Funds*. Custodial funds do not involve measurement of results of operations. In addition, the Fiduciary Funds are not reflected in the government-wide financial statements because those resources are not available to support the County's programs. The County is responsible for ensuring that assets reported in these funds are used for their intended purposes. Custodial Fund activities are reported in Statement 1 and Statement 2.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found beginning on page 21 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information*. The County also provides supplementary and other information including a *Ditch Balance Sheet*, and a *Schedule of Intergovernmental Revenue*.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County's financial position. The County's assets exceeded liabilities by $64,317,004 at the close of 2023. The largest portion of the County's net position (approximately 87 percent) reflects its net investment in capital assets (i.e., land, infrastructure, buildings, and machinery and equipment). It should be noted that this amount is not available for future spending. Approximately nine percent of the County's net position is restricted, and four percent of the County's net position is unrestricted. The unrestricted net position amount of $2,549,211 as of December 31, 2023, may be used to meet the County's ongoing obligations to citizens.

The County's overall financial position increased from last year. Total assets increased by $1,293,977 from the prior year, deferred outflows of resources related to other post-employment benefits and pensions decreased by $440,773, total liabilities decreased by $2,451,869 from the prior year, and deferred inflows of resources related to other post-employment benefits and pensions increased by $1,951,407. This resulted in an increased net position of $1,353,663 from the prior year.

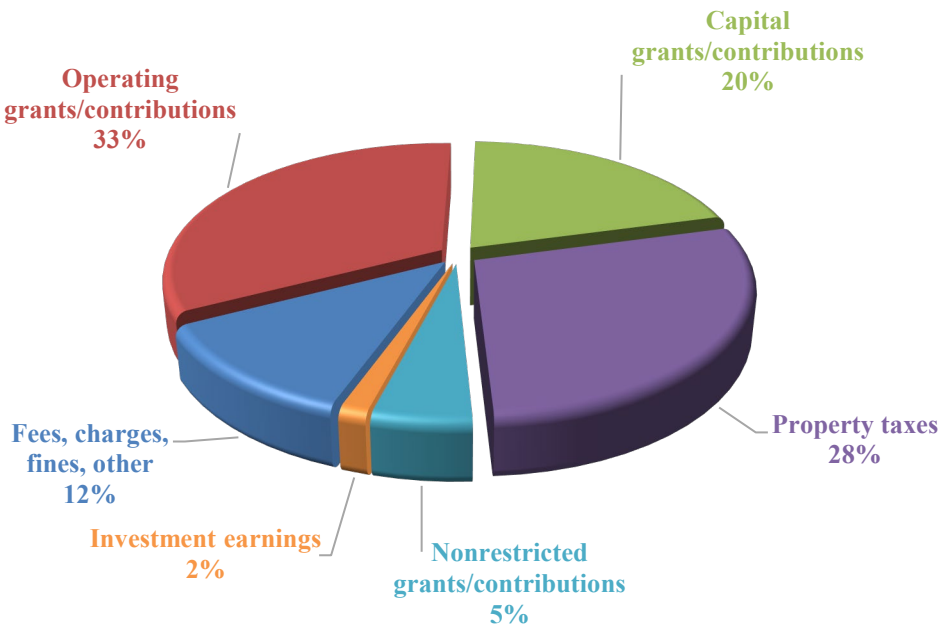
NET POSITION

	Governmental Activities	
	2023	2022
Current and other assets	$ 12,062,120	$ 12,874,114
Capital assets	56,072,378	53,966,407
Total assets	$ 68,134,498	$ 66,840,521
Deferred outflows of resources		
Related to other post-employment benefits	$ 60,441	$ 67,517
Related to pensions	2,013,997	2,447,694
Total deferred outflows or resources	$ 2,074,438	$ 2,515,211
Other liabilities	$ 234,452	$ 635,955
Long-term liablities outstanding	3,629,916	5,680,282
Total liabilities	$ 3,864,368	$ 6,316,237
Deferred inflows of resources		
Related to other post-employment benefits	$ 1,902	$ 3,198
Related to pensions	2,025,662	72,959
Total deferred inflows of resources	$ 2,027,564	$ 76,157
Net investment in capital assets	$ 56,072,378	$ 53,955,711
Restricted	5,695,415	5,585,905
Unrestricted	2,549,211	3,421,725
Total net position	$ 64,317,004	$ 62,963,341

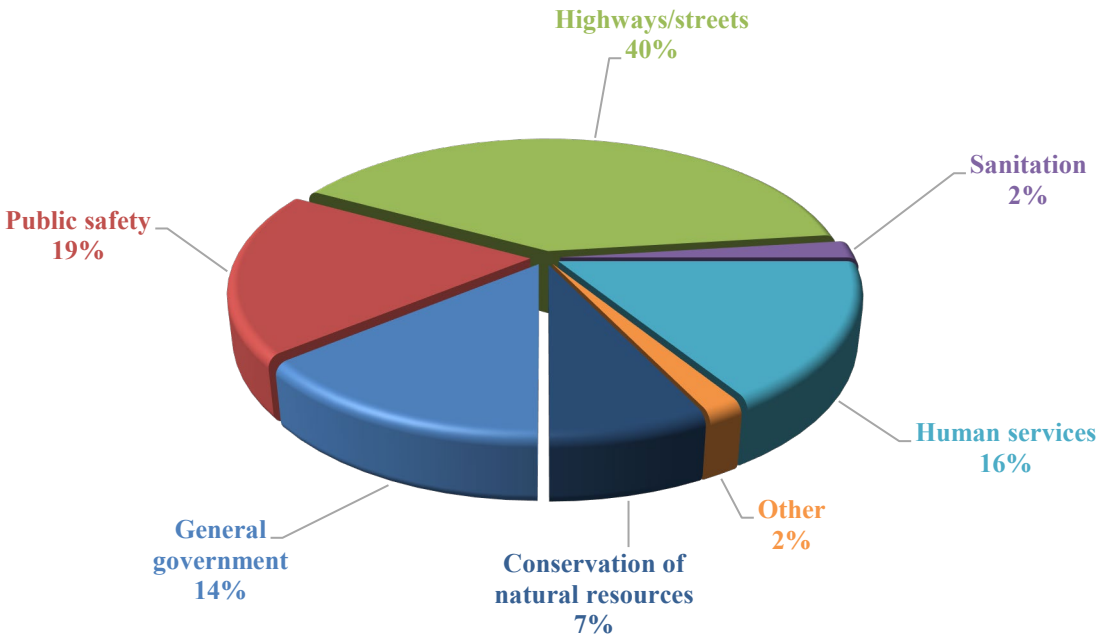
CHANGES IN NET POSITION

	Governmental Activities	
	2023	2022
Revenues		
Program Revenues		
Fees, charges, fines and other	$ 1,443,349	$ 2,546,247
Operating grants and contributions	4,014,372	3,194,561
Capital grants and contributions	2,477,659	2,923,244
General Revenues		
Property taxes	3,447,227	3,108,754
Gravel taxes	11,549	3,554
Grants and contributions		
not restricted to specific programs	604,160	658,145
Payments in lieu of taxes	12,015	31,667
Investment earnings	170,406	117,476
Miscellaneous	15,326	61,959
Total revenues	$ 12,196,063	$ 12,645,607
Expenses		
General government	$ 1,525,464	$ 1,601,338
Public safety	2,053,080	1,915,987
Highways and streets	4,339,669	3,329,554
Sanitation	213,916	334,981
Human services	1,746,435	1,561,001
Health	101,703	75,703
Culture and recreation	81,314	100,666
Conservation of natural resources	779,919	497,248
Economic development	900	-
Interest	-	81
Total expenses	$ 10,842,400	$ 9,416,559
Increase (decrease)	$ 1,353,663	$ 3,229,048
Net position, January 1	62,963,341	59,734,293
Net position, December 31	$ 64,317,004	$ 62,963,341

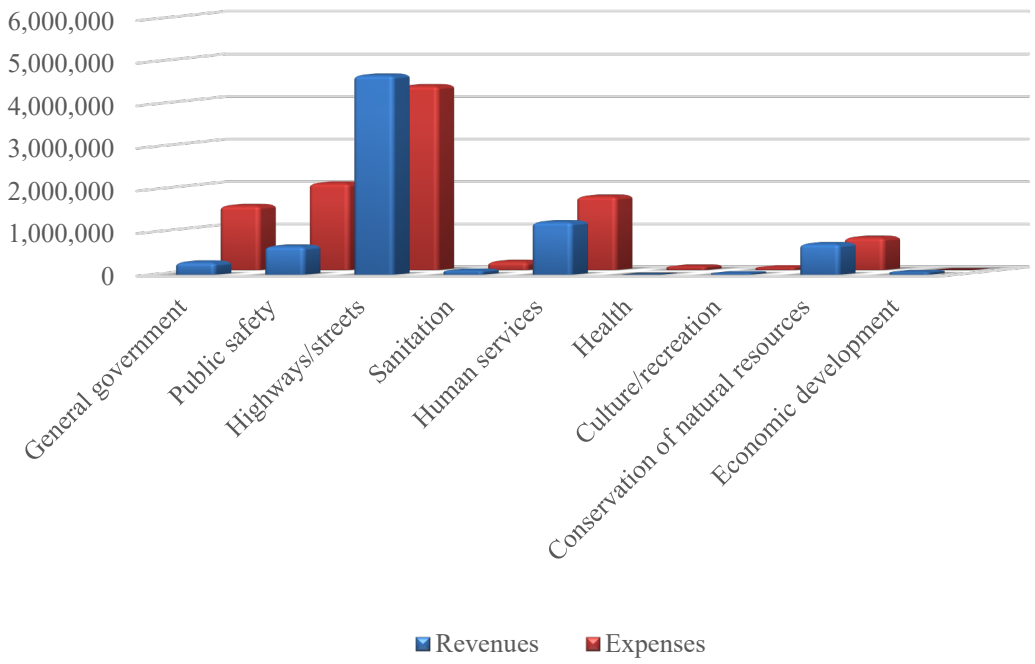
Revenues by Source



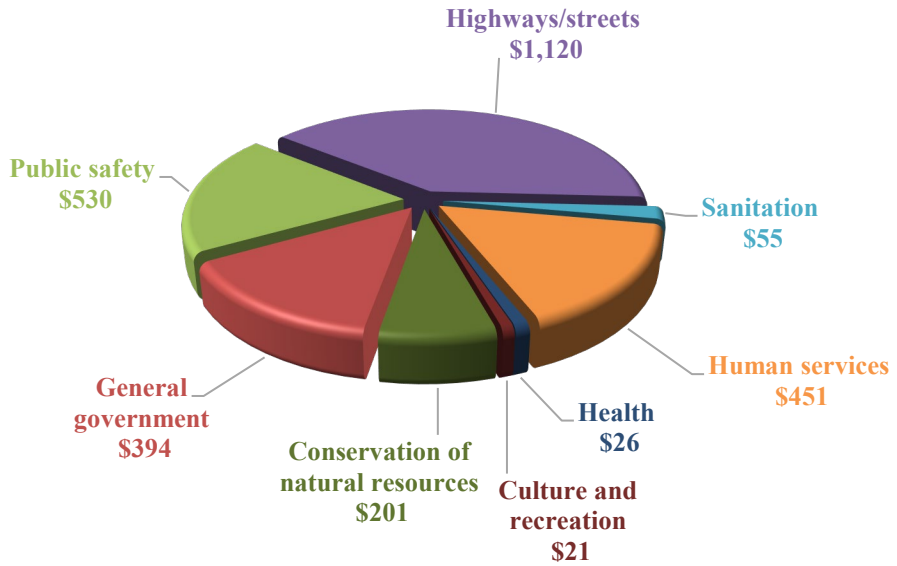
Expenses by Function



Program Revenues & Expenses



Expenditures Per Capita
3,911 Population as of July 1, 2023



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, with a focus on short-term inflows of resources, deferred outflows of resources, and balances of spendable resources. In particular, unrestricted fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

Governmental Funds

At the end of 2023, the County's governmental funds reported combined ending fund balances of $6,885,500. Of this amount, approximately 8 percent constitutes non-spendable fund balance, 33 percent constitutes legally or contractually restricted fund balance, 30 percent constitutes formally committed fund balance, 17 percent constitutes specifically assigned fund balance, and 12 percent constitutes unassigned balance.

The General Fund is the operating fund of the County. At the end of the current fiscal year, the General Fund's total fund balance was $2,409,643. The General Fund had no non-spendable or assigned fund balance. The restricted fund balance was $1,258,994, and the committed fund balance was $312,000. As a measure of the General Fund's liquidity, it is useful to compare both unrestricted fund balance and total fund balance to total fund expenditures for 2023. The unrestricted fund balance represents 25 percent, and the total fund balance represents 52 percent of total General Fund expenditures.

In 2023, the fund balance amount in the General Fund decreased by $15,918. The primary reason for this is underbudgeted public safety and sanitation expenditures.

The fund balance of the Road and Bridge Special Revenue Fund decreased by $679,650 in 2023. This was due to the completion of several road construction projects.

The fund balance of the Social Services Special Revenue Fund decreased by $20,008 from the prior year mainly due to revenues under budget.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no amendments to the original budget as approved for 2023.

Actual revenues were more than overall final budgeted revenues by $3,318,116, with the largest variance in taxes due to the budget not being entered into the County's financial system. Actual expenditures were less than overall final budgeted expenditures by $385,537, with the largest variance in capital outlay due to postponement of capital purchases.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2023, amounted to $56,072,377 (net of accumulated depreciation). The total increase in the County's investment in capital assets for the current fiscal year was 4 percent, due to construction of highway infrastructure.

	Governmental Activities	
	2023	2022
Land	$ 997,274	$ 997,274
Construction in progress	9,500,706	12,577,712
Infrastructure	43,794,260	38,973,071
Buildings and improvements	285,722	291,207
Machinery and equipment	1,494,415	1,127,143
Total capital assets	$ 56,072,377	$ 53,966,407

Additional information on the County's capital assets can be found in the notes to the financial statements.

Long-Term Debt

At the end of the current fiscal year, the County had no outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The County depends on financial resources flowing from, or associated with, both the Federal Government and the State of Minnesota. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

- Red Lake County's unemployment rate was 3.6 percent as of December 2023. This is higher than the statewide rate of 2.6 percent and the national average rate of 3.5 percent.

- Red Lake County's estimated United States Census population July 1, 2023, was 3,911, a decrease of 23 since the census of 2020. This ranks Red Lake County 85th of 87 in the State of Minnesota.

- On December 26, 2023, Red Lake County set its 2024 revenue and expenditure budgets.

REQUESTS FOR INFORMATION

This annual financial report is designed to provide a general overview of Red Lake County for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Red Lake County Auditor, Red Lake County Courthouse, P.O. Box 367, Red Lake Falls, Minnesota 56750.

BASIC FINANCIAL STATEMENTS

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

EXHIBIT 1

STATEMENT OF NET POSITION
DECEMBER 31, 2023

		Governmental Activities
Assets		
Cash and pooled investments	$	5,406,825
Cash with fiscal agent		104
Investments		257,965
Taxes receivable - prior		30,578
Special assessments receivable - prior		358
Accounts receivable		19,797
Accrued interest receivable		12,625
Due from other governments		5,774,990
Inventories		558,878
Capital assets		
Non-depreciable		10,497,980
Depreciable - net of accumulated depreciation		45,574,398
Total Assets	**$**	**68,134,498**
Deferred Outflows of Resources		
Related to other post-employment benefits	$	60,441
Related to pensions		2,013,997
Total Deferred Outflows of Resources	**$**	**2,074,438**
Liabilities		
Accounts payable	$	119,053
Salaries payable		98,028
Contracts payable		10,182
Due to other governments		7,189
Long-term liabilites		
Due within one year.		221,491
Due in more than one year		157,363
Other post-employment benefits		307,529
Net pension liability		2,943,533
Total Liabilities	**$**	**3,864,368**
Deferred Inflows of Resources		
Related to other post-employment benefits	$	1,902
Related to pensions		2,025,662
Total Deferred Inflows of Resources	**$**	**2,027,564**
Net Position		
Net investment in capital assets	$	56,072,378
Amounts restricted for		
General government		119,545
Public safety		45,533
Highways and streets		3,973,297
Conservation of natural resources		1,488,791
Economic development		68,249
Unrestricted amounts		2,549,211
Total Net Position	**$**	**64,317,004**

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

RED LAKE COUNTY
RED LAKE 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
Governmental activities					
General government	$ 1,525,464	$ 225,691	$ 82,790	$ -	$ (1,216,983)
Public safety	2,053,080	157,293	524,582	-	(1,371,205)
Highways and streets	4,339,669	711,909	1,508,373	2,477,659	358,272
Sanitation	213,916	25,022	88,490	-	(100,404)
Human services	1,746,435	210,457	1,042,484	-	(493,494)
Health	101,703	5,740	-	-	(95,963)
Culture and recreation	81,314	-	52,031	-	(29,283)
Conservation of natural resources	779,919	107,237	633,477	-	(39,205)
Economic development	900	-	82,145	-	81,245
Total governmental activities	**$ 10,842,400**	**$ 1,443,349**	**$ 4,014,372**	**$ 2,477,659**	**$ (2,907,020)**
General revenues					
Property taxes					$ 3,447,227
Gravel taxes					11,549
Grants and contributions not restricted to specific programs					604,160
Payments in lieu of taxes					12,015
Investment earnings					170,406
Miscellaneous					15,326
Total general revenues					**$ 4,260,683**
Change in net position					**$ 1,353,663**
Net position - January 1					**62,963,341**
Net position - December 31					**$ 64,317,004**

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

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

EXHIBIT 3

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Road and Bridge Special Revenue Fund	Social Services Special Revenue Fund	Nonmajor Ditch Special Revenue Fund	Total Governmental Funds
Assets					
Cash and pooled investments	$ 2,245,663	$ 199,641	$ 1,920,771	$ 1,040,750	$ 5,406,825
Cash with fiscal agent	104	-	-	-	104
Investments	143,195	114,770	-	-	257,965
Taxes receivable - prior	21,597	5,651	3,330	-	30,578
Special assessments receivable - prior	-	-	-	358	358
Accounts receivable	13,035	538	6,224	-	19,797
Accrued interest receivable	12,625	-	-	-	12,625
Due from other funds	50,625	11,058	-	-	61,683
Due from other governments	48,446	5,590,754	135,790	-	5,774,990
Inventories	-	558,878	-	-	558,878
Total Assets	**$ 2,535,290**	**$ 6,481,290**	**$ 2,066,115**	**$ 1,041,108**	**$ 12,123,803**
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 47,432	$ 69,345	$ 2,276	$ -	$ 119,053
Salaries payable	48,038	26,847	23,143	-	98,028
Due to other funds	11,058	-	5,780	44,845	61,683
Due to other governments	2,922	625	3,642	-	7,189
Contracts payable	-	10,182	-	-	10,182
Total Liabilities	**$ 109,450**	**$ 106,999**	**$ 34,841**	**$ 44,845**	**$ 296,135**
Deferred Inflows of Resources					
Unavailable revenues					
Taxes	$ 16,197	$ 4,238	$ 833	$ -	$ 21,268
Special assessments	-	-	-	358	358
County State Aid Highway Allotment	-	4,920,542	-	-	4,920,542
Total Deferred Inflows of Resource	**$ 16,197**	**$ 4,924,780**	**$ 833**	**$ 358**	**$ 4,942,168**
Fund Balances					
Non-spendable	$ -	$ 558,878	$ -	$ -	$ 558,878
Restricted	1,258,994	-	-	995,905	2,254,899
Committed	312,000	526,226	1,216,772	-	2,054,998
Assigned	-	364,407	813,669	-	1,178,076
Unassigned	838,649	-	-	-	838,649
Total Fund Balances	**$ 2,409,643**	**$ 1,449,511**	**$ 2,030,441**	**$ 995,905**	**$ 6,885,500**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 2,535,290**	**$ 6,481,290**	**$ 2,066,115**	**$ 1,041,108**	**$ 12,123,803**

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

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

EXHIBIT 4

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023

Fund balances - total governmental funds (Exhibit 3)			**$ 6,885,500**
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			56,072,378
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.			4,942,168
Deferred outflows of resources are not available resources and, therefore, are not reported in the governmental funds:			
Deferred outflows of resources related to other post-employment benefits	$ 60,441		
Deferred outflows of resources related pensions	2,013,997		2,074,438
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Compensated absences payable	$ (378,854)		
Other post-employment benefits	(307,529)		
Net pension liability	(2,943,533)		(3,629,916)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds:			
Deferred inflows of resources related to other post employment benefits	$ (1,902)		
Deferred inflows of resources related to pensions	(2,025,662)		(2,027,564)
Net position of governmental activities (Exhibit 1)			**$ 64,317,004**

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

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

EXHIBIT 5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Road and Bridge Special Revenue Fund	Social Services Special Revenue Fund	Nonmajor Ditch Special Revenue Fund	Total Governmental Funds
Revenues					
Taxes	$ 2,491,163	$ 618,615	$ 348,479	$ -	$ 3,458,257
Special assessments	-	-	-	94,704	94,704
Licenses and permits	1,813	-	-	-	1,813
Intergovernmental	1,420,612	4,059,718	1,102,225	396,803	6,979,358
Charges for services	279,892	614,592	200,821	8,627	1,103,932
Fines and forfeitures	12,019	-	-	-	12,019
Investment earnings	168,693	1,713	-	-	170,406
Miscellaneous	228,922	97,317	9,636	-	335,875
Total Revenues	**$ 4,603,114**	**$ 5,391,955**	**$ 1,661,161**	**$ 500,134**	**$ 12,156,364**
Expenditures					
Current					
General government	$ 1,431,605	$ -	$ -	$ -	$ 1,431,605
Public safety	1,808,156	-	-	-	1,808,156
Highways and streets	-	5,556,859	-	-	5,556,859
Sanitation	202,911	-	-	-	202,911
Human services	14,326	-	1,681,169	-	1,695,495
Health	101,703	-	-	-	101,703
Culture and recreation	81,314	-	-	-	81,314
Conservation of natural resources	547,745	-	-	232,174	779,919
Economic development	900	-	-	-	900
Capital outlay					
General government	354,102	-	-	-	354,102
Public safety	76,270	-	-	-	76,270
Highways and streets	-	533,930	-	-	533,930
Total Expenditures	**$ 4,619,032**	**$ 6,090,789**	**$ 1,681,169**	**$ 232,174**	**$ 12,623,164**
Excess of Revenues Over (Under) Expenditures	**$ (15,918)**	**$ (698,834)**	**$ (20,008)**	**$ 267,960**	**$ (466,800)**
Fund Balance - January 1	**2,425,561**	**2,129,161**	**2,050,449**	**727,945**	**7,333,116**
Increase (decrease) in inventories	**-**	**19,184**	**-**	**-**	**19,184**
Fund Balance - December 31	**$ 2,409,643**	**$ 1,449,511**	**$ 2,030,441**	**$ 995,905**	**$ 6,885,500**

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

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

EXHIBIT 6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

Net change in fund balances - total governmental funds (Exhibit 5)		**$ (466,800)**
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for general capital assets and infrastructure	$ 3,589,607	
Current year depreciation	(1,409,903)	
Net book value of assets disposed	(73,733)	2,105,971
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Change in deferred inflows of resources		37,125
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in		
Compensated absences payable	$ (39,299)	
Inventories	19,184	(20,115)
Other post-employment benefits and net pension liability do not represent an impending source or use of current resourses. Therefore, the change in the asset, liability, and related deferrals of resources are not reported in the governmental funds.		
Change in		
Deferred outflows related to other post-employment benefits	$ (7,076)	
Deferred inflows related to other post-employment benefits	1,296	
Other post-employment benefits	(6,783)	
Deferred outflows related to net pension liability	(433,697)	
Deferred inflows related to net pension liability	(1,952,706)	
Net pension liability	2,096,448	(302,518)
Change in net position of governmental activities (Exhibit 2)		**$ 1,353,663**

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

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

EXHIBIT 7

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	Social Welfare Private-Purpose Trust Fund	Custodial Funds (Statement 1)	Total Fiduciary Funds
Assets			
Cash and pooled investments	$ 2,854	$ 1,235,104	$ 1,237,958
Accounts receivable	-	85,057	85,057
Total Assets	**$ 2,854**	**$ 1,320,161**	**$ 1,323,015**
Liabilities			
Accounts payable	$ -	$ 1,091,317	$ 1,091,317
Due to other governments	-	146,433	146,433
Total Liabilities	**$ -**	**$ 1,237,750**	**$ 1,237,750**
Net Position			
Restricted for			
Individuals, organizations, other governments	**$ 2,854**	**$ 82,411**	**$ 85,265**

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

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

EXHIBIT 8

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Social Welfare Private-Purpose Trust Fund	Custodial Funds (Statement 2)	Total Fiduciary Funds
Additions			
Contributions:			
Contributions from individuals	$ 29,829	$ 835,711	$ 865,540
Property tax collections for other governments	-	17,150,637	17,150,637
Intergovernmental receipts for other governments	-	25,071	25,071
License and fees collected for State	-	89,639	89,639
Total Additions	**$ 29,829**	**$ 18,101,058**	**$ 18,130,887**
Deductions			
Medical, dental, and life insurance	$ -	$ 828,151	$ 828,151
Payments of property tax to other governments	-	14,730,988	14,730,988
Payments to state	-	2,516,548	2,516,548
Administrative expense	-	411	411
Payments to other entities/individuals	30,152	23,496	53,648
Total Deductions	**$ 30,152**	**$ 18,099,594**	**$ 18,129,746**
Change in net position	**$ (323)**	**$ 1,464**	**$ 1,141**
Net Position – January 1	**3,177**	**80,947**	**84,124**
Net Position – December 31	**$ 2,854**	**$ 82,411**	**$ 85,265**

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

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

I. 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). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Red Lake County was established December 24, 1896, and has the powers, duties, and privileges granted counties by state law, codified in Minnesota Statutes, Chapter 373. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

The County participates in joint ventures and related and jointly-governed organizations which are described in Notes section VII, subdivisions D, E, and F, respectively.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) include the financial activities of the overall County government, except for the fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

In the government-wide statement of net position, the totals 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 that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, charges, and fines paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

I. Summary of Significant Accounting Policies

B. Basic Financial Statements (Continued)

2. Fund Financial Statements

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

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for and reports all financial resources of the general government not accounted for in another fund.

The Road and Bridge Special Revenue Fund is used to account for and report revenues and expenditures of the County Highway Department which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways. Financing is provided by annual tax levy, intergovernmental revenues, and charges for services committed for various highways and streets purposes.

The Social Services Special Revenue Fund is used to account for and report financial services provided to persons receiving public assistance. Financing is provided by annual tax levy and intergovernmental revenues committed and assigned for various social services purposes.

Additionally, the County reports the following non-major fund with the major funds:

The Ditch Special Revenue Fund is used to account for and report the operation and maintenance of county, judicial, and state drainage systems. Financing is provided by special assessments levied against benefited properties restricted for conservation of natural resources.

Additionally, the County reports the following fund type:

Fiduciary Funds are custodial in nature and do not present results of operations or have a measurement focus. The County reports the following fiduciary fund types:

The Social Welfare Private-Purpose Trust Fund is used to manage the day-to-day finances of Red Lake County citizens that are not able to manage their own finances.

Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity.

C. Measurement Focus and Basis of Accounting

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

I. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. The County considers property tax revenues to be available if they are collected within 60 days after the end of the current period. Intergovernmental revenues, charges for services, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured.

As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements.

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

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Pooled investments are reported at their fair value at December 31, 2023, based on market prices. Pursuant to Minnesota Statute, § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Investment earnings for 2023 were $250,268, and net decrease in fair value of investments was ($79,862), for investment earnings net of losses of $170,406. Pooled earnings were $157,779.

2. Receivables and Payables

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

Taxes and special assessments receivable consist of uncollected taxes and special assessments payable in the years 2008 through 2023 and deferred special assessments collectible in 2024 and beyond. Taxes and special assessments receivable are offset by deferred inflows of resources for the amount not collected within 60 days of December 31 to indicate they are not available to finance current expenditures.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances from/to other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

I. Summary of Significant Accounting Policies

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

2. Receivables and Payables (Continued)

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

All receivables are shown net of an allowance for uncollectible amounts, if applicable.

3. Inventories

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

Inventories, as reported in the fund financial statements, are offset by a fund balance account to indicate that they do not constitute available spendable resources.

4. Capital Assets

Capital assets, which include land, construction in progress, infrastructure (e.g., roads, bridges, and similar items), buildings and improvements, and machinery and equipment, are reported in the applicable government-wide financial statements. Capital assets have initial useful lives extending beyond two years and a dollar amount for capitalization per asset of $5,000, except all land and construction in progress which is capitalized regardless of cost. Capital assets are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at acquisition value at the date of acquisition.

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

Infrastructure, buildings and improvements, and machinery and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	50-75
Buildings and improvements	30
Machinery and equipment	5

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This element represents a consumption of net position that applies to future periods, and therefore, will not be recognized as an outflow of resources (expense) until

I. Summary of Significant Accounting Policies

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

5. Deferred Outflows/Inflows of Resources (Continued)

that time. The County reports deferred outflows of resources in the government-wide Statement of Net Position in relation to the activity of other post-employment benefits and the pension funds in which County employees participate.

In addition to liabilities, the Statement of Net Position and Balance Sheet report a separate section for deferred inflows of resources. This element represents an acquisition of net position or fund balance that applies to future periods, and therefore, will not be recognized as an inflow of resources (revenue) until that time. The County reports delinquent property taxes and special assessments, special assessments levied for subsequent years, and County State Aid Highway Allotments as deferred inflows of resources in the governmental fund financial statements in accordance with the modified accrual basis of accounting. In addition, the County reports deferred inflows of resources in the government-wide Statement of Net Position in relation to the activity of other post- employment benefits and the pension funds in which County employees participate. Accordingly, such amounts are deferred and recognized as inflows of resources in the period that they become available.

6. Compensated Absences

The liability for compensated absences reported in financial statements consists of unpaid, accumulated annual vacation 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. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Other Postemployment Benefits (OPEB)

Under Minnesota statute 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees are able to add dependent coverage during open enrollment period or qualifying life event prior to retirement. All premiums are funded on pay-as-you-go basis. The liability was determined, in accordance with GASB Statement No. 75, at January 1, 2023. The General Fund, Road and Bridge Special Revenue Fund, and Social Services Special Revenue Fund are typically used to liquidate other postemployment benefits payable.

I. Summary of Significant Accounting Policies

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

8. Pension Plan

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

9. Net Position and Fund Balance

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

Net investment in capital assets – represents capital assets, net of accumulated depreciation, 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 of capital assets.

In the fund financial statements, the County classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent because it is either not in spendable form or legally or contractually required to be maintained intact.

Restricted – includes fund balance amounts that are constrained for specific purposes which are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes imposed by resolution of the County Board and do not lapse at year-end. To remove the constraint on specified use of committed resources the County Board shall pass a resolution.

I. Summary of Significant Accounting Policies

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

9. Net Position and Fund Balance (Continued)

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. The County Board has delegated the authority to assign and remove assignments of fund balance amounts for specified purposes to the County Auditor.

Unassigned – includes positive fund balance within the General Fund, which has not been classified within the above-mentioned categories, and negative fund balances in other governmental funds.

The County will maintain an unrestricted fund balance in the General Fund of an amount not less than 40 percent of next year's budgeted expenditures of the General Fund. Unrestricted fund balance can be "spent down" if there is an anticipated budget shortfall in excess of zero dollars. If spending unrestricted fund balance in designated circumstances has reduced unrestricted fund balance to a point below the minimum targeted level, as noted above, the replenishment will be determined by the County Board within a three-year period.

Stabilization arrangements are defined as formally setting aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise. The County Board will set aside amounts by resolution as deemed necessary that can only be expended in the event of a natural disaster that exists as the need for stabilization arises. The need for stabilization will only be utilized for situations that are not expected to occur routinely. The County does not identify an amount for stabilization at December 31, 2023.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned or unassigned resources are available for use, it is the County's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

10. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows, and disclosure of contingent amounts 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.

II. Stewardship, Compliance, and Accountability

A. Land Management

The County manages approximately 424 acres of state-owned tax-forfeited land. This land generates revenues primarily from recreational land leases and land and timber sales. Land management costs, including forestry costs such as site preparation, seedlings, tree planting, and logging roads, are accounted for as current operating expenditures. Revenues in excess of expenditures are distributed to the County and cities, towns, and school districts within the County according to state statute.

III. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

Reconciliations of the County's total deposits and investments to the basic financial statements, as of December 31, 2023, are as follows:

Governmental Funds	
Cash and pooled investments	$ 5,406,825
Cash with fiscal agent	104
Investments	257,965
Fiduciary Funds	
Cash and pooled investments	1,237,958
Total cash and investments	$ 6,902,852
Cash on hand	$ 695
Checking accounts	542,610
Cash with fiscal agent	104
Money market savings	1,531,865
Certificates of deposit	240,000
Investments	4,587,578
Total deposits and investments	$ 6,902,852

III. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments (Continued)

Deposits

Minnesota Statutes, §§ 118A.02 and 118A.04 authorize the County to deposit its cash and to invest in certificates of deposit in financial institutions designated by the Board. Minnesota Statute, § 118A.03 requires that all County deposits be covered by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better, revenue obligations rated "AA" or better; irrevocable standard 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. Red Lake County's policy is to minimize exposure to custodial credit risk by obtaining documentation of pledged collateral from their financial institutions. As of December 31, 2023, no County deposits were exposed to custodial credit risk.

Investments

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

(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 Minnesota Statute, § 118A.04, subdivision 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 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) bankers' acceptances of United States banks;

III. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

Investments (Continued)

(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. Red Lake County's policy is to minimize interest rate risk by structuring investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The County invests in both short-term and long-term investments so that a portion of the portfolio matures evenly over time as necessary to provide the cash flow and liquidity needed for operations.

At December 31, 2023, the County had the following investments and maturities:

	Fair Value	Less Than 1 Year	1-5 Years
Federal Home Loan Bank	$ 2,592,959	$ 697,185	$ 1,895,774
Negotiable Certificates of Deposit	234,328	-	234,328
Minnesota Municipal Money Market Funds	1,760,291	1,760,291	-
Total Investments	$ 4,587,578	$ 2,457,476	$ 2,130,102
	100%	54%	46%

Credit Risk

Generally, a 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.

The County's exposure to credit risk as of December 31, 2023, is as follows:

III. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

Credit Risk (Continued)

	S & P Rating	Fair Value
Government Bonds	AAA	$ 2,592,959
Negotiable Certificates of Deposit	N/A	234,328
Minnesota Municipal Money Market Funds	N/A	1,760,291
		$ 4,587,578

N/A – not applicable

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 that are in the possession of an outside party. Red Lake County's policy is to minimize custodial credit risk. Some brokers have excess SIPC coverage which may mitigate all or part of custodial credit risk. At December 31, 2023, the County had no investments 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, excluding U.S. guaranteed investments, investment pools, and mutual funds. Red Lake County's policy is to minimize concentration of credit risk. At December 31, 2023, the County's investments were not subject to concentration of credit risk.

Fair Value Measurement

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

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

At December 31, 2023, the County had the following recurring fair value measurements:

III. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

Fair Value Measurement (Continued)

	December 31, 2023	Fair Value Measurements Using: Quotes Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)
Investments by fair value level			
Money Markets	$ 1,760,291	$ 1,760,291	-
Debt securities	2,592,959	2,592,959	-
Negotiable certificates of deposit	234,328	-	234,328
Total Investments	$ 4,587,578	$ 4,353,250	$ 234,328

All Level 2 debt securities are valued using a market approach based on the securities' relationship to benchmark quoted prices. The County had no level 3 investments.

2. Receivables

Receivables as of December 31, 2023, for the County's governmental activities, including any applicable allowances for uncollectible accounts, are as follows:

	Total Receivables
Taxes receivable	$ 30,578
Special assessments	358
Accounts receivable	19,797
Accrued interest	12,625
Due from other governments	5,774,990
Total	$ 5,838,348

All amounts are scheduled for collection during the subsequent year.

III. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	$ 997,274	$ -	$ -	$ 997,274
Construction in progress	12,577,712	3,035,150	6,112,156	9,500,706
Total capital assets not depreciated	$ 13,574,986	$ 3,035,150	$ 6,112,156	$ 10,497,980
Capital assets being depreciated				
Infrastructure	$ 61,309,232	$ 5,979,692	$ -	$ 67,288,924
Buildings and improvements	1,515,250	7,800	-	1,523,050
Machinery and equipment	3,718,016	679,121	473,355	3,923,782
Total capital assets being depreciated	$ 66,542,498	$ 6,666,613	$ 473,355	$ 72,735,756
Less: accumulated depreciation for				
Infrastructure	$ 22,336,161	$ 1,158,502	$ -	$ 23,494,663
Buildings and improvements	1,224,043	13,285	-	1,237,328
Machinery and equipment	2,590,873	238,116	399,622	2,429,367
Total accumulated depreciation	$ 26,151,077	$ 1,409,903	$ 399,622	$ 27,161,358
Total capital assets, depreciated, net	$ 40,391,421	$ 5,256,710	$ 73,733	$ 45,574,398
Governmental Activities Capital Assets, Net	$ 53,966,407	$ 8,291,860	$ 6,185,889	$ 56,072,378

Depreciation Expense

Depreciation expense was charged to functions of the County as follows:

General government	$ 19,174
Public safety	55,798
Highways and streets, including depreciation of infrastructure assets	1,329,543
Human services	5,388
Total Depreciation Expense	$ 1,409,903

III. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2023, is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	
General Fund	Human Services Special Revenue Fund	$ 5,780	Reimbursement
	Ditch Special Revenue Fund	44,872	Ditch 10 collections
Total Due to General Fund:		$ 50,652	
Road & Bridge Special Revenue Fund	General Fund	$ 11,058	Interest receipted to wrong fund
Total Due To/From Other Funds		$ 61,710	

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

C. Liabilities and Deferred Inflows of Resources

1. Payables

Current payables at December 31, 2023 were as follows:

Accounts	$ 119,053
Salaries	98,028
Contracts	10,182
Due to other governments	7,189
Total Payables	$ 234,452

All payables amounts are scheduled for payment during the subsequent year.

2. Compensated Absence

Under the County's personnel policies and union contracts, employees are granted vacation in varying amounts based on their length of service and hours worked. Maximum vacation earnings are 192 hours for 0-4 year anniversary dates, 288 hours for 5-9 year anniversary dates, and 384 hours after the 9th anniversary date. Maximum sick leave earnings are 720 hours. For each month an employee maintains their maximum sick leave accumulation, an additional half day of vacation shall be added to their vacation accrual.

III. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

2. Compensated Absence (Continued)

At severance, employees may receive half of their sick leave accumulation with a maximum pay out of 360 hours. Employees are also able to accrue a sick bank which is their accrual or sick leave over 720 hours. This sick bank may only be used once the entire sick leave balance is exhausted.

Unused compensatory time, accumulated vacation and vested sick leave are paid to employees upon termination. After 15 years of continuous service with the County, eligible employees will receive a percentage of their accumulated sick leave of up to a maximum of 95.63 days upon resignation or retirement in good standing as severance pay. Unvested sick leave, approximately $119,474 at December 31, 2023, is available to employees in the event of illness-related absences and is not paid to them at termination.

3. Changes in Long-Term Debt and Liabilities

Long-term liability for activity for the governmental activities for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	$ 313,859	$ 444,547	$ 379,552	$ 378,854	$ 221,491
OPEB Liability	254,408	53,121	-	307,529	-
Net Pension Liability	5,039,981	-	2,096,448	2,943,533	-
	$ 5,608,248	$ 497,668	$ 2,476,000	$ 3,629,916	$ 221,491

D. Fund Balances

1. Deferred Inflows of Resources

Deferred inflows of resources consist of unavailable revenues made up of taxes, special assessments, and County State Aid Highway Allotments (CSAH) not collected soon enough after year-end to pay liabilities of the current period, and other receivables received but not yet earned. Deferred inflows of resources at December 31, 2023, are summarized below by fund:

	Taxes	Special Assessments	CSAH	Total
Governmental funds				
General	$ 16,197	$ -	$ -	$ 16,197
Road & Bridge	4,238	-	4,920,542	4,924,780
Social Services	833	-	-	833
Ditch	-	358	-	358
Total	$ 21,268	$ 358	$ 4,920,542	$ 4,942,168

III. Detailed Notes on All Funds

D. Fund Balances

1. Deferred Inflows of Resources (Continued)

Fund balances at year-end December 31, 2023, were as follows:

	General Fund	Special Revenue Funds: Road and Bridge	Special Revenue Funds: Social Services	Nonmajor: Ditch Special Revenue Fund	Total Governmental Funds
Nonspendable					
Inventories	$ -	$ 558,878	$ -	$ -	$ 558,878
Restricted by enabling legislation					
Attorney's forfeiture	$ 1,384	$ -	$ -	$ -	$ 1,384
American Rescue Plan	471,855	-	-	-	471,855
Gravel pit restoration	74,494	-	-	-	74,494
Landslide acquisition	68,249	-	-	-	68,249
Conservation	-	-	-	995,905	995,905
Enhanced 911	41,042	-	-	-	41,042
Law library	18,037	-	-	-	18,037
Opiod Settlement	28,868	-	-	-	28,868
Recorder's equipment	71,256	-	-	-	71,256
Recorder's technology	60,926	-	-	-	60,926
Riparian Protection Aid	418,392	-	-	-	418,392
Sheriff's contingent fund	4,356	-	-	-	4,356
Sheriff's forfeited property	135	-	-	-	135
Total restricted	$ 1,258,994	$ -	$ -	$ 995,905	$ 2,254,899
Committed to					
Future expenditures	$ -	$ -	$ 716,772	$ -	$ 716,772
Ambulance	54,000	-	-	-	54,000
Equipment	-	526,226	-	-	526,226
Courthouse equipment	8,000	-	-	-	8,000
Landfill permitting	156,000	-	-	-	156,000
Solid waste	54,000	-	-	-	54,000
Landfill well monitoring	40,000	-	-	-	40,000
New programming	-	-	500,000	-	500,000
Total committed	$ 312,000	$ 526,226	$ 1,216,772	$ -	$ 2,054,998
Assigned to					
Highways and streets	$ -	$ 364,407	$ -	$ -	$ 364,407
Social services	-	-	813,669	-	813,669
Total assigned	$ -	$ 364,407	$ 813,669	$ -	$ 1,178,076
Unassigned	$ 838,649	$ -	$ -	$ -	$ 838,649
Total Fund Balances	$ 2,409,643	$ 1,449,511	$ 2,030,441	$ 995,905	$ 6,885,500

IV. Other Post-Employment Benefits (OPEB)

A. Plan Description

Red Lake County provides a single employer defined benefit healthcare plan to eligible retirees and their dependents. The plan offers medical insurance benefits. The County provides for retirees by Minnesota Statute § 471.61, subdivision 2b. The retiree healthcare plan does not issue a publicly available financial report. No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

The contribution requirements of the plan and the County are established and may be amended by the Red Lake County Board of Commissioners. The required contribution is based on projected pay-as-you-go financing requirements. 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. This post-employment benefit is funded on a pay-as-you-go basis, usually paying retiree benefits out of the General Fund. For 2023, there were approximately 64 participants in the plan, with 3 retirees and one spouse receiving payments.

B. Total OPEB Liability

The County's total OPEB liability of $307,529 was determined by an actuarial valuation date of January 1, 2023, and measurement date of January 1, 2023.

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

Valuation Date:	January 1, 2023
Measurement Date:	January 1, 2023
Reporting Date:	December 31, 2023
Actuarial Cost Method:	Entry Age, level percentage of pay.
Amortization of Deferred Resource Flows:	Average of expected remaining service on a closed basis for differences between expected and actual experience and assumption changes.
Discount Rate:	2.00%
20-Year Municipal Bond Yield:	2.00%
Inflation Rate:	2.50%
Salary Increases:	2.00%
Medical Trend Rate:	6.25% decreasing to 5.00% then 4.00%.

The current year's discount rate is 2.00 percent, which is a change from the prior year rate of 2.90 percent. For the current valuation, the discount rate was selected from a range of the 20-year municipal bond yield. The municipal bond rate assumption of 2.00 percent was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

IV. Other Post-Employment Benefits (OPEB)

B. Total OPEB Liability (Continued)

Mortality rates are based on Pub-2010 (Blue Collar for Public Safety, White Collar for others) with MP-2020 Generational Improvement Scale.

The actuarial assumptions are based on input from a variety of published sources of historical and projected future financial data, and the most recent actuarial valuation for OPEB dated January 1, 2023.

C. Changes in Total OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balance at January 1, 2022	$ 300,746
Changes for the year:	
Service cost	20,713
Interest cost	6,229
Benefit payments	(20,159)
Net change in Total OPEB Liability	$ 6,783
Total OPEB Liability at January 1, 2023	$ 307,529

D. OPEB Liability Sensitivity

The following presents the total OPEB liability of the County, calculated using the discount rate healthcare cost trend previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current discount rate and healthcare cost trend rate:

OPEB Liability (Asset) Sensitivity Analysis

OPEB Liability (Asset) at Different Discount Rates			
1% Lower	1.00%	$	331,602
Current Discount Rate	2.00%	$	307,529
1% Higher	3.00%	$	284,870

OPEB Liability (Asset) Sensitivity Analysis

OPEB Liability (Asset) at Different Healthcare Cost Trend Rates			
1% Lower	5.50%	$	269,754
Current Discount Rate	6.50%	$	307,529
1% Higher	7.50%	$	353,275

E. Fund Status and Funding Progress

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual contributions required of the employer are subject to continual revision as actual results are compared with past expectations

IV. Other Post-Employment Benefits (OPEB)

E. Fund Status and Funding Progress (Continued)

and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

G. 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 $26,942.

At December 31, 2023, Red Lake County reported its proportionate share of OPEB's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability losses/gains	$ 27,786	$ -
Assumption changes	10,768	1,902
Estimated employer contributions	21,887	-
Total	$ 60,441	$ 1,902

The $21,887 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

IV. Other Post-Employment Benefits (OPEB)

G. OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB (Continued)

Year ended December 31:	Future Recognition
2024	$ 7,509
2025	$ 8,651
2026	$ 8,641
2027	$ 6,884
2028	$ 4,967

H. Changes in Actuarial Assumptions and Plan Provisions

There were no changes in actuarial assumptions in 2023.

V. Defined Benefit Pension Plans

A. Plan Descriptions

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

1. General Employees Retirement Plan

All full-time and certain part-time employees of Red Lake County are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

V. Defined Benefit Pension Plans

B. Benefits Provided (Continued)

1. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service. For 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.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase will be fixed at 1 percent. 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.

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

V. Defined Benefit Pension Plans

C. Contributions (Continued)

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and Red Lake County was required to contribute 7.50 percent for Coordinated Plan members. Red Lake County's contributions to the General Employees Fund for the year ended December 31, 2023, were $209,223. Red Lake County's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2022 and Red Lake County was required to contribute 17.70 percent for Police and Fire Plan members. Red Lake County's contributions to the Police and Fire Fund for the year ended December 31, 2023, were $125,312 Red Lake County's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2023, Red Lake County reported a liability of $1,985,120 for its proportionate share of the General Employees Fund's net pension liability. Red Lake County's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with Red Lake County totaled $54,755.

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. Red Lake County's proportionate share of the net pension liability was based on Red Lake 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. Red Lake County's proportionate share was .0355 percent at the end of the measurement period and .0349 percent for the beginning of the period.

V. Defined Benefit Pension Plans

D. Pension Costs

1. General Employees Fund Pension Costs (Continued)

Red Lake County's Proportionate share of the net pension liability	$ 1,985,120
State of Minnesota's proportionate share of the net pension liability associated with Red Lake County	54,755
Total	$ 2,039,875

There were no provision changes during the measurement period.

For the year ended December 31, 2023, Red Lake County recognized pension expense of $64,164 for its proportionate share of the General Employees Plan's pension expense. In addition, Red Lake County recognized an additional $246 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

At December 31, 2023, Red Lake 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 64,928	$ 13,367
Changes in actuarial assumptions	314,193	544,105
Net collective difference between projected and actual investment earnings investment earnings	-	71,714
Changes in proportion	39,911	4,496
Contributions paid to PERA subsequent to the measurement date	10,395	-
Total	$ 429,427	$ 633,682

The $10,395 reported as deferred outflows of resources related to pensions resulting from Red Lake County's 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 deferred inflows of resources related to pensions will be recognized in pension expense as follows:

V. Defined Benefit Pension Plans

D. Pension Costs

1. General Employees Fund Pension Costs (Continued)

Year ended December 31:	Pension Expense Amount:
2024	$ 54,457
2025	$ (279,972)
2026	$ 53,929
2027	$ (43,064)

2. Police and Fire Fund Pension Costs

At December 31, 2023, Red Lake County reported a liability of $958,413 for its proportionate share of the Police and Fire Fund'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. Red Lake County's proportionate share of the net pension liability was based on Red Lake 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. Red Lake County's proportionate share was .0555 percent at the end of the measurement period and .0523 percent for the beginning of the period.

The State of Minnesota contributed $18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of $9 million in direct state aid that does meet 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. The $9 million direct state was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay $9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The $9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the Red Lake County totaled $38,649.

Red Lake County's Proportionate share of the net pension liability	$ 958,413
State of Minnesota's proportionate share of the net pension liability associated with Red Lake County	38,649
Total	$ 997,062

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the $9 million in

V. Defined Benefit Pension Plans

D. Pension Costs

2. Police and Fire Fund Pension Costs (Continued)

direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2023, Red Lake County recognized pension expense of ($1,915) for its proportionate share of the Police and Fire Plan's pension expense. Red Lake County recognized $4,9995 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of $9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $9 million in supplemental state aid. Red Lake County recognized $38,649 for the year ended December 31, 2023, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2023, Red Lake 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 256,479	$ -
Changes in actuarial assumptions	1,037,145	1,346,919
Net collective difference between projected and actual investment earnings investment earnings	-	38,309
Changes in proportion	132,948	6,752
Contributions paid to PERA subsequent to the measurement date	61,998	-
Total	$ 1,488,570	$ 1,391,980

The $61,998 reported as deferred outflows of resources related to pensions resulting from Red Lake County 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:

V. Defined Benefit Pension Plans

D. Pension Costs

2. Police and Fire Fund Pension Costs (Continued)

December 31:	Amount:
2024	$ 50,472
2025	$ 21,203
2026	$ 227,844
2027	$ (50,345)
2028	$ (214,582)

3. Total Pension Expense

The total pension expense for all plans recognized by Red Lake County for the year ended December 31, 2023, was $60,167.

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighing the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

V. Defined Benefit Pension Plans

F. Actuarial Methods and Assumptions (Continued)

Inflation is assumed to be 2.25 percent for the General Employees Plans, Police and Fire Plan, and the Correctional Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan, 1% for the Police and Fire Plan, and 2 percent for the Correctional Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund
Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund
Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.

V. Defined Benefit Pension Plans

F. Actuarial Methods and Assumptions

Police and Fire Fund

Changes in Plan Provisions (Continued)

- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.0 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.
- The total and permanent duty disability benefit was increased, effective July 1, 2023

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents Polk County's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what Polk 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 Analysis Net Pension Liability (Asset) at Different Discount Rates			
General Employees Fund			
1% Lower	6.00%	$	22,505,435
Current Discount Rate	7.00%	$	12,721,545
1% Higher	8.00%	$	4,673,924

Sensitivity Analysis Net Pension Liability (Asset) at Different Discount Rates			
Police and Fire Fund			
1% Lower	6.00%	$	5,930,953
Current Discount Rate	7.00%	$	2,989,212
1% Higher	8.00%	$	570,707

I. Pension Plan Fiduciary Net Position

Detailed information about each 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 .

VI. Defined Contribution Plan

Two employees are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount no to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

Total contributions made by Red Lake County during fiscal year 2023 were:

Contribution Amount		Percentage of Cover Payroll		Required
Employee	Employer	Employee	Employer	Rate
$ 1,665	$ 1,665	5%	5%	5%

VII. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

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

The County, in connection with the normal conduct of its affairs, may be involved in various claims, judgments, and litigation. The County Attorney estimates that the pending claims and potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

B. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. 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 group employee health benefits, the County has entered into a joint powers agreement, the

VII. Summary of Significant Contingencies and Other Items

B. Risk Management (Continued)

Northwest Service Cooperative. For all other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at $500,000 per claim in 2022 and 2023. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

The Northwest Service Cooperative (Service Cooperative) is a joint powers entity which sponsors a plan to provide group employee health insurance benefits to its participating members. All members pool premiums and losses; however, a particular member may receive increases or decreases depending on a good or bad year of claims experience. Premiums are determined annually by the Service Cooperative and are based partially on the experience of the County and partially on the experience of the group. The Service Cooperative solicits proposals from carriers and negotiates the contracts.

C. Joint Ventures

Homeland Security Emergency Management (HSEM) Region 3 Emergency Managers Joint Powers Board

The HSEM Region 3 Emergency Managers Joint Powers Board was formed in 2007 under the authority of the Joint Powers Act, pursuant to Minnesota Statutes, § 471.59 and Minnesota Statutes, Chapter 12. Members include Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau counties.

The purpose of the HSEM Region 3 Emergency Managers Joint Powers Board is to engage in planning, training, and/or the purchase of equipment in order to better respond to emergencies and natural and other disasters within HSEM Region 3; specifically within the jurisdictional boundaries of the member counties. The HSEM Region 3 Emergency Managers Joint Powers Board charges sufficient rates so that the participating members experience no financial benefit or burden.

Control is vested in the HSEM Region 3 Emergency Managers Joint Powers Board, which is composed of one representative from each member county, appointed by their respective governing bodies as provided in the HSEM Region 3 Emergency Managers Board's Joint Powers Agreement.

VII. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Homeland Security Emergency Management (HSEM) Region 3 Emergency Managers Joint Powers Board (Continued)

The HSEM Region 3 Emergency Managers Joint Powers Board has no long-term debt. Financing will be provided by a Homeland Security Grant Program and other grant programs and awards. Red Lake County reports no contributions to the HSEM for the year ended December 31, 2023. Complete financial information can be obtained from the Clay County Sheriff's Office, 915 9th Avenue North, Moorhead, Minnesota 56560.

Inter-County Nursing Service

The Inter-County Nursing Service was formed in 1978 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Pennington and Red Lake Counties. The purpose of the Nursing Service is to provide, through visits to individuals' homes, skilled public nursing care on a part-time or intermittent basis to residents of Pennington and Red Lake Counties who are in need of such care.

Control of the Nursing Service is vested in the Inter-County Nursing Service Board which is composed of one County Commissioner and four others from each county, and a physician who may be from either county. In the event of dissolution of the Inter-County Nursing Service Board, the net assets of the Nursing Service at that time shall be divided among the member counties in proportion to the contribution of each.

The Nursing Service has no long-term debt. Financing is provided by state and federal grants, charges for services, and appropriations from the member counties. Red Lake County contributed $24,703 to the Nursing Service for the year ended December 31, 2023. Pennington County reports the cash transactions of the Nursing Service as fiduciary fund on its financial statements. Complete financial information can be obtained from the Pennington County Auditor/Treasurer's Office or at the Nursing Service's office, P. O. Box 616, Thief River Falls, Minnesota, 56701.

Northwest Minnesota Household Hazardous Waste Management Group

The Northwest Minnesota Household Hazardous Waste Management Group was formed in 1992 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Beltrami, Clearwater, Kittson, Lake of the Woods, Marshall, Red Lake, Polk, Pennington, and Roseau Counties. The purpose of the Waste Management Group is to cooperatively manage, handle, and transport household hazardous waste, provide public education on safe waste management, and provide for the disposition of non-recyclable household hazardous waste materials.

Control of the Waste Management Group is vested in the Northwest Minnesota Household Hazardous Waste Management Group Joint Powers Board, which is composed of one county commissioner from each of the member counties, as provided in the Waste Management Group's bylaws.

Responsibility for budgeted expenditures is shared with the first 50 percent divided equally among the member counties, and the remaining 50 percent divided on a population-ratio basis. In the

VII. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Northwest Minnesota Household Hazardous Waste Management Group (Continued)

event of dissolution, the net assets shall be divided among the member counties in the same proportion as their respective financial responsibilities.

The Waste Management Group has no long-term debt. Financing is provided by appropriations from the member counties when needed. Red Lake County contributed $4,704 to the Waste Management Group for the year ended December 31, 2023. Clearwater County reports the cash transactions of the Waste Group as a fiduciary fund on its financial statements. Complete financial information can be obtained from the Clearwater Lake County Auditor/Treasurer's Office or the Waste Management Group's office, P.O. Box 186, Bagley, Minnesota, 56621.

Northwest Minnesota Regional Radio Board

The Northwest Minnesota Regional Radio Board (NMRRB) was formed in 2007 under the authority of the Joint Powers Act, pursuant to Minnesota Statutes, §§ 403.39 and 471.59. Members include Becker, Beltrami, Clearwater, Clay, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Norman, Red Lake, Polk, Pennington, and Roseau counties and the County of Moorhead. The purpose of the NMRRB is to provide regional administration for the installation, operation, and maintenance of local and regional enhancements to the Statewide Public Safety Radio and Communication System (ARMER).

Control is vested in the Northwest Minnesota Regional Radio Board, which is composed of one county commissioner from each member county and one County council member from the member County, appointed by their respective governing bodies as provided in the NMRRB's Joint Powers Agreement.

The Northwest Minnesota Regional Radio Board has no long-term debt. Financing is provided by annual contributions from members, reflective of the extent of participation and use of services. Red Lake County reports no contributions to the Northwest Minnesota Regional Radio Board for the year ended December 31, 2023. Complete financial information can be obtained from the NMRRB, C/O Greater Northwest EMS, 2301 Johanneson Avenue NW, Suite 103, Bemidji, Minnesota, 56601.

Northwest Minnesota Six County Joint Powers Board

The Northwest Minnesota Six County Joint Powers Board was formed in 1994 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Beltrami, Clearwater, Marshall, Red Lake, Polk, and Roseau Counties. The purpose of the Northwest Minnesota Six County Joint Powers Board is to receive and expend funds for the purpose of beaver damage control. Control of the Association is vested in the Northwestern Counties Data Processing Security Association Joint Powers Board, which is composed of one county commissioner appointed by each member county board. In the event of dissolution, the net assets of the Association at that time shall be distributed to the respective member counties in proportion to the contribution of each.

VII. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Northwest Minnesota Six County Joint Powers Board (Continued)

The Northwest Minnesota Six County Joint Powers Board is composed of one representative appointed by each county board from the six counties. Each county also has one alternate appointed to the Board, and the Board may choose to have non-voting advisory members on the Board. In the event of dissolution of the Northwest Minnesota Six County Joint Powers Board, the net assets of the Board at that time shall be distributed to the respective member counties in proportion to the contribution of each. The Northwest Minnesota Six County Joint Powers Board charges sufficient rates so that the participating members experience no financial benefit or burden.

Financing is provided by grants from the State of Minnesota or from any other lawful source specifically including contributions from the respective member counties. Red Lake County did not contribute for the year ended December 31, 2023. Complete financial information can be obtained from the Red Lake Watershed District, P.O. Box 803, Thief River Falls, Minnesota 56701.

Northwest Service Cooperative

The Northwest Service Cooperative (NWSC) was established in February, 1977, pursuant to Minnesota Statutes, §§ 471.59 and 123.582. The NWSC is located in State Development Regions One and Two which includes 12 counties covering a total of 14,853 miles. These are the most sparsely populated regions of the state with only 11 persons per square mile. The regions are known as "Pine to Prairie." The NWSC provides service to all school districts, and many cities, counties, and other governmental agencies in the northwest region. The Northwest Service Cooperative's purpose is to meet or exceed the needs of participating members by developing and delivering high quality, cost-effective services and programs that will support the activities of its members.

The NWSC is governed by a Board of Directors consisting of school board members elected at large by their peers, one County representative, with a maximum of three at-large appointees and three ex-officio superintendents. The NWSC charges sufficient rates so that the participating members experience no financial benefit or burden.

Red Lake County contributed $120 to the NWSC for the year ended December 31, 2023. Complete financial information can be obtained from the Northwest Service Cooperative, 114 First Street West, Thief River Falls, Minnesota 56701.

Pine to Prairie Drug and Violent Crime Task Force (PTPDTF)

The Pine to Prairie Drug and Violent Crime Task Force was formed under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes as Full Members the Counties of Lake of the Woods, Norman, Pennington, Polk, Red Lake, and Roseau, the Cities of Crookston, East Grand Forks, and Thief River Falls, and the US Customs and Border Protection and Homeland Security Investigations Department; as Associate Members the City of Red Lake Falls and the City of Ada; and as Liaison Members the Counties of Kittson, and Marshall. The purpose of the Task Force is to coordinate efforts to investigate, apprehend, and prosecute drug, gang, and violent crime offenders.

VII. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Pine to Prairie Drug and Violent Crime Task Force (PTPDTF) (Continued)

Control of the Task Force is vested in the PTPDTF Governing Board, which shall consist of not less than 6 members or more than 14 members designated by each participating Full Member, and up to 5 additional members selected by the Governing Board. Board members shall not be deemed to be employees of the Task Force and shall not be compensated by it. Full Members shall assign a peace officer to be an Agent on the task force, Associate Members are not required to assign an officer but shall participate in operations and activities and contribute funds annually. Liaison Members shall participate upon request.

Dissolution would occur when two-thirds of the members agree by resolution to terminate the agreement or when necessitated by law or funding status at which time the net assets of the Task Force shall be divided among the members in the same proportion as their respective full-time equivalent contributions. Any member may withdraw upon six months written notice and shall not be entitled to any distribution of the assets.

Financing is provided by state and federal grants, charges for services, appropriations from members and donations. Members do not experience any additional financial benefit or burden. The City of Crookston is designated as the Coordinating Agency. Red Lake County reported $5,000 in contributions to the PTPDTF for the year ended December 31, 2023. Complete financial information can be obtained from the City of Crookston, 321 West Robert Street, Crookston, Minnesota, 56716.

Quin County Community Health Service

The Quin County Community Health Service (QCCHS) was formed in 1978 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Kittson, Marshall, Pennington, Red Lake, and Roseau Counties. The purpose of the Health Service is to develop and implement policies and procedures to promote efficiency and economy in the delivery of community health services.

Control of the QCCHS is vested in the Quin County Board of Health which is composed of one member appointed by each of the member counties, as provided in the joint powers agreement. The QCCHS charges sufficient rates so that the participating members experience no financial benefit or burden. In the event of dissolution of the Quin County Board of Health, the net assets of the Health Service at that time shall be divided among the member counties in the same proportion as their respective financial responsibilities as determined by county population.

The Health Service has no long-term debt. Financing is provided by state and federal grants, charges for services, and appropriations from the member counties when needed. Red Lake County did not contribute for the year ended December 31, 2023. Marshall County reports the cash transactions of the Health Service as a fiduciary fund on its financial statements. Complete financial information can be obtained from the Marshall County Auditor/Treasurer's Office or the Health Service's office, Thief River Falls, Minnesota 56701.

VII. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Red Lake River Corridor

The Red Lake River Corridor Joint Powers Board was formed in 2003 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes the Cities of Thief River Falls, St. Hilaire, Red Lake Falls, Crookston, Fisher, and East Grand Forks; the Counties of Polk, Pennington, Red Lake; and the Red Lake Band of Chippewa Reservation. The purpose of the Board is for the development and enhancement of recreational and natural resources along the Red Lake River.

The Red Lake River Corridor Joint Powers Board is composed of one member for each participating entity. Each participant may also have one alternate who, in the absence of the appointed member, may attend meetings and have all the duties and rights of the member. In the event of dissolution, the net assets shall be distributed to the respective members in proportion to the contribution of each. The Red Lake River Corridor charges sufficient rates so that the participating members experience no financial benefit or burden.

Financing is provided by contributions from members. The County did not contribute to the Board in 2022. Complete financial information can be obtained from the St. Hilaire City Treasurer, 102 Broadway Avenue North, St. Hilaire, Minnesota 56754.

Tri-County Community Corrections

Tri-County Community Corrections was formed in 1975 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Norman, Polk, and Red Lake Counties. The purpose of the Community Corrections is to house, supervise, treat, counsel, and provide other correctional services to prisoners throughout the territorial area of the member counties.

Control of the Tri-County Community Corrections is vested in the Tri-County Community Corrections Joint Powers Board, which is composed of two county commissioners from each member county, as provided in its bylaws. In the event of dissolution of the Tri-County Community Corrections Joint Powers Board, the net assets of the Community Corrections at that time shall be divided among the member counties in the agreed-upon proportions of Norman County (eight percent), Polk County (87 percent), and Red Lake County (five percent).

The Tri-County Community Corrections has no long-term debt. Financing is provided by State, Federal, and local grants, charges for services, and appropriations from member counties. Red Lake County contributed $251,119 to Community Corrections for the year ended December 31, 2023. Polk County reports the cash transactions of Community Corrections as a fiduciary fund on its financial statements. Complete financial information can be obtained from the Polk County Administrator's Office or at the Northwest Regional Correction Center, 600 Bruce Street, Crookston, Minnesota 56716.

VII. Summary of Significant Contingencies and Other Items (Continued)

E. Related Organization

Northwest Minnesota Council of Collaboratives

The Northwest Minnesota Council of Collaboratives is comprised of a variety of organizations from individual county collaboratives in northwest Minnesota representing Kittson, Marshall, Mahnomen, Norman, Polk and Red Lake Counties. Its 54 members include school districts and special education districts, and agencies in the areas of social services, public health, mental health and corrections. The primary goal of the Council is to promote the welfare of youth and families in the six-county area by coordinating human and financial resources to maximize the efficiency of services offered by its members. The Council also works to expand the resource base available to meet the growing needs of its population.

The members of the Northwest Minnesota Council of Collaboratives Governing Board will set policy, vision and mission. Each County's collaborative partner has two voting representatives at Governing Board meetings. Representatives must be at the CEO/Superintendent level.

Financing is provided by the collection of membership dues from the participating collaboratives and agency partners. Tri-County Community Corrections acts as fiscal agent for the Northwest Minnesota Council of Collaboratives and reports the cash transactions of the Council of Collaboratives as a fiduciary fund in its financial statements. During 2023, Red Lake County contributed $3,038 to the Council of Collaboratives.

Separate financial information can be obtained from Tri-County Community Corrections, 816 Marin Avenue, Suite 110, Crookston, Minnesota 56716.

F. Jointly-Governed Organizations

Children's Initiative/Family Service Collaborative

Children's Initiative/Family Service Collaborative was formed pursuant to Minnesota Statutes, §§ 121.8355 and 245.491, effective May 1, 2002, and includes Red Lake County Social Services, Red Lake Falls School District, Oklee School District, Plummer School District, CAP Agency/Inter-County Community Council, Inter-County Nursing Services, Northwestern Mental Health Center, Red Lake County's Sheriff's Department, and Tri-County Community Corrections.

The purpose of the Collaborative is to provide improved social, emotional, educational, health, and economic outcomes for all Red Lake County children, adolescents, and their families by integrating services and enhancing protective factors by creating an integrated service delivery system for children, adolescents, and their families with multiple and special needs.

Control of the Children's Initiative/Family Service Collaborative is vested in the Collaborative Governing Board which is composed of one member appointed by each of the members, as provided in the governance agreement. Red Lake County Social Services reports the cash transactions of the Collaborative as a fiduciary fund on the County's financial statements. During 2023, the County made $500 in contributions to the Collaborative.

VII. Summary of Significant Contingencies and Other Items

F. Jointly-Governed Organizations (Continued)

Job Training Partnership Act Joint Powers Agreement

The Job Training Partnership Act Joint Powers Agreement was formed in July 1994 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Kittson, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau Counties. The purpose of the Joint Powers Agreement is to designate the members of the Northwest Regional Development Commission's Board of Directors as the local elected officials to work with the Northwest Private Industry Council for the Northwest Service Delivery Area including specific duties as listed in the Agreement.

In the event of dissolution of the Joint Powers Agreement, the net assets of the Joint Powers Board at that time shall be disposed of in accordance with law. Financing is provided primarily from federal grants provided through the Job Training Partnership Act of 1982. Complete financial information can be obtained from the Northwest Regional Development Commission, 115 South Main, Warren, Minnesota 56762.

Minnesota Counties Computer Cooperative (MCCC)

Under Minnesota Joint Powers Law, Minnesota Statute, § 471.59, Minnesota counties have created MCCC to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. During the year, Red Lake County reported no contributions to the MCCC.

Minnesota Rural Counties Caucus

The Minnesota Rural Counties Caucus was established in 1997 and includes Becker, Beltrami, Clay, Clearwater, Itasca, Kittson, Lake of the Woods, Mahnomen, Marshall, McLeod, Morrison, Norman, Pennington, Polk, Red Lake, and Roseau Counties. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee, which is composed of ten directors, each with an alternate, who are appointed annually by each respective county board. The County's responsibility does not extend beyond making this appointment. Red Lake County did not contribute to the Minnesota Rural Counties Caucus for the year ended December 31, 2023.

Northwest Minnesota Multi-County Housing and Redevelopment Authority

The Northwest Minnesota Multi-County Housing and Redevelopment Authority (HRA) was formed pursuant to Minnesota Statute, § 469.004, effective September 1972, and includes Kittson, Marshall, Pennington, Polk, Red Lake, and Roseau Counties. Control of the HRA is vested in the HRA Board composed of six members with indefinite terms made up of one member appointed by each Board of County Commissioners. Red Lake County reports tax collections for the HRA as a fiduciary fund on the County's financial statements. Red Lake County appropriated $15,299 to the Northwest Minnesota Multi-County Housing and Redevelopment Authority for the year ended December 31, 2023.

VII. Summary of Significant Contingencies and Other Items

F. Jointly-Governed Organizations (Continued)

Northwest Regional Library

The Northwest Regional Library was formed pursuant to Minnesota Statutes, §§ 134.20 and 471.59, effective January 1, 1981, and includes Kittson, Marshall, Pennington, Red Lake, and Roseau Counties. Control of the Library is vested in the Northwest Regional Library Board composed of 16 members with staggered terms. Red Lake County appropriated $28,366 to the library for the year ended December 31, 2023.

Northwest Workforce Service Area

The Northwest Workforce Service Area was formed in July 2000 under the authority of the Workforce Investment Act of 1998 (Public Law 105-22) and includes Kittson, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau Counties. The purpose of the Service Area is to increase each participant's employment, retention, earnings, and occupational skill attainment, and improve the workforce quality, reduce welfare dependency, and enhance productivity and competitiveness.

Control of the Northwest Workforce Service Area is vested in the Northwest Private Industry Council/Workforce Council composed of 18 members with one representative from each of the seven counties, three members at large, and eight members representing local agencies. In the event of dissolution of the Service Area, unexpended funds will be disposed of in accordance with law.

The Northwest Workforce Service Area has no long-term debt. Financing is provided by state and local grants. Complete financial information can be obtained from the Northwest Service Cooperative, 114 First Street West, Thief River Falls, Minnesota, 56701.

Red Lake Watershed District

The Red Lake Watershed District was formed pursuant to Minnesota Statutes, §§ 103D.201-.231, effective January 25, 1969, and includes land within Beltrami, Clearwater, Itasca, Koochiching, Mahnomen, Marshall, Pennington, Red Lake, and Roseau Counties. The purpose of the District is to conserve the natural resources of the state by land use planning, flood control, and other conservation projects by using sound scientific principles for the protection of the public health and welfare and the provident use of natural resources.

Control of the District is vested in the Red Lake Watershed District Board of Managers composed of seven members having staggered terms of three years each, with two appointed by the Polk County Board and one each appointed by the county boards of Beltrami, Clearwater, Marshall, Pennington, and Red Lake. Red Lake County reports tax collections for the Red Lake Watershed as a fiduciary fund on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

Schedule 1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes	$ 60,900	$ 60,900	$ 2,491,163	$ 2,430,263
Licenses and permits	4,040	4,040	1,813	(2,227)
Intergovernmental	667,206	667,206	1,420,612	753,406
Charges for services	275,833	275,833	279,892	4,059
Fines and forfeitures	-	-	12,019	12,019
Investment earnings	90,000	90,000	168,693	78,693
Miscellaneous	187,019	187,019	228,922	41,903
Total Revenues	**$ 1,284,998**	**$ 1,284,998**	**$ 4,603,114**	**$ 3,318,116**
Expenditures				
Current				
General government				
Commissioners	$ 358,285	$ 358,285	$ 192,064	$ 166,221
District court	11,000	11,000	15,134	(4,134)
Law library	1,050	1,050	579	471
County auditor	225,145	225,145	120,750	104,395
County treasurer	169,147	169,147	173,023	(3,876)
County assessor	119,167	119,167	116,147	3,020
Elections	10,700	10,700	10,079	621
Personnel	92,643	92,643	92,853	(210)
Attorney	248,921	248,921	208,461	40,460
Recorder	116,751	116,751	117,023	(272)
Buildings and plant	126,561	126,561	140,921	(14,360)
Veterans service officer	26,434	26,434	26,958	(524)
Other general government	182,600	182,600	217,613	(35,013)
Total general government	**$ 1,688,404**	**$ 1,688,404**	**$ 1,431,605**	**$ 256,799**
Public safety				
Sheriff	$ 1,289,533	$ 1,289,533	$ 1,361,404	$ (71,871)
Community corrections	251,119	251,119	251,119	-
Coroner	12,270	12,270	10,441	1,829
Crime victim assistance	67,491	67,491	67,661	(170)
Enhanced 911	102,062	102,062	89,294	12,768
Emergency services	28,195	28,195	28,237	(42)
Total public safety	**$ 1,750,670**	**$ 1,750,670**	**$ 1,808,156**	**$ (57,486)**

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

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

Schedule 1
(Continued)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Expenditures				
Current (Continued)				
Sanitation				
Solid waste	$ 13,100	$ 13,100	$ 15,861	$ (2,761)
Recycling	81,520	81,520	119,326	(37,806)
Individual Septic Treatment System	56,900	56,900	67,724	(10,824)
Total sanitation	**$ 151,520**	**$ 151,520**	**$ 202,911**	**$ (51,391)**
Human services				
Committee on aging	$ -	$ -	$ 4,000	$ (4,000)
Buildings and grounds	16,050	16,050	10,326	5,724
Total human services	**$ 16,050**	**$ 16,050**	**$ 14,326**	**$ 1,724**
Health				
Nursing service	$ -	$ -	$ 24,703	$ (24,703)
Ambulance	-	-	77,000	(77,000)
Total health	**$ -**	**$ -**	**$ 101,703**	**$ (101,703)**
Culture and recreation				
Parks	$ 6,500	$ 6,500	$ 264	$ 6,236
Regional library	-	-	28,366	(28,366)
Friends of the library	-	-	8,104	(8,104)
Snowmobile and ski trails	55,000	55,000	43,825	11,175
Celebrations	-	-	255	(255)
Other culture and recreation	-	-	500	(500)
Total culture and recreation	**$ 61,500**	**$ 61,500**	**$ 81,314**	**$ (19,814)**
Conservation of natural resources				
Agricultural society	$ -	$ -	$ 10,000	$ (10,000)
Cooperative extension	81,775	81,775	70,481	11,294
Environmental services	264,311	264,311	217,868	46,443
Agricultural inspection	-	-	738	(738)
Red River Basin	-	-	107	(107)
Soil and water conservation	109,463	109,463	230,593	(121,130)
Other conservation of natural resources	8,876	8,876	17,958	(9,082)
Total conservation of natural resources	**$ 464,425**	**$ 464,425**	**$ 547,745**	**$ (83,320)**
Economic development				
Red River Valley Development	$ -	$ -	$ 900	$ (900)

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

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

Schedule 1
(Continued)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Expenditures (Continued)				
Capital outlay				
General government	$ 770,000	$ 770,000	$ 354,102	$ 415,898
Public safety	102,000	102,000	76,270	25,730
Total capital outlay	**$ 872,000**	**$ 872,000**	**$ 430,372**	**$ 441,628**
Total Expenditures	**$ 5,004,569**	**$ 5,004,569**	**$ 4,619,032**	**$ 385,537**
Excess of Revenues Over (Under) Expenditures	**$ (3,719,571)**	**$ (3,719,571)**	**$ (15,918)**	**$ 3,703,653**
Fund Balance - January 1	**2,425,561**	**2,425,561**	**2,425,561**	**-**
Fund Balance - December 31	**$ (1,294,010)**	**$ (1,294,010)**	**$ 2,409,643**	**$ 3,703,653**

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

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

Schedule 2

BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes	$ -	$ -	$ 618,615	$ 618,615
Intergovernmental	6,414,500	6,414,500	4,059,718	(2,354,782)
Charges for services	220,000	220,000	614,592	394,592
Investment earnings	7,500	7,500	1,713	(5,787)
Miscellaneous	10,000	10,000	97,317	87,317
Total Revenues	**$ 6,652,000**	**$ 6,652,000**	**$ 5,391,955**	**$ (1,260,045)**
Expenditures				
Current				
Highways and streets				
Administration	$ 531,600	$ 531,600	$ 437,750	$ 93,850
Maintenance	1,193,000	1,193,000	1,464,832	(271,832)
Construction	4,866,000	4,866,000	2,718,072	2,147,928
Equipment maintenance and shop	614,800	614,800	675,288	(60,488)
Township roads	200,000	200,000	205,433	(5,433)
Other highways and streets	66,500	66,500	55,484	11,016
Total highways and streets	**$ 7,471,900**	**$ 7,471,900**	**$ 5,556,859**	**$ 1,915,041**
Capital outlay				
Highways and streets	-	-	533,930	(533,930)
Total Expenditures	**$ 7,471,900**	**$ 7,471,900**	**$ 6,090,789**	**$ 1,381,111**
Net Change in Fund Balance	**$ (819,900)**	**$ (819,900)**	**$ (698,834)**	**$ 121,066**
Fund Balance - January 1	**2,129,161**	**2,129,161**	**2,129,161**	**-**
Increase (decrease) in inventories	**-**	**-**	**19,184**	**19,184**
Fund Balance - December 31	**$ 1,309,261**	**$ 1,309,261**	**$ 1,449,511**	**$ 140,250**

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

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

Schedule 3

BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes	$ 412,030	$ 412,030	$ 348,479	$ (63,551)
Intergovernmental	997,701	997,701	1,102,225	104,524
Charges for services	173,700	173,700	200,821	27,121
Miscellaneous	208,500	208,500	9,636	(198,864)
Total Revenues	**$ 1,791,931**	**$ 1,791,931**	**$ 1,661,161**	**$ (130,770)**
Expenditures				
Current				
Human Services				
Income maintenance	$ 1,006,986	$ 1,006,986	$ 1,005,133	$ 1,853
Social services	784,945	784,945	676,036	108,909
Total Expenditures	**$ 1,791,931**	**$ 1,791,931**	**$ 1,681,169**	**$ 110,762**
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ (20,008)**	**$ (20,008)**
Fund Balance - January 1	**-**	**-**	**2,050,449**	**2,050,449**
Fund Balance - December 31	**$ -**	**$ -**	**$ 2,030,441**	**$ 2,030,441**

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

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

Schedule 4

SCHEDULE OF CHANGES IN TOTAL LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$ 20,713	$ 20,110	$ 19,015	$ 15,879	$ 13,996	$ 14,752
Interest cost	6,229	5,352	6,966	8,050	6,856	6,759
Differences between expected and actual experience	-	35,841	-	5,111	-	-
Changes of assumption or other inputs	-	(1,066)	13,424	7,234	(6,857)	(143,052)
Benefit payments	(20,159)	(13,899)	(12,324)	(9,729)	(13,832)	(21,727)
Net change in total OPEB liability	$ 6,783	$ 46,338	$ 27,081	$ 26,545	$ 163	$ (143,268)
Total OPEB Liability - Beginning	300,746	254,408	227,327	200,782	200,619	343,887
Total OPEB Liability - Ending	$ 307,529	$ 300,746	$ 254,408	$ 227,327	$ 200,782	$ 200,619
Covered-employee payroll	$ 2,427,946	$ 2,357,229	$ 2,387,963	$ 2,312,797	$ 2,068,592	$ 2,008,342
Total OPEB liability (asset) as a percentage of covered-employee payroll	12.67%	12.76%	10.65%	9.83%	9.71%	9.99%

This schedule is intended to present 10 years and will be updated as information becomes available.

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

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

Schedule 5

GOVERNMENTAL ACTIVITIES

SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF MINNESOTA
FOR THE YEAR ENDED DECEMBER 31, 2023

GENERAL EMPLOYEES RETIREMENT FUND PENSION PLAN

Fiscal Year Ending	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2023	$ 209,223	$ 209,223	$ -	$ 2,789,640	7.5%
December 31, 2022	$ 201,276	$ 201,276	$ -	$ 2,683,671	7.5%
December 31, 2021	$ 196,532	$ 196,532	$ -	$ 2,620,429	7.5%
December 31, 2020	$ 189,034	$ 189,034	$ -	$ 2,520,433	7.5%
December 31, 2019	$ 180,862	$ 180,862	$ -	$ 2,415,073	7.5%
December 31, 2018	$ 169,203	$ 169,203	$ -	$ 2,256,034	7.5%
December 31, 2017	$ 168,019	$ 168,019	$ -	$ 2,240,239	7.5%
December 31, 2016	$ 160,293	$ 160,293	$ -	$ 2,137,234	7.5%
December 31, 2015	$ 155,614	$ 155,614	$ -	$ 2,066,864	7.5%

PUBLIC EMPLOYEES POLICE AND FIRE FUND PENSION PLAN

Fiscal Year Ending	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2023	$ 125,312	$ 125,312	$ -	$ 707,979	17.7%
December 31, 2022	$ 118,588	$ 118,588	$ -	$ 669,990	17.7%
December 31, 2021	$ 113,634	$ 113,634	$ -	$ 642,000	17.7%
December 31, 2020	$ 103,586	$ 103,586	$ -	$ 585,230	17.7%
December 31, 2019	$ 91,883	$ 91,883	$ -	$ 542,083	16.9%
December 31, 2018	$ 87,696	$ 87,696	$ -	$ 541,334	16.2%
December 31, 2017	$ 84,017	$ 84,017	$ -	$ 518,623	16.2%
December 31, 2016	$ 78,448	$ 78,448	$ -	$ 484,248	16.2%
December 31, 2015	$ 67,202	$ 67,202	$ -	$ 414,824	16.2%

Note: This schedule is intended to present 10 years and will be updated as information becomes available.

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

Schedule 6

GOVERNMENTAL ACTIVITIES

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
FOR THE YEAR ENDED DECEMBER 31, 2023

GENERAL EMPLOYEES RETIREMENT FUND PENSION PLAN

Fiscal Year Ending	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability and the Employer's Proportionate Share of the State of Minnesota's Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2023	0.0355%	$ 1,985,120	$ 54,755	$ 2,039,875	$ 2,822,332	74.62%	83.10%
June 30, 2022	0.0349%	$ 2,764,092	$ 81,208	$ 2,845,300	$ 2,616,675	112.47%	76.67%
June 30, 2021	0.0347%	$ 1,481,845	$ 45,177	$ 1,527,022	$ 2,493,428	59.43%	87.00%
June 30, 2020	0.0350%	$ 2,098,410	$ 64,745	$ 2,163,155	$ 2,495,016	84.10%	79.06%
June 30, 2019	0.0327%	$ 1,807,910	$ 56,164	$ 1,864,074	$ 2,310,856	78.24%	80.23%
June 30, 2018	0.0335%	$ 1,858,443	$ 60,962	$ 1,919,405	$ 2,252,414	82.51%	79.53%
June 30, 2017	0.0342%	$ 2,183,305	$ 27,456	$ 2,210,761	$ 2,193,283	99.55%	75.90%
June 30, 2016	0.0340%	$ 2,760,631	$ 36,009	$ 2,796,640	$ 2,137,234	129.17%	68.90%
June 30, 2015	0.0333%	$ 1,725,779	$ -	$ 1,725,779	$ 1,992,123	86.63%	78.20%

PUBLIC EMPLOYEES POLICE AND FIRE FUND PENSION PLAN

Fiscal Year Ending	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability and the Employer's Proportionate Share of the State of Minnesota's Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2023	0.0555%	$ 958,413	$ 38,649	$ 997,062	$ 729,218	141.05%	86.47%
June 30, 2022	0.0523%	$ 2,275,889	$ 99,451	$ 2,375,340	$ 635,852	386.02%	70.53%
June 30, 2021	0.0507%	$ 391,350	$ 17,601	$ 408,951	$ 599,051	65.33%	93.66%
June 30, 2020	0.0496%	$ 653,781	$ -	$ 653,781	$ 559,399	116.87%	87.19%
June 30, 2019	0.0515%	$ 548,270	$ -	$ 548,270	$ 542,846	101.00%	89.26%
June 30, 2018	0.0510%	$ 540,410	$ -	$ 540,410	$ 534,044	101.19%	88.84%
June 30, 2017	0.0342%	$ 661,558	$ -	$ 661,558	$ 504,788	131.06%	85.40%
June 30, 2016	0.0460%	$ 1,846,060	$ -	$ 1,846,060	$ 484,248	381.22%	63.90%
June 30, 2015	0.0460%	$ 522,668	$ -	$ 522,668	$ 417,734	125.12%	86.60%

Note: This schedule is intended to present 10 years and will be updated as information becomes available.

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

I. Budgetary Information

A. Budget Policy

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

On or before the second week of August of each year, all departments and agencies submit requests for appropriations to the County Auditor so that a budget can be prepared. Before September 15, the proposed budget is presented to the County Board for review. The Board holds a public hearing, and then a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. The County's department head may make transfers of appropriations within a department. Transfers of appropriations between departments require approval from the County Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

B. Excess of Expenditures Over Budget

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

	Expenditures	Budget	Excess
General Fund			
General government			
District court	$ 15,134	$ 11,000	$ (4,134)
County treasurer	173,023	169,147	(3,876)
Personnel	92,853	92,643	(210)
Recorder	117,023	116,751	(272)
Buildings and plant	140,921	126,561	(14,360)
Veterans service officer	26,958	26,434	(524)
Other general government	217,613	182,600	(35,013)
Public safety			
Sheriff	1,361,404	1,289,533	(71,871)
Crime victim assistance	67,661	67,491	(170)
Emergency services	28,237	28,195	(42)
Sanitation			
Solid waste	15,861	13,100	(2,761)
Recycling	119,326	81,520	(37,806)
Individual septic treatment system	67,724	56,900	(10,824)
Human services			
Committee on aging	4,000	-	(4,000)
Health			
Nursing service	24,703	-	(24,703)
Ambulance	77,000	-	(77,000)
Culture and recreation			
Friends of the library	8,104	-	(8,104)
Regional library	28,366	-	(28,366)
Celebrations	255	-	(255)
Other culture and recreation	500	-	(500)
Conservation of natural resources			
Agricultural society	10,000	-	(10,000)
Agricultural inspection	738	-	(738)
Red Lake Watershed District	107	-	(107)
Soil and water conservation	230,593	109,463	(121,130)
Other conservation of natural resources	17,958	8,876	(9,082)
Economic development			
Red River Valley Development	900	-	(900)

I. Budgetary Information

B. Excess of Expenditures Over Budget (Continued)

	Expenditures	Budget	Excess
Road and Bridge Special Revenue Fund			
Highways and streets			
Maintenance	$ 1,464,832	$ 1,193,000	$ (271,832)
Equipment maintenance and shop	675,288	614,800	(60,488)
Township roads	205,433	200,000	(5,433)
Capital outlay			
Highways and streets	533,930	-	(533,930)

II. Other Post-Employment Benefits (OPEB)

Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75 to pay related benefits. For more information, refer to Schedule 4 of this section and the Notes to the Financial Statements Section IV., Other Post-Employment Benefits.

2023 Changes
Changes in Actuarial Assumptions:
- The health care trend rates and mortality tables were updated.
- The retirement, withdrawal, and salary increase rates for public safety employees were updated.
- The inflation rate was changed from 2.00% to 2.50%.
- The spousal coverage election percentage for subsidy eligible employees was lowered from 50% to 25%.
- The discount rate was changed from 2.00% to 4.00%.

Changes in Plan Provisions:
There were no changes in plan provisions since the previous valuation.

2022 Changes
Changes in Actuarial Assumptions:
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:
There were no changes in plan provisions since the previous valuation.

2021 Changes
Changes in Actuarial Assumptions
- The discount rate was changed from 2.90 percent to 2.00 percent.

2020 Changes
Changes in Actuarial Assumptions
- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.

II. Other Post-Employment Benefits (OPEB)

2020 Changes
Changes in Actuarial Assumptions (Continued)

- The mortality tables were updated from the RP-2014 Mortality Tables (blue collar for public safety and white collar for others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (general and safety) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.80 percent to 2.90 percent.

2019 Changes
Changes in Actuarial Assumptions

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

2018 Changes
Changes in Actuarial Assumptions
The most recent actuarial valuation date is January 1, 2017. Since the last actuarial valuation as of January 1, 2014, the following actuarial assumptions have been changed:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 Combined healthy Table projected to 2014 with Scale BB to the RP-2014 adjusted to 2006 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (Blue Collar Tables for Police and Fire Personnel).
- The withdrawal and retirement tables for all employees were updated.
- The discount rate was changed from 4.50% to 3.30%.

Changes in Plan Provisions
Since the last actuarial valuation as of January 1, 2014, the following plan provisions have changed:

- The years of service required to be eligible for a benefit (implicit rate subsidy) was increased from three to five years.

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

The information presented in the required supplementary schedules was used in the actuarial valuation for the purpose of determining the actuarially determined contribution rates. Changes in actuarial assumptions are described in the Notes to the Financial Statements. The assumptions and methods used for this actuarial valuation were recommended by PERA and adopted by the County Board. The following changes were reflected in the valuation performed on behalf of PERA for the fiscal year June 30:

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios (Continued)

General Employees Fund

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

- The health care trend rates, mortality tables, salary scale, and retirement and withdrawal assumptions were updated.
- The discount rate was changed from 3.80 percent to 2.00 percent.

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

General Employees Fund

2020 Changes

Changes in Actuarial Assumptions (Continued)

- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

General Employees

2018 Changes (Continued)
Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 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.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 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 Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumption.

2017 Changes
Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

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

2016 Changes
Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

General Employees

2016 Changes

Changes in Actuarial Assumptions (Continued)

- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Police and Fire Fund

2023 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 3.0 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.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

Police and Fire Fund (Continued)

2022 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.0 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 MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disable 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 1, 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 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 changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

Police and Fire Fund (Continued)

2019 Changes
Changes in Actuarial Assumptions
- The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2018 Changes
Changes in Actuarial Assumptions
- The morality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions
- Postretirement benefit increases were 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.
- New annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019, and 11.80 percent of pay, effective January 1, 2020.

2018 Changes
Changes in Plan Provisions (Continued)
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019, and 17.70 percent of pay, effective January 1, 2020.
- 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 Changes
Changes in Actuarial Assumptions
- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 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.

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

Police and Fire Fund

2017 Changes

Changes in Actuarial Assumptions (Continued)

- The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions:

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

SUPPLEMENTARY INFORMATION

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs.

CUSTODIAL FUNDS

The Children's Initiative/Family Service Collaborative Custodial Fund is used to account for receipts and disbursements for the Collaborative.

The Flexible Spending Custodial Fund is used to account for the payroll deductions of employees enrolled in the flexible spending program.

The Forfeited Tax Custodial Fund is used to account for and report proceeds from the sale or rental of lands forfeited to the State of Minnesota pursuant to Minnesota Statutes, Chapter 282 and various forest and timber management grants. The net proceeds, after deducting allowable expenses, are restricted to various County funds and taxing districts. Titles to the tax-forfeited lands remains with the State until the lands are sold by the County.

The Insurance Custodial Fund is used to account for the employer's share of group insurance. Funds are provided for payment of the insurance from the General Fund and special revenue funds.

The State Revenue Custodial Fund is used to account for the collection and payment of funds due the State of Minnesota.

The Taxes and Penalties Custodial Fund is used to account for collection and distribution of taxes and penalties for the various taxing districts of the County.

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

Statement 1

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2023

	Family Service Collaborative	Flexible Spending	Forfeited Tax	Insurance	State Revenue	Taxes and Penalties	Total Custodial Funds
Assets							
Cash and pooled investments	$ 15,508	$ 562	$ 66,934	$ (84,720)	$ 1,164,928	$ 71,892	$ 1,235,104
Accounts receivable	-	337	-	84,720	-	-	85,057
Total Assets	**$ 15,508**	**$ 899**	**$ 66,934**	**$ -**	**$ 1,164,928**	**$ 71,892**	**$ 1,320,161**
Liabilities							
Accounts payable	$ -	$ 899	$ 31	$ -	$ 1,090,387	$ -	$ 1,091,317
Due to other governments	-	-	-	-	74,541	71,892	146,433
Total Liabilities	**$ -**	**$ 899**	**$ 31**	**$ -**	**$ 1,164,928**	**$ 71,892**	**$ 1,237,750**
Net Position							
Restricted for Individuals, organizations, and other governments	**$ 15,508**	**$ -**	**$ 66,903**	**$ -**	**$ -**	**$ -**	**$ 82,411**

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

Statement 2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Family Service Collaborative	Flexible Spending	Forfeited Tax	Insurance	State Revenue	Taxes and Penalties	Total Custodial Funds
Additions							
Contributions from individuals	$ -	$ 7,260	$ 300	$ 828,151	$ -	$ -	$ 835,711
Property tax collections for other governments	-	-	-	-	2,426,909	14,723,728	17,150,637
Intergovernmental receipts for other governments	25,071	-	-	-	-	-	25,071
License and fees collected for State	-	-	-	-	89,639	-	89,639
Total Additions	**$ 25,071**	**$ 7,260**	**$ 300**	**$ 828,151**	**$ 2,516,548**	**$ 14,723,728**	**$ 18,101,058**
Deductions							
Medical, dental, and life insurance	$ -	$	$ -	$ 828,151	$ -	$ -	$ 828,151
Payments of property tax to other governments	-	7,260	-	-	-	14,723,728	14,730,988
Payments to state	-	-	-	-	2,516,548	-	2,516,548
Administrative expense	-	-	411	-	-		411
Payments to other entities/individuals	23,496	-	-	-		-	23,496
Total Deductions	**$ 23,496**	**$ 7,260**	**$ 411**	**$ 828,151**	**$ 2,516,548**	**$ 14,723,728**	**$ 18,099,594**
Change in net position	**$ 1,575**	**$ -**	**$ (111)**	**$ -**	**$ -**	**$ -**	**$ 1,464**
Net Position – January 1	**13,933**	**-**	**67,014**	**-**	**-**	**-**	**80,947**
Net Position – December 31	**$ 15,508**	**$ -**	**$ 66,903**	**$ -**	**$ -**	**$ -**	**$ 82,411**

OTHER SCHEDULES

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

Schedule 7

BALANCE SHEET - BY DITCH
DITCH SPECIAL REVENUE FUND
DECEMBER 31, 2023

	Assets			Liabilities			Total Liabilities, Deferred Inflows of Resources, and Fund Balances
	Cash	Special Assessments Receivable Prior	Total Assets	Due to Other Funds	Deferred Inflows of Resources	Fund Balances	
County Ditches							
2	$ 46,967	$ -	$ 46,967	$ -	$ -	$ 46,967	$ 46,967
3	30,588	-	30,588	-	-	30,588	30,588
4	55,885	7	55,892	-	7	55,885	55,892
9	40,456	-	40,456	-	-	40,456	40,456
12	32,545	7	32,552	-	7	32,545	32,552
17	39,741	88	39,829	-	88	39,741	39,829
18-65	30,885	151	31,036	-	151	30,885	31,036
22	8,347	-	8,347	-	-	8,347	8,347
23	7,937	-	7,937	-	-	7,937	7,937
24	41,908	-	41,908	-	-	41,908	41,908
28	8,610	-	8,610	-	-	8,610	8,610
57	14,113	43	14,156	-	43	14,113	14,156
58	52,327	-	52,327	-	-	52,327	52,327
60	36,193	25	36,218	-	25	36,193	36,218
61	45,396	-	45,396	-	-	45,396	45,396
62	45,688	-	45,688	-	-	45,688	45,688
64	20,433	-	20,433	-	-	20,433	20,433
67	25,382	-	25,382	-	-	25,382	25,382
69	15,518	-	15,518	-	-	15,518	15,518
70	6,419	-	6,419	-	-	6,419	6,419
Joint Ditches							
1	73,009	17	73,026	-	17	73,009	73,026
3	35,079	-	35,079	-	-	35,079	35,079
11	18,280	18	18,298	-	18	18,280	18,298
13	30,256	-	30,256	-	-	30,256	30,256
15	34,589	-	34,589	-	-	34,589	34,589
31	18,990	-	18,990	-	-	18,990	18,990
60	70,897	-	70,897	-	-	70,897	70,897
64	50,211	-	50,211	-	-	50,211	50,211
66	45,159	2	45,161	-	2	45,159	45,161
71	13,096	-	13,096	-	-	13,096	13,096
Watershed Ditches							
10	44,845		44,845	44,872	-	(27)	44,845
Total	**$ 1,039,749**	**$ 358**	**$ 1,040,107**	**$ 44,872**	**$ 358**	**$ 994,877**	**$ 1,040,107**

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

Schedule 8

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023

Shared Revenue		
State		
County program aid	$	471,544
County Aquatic Invasive Species Prevention Aid		6,748
Disparity reduction aid		30,601
Enhanced 911		187,126
Highway users tax		3,520,876
Local housing aid		82,145
Market value credit		104,686
Out-of-home placement		247
PERA rate reimbursement		92,330
Police state aid		87,115
Riparian Protection Aid		75,723
Total Shared Revenue	**$**	**4,659,141**
Reimbursement for Services		
State		
Minnesota Department of Human Services	$	145,778
Payments		
Payments in lieu of taxes	$	12,015
Polk County		16,990
Local		379,813
Total Payments	**$**	**408,818**
Grants		
State		
Minnesota Department/Board of		
Human Services	$	292,699
Natural Resources		52,031
Peace Officer Standards and Training		8,082
Pollution Control Agency		88,490
Public Safety		40,123
Secretary of State		3,539
Transportation		300,875
Veterans Affairs		7,500
Water and Soil Resources		141,970
Total State	**$**	**935,309**
Federal		
Department of		
Agriculture	$	100,811
Justice		50,475
Health and Human Services		565,281
Homeland Security		113,745
Total Federal	**$**	**830,312**
Total Grants	**$**	**1,765,621**
Total Intergovernmental Revenue	**$**	**6,979,358**

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

Schedule 9

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Pass-through Grant Award Number	Expenditures
U.S. Department of Agriculture			
Passed Through Minnesota Department of Human Services			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	232MN101S2514	**$ 100,811**
U.S. Department of Justice			
Passed Through Minnesota Department of Public Safety			
Crime Victim Assistance	16.575	F-CVS-2022-REDLAKEAO	**$ 50,475**
U.S. Department of the Treasury			
Direct			
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	Not Provided	**$ 277,850**
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Human Services			
Promoting Safe and Stable Families	93.556	G-2201MNFPSS	$ 691
Temporary Assistance for Needy Families Cluster			
Temporary Assistance for Needy Families	93.558	2301MNTANF	58,889
Child Support Enforcement	93.563	2304MNCSEST	133,021
Refugee and Entrant Assistance	93.566	2301MNRCMA	325
CCDF Cluster			
Child Care and Development Block Grant	93.575	2301MNCCDF	1,318
Community-Based Child Abuse Prevention Grants	93.590	2201MNBCAP	1,552
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2301MNCWSS	1,094
Foster Care Title IV-E	93.658	2301MNFOST	51,663
Social Services Block Grant	93.667	G-2301MNSOSR	37,862
Chafee Foster Care Independence Program	93.674	G-2301MNCILP	805
Children's Health Insurance Program	93.767	2305MN5022	409
Medicaid Cluster			
Medical Assistance Program	93.778	2305MN5ADM	277,652
Total U.S. Department of Health and Human Services			**$ 565,281**
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety			
Disaster Grants - Public Assistance	97.036	EMPG-20230209/20030504	$ 99,874
Emergency Management Performance Grants	97.042	F-EMPG-2021-REDLAKECO	13,871
Total U.S. Department of Homeland Security			**$ 113,745**
Total Federal Awards			**$ 1,108,162**
Totals by Cluster			
Total expenditures for SNAP Cluster			$ 100,811
Total expenditures for TANF Cluster			58,889
Total expenditures for CCDF Cluster			1,318
Total expenditures for Medicaid Cluster			277,652

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

I. Reporting Entity

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

II. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Red Lake 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 Principals, and Audit Requirements for Federal* Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Red Lake County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Red Lake County.

III. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Red Lake County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

IV. Subrecipients

During 2023, the County did not pass any federal funds through to subrecipients.

IV. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	$	830,312
Plus:		
Amounts expended for American Recovery Plan, previously received		277,850
Expenditures per Schedule of Expenditures of Federal Awards	$	1,108,162

MANAGEMENT AND COMPLIANCE SECTION

Colleen Hoffman, Director
Crystelle Philipp, CPA
Marit Martell, CPA

Hoffman, Philipp, & Martell, PLLC

1541 Highway 59 South | Thief River Falls, MN 56701 | Phone: 218-681-4078 | choffman@hpmaudit.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of County Commissioners
Red Lake County
Red Lake Falls, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Red Lake County 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 November 7, 2024.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Red Lake County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency* in *internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2023-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany Schedule of Findings and Responses as items 2023-001, 2023-003, and 2023-004.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Red Lake County's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Report on Minnesota Legal Compliance

The *Minnesota Legal Compliance Audit Guide for Counties,* promulgated by the State Auditor pursuant to Minnesota Statute, § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that Red Lake County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Counties,* insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures other matters may have come to our attention regarding the County's noncompliance with the above-mentioned provisions, insofar as they relate to accounting matters.

Red Lake County's Responses to Findings

Red Lake County's responses to the findings identified in our audit have been included in the accompanying Schedule of Findings and Responses. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance and the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the result 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.

Hoffman, Philipp, & Martell, PLLC
November 7, 2024

Colleen Hoffman, Director
Crystelle Philipp, CPA
Marit Martell, CPA

Hoffman, Philipp, & Martell, PLLC

1541 Highway 59 South | Thief River Falls, MN 56701 | Phone: 218-681-4078 | choffman@hpmaudit.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *UNIFORM GUIDANCE*

Board of County Commissioners
Red Lake County

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Programs
We have audited Red Lake County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended December 31, 2023. The 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, Red Lake County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its 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 Auditors Responsibilities for the audit of compliance section of our report.

We are required to be independent of Red Lake County's 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 Red Lake County's compliance with the compliance requirements referred to above.

Responsibility 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 Red Lake County's federal programs.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Red Lake 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 generally accepted auditing standards, *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 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 Red Lake County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Red Lake County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Red Lake 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 Red Lake County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. We did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-003, that we consider 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.

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.

Hoffman, Philipp, & Martell, PLLC
November 7, 2024

RED LAKE COUNTY
RED LAKE FALLS, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTION COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

I. SUMMARY OF AUDITOR'S RESULTS

A. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

B. **Financial Statements**

Internal control over financial reporting:
- Material weaknesses identified? **No**
- Significant deficiencies identified? **No**

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

D. **Federal Awards**

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

E. Type of report the auditor issued on compliance for major federal programs: **Unmodified**

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

G. The major federal programs were:

- **Medical Assistance** **CFDA#93.778**
- **The American Rescue Plan Act** **CFDA #21.027**

H. The threshold for distinguishing between Types A and B programs was $750,000.

I. Red Lake County qualified as a low-risk auditee? **No**

II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

Finding Number: 2023-001
Prior Year Finding Number(s): 2022-001
Repeat Finding(s) Since: 1996
Finding Title: Segregation of Duties and Internal Controls

Criteria: The financial statements are the responsibility of the County's management. Internal control over financial reporting is a process designed to provide reliable assurance about the achievement of the County's objectives with regard to reliability of financial reporting and compliance with applicable laws and regulations. These controls must include a process for monitoring controls to ensure effectiveness and efficiency of operations.

Condition: Internal controls over financial reporting and the safeguarding of assets against unauthorized acquisition, use, or disposition include controls related to financial reporting and operational objectives. The County does not have a process for monitoring to ensure the internal controls are effective. Due to the limited number of personnel within the Red Lake County, segregation of the accounting functions necessary to ensure adequate internal control and monitoring is not possible.

Context: The small size and staffing of Red Lake County limits the segregation of duties and internal control that management can design and implement. Although the County of has some controls in spite of limited staff, they do not have a documented process for monitoring those controls.

Effect: Without documented internal controls and a process for monitoring internal controls, the County cannot provide assurance about the reliability of financial reporting or the effectiveness and efficiency of operations. Errors or irregularities may occur and not be detected in a timely manner.

Cause: The County has never formalized its policies and procedures for internal controls and monitoring of those controls into a written comprehensive document.

Recommendation: Management should continually be aware of the lack of reliability of internal controls due to limited segregation of duties. We recommend the Red Lake County formalize written documentation of their internal controls and the monitoring process to ensure the reliability of financial reporting and compliance with applicable laws and regulations, and the effectiveness and efficiency of operations.

County's Response: *The small size of the County limits the number of personnel available to perform separate duties, however, the County Board is aware of this situation and provides oversight and review. The County does have some written policies and continues to work on improving internal control over financial reporting and compliance, and the documentation of those controls.*

Finding Number: 2023-002
Prior Year Finding Number: 2022-003
Repeat Finding Since: 2015-010
Finding Title: Budgeting Procedures

Criteria: GAAP and the County Financial Accounting and Reporting Standards (COFARS) recommend that expenditure estimates and the annual budget be appropriated to the various operational entities within the County and that line-item budget detail by fund be available. Good budget accounting requires: (1) an annual

budget adopted by every governmental unit; (2) an accounting system that provides the basis for appropriate budgetary control; and (3) a common technology and classification used consistently throughout the budgets, accounts, and financial reports of each fund. The County Board should adopt an accurate budget, and it should be followed by the County. The adopted budget should be designed so that comparisons can be made between actual amounts and budget amounts. Any amendments to the budget should be approved and documented in the official minutes.

Condition: Differences were noted between the Board-approved budget and the budget entered into the County's financial system (IFS) for the General Fund.

Context: The appropriations constitute maximum expenditure authorizations during the fiscal year and cannot legally be exceeded unless subsequently amended by the County Board.

Effect: Budgeted expenditures were different in the financial system than the Board-approved budget.

Cause: The original budget was not reviewed for accuracy after it was entered into the financial system. Additionally, the County does not have a formal process to ensure all funds have an original budget entered fully in IFS.

Recommendation: We recommend the County implement procedures to improve budgetary accounting, which should include reviewing the original budgets entered in the IFS and comparing them to the Board-approved budget for accuracy.

County's Response: The *County Auditor enters the Revenue Fund departmental budget amounts into IFS and will include the annual levy amount in the future. All fund budgets will be reviewed to verify they match the Board-approved budgets.*

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

Finding Number: 2023-003
Finding Title: Reporting Requirements

Criteria: The Uniform Guidance states that an auditee must submit a data collection form and audit reporting package to the Federal Audit Clearinghouse within the earlier of 30 days after receipt of the auditor's report or nine months after the end of the audit period.

Condition: Red Lake County did not submit the data collection form to the Federal Audit Clearinghouse within the required time frame.

Context: Red Lake County was in violation of the reporting requirements when their audit was not completed until 11 months after the end of the fiscal year.

Effect: This instance of late reporting is not expected to reoccur.

Cause: Delays in completeness of information from the component unit resulted in late reporting.

Recommendation: The annual County audit should be completed within nine months of the fiscal year end to allow for timely submission of the data collection form and reporting package.

County's Response: *The late audit report was beyond the control of the County. The County Auditor will monitor the progress of the annual audit in the future so that the annual audit will be completed on a timely basis as described in our Corrective Action Plan.*

IV. ***ITEMS RESOLVED THIS YEAR***

2022-002 *Audit Adjustments*
2022-004 *Highway Department Receivables Records*

PO Box 367
Red Lake Falls, MN 56750
218/253-2598
FAX: 218/253-4894

Red Lake County Auditors Office

Bob Schmitz, County Auditor

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2023

Finding Number: 2023-001
Finding Title: Segregation of Duties and Internal Controls

Name of Contact Person Responsible for Corrective Action: Kelsey Gervais, County Auditor

Summary of Corrective Action Previously Reported: Management is aware of the segregation of duties and internal controls issue. The County will continue its efforts to develop and update its policy to assess and monitor internal controls. Due to limited staffing, segregation of duties is not always possible. Management will implement oversight procedures where and whenever possible.

Anticipated Completion Date: December 31, 2024.

Finding Number: 2023-002
Finding Title: Budgeting Procedures

Name of Contact Person Responsible for Corrective Action: Kelsey Gervais, County Auditor; Taylor Amiot, County Highway Engineer; Penny Grove, Social Services Fiscal Supervisor; Kristi Nelson, Social Services Director

Summary of Corrective Action Previously Reported: Responsible supervisory staff in the three main fund departments will monitor the process to ensure proper completion.

Anticipated Completion Date: December 31, 2024.

Finding Number: 2023-003
Finding Title: Reporting Requirements

Name of Contact Person Responsible for Corrective Action: Kelsey Gervais, County Auditor

Summary of Corrective Action Previously Reported: Future annual County audits will be completed withing nine months of the fiscal year end to allow for timely submission of the data collection form and reporting package.

Anticipated Completion Date: December 31, 2024.

PO Box 367
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Red Lake County Auditors Office

Bob Schmitz, County Auditor

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

Finding Number: 2022-001
Repeat Finding Since: 2016
Finding Title: Segregation of Duties and Internal Control

Summary of Condition: Internal controls over financial reporting and the safeguarding of assets against unauthorized acquisition, use, or disposition include controls related to financial reporting and operational objectives. The County does not have a process for monitoring to ensure the internal controls are effective.

Summary of Corrective Action: Management is continually aware that segregation of duties is not adequate from an internal control point of view. The County Board continues to implement oversite procedures and monitor those procedures to determine if they are still effective.

Status: Not fully corrected.

Finding Number: 2022-002
Repeat Finding Since: 2015
Finding Title: Audit Adjustments

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

Summary of Corrective Action: The County has provided increased review of the unaudited financial information to reduce the number of audit adjustments before releasing the information used in completing the annual financial audit.

Status: Fully corrected.

Finding Number: 2022-003
Repeat Finding Since: 2015
Finding Title: Budgeting Procedures

Summary of Condition: Differences were noted between the Board approved budget and the budget entered into the County's financial system (IFS) for the General Fund. The Road and Bridge Special Revenue Fund budget was not entered into the IFS. Additionally, the Social Services Special Revenue Fund budget was entered into the IFS, but was not set as the original budget, and therefore, does not appear in general ledger downloads or financial statements generated from the system.

Summary of Corrective Action: Responsible supervisory staff in the three main fund departments will monitor the process to ensure proper completion.

Status: Not fully corrected.

Finding Number: 2022-004
Repeat Finding Since: 2019
Finding Title: Highway Department Receivables Records

Summary of Condition: The receivables subsidiary report and the report of receivables at year end as listed in the highway cost accounting system were not accurate.

Summary of Corrective Action: The Highway Department has made sure the receivables are correctly entered in the costing system and will continue to do monthly balances as soon as the Auditor's office provides their month end.

Status: Fully corrected.