

**PRELIMINARY OFFICIAL STATEMENT DATED JULY 10, 2026**

**NEW ISSUE  
BANK QUALIFIED**

**BOOK ENTRY ONLY  
MOODY'S RATING "Aa3"**

*In the opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, interest on the Bonds is excluded from gross income for purposes of federal income tax and is excluded, to the same extent, in computing taxable net income of individuals, trusts and estates for Minnesota income tax purposes (such interest is includable in taxable income of corporations and financial institutions for purposes of Minnesota franchise tax). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts and estates; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.*

*The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations. No opinion will be expressed regarding other state or federal tax consequences caused by the receipt or accrual of interest on or arising with respect to ownership of the Bonds. See "Tax Exemption" herein for additional information.*

**MURRAY COUNTY, MINNESOTA  
\$3,035,000\*  
General Obligation Ditch Bonds, Series 2026A**

**Dated Date: Date of Delivery (Estimated to be August 19, 2026)**

**Interest Due: Each February 1 and August 1  
Commencing August 1, 2027**

<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>
2/1/2028	\$120,000	_____%	_____%	_____	2/1/2036	\$205,000	_____%	_____%	_____
2/1/2029	170,000	_____	_____	_____	2/1/2037	220,000	_____	_____	_____
2/1/2030	175,000	_____	_____	_____	2/1/2038	225,000	_____	_____	_____
2/1/2031	180,000	_____	_____	_____	2/1/2039	230,000	_____	_____	_____
2/1/2032	180,000	_____	_____	_____	2/1/2040	245,000	_____	_____	_____
2/1/2033	185,000	_____	_____	_____	2/1/2041	250,000	_____	_____	_____
2/1/2034	195,000	_____	_____	_____	2/1/2042	255,000	_____	_____	_____
2/1/2035	200,000	_____	_____	_____					

The General Obligation Ditch Bonds, Series 2026A (the "Bonds" or the "Issue") are being issued by Murray County, Minnesota (the "County" or the "Issuer") pursuant to Minnesota Statutes, Chapter 475 and Section 103E.635, as amended. Proceeds of the Bonds will be used to finance improvements to County Ditch 22 and County Ditch 41, and to pay costs associated with issuance of the Bonds. See *Authority and Purpose* herein for additional information.

The Bonds are valid and binding general obligations of the County and are payable from special assessments against benefitted properties. The full faith and credit of the County is also pledged to their payment. In the event of any deficiency in the Debt Service Account established for this Issue, the County has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the County, without limitation of amount. See *Security/Sources and Uses of Funds* herein for additional information.

The Bonds maturing on February 1, 2032 and thereafter are subject to redemption, in whole or in part, on February 1, 2031 and on any date thereafter at a price of par plus accrued interest.

Principal due with respect to the Bonds is payable annually on February 1, commencing February 1, 2028. Interest due with respect to the Bonds is payable semiannually on February 1 and August 1, commencing August 1, 2027. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of Bonds. See "Book-Entry System" in *Description of the Bonds* herein for additional information. The Paying Agent/Registrar will be Northland Bond Services, a division of First National Bank of Omaha, Minneapolis, Minnesota.

**Proposals: Monday, July 20, 2026 11:00 A.M., Central Time**

**Award: Tuesday, July 21, 2026 8:30 A.M., Central Time**

Bids may contain a maturity schedule providing for any combination of serial or term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest. Bids must be for not less than \$2,992,510 (98.60%) and accrued interest on the total principal amount of the Bonds. **Bids will not be subject to cancellation – see "Establishment of Issue Price" in the Notice of Sale herein for additional details.** *The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity.* A Good Faith Deposit (the "Deposit") in the amount of \$60,700, in the form of a federal wire transfer payable to the order of the County, will only be required from the apparent winning bidder, and must be received within two hours after the receipt of bids. See Notice of Sale for additional details. Award of the Bonds will be on the basis of True Interest Cost (TIC).

\* Preliminary, subject to change.



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The Bonds are offered, subject to prior sale when, as and if accepted by the underwriter(s) named on the front cover of this official statement and subject to an opinion as to validity of the Bonds by Bond Counsel. Subject to applicable securities laws and prevailing market conditions, the underwriter(s) intends, but is not obligated, to effect secondary market trading for the Bonds. Closing Date is estimated to be August 19, 2026.

No person has been authorized to give any information or to make any representations other than those contained in this official statement in connection with the offers made hereby, and if given or made, such information or representations must not be relied upon as having been authorized by the Issuer or the underwriter(s). This official statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person makes such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein has been obtained from the Issuer and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the underwriter(s). Neither the delivery of this official statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

Within the meaning of Securities and Exchanges Commission Rule 15c2-12, the information included in the preliminary official statement is deemed final by the Issuer as of its date and is accurate and complete in all material respects, except for the omission of the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s), other terms of the issue depending on such matters, and the identity of the underwriter(s).

References herein to laws, rules, regulations, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for the purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

The Bonds are considered securities and have not been approved or disapproved by the Securities and Exchange Commission or any state or federal regulatory authority nor has any state or federal regulatory authority confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary may be a criminal offense. Investors must rely on their own examination of this Official Statement, the security pledged to repay the Bonds, the Issuer and the merits and risks of the investment opportunity.

## **FORWARD-LOOKING STATEMENTS**

This Official Statement, including its appendices, contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget," "may," or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause a deviation from the actual results, performance or achievements expressed or implied by such forward-looking statements. The Issuer does not expect or intend to update or revise any forward-looking statements contained herein if or when its expectations, or events, conditions, or circumstances on which such statements are based occur.

## SUMMARY OF OFFERING

**Murray County, Minnesota**  
**\$3,035,000 \***  
**General Obligation Ditch Bonds, Series 2026A**  
*(Book-Entry Only)*

AMOUNT -	\$3,035,000 *																																
ISSUER -	Murray County, Minnesota (the "County" or the "Issuer")																																
AWARD DATE -	June 23, 2026																																
MUNICIPAL ADVISOR -	Northland Securities, Inc. (the "Municipal Advisor"), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402, telephone: 612-851-5900 or 800-851-2920																																
TYPE OF ISSUE -	General Obligation Ditch Bonds, Series 2026A (the "Bonds" or the "Issue")																																
AUTHORITY, PURPOSE & SECURITY -	The General Obligation Ditch Bonds, Series 2026A (the "Bonds") are being issued by Murray County, Minnesota (the "County") pursuant to Minnesota Statutes, Chapter 475 and Section 103E.635, as amended. Proceeds of the Bonds will be used to finance improvements to County Ditch 22 and County Ditch 41, and to pay costs associated with issuance of the Bonds. The Bonds are valid and binding general obligations of the County and are payable from special assessments against benefitted properties. The full faith and credit of the County is also pledged to their payment. In the event of any deficiency in the Debt Service Account established for this Issue, the County has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the County, without limitation of amount. See <i>Authority and Purpose</i> as well as <i>Security/Sources and Uses of Funds</i> herein for additional information.																																
DATE OF ISSUE -	Date of Delivery (Estimated to be August 19, 2026)																																
INTEREST PAID -	Semiannually on each February 1 and August 1, commencing August 1, 2027, to registered owners of the Bonds appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the "Record Date").																																
MATURITIES * -	<table><tr><td>2/1/2028</td><td>\$120,000</td><td>2/1/2032</td><td>\$180,000</td><td>2/1/2036</td><td>\$205,000</td><td>2/1/2040</td><td>\$245,000</td></tr><tr><td>2/1/2029</td><td>170,000</td><td>2/1/2033</td><td>185,000</td><td>2/1/2037</td><td>220,000</td><td>2/1/2041</td><td>250,000</td></tr><tr><td>2/1/2030</td><td>175,000</td><td>2/1/2034</td><td>195,000</td><td>2/1/2038</td><td>225,000</td><td>2/1/2042</td><td>255,000</td></tr><tr><td>2/1/2031</td><td>180,000</td><td>2/1/2035</td><td>200,000</td><td>2/1/2039</td><td>230,000</td><td></td><td></td></tr></table>	2/1/2028	\$120,000	2/1/2032	\$180,000	2/1/2036	\$205,000	2/1/2040	\$245,000	2/1/2029	170,000	2/1/2033	185,000	2/1/2037	220,000	2/1/2041	250,000	2/1/2030	175,000	2/1/2034	195,000	2/1/2038	225,000	2/1/2042	255,000	2/1/2031	180,000	2/1/2035	200,000	2/1/2039	230,000		
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2/1/2031	180,000	2/1/2035	200,000	2/1/2039	230,000																												
REDEMPTION -	The Bonds maturing on February 1, 2032 and thereafter are subject to redemption, in whole or in part, on February 1, 2031 and on any date thereafter at a price of par plus accrued interest. See <i>Description of the Bonds</i> herein for additional information.																																
BOOK-ENTRY -	The Bonds will be issued as fully registered and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which principal and interest payments will be made. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of the Bonds.																																
PAYING AGENT/REGISTRAR -	Northland Bond Services, a division of First National Bank of Omaha, Minneapolis, Minnesota																																
TAX DESIGNATIONS -	<u>NOT Private Activity Bonds</u> - The Bonds are not "private activity bonds" as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). <u>Bank Qualified Tax-Exempt Obligations</u> - The County will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.																																
LEGAL OPINION -	Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota ("Bond Counsel")																																
BOND RATING -	The County received an underlying rating of "Aa3" from Moody's Ratings ("Moody's"). See <i>Bond Rating</i> herein for additional information.																																
CLOSING -	Estimated to be August 19, 2026																																
PRIMARY CONTACTS -	Heidi Winter, County Auditor, Murray County, Minnesota 507-836-1152 George Eilertson, Managing Director, Northland Securities, Inc., 612-851-5906																																

\* Preliminary, subject to change.

**MURRAY COUNTY, MINNESOTA**

**PRINCIPAL COUNTY OFFICIALS**

**Elected Officials**

**Board of Commissioners**

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Mark Carlson	Chair	01/01/29
Roger Zins	Vice Chair	01/01/29
Loy Woelber	Commissioner	01/01/29
Dennis Welgraven	Commissioner	01/01/27
Jackie Meier	Commissioner	01/01/27

**Primary Contacts**

Heidi E. Winter County Auditor

**BOND COUNSEL**

Fryberger, Buchanan, Smith & Frederick, P.A.  
Duluth, Minnesota

**MUNICIPAL ADVISOR**

Northland Securities, Inc.  
Minneapolis, Minnesota

## **NOTICE OF SALE**

\$3,035,000\*  
GENERAL OBLIGATION DITCH BONDS, SERIES 2026A

MURRAY COUNTY, MINNESOTA  
(Book-Entry Only)

NOTICE IS HEREBY GIVEN that these Bonds will be offered for sale according to the following terms:

### **TIME AND PLACE:**

Proposals (also referred to herein as “bids”) will be opened by the County’s Auditor, or designee, on Monday, July 20, 2026, at 11:00 A.M., CT, at the offices of Northland Securities, Inc. (the County’s “Municipal Advisor”), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402. Consideration of the Proposals for award of the sale will be by the County Board at its meeting at the County Offices beginning Tuesday, July 21, 2026 at 8:30 A.M., CT.

### **SUBMISSION OF PROPOSALS**

Proposals may be:

- a) submitted to the office of Northland Securities, Inc.,
- b) emailed to [PublicSale@northlandsecurities.com](mailto:PublicSale@northlandsecurities.com)
- c) submitted electronically.

Notice is hereby given that electronic proposals will be received via PARITY™, or its successor, in the manner described below, until 11:00 A.M., CT, on Monday, July 20, 2026. Proposals may be submitted electronically via PARITY™ or its successor, pursuant to this Notice until 11:00 A.M., CT, but no Proposal will be received after the time for receiving Proposals specified above. To the extent any instructions or directions set forth in PARITY™, or its successor, conflict with this Notice, the terms of this Notice shall control. For further information about PARITY™, or its successor, potential bidders may contact Northland Securities, Inc. or i-Deal® at 1359 Broadway, 2<sup>nd</sup> floor, New York, NY 10018, telephone 212-849-5021.

Neither the County nor Northland Securities, Inc. assumes any liability if there is a malfunction of PARITY™ or its successor. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the County to purchase the Bonds regardless of the manner in which the Proposal is submitted.

### **BOOK-ENTRY SYSTEM**

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Bonds.

Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the County through Northland Bond Services, Inc., a division of First National Bank of Omaha, Minneapolis, Minnesota (the “Paying Agent/Registrar”), to DTC, or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the bond certificates with DTC. The County will pay reasonable and customary charges for the services of the Paying Agent/Registrar.

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\* The County reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread.

## DATE OF ORIGINAL ISSUE OF BONDS

Date of Delivery (Estimated to be August 19, 2026)

## AUTHORITY/PURPOSE/SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 103E.635. Proceeds will be used to finance improvements to County Ditch 22 and County Ditch 41 and to pay the costs of issuance of the Bonds. The Bonds are payable from special assessments against benefitted properties and ad valorem taxes. The full faith and credit of the County is pledged to their payment and the County has validly obligated itself to levy ad valorem taxes in the event of any deficiency in the debt service account established for this issue.

## INTEREST PAYMENTS

Interest is due semiannually on each February 1 and August 1, commencing August 1, 2027, to registered owners of the Bonds appearing of record in the Bond Register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date.

## MATURITIES

Principal is due annually on February 1, inclusive, in each of the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2028	\$120,000	2033	\$185,000	2038	\$225,000
2029	170,000	2034	195,000	2039	230,000
2030	175,000	2035	200,000	2040	245,000
2031	180,000	2036	205,000	2041	250,000
2032	180,000	2037	220,000	2042	255,000

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

## INTEREST RATES

All rates must be in integral multiples of 1/20th or 1/8th of 1%. *The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity.* All Bonds of the same maturity must bear a single uniform rate from date of issue to maturity.

## ESTABLISHMENT OF ISSUE PRICE

### (HOLD-THE-OFFERING-PRICE RULE MAY APPLY – BIDS NOT CANCELLABLE)

The winning bidder shall assist the County in establishing the issue price of the Bonds and shall execute and deliver to the County at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the County and Bond Counsel. All actions to be taken by the County under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the County by the County’s Municipal Advisor and any notice or report to be provided to the County may be provided to the County’s Municipal Advisor.

The County intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:

- (1) the County shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the County may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the County anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest cost), as set forth in this Notice of Sale.

**Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.**

In the event that the competitive sale requirements are not satisfied, the County shall promptly so advise the winning bidder. The County may then determine to treat the initial offering price to the public as of the award date of the Bonds as the issue price of each maturity by imposing on the winning bidder the Hold-the-Offering-Price Rule as described in the following paragraph (the "Hold-the-Offering-Price Rule"). Bids will **not** be subject to cancellation in the event that the County determines to apply the Hold-the-Offering-Price Rule to the Bonds. **Bidders should prepare their bids on the assumption that the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.**

By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "Initial Offering Price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the award date for the Bonds and ending on the **earlier** of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the award date; or
- (2) the date on which the underwriters have sold at least 10% of a maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public (the "10% Test"), at which time only that particular maturity will no longer be subject to the Hold-the-Offering-Price Rule.

The County acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The County further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule if applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to comply with the Hold-the-Offering-Price Rule, if applicable if and for so long as directed by the winning bidder and as set forth in the related pricing wires, (B) to promptly notify the winning bidder of any sales of Bonds that to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public, and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

*Notes: Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:*

- (1) "public" means any person other than an underwriter or a related party,*
- (2) "underwriter" means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public).*
- (3) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation or another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and*
- (4) "sale date" means the date that the Bonds are awarded by the County to the winning bidder.*

## **ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER PROPOSALS**

The County reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread. Such adjustments shall be made promptly after the sale and prior to the award of Proposals by the County and shall be at the sole discretion of the County. The successful bidder may not withdraw or modify its Proposal once submitted to the County for any reason, including post-sale adjustment. Any adjustment shall be conclusive and shall be binding upon the successful bidder.

## **OPTIONAL REDEMPTION**

Bonds maturing on February 1, 2032 through 2042 are subject to redemption and prepayment at the option of the County on February 1, 2031 and any date thereafter, at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and principal amounts within each maturity to be redeemed shall be determined by the County and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar.

## **CUSIP NUMBERS**

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and pay for the Bonds in accordance with terms of the purchase contract. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the successful bidder.

## **DELIVERY**

Delivery of the Bonds will be within thirty days after award, subject to an approving legal opinion by Fryberger, Buchanan Smith & Frederick, P.A., Bond Counsel. The legal opinion will be paid by the County and delivery will be anywhere in the continental United States without cost to the successful bidder at DTC.

## **TYPE OF PROPOSAL**

Proposals of not less than \$2,992,510 (98.60%) and accrued interest on the principal sum of \$3,035,000 must be filed with the undersigned prior to the time of sale. Proposals must be unconditional except as to legality. Proposals for the Bonds should be delivered to Northland Securities, Inc. and addressed to:

Heidi Winter, County Auditor  
PO Box 57  
Slayton, MN 56172

A good faith deposit (the "Deposit") in the amount of \$60,700 in the form of a federal wire transfer (payable to the order of the County) is only required from the apparent winning bidder, and must be received within two hours after the time stated for the receipt of Proposals. The apparent winning bidder will receive notification of the wire instructions from the Municipal Advisor promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the County may choose to reject their Proposal and then proceed to offer the Bonds to the next lowest bidder based on the terms of their original proposal, so long as said bidder wires funds for the Deposit amount within two hours of said offer.

The County will retain the Deposit of the successful bidder, the amount of which will be deducted at settlement and no interest will accrue to the successful bidder. In the event the successful bidder fails to comply with the accepted Proposal, said amount will be retained by the County. No Proposal can be withdrawn after the time set for receiving Proposals unless the meeting of the County scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

## **AWARD**

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis. The County's computation of the interest rate of each Proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The County will reserve the right to: (i) waive non-substantive informalities of any Proposal or of matters relating to the receipt of Proposals and award of the Bonds, (ii) reject all Proposals without cause, and (iii) reject any Proposal which the County determines to have failed to comply with the terms herein.

## **INFORMATION FROM SUCCESSFUL BIDDER**

The successful bidder will be required to provide, in a timely manner, certain information relating to the initial offering price of the Bonds necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended.

## **OFFICIAL STATEMENT**

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the County agrees that, no more than seven business days after the date of such award, it shall provide to the senior managing underwriter of the syndicate to which the Bonds are awarded, the Final Official Statement in an electronic format as prescribed by the Municipal Securities Rulemaking Board (MSRB).

## **FULL CONTINUING DISCLOSURE UNDERTAKING**

The County will covenant in the resolution awarding the sale of the Bonds and in a Continuing Disclosure Undertaking to provide, or cause to be provided, annual financial information, including audited financial statements of the County, and notices of certain material events, as required by SEC Rule 15c2-12.

## **BANK QUALIFICATION**

The County will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

## **BOND INSURANCE AT UNDERWRITER'S OPTION**

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the successful bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder of the Bonds. Any increase in the costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the successful bidder, except that, if the County has requested and received a rating on the Bonds from a rating agency, the County will pay that rating fee. Any other rating agency fees shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Bonds.

The County reserves the right to reject any and all Proposals, to waive informalities and to adjourn the sale.

Dated: May 19, 2026

BY ORDER OF THE MURRAY COUNTY BOARD

/s/ Heidi Winter  
County Auditor

Additional information may be obtained from:  
Northland Securities, Inc.  
150 South 5<sup>th</sup> Street, Suite 3300  
Minneapolis, Minnesota 55402  
Telephone No.: 612-851-5900

EXHIBIT A

**(ISSUE PRICE CERTIFICATE – COMPETITIVE SALE SATISFIED)**

\$ \_\_\_\_\_  
**GENERAL OBLIGATION DITCH BONDS, SERIES 2026A**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. **Reasonably Expected Initial Offering Price.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.<sup>1</sup>

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. **Defined Terms.**

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause

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<sup>1</sup> Treas. Reg. §1.148-1(f)(3)(i)(B) requires that all bidders have an equal opportunity to bid to purchase bonds. If the bidding process affords an equal opportunity for bidders to review other bids prior to submitting their bids, then this representation should be modified to describe the bidding process.

(i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Fryberger, Buchanan, Smith & Frederick, P.A. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: August 19, 2026

**SCHEDULE A**

**EXPECTED OFFERING PRICES**

*(Attached)*

**SCHEDULE B**

**COPY OF UNDERWRITER'S BID**

*(Attached)*

***(ISSUE PRICE CERTIFICATE – HOLD-THE-OFFERING-PRICE RULE APPLIED)***

\$ \_\_\_\_\_

**GENERAL OBLIGATION DITCH BONDS, SERIES 2026A**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

**1. Initial Offering Price of the Bonds.**

(a) [SHORT NAME OF UNDERWRITER] offered each Maturity of the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, [SHORT NAME OF UNDERWRITER] has agreed in writing that, (i) for each Maturity of the Bonds, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement

of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

2. **Defined Terms.**

(a) *Holding Period* means, for each Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (November 3rd, 2020), or (ii) the date on which [SHORT NAME OF THE UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Maturity of the Bonds to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) *Issuer* means the Murray County, Minnesota.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_.

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDEWRITING FIRM] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Fryberger, Buchanan, Smith & Frederick, P.A. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: August 19, 2026

**SCHEDULE A**

**INITIAL OFFERING PRICES OF THE BONDS**

*(Attached)*

**SCHEDULE B**

**PRICING WIRE OR EQUIVALENT COMMUNICATION**

*(Attached)*

## **AUTHORITY AND PURPOSE**

The General Obligation Ditch Bonds, Series 2026A (the “Bonds” or the “Issue”) are being issued by Murray County, Minnesota (the “County”) pursuant to Minnesota Statutes, Chapter 475 and Section 103E.635, as amended. Proceeds from issuance of the Bonds will be used to finance improvements to County Ditch 22 and County Ditch 41, and to pay costs associated with issuance of the Bonds.

## **SECURITY/SOURCES AND USES OF FUNDS**

### **Security**

The Bonds are valid and binding general obligations of the County and are payable from special assessments against benefitted properties. The full faith and credit of the County is also pledged to their payment. In the event of any deficiency in the Debt Service Account established for this Issue, the County has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the County, without limitation of amount.

### **Sources and Uses of Funds**

Following are the sources and uses of funds in connection with the issuance of the Bonds.

#### *Sources of Funds*

Par Amount of Bonds	\$ <u>3,035,000*</u>
Total Sources of Funds:	\$ <u>3,035,000</u>

#### *Uses of Funds*

Deposit to Project Fund	\$ 2,935,335
Costs of Issuance/Underwriter’s Discount	97,990
Rounding Amount	<u>1,675</u>
Total Uses of Funds:	\$ <u>3,035,000</u>

## **BONDHOLDERS’ RISKS**

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, any secondary marketing practices in connection with a particular bond issue are suspended or terminated. Additionally, prices of bond issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

### **Ratings Loss**

Moody’s Ratings has assigned a rating of “Aa3” to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody’s, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

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\* Preliminary, subject to change.

Additional regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

### **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Bonds.

### **Tax Exemption, Bank Qualification and Loss of Tax Exemption**

If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”) and post-issuance tax covenants of the Issuer may result in the inclusion of interest on the Bonds in gross income of the recipient for federal income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

The Bonds are designated as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Code, and the Issuer has further covenanted to comply with certain other requirements, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. Actions, or inactions, by the Issuer in violation of its covenants could affect the designation, which could also affect the pricing and marketability of the Bonds.

It is also possible that actions of the Issuer after the closing of the Bonds will alter the tax status of the Bonds, and, in the extreme, remove the tax exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset.

### **Pending Federal and State Tax Legislation**

From time to time, there is State legislation proposed, as well as Presidential proposals, proposals of various federal committees, and legislative proposals pending in Congress that could, if enacted, alter or amend one or more of the federal or state tax matters described herein in certain respects or would adversely affect the market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition, regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

### **Tax Levy Procedures**

The Bonds are general obligations of the Issuer, payable from and secured by a continuing ad valorem tax levied against all of the property valuation within the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

## **Factors Beyond Issuer's Control**

A combination of epidemic, pandemic, economic, climatic, political or civil disruptions outside of the control of the Issuer, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local governments. Real or perceived threats to the financial stability of the Issuer may have an adverse effect on the value of the Bonds in the secondary market. State of Minnesota cash flow problems could also affect local governments, including reductions in, or delayed payments of, local government state aid (LGA) and possibly increase Issuer property taxes.

## **Cybersecurity**

The Issuer, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Issuer will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

## **Suitability of Investment**

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

## **Summary**

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

## **DESCRIPTION OF THE BONDS**

### **Details of Certain Terms**

The Bonds will be dated, as originally issued, as of the date of delivery (estimated to be August 19, 2026), and will be issued as fully registered Bonds in the denominations of \$5,000 or any integral multiple thereof. Principal, including mandatory redemptions on the Bonds, if applicable, will be payable annually February 1, commencing February 1, 2028. Interest on the Bonds will be payable semiannually on each February 1 and August 1, commencing August 1, 2027. The Bonds when issued, will be registered in the name of Cede & Co. (the "Registered Holder"), as nominee of The Depository Trust Company, New York, New York ("DTC"), the initial custodian for the Bonds, to which principal and interest payments on the Bonds will be made so long as Cede & Co. is the Registered Holder of the Bonds. See "Book-Entry System" in *Description of the Bonds* herein for additional information. So long as the Book-Entry Only System is used, individual purchases of the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof ("Authorized Denominations"). Individual purchasers ("Beneficial Owners") of the Bonds will not receive physical delivery of bond certificates, and registration, exchange, transfer, tender and redemption of the Bonds with respect to Beneficial Owners shall be governed by the Book-Entry Only System.

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Registered Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the principal of and premium, if any, on the Bonds will be payable upon presentation and surrender at the offices of the Paying Agent and Bond Registrar or a duly appointed successor. Interest on the Bonds will be paid by check or draft mailed by the Bond Registrar to the registered holders thereof as such appear on the registration books maintained by the Bond Registrar as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the "Record Date").

## **Registration, Transfer and Exchange**

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Registered Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the Bonds may be transferred upon surrender of the Bonds at the principal office of the Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his or her attorney duly authorized in writing. The Bonds, upon surrender thereof at the principal office of the Bond Registrar, may also be exchanged for other Bonds of the same series, of any authorized denominations having the same form, terms, interest rates and maturities as the Bonds being exchanged. The Bond Registrar will require the payment by the Bond holder requesting such exchange or transfer of any tax or governmental charge required to be paid with respect to such exchange or transfer. The Bond Registrar is not required to (i) issue, transfer or exchange any Bond during a period beginning at the opening of business fifteen days before any selection of Bonds of a particular stated maturity for redemption in accordance with the provisions of the Bond resolution and ending on the day of the first mailing of the relevant notice of redemption or (ii) to transfer any Bonds or portion thereof selected for redemption.

## **Optional Redemption**

The Bonds maturing on February 1, 2032 and thereafter are subject to redemption, in whole or in part, on February 1, 2031 and on any date thereafter at a price of par plus accrued interest. If redemption is in part, the selection of the amounts and maturities of the Bonds to be prepaid shall be at the discretion of the County. Notice of redemption shall be given by written notice to the registered owner of the Bonds not less than 30 days prior to such redemption date.

## **Book-Entry System**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (the “Bonds”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtcc.org](http://www.dtcc.org).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bonds (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to [Tender/Remarketing] Agent's DTC account.]

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the Murray County takes no responsibility for the accuracy thereof.

### **FULL CONTINUING DISCLOSURE**

In order to assist the Underwriter(s) in complying with SEC Rule 15c2-12 (the "Rule"), pursuant to a resolution awarding the Issue and a Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the County on or before Bond closing, the County has and will covenant for the benefit of holders of the Bonds to annually provide certain financial and operating data, relating to the County to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB, and to provide notices of the occurrence of certain events enumerated in the Rule to the MSRB. The specific nature of the Certificate, as well as the information to be

contained in the annual report or the notices of material events is set forth in the Continuing Disclosure Certificate in substantially the form attached hereto as Appendix B.

The County has previously entered into continuing disclosure undertakings in connection with its outstanding bonds and for the fiscal years ending December 31, 2021 and December 31, 2023, the County's audited financial statements were not completed and posted by the December 31, 2022 and December 31, 2024 deadlines, respectively. Notice of the delay in the filing was posted on EMMA and the audited financial statements were subsequently posted upon completion. A failure by the County to comply with the Certificate will not constitute an event of default on the Bonds (although holders will have an enforceable right to specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. Please see *Appendix B – Continuing Disclosure Undertaking* herein for additional information.

The County has retained a Dissemination Agent for its continuing disclosure filings.

### **UNDERWRITER**

The Bonds are being purchased by \_\_\_\_\_ (the "Underwriter") at a purchase price of \$\_\_\_\_\_, which is the par amount of the Bonds of \$\_\_\_\_\_ less the Underwriter's discount of \$\_\_\_\_\_, plus the original issue premium of \$\_\_\_\_\_.

### **MUNICIPAL ADVISOR**

The County has retained Northland Securities, Inc. as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. Northland Securities, Inc. is registered as a municipal advisor with both the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources that have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the County to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

Northland Securities, Inc., is a subsidiary of Northland Capital Holdings, Inc. First National of Nebraska, Inc., is the parent company of Northland Capital Holdings, Inc. and First National Bank of Omaha.

### **FUTURE FINANCING**

The County does not anticipate the need to issue any additional general obligation debt within the next three months.

### **BOND RATING**

The County received an underlying rating of "Aa3" from Moody's Ratings ("Moody's"). No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. This rating reflects only the opinion of Moody's and any explanation of the significance of this rating may be obtained only from Moody's. There is no assurance that a rating will continue for any given period of time, or that such rating will not be revised or withdrawn, if in the judgment of Moody's, circumstances so warrant. A revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. This rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency.

### **LITIGATION**

As of the date of this Official Statement, the County is not aware of any threatened or pending litigation that questions the organization or boundaries of the County or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

### **CERTIFICATION**

The County will furnish a statement to the effect that this Official Statement to the best of its knowledge and belief, as of the date of sale and the date of delivery, is true and correct in all material respects, and does not contain any

untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The County has always promptly met all payments of principal and interest on its indebtedness when due.

### **LEGALITY**

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota ("Bond Counsel") as to validity and tax exemption. A copy of such opinion will be available at the time of the delivery of the Bonds. See *Appendix A – Form of Legal Opinion*.

Bond Counsel has not participated in the preparation of this Official Statement and is not passing upon its accuracy, completeness or sufficiency. Bond Counsel has not examined, nor attempted to examine, or verify, any of the financial or statistical statements or data contained in this Official Statement, and will express no opinion with respect thereto.

### **TAX EXEMPTION**

The following is a summary of certain U. S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on present federal and Minnesota laws, regulations, rulings and decisions, including the U.S. Internal Revenue Code of 1986, as amended (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The City has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

#### **Tax-Exempt Interest**

In the opinion of Fryberger, Buchanan, Smith & Frederick, P.A., as Bond Counsel to the City, under existing federal and Minnesota laws, regulations, rulings and decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes and from taxable net income of individuals, estates and trusts for Minnesota income tax purposes; is includable in the taxable income of corporations and financial institutions for purposes of the Minnesota franchise tax; and is not a specific tax preference item for purposes of the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts and estates; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. The City has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

## **Premium Bonds**

A bondholder that acquires a Bond for an amount in excess of its principal amount generally must, from time to time, reduce the bondholder's federal and Minnesota tax bases for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, bondholders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates and trusts. Bondholders should consult their tax advisers for an explanation of the amortization rules.

## **Discount Bonds**

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued original issue discount, if any), the purchaser will be treated as having purchased the Bond with market discount (unless a statutory de minimis rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond). Bondholders should consult their tax advisers for an explanation of accrual.

## **Collateral Tax Matters**

Ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and applicable corporations as defined in Section 59(k) of the Code relating to the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel expresses no opinion regarding such consequences. Prospective purchasers of the Bonds should consult their own tax advisers as to such consequences.

## **Backup Withholding**

Payments of interest on the Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the bondholder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the bondholder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain bondholders are exempt from information reporting. Potential bondholders should consult their tax advisers regarding qualification for an exemption and the procedures for obtaining such an exemption.

## **Federal and State Tax Law Developments**

From time to time, legislative proposals are introduced in Congress and in the states which, if enacted, could alter or amend the federal and state tax matters referred to above or would adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal may be enacted or whether, if enacted, it would apply to Bonds (such as the Bonds contemplated herein) issued prior to enactment. In addition, regulatory actions are from time-to-time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisers regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

*The above, including the discussion concerning collateral tax matters, is not intended to be a comprehensive list of all federal or state tax consequences which may arise from the receipt of interest on the Bonds. The receipt of*

*interest on the Bonds may otherwise affect the federal or state income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds should consult their tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds, including without limitation the calculations of alternative minimum tax or foreign branch profits tax liability or the inclusion of Social Security or other retirement payments in taxable income.*

### **Qualified Tax-Exempt Obligations**

The City will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. Sections 265(a)(2) and 291 of the Code impose additional limitations on the deductibility of such interest expense.

## MURRAY COUNTY, MINNESOTA

### GENERAL INFORMATION

#### Location/Access/Transportation

Murray County is located in southwestern Minnesota, approximately 170 miles from the Twin Cities Metropolitan Area. Slayton, the County seat, is located in the south-central part of the County. The County is comprised of nine cities and twenty townships. In addition, eight school districts are located entirely or partially within the County. Access is provided via U.S. Highway 59, State Highways 30 and 91, as well as many County Roads.

#### Area

460,800 Acres  
720 Square Miles

#### Population

2000 Census	9,165	2020 Census	8,179
2010 Census	8,725	2026 County Estimate	8,014

#### Labor Force Data<sup>1</sup>

Comparative average labor force and unemployment rate figures for year-end 2025 and year-end 2024 are provided below. Figures are not seasonally adjusted, and numbers of people are estimated by place of residence.

	2025		2024	
	<u>Civilian Labor Force</u>	<u>Unemployment Rate</u>	<u>Civilian Labor Force</u>	<u>Unemployment Rate</u>
Murray County	4,368	4.7%	4,378	3.8%
Minnesota	3,159,240	3.8	3,129,802	3.0

#### Income Data<sup>2</sup>

Comparative income levels are listed below for the County, the State of Minnesota and the United States.

	Murray County	State of Minnesota	United States
Median Family Income	\$92,400	\$113,993	\$99,999
Per Capita Income	40,935	48,237	44,673

#### County Government

Murray County was formally organized in 1872. The County is an organized county having the powers, duties and privileges granted counties by Minnesota Statutes, Chapter 373 (1986). The County is governed by a five-member County Board elected from districts within the County.

#### Bargaining Units/Labor Contracts

The labor unions representing certain County employee groups are shown below.

<u>Bargaining Unit</u>	<u>Contract Expiration</u>
AFSCME Highway	December 31, 2026
LELS Dispatch/Jailer	December 31, 2026
LELS Deputies	December 31, 2026

<sup>1</sup> Source: Minnesota Department of Employment and Economic Development.

<sup>2</sup> Source: 2020-2024 American Community Survey, U.S. Census Bureau.

**Employee Pension Programs**

The County employs 96 people, 75 full-time and 13 part-time, 8 seasonal part-time and one intermittent part-time. The pension plan covers all eligible full and part-time employees.

The County participates in contributory pension plans through the Public Employees Retirement Association (PERA) under Minnesota Statutes, Chapters 353 and 356, which cover all full-time and certain part-time employees. PERA administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost sharing, multiple-employer retirement plans. Benefits are established by State Statute and vest after three years of credited service. State Statute requires the County to fund current service pension cost as it accrues. Defined retirement 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained at [www.mnpera.org](http://www.mnpera.org), or by writing to PERA at 60 Empire Drive, #200, St. Paul, MN 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

The County makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Coordinated Plan members were required to contribute 6.50% of their annual covered salary in 2024. PEPFF members were required to contribute 10.8% of their annual covered salary in 2024.

**Other Postemployment Benefits (OPEB)**

*Plan Description*

The County operates a single-employer retiree benefit plan which provides medical benefits for retirees. There are 77 active employees and one retiree in the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 (GASB 75).

*Changes in Total OPEB Liability*

	Total OPEB Liability
Total OPEB Liability beginning of fiscal year 2024	<u>\$266,492</u>
Changes for the year:	
Service Cost	\$ 22,883
Interest	5,713
Changes in assumptions	(28,785)
Differences between expected and actual experiences	(20,269)
Contributions	<u>(7,531)</u>
Net Changes	<u>(27,989)</u>
Total OPEB liability end of fiscal year 2018	<u>\$ 238,503</u>

Additional information regarding the County’s OPEB obligations is provided in the County’s Annual Financial Report, excerpts of which are provided in Appendix C of this Official Statement, with particular reference to Note 3.

**Estimated Cash and Investment Balances as of February 28, 2026 (unaudited)**

Fund

General Fund	\$ 12,774,594
Special Revenue Funds	6,776,752
Internal Service Fund (Health Insurance)	1,643,171
Enterprise Funds (Congregate Housing and Hospital)	9,779,098
Agency Funds	268,639
Component Unit (Sewer District)	<u>1,625,049</u>
Total Estimated Cash and Investment Balances	<u>\$ 32,867,303</u>

## General Fund Budget Summary

	2025 Budget	2025 Unaudited Actual	2026 Budget
Revenues:			
Property Tax Levy	\$6,525,089	\$6,484,283	\$7,114,660
Special Assessments	322,500	356,118	323,700
License and Permits	47,888	67,546	47,418
Intergovernmental	2,187,681	2,299,124	2,180,385
Charges for Services	444,850	562,555	491,950
Fines and Forfeits	0	245	0
Interest on Investments	1,002,000	1,035,930	1,002,000
Miscellaneous	241,370	538,310	212,620
Transfers In	30,000	290,464	530,000
All Other Revenue	2,000	34,528	0
<b>Total Revenues</b>	<b>\$10,803,378</b>	<b>\$11,669,103</b>	<b>\$11,902,733</b>
Expenditures:			
General Government	\$4,539,520	\$4,216,221	\$4,908,541
Public Safety	3,068,374	3,073,302	3,224,639
Human Services	20,000	454	20,000
Environment and Sanitation	314,677	264,797	245,015
Culture & Recreation	795,480	845,583	844,769
Conservation Natural Resources	1,205,597	1,218,276	1,243,749
Economic Development	2,445	172,301	252,445
Emergency Management	148,062	219,326	161,218
Community Health	124,730	124,730	124,730
Transfers Out	866,843	122,476	873,093
<b>Total Expenditures</b>	<b>\$11,085,728</b>	<b>\$10,257,466</b>	<b>\$11,898,199</b>
Revenues Over (Under) Expenditures	(\$282,350)	\$1,411,637	\$4,534
Beginning Fund Balance (January 1)	\$12,392,088	\$12,392,088	\$13,803,724
Ending Fund Balance (December 31)	\$12,109,738	\$13,803,725	\$13,808,258

## Financial Institutions

The following financial institutions serve Murray County: Currie State Bank, First National Bank, Minnwest Bank, and State Bank of Chandler.

## Medical Services

The Murray County Medical Center, affiliated with Sanford Heath, provides emergency and hospital services to local residents. Located in Slayton, the hospital has a 25-bed capacity. The Murray County Clinic is attached to the hospital and the Fulda Clinic provides adult, pediatric, and family care. In addition, various other healthcare and nursing home facilities serve residents throughout the County.

**Education**

Murray County residents are served by several school districts: ISD No. 2169, Murray County Central; ISD No. 505, Fulda; ISD No. 581, Edgerton; ISD No. 2689, Pipestone; ISD No. 2898, Westbrook-Walnut Grove; and ISD No 2904, Tracy Area.

**Major Employers**

Following are some of the major employers within the County, as reported by Murray County and Data Axle Reference Solutions:

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees<sup>1</sup></u>
Monogram Meat Snacks	Manufacturing	400
Murray County Medical Center	Healthcare	150
ISD No. 2169, Murray County Central	Public Education	130
Maple Lawn Nursing Home	Nursing Home	95
Murray County	County Government	94
ISD No. 505, Fulda	Public Education	90
New Dawn Inc.	Nursing Home	84
UPS Customer Center	Mailing & Delivery Services	60
Page 1 Printers	Printing	50

**Largest Taxpayers<sup>2</sup>**

Following are ten of the largest taxpayers within the County:

<u>Name</u>	<u>Classification</u>	<u>2025/2026 Tax Capacity</u>	<u>Percent of Total Tax Capacity (\$46,037,137)<sup>3</sup></u>
Xcel Energy	Utility	\$ 784,465	1.71%
Individual	Residential	279,785	0.61
Fagen Farms LLP	Agricultural	254,739	0.55
Triple J Properties LLC	Agricultural	240,303	0.52
Individual	Agricultural	220,259	0.48
Individual	Agricultural	207,314	0.45
Northern Border Pipeline Co	Transportation Pipeline	197,606	0.43
Individual	Agricultural	191,997	0.42
Individual	Residential	190,505	0.41
Individual	Agricultural	184,637	0.40
		<u>\$ 2,751,610</u>	<u>5.98%</u>

<sup>1</sup> Includes full-time, part-time and seasonal employees.

<sup>2</sup> As reported by Murray County.

<sup>3</sup> Before tax increment adjustment.

## **MINNESOTA VALUATIONS; PROPERTY TAX CLASSIFICATIONS**

### **Market Value**

State Law defines the “market value” of real property as the usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be obtained at a private sale or an auction sale, if it is determined by the assessor that the price from the auction sale represents an arm's-length transaction. The assessor uses sales and market value income trends to estimate the value of property in an open market transaction. This value is also called “estimated market value”. This value is set on January 2 of each year. Property taxes levied each year are based on the value of property on January 2 of the preceding year. According to Minnesota Statutes, Chapter 273, all real property subject to taxation is to be appraised at maximum intervals of five years.

### **Taxable Market Value**

The “taxable market value” is the amount used for calculating property taxes. The taxable market value may differ from the estimated market value due to the application of special programs that exclude value from taxation. These programs currently include, but are not limited to, Homestead Market Value Exclusion and Green Acres.

### **Market Value Exclusion**

In 2011, the State Legislature eliminated the Homestead Market Value Credit. The Credit was an amount paid by the State to local taxing jurisdictions to reduce taxes paid by homesteaded property. The Credit has been replaced by a Homestead Market Value Exclusion. The Exclusion reduces the taxable market value (beginning with taxes payable 2012) of a jurisdiction by excluding a portion of the value of homesteaded property from taxation. For a homestead valued at \$95,000 or less, the exclusion is 40 percent of market value, yielding a maximum exclusion of \$38,000 at \$95,000 of market value. For a homestead valued between \$95,000 and \$517,200, the exclusion is \$38,000 minus nine percent of the valuation over \$95,000. For a homestead valued at \$517,200 or more, there is no valuation exclusion.

### **Sales Ratio**

The Minnesota Department of Revenue conducts the Assessment Sales Ratio Study to compare real estate sales prices to local assessor valuations. The State uses the study results to ensure consistency in property assessments across the state. There are three different sales ratio studies that cover three distinct time periods. The 12-month study includes sales that occur from October 1st of a given year to September 30th of the following year and are compared to market values used for property taxation. The median ratio from the 12-month study is the sales ratio used to calculate indicated and economic market values.

### **Economic and Indicated Market Value**

“Economic market value” and “indicated market value” reflect adjustments made to account for the effects of the sales ratio. The economic market value is determined by dividing the estimated market value of the jurisdiction by the sales ratio. Economic market value provides an estimation of the full value of property if it were valued at 100% of its value in the marketplace (prior to the application of legislatively mandated exclusions). The indicated market value is determined by dividing the taxable market value of the jurisdiction by the sales ratio. This value represents an estimation of the “full value” of property for taxation, after the deduction of legislative exclusions.

### **Net Tax Capacity**

Property taxes are calculated on the basis of the “net tax capacity value”. Net tax capacity is calculated by multiplying the taxable market value of a parcel by the statutory class rate for the use classification of the property. These class rates are subject to revisions by the State Legislature. The table following this section contains current and historical class rates for primary property classifications.

## **Tax Cycle**

Minnesota local government ad valorem property taxes are extended and collected by the various counties within the state. The process begins in the fall of every year with the certification, to the county auditor, of all local taxing districts' property tax levies. Local tax rates are calculated by dividing each taxing district's levy by its net tax capacity. One percentage point of local tax rate represents one dollar of tax per \$100 net tax capacity. A list of taxes due is then prepared by the county auditor and turned over to the county treasurer on or before the first Monday in January.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements (excluding manufactured homes) are to be mailed out no later than March 31, and manufactured home property tax statements no later than July 15. The due dates for payment of real and personal property taxes (excluding manufactured homes) are one-half on or before May 15 (May 31 for resorts) and one-half on or before October 15 (November 15 for farm property). Personal property taxes for manufactured homes become due one-half on or before August 31 and one-half on or before November 15. Delinquent property taxes are penalized at various rates depending on the type of property and the length of delinquency.

## **Tax Levies for General Obligation Bonds (Minnesota Statutes, Section 475.61)**

State Law requires the governing body of any municipality issuing general obligations, prior to delivery of the obligations, to levy by resolution a direct general ad valorem tax upon all taxable property in the municipality to be spread upon the tax rolls for each year of the term of the obligations. The tax levies for all years shall be specified and such that if collected in full will, together with estimated collections of special assessments and other revenues pledged for the payment of said obligations, produce at least five percent in excess of the amount needed to meet the principal and interest payments on the obligations when due.

Such resolution shall irrevocably appropriate the taxes so levied and any special assessments or other revenues so pledged to the municipality's debt service fund or a special debt service fund or account created for the payment of one or more issues of obligations.

The governing body may, at its discretion, at any time after the obligations have been authorized, adopt a resolution levying only a portion of such taxes, to be filed, assessed, extended, collected and remitted, and the amount therein levied shall be credited against the tax required to be levied prior to delivery of the obligations.

The recording officer of the municipality shall file in the office of the county auditor of each county in which any part of the municipality is located a certified copy of the resolution, together with full information regarding the obligations for which the tax is levied. No further action by the municipality is required to authorize the extension, assessment and collection of the tax, but the municipality's liability on the obligations is not limited thereto and its governing body shall levy and cause to be extended, assessed and collected any additional taxes found necessary for full payment of the principal and interest. The auditor shall annually assess and extend upon the tax rolls the amount specified for such year in the resolution, unless the amount has been reduced as authorized below or, if the municipality is located in more than one county, the portion thereof that bears the same ratio to the whole amount as the tax capacity value of taxable property in that part of the municipality located in the county bears to the tax capacity value of all taxable property in the municipality.

Tax levies so made and filed shall be irrevocable, except that if the governing body in any year makes an irrevocable appropriation to the debt service fund of moneys actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of that levied or to repay advances from other funds used for such payments, except that any surplus remaining in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality.

## **Levy Limits**

The State Legislature periodically enacts limitations on the ability of cities and counties to levy property taxes. Levy limits were reenacted in 2013 and applied to all counties with a population over 5,000 and all cities with a population over 2,500 for taxes payable in 2014 only. Levies “to pay the costs of the principal and interest on bonded indebtedness” and “to provide for the bonded indebtedness portion of payments made to another political subdivision of the State of Minnesota” are designated special levies and can be levied in addition to the amount allowed by levy limitations.

*(Remainder of page intentionally left blank)*

The following is a partial summary of these factors:

*Property Tax Classifications*

<u>Class</u>	<u>Type of Property</u>	<u>Class Rate Schedule</u>		
		<u>2023/ 2024</u>	<u>2024/ 2025</u>	<u>2025/ 2026</u>
1a	<u>Residential Homestead: First \$500,000</u>	1.00%	1.00%	1.00%
	Over \$500,000	1.25	1.25	1.25
1c	<u>Commercial seasonal-residential recreational-</u> under 250 days and includes homestead			
	First \$600,000	.50	.50	.50
	\$600,001-2,300,000	1.00	1.00	1.00
	Over \$2,300,000†	1.25	1.25	1.25
2a	<u>Agricultural Homestead – House, Garage, One Acre:</u>			
	First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
	Remainder of Farm* –			
	First \$2,150,000	0.50		
	Over \$2,150,000	1.00		
	First \$3,500,000		.50	
	Over \$3,500,000		1.00	
	First \$3,800,000			.50
	Over \$3,800,000			1.00
2b	<u>Non-Homestead Rural Vacant Land<sup>1</sup></u>	1.00	1.00	1.00
3a	<u>Commercial/Industrial and Public Utility</u>			
	First \$150,000†	1.50	1.50	1.50
	Over \$150,000†	2.00	2.00	2.00
4a	<u>Apartment</u> (4+ units, incl. private for-profit hospitals)	1.25	1.25	1.25
4bb(1)	<u>Residential Non-Homestead</u> (Single Unit)			
	First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
4c(1)	<u>Seasonal Residential Recreational/Commercial†</u>			
	(Resort): First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
4c(12)	<u>Seasonal Residential Recreational†</u>			
	Non-Commercial (Cabin): First \$500,000*	1.00	1.00	1.00
	Over \$500,000*	1.25	1.25	1.25
4d	<u>Qualifying Low-Income Rental Housing</u>			
	First \$100,000	.75	.25	.25
	Over \$100,000	.25	.25	.25

† Subject to the state general property tax.

\* Exempt from referendum market value-based taxes.

<sup>1</sup> Homestead remainder & non-homestead; includes minor ancillary structures.

MURRAY COUNTY, MINNESOTA

**ECONOMIC AND FINANCIAL INFORMATION<sup>1</sup>**

**Valuations**

	<i>Estimated Market Value 2025/2026</i>	<i>Net Tax Capacity 2025/2026</i>
Real Property	\$ 5,423,412,300	\$ 44,861,359
Personal Property	58,974,900	1,175,778
Less Tax Increment Deduction	<u>---</u>	<u>( 26,098)</u>
Total Adjusted Valuation	<u>\$ 5,482,387,200</u>	<u>\$ 46,011,039</u>

**Valuation Trends (Real and Personal Property)**

<i>Levy Year/ Collection Year</i>	<i>Economic Market Value</i>	<i>Sales Ratio</i>	<i>Estimated Market Value</i>	<i>Taxable Market Value</i>	<i>Tax Capacity Before Tax Increments</i>	<i>Tax Capacity After Tax Increments</i>
2025/2026	\$5,608,340,802	97.84%	\$5,482,387,200	\$5,388,867,892	\$46,037,137	\$46,011,039
2024/2025	5,440,747,372	99.36	5,400,597,100	5,312,863,879	45,391,868	45,366,059
2023/2024	5,388,397,006	97.11	5,227,791,000	5,160,359,208	46,298,504	46,274,086
2022/2023	4,628,568,537	82.71	3,820,411,500	3,749,192,953	33,117,909	33,079,790
2021/2022	3,578,729,370	94.29	3,365,756,900	3,291,718,773	28,587,722	28,557,210

**Breakdown of Valuations**

2025/2026 Tax Capacity, Real and Personal Property (before tax increment adjustments):

Residential Homestead	\$ 4,857,500	10.55%
Agricultural	35,324,984	76.73
Commercial & Industrial	1,302,454	2.83
Public Utility	32,872	0.07
Residential Non-Homestead	1,064,136	2.31
Seasonal/Recreational	2,279,413	4.95
Personal Property	<u>1,175,778</u>	<u>2.56</u>
Totals:	<u>\$ 46,037,137</u>	<u>100.00%</u>

<sup>1</sup> Property valuations, tax rates, and tax levies and collections are provided by Murray County. Economic market value and sales ratio are provided by the Minnesota Department of Revenue.

## Tax Capacity Rates

Tax capacity rates for a County resident within the City of Slayton, for the past five-assessable/collection years have been as follows:

<u>Levy Year/ Collection Year</u>	<u>2021/22 Tax Capacity Rates</u>	<u>2022/23 Tax Capacity Rates</u>	<u>2023/24 Tax Capacity Rates</u>	<u>2024/25 Tax Capacity Rates</u>	<u>2025/26 Tax Capacity Rates</u>
Murray County	29.099%	26.168%	19.454%	20.439%	21.788%
City of Slayton	97.059	83.395	83.502	89.515	88.098
ISD No. 2169, Murray Co. Central	7.556	6.353	7.273	8.573	8.745
SWRDC	0.156	0.139	0.101	0.110	0.110
Heron Lake Watershed	<u>1.071</u>	<u>0.869</u>	<u>0.665</u>	<u>0.721</u>	<u>0.427</u>
Totals:	<u>134.941%</u>	<u>116.924%</u>	<u>110.995%</u>	<u>119.358%</u>	<u>119.168%</u>

<u>Market Value Rates:</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2024/2025</u>	<u>2025/2026</u>
ISD No. 2169 (Murray Co. Central)	0.25982%	0.20968%	0.19724%	0.22167%	0.33048%

## Tax Levies and Collections<sup>1</sup>

<u>Levy/Collect</u>	<u>Net Levy</u>	<u>Collected During Collection Year</u>		<u>Collected and/or Abated as of 12/31/25</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2025/2026	\$9,752,507			In Process of Collection	
2024/2025	8,994,652	\$8,948,187	99.48%	\$8,948,187	99.48%
2023/2024	8,716,683	8,692,340	99.72	8,711,518	99.94
2022/2023	8,353,455	8,314,454	99.53	8,349,646	99.95
2021/2022	8,004,218	7,964,651	99.51	8,000,790	99.96

<sup>1</sup> 2025/2026 property taxes are currently in the process of collection/reporting and updated figures are not yet available from Murray County.

## SUMMARY OF DEBT AND DEBT STATISTICS

### Statutory Debt Limit<sup>1</sup>

Minnesota Statutes, Section 475.53 states that a city or county may not incur or be subject to a net debt in excess of three percent (3%) of its estimated market value. Net debt is, with limited exceptions, debt paid solely from ad valorem taxes.

Computation of Legal Debt Margin as of July 2, 2026:

2025/2026 Estimated Market Value	\$ 5,482,387,200
Multiplied by 3%	<u>                  x .03</u>
Statutory Debt Limit	<u>\$ 164,471,616</u>
Less outstanding debt applicable to debt limit:	\$ 0
Legal debt margin	<u>\$ 164,471,616</u>

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<sup>1</sup> Effective June 2, 1997 and pursuant to Minnesota Statutes 465.71, any lease revenue or public project revenue bond issues/agreements of \$1,000,000 or more are subject to the statutory debt limit. Lease revenue or public project revenue bond issues/agreements less than \$1,000,000 are not subject to the statutory debt limit.

**MURRAY COUNTY, MINNESOTA**  
**GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS**  
**(As of July 2, 2026, Plus This Issue)**

Purpose:	This Issue						
	G.O. Ditch Bonds, Series 2016A	G.O. Ditch Bonds, Series 2018A	G.O. Ditch Bonds, Series 2021A	G.O. Ditch Bonds, Series 2026A	TOTAL PRINCIPAL:	TOTAL PRIN & INT:	
<b>Dated:</b>	02/01/16	12/19/18	08/26/21	08/19/26			
<b>Original Amount:</b>	\$1,695,000	\$1,220,000	\$4,555,000	\$3,035,000			
<b>Maturity:</b>	1-Feb	1-Feb	1-Feb	1-Feb			
<b>Interest Rates:</b>	2.00-2.45%	2.30-3.30%	1.00-3.00%				
2026	\$0	\$0	\$0	\$0	\$0	\$49,975	2026
2027	115,000	80,000	290,000	0	485,000	682,958	2027
2028	115,000	85,000	300,000	120,000	620,000	799,718	2028
2029	120,000	85,000	305,000	170,000	680,000	841,291	2029
2030	125,000	90,000	315,000	175,000	705,000	850,201	2030
2031	125,000	90,000	320,000	180,000	715,000	846,428	2031
2032	130,000	90,000	320,000	180,000	720,000	836,728	2032
2033	0	100,000	320,000	185,000	605,000	707,546	2033
2034	0	100,000	335,000	195,000	630,000	718,903	2034
2035	0	0	335,000	200,000	535,000	611,044	2035
2036	0	0	340,000	205,000	545,000	609,094	2036
2037	0	0	345,000	220,000	565,000	616,349	2037
2038	0	0	0	225,000	225,000	265,760	2038
2039	0	0	0	230,000	230,000	262,526	2039
2040	0	0	0	245,000	245,000	268,843	2040
2041	0	0	0	250,000	250,000	264,661	2041
2042	0	0	0	255,000	255,000	259,973	2042
	\$730,000	\$720,000	\$3,525,000	\$3,035,000	\$8,010,000	\$9,491,995	

**NOTE: 71% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAXES WILL BE RETIRED WITHIN TEN YEARS.**

**MURRAY COUNTY, MINNESOTA  
GENERAL OBLIGATION DEBT PAYABLE FROM STATE AID  
(As of July 2, 2026)**

Purpose:	<b>G.O. State Aid Bonds, Series 2020A</b>			
Dated:	11/25/20			
Original Amount:	\$10,900,000			
Maturity:	1-Apr			
Interest Rates:	2.00-4.00%			
		<b>TOTAL</b>	<b>TOTAL</b>	
		<b>PRINCIPAL:</b>	<b>PRIN &amp; INT:</b>	
2026	\$0	\$0	\$96,872	2026
2027	500,000	500,000	683,744	2027
2028	520,000	520,000	688,544	2028
2029	530,000	530,000	688,044	2029
2030	540,000	540,000	687,344	2030
2031	550,000	550,000	686,444	2031
2032	560,000	560,000	685,344	2032
2033	570,000	570,000	684,044	2033
2034	580,000	580,000	682,544	2034
2035	595,000	595,000	685,794	2035
2036	605,000	605,000	683,794	2036
2037	620,000	620,000	686,156	2037
2038	630,000	630,000	682,481	2038
2039	645,000	645,000	683,138	2039
2040	660,000	660,000	683,456	2040
2041	675,000	675,000	683,016	2041
	\$8,780,000	<u>\$8,780,000</u>	<u>\$10,370,756</u>	

**NOTE: 56% OF GENERAL OBLIGATION DEBT PAYABLE FROM STATE AID WILL BE RETIRED WITHIN TEN YEARS.**

**MURRAY COUNTY, MINNESOTA**  
**GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES**  
(As of July 2, 2026)

Purpose:	G.O. Revenue Note, Series 2006A (PFA)	G.O. Refunding Bonds, Series 2007A	G.O. Sewer Revenue Crossover Re- funding Bonds, Series 2013A			
<b>Dated:</b>	09/07/06	01/01/07	03/01/13			
<b>Original Amount:</b>	\$11,554,549	\$305,000	\$2,590,000			
<b>Maturity:</b>	20-Aug	1-Feb	1-Feb			
<b>Interest Rates:</b>	1.01%	4.00-4.25%	2.00-2.35%	<b>TOTAL PRINCIPAL:</b>	<b>TOTAL PRIN &amp; INT:</b>	
	2026	\$665,000	\$0	\$0	\$665,000	\$677,735
	2027	0	20,000	265,000	285,000	293,631
	2028	0	20,000	150,000	170,000	173,038
	2029	0	20,000	0	20,000	20,425
		\$665,000	\$60,000	\$415,000	\$1,140,000	\$1,164,829
		(1) (2)	(3)	(4)		

**NOTE: 100% OF GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES WILL BE RETIRED WITHIN TEN YEARS.**

- (1) These bonds are payable primarily from net revenues from the Water Pollution Control Revolving Fund as well as special assessments against all benefited property. The bonds are additionally secured by ad valorem taxes on all taxable property within the System and without limitation of amount.
- (2) These bonds were purchased through a private placement agreement through the Minnesota Public Facilities Authority.
- (3) This schedule represents a portion of the \$1,625,000 General Obligation Refunding Bonds, Series 2007A, dated January 1, 2007, consisting of \$305,000 backed by net revenues of the Red Rock Rural Water System as well as special assessments within Murray County and \$1,320,000 backed by ad valorem taxes.
- (4) These bonds are payable primarily from net revenues of the Shetek Area Water and Sewer District and additionally secured by ad valorem taxes on all taxable property within the System and without limitation of amount.

**Indirect Debt\***

<i>Issuer</i>	<i>2025/2026 Tax Capacity Value<sup>(1)</sup></i>	<i>2024/2025 Tax Capacity Value in County<sup>(1)</sup></i>	<i>Percentage Applicable in County</i>	<i>Outstanding General Obligation Debt</i>	<i>Taxpayers' Share of Debt</i>
City of Avoca	\$ 152,903	\$ 152,903	100.00%	\$ 306,000 <sup>(2)</sup>	\$ 306,000
City of Currie	150,429	150,429	100.00	1,513,403 <sup>(2)</sup>	1,513,403
City of Dovray	82,325	82,325	100.00	147,030 <sup>(2)</sup>	147,030
City of Fulda	986,273	986,273	100.00	246,000	246,000
City of Hadley	84,426	84,426	100.00	668,000 <sup>(2)</sup>	668,000
City of Iona	93,126	93,126	100.00	459,838 <sup>(2)</sup>	459,838
City of Lake Wilson	182,202	182,202	100.00	238,703 <sup>(2)</sup>	238,703
City of Slayton	1,792,578	1,792,578	100.00	1,361,000	1,361,000
ISD No. 505, Fulda	13,033,534	7,638,778	58.61	14,480,000	8,486,728
ISD No. 581, Edgerton	8,652,158	1,089,307	12.59	15,845,000	1,994,886
ISD No. 2902, Russell Tyler Ruthton	13,577,816	1,561,261	11.50	26,820,000	3,084,300
ISD No. 2689, Pipestone	28,435,727	533,916	1.88	22,580,000	424,504
ISD No. 2169, Murray County Central	20,782,898	20,678,375	99.50	3,150,000	3,134,250
ISD No. 2904, Tracy Area Schools	23,120,580	10,564,278	45.69	23,120,000	<u>10,563,528</u>
				<i>Total Indirect Debt:</i>	<u><b>\$32,628,170</b></u>

\* Only those taxing jurisdictions with general obligation debt outstanding that is not payable from revenues are included. Debt figures do not include non-general obligation debt, short-term general obligation debt, general obligation debt payable from revenues, or general obligation tax/aid anticipation certificates of indebtedness. Debt listed is as of July 2, 2026, unless otherwise noted.

(1) Tax Capacity Value is after tax increment adjustments.

(2) As of December 31, 2025, as provided by Murray County.

**General Obligation Debt**

Bonds secured by special assessments (includes this issue)	\$ 8,010,000
Bonds secured by water/sewer revenues	1,140,000
Bonds secured by state aid	<u>8,780,000</u>
Subtotal	\$ 17,930,000
Less bonds secured by water/sewer and state aid revenues	( <u>9,920,000</u> )
<i>Direct General Obligation Debt</i>	8,010,000
Add taxpayers' share of indirect debt	<u>32,628,170</u>
<i>Direct and Indirect Debt</i>	<u>\$ 40,638,170</u>

**Facts for Ratio Computations**

2025/2026 Economic Market Value (real and personal property)	\$5,608,340,802
Population (2026 estimate)	8,014

**Debt Ratios Excluding Revenue-Supported Debt**

	<i>Direct <u>Debt</u></i>	<i>Indirect <u>Debt</u></i>	<i>Direct and <u>Indirect Debt</u></i>
To Economic Market Value	.14%	0.58%	0.72%
Per Capita	\$1,000	\$4,071	\$5,071

# **APPENDIX A**

## **Legal Opinion**

# FRYBERGER

— LAW FIRM —

August 19, 2026

Murray County  
2500 28<sup>th</sup> Street  
P.O. Box 57  
Slayton, MN 56172

[TBD]

**RE: Murray County, Minnesota  
\$3,035,000 General Obligation Ditch Bonds, Series 2026A**

We have acted as Bond Counsel in connection with the authorization, issuance and delivery by Murray County, Minnesota (the “Issuer”), of the above-referenced obligation dated the date hereof (the “Bonds”). The Bonds are issued pursuant to Minnesota Statutes, Section 103E.635 and Chapter 475.

A. Scope of Examination. For the purpose of rendering this opinion letter, we have examined the following:

1. a resolution of the Issuer adopted on July 21, 2026 authorizing the issuance and delivery of the Bonds (the “Resolution”);
2. the Officers’ Certificate of the Issuer dated the date hereof setting forth and certifying as to certain matters, including but not limited to the use and investment of the proceeds of the Bonds (the “Tax Certificate”);
3. applicable law and certified copies of certain proceedings taken, and certain affidavits and certificates furnished by the Issuer and others with respect to the authorization, sale and issuance of the Bonds; and
4. such other documents as we consider necessary in order to render this opinion.

B. Reliance. As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officers of the Issuer and others without undertaking to verify such facts by independent investigation. We have also relied, without independent investigation, upon representations and certifications made by the Issuer in the Tax Certificate and the representations and certifications

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FRYBERGER, BUCHANAN, SMITH & FREDERICK, P.A

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Cloquet, MN 55720  
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SUPERIOR  
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Superior, WI 54880  
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July 22, 2026

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made by the Issuer, agents of the Issuer and others in connection with the issuance of the Bonds as to: (a) the nature, cost, use and useful economic life of the facilities financed by the Bonds, (b) the application to be made of the proceeds of the Bonds, (c) the investment of such proceeds and (d) other matters material to the tax-exempt status of the interest borne by the Bonds, including the anticipated sources of repayment of the Bonds.

C. Assumptions.

1. In rendering the opinions contained in Section D below, we have assumed: (a) the legal capacity for all purposes relevant hereto of all natural persons, (b) with respect to all parties to agreements or instruments relevant hereto other than the Issuer, that such parties had the requisite power and authority (corporate or otherwise) to execute, deliver and perform such agreements or instruments, (c) that such agreements or instruments are the valid, binding and enforceable obligations of each such party, other than the Issuer, (d) the authenticity of all documents submitted to us as originals and the authenticity of the originals, (e) the conformity to original documents of all documents submitted to us as certified or photostatic copies, (f) the genuineness of the signatures on all documents submitted to us, and (g) the accuracy of the facts and representations stated in all documents submitted to us.

2. In rendering the opinions contained in paragraphs 3 and 4 of Section D below, we have assumed that the proceeds of the Bonds will be applied in accordance with the provisions of the Resolution and the representations made by the Issuer in the Tax Certificate and that the Issuer will make or cause to be made any necessary calculations and pay to the United States any amounts required under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code").

3. For the purpose of rendering the opinion set forth in paragraph 3 of Section D, below, we have also assumed compliance by the Issuer with requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. The Issuer has covenanted to comply with each such requirement.

D. Opinions. Based upon such examination, assumptions and reliance, on the basis of federal and State of Minnesota (the "State") laws, regulations, rulings and decisions in effect on the date hereof, but excluding any pending legislation which may have a retroactive date prior to the date hereof, and subject to certain limitations set forth in Section E below, it is our opinion that:

1. The Bonds are valid and binding general obligation of the Issuer enforceable in accordance with its terms.

July 22, 2026  
Page 3

2. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the principal of and interest on the Bonds.

3. The Bonds, as of their date of issuance, bears interest which is (a) not includable in gross income of the recipient for federal income tax purposes or in taxable net income of individuals, trusts and estates for State income tax purposes; (b) includable in taxable income of corporations and financial institutions for purposes of State franchise tax; and (c) not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on individuals or the State alternative minimum tax imposed on individuals, trusts and estates; however, such interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

4. Based solely on factual representations by the Issuer, the Bonds have been designated by the Issuer as “qualified tax-exempt obligations” under and within the meaning of Section 265(b)(3)(b) of the Code.

E. Qualifications and Limitations. The opinions expressed in Section D above are subject to the following:

1. We express no opinion as to federal or state tax consequences arising from ownership of the Bonds other than as set forth in Section D hereof.

2. The rights of the owners and enforceability of the Bonds are subject to and may be limited by (a) state and federal laws, rulings, decisions and principles of equity affecting remedies, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing, and other similar doctrines affecting the enforceability of agreements generally (regardless of whether considered in a proceeding in equity or at law); (b) the effect of any applicable bankruptcy, moratorium, insolvency, reorganization, fraudulent conveyance or other similar laws affecting the enforcement of creditors’ or secured creditors’ rights or laws relating to creditors’ or secured creditors’ rights against public instrumentalities heretofore or hereafter enacted to the extent constitutionally applicable; (c) the exercise of judicial discretion in appropriate cases; and (d) federal and state securities laws and public policy relating thereto.

3. Failure by the Issuer to comply with applicable requirements of the Code could cause the interest on the Bonds to be includable in the gross income of the owners thereof for federal income taxation, either prospectively or retroactively to the date hereof.

4. Our opinions expressed in Section D above are limited to the law of the State and the federal law of the United States of America, and we assume no responsibility as

July 22, 2026  
Page 4

to the applicability to this transaction, or the effect thereon, of the law of any other jurisdiction.

5. Except as expressly stated in this opinion, we express no opinion as to compliance with any federal securities laws or any state securities or Blue Sky laws.

6. This opinion is rendered as of the date set forth above and we express no opinion as to circumstances or events which may occur subsequent to such date.

7. The foregoing opinions are being furnished to you solely for your benefit and may not be relied upon by, nor may copies be delivered to, any other person without our prior written consent.

8. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Bonds, and we express no opinion relating thereto.

Respectfully submitted,

Fryberger, Buchanan, Smith & Frederick, P.A.

## **APPENDIX B**

### **Continuing Disclosure Certificate**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Murray County, Minnesota (the “Issuer”) in connection with the issuance of the \$3,035,000 General Obligation Ditch Bonds, Series 2026A, dated August 19, 2026 (the “Obligations”). The Obligations are being issued pursuant to a Resolution of the Issuer dated July 21, 2026 (the “Resolution”). The Issuer covenants and agrees as follows:

Section 1. (a) Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the Rule (defined below). References in this Disclosure Certificate to holders of the Obligations shall include the beneficial owners of the Obligations. This Disclosure Certificate constitutes the written understanding under the Rule.

(b) Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access (“EMMA”) System at [www.emma.msrb.org](http://www.emma.msrb.org) in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means the Issuer’s annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

“Code” means the Internal Revenue Code of 1986, as amended.

“Dissemination Agent” means such person from time to time designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” means, with respect to the Issuer a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of one of the foregoing. The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with this rule.

“IRS” means the Internal Revenue Service of the Department of the Treasury.

“Listed Events” means any of the events listed in Sections 5(a) and 5(b) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, whose current address is 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Official Statement” means the Official Statement, dated \_\_\_\_\_, 2026, delivered in connection with the original issuance and sale of the Obligations, together with any amendments thereto or supplements thereof.

“Participating Underwriter” means any of the original underwriter(s) of the Obligations required to comply with the Rule in connection with offering of the Obligations.

“Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time. Reference is also made to SEC Release No. 34-83885 (File No. S7-01-17) for additional information relating to the Issuer’s compliance with this Certificate.

“SEC” means the Securities and Exchange Commission or any successor to its functions governing state and municipal securities.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 12 months after the end of the fiscal year (presently December 31), commencing with the fiscal year ended December 31, 2025, provide to the MSRB, filed in accordance with Section 1(b) of this Disclosure Certificate, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date; provided, however, unaudited financial information will be provided and the Audited Financial Statements will be submitted to the MSRB when and if available. The Issuer may provide the Annual Report by specific reference to documents previously provided to the MSRB or filed with the SEC; provided, however, that if the document so referenced is a final official statement within the meaning of the Rule, such final official statement must be available from the MSRB.

(b) Not later than 15 days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer is not the Dissemination Agent).

(c) If the Issuer is unable or fails to provide an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of such fact to

the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

- (a) Economic and Financial Information – “Valuations,” “Tax Capacity Rates,” and “Tax Levies and Collections”
- (b) Summary of Debt and Debt Statistics

Section 5. Reporting of Significant Events.

(a) The Issuer shall give, or cause to be given notice of the occurrence of any of the following events with respect to the Obligations, in a timely manner not in excess of 10 business days after the occurrence of the event:

- (1) principal and interest payment delinquencies;
  - (2) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (3) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (4) substitution of credit or liquidity providers, if any, or their failure to perform;
  - (5) adverse tax opinions or the issuance by the IRS of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
  - (6) tender offers;
  - (7) defeasances;
  - (8) rating changes;
  - (9) bankruptcy, insolvency, receivership or similar event of the Issuer;
- or
- (10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Obligations, *if material*, in a timely manner not in excess of 10 business days after the occurrence of the event:

(1) non-payment related defaults;

(2) unless described in (a)(5) above, other notices or determinations by the IRS with respect to the tax-exempt status of the Obligations, or other events affecting the tax-exempt status of the Obligations;

(3) modifications to rights of holders of the Obligations;

(4) bond calls;

(5) release, substitution or sale of property securing repayment of the Obligations;

(6) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(7) appointment of a successor or additional trustee or the change of name of a trustee; or

(8) incurrence of a Financial Obligation or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders.

(c) For the purposes of the event identified in subsection (a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under subsection (b), the Issuer shall as soon as possible determine if such event would constitute material information for holders of Obligations.

(e) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertaking herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Obligations may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Obligations.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Obligations, and shall create no rights in any other person or entity.

Section 13. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Certificate if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated as of August 19, 2026.

MURRAY COUNTY

By \_\_\_\_\_  
Chair

By \_\_\_\_\_  
County Auditor-Treasurer

## **APPENDIX C**

### **County's Financial Statement**

The following financial statements are excerpts from the annual financial report for the year ended December 31, 2024. The complete financial report for the year 2024 and the prior two years are available for inspection at the County Offices and the office of Northland Securities, Inc. The reader of this Official Statement should be aware that the complete financial report may have further data relating to the excerpts presented in the appendix which may provide additional explanation, interpretation or modification of the excerpts.



## Independent Auditor's Report

Board of County Commissioners  
Murray County  
Slayton, Minnesota

### Report on the Audit of the Financial Statements

#### Opinions

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

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Murray County as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Murray County Medical Center component unit, which represent 60 percent, 50 percent, and 93 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Murray County Medical Center, is based solely on the report of the other auditors.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events,

considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

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

### **Required Supplementary Information**

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

any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Murray County's basic financial statements. The combining nonmajor governmental fund financial statements, budgetary comparison schedules for nonmajor governmental funds, combining fiduciary fund financial statements, the Shetek Area Water and Sewer Commission component unit financial statements, Schedule of Intergovernmental Revenue, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 31, 2025, on our consideration of Murray County's and the Shetek Area Water and Sewer Commission component unit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Murray County's or the Shetek Area Water and Sewer Commission component unit's internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Murray County's and the Shetek Area Water and Sewer Commission component unit's internal control over financial reporting and compliance.

/s/Julie Blaha

Julie Blaha  
State Auditor

October 31, 2025

/s/Chad Struss

Chad Struss, CPA  
Deputy State Auditor

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

# Murray County Slayton, Minnesota

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

The Management's Discussion and Analysis (MD&A) provides an overview and analysis of Murray County's financial activities for the fiscal year ended December 31, 2024. The MD&A 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

- Governmental activities' total net position is \$84,304,547, of which \$69,986,269 is the County's net investment in capital assets, and \$6,285,709 is restricted for specific purposes. The unrestricted net position of \$8,032,569 may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's governmental activities' net position increased by \$6,533,655 for the year ended December 31, 2024.
- The net cost of governmental activities for the current fiscal year was \$5,933,437. General revenues and transfers totaling \$12,467,092 funded the net cost.
- The General Fund's fund balance increased by \$1,534,886, the Road and Bridge Special Revenue Fund's fund balance decreased by \$408,202, the EDA Special Revenue Fund's fund balance increased by \$194,330, the Debt Service Fund's fund balance increased by \$8,259, the Human Services Fund's fund balance increased by \$30,893, and the Ditch Special Revenue Fund's fund balance decreased by \$507,300.
- For the year ended December 31, 2024, the unassigned fund balance of the General Fund was \$6,589,768.

### Overview of the Financial Statements

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

### Government-Wide Financial Statements

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

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

All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide financial statements of the County are divided into three categories:

- Governmental activities—Most of the basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities.
- Business-type activities—The County charges fees to cover the costs of certain services it provides. Included here are the operations of Sunrise Terrace, the County's congregate housing facility.
- Discretely presented component units—The County includes the Shetek Area Water and Sewer Commission, a legally separate entity, because the County appoints the Commission members and must approve any debt. The County also reports the Murray County Medical Center, a legally separate entity, because a financial benefit/burden relationship exists between the Medical Center and the County.

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

## **Fund Financial Statements**

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

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

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

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

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

Proprietary funds are maintained by Murray County. An enterprise fund accounts for the congregate housing facility. The County uses an internal service fund to account for self-insurance activities. The financial statements for these funds provide the same type of information as the government-wide financial statements, only in more detail.

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

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

All fiduciary activities are presented in separate statements on Exhibits 10 and 11 of this report.

The County presents the Shetek Area Water and Sewer Commission and the Murray County Medical Center as discretely presented component units.

## **Notes to the Financial Statements**

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

## **Other Information**

Other information is provided as supplementary information regarding Murray County's financial statements for the Shetek Area Water and Sewer Commission.

## **Government-Wide Financial Analysis**

Over time, net position serves as a useful indicator of the County's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$84,116,564 at the close of 2024. The largest portion of Murray County's net position (83.3 percent) reflects the net investment in capital assets (for example: land, buildings, equipment, and infrastructure such as roads and bridges), less any related debt used to acquire those assets. However, it should be noted that these assets are not available for future spending or for liquidating any remaining debt. Comparative data with 2023 is presented.

## Statement of Net Position

Condensed Statement of Net Position	Governmental Activities – 2024	Business-Type Activities – 2024	Total – 2024	2023
<b>Assets</b>				
Current and other assets	\$ 27,417,639	\$ (198,479)	\$ 27,219,160	\$ 30,345,196
Capital assets, net	80,422,219	102,242	80,524,461	73,305,144
<b>Total Assets</b>	<b>\$ 107,839,858</b>	<b>\$ (96,237)</b>	<b>\$ 107,743,621</b>	<b>\$ 103,650,340</b>
<b>Deferred Outflows of Resources</b>				
Deferred pension outflows	\$ 1,878,876	\$ 8,413	\$ 1,887,289	\$ 2,645,597
Deferred other postemployment benefits outflows	16,820	302	17,122	17,477
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,895,696</b>	<b>\$ 8,715</b>	<b>\$ 1,904,411</b>	<b>\$ 2,663,074</b>
<b>Liabilities</b>				
Long-term liabilities	\$ 20,181,868	\$ 47,562	\$ 20,229,430	\$ 22,211,066
Other liabilities	2,115,419	24,879	2,140,298	3,618,495
<b>Total Liabilities</b>	<b>\$ 22,297,287</b>	<b>\$ 72,441</b>	<b>\$ 22,369,728</b>	<b>\$ 25,829,561</b>
<b>Deferred Inflows of Resources</b>				
Deferred pension inflows	\$ 3,031,397	\$ 27,103	\$ 3,058,500	\$ 2,813,437
Deferred other postemployment benefits inflows	102,323	917	103,240	85,645
<b>Total Deferred Inflows of Resources</b>	<b>\$ 3,133,720</b>	<b>\$ 28,020</b>	<b>\$ 3,161,740</b>	<b>\$ 2,899,082</b>
<b>Net Position</b>				
Net investment in capital assets	\$ 69,986,269	\$ 102,242	\$ 70,088,511	\$ 61,153,510
Restricted	6,285,709	-	6,285,709	9,011,969
Unrestricted	8,032,569	(290,225)	7,742,344	7,419,292
<b>Total Net Position</b>	<b>\$ 84,304,547</b>	<b>\$ (187,983)</b>	<b>\$ 84,116,564</b>	<b>\$ 77,584,771</b>

Unrestricted net position in the amount of \$7,742,344—the part of net position that may be used to meet the County’s ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements—is 9.2 percent of net position.

### Governmental Activities

The County’s governmental activities’ net position increased by 8.4 percent (\$84,304,547 for 2024 compared to \$77,770,892 for 2023). Key elements in this increase in net position are as follows for 2024, with comparative data for 2023.

**Governmental Activities  
Changes in Net Position**

Condensed Statement of Activities – Governmental Activities	2024	2023
Revenues		
Program revenues		
Fees, charges, fines, and other	\$ 3,148,245	\$ 3,009,296
Operating grants and contributions	9,159,982	8,248,681
Capital grants and contributions	2,919,254	2,103,191
General revenues		
Property taxes	8,759,638	8,404,365
Other	3,707,454	3,937,320
Total Revenues	\$ 27,694,573	\$ 25,702,853
Expenses		
General government	\$ 5,133,059	\$ 5,492,696
Public safety	3,359,349	3,042,391
Highways and streets	7,307,960	7,558,867
Sanitation	297,562	290,431
Human services	1,636,382	1,508,452
Health	98,148	116,551
Culture and recreation	365,740	692,916
Conservation of natural resources	1,903,068	1,608,381
Economic development	704,475	235,069
Interest	355,175	399,997
Total Expenses	\$ 21,160,918	\$ 20,945,751
Change in Net Position	\$ 6,533,655	\$ 4,757,102
Net Position – January 1	77,770,892	73,013,790
Net Position – December 31	\$ 84,304,547	\$ 77,770,892

The cost of all governmental activities for 2024 was \$21,160,918 and, as shown on the Statement of Activities on Exhibit 2, the amount that taxpayers ultimately financed for these activities through County taxes was only \$5,933,437. The amount paid by those who directly benefited from the programs was \$3,148,245, and the amount paid by other governments and organizations to subsidize certain programs with operating grants and contributions was \$9,159,982. Capital grants and contributions were \$2,919,254. The County paid for the remaining “public benefit” portion of governmental activities with \$1,027,834 in grants and contributions not restricted to specific programs, \$8,759,638 in property taxes, and \$801,701 in wind and solar production tax.

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

**Governmental Activities**

Functions/Programs – Governmental Activities	Total Cost of Services	Net Cost (Revenue) of Services
General government	\$ 5,133,059	\$ 3,369,500
Public safety	3,359,349	2,262,938
Highways and streets	7,307,960	(2,930,392)
Conservation of natural resources	1,903,068	648,114
All others	3,457,482	2,583,277
Total	\$ 21,160,918	\$ 5,933,437

**Business-Type Activities**

The County’s business-type activities include Congregate Housing (Sunrise Terrace). The business-type activities’ net position decreased by 1.0 percent (a deficit \$186,121 for the beginning of 2024 compared to a deficit \$187,983 for the end of 2024). Key elements in this increase in net position are as follows, with comparative data for 2023.

**Business-Type Activities  
Changes in Net Position**

Condensed Statement of Activities – Business-Type Activities	2024	2023
Revenues		
Program revenues		
Fees, charges, and other	\$ 331,856	\$ 324,826
Operating grants and contributions	1,439	6
General revenues		
Miscellaneous	259	256
Transfers	(14,109)	(10,943)
Total Revenues	\$ 319,445	\$ 314,145
Expenses		
Congregate Housing	321,307	310,030
Change in Net Position	\$ (1,862)	\$ 4,115
Net Position – January 1	(186,121)	(190,236)
Net Position – December 31	\$ (187,983)	\$ (186,121)

The cost of all business-type activities for 2024 was \$321,307 and, as shown on the Statement of Activities on Exhibit 2, none of this was financed by the taxpayers through County taxes. The majority of costs for business-type activities were paid by those who directly benefited from the programs and services. In 2024, this amount was \$331,856.

The following table presents the cost of the County’s business-type activities, and related net cost (revenue) of services.

**Business-Type Activities**

Functions/Programs – Business-Type Activities	Total Cost of Services	Net Cost (Revenue) of Services
Congregate Housing	\$ 321,307	\$ (11,988)

**Financial Analysis of the Government’s Funds**

**Governmental Funds**

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

At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$19,516,311, an increase of \$852,866 in comparison with the prior year. Of the combined ending fund balances, \$716,114 is nonspendable, \$6,199,678 is restricted, \$175,739 is committed, \$7,639,367 is assigned, and \$4,785,413 is unassigned fund balance.

The General Fund is the main operating fund for the County. Of the combined ending fund balances, \$405,705 is nonspendable, \$3,326,488 is restricted, \$175,739 is committed, \$1,992,083 is assigned, and \$6,589,768 is unassigned. Overall fund balance in the General Fund increased by \$1,534,886 during 2024.

The Road and Bridge Special Revenue Fund had \$310,409 in nonspendable funds and \$4,940,056 in assigned funds. Overall fund balance in the Road and Bridge Special Revenue Fund decreased by \$408,202 during 2024, due to regular maintenance and construction and the continued construction of a new building facility.

The Ditch Special Revenue Fund had \$2,190,412 in restricted fund balance and (\$1,804,355) in unassigned fund balance. Overall fund balance decreased by \$507,300 during 2024 due to expenses for a 3-phase County-wide redetermination of benefits. The County will likely issue bonds in the future to cover these expenses.

The Human Services Special Revenue Fund had \$30,893 of restricted fund balance, as Southwest Health and Human Services performs human services functions and public health delivery for Murray County through a joint powers arrangement. This increase in fund balance was due to the County no longer passing over the Opioid settlement funds to Southwest Health and Human Services.

The EDA Special Revenue Fund had restricted funds of \$412,114 and assigned funds of \$707,228. The EDA Special Revenue Fund’s fund balance increased by \$194,330 during 2024.

The Debt Service Fund had \$239,771 in restricted fund balance. For 2024, the County does not have any outstanding general obligation bonds.

**Budgetary Highlights**

Over the course of the year, there were positive budget variances in the General Fund. The actual revenues in the General Fund were \$959,628 more than budgeted, primarily due to energy production tax, investment income, state and federal aid and more revenues than expected in fee offices. Actual expenditures were \$922,022 over budget, primarily due to unbudgeted expenses.

## Capital Assets and Debt Administration

### Governmental Activities

The County's capital assets for its governmental activities at December 31, 2024, totaled \$80,422,219 (net of accumulated depreciation and amortization). This investment in capital assets includes land, works of art and historical treasures, construction in progress, infrastructure, buildings, improvements other than buildings, machinery and equipment, and leased equipment. The investment in capital assets increased \$7,270,438, or 9.9 percent, from the previous year. The increase was due to the infrastructure additions and the continued construction of the highway building in 2024.

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

Capital Assets, Net – Governmental Activities	2024	2023
Land, including right-of-way	\$ 1,728,154	\$ 1,728,154
Works of art and historical treasures	34,376	34,376
Construction in progress	862,635	13,146,695
Infrastructure	52,374,137	48,639,074
Buildings	20,699,699	5,969,399
Improvements other than buildings	562,216	483,620
Machinery and equipment	3,911,051	3,006,183
Lease equipment	249,951	144,280
Total	<u>\$ 80,422,219</u>	<u>\$ 73,151,781</u>

### Long-Term Debt

At the end of the current fiscal year, the County had total outstanding debt of \$16,546,140, which was backed by the full faith and credit of the government.

#### Outstanding Debt

Outstanding Debt	2024	2023
General obligation ditch bonds	\$ 6,179,909	\$ 6,653,436
General obligation state aid bonds	10,072,136	10,532,850
Leases payable	294,095	136,824
Total	<u>\$ 16,546,140</u>	<u>\$ 17,323,110</u>

Minnesota statutes limit the amount of debt a county may levy to 3.00 percent of its total market value. At the end of 2024, the County's outstanding debt was 0.32 percent of its total estimated market value.

## Business-Type Activities

The County’s capital assets for its business-type activities at December 31, 2024, totaled \$102,242 (net of accumulated depreciation). This investment in capital assets includes buildings. The capital assets decreased by \$51,121, or 33.3 percent, from the previous year due to the depreciation recorded in 2024.

### Capital Assets at Year-End Net of Depreciation

Capital Assets, Net – Business-Type Activities	2024	2023
Buildings	\$ 102,242	\$ 153,363

## Economic Factors and Next Year’s Budgets

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

- The unemployment rate for Murray County at the end of 2024 was 3.6 percent. This is 0.6 percent higher than the state unemployment rate of 3.0 percent and 0.5 percentage points lower than the national unemployment rate of 4.1 percent. This is a decrease of 0.1 percentage points from the County’s 3.7 percent rate of one year prior.
- Despite mortgage interest rates being higher than those of 2023, the County has still seen an increase in the amount of new construction in the residential and agricultural sector.
- The County’s net property tax levy for 2025 increased \$269,667, from \$9,001,408 to \$9,271,075.

## Requests for Information

This financial report is designed to provide a general overview of Murray County’s finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the County Auditor-Treasurer, Heidi E. Winter, Murray County Government Center, PO Box 57, Slayton, Minnesota 56172.

## **Basic Financial Statements**

## **Government-Wide Financial Statements**

Exhibit 1

Murray County  
Slayton, Minnesota

Statement of Net Position  
December 31, 2024

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Shetek Area Water and Sewer Commission	Murray County Medical Center
<b>Assets</b>					
Cash and pooled investments	\$ 21,347,921	\$ 177,217	\$ 21,525,138	\$ 1,352,966	\$ 10,269,176
Receivables – net	5,251,576	486	5,252,062	2,583,162	4,407,473
Internal balances	386,982	(386,982)	-	-	-
Due from component unit	110,046	-	110,046	-	-
Inventories	321,114	-	321,114	136,293	332,978
Prepaid items	-	-	-	-	176,422
Restricted assets					
Cash and pooled investments	-	10,800	10,800	267,128	-
Capital assets					
Non-depreciable or amortizable	2,625,165	-	2,625,165	626,349	172,231
Depreciable – net of accumulated depreciation and amortization	77,797,054	102,242	77,899,296	9,398,652	6,627,548
Investment in Minnesota Rural Health	-	-	-	-	6,750
<b>Total Assets</b>	<b>\$ 107,839,858</b>	<b>\$ (96,237)</b>	<b>\$ 107,743,621</b>	<b>\$ 14,364,550</b>	<b>\$ 21,992,578</b>
<b>Deferred Outflows of Resources</b>					
Deferred pension outflows	\$ 1,878,876	\$ 8,413	\$ 1,887,289	\$ -	\$ 606,051
Deferred other postemployment benefits outflows	16,820	302	17,122	-	3,948
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,895,696</b>	<b>\$ 8,715</b>	<b>\$ 1,904,411</b>	<b>\$ -</b>	<b>\$ 609,999</b>
<b>Liabilities</b>					
Accounts payable and other current liabilities	\$ 1,268,867	\$ 24,879	\$ 1,293,746	\$ 16,971	\$ 2,943,341
Unearned revenue	846,552	-	846,552	-	131,843
Long-term liabilities					
Due within one year	1,477,416	8,418	1,485,834	715,935	577,463
Due within more than one year	15,853,763	3,584	15,857,347	1,132,906	678,669
Other postemployment benefits liability due within one year	5,592	4	5,596	-	-
Other postemployment benefits liability due in more than one year	228,159	4,748	232,907	-	134,273
Net pension liability	2,616,938	30,808	2,647,746	-	2,964,615
<b>Total Liabilities</b>	<b>\$ 22,297,287</b>	<b>\$ 72,441</b>	<b>\$ 22,369,728</b>	<b>\$ 1,865,812</b>	<b>\$ 7,430,204</b>

**Exhibit 1**  
(Continued)

**Murray County**  
**Slayton, Minnesota**

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

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Shetek Area Water and Sewer Commission	Murray County Medical Center
<b>Deferred Inflows of Resources</b>					
Deferred pension inflows	\$ 3,031,397	\$ 27,103	\$ 3,058,500	\$ -	\$ 2,314,303
Deferred other postemployment benefits inflows	102,323	917	103,240	-	103,417
Deferred lease receivable inflows	-	-	-	-	348,878
<b>Total Deferred Inflows of Resources</b>	<b>\$ 3,133,720</b>	<b>\$ 28,020</b>	<b>\$ 3,161,740</b>	<b>\$ -</b>	<b>\$ 2,766,598</b>
<b>Net Position</b>					
Net investment in capital assets	\$ 69,986,269	\$ 102,242	\$ 70,088,511	\$ 8,176,160	\$ 5,543,647
Restricted for					
General government	366,104	-	366,104	-	-
Public safety	883,569	-	883,569	-	-
Highways and streets	1,948,155	-	1,948,155	-	-
Sanitation	554,955	-	554,955	-	-
Human services	15,749	-	15,749	-	-
Conservation of natural resources	1,765,364	-	1,765,364	-	-
Economic development	538,918	-	538,918	-	-
Debt service	182,002	-	182,002	6,935	-
Opioid remediation	30,893	-	30,893	-	-
Wastewater system replacement	-	-	-	267,128	-
Unrestricted	8,032,569	(290,225)	7,742,344	4,048,515	6,862,128
<b>Total Net Position</b>	<b>\$ 84,304,547</b>	<b>\$ (187,983)</b>	<b>\$ 84,116,564</b>	<b>\$ 12,498,738</b>	<b>\$ 12,405,775</b>

Exhibit 2

Murray County  
Slayton, Minnesota

Statement of Activities  
For the Year Ended December 31, 2024

	Program Revenues			
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
<b>Primary government</b>				
<b>Governmental activities</b>				
General government	\$ 5,133,059	\$ 1,710,450	\$ 53,109	\$ -
Public safety	3,359,349	150,551	945,860	-
Highways and streets	7,307,960	150,041	7,169,057	2,919,254
Sanitation	297,562	181,564	86,753	-
Human services	1,636,382	-	104,503	-
Health	98,148	-	-	-
Culture and recreation	365,740	71,614	320,735	-
Conservation of natural resources	1,903,068	859,525	395,429	-
Economic development	704,475	24,500	84,536	-
Interest	355,175	-	-	-
<b>Total governmental activities</b>	<b>\$ 21,160,918</b>	<b>\$ 3,148,245</b>	<b>\$ 9,159,982</b>	<b>\$ 2,919,254</b>
<b>Business-type activities</b>				
Congregate Housing	321,307	331,856	1,439	-
<b>Total Primary Government</b>	<b>\$ 21,482,225</b>	<b>\$ 3,480,101</b>	<b>\$ 9,161,421</b>	<b>\$ 2,919,254</b>
<b>Discretely presented component units</b>				
Shetek Area Water and Sewer Commission	\$ 781,409	\$ 745,692	\$ -	\$ 627,802
Murray County Medical Center	17,914,082	18,411,314	-	-
<b>Total Discretely Presented Component Units</b>	<b>\$ 18,695,491</b>	<b>\$ 19,157,006</b>	<b>\$ -</b>	<b>\$ 627,802</b>

**General Revenues**

Property taxes  
Mortgage registry and deed tax  
Wind and solar production tax  
Payments in lieu of tax  
Wheelage tax  
Grants and contributions not restricted to specific programs  
Investment earnings  
Miscellaneous  
Gain on sale of capital assets

**Transfers**

**Total general revenues and transfers**

**Change in net position**

**Net Position – Beginning**

**Net Position – Ending**

**Net (Expense) Revenue and Change in Net Position**

Primary Government			Discretely Presented Component Units		
Governmental Activities	Business-Type Activities	Total	Shetek Area Water and Sewer Commission	Murray County Medical Center	
\$ (3,369,500)	\$ -	\$ (3,369,500)			
(2,262,938)	-	(2,262,938)			
2,930,392	-	2,930,392			
(29,245)	-	(29,245)			
(1,531,879)	-	(1,531,879)			
(98,148)	-	(98,148)			
26,609	-	26,609			
(648,114)	-	(648,114)			
(595,439)	-	(595,439)			
(355,175)	-	(355,175)			
<b>\$ (5,933,437)</b>	<b>\$ -</b>	<b>\$ (5,933,437)</b>			
-	11,988	11,988			
<b>\$ (5,933,437)</b>	<b>\$ 11,988</b>	<b>\$ (5,921,449)</b>			
			\$ 592,085	\$ -	
			-	497,232	
			<b>\$ 592,085</b>	<b>\$ 497,232</b>	
\$ 8,759,638	\$ -	\$ 8,759,638	\$ -	\$ -	
10,750	-	10,750	-	-	
801,701	-	801,701	-	-	
467,672	-	467,672	-	-	
107,509	-	107,509	-	-	
1,027,834	-	1,027,834	-	164,424	
1,137,525	-	1,137,525	61,310	424,629	
140,354	259	140,613	169	-	
-	-	-	-	6,054	
14,109	(14,109)	-	-	-	
<b>\$ 12,467,092</b>	<b>\$ (13,850)</b>	<b>\$ 12,453,242</b>	<b>\$ 61,479</b>	<b>\$ 595,107</b>	
<b>\$ 6,533,655</b>	<b>\$ (1,862)</b>	<b>\$ 6,531,793</b>	<b>\$ 653,564</b>	<b>\$ 1,092,339</b>	
<b>\$ 77,770,892</b>	<b>\$ (186,121)</b>	<b>\$ 77,584,771</b>	<b>\$ 11,845,174</b>	<b>\$ 11,313,436</b>	
<b>\$ 84,304,547</b>	<b>\$ (187,983)</b>	<b>\$ 84,116,564</b>	<b>\$ 12,498,738</b>	<b>\$ 12,405,775</b>	

## **Fund Financial Statements**

## **Governmental Funds**

**Exhibit 3**

**Murray County  
Slayton, Minnesota**

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

	<b>General</b>	<b>Road and Bridge</b>	<b>Ditch</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b><u>Assets</u></b>					
Cash and pooled investments	\$ 13,071,977	\$ 5,112,074	\$ 426,414	\$ 1,390,401	\$ 20,000,866
Taxes receivable					
Delinquent	21,641	6,033	-	5,414	33,088
Special assessments receivable					
Delinquent	18,754	-	1,324	-	20,078
Noncurrent	872,633	-	1,100,952	-	1,973,585
Accounts receivable	35,139	2,158	-	-	37,297
Loans receivable	-	-	100,000	511,193	611,193
Accrued interest receivable	154,238	-	-	-	154,238
Due from other funds	227	5,924	-	-	6,151
Due from other governments	344,852	2,077,245	-	-	2,422,097
Advance to other funds	395,000	-	-	-	395,000
Inventories	10,705	310,409	-	-	321,114
<b>Total Assets</b>	<b>\$ 14,925,166</b>	<b>\$ 7,513,843</b>	<b>\$ 1,628,690</b>	<b>\$ 1,907,008</b>	<b>\$ 25,974,707</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 152,050	\$ 36,850	\$ 55,245	\$ 1,123	\$ 245,268
Salaries payable	330,137	103,885	4,968	3,604	442,594
Contracts payable	-	69,718	-	-	69,718
Due to other funds	5,924	227	-	-	6,151
Due to other governments	33,454	955	144	13,865	48,418
Unearned revenue	846,552	-	-	-	846,552
<b>Total Liabilities</b>	<b>\$ 1,368,117</b>	<b>\$ 211,635</b>	<b>\$ 60,357</b>	<b>\$ 18,592</b>	<b>\$ 1,658,701</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	\$ 1,067,266	\$ 2,051,743	\$ 1,182,276	\$ 498,410	\$ 4,799,695

**Exhibit 3**

(Continued)

**Murray County  
Slayton, Minnesota**

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

	General	Road and Bridge	Ditch	Nonmajor Governmental Funds	Total
<b><u>Liabilities, Deferred Inflows of Resources, and</u></b>					
<b><u>Fund Balances</u></b>					
<b>(Continued)</b>					
<b>Fund Balances</b>					
Nonspendable					
Inventories	\$ 10,705	\$ 310,409	\$ -	\$ -	\$ 321,114
Advances	395,000	-	-	-	395,000
Restricted for					
Opioid Remediation	-	-	-	30,893	30,893
Attorney's forfeitures	2,422	-	-	-	2,422
Law library	23,027	-	-	-	23,027
Debt service	-	-	-	239,771	239,771
EDA revolving loans	-	-	-	412,114	412,114
Recorder's compliance	126,031	-	-	-	126,031
Recorder's technology	214,624	-	-	-	214,624
Supervision fees	36,146	-	-	-	36,146
Sheriff's contingency	1,719	-	-	-	1,719
Permits to carry	115,463	-	-	-	115,463
E-911	542,923	-	-	-	542,923
Ditch maintenance and conservation	-	-	2,190,412	-	2,190,412
Unspent grant monies	1,377,493	-	-	-	1,377,493
County match	1,814	-	-	-	1,814
Solid waste assessments	554,955	-	-	-	554,955
Homeless prevention	15,749	-	-	-	15,749
Affordable housing	126,804	-	-	-	126,804
Public safety	187,318	-	-	-	187,318
Committed to					
911 sign replacement	175,739	-	-	-	175,739
Assigned to					
Broadband	863,604	-	-	-	863,604
Sanitation	9,503	-	-	-	9,503
Road and bridge	-	4,940,056	-	-	4,940,056
Economic development	-	-	-	707,228	707,228
Fairgrounds building improvement	85,631	-	-	-	85,631
General motor pool	21,807	-	-	-	21,807
Capital improvement	900,000	-	-	-	900,000
Ambulance replacement	111,538	-	-	-	111,538
Unassigned	6,589,768	-	(1,804,355)	-	4,785,413
<b>Total Fund Balances</b>	<b>\$ 12,489,783</b>	<b>\$ 5,250,465</b>	<b>\$ 386,057</b>	<b>\$ 1,390,006</b>	<b>\$ 19,516,311</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 14,925,166</b>	<b>\$ 7,513,843</b>	<b>\$ 1,628,690</b>	<b>\$ 1,907,008</b>	<b>\$ 25,974,707</b>

**Exhibit 4**

**Murray County  
Slayton, Minnesota**

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

<b>Fund balance – total governmental funds (Exhibit 3)</b>	<b>\$ 19,516,311</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>\$ 80,422,219</u>
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in governmental funds.	<u>\$ 1,878,876</u>
Deferred outflows of resources resulting from the other postemployment benefits liability are not available resources and, therefore, are not reported in the governmental funds.	<u>\$ 16,820</u>
An internal service fund is used by Murray County to charge the costs of self-funded insurance programs to functions. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.	<u>\$ 1,097,873</u>
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources– unavailable revenue in the governmental funds.	<u>\$ 4,799,695</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
General obligation bonds	\$ (16,252,045)
Leases payable	(294,095)
Compensated absences	(785,039)
Other postemployment benefits liability	(233,751)
Net pension liability	(2,616,938)
Accrued interest payable	<u>(111,659)</u>
Long-term liabilities not reported in the governmental funds	<u>\$ (20,293,527)</u>
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>\$ (3,031,397)</u>
Deferred inflows of resources resulting from the other postemployment benefits liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>\$ (102,323)</u>
<b>Net Position of Governmental Activities (Exhibit 1)</b>	<b><u>\$ 84,304,547</u></b>

**Exhibit 5**

**Murray County  
Slayton, Minnesota**

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

	General	Road and Bridge	Ditch	Nonmajor Governmental Funds	Total
<b>Revenues</b>					
Taxes	\$ 6,582,492	\$ 1,695,078	\$ -	\$ 1,413,919	\$ 9,691,489
Special assessments	294,596	-	524,629	-	819,225
Licenses and permits	66,129	15,800	-	-	81,929
Intergovernmental	3,006,109	12,852,931	25,053	163,286	16,047,379
Charges for services	530,240	40,030	-	-	570,270
Fines and forfeits	259	-	-	-	259
Gifts and contributions	6,497	-	-	-	6,497
Investment earnings	1,045,920	-	-	49,288	1,095,208
Settlements	-	-	-	88,484	88,484
Miscellaneous	256,918	119,265	10,018	179,117	565,318
<b>Total Revenues</b>	<b>\$ 11,789,160</b>	<b>\$ 14,723,104</b>	<b>\$ 559,700</b>	<b>\$ 1,894,094</b>	<b>\$ 28,966,058</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	\$ 3,779,512	\$ -	\$ -	\$ -	\$ 3,779,512
Public safety	3,294,181	-	-	-	3,294,181
Highways and streets	-	13,821,956	-	-	13,821,956
Sanitation	269,994	-	-	-	269,994
Human services	1,598	-	-	-	1,598
Culture and recreation	1,034,278	-	-	-	1,034,278
Conservation of natural resources	1,034,899	-	528,462	-	1,563,361
Economic development	612,341	-	-	94,663	707,004
<b>Intergovernmental</b>	<b>168,698</b>	<b>606,089</b>	<b>-</b>	<b>1,634,784</b>	<b>2,409,571</b>
<b>Debt service</b>					
Principal	63,070	440,000	460,000	-	963,070
Interest	5,448	240,144	135,404	-	380,996
Administrative charges	-	495	1,980	2,501	4,976
<b>Total Expenditures</b>	<b>\$ 10,264,019</b>	<b>\$ 15,108,684</b>	<b>\$ 1,125,846</b>	<b>\$ 1,731,948</b>	<b>\$ 28,230,497</b>
<b>Excess of Revenues Over (Under)</b>					
<b>Expenditures</b>	<b>\$ 1,525,141</b>	<b>\$ (385,580)</b>	<b>\$ (566,146)</b>	<b>\$ 162,146</b>	<b>\$ 735,561</b>
<b>Other Financing Sources (Uses)</b>					
Leases issued	\$ 220,341	\$ -	\$ -	\$ -	\$ 220,341
Transfers in	18,587	-	58,846	71,336	148,769
Transfers out	(227,714)	-	-	-	(227,714)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 11,214</b>	<b>\$ -</b>	<b>\$ 58,846</b>	<b>\$ 71,336</b>	<b>\$ 141,396</b>
<b>Net Change in Fund Balance</b>	<b>\$ 1,536,355</b>	<b>\$ (385,580)</b>	<b>\$ (507,300)</b>	<b>\$ 233,482</b>	<b>\$ 876,957</b>
<b>Fund Balance – January 1</b>	<b>10,954,897</b>	<b>5,658,667</b>	<b>893,357</b>	<b>1,156,524</b>	<b>18,663,445</b>
<b>Increase (decrease) in inventories</b>	<b>(1,469)</b>	<b>(22,622)</b>	<b>-</b>	<b>-</b>	<b>(24,091)</b>
<b>Fund Balance – December 31</b>	<b>\$ 12,489,783</b>	<b>\$ 5,250,465</b>	<b>\$ 386,057</b>	<b>\$ 1,390,006</b>	<b>\$ 19,516,311</b>

**Exhibit 6**

**Murray County  
Slayton, Minnesota**

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

**Net change in fund balance – total governmental funds (Exhibit 5) \$ 876,957**

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

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

Deferred inflows of resources – unavailable revenue – December 31	\$ 4,799,695
Deferred inflows of resources – unavailable revenue – January 1	<u>(7,349,144)</u>

Total adjustment to revenue in the government-wide statements for current and prior year unavailable revenue	\$ <u>(2,549,449)</u>
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Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. In the statement of activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. The difference is the net book value of the assets disposed of.

Expenditures for general capital assets and infrastructure	\$ 11,027,258
Net book value of capital assets disposed of	(82,983)
Current year depreciation and amortization	<u>(3,673,837)</u>

Total adjustment to the government-wide statements for current year capital asset activity	\$ <u>7,270,438</u>
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Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of activities.

Principal repayments	
General obligation bonds	\$ 900,000
Amortization of premiums	34,748
Amortization of discounts	<u>(507)</u>

Total adjustment to the government-wide statements for general obligation bond principal payments and amortization of premiums and discounts	\$ <u>934,241</u>
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Some capital asset additions are acquired through financing. In governmental funds, these arrangements are considered an other financing source, but in the statement of net position, the obligation is reported as a liability. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.

Principal payments on leases	\$ 63,070
Leases issued	<u>(220,341)</u>

Total adjustment to the government-wide statements for principal payments on, and issuance of, financing sources	\$ <u>(157,271)</u>
--	---------------------

**Exhibit 6**  
(Continued)

**Murray County**  
**Slayton, Minnesota**

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

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

Change in accrued interest payable	\$ 9,588
Change in compensated absences	(129,799)
Change in other postemployment benefits liability	27,969
Change in deferred other postemployment benefits outflows	(355)
Change in deferred other postemployment benefits inflows	(17,583)
Change in net pension liability	1,294,232
Change in deferred pension outflows	(752,310)
Change in deferred pension inflows	(242,449)
Change in inventories	<u>(24,091)</u>
 Total adjustment to the government-wide statements for other activities not reported in governmental funds	 <u>\$ 165,202</u>
 An internal service fund is used by Murray County to charge the cost of the self-funded insurance programs to functions. A portion of the increase or decrease in net position of the internal service fund is reported in the government-wide statement of activities.	  <u>\$ (6,463)</u>
 <b>Change in Net Position of Governmental Activities (Exhibit 2)</b>	  <u><u>\$ 6,533,655</u></u>

## **Proprietary Funds**

**Exhibit 7**

**Murray County  
Slayton, Minnesota**

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

	<b>Business-Type Activities – <u>Enterprise Fund</u> Congregate Housing</b>	<b>Governmental Activities <u>Internal Service Fund</u> Self-Insurance</b>
<b><u>Assets</u></b>		
<b>Current assets</b>		
Cash and pooled investments	\$ 177,217	\$ 1,347,055
Accounts receivable	486	-
Due from component unit	-	110,046
<b>Total current assets, unrestricted</b>	<b>\$ 177,703</b>	<b>\$ 1,457,101</b>
<b>Restricted assets</b>		
Cash and pooled investments	10,800	-
<b>Total current assets</b>	<b>\$ 188,503</b>	<b>\$ 1,457,101</b>
<b>Noncurrent assets</b>		
Capital assets		
Depreciable – net	102,242	-
<b>Total Assets</b>	<b>\$ 290,745</b>	<b>\$ 1,457,101</b>
<b><u>Deferred Outflows of Resources</u></b>		
Deferred pension outflows	\$ 8,413	\$ -
Deferred other postemployment benefits outflows	302	-
<b>Total Deferred Outflows of Resources</b>	<b>\$ 8,715</b>	<b>\$ -</b>
<b><u>Liabilities</u></b>		
<b>Current liabilities payable from current assets</b>		
Accounts payable	\$ 7,766	\$ -
Salaries payable	6,313	-
Claims payable	-	351,210
Compensated absences payable – current	8,418	-
<b>Total current liabilities payable from current assets</b>	<b>\$ 22,497</b>	<b>\$ 351,210</b>
<b>Current liabilities payable from restricted assets</b>		
Accounts payable	10,800	-
<b>Total current liabilities</b>	<b>\$ 33,297</b>	<b>\$ 351,210</b>

**Exhibit 7**  
(Continued)

**Murray County**  
**Slayton, Minnesota**

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

	<b>Business-Type Activities – <u>Enterprise Fund</u> Congregate Housing</b>	<b>Governmental Activities <u>Internal Service Fund</u> Self-Insurance</b>
<b><u>Liabilities (Continued)</u></b>		
<b>Noncurrent liabilities</b>		
Advance from other funds	\$ 395,000	\$ -
Compensated absences payable – long-term	3,584	-
Other postemployment benefits liability due within one year	4	-
Other postemployment benefits liability due in more than one year	4,748	-
Net pension liability	30,808	-
	<hr/>	<hr/>
<b>Total noncurrent liabilities</b>	<b>\$ 434,144</b>	<b>\$ -</b>
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>\$ 467,441</b>	<b>\$ 351,210</b>
	<hr/>	<hr/>
<b><u>Deferred Inflows of Resources</u></b>		
Deferred pension inflows	\$ 27,103	\$ -
Deferred other postemployment benefits inflows	917	-
	<hr/>	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b>\$ 28,020</b>	<b>\$ -</b>
	<hr/>	<hr/>
<b><u>Net Position</u></b>		
Net investment in capital assets	\$ 102,242	\$ -
Unrestricted	(298,243)	1,105,891
	<hr/>	<hr/>
<b>Total Net Position</b>	<b>\$ (196,001)</b>	<b>\$ 1,105,891</b>
	<hr/>	<hr/>
Some amounts reported for business-type activities in the statement of net position (Exhibit 1) are different because certain assets and liabilities of the Self-Insurance Internal Service Fund are included with business-type activities.	8,018	
	<hr/>	
<b>Net Position of Business-Type Activities</b>	<b>\$ (187,983)</b>	
	<hr/>	

**Exhibit 8**

**Murray County  
Slayton, Minnesota**

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

	<b>Business-Type Activities – <u>Enterprise Fund</u></b>	<b>Governmental Activities <u>Internal Service Fund</u></b>
	<b>Congregate Housing</b>	<b>Self-Insurance</b>
<b>Operating Revenues</b>		
Charges for services	\$ 326,800	\$ 2,285,577
Miscellaneous	5,315	-
	<hr/>	<hr/>
<b>Total Operating Revenues</b>	<b>\$ 332,115</b>	<b>\$ 2,285,577</b>
	<hr/>	<hr/>
<b>Operating Expenses</b>		
Personal services	\$ 104,288	\$ -
Professional services	2,358	-
Contracted services	66,443	-
Repairs and maintenance	16,474	-
Other services and charges	6,508	-
Supplies	28,367	-
Utilities	38,892	-
Insurance	6,813	-
Depreciation	51,121	-
Cost of service	-	2,385,137
	<hr/>	<hr/>
<b>Total Operating Expenses</b>	<b>\$ 321,264</b>	<b>\$ 2,385,137</b>
	<hr/>	<hr/>
<b>Operating Income (Loss)</b>	<b>\$ 10,851</b>	<b>\$ (99,560)</b>
	<hr/>	<hr/>
<b>Nonoperating Revenues (Expenses)</b>		
Grants	1,439	-
	<hr/>	<hr/>
<b>Income (Loss) Before Transfers</b>	<b>\$ 12,290</b>	<b>\$ (99,560)</b>
	<hr/>	<hr/>
Transfers in	4,478	93,054
Transfers out	(18,587)	-
	<hr/>	<hr/>
<b>Change in net position</b>	<b>\$ (1,819)</b>	<b>\$ (6,506)</b>
	<hr/>	<hr/>
<b>Net Position – January 1</b>		<b>1,112,397</b>
		<hr/>
<b>Net Position – December 31</b>		<b>\$ 1,105,891</b>
		<hr/> <hr/>
Some amounts for business-type activities in the statement of activities (Exhibit 2) are different because the net revenue (expense) of the Self-Insurance Internal Service Fund is reported with business-type activities.	<hr/>	
	(43)	
<b>Total Change in Net Position of Business-Type Activities</b>	<b>\$ (1,862)</b>	
	<hr/> <hr/>	

**Exhibit 9**

**Murray County  
Slayton, Minnesota**

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

	Business-Type Activities – <u>Enterprise Fund</u> Congregate Housing	Governmental Activities <u>Internal Service Fund</u> Self-Insurance
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 330,878	\$ 2,173,137
Payments to suppliers and contractors	(165,978)	(2,110,843)
Payments to employees	(105,852)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 59,048</b>	<b>\$ 62,294</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers in	\$ 4,478	\$ 93,054
Transfers out	(18,587)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>\$ (14,109)</b>	<b>\$ 93,054</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 44,939</b>	<b>\$ 155,348</b>
<b>Cash and Cash Equivalents at January 1</b>	<b>143,078</b>	<b>1,191,707</b>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 188,017</b>	<b>\$ 1,347,055</b>
<b>Cash and Cash Equivalents – Exhibit 7</b>		
Cash and pooled investments	\$ 177,217	\$ 1,347,055
Restricted cash and pooled investments	10,800	-
<b>Total Cash and Cash Equivalents</b>	<b>\$ 188,017</b>	<b>\$ 1,347,055</b>

**Exhibit 9**  
(Continued)

**Murray County**  
**Slayton, Minnesota**

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

	Business-Type Activities – <u>Enterprise Fund</u> Congregate Housing	Governmental Activities <u>Internal Service Fund</u> Self-Insurance
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating income (loss)</b>	<b>\$ 10,851</b>	<b>\$ (99,560)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>		
Depreciation expense	\$ 51,121	\$ -
(Increase) decrease in accounts receivable	(237)	10,519
(Increase) decrease in due from component unit	-	(19,386)
(Increase) decrease in deferred pension outflows	5,998	-
Increase (decrease) in accounts payable	(950)	-
Increase (decrease) in salaries payable	636	-
Increase (decrease) in claims payable	-	170,721
Increase (decrease) in compensated absences payable	1,683	-
Increase (decrease) in due to other governments	(172)	-
Increase (decrease) in other postemployment benefits liability	(20)	-
Increase (decrease) in net pension liability	(12,488)	-
Increase (decrease) in deferred pension inflows	2,614	-
Increase (decrease) in deferred other postemployment benefits inflows	12	-
<b>Total adjustments</b>	<b>\$ 48,197</b>	<b>\$ 161,854</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 59,048</b>	<b>\$ 62,294</b>

## **Fiduciary Funds**

**Exhibit 10**

**Murray County  
Slayton, Minnesota**

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

	<u>Custodial Funds</u>
<b><u>Assets</u></b>	
Cash and pooled investments	\$ 273,261
Taxes receivable for other governments	131,496
Accounts receivable	<u>244</u>
<b>Total Assets</b>	<b>\$ 405,001</b>
<b><u>Liabilities</u></b>	
Due to others	\$ 47
Due to other governments	<u>191,750</u>
<b>Total Liabilities</b>	<b>\$ 191,797</b>
<b><u>Deferred Inflows of Resources</u></b>	
Prepaid taxes	<u>\$ 191,783</u>
<b><u>Net Position</u></b>	
Restricted for individuals, organizations, and other governments	<u>\$ 21,421</u>

**Exhibit 11**

**Murray County  
Slayton, Minnesota**

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

	<u>Custodial Funds</u>
<b><u>Additions</u></b>	
Property tax collections for other governments	\$ 10,005,351
Fees collected for the state	2,722,155
Payments from the state	241,281
Payments from other entities	41,231
	<hr/>
<b>Total Additions</b>	<b>\$ 13,010,018</b>
<b><u>Deductions</u></b>	
Payments of property taxes to other governments	\$ 9,547,783
Payments to the state	3,411,795
Payments to other entities	49,155
	<hr/>
<b>Total Deductions</b>	<b>\$ 13,008,733</b>
<b>Change in Net Position</b>	<b>\$ 1,285</b>
<b>Net Position – January 1</b>	<b>20,136</b>
	<hr/>
<b>Net Position – December 31</b>	<b>\$ 21,421</b>
	<hr/> <hr/>

# Murray County Slayton, Minnesota

## Notes to the Financial Statements

As of and for the Year Ended December 31, 2024

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### Note 1 – Summary of Significant Accounting Policies

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

#### Financial Reporting Entity

Murray County was established May 23, 1857, and is an organized County having the powers, duties, and privileges granted to counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Murray County and its component units for which the County is financially accountable. The County is financially accountable if it appoints a voting majority of an organization’s governing body and has the ability to impose its will on that governing body, or if the organization could potentially provide specific financial benefits or impose specific burdens on the County. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator, appointed by the Board, serves as the Clerk of the Board, but does not vote in its decisions.

#### Blended Component Unit

Blended component units are legally separate organizations so intertwined with the County that they are, in substance, the same as the County and, therefore, are reported as if they were part of the County. Murray County has the following blended component unit:

#### Component Unit of the County

Component Unit	Component Unit Included in Reporting Entity Because	Separate Financial Statements
Murray County Economic Development Authority	The Authority’s governing body is substantively the same as the governing body of the County, and a financial benefit/burden relationship exists.	Separate financial statements are not issued for the Murray County Economic Development Authority.

# Murray County Slayton, Minnesota

## Discretely Presented Component Units

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

### Discretely Presented Component Units of the County

Component Unit	Component Unit Included in Reporting Entity Because	Separate Financial Statements
The Shetek Area Water and Sewer Commission is responsible for constructing and operating a sanitary water and sewer district within Murray County.	The County appoints the Water and Sewer Commission members and must approve any debt.	Separate financial statements are not issued for the Shetek Area Water and Sewer Commission. The Water and Sewer Commission's financial statements can be found on Exhibits D-1 to D-3.
Murray County Medical Center, hereafter the Medical Center or Hospital, provides acute inpatient and outpatient care to the County area.	A financial benefit/burden relationship exists.	Separate financial statements can be obtained at: 2042 Juniper Avenue, Slayton, Minnesota 56172.

Significant accounting policies of the component units do not differ significantly from those of the County.

## Joint Ventures

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

## Basic Financial Statements

### Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, that 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.

# Murray County

## Slayton, Minnesota

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

### Fund Financial Statements

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

The County reports the following major governmental funds:

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

The County reports the following major enterprise fund:

- The Congregate Housing Fund accounts for the operation of the Murray County Congregate Housing facility.

Additionally, the County reports the following fund types:

- The Human Services Special Revenue Fund accounts for property tax and intergovernmental revenues used for economic assistance and community social services programs.
- The EDA Special Revenue Fund accounts for restricted revenue resources from the state and an appropriation from the General Fund for the costs relating to activity of the blended component unit, the Economic Development Authority.
- The Debt Service Fund accounts for the accumulation of restricted resources used for and the payment of principal, interest, and related costs of general obligation bonds.
- The Internal Service Fund accounts for health insurance premiums and payments.

# Murray County

## Slayton, Minnesota

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- Custodial funds account for monies held in a fiduciary capacity for property taxes collected for other governments; fees, fines, and mortgage registry and state deed tax collected for the State of Minnesota; and the Lime Creek Subordinate Service District, which uses the County as a depository.

### Measurement Focus and Basis of Accounting

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

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

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

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

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

#### Cash and Cash Equivalents

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

#### Deposits and Investments

The cash balances of substantially all funds and the Shetek Area Water and Sewer Commission component unit are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2024. A market approach is used to value all investments other than external investment pools, which are measured at net asset value. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments of

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governmental and fiduciary funds are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2024 were \$1,045,920.

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

### Receivables and Payables

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

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

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

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

No allowance for uncollectible receivables has been provided because such amounts are not expected to be material.

### Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories reported in proprietary funds and in the statement of net position are recorded as expenses when consumed.

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

### Restricted Assets

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

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### Capital Assets

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

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

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

#### Estimated Useful Lives of Capital Assets

Assets	Years
Land improvements	10-40
Buildings	7-40
Public domain infrastructure	20-50
Machinery and equipment	3-20
Right-to-use equipment	3-20

### Compensated Absences

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

### Long-Term Obligations

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

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

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

### Pension Plan

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

### Deferred Outflows/Inflows of Resources

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

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

### Unearned Revenue

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

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### Classification of Net Position

Net position in the government-wide, proprietary fund, and the Shetek Area Water and Sewer Commission component unit financial statements is classified in the following categories:

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

### Classification of Fund Balances

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

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

Murray County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within

# Murray County Slayton, Minnesota

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unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

## Minimum Fund Balance

Murray County has adopted a minimum fund balance policy for the General Fund. The General Fund is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined it needs to maintain a minimum unrestricted fund balance (committed, assigned, and unassigned) within a range of 35 to 50 percent of the General Fund operating expenditures. At December 31, 2024, unrestricted fund balance for the General Fund was above the minimum fund balance level.

## Use of Estimates

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

## Change in Accounting Principle

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

## Note 2 – Stewardship, Compliance, and Accountability

### Deficit Fund Balance and Net Position

The Ditch Special Revenue Fund reported a positive fund balance of \$386,057 as of December 31, 2024, however the County reported individual ditches with deficit balances. The deficits will be eliminated with future special assessment levies against the benefited properties and possible future issuance of General Obligation Drainage Bonds. The following is a summary of the individual ditch systems:

#### Individual Ditch System Fund Balance

Count of Individual Ditches	Amount
67 ditches with positive fund balances	\$ 2,190,412
24 ditches with deficit fund balances	(1,804,355)
Total Fund Balance	<u>\$ 386,057</u>

The Congregate Housing Enterprise Fund had a deficit fund net position for the year ended December 31, 2024, of \$196,001. The County expects future excess of revenues over expenses will eliminate the deficit.

# Murray County Slayton, Minnesota

## Excess of Expenditures Over Budget

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

### Excess of Expenditures Over Budget

Fund	Final Budget	Expenditures	Excess
Human Services Special Revenue Fund	\$ 1,575,216	\$ 1,634,784	\$ 59,568
Debt Service Fund	1,375	2,501	1,126

## Note 3 – Detailed Notes

### Assets and Deferred Outflows of Resources

### Deposits and Investments

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

Basic Financial Statements Accounts	Governmental Activities	Business- type Activities	Component unit – Shetek Area Water and Sewer Commission	Component unit – Murray County Medical Center	Fiduciary Funds	Total
Cash and pooled investments	\$ 21,347,921	\$ 177,217	\$ 1,352,966	\$ 10,269,176	\$ 273,261	\$ 33,420,541
Restricted assets – Cash and pooled investments	-	10,800	267,128	-	-	277,928
<b>Total</b>	<b>\$ 21,347,921</b>	<b>\$ 188,017</b>	<b>\$ 1,620,094</b>	<b>\$ 10,269,176</b>	<b>\$ 273,261</b>	<b>\$ 33,698,469</b>

### Deposits

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

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

### Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County’s deposits may not be

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returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2024, none of the County's deposits were exposed to custodial credit risk.

### Investments

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

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

### Interest Rate Risk

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

### Credit Risk

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

### Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County does not have a policy on custodial credit risk. At December 31, 2024, the County's investments were not exposed to custodial credit risk.

# Murray County Slayton, Minnesota

## Concentration of Credit Risk

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

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

Investment Pools/Mutual Funds	Credit Risk – Credit Rating	Credit Risk – Rating Agency	Concentration Risk – Over 5% of Portfolio	Interest Rate Risk – Maturity Date	Carrying (Fair) Value
MAGIC Fund	N/R	N/A	>5%	N/A	<u>\$ 26,797,930</u>

N/A – Not Applicable

N/R – Not Rated

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

## Fair Value Measurement

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

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

## Receivables

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

Receivables – Governmental Activities	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	\$ 33,088	\$ -
Special assessments	1,993,663	1,412,143
Accounts receivable	37,297	-
Interest receivable	154,238	-
Loans receivable	611,193	463,370
Due from other governments	2,422,097	-
<b>Total Receivables</b>	<u><u>\$ 5,251,576</u></u>	<u><u>\$ 1,875,513</u></u>

# Murray County Slayton, Minnesota

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

Receivables –Business-Type Activities	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Accounts receivable	\$ 486	\$ -

### Special Assessments Receivable – General Fund

In 2004, the County Board authorized County funds to be used for a county septic loan program. As of December 31, 2024, the County has issued \$2,476,620 to Murray County residents for the control and abatement of water pollution. As of December 31, 2024, the \$872,633 of special assessments receivable balance reported in the General Fund represents outstanding septic system loans.

### Loan Receivable – Ditch Special Revenue Fund

On January 1, 2007, the County issued \$1,625,000 General Obligation (G.O.) Refunding Bonds, Series 2007A, which included refunding G.O. Water Revenue Bonds of 1999 in the amount of \$315,000. The portion of the bond for refunding of the Water Revenue Bonds is to be repaid from net revenues of the Red Rock Rural Water System as well as special assessments within Murray County against all benefited property. The \$100,000 long-term receivable from the Red Rock Rural Water System is equal to the outstanding balance of the G.O. Water Refunding Bonds at December 31, 2024.

### Loans Receivable – Other Governmental Funds

In 2001, the Murray County Board transferred responsibility for managing and operating the Murray County Economic Development Revolving Loan Fund to the Economic Development Authority, which is accounted for in the EDA Special Revenue Fund. The purpose of the fund is to provide low-interest, flexible-term loans for the development of new businesses or the expansion of existing ones. These loans have been made to private enterprises and are offset by unavailable revenue.

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

Loan Receivable	Amount
Beginning balance	\$ 664,336
Loans issued	26,000
Loan repayments	(179,143)
Ending Balance	\$ 511,193

# Murray County Slayton, Minnesota

## Capital Assets

### Governmental Activities

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

Capital Assets – Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,293,711	\$ -	\$ -	\$ 1,293,711
Works of art and historical treasures	34,376	-	-	34,376
Right-of-way	434,443	-	-	434,443
Construction in progress	13,146,695	660,609	(12,944,669)	862,635
<b>Total capital assets not depreciated</b>	<b>\$ 14,909,225</b>	<b>\$ 660,609</b>	<b>\$ (12,944,669)</b>	<b>\$ 2,625,165</b>
Capital assets depreciated and amortized				
Land improvements	\$ 929,527	\$ 112,342	\$ -	\$ 1,041,869
Buildings	11,186,551	15,264,921	-	26,451,472
Machinery and equipment	9,628,379	1,695,419	(913,364)	10,410,434
Infrastructure	90,948,696	6,079,326	-	97,028,022
Lease equipment	162,122	159,310	-	321,432
<b>Total capital assets depreciated and amortized</b>	<b>\$ 112,855,275</b>	<b>\$ 23,311,318</b>	<b>\$ (913,364)</b>	<b>\$ 135,253,229</b>
Less: accumulated depreciation and amortization for				
Land improvements	\$ 445,907	\$ 33,746	\$ -	\$ 479,653
Buildings	5,217,152	534,621	-	5,751,773
Machinery and equipment	6,622,196	707,568	(830,381)	6,499,383
Infrastructure	42,309,622	2,344,263	-	44,653,885
Lease equipment	17,842	53,639	-	71,481
<b>Total accumulated depreciation and amortization</b>	<b>\$ 54,612,719</b>	<b>\$ 3,673,837</b>	<b>\$ (830,381)</b>	<b>\$ 57,456,175</b>
<b>Total capital assets depreciated, net</b>	<b>\$ 58,242,556</b>	<b>\$ 19,637,481</b>	<b>\$ (82,983)</b>	<b>\$ 77,797,054</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 73,151,781</b>	<b>\$ 20,298,090</b>	<b>\$ (13,027,652)</b>	<b>\$ 80,422,219</b>

Construction in progress at December 31, 2024, consists of amounts completed on open road projects, a dam project at Lake Sarah, and a tandem plow truck awaiting equipment.

# Murray County Slayton, Minnesota

## Depreciation and Amortization Expense Charged to Functions/Programs

Governmental Activities – Depreciation and Amortization	Amount
General government	\$ 356,386
Public safety	183,848
Highways and streets, including depreciation of infrastructure assets	3,001,889
Sanitation	17,245
Culture and recreation, including depreciation of infrastructure assets	106,880
Conservation of natural resources	7,589
Total Depreciation and Amortization Expense	\$ 3,673,837

### Business-Type Activities

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

Capital Assets – Business-Type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Buildings	\$ 1,533,630	\$ -	\$ -	\$ 1,533,630
Less: accumulated depreciation for Buildings	1,380,267	51,121	-	1,431,388
Business-Type Activities Capital Assets, Net	\$ 153,363	\$ (51,121)	\$ -	\$ 102,242

Depreciation of \$51,121 for business-type activities was charged to Congregate Housing.

### Interfund Receivables, Payables, and Transfers

#### Due To/From Other Funds

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

Receivable Fund	Payable Fund	Amount
General Fund	Road and Bridge Special Revenue Fund	\$ 227
Road and Bridge Special Revenue Fund	General Fund	5,924
Total Due To/From Other Funds		\$ 6,151

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

The Self-Insurance Internal Service Fund reports a Due from Component Unit of \$110,046. The Murray County Medical Center does not report a corresponding Due to Primary Government balance.

# Murray County Slayton, Minnesota

## Advance To/From Other Funds

The Congregate Housing Enterprise Fund has a balance due to the General Fund of \$395,000 resulting from a shortfall in operations in the Congregate Housing Enterprise Fund. There is no repayment schedule set.

## Interfund Transfers

### Interfund Transfers for the Year Ended December 31, 2024

Transfers Between Funds	Amount	Purpose
Transfer to Ditch Special Revenue Fund from General Fund	\$ 58,846	Interest, appropriation
Transfer to EDA Special Revenue Fund from General Fund	71,336	Appropriation
Transfer to Congregate Housing Enterprise Fund from General Fund	4,478	Interest
Transfer to Self-Insurance Fund from General Fund	93,054	Retiree premiums
Transfer to General Fund from Congregate Housing Enterprise Fund	18,587	Interest on advance
Total Interfund Transfers	<u>\$ 246,301</u>	

## Liabilities and Deferred Inflows of Resources

### Payables

#### Payables as of December 31, 2024

Payables	Governmental Activities	Business-Type Activities
Accounts payable	\$ 245,268	\$ 7,766
Salaries payable	442,594	6,313
Claims payable	351,210	-
Contracts payable	69,718	-
Due to other governments	48,418	-
Accrued interest payable	111,659	-
Payable from restricted assets	-	10,800
Total Payables	<u>\$ 1,268,867</u>	<u>\$ 24,879</u>

### Construction Commitments

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

#### Active Construction Projects as of December 31, 2024

Project– Governmental Activities	Spent-to-Date	Remaining Commitment
911 Equipment Upgrade – General Fund	\$ 44,880	\$ 62,059
Pictometry Flyover – General Fund	167,203	30,252
Total Construction Commitments	<u>\$ 212,083</u>	<u>\$ 92,311</u>

# Murray County Slayton, Minnesota

## Deferred Inflows of Resources – Unavailable Revenue

Unavailable revenue consists of special assessments, taxes, state grants, loans and other long-term receivables, and interest revenue not collected soon enough after year-end to pay liabilities of the current period.

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

Governmental Fund	Special Assessments	Taxes	Grants	Loans and Other Long-Term Receivables	Interest	Total
General Fund	\$ 891,387	\$ 21,641	\$ -	\$ -	\$ 154,238	\$ 1,067,266
Special Revenue Funds						
Road and Bridge	-	6,033	2,045,710	-	-	2,051,743
Ditch	1,102,276	-	-	80,000	-	1,182,276
Human Services	-	5,347	-	-	-	5,347
EDA	-	-	-	492,996	-	492,996
Debt Service Fund	-	67	-	-	-	67
<b>Total Unavailable Revenue</b>	<b>\$ 1,993,663</b>	<b>\$ 33,088</b>	<b>\$ 2,045,710</b>	<b>\$ 572,996</b>	<b>\$ 154,238</b>	<b>\$ 4,799,695</b>

## Long-Term Debt

### Governmental Activities – Bonds Payable

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

Type of Indebtedness	Final Maturity	Installment Amounts	Average Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
2007A G.O. Refunding Bonds	2029	\$25,000- \$195,000	4.00-4.25	\$ 1,625,000	\$ 100,000
2016A G.O. Ditch Bonds	2032	\$130,000- \$100,000	2.00-2.45	1,695,000	955,000
2018A G.O. Ditch Bonds	2034	\$65,000- \$100,000	2.30-3.30	1,220,000	870,000
2020A G.O. State Aid Bonds	2041	\$315,000- \$675,000	2.00-4.00	10,900,000	9,720,000
2021A G.O. Ditch Bonds	2037	\$220,000- \$345,000	1.00-3.00	4,555,000	4,075,000
Add: unamortized premium					534,580
Less: unamortized discount					(2,535)
<b>Net General Obligation Bonds</b>					<b>\$ 16,252,045</b>

The Series 2007A G.O. Refunding Bonds include an amount to refund the 1999A G.O. Water Revenue Bonds of the Red Rock Rural Water System (RRRWS). The RRRWS is levying special assessments to pay for these bonds. The County has pledged its full faith and credit for the repayment of principal and interest on these refunding bonds should RRRWS special assessment revenue be insufficient. The County has recognized a long-term receivable in the governmental activities for the current principal amount, \$100,000, due from the RRRWS, which will decrease as principal payments are made. Payments are reported in the Ditch Special Revenue Fund.

## Murray County Slayton, Minnesota

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The County issued the Series 2016A G.O. Ditch Bonds to finance improvements to County Ditch Nos. 35, 73, and 82. The term of the bonds is 16 years, with principal payments starting on February 1, 2018. Debt service requirements are made from the Ditch Special Revenue Fund, as they are to be repaid from future special assessment collections.

The County issued the Series 2018A G.O. Ditch Bonds to finance improvements to County Ditch No. 61 and Judicial Ditch No. 8. The term of the bonds is 16 years, with principal payments starting on February 1, 2020. Debt service requirements are made from the Ditch Special Revenue Fund, as they are to be repaid from future special assessment collections.

Murray County issued the Series 2020A G.O. State Aid Bonds to provide funds for the construction of a new highway department facility. The County will use its state-aid allotments to repay the principal and interest on the bonds. Regular construction funds will fund 84 percent of the principal payments, and regular maintenance funds will fund 84 percent of interest payments, through 2041. The remaining 16 percent of principal and interest payments will be funded by the County through wheelage tax and levy funds. Debt service payments will be made from the Road and Bridge Special Revenue Fund. These bonds are issued as 20-year serial bonds.

The County issued the Series 2021A G.O. Ditch Bonds to finance improvements to County Ditch Nos. 3, 6, and 20A. The term of the bonds is 16 years, with principal payments starting February 1, 2023. Debt service requirements are made from the Ditch Special Revenue Fund, as they are to be repaid from future special assessment collections.

### Debt Service Requirements

### Governmental Activities

#### G.O. Bonds Debt Service Requirements as of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 935,000	\$ 340,925
2026	970,000	309,638
2027	1,005,000	277,034
2028	1,040,000	245,762
2029	1,060,000	226,291
2030-2034	5,260,000	808,052
2035-2039	4,115,000	350,928
2040-2041	1,335,000	31,472
Total	\$ 15,720,000	\$ 2,590,102

### Leases

The County has entered into lease agreements as lessee for financing the acquisition of vehicles. Leases range from four to five years and have been recorded at the present value of their future minimum lease payments as of the inception date. All lease payments are paid by the General Fund.

# Murray County Slayton, Minnesota

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

Year Ending December 31	Principal	Interest
2025	\$ 83,455	\$ 6,629
2026	85,631	4,453
2027	74,014	2,288
2028	34,080	862
2029	16,915	185
Total governmental activities lease payments	\$ 294,095	\$ 14,417

### Changes in Long-Term Obligations

#### Governmental Activities

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

Long-Term Liabilities – Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 16,620,000	\$ -	\$ (900,000)	\$ 15,720,000	\$ 935,000
Add: unamortized premiums	569,328	-	(34,748)	534,580	-
Less: unamortized discounts	(3,042)	-	507	(2,535)	-
Net bonds payable	\$ 17,186,286	\$ -	\$ (934,241)	\$ 16,252,045	\$ 935,000
Leases payable	136,824	220,341	(63,070)	294,095	83,455
Compensated absences	655,240	129,799*	-	785,039	458,961
Governmental Activities Long-Term Liabilities	\$ 17,978,350	\$ 350,140	\$ (997,311)	\$ 17,331,179	\$ 1,477,416

Leases payable are liquidated in the General Fund.

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

#### Business-Type Activities

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

Long-Term Liabilities – Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term liabilities					
Compensated absences	\$ 10,319	\$ 1,683*	\$ -	\$ 12,002	\$ 8,418

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

### Other Postemployment Benefits (OPEB)

#### Plan Description

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

# Murray County

## Slayton, Minnesota

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### Funding Policy

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

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

As of the January 1, 2024, actuarial valuation, there were 77 active plan participants and one retiree covered by the benefit terms.

### Total OPEB Liability

The County's total OPEB liability of \$238,503 was measured as of January 1, 2024, and was determined by an actuarial valuation dated January 1, 2024. A portion of the year-end OPEB liability, \$4,752, is reported in the Congregate Housing Enterprise Fund business-type activity. The remaining \$233,751 year-end OPEB liability is reported in governmental activities. For the governmental activities, the OPEB liability is liquidated by the General Fund, Road and Bridge Special Revenue Fund, Ditch Special Revenue Fund, and EDA Special Revenue Fund. For the business-type activities, the OPEB liability is liquidated by the Congregate Housing Enterprise Fund.

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

- The actuarial cost method is Entry Age, level percentage of pay.
- The current year inflation rate is 2.50 percent.
- The salary increases rates vary based on service and employee classification.
- The health care cost trend is 6.50 percent, decreasing to 5.00 percent over six years and then 4.00 percent over the next 48 years.

The salary increases have been determined on a salary scale similar to the table used to value pension liabilities for PERA. The rates are based on the four-year experience study for PERA's Police and Fire Plan completed in 2020 and the four-year experience study for the PERA's General Employees Retirement plan completed in 2019 and a review of the inflation assumption.

The current year discount rate is 3.70 percent. For the current valuation, the discount rate was based on reviewing 20-year municipal bond yields on high quality, tax-exempt general obligation municipal bonds as of the measurement date. Mortality rates are based on 2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data.

# Murray County Slayton, Minnesota

## Changes in the Total OPEB Liability

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

Total OPEB Changes for the Year	Amount
Balance at January 1, 2024	\$ 266,492
Service cost	\$ 22,883
Interest	5,713
Changes in assumptions	(28,785)
Differences between expected and actual experience	(20,269)
Benefit payments	(7,531)
Net change	\$ (27,989)
Balance at December 31, 2024	\$ 238,503

## OPEB Liability Sensitivity

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

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

Change in Discount Rate	Discount Rate	Total OPEB Liability
1% Decrease	2.70%	\$ 258,839
Current	3.70%	238,503
1% Increase	4.70%	219,533

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

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

Change in Health Care Trend Rate	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.50% Decreasing to 4.00%	\$ 209,412
Current	6.50% Decreasing to 5.00%	238,503
1% Increase	6.50% Decreasing to 6.00%	273,115

# Murray County Slayton, Minnesota

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

For the year ended December 31, 2024, the County recognized OPEB expense of (\$202). The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 7,285	\$ 77,192
Differences between expected and actual experience	-	26,048
Contributions subsequent to the measurement date	9,837	-
Total	\$ 17,122	\$ 103,240

The \$9,837 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2025. The amount reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

Year Ended December 31	OPEB Expense Amount
2025	\$ (28,792)
2026	(27,412)
2027	(18,733)
2028	(7,009)
2029	(7,009)
2030	(7,000)

## Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2024:

- The health care trend rates were updated.
- The inflation rate was changed from 2.00 percent to 2.50 percent.
- The discount rate was changed from 2.00 percent to 3.70 percent.

# Murray County Slayton, Minnesota

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## Pension Plans

### Defined Benefit Pension Plans

#### Plan Description

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

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

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

#### Benefits Provided

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

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

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

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

# Murray County Slayton, Minnesota

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

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

## Contributions

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

### Member and Employer Required Contribution Rates

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

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

Pension Plan	Contribution
General Employees Plan	\$ 309,122
Police and Fire Plan	175,867

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

## Pension Costs

### General Employees Plan

At December 31, 2024, the County reported a liability of \$1,745,477 for its proportionate share of the General Employees Plan’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2024, the County’s proportion was 0.0472 percent. It was 0.0482 percent measured as of June 30, 2023. The County recognized pension expense of \$120,801 for its proportionate share of the General Employees Plan’s pension

## Murray County Slayton, Minnesota

expense.

The State of Minnesota contributed \$170.1 million to the General Employees Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. The County recognized \$80,308 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Plan.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. This contribution meets the definition of a special funding situation. The County recognized an additional \$1,210 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

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

Total General Employees Plan Net Pension Liability Associated with the County	Amount
The County's proportionate share of the net pension liability	\$ 1,745,477
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>45,134</u>
Total	<u>\$ 1,790,611</u>

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

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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 165,343	\$ -
Changes in actuarial assumptions	8,772	670,706
Difference between projected and actual investment earnings	-	514,420
Changes in proportion	2,466	69,255
Contributions paid to PERA subsequent to the measurement date	<u>154,137</u>	<u>-</u>
Total	<u>\$ 330,718</u>	<u>\$ 1,254,381</u>

# Murray County Slayton, Minnesota

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The \$154,137 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended December 31	Pension Expense Amount
2025	\$ (602,695)
2026	(112,490)
2027	(228,835)
2028	(133,780)

#### Police and Fire Plan

At December 31, 2024, the County reported a liability of \$902,269 for its proportionate share of the Police and Fire Plan’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2024, the County’s proportion was 0.0686 percent. It was 0.0730 percent measured as of June 30, 2023. The County recognized pension expense of \$164,241 for its proportionate share of the Police and Fire Plan’s pension expense.

The State of Minnesota contributed \$19.4 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. Additionally, the State of Minnesota contributed \$9 million of supplemental state aid to the Police and Fire Plan for the Plan’s fiscal year ended June 30, 2024. Legislation requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, until the Police and Fire Plan and the State Patrol Plan are 90 percent funded for three consecutive years, or July 1, 2048, whichever is earlier. This contribution also does not meet the definition of a special funding situation. The County recognized \$19,475 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Plan.

Legislation also requires the State of Minnesota to pay direct state aid of \$9 million on October 1 each year until full funding is reached for three consecutive years, or July 1, 2048, whichever is earlier. This contribution meets the definition of a special funding situation. The County recognized an additional \$3,847 as grant revenue and pension expense for its proportionate share of the State of Minnesota’s pension expense related to the special funding situation.

# Murray County Slayton, Minnesota

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

Total Police and Fire Plan Net Pension Liability Associated with the County	Amount
The County's proportionate share of the net pension liability	\$ 902,269
State of Minnesota's proportionate share of the net pension liability associated with the County	34,394
Total	\$ 936,663

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

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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 367,171	\$ -
Changes in actuarial assumptions	1,050,367	1,414,290
Difference between projected and actual investment earnings	-	80,493
Changes in proportion	43,956	309,336
Contributions paid to PERA subsequent to the measurement date	95,077	-
Total	\$ 1,556,571	\$ 1,804,119

The \$95,077 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended December 31	Pension Expense Amount
2025	\$ (65,321)
2026	238,775
2027	(152,834)
2028	(371,321)
2029	8,076

# Murray County Slayton, Minnesota

## Total Pension Expense

The total pension expense for both plans recognized by the County for the year ended December 31, 2024, was \$285,042.

## Actuarial Assumptions

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

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

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

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

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

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

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

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

## Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent in 2024, which remains consistent

# Murray County

## Slayton, Minnesota

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

### Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2024:

#### General Employees Plan

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

#### Police and Fire Plan

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

#### Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the County's proportionate share of the net pension liability would be if

# Murray County Slayton, Minnesota

it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate.

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

Change in Discount Rate	General Employees Plan Discount Rate	General Employees Plan Net Pension Liability	Police and Fire Plan Discount Rate	Police and Fire Plan Net Pension Liability (Asset)
1% Decrease	6.00%	\$ 3,812,406	6.00%	\$ 2,132,238
Current	7.00%	1,745,477	7.00%	902,269
1% Increase	8.00%	45,242	8.00%	(107,793)

#### Pension Plan Fiduciary Net Position

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

#### Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and 0.25 percent of the assets in each member account annually. For the year ended December 31, 2024, the total employee and employer contributions were each \$11,942, which represents five percent of covered payroll.

#### Note 4 – Risk Management

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

## Murray County Slayton, Minnesota

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

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

On October 25, 2013, Murray County entered into a joint powers agreement with three local counties (Lyon, Redwood, and Swift) and Southwest Health and Human Services to form the Minnesota Public Sector Collaborative to self-insure health insurance as of January 1, 2014. Benton County joined as of January 1, 2018, and Chippewa County joined as of January 1, 2020. Premiums are withheld from employees and transferred into an internal service fund. Claims are managed and paid by a third party, and the County is billed weekly, in aggregate, for claims incurred.

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

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

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

Claims payable	2023	2024
Unpaid claims, January 1	\$ 355,494	\$ 180,489
Incurred claims	2,659,631	2,417,223
Claims payments	(2,834,636)	(2,246,502)
Unpaid claims, December 31	\$ 180,489	\$ 351,210

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

#### Contingent Liabilities

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

# Murray County

## Slayton, Minnesota

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

### Lincoln-Pipestone Rural Water System

At December 31, 2024, the most recent information available, the Lincoln-Pipestone Rural Water System had \$29,407,000 of general obligation bonds outstanding through 2059. The bonds were issued by some of the participating counties in the Rural Water System to finance the construction of water system expansions and improvements.

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

### Joint Ventures

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

#### Southwest Health and Human Services

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

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

SWHHS is governed by the:

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

# Murray County

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- Human Services Board – responsible for duties set forth in Minn. Stat. ch. 393, and made up of two County Commissioners appointed annually and one layperson to be appointed consistent with the requirement of the Commissioner of Human Services; and
- Community Health Board – responsible for all duties set forth in Minn. Stat. ch. 145A, and made up of one County Commissioner and one alternate from each member county, unless such county shall have a population in excess of twice that of any other member county, in which case, it shall have two Commissioners and two alternates.

Financing is provided by state and federal grants and appropriations from member counties. Murray County's contribution in 2024 for the human services function was \$1,636,639, and its contribution to the health services function was \$98,148.

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

### [Lincoln-Pipestone Rural Water System](#)

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

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

Bonds were issued by Lincoln, Nobles, and Yellow Medicine Counties to finance the construction of the Rural Water System. Costs assessed to municipalities and special assessments levied against benefited properties pay approximately 85 percent of the amount necessary to retire principal and interest on the bonds. The remainder of the funds necessary to retire the outstanding bonds and interest will be provided by appropriations from the Lincoln-Pipestone Rural Water System. Outstanding obligations at December 31, 2024, the most recent information available, were \$29,407,000.

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

### [Red Rock Rural Water System](#)

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

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

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## Slayton, Minnesota

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

### Plum Creek Library System

Murray County, along with 19 cities and eight other counties participates in the Plum Creek Library System. The Plum Creek Library System was created as a public library service on May 29, 1974, by the act of contracting with various public libraries in its region to provide expanded library service, with the additional purpose of furthering the public interest by providing the potential for extending public library services into areas without such services. The Plum Creek Library System is governed by a board of trustees which consists of two representatives from each county. One is appointed by the County Commissioners, the second from the board of participating libraries. During 2024, Murray County provided \$70,550 to the Plum Creek Library System.

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

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

Murray County, in conjunction with Cottonwood, Lincoln, Lyon, Nobles, Redwood, and Rock counties and the Southwest Regional Development Commission, pursuant to Minn. Stat. § 471.59, have formed an agreement to coordinate the delivery of volunteer services to non-profit community service entities and local units of government meeting the guidelines for receiving volunteer services under the authority of the counties. The entity known as the Retired and Senior Volunteer Program of Southwest Minnesota (RSVP of Southwest Minnesota) changed its name to A.C.E. of Southwest Minnesota as of January 1, 2014. The Board comprises one voting member from each participating county and one voting member of the A.C.E. of Southwest Minnesota Advisory Council. In 2024, Murray County made contributions of \$34,696 to the A.C.E. of Southwest Minnesota.

### Buffalo Ridge Drug and Violent Crime Task Force

The Buffalo Ridge Drug Task Force was established in 2005 under the authority of the Joint Powers Act, pursuant to Minn. Stat. §§ 471.59 and 299A.642. The 2024 members are Lincoln, Murray, and Pipestone Counties, and the Cities of Fulda and Slayton. During 2022, Nobles County and the City of Adrian left the Task Force, and Lincoln County joined the Task Force. In 2021, the Task Force changed its name to the Buffalo Ridge Drug and Violent Crime Task Force. Pipestone County is the fiscal agent for the Task Force. The Task Force provides drug enforcement and violent crime services for member organizations.

Each county provides an agent to the Task Force; in addition, Murray County provides the Commander to the Task Force. The Cities of Fulda and Slayton are members of the Task Force, but do not provide an agent.

Control of the Task Force is vested in a Board of Directors. The Board of Directors consists of the Sheriff (or appointed representative) and one peace officer appointed by the County Sheriff from each county with personnel assigned to actively participate in the Task Force and the Chief of Police (or appointed representative) of each city with personnel assigned to actively participate on the Task Force. The Board will also include non-voting members such as the Sheriff or Chief of Police of each city or county that does not have personnel actively assigned to participate in the Task Force. The Murray County Attorney, or designee, also serves as a non-voting member of the Board and serves as legal advisor to the Board.

Funding for the Task Force is provided by grants and per capita contributions by county participants. During 2024, Murray County provided \$36,806 to the Task Force.

# Murray County

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### Note 6 – Shetek Area Water and Sewer Commission Component Unit

#### Summary of Significant Accounting Policies

The accounting policies of the Shetek Area Water and Sewer Commission conform with accounting principles generally accepted in the United States of America. In addition to those policies identified in Note 1, the Shetek Area Water and Sewer Commission discretely presented component unit has the following significant accounting policies.

#### Financial Reporting Entity

The Shetek Area Water and Sewer Commission was formed May 8, 2001, pursuant to Minn. Stat. §§ 115.18 to 115.37 (now see Minn. Stat. ch. 442A). The Water and Sewer Commission was created for the purpose of promoting public health and welfare by providing an adequate and efficient means of collecting, conveying, pumping, treating, and disposing of domestic sewage and industrial waste within the Shetek Area. The Water and Sewer Commission is governed by a five-member Board appointed by the Murray County Board of Commissioners. Each member of the Board must be a voter residing in the area. The Water and Sewer Commission is reported in a separate column in the financial statements to emphasize that it is legally separate from the County. Separate financial statements are not issued.

The Shetek Area Water and Sewer Commission has no component units for which it is financially accountable.

#### Measurement Focus and Basis of Accounting

The Shetek Area Water and Sewer Commission presents as an enterprise fund. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered through user charges. Operating revenues, such as sewer utility charges, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or incidental activities. Operating expenses are all expenses incurred to provide services. Expenses not meeting this definition are reported as nonoperating expenses.

#### Assets and Liabilities

#### Deposits and Investments

The Water and Sewer Commission's cash balance is held with Murray County as part of its pooled cash and investments account; therefore, the fair value hierarchy is not applicable. Investments are included in an external investment pool, which is measured at net asset value provided by the pool (Murray County).

#### Cash and Cash Equivalents

Cash and cash equivalents are identified only for the purpose of the statement of cash flows. The Water and Sewer Commission has defined cash and cash equivalents to include restricted and unrestricted cash held by Murray County as part of its pooled cash and investments account. The Murray County pooled investment account is treated as a cash equivalent because the Water and Sewer Commission can deposit or effectively withdraw cash at any time without prior notice or penalty.

# Murray County Slayton, Minnesota

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## Accounts and Special Assessments Receivable

Accounts receivable represents amounts due from the sewer system users for utility charges unpaid at December 31, 2024.

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

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

## Restricted Assets

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

## Special Assessments Revenue

Special assessments were levied to pay debt associated with the sewer system construction and are reported as capital contributions in an amount equal to the capital asset. In Minnesota, counties act as collection agents for special assessments levied with property taxes. Tax settlements, including special assessment collections, are received four times a year—in January, May, October, and November. Special assessments levied are recognized as capital contributions in the year of the levy.

## Capital Assets

Capital assets are recorded at historical cost. The Water and Sewer Commission defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Additions, improvements, and other capital outlays that significantly extend the useful life or increase capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred.

Property and equipment of the Water and Sewer Commission are depreciated using the straight-line method over the following estimated useful lives:

### Estimated Useful Lives of Capital Assets

Assets	Years
Land improvements	75
Collection system	40
Machinery and equipment	15

## Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

# Murray County Slayton, Minnesota

## Use of Estimates

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

## Detailed Notes

### Deposits

Cash transactions are administered by the Murray County Auditor-Treasurer, who is, according to Minn. Stat. §§ 118A.02 and 118A.04, authorized to deposit cash and to invest in certificates of deposit in financial institutions designated by the County's Board. Minnesota statutes require that all County deposits be covered by insurance, surety bond, or collateral, a requirement for which Murray County was in compliance at December 31, 2024. As of December 31, 2024, the Water and Sewer Commission had \$1,620,094 on deposit with Murray County.

### Receivables

The Water and Sewer Commission's noncurrent special assessments receivable balance at December 31, 2024, was \$2,517,483, of which \$2,011,183 is not scheduled for collection during the subsequent year.

### Capital Assets

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

Capital Assets – Shetek Area Water and Sewer Commission	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 421,046	\$ -	\$ -	\$ 421,046
Construction in progress	-	205,303	-	205,303
<b>Total capital assets depreciated</b>	<b>\$ 421,046</b>	<b>\$ 205,303</b>	<b>\$ -</b>	<b>\$ 626,349</b>
Capital assets depreciated				
Land improvements	\$ 1,718,495	\$ -	\$ -	\$ 1,718,495
Buildings and structures	57,450	-	-	57,450
Machinery and equipment	491,400	-	-	491,400
Infrastructure	13,104,082	231,516	-	13,335,598
<b>Total capital assets depreciated</b>	<b>\$ 15,371,427</b>	<b>\$ 231,516</b>	<b>\$ -</b>	<b>\$ 15,602,943</b>
Less: accumulated depreciation for				
Land improvements	\$ 379,973	\$ 22,913	\$ -	\$ 402,886
Buildings and structures	19,505	1,436	-	20,941
Machinery and equipment	491,400	-	-	491,400
Infrastructure	4,957,272	331,792	-	5,289,064
<b>Total accumulated depreciation</b>	<b>\$ 5,848,150</b>	<b>\$ 356,141</b>	<b>\$ -</b>	<b>\$ 6,204,291</b>
<b>Total capital assets depreciated, net</b>	<b>\$ 9,523,277</b>	<b>\$ (124,625)</b>	<b>\$ -</b>	<b>\$ 9,398,652</b>
<b>Total Capital Assets, Net</b>	<b>\$ 9,944,323</b>	<b>\$ 80,678</b>	<b>\$ -</b>	<b>\$ 10,025,001</b>

# Murray County Slayton, Minnesota

Depreciation expense for 2024 was \$356,141.

## Liabilities

### Construction Commitments

The Shetek Area Water and Sewer Commission has active construction projects and other commitments as of December 31, 2024. The project and commitment include the following:

#### Active Construction Projects as of December 31, 2024

Project – Shetek Area Water and Sewer Commission	Spent-to-Date	Remaining Commitment
30 parcel subdivision expansion	\$ 98,775	\$ 48,869

### Long-Term Obligations

#### Bonds Payable

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

General Obligation Bonds	Final Maturity	Installment Amounts	Average Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
2013A Sewer Revenue Crossover Refunding Bonds	2028	\$150,000- \$265,000	2.00-2.35	\$ 2,590,000	\$ 930,000

The G.O. Revenue Bonds will be retired with income from operations, special assessments, and unused construction funding, and are exempt from the limitations on net debt imposed by Minnesota law.

#### G.O. Bonds Debt Service Requirements as of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 255,000	\$ 17,627
2026	260,000	12,282
2027	265,000	6,506
2028	150,000	1,763
Total	\$ 930,000	\$ 38,178

### Minnesota Public Facilities Authority G.O. Notes

In 2006, Minnesota Public Facilities Authority G.O. Notes were issued in the amount of \$15,144,000. Of this amount, \$11,554,549 was issued from the Water Pollution Control Revolving Fund and \$3,589,451 was issued from the Wastewater Infrastructure Fund. In 2014, the Minnesota Public Facilities Authority converted the \$3,589,451 Wastewater Infrastructure Fund Loan into a grant, in effect, reducing the payable portion of the note to zero. Amounts drawn or receivable on this note as of December 31, 2024, were \$11,299,849 from the Water Pollution Control Revolving Fund. Note payments for the Water Pollution Control Revolving Fund are due semi-

## Murray County Slayton, Minnesota

annually for interest and annually for principal on February 20 and August 20, 2008, through 2026, at an interest rate of 1.01 percent.

### Minnesota Public Facilities Authority G.O. Notes – Water Pollution Control Revolving Fund Debt Service Requirements as of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 457,935	\$ 8,821
2026	418,906	4,231
Total	\$ 876,841	\$ 13,052

The G.O. Revenue Notes will be retired with income from operations, prepayments of special assessments, special assessments, and unused construction funding, and are exempt from the limitations on net debt imposed by Minnesota law. The above debt service requirements are subject to change due to early prepayments of special assessments and loans to be issued in the future.

#### Easement Purchase Agreement

The Shetek Area Water and Sewer Commission entered into an agreement with the City of Currie for the purchase of an easement for access to the Shetek Area Water and Sewer Commission’s pond outlet. Principal payments are made annually through 2038.

### Easement Purchase Agreement Debt Service Requirements as of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 3,000	\$ -
2026	3,000	-
2027	3,000	-
2028	3,000	-
2029	3,000	-
2030-2034	15,000	-
2035-2038	12,000	-
Total	\$ 42,000	\$ -

#### Changes in Long-Term Liabilities

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

Long-Term Liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and notes payable					
Minnesota Public Facilities Authority					
General obligation notes	\$ 1,353,463	\$ -	\$ (476,622)	\$ 876,841	\$ 457,935
Easement purchase agreement	45,000	-	(3,000)	42,000	3,000
General obligation bonds	1,180,000	-	(250,000)	930,000	255,000
Total Long-Term Liabilities	\$ 2,578,463	\$ -	\$ (729,622)	\$ 1,848,841	\$ 715,935

# Murray County Slayton, Minnesota

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## Risk Management

The Shetek Area Water and Sewer Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; and natural disasters for which the Water and Sewer Commission carries commercial insurance through the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool, for property insurance and workers' compensation. The Water and Sewer Commission purchases only property insurance through LMCIT, as it does not have any employees. The pool currently operates as a common risk management and insurance program for municipal entities. The Water and Sewer Commission pays an annual premium to the LMCIT. The LMCIT is self-sustaining through commercial companies for excess claims. The Water and Sewer Commission retains the risk for the deductible portions of the insurance. There are no employees of the Shetek Area Water and Sewer Commission, as the Water and Sewer Commission has hired independent contractors to operate the plant, and Murray County performs its accounting functions. 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.

## Note 7 – Murray County Medical Center Component Unit

### Summary of Significant Accounting Policies

The accounting policies of the Murray County Medical Center (Medical Center or Hospital) conform with accounting principles generally accepted in the United States of America. In addition to those policies identified in Note 1, the Murray County Medical Center discretely presented component unit has the following significant accounting policies.

### Financial Reporting Entity

The Murray County Medical Center was formed to own, maintain, and operate health care and related facilities, and to furnish medical and surgical care to the sick, infirmed, aged, or injured. The Medical Center provides acute inpatient, outpatient, and physician clinic services. Physician clinic services are provided through a rural health clinic and a surgery clinic located in Slayton, Minnesota. The Medical Center is governed by a five-member board consisting of two members of the County Board of Commissioners and three members appointed by the County Board of Commissioners. The Medical Center is reported in a separate column in the financial statements to emphasize that it is legally separate from the County. Separate financial statements are issued.

The Medical Center has no component units.

### Measurement Focus and Basis of Accounting

The Medical Center presents as an enterprise fund. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered through user charges. Operating revenues result from transactions associated with providing health care services – the Medical Center's principal activity. Other revenues, including interest income, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, including interest expense.

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## Slayton, Minnesota

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

#### Cash and Cash Equivalents

Cash and cash equivalents consist of interest-bearing cash accounts and certificates of deposit that are pooled with Murray County. For the purposes of the statement of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. The Medical Center's investment earnings for the year ended December 31, 2024, were \$424,629 and are included in nonoperating revenues.

#### Patient Receivables

The Medical Center provides an allowance for uncollectible accounts based on the allowance method using management's judgment. Patients are not required to provide collateral for services rendered. Payment for services is required within 45 days of receipt of invoice or claim submitted. Accounts past due are individually analyzed for collectability. Amounts for which no payments have been received are written off using management's judgment on a per account basis. In addition, an allowance is estimated for other accounts based on historical experience of the Medical Center.

#### Inventories

Inventories are recorded at the lower of cost or market using the latest invoice cost, which approximates the first-in, first-out method.

#### Capital Assets

The Medical Center records its property and equipment at cost or, if donated, at fair market value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the property. Useful lives are assigned based on estimated useful lives of depreciable assets recommended by the American Hospital Association. It is the Medical Center's policy to include amortization expenses on assets acquired under leases with depreciation on owned assets. Maintenance repairs and minor renewals are charged to expense as incurred.

#### Net Position

Net position of the Hospital is classified into two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining portion that does not meet the definition of invested in capital assets net of related debt or restricted.

#### Pension

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. 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.

#### Deferred Inflows of Resources

Deferred inflows of resources consist of pension related deferred inflows, other postemployment benefits, and deferred inflows from lease receivables which will be recognized over the life of the leases.

# Murray County

## Slayton, Minnesota

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### Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to other postemployment benefits, and unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date, but before the end of the employer's reporting period for pension and other postemployment benefits.

### Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

### Leases Payable

The Hospital is a lessee for noncancellable leases of equipment. The Hospital recognizes a lease liability and capital assets in the financial statements.

At the commencement of a lease, the Hospital initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Hospital determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Hospital uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Hospital generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease as well as periods covered by an option to extend the lease if the Hospital is reasonably certain to exercise that option.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the Hospital is reasonably certain to exercise.

The Hospital monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

### Leases Receivable

The Hospital is a lessor for noncancellable building leases. The Hospital recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Hospital initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the

# Murray County

## Slayton, Minnesota

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principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Hospital determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Hospital uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Hospital monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### Revenues and Expenses

#### Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

#### Gifts, Grants, and Bequests

Gifts that are not restricted by donors are subject to designation by the Medical Center and are reflected in nonoperating revenue when received. Gifts and grants for a specific operating purpose are reflected in nonoperating revenues in the period when the restrictions are complied with by disbursement of funds.

#### Use of Estimates

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

### Detailed Notes

#### Net Patient/Resident Service Revenue

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. The amount of charges foregone based on established rates was \$23,451 in 2024. The estimated costs of the charges forgone, based upon the Medical Center's overall costs-to-charge ratio calculation, were approximately \$8,500 for 2024.

## Murray County Slayton, Minnesota

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- **Medicare** – The Medical Center has elected Critical Access Hospital (CAH) designation for Medicare. As a CAH, the Medical Center is reimbursed for inpatient, swing bed, and outpatient services to Medicare patients on a reasonable cost basis. Medicare reimburses the Medical Center for these services using interim rates, with a final settlement determined based on the annual cost report that is filed by the Medical Center. This cost report is subject to audit by the Medicare fiscal intermediary. The Medical Center’s Medicare cost reports have been finalized by the Medicare fiscal intermediary through December 31, 2021.
- **Medicaid** – Inpatient acute care services provided to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services related to the Medicaid program beneficiaries are reimbursed on a cost basis under the CAH program.
- **Other Payors** – The Medical Center also has entered into payment agreements with certain commercial insurance carriers and preferred provider organizations. The basis for payment to the Medical Center under these agreements are discounts from established charges, fee schedules, and prospectively determined rates per discharge.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

### Receivables

#### Murray County Medical Center Receivables as of December 31, 2024

Receivables – Murray County Medical Center	Total Receivables	Less: Allowance for Uncollectibles	Total Receivables – Net	Amounts Not Scheduled for Collection During the Subsequent Year
Accounts receivable	\$ 214,481	\$ -	\$ 214,481	\$ -
Patient receivables	4,804,363	(1,086,000)	3,718,363	-
Physician receivables	105,371	-	105,371	-
Lease receivable	369,258	-	369,258	340,014
Total Receivables	\$ 5,493,473	\$ (1,086,000)	\$ 4,407,473	\$ 340,014

The Hospital, acting as lessor, leases office and commercial space within the downtown campus to two different tenants under long-term, noncancelable lease agreements. The leases have terms with end dates in fiscal year 2029 and provide options for one or two renewal terms into fiscal year 2039 if fully executed. The renewal options are subject to termination by the Hospital with 12-month notice to tenant prior to current term end date.

During the year ended December 31, 2024, the Hospital recognized \$21,806 and \$8,898 in lease revenue and interest revenue, respectively, pursuant to these contracts.

# Murray County Slayton, Minnesota

## Capital Assets

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

Capital Assets	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 172,231	\$ -	\$ -	\$ 172,231
Capital assets depreciated				
Land improvements	\$ 824,636	\$ 13,000	\$ -	\$ 837,636
Buildings	17,882,593	188,176	-	18,070,769
Fixed equipment	1,101,795	-	-	1,101,795
Major movable equipment	9,441,595	175,185	(4,600)	9,612,180
Total capital assets depreciated	\$ 29,250,619	\$ 376,361	\$ (4,600)	\$ 29,622,380
Less: accumulated depreciation for				
Land improvements	\$ 578,233	\$ 33,390	\$ -	\$ 611,623
Buildings	12,620,737	562,108	-	13,182,845
Fixed equipment	709,502	39,484	-	748,986
Major movable equipment	7,967,602	488,376	(4,600)	8,451,378
Total accumulated depreciation	\$ 21,876,074	\$ 1,123,358	\$ (4,600)	\$ 22,994,832
Total capital assets depreciated, net	\$ 7,374,545	\$ (746,997)	\$ -	\$ 6,627,548
Capital Assets, Net	\$ 7,546,776	\$ (746,997)	\$ -	\$ 6,799,779

Depreciation expense for 2024 was \$1,123,358.

## Long-Term Liabilities

### Bonds Payable

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

Type of Indebtedness	Final Maturity	Average Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
Health Care Facilities Gross Revenue Bonds, Series 2012A	2028	3.000-3.125	\$ 8,100,000	\$ 1,145,567

In 2012, the Medical Center entered into an agreement with Minnwest Bank South for the issuance of Health Care Facilities Gross Revenue Bonds, Series 2012A, to a maximum of \$8,100,000. The Medical Center approved a bond resolution that includes an annual rate of 3.125 percent through the first 60 payments. On the 60th and the 120th payment dates, the interest rate will be adjusted to a rate per annum equal to 3.000 percent plus the Federal Home Loan Bank Advance Rate provided; however, in no event shall the interest rate on the bond be less than 2.625 percent, nor shall an increase in the annual rate exceed 1.500 percent. The Medical Center is required to maintain certain financial and operational covenants in relation to the Health Care Facilities Gross Revenue Bonds.

# Murray County Slayton, Minnesota

## Special Assessments

The Medical Center was assessed for road improvements to Juniper Avenue in the amount of \$51,674 by the City of Slayton for the year ended December 31, 2014. Annual installments of \$5,167 began in 2016 and are expected to continue until 2026. The outstanding balance as of December 31, 2024, is \$5,168.

## Debt Service Requirements

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

Year Ending December 31	Revenue Bonds and Special Assessments Principal	Revenue Bonds and Special Assessments Interest	Leases Principal	Leases Interest
2025	\$ 537,682	\$ 33,622	\$ 39,781	\$ 4,204
2026	550,515	14,485	35,413	2,534
2027	62,538	300	30,203	581
Total	\$ 1,150,735	\$ 48,407	\$ 105,397	\$ 7,319

## Changes in Long-Term Obligations

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

Long-term liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Hospital Revenue Bonds, 2012	\$ 1,659,676	\$ -	\$ (514,109)	\$ 1,145,567	\$ 532,515
Special assessment	10,335	-	(5,167)	5,168	5,167
Leases	167,979	-	(62,582)	105,397	39,781
Total Long-Term Liabilities	\$ 1,837,990	\$ -	\$ (581,858)	\$ 1,256,132	\$ 577,463

## Concentrations of Credit Risk

The Medical Center grants credit, without collateral, to its patients, most of whom are local residents and are insured under third-party payor agreements.

### Receivables from Patients and Third-Party Payors and Patients As of December 31, 2024

Receivables	Share
Medicare	49.0%
Medicaid	11.0%
Other third-party payors	29.0%
Private pay	11.0%
Total	<u>100.0%</u>

# Murray County Slayton, Minnesota

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## Other Postemployment Benefits (OPEB)

Certain employees of the Murray County Medical Center are eligible to participate in a health insurance plan provided by Murray County. The Medical Center provides health insurance benefits for certain retired employees under a single-employer, fully-insured plan. The plan provides health insurance and other benefits to participating retirees who have reached the age of 55 and have 15 years of service with the Medical Center. The Medical Center provides benefits for retirees as required by state statutes. Pursuant to the provisions of the plan, retirees are required to pay the total premium cost. As of January 1, 2024, there were no retirees receiving health benefits from the Medical Center's health plan.

## OPEB Benefits

Individuals who are employed by the Medical Center and are eligible to participate in the group health plan are eligible to continue health care benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At December 31, 2024, there were 88 active participants covered by the benefit terms.

## Total OPEB Liability

The Medical Center's total OPEB liability at December 31, 2024, is \$134,273.

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and the Entry Age Normal actuarial cost method, applied to all periods included in the measurement:

- The current year inflation rate is 2.50 percent.
- The salary increases have varying rates by years of service from 3.00 percent.
- The discount rate is 3.70 percent, compounded annually, including inflation.
- The health care cost trend is 6.50 percent, decreasing to 5.00 percent over six years.

## Discount Rate

The discount rate used to measure the total OPEB liability was 3.70 percent, which reflects the index rate for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Annual retirement probabilities are based on varying rates by age.

# Murray County Slayton, Minnesota

## Changes in the Total OPEB Liability

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

Total OPEB Changes for the Year	Amount
Balance at January 1, 2024	\$ 177,319
Service cost	\$ 13,597
Interest	3,750
Differences between expected and actual experiences	(37,236)
Changes in assumptions	(16,279)
Benefit payments	(6,878)
Net change	\$ (43,046)
Balance at December 31, 2024	\$ 134,273

## OPEB Liability Sensitivity

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

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

Change in Discount Rate	Discount Rate	Total OPEB Liability
1% Decrease	2.70%	\$ 145,784
Current	3.70%	134,273
1% Increase	4.70%	123,532

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

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

Change in Health Care Trend Rate	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.50% Decreasing to 4.00%	\$ 118,325
Current	6.50% Decreasing to 5.00%	134,273
1% Increase	7.50% Decreasing to 6.00%	153,264

# Murray County Slayton, Minnesota

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

For the year ended December 31, 2024, the Medical Center recognized a gain related to OPEB of \$20,070.

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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ -	\$ 103,417
Contributions subsequent to the measurement date	3,948	-
Total	\$ 3,948	\$ 103,417

The \$3,948 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2025. The amount reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

Year Ended December 31	OPEB Expense Amount
2025	\$ 32,836
2026	32,830
2027	19,447
2028	8,920
2029	9,384

## Pension Plan

### Defined Benefit Pension Plan

#### Plan Description

All full-time and certain part-time employees of the Murray County Medical Center are covered by defined benefit pension plans administered by PERA. All Medical Center employees are part of the Coordinated Plan of the General Employees Retirement Fund.

#### Contributions

In 2024, the Medical Center was required to contribute 7.50 percent of annual covered salary. The employee and employer rates did not change from the previous year.

The Medical Center's contributions for the General Employees Plan for the year ended December 31, 2024, was \$509,026. The contributions are equal to the statutorily required contributions as set by state statute.

# Murray County Slayton, Minnesota

## Pension Costs

At December 31, 2024, the Medical Center reported a liability of \$2,964,615 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Medical Center's proportion of the net pension liability was based on the Medical Center's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the Medical Center's proportion was 0.0802 percent. It was 0.0828 percent measured as of June 30, 2023. The Medical Center recognized pension expense of \$192,758 for its proportionate share of the General Employees Plan's pension expense.

The Medical Center also recognized \$1,472 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Fund.

### Murray County Medical Center's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2024

Total General Employees Plan Net Pension Liability Associated with the Medical Center	Amount
The Medical Center's proportionate share of the net pension liability	\$ 2,964,615
State of Minnesota's proportionate share of the net pension liability associated with the Medical Center	76,659
Total	\$ 3,041,274

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

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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 278,752	\$ -
Changes in actuarial assumptions	14,474	1,122,058
Difference between projected and actual investment earnings	-	860,900
Changes in proportion	40,312	331,345
Contributions paid to PERA subsequent to the measurement date	272,513	-
Total	\$ 606,051	\$ 2,314,303

The \$272,513 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to

# Murray County Slayton, Minnesota

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pensions will be recognized in pension expense as follows:

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

Year Ended December 31	Pension Expense Amount
2025	\$ (1,042,895)
2026	(306,441)
2027	(404,209)
2028	(227,220)

### Actuarial Assumptions

The total pension liability in the June 30, 2024, 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 7.00 percent. This assumption is based on a review of inflation and investment 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 7.00 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees 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 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality table. 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 following changes in actuarial assumptions and plan provisions occurred in 2024:

#### Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates for disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most

# Murray County Slayton, Minnesota

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recent experience study.

- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The worker's compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

## Long-Term Expected Return on Investment

The State Board of Investment, which manages the investment 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 weighting 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:

### Long-Term Expected Return on Investment

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	33.5%	5.10%
International Stocks	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Market	25.0%	5.90%
Total	100.0%	

## Discount Rate

The discount rate used to measure the total pension liability in 2024 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 position of the General Employees Fund was 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.

## Pension Liability Sensitivity

The following presents the Medical Center's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the Medical Center'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.

# Murray County Slayton, Minnesota

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

Change in Discount Rate	General Employees Plan Discount Rate	General Employees Plan Net Pension Liability
1% Decrease	6.00%	\$ 6,475,197
Current	7.00%	2,964,615
1% Increase	8.00%	76,842

### Related-Party Transactions

The Medical Center entered into a management agreement with Sanford Health Network, beginning May 1, 2008. Under this agreement, Sanford Health provides certain financial and operational consulting services. Total fees paid to Sanford Health for the provision of these services for the year ended December 31, 2024, were \$50,402. The original management agreement was effective through May 1, 2016, and automatically renewed for additional years.

### Risk Management

The Murray County Medical Center is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant reduction in insurance coverage from the previous three years in any of the policies. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

### Contingent Liabilities

#### Health Care Industry

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to government review and interpretations, as well as regulatory actions unknown or asserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, and government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient revenues received. While the Hospital may become subject to similar regulatory review, management believes that the outcome of such regulatory review will not have a material adverse effect on the Medical Center's financial statements.

# Murray County Slayton, Minnesota

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## Malpractice Claims

The Medical Center has insurance coverage to provide protection for professional liability losses on a claims-made basis. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on the occurrence during its term, but reported subsequently will be uninsured.

**PROPOSAL FORM**

TO: Murray County, Minnesota  
 C/O Northland Securities, Inc.  
 150 South 5<sup>th</sup> Street, Suite 3300  
 Minneapolis, Minnesota 55402  
 Phone: 612-851-5900  
 Email: [PublicSale@northlandsecurities.com](mailto:PublicSale@northlandsecurities.com)

Sale Date: July 20, 2026

For all or none of the \$3,035,000\* General Obligation Ditch Bonds, Series 2026A, in accordance with the Notice of Sale, we will pay you \$ \_\_\_\_\_, (not less than \$2,992,510) plus accrued interest, if any, to date of delivery (estimated to be August 19, 2026) for fully registered Bonds bearing interest rates and maturing on February 1 as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Interest Rate</u>	<u>Yield</u>
2028	_____%	_____%	2033	_____%	_____%	2038	_____%	_____%
2029	_____%	_____%	2034	_____%	_____%	2039	_____%	_____%
2030	_____%	_____%	2035	_____%	_____%	2040	_____%	_____%
2031	_____%	_____%	2036	_____%	_____%	2041	_____%	_____%
2032	_____%	_____%	2037	_____%	_____%	2042	_____%	_____%

True interest percentage: \_\_\_\_\_ %                      Net interest cost: \$ \_\_\_\_\_

Term Bond Option: Bonds maturing in the years:  
 \_\_\_\_\_ through \_\_\_\_\_  
 \_\_\_\_\_ through \_\_\_\_\_  
 \_\_\_\_\_ through \_\_\_\_\_  
 \_\_\_\_\_ through \_\_\_\_\_

To be accumulated into a Term Bond maturing in year:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in the bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds.

As set forth in the Notice of Sale, this bid shall not be cancelled in the event that the competitive sale requirements are not satisfied. The City may determine to apply the Hold-the-Offering-Price Rule to the Bonds (such terms are used as described in the Notice of Sale).

We have received and reviewed the Preliminary Official Statement and have submitted our requests for additional information or corrections to the Official Statement. As Syndicate Manager, we agree to provide the County with the reoffering price of the Bonds within 24 hours of the bid acceptance.

A Good Faith Deposit in the amount as stated in the Notice of Sale in the form of a federal wire transfer payable to the order of the County will only be required from the apparent winning bidder, and must be received within two hours after the receipt of the bids. Award of the Bonds will be on the basis of True Interest Cost (TIC).

Account Members:

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_

The foregoing proposal is hereby duly accepted by and on behalf of the Murray County, Minnesota at \_\_\_\_\_ AM on July 21, 2026.

\_\_\_\_\_  
 Auditor

\_\_\_\_\_  
 Board Chair

\* The County reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread.