NEW ISSUE
NOT BANK QUALIFIED

BOOK ENTRY ONLY
MOODY'S RATING "Aaa"

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

OLMSTED COUNTY, MINNESOTA
$29,350,000*
General Obligation Bonds, Series 2026A

Dated Date: Date of Delivery (Estimated to be October 29, 2026)

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

Maturity*	Amount*	Rate	Yield	Price	Maturity*	Amount*	Rate	Yield	Price
2/1/2028	$960,000	_____%	_____%	_____	2/1/2038	$1,425,000	_____%	_____%	_____
2/1/2029	1,250,000	_____	_____	_____	2/1/2039	1,470,000	_____	_____	_____
2/1/2030	1,280,000	_____	_____	_____	2/1/2040	1,530,000	_____	_____	_____
2/1/2031	1,315,000	_____	_____	_____	2/1/2041	1,590,000	_____	_____	_____
2/1/2032	1,345,000	_____	_____	_____	2/1/2042	1,650,000	_____	_____	_____
2/1/2033	1,225,000	_____	_____	_____	2/1/2043	1,665,000	_____	_____	_____
2/1/2034	1,260,000	_____	_____	_____	2/1/2044	1,735,000	_____	_____	_____
2/1/2035	1,295,000	_____	_____	_____	2/1/2045	1,805,000	_____	_____	_____
2/1/2036	1,335,000	_____	_____	_____	2/1/2046	1,880,000	_____	_____	_____
2/1/2037	1,380,000	_____	_____	_____	2/1/2047	1,955,000	_____	_____	_____

The General Obligation Bonds, Series 2026A (the "Bonds" or the "Issue") are being issued by Olmsted County, Minnesota (the "County" or the "Issuer"), pursuant to Minnesota Statutes, Chapters 475 and Sections 373.40 and 400.101, as amended. Proceeds of the Bonds will be used to finance the County's 2026 Capital Improvement Plan projects, solid waste utility improvements 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 net revenues of the County's waste combustion facility and ad valorem taxes. 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, 2035 and thereafter are subject to redemption, in whole or in part, on February 1, 2034 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 Computershare Trust Co., Minneapolis, Minnesota.

Proposals: Monday, October 5, 2026 11:00 A.M., Central Time
Award: Tuesday, October 6, 2026 11:00 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 $29,203,250 (99.50%) 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 $500,000, 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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TABLE OF CONTENTS

Page

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 October 29, 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

Olmsted County, Minnesota
$29,350,000 *
General Obligation Bonds, Series 2026A
(Book-Entry Only)

AMOUNT -	$29,350,000*
ISSUER -	Olmsted County, Minnesota (the “County” or the “Issuer”)
AWARD DATE -	October 6, 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 Bonds, Series 2026A (the “Bonds” or the “Issue”)
AUTHORITY, PURPOSE & SECURITY -	The General Obligation Bonds, Series 2026A (the “Bonds”) are being issued by Olmsted County, Minnesota (the “County”) pursuant to Minnesota Statutes, Chapters 475 and Sections 373.40 and 400.101, as amended. Proceeds of the Bonds will be used to finance the County's 2026 Capital Improvement Plan projects, solid waste utility improvements 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 net revenues of the County's waste combustion facility and ad valorem taxes. 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 *Authority and Purpose* as well as *Security/Sources and Uses of Funds* herein for additional information.
DATE OF ISSUE -	Date of Delivery (Estimated to be October 29, 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* -

2/1/2028	$960,000	2/1/2033	$1,225,000	2/1/2038	$1,425,000	2/1/2043	$1,665,000
2/1/2029	1,250,000	2/1/2034	1,260,000	2/1/2039	1,470,000	2/1/2044	1,735,000
2/1/2030	1,280,000	2/1/2035	1,295,000	2/1/2040	1,530,000	2/1/2045	1,805,000
2/1/2031	1,315,000	2/1/2036	1,335,000	2/1/2041	1,590,000	2/1/2046	1,880,000
2/1/2032	1,345,000	2/1/2037	1,380,000	2/1/2042	1,650,000	2/1/2047	1,955,000

REDEMPTION -	The Bonds maturing on February 1, 2035 and thereafter are subject to redemption, in whole or in part, on February 1, 2034 and on any date thereafter at a price of par plus accrued interest. See *Description of the Bonds* 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 -	Computershare Trust Co., Minneapolis, Minnesota
TAX DESIGNATIONS -	NOT Private Activity Bonds - The Bonds are not “private activity bonds” as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”). Not Bank Qualified Tax-Exempt Obligations - The County will not designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.
LEGAL OPINION -	Dorsey & Whitney LLP, Minneapolis, Minnesota (“Bond Counsel”)
BOND RATING -	The County received an underlying rating of “Aaa” from Moody’s Ratings (“Moody’s”). See *Bond Rating* herein for additional information.
CLOSING -	Estimated to be October 29, 2026
PRIMARY CONTACTS -	Wilfredo Roman Catala, Chief Financial Officer, Olmsted County, Minnesota 507-328-7499 Tammy Omdal, Managing Director, Northland Securities, Inc., 612-851-4964 George Eilertson, Managing Director, Northland Securities, Inc., 612-851-5906

* Preliminary, subject to change.

OLMSTED COUNTY, MINNESOTA

PRINCIPAL COUNTY OFFICIALS

Elected Officials	**County Board of Commissioners**	
Name	*Position*	*Term Expires*
Gregg Wright	Chair	12/31/28
Mark Thein	Vice Chair	12/31/28
Laurel Podulke-Smith	Commissioner	12/31/28
Brian Mueller	Commissioner	12/31/26
Bob Hopkins	Commissioner	12/31/26
Michelle Rossman	Commissioner	12/31/28
David Senjem	Commissioner	12/31/26

Primary Contacts

Travis Gransee	Administrator	Appointed
Wilfredo Román Cátala	Chief Financial Officer	Appointed
Michael Walters	County Attorney	12/31/26
Julian Currie	HR Director	Appointed
David Dunn	OCHRA Director	Appointed

BOND COUNSEL

Dorsey & Whitney LLP
Minneapolis, Minnesota

MUNICIPAL ADVISOR

Northland Securities, Inc.
Minneapolis, Minnesota

NOTICE OF SALE

$29,350,000*
GENERAL OBLIGATION BONDS, SERIES 2026A

OLMSTED 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 Chief Financial Officer, or designee, on Monday, October 5, 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, October 6, 2026 at 11:00 A.M., CT.

SUBMISSION OF PROPOSALS

Proposals may be:
a) submitted to the office of Northland Securities, Inc.,
b) emailed to PublicSale@northlandsecurities.com, or
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, October 5, 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, 2nd 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 Computershare Trust Company, N.A., 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.

* 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 October 29, 2026)

AUTHORITY/PURPOSE/SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Sections 373.40, and 400.101, as amended. Proceeds will be used to finance solid waste facility improvements, and various capital improvement projects within the County as described in the County's Capital Improvement Plan. The Bonds are payable from ad valorem taxes on all taxable property within the County and net revenues of the County's waste combustion facility. 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:

Year	Amount	Year	Amount	Year	Amount
2028	$960,000	2035	$1,295,000	2042	$1,650,000
2029	1,250,000	2036	1,335,000	2043	1,665,000
2030	1,280,000	2037	1,380,000	2044	1,735,000
2031	1,315,000	2038	1,425,000	2045	1,805,000
2032	1,345,000	2039	1,470,000	2046	1,880,000
2033	1,225,000	2040	1,530,000	2047	1,955,000
2034	1,260,000	2041	1,590,000		

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)

In order to establish the issue price of the Bonds for federal income tax purposes, the Issuer requires bidders to agree to the following, and by submitting a bid, each bidder agrees to the following.

If a bid is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the bid and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate "maturity," and the public does not include underwriters of the Bonds (including members of a selling group or retail distribution group) or persons related to underwriters of the Bonds.

If, however, a bid is submitted for the bidder's own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the Issuer to that effect at the time it submits its bid and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the Issuer shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies, as described in the following paragraph.

If the Issuer advises the winning bidder that the requirements for a competitive sale have not been satisfied and that the hold-the-offering price rule applies, the winning bidder shall (1) upon the request of the Issuer confirm that the underwriters did not offer or sell any maturity of the Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the Issuer a certification substantially in the form attached hereto as Exhibit A, together with a copy of the pricing wire.

If the Issuer advises the winning bidder that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the winning bidder will be required to deliver to the Issuer at or prior to closing a certification, substantially in the form attached hereto as Exhibit B, as to the reasonably expected initial offering price as of the award date.

Any action to be taken or documentation to be received by the Issuer pursuant hereto may be taken or received on behalf of the Issuer by the Municipal Advisor.

Bidders should prepare their bids on the assumption that the Bonds will be subject to the "hold-the-offering-price" rule. Any bid submitted pursuant to the Notice of Sale shall be considered a firm offer for the purchase of the Bonds, and bids submitted will not be subject to cancellation or withdrawal.

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, 2035 through 2047 are subject to redemption and prepayment at the option of the County on February 1, 2034 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 Dorsey & Whitney LLP, 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 $29,203,250 (99.50%) and accrued interest on the principal sum of $29,350,000 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:

> Wilfredo Roman Catala, Chief Financial Officer
> Olmsted County Government Center
> 151 4th St. SE
> Rochester, Minnesota 55904

A good faith deposit (the "Deposit") in the amount of $500,000 in the form of a federal wire transfer (payable to the order of the County) <u>is only required from the apparent winning bidder</u>, 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 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.

NOT BANK QUALIFIED

The County will not 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: September 1, 2026 BY ORDER OF THE OLMSTED COUNTY BOARD, MINNESOTA

/s/ Wilfredo Roman Catala
Chief Financial Officer

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

EXHIBIT A

ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH AT LEAST THREE BIDS FROM ESTABLISHED UNDERWRITERS

$[PRINCIPAL AMOUNT]
[BOND CAPTION]
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 obligations named above (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.

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

2. ***Defined Terms***. For purposes of this Issue Price Certificate:

(a) *Issuer* means [DESCRIBE ISSUER].

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

(c) *Member of the Distribution Group* 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).

(d) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a "related party" to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 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 of another), (ii) 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 (iii) 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).

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [DATE].

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[and BORROWER (the "Borrower")] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption

Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] 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][-GC][-TC], and other federal income tax advice that it may give to the Issuer[and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER]

By:____
Name:______________________________________

Dated: [ISSUE DATE]

ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH FEWER THAN THREE BIDS FROM ESTABLISHED UNDERWRITERS

$[PRINCIPAL AMOUNT]
[BOND CAPTION]
ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([“[SHORT NAME OF UNDERWRITER]”)][the “Representative”)][, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”),] hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. ***Initial Offering Price of the Bonds***. [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Bonds to the Public for purchase at the specified initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire for the Bonds is attached to this certificate as Schedule B.

2. ***Hold the Offering Price Rule***. [SHORT NAME OF UNDERWRITER][Each member of the Underwriting Group] has agreed in writing that, (i) for each Maturity, 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 agreement among underwriters, selling group agreement, or third-party distribution agreement contains the agreement of each underwriter, dealer, or broker-dealer who is a party to such agreement to comply with the Hold-the-Offering-Price Rule. Based on the [Representative][SHORT NAME OF UNDERWRITER]’s own knowledge and, in the case of sales by other Members of the Distribution Group, representations obtained from the other Members of the Distribution Group, no Member of the Distribution Group has offered or sold any such Maturity at a price that is higher than the respective Initial Offering Price during the respective Holding Period.

3. ***Defined Terms***. For purposes of this Issue Price Certificate:

(a) *Holding Period* means 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 ([DATE]), or (ii) the date on which Members of the Distribution Group have sold at least 10% of such Maturity to the Public at one or more prices, none of which is higher than the Initial Offering Price for such Maturity.

(b) *Issuer* means [DESCRIBE ISSUER].

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

(d) *Member of the Distribution Group* 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).

(e) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 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 of another), (ii) 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 (iii) 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).

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [DATE].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM][the Representative'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[and BORROWER (the "Borrower")] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] 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][-GC][-TC], and other federal income tax advice that it may give to the Issuer[and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By:____
Name:______________________________________

Dated: [ISSUE DATE]

AUTHORITY AND PURPOSE

The General Obligation Bonds, Series 2026A (the "Bonds" or the "Issue") are being issued by Olmsted County, Minnesota (the "County") pursuant to Minnesota Statutes, Chapters 475 and Sections 373.40 and 400.101, as amended. Proceeds from issuance of the Bonds will be used to finance the County's 2026 Capital Improvement Plan projects, solid waste utility improvements 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 net revenues of the County's waste combustion facility and ad valorem taxes. 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	$ 29,350,000*
Total Sources of Funds:	$ 29,350,000
Uses of Funds	
Deposit to Project Fund	$ 29,043,504
Costs of Issuance/Underwriter's Discount	304,755
Rounding Amount	1,741
Total Uses of Funds:	$ 29,350,000

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 "Aaa" 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 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.

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 October 29, 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, 2035 and thereafter are subject to redemption, in whole or in part, on February 1, 2034 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 and 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.

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 Olmsted 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, the County has and will covenant for the benefit of holders of the Bonds to annually provide certain financial and operating data, which information is customarily prepared by the County and is publicly available, 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 "Undertaking"). The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events is set forth in in substantially the same form attached hereto as Appendix B.

To the best of its knowledge, the County has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events within the past five years. A failure by the County to comply with the Undertaking 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 implemented disclosure policies and procedures to be followed by the County in relation to the financial disclosures and reportable events for which the County must provide notice to the MSRB's Electronic Municipal Market Access system. 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 "Aaa" 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 Dorsey & Whitney LLP, Minneapolis, 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 CONSIDERATIONS

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 the U.S. Internal Revenue Code of 1986 (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.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the application of the alternative minimum tax imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Cods) or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

The Bonds

Tax-Exempt Interest

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Code, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

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. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The City has made certain representations and has 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.

Original Issue Discount

Bonds may be issued with original issue discount ("OID"). A Bond will be treated as issued with OID (a "Discount Bond") if its "stated redemption price at maturity" (i.e., the sum of all amounts payable on the Bond other than payments of qualified stated interest) exceeds its issue price. OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder's federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then the OID that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in that accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of the Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed, or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that OID on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued OID), the purchaser may 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).

Bond Premium

A holder that acquires a Bond for an amount in excess of its stated redemption price at maturity generally must, from time to time, reduce the holder'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, holders 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.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally no deduction is allowed under Section 265(b) of the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations." Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchase of the Bonds.

The Bonds are not “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Income or loss on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may affect a holder’s federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder’s other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder’s adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder’s adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued OID with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Bonds (including any allocable bond premium or accrued OID) 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 holder 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 holder’s U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

OLMSTED COUNTY, MINNESOTA

GENERAL INFORMATION

Location, Access and Transportation

Olmsted County is located in southeastern Minnesota, approximately 76 miles from the Twin Cities Metropolitan Area. Rochester, the County seat, the third largest City in Minnesota, is located in the center of the County. The County is comprised of seven cities and eighteen townships. In addition five school districts are located entirely or partially within the County. Access is provided via Interstate I-35 and I-90, U.S. Highways 14, 63 and 52, State Highways 6, 30, 42. The Canadian Pacific (formerly DM&E) Railroad provides freight service and the Rochester International Airport provides charter, commercial and freight service to the County.

Area

422,400 Acres
(660 Square Miles)

Population

2000 Census	124,277	2020 Census	162,847
2010 Census	144,248	2026 Estimate	171,783

Income Data[1]

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

	Olmsted County	State of Minnesota	United States
Median Family Income	$129,508	$113,993	$99,999
Per Capita Income	54,393	48,237	44,673

Labor Force Data[2]

Comparative average labor force and unemployment rate figures for 2026 (through June) and year-end 2025 are listed below. Figures are not seasonally adjusted and numbers of people are estimated by place of residence.

	2026 (through June)		2025	
	Civilian Labor Force	*Unemployment Rate*	*Civilian Labor Force*	*Unemployment Rate*
Olmsted County	91,367	3.7%	93,039	3.1%
Rochester MSA	127,262	4.0	129,423	3.3
Minnesota	3,130,457	4.7	3,171,537	3.9

County Government

Olmsted County was organized on August 5, 1855. The County has a governing body with a seven-member Commission which meets twice each month. Commissioners are elected by District and serve four-year terms. The Board elects a Chair and Vice-Chair at the annual meeting in January each year.

The County Administrator, Travis Gransee, is appointed by the Board and is responsible for the implementation of County Board action and overall supervision of County business. The Chief Financial Officer, Wilfredo Román Cátala, is responsible for the financial affairs of the County.

[1] Source: 2020-2024 American Community Survey, U.S. Census Bureau.

[2] Source: Minnesota Department of Employment and Economic Development

Bargaining Units/Labor Contracts

The County's labor union/associations are shown below.

Bargaining Unit	*Contract Expiration*	*Number of Employees*
Olmsted County Employees Association	December 31, 2028	774
International Union of Operating Engineers, Local 49 (highway division)	December 31, 2028	40
International Union of Operating Engineers, Local 49 (waste to energy division)	December 31, 2028	44
Olmsted County Deputy Sheriff's Association – Essential LEC	December 31, 2028	65
Olmsted County Deputy Sheriff's Association – Essential ADC	December 31, 2028	99
Olmsted County Deputy Sheriff's Association – Non essential Support	December 31, 2028	13
Law Enforcement Labor Services, Inc. (Local 330 – Detention Sergeants)	December 31, 2028	9
Law Enforcement Labor Services, Inc. (Local 260 – Licensed Captains)	December 31, 2028	5
Law Enforcement Labor Services, Inc. (Local 483 – Unlicensed Captains)	December 31, 2028	3
Law Enforcement Labor Services, Inc. (Local 380 – Licensed Sergeants)	December 31, 2028	11
American Federation of State, County and municipal Employees – Council 65 (County Attorneys)	December 31, 2028	20
Total Union Employees		1,083

County Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Olmsted County for the quality of the reporting in its comprehensive annual financial report for the fiscal years ended December 31, 1985 through 2024. The Certificate is a highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report.

Capital Improvement Program

Olmsted County annually reviews and updates its five-year Capital Improvement Program. Capital Improvements are defined as a major expenditure for physical facilities such as construction of buildings, highways, bridges, flood control structures, parks, purchase of vehicles and equipment, land acquisition and similar expenditures. The Capital Improvement Program decision-making process integrates specific goals and policies with project scheduling and financial planning. The Capital Improvement Program is reviewed in concert with the annual operating budget.

Employee Pension Programs

For 2026, the County budgeted for 1,408 and employs approximately 1,372 Full Time Equivalents, including 1,310 full-time, 56 part-time, and 87 on-call or temporary employees. The pension plan currently covers 95.7% or 1,390 of the County's 1,453 active 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. 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 GERF (formerly "PERF"). That report may be obtained at 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. GERF Coordinated Plan members were required to contribute 6.50% of their annual covered salary in 2024. PEPFF members were required to 11.80% of their annual covered salary in 2024. Public Employees Correctional Fund (PECF) members are required to contribute 5.83% of their annual covered salary. The County is currently required to contribute 7.50% for Coordinated Plan member, 17.70% for PEPFF members and 8.75% for PECF members. The County contributes the contractually required contributions for each year as set by state statute.

Other Postemployment Benefits (OPEB)

Plan Description
The County operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 1,283 active and 19 former employees in the plan. Retirees are required to 100% of the total group rate.

Changes in Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability beginning of fiscal year 2025	$ 9,399,580
Changes for the year:	
Service Cost	$ 609,893
Interest	362,475
Changes in assumptions	(340,665)
Benefit payments	(429,587)
Net Changes	202,116
Total OPEB liability end of fiscal year 2025	$ 9,601,696

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 11.

Cash and Investment Balances as of July 31, 2026 (unaudited)

Fund	
General	$ 101,556,805
Infrastructure	29,573,063
Health and Human Services	12,803,408
Waste Management	47,131,545
Self-Insurance (all funds)	39,127,903
Building Operations	16,835,302
Motor Pool	811,622
HHHS Internal Service Fund	2,087,436
Chester Sewer	104,871
Opioid	2,245,411
Sheriffs E911	1,284,590
Administrative Internal Services	15,711,442
Capital and Debt Service	(1,314,131)
Total Cash and Investment Balances	$267,959,267

General Fund Budget Summary (in thousands)

	2025 Budget	2026 Budget
Revenues:		
Property Taxes	$57,221	$66,003
Licenses and Permits	1,383	1,378
Intergovernmental Revenue	14,393	14,631
Charges for Services	16,198	16,532
Fines and Forfeits	22	22
Miscellaneous	8,454	7,523
Transfers In	0	0
Total Revenues	$97,671	$106,089
Expenditures:		
General Government	$15,252	$15,232
Community Development	95	75
Public Safety	73,613	78,191
Recreation	6,446	7,010
Conservation	2,014	2,538
Transfers Out	2,377	1,374
Total Expenditures	$99,797	$104,420
Revenues Over (Under) Expenditures	(2,126)	1,669
Beginning Fund Balance (January 1)	$110,567	$108,441
Ending Fund Balance (December 31)	$108,441	$110,110

Building Permits[1]

Building permits issued in the City of Rochester have been as follows:

	Residential		Multiple	Commercial/	All		Total
Year	No.	Value	Dwellings	Industrial	Other	Permits	Value
2026	153	$56,573,227	$127,216,389	$151,451,720	$200,470,790	1,840	$535,712,126
2025	238	87,801,776	40,791,200	453,719,257	410,314,006	3,544	992,626,239
2024	246	77,692,035	129,607,066	162,868,286	315,347,873	2,130	685,515,260
2023	290	92,294,637	86,904,560	65,774,200	261,074,341	1,825	528,634,529
2022	231	87,997,215	98,231,858	139,624,753	236,526,067	2,205	562,379,893
2021	213	58,099,034	14,811,040	83,242,161	102,365,778	1,367	290,452,548
2020	386	81,895,044	18,000,720	71,070,962	163,110,385	1,970	366,671,424
2019	385	81,974,389	63,607,137	57,700,467	251,107,159	2,270	483,458,201
2018	428	99,701,249	184,059,564	35,024,302	235,028,786	2,305	587,794,238
2017	539	120,537,984	86,666,434	114,540,532	150,064,957	2,665	524,691,279

[1] Building Permits, as of June 30, 2026, were obtained from the City of Rochester, Minnesota website.

Financial Institutions[3]

The following banks/financial institutions serve Olmsted County.

Bank Name	*Bank Name*
Affinity Plus Federal Credit Union	Manufacturers Bank & Trust Company
Alerus Financial, National Association	Merchants Bank, N.A.
Altra Federal Credit Union	Minnesota First Credit and Savings
Associated Bank, N.A.	Minnwest Bank Metro
Coulee Bank	Old National Bank
Eagle Rock Bank	Premier Bank Rochester
F & M Community Bank, N.A.	Sterling State Bank
First Alliance Credit Union	Think Mutual Bank
First Farmers & Merchants State Bank	U.S. Bank National Association
First Security Bank	Wells Fargo Bank
Foresight Bank	West Bank
Mayo Employees Federal Credit Union	Wings Credit Union

Education

The County is primarily served by five independent school districts: ISD No. 531, Byron; ISD No. 533, Dover-Eyota; ISD No. 534, Stewartville; ISD 535, Rochester; and ISD 227, Chatfield.

Major/Leading Employers

Rochester is the third largest city in Minnesota, with a population of about 122,000 and comprising an area of approximately 55 square miles. Following are some of the principal employers in the City of Rochester within the County:

Name	*Product/Service*	*Number of Employees*
Mayo Medical Center	Medical	50,385
Rochester School District 535	Education	2,959
IBM Corporation	Computers	2,791
Olmsted Medical Center	Medical Services	1,432
Olmsted County	County Government	1,426
City of Rochester	City Government	1,312
Benchmark Electronics	Contract Manufacturing	750
Federal Medical Center	Correctional Institution	456
Geotek	Fiberglass Building Materials	354

Source: RAEDI (Rochester Area Economic Development, Inc.) website.

Olmsted County has a diverse economy built around health care, high technology and agriculture. Major employers include the Mayo Medical Center, IBM-Rochester, Olmsted Medical Center and Spectrum. The City of Rochester and Olmsted County are the regional center (metropolitan statistical area) for industry and commerce in southeastern Minnesota and northeastern Iowa.

The world-renowned Mayo Clinic, the largest medical center in the world, is headquartered in Rochester with additional Clinic facilities in Scottsdale, Arizona and Jacksonville, Florida. The Clinic also administers St. Mary's Hospital and Rochester Methodist Hospital, both in Rochester. With a local workforce of over 50,000, it is by far the County's largest employer.

IBM-Rochester is the area's third largest employer. IBM-Rochester is a manufacturing facility and laboratory that produces and develops mid-sized computers, direct access storage equipment, and systems software.

[3] Source: Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration website.

Largest Taxpayers[4]

Following are ten of the largest taxpayers within the County:

Name	*Classification*	*2025/2026 Tax Capacity*	*Percent of Total Tax Capacity ($344,019,612)*[5]
Mayo Properties	Commercial/Residential	$ 18,878,175	5.49%
Knickerbocker Berkman LLC	Commercial	1,938,460	0.56
Minnesota Energy Resources	Utility	1,659,207	0.48
KAH 20 2nd Avenue LLC	Commercial	1,349,312	0.39
Regency Consolidated Residential LLC	Multi-Unit Housing	1,251,582	0.37
Apache Mall LLC	Commercial	966,080	0.28
Legacy Fund I LLC	Commercial	861,460	0.25
Rochester West Campus LLC	Commercial	870,826	0.25
Northland Soroc LLC	Multi-Unit Housing	859,234	0.25
Olmsted Medical Center	Commercial	769,160	0.23
		$ 29,403,496	8.55%

4 As reported by Olmsted County.

5 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.

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The following is a partial summary of these factors:

Property Tax Classifications

Class	Type of Property	Class Rate Schedule 2023/2024	2024/2025	2025/2026
1a	Residential Homestead: First $500,000	1.00%	1.00%	1.00%
	Over $500,000	1.25	1.25	1.25
1c	Commercial seasonal-residential recreational- 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	Agricultural Homestead – House, Garage, One Acre:			
	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	Non-Homestead Rural Vacant Land[1]	1.00	1.00	1.00
3a	Commercial/Industrial and Public Utility			
	First $150,000†	1.50	1.50	1.50
	Over $150,000†	2.00	2.00	2.00
4a	Apartment (4+ units, incl. private for-profit hospitals)	1.25	1.25	1.25
4bb(1)	Residential Non-Homestead (Single Unit)			
	First $500,000	1.00	1.00	1.00
	Over $500,000	1.25	1.25	1.25
4c(1)	Seasonal Residential Recreational/Commercial†			
	(Resort): First $500,000	1.00	1.00	1.00
	Over $500,000	1.25	1.25	1.25
4c(12)	Seasonal Residential Recreational†			
	Non-Commercial (Cabin): First $500,000*	1.00	1.00	1.00
	Over $500,000*	1.25	1.25	1.25
4d	Qualifying Low-Income Rental Housing			
	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.

1 Homestead remainder & non-homestead; includes minor ancillary structures.

OLMSTED COUNTY, MINNESOTA

ECONOMIC AND FINANCIAL INFORMATION[1]

Valuations

	Estimated Market Value 2025/2026	*Net Tax Capacity 2025/2026*
Real Property	$ 30,568,886,200	$ 339,709,872
Personal Property	222,660,100	4,309,740
Less Tax Increment Deduction	- - -	(10,540,768)
Less 200KV Powerlines	- - -	(32,823)
Total Adjusted Valuation	$ 30,791,546,300	$ 333,446,021

Valuation Trends (Real and Personal Property)

Levy Year/ Collection Year	*Economic Market Value*	*Sales Ratio*	*Estimated Market Value*	*Taxable Market Value*	*Tax Capacity Before Tax Increments*	*Tax Capacity After Tax Increments*
2025/2026	$32,857,994,087	93.89%	$30,791,546,300	$29,880,666,278	$344,019,612	$333,446,021
2024/2025	31,405,660,718	91.23	28,630,681,800	27,693,028,617	317,839,390	307,741,364
2023/2024	29,652,231,333	92.57	27,440,376,500	26,823,891,700	310,100,801	300,303,049
2022/2023	28,096,372,472	89.92	25,228,413,100	24,585,631,900	285,925,544	276,330,625
2021/2022	24,937,745,073	87.52	21,792,944,600	21,023,189,700	245,854,272	238,444,754

Breakdown of Valuations

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

Residential Homestead	$ 160,921,766	46.78%
Agricultural	28,667,145	8.34
Commercial & Industrial	90,174,870	26.21
Public Utility	727,809	0.21
Railroad	188,435	0.05
Residential Non-Homestead	58,342,613	16.96
Seasonal/Recreational	687,234	0.20
Personal Property	4,309,740	1.25
Totals:	$ 344,019,612	100.00%

[1] Property valuations, tax rates, and tax levies and collections are provided by Olmsted 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 Rochester, for the past five-assessable/collection years have been as follows:

Levy Year/ Collection Year	*2021/22 Tax Capacity Rates*	*2022/23 Tax Capacity Rates*	*2023/24 Tax Capacity Rates*	*2024/25 Tax Capacity Rates*	*2025/26 Tax Capacity Rates*
Olmsted County	49.008%	44.671%	43.152%	44.422%	44.146%
City of Rochester	49.624	46.406	47.842	51.230	50.570
ISD No. 535, Rochester	20.387	18.104	17.206	18.237	18.347
Totals:	119.019%	109.181%	108.200%	113.889%	113.063%

Market Value Rates:	*2021/2022*	*2022/2023*	*2023/2024*	*2024/2025*	*2025/2026*
ISD No. 535 (Rochester)	0.17744%	0.16756%	0.166740%	0.249148%	0.241251%

Tax Levies and Collections[1]

		Collected During Collection Year		Collected and/or Abated as of 5/18/26	
Levy/Collect	Net Levy	Amount	Percent	Amount	Percent
2025/2026	$141,713,639	In Process of Collection			
2024/2025	131,979,336	$130,839,240	99.14%	$131,405,087	99.56%
2023/2024	125,153,701	124,193,747	99.23	125,024,257	99.90
2022/2023	119,106,706	118,192,068	99.23	119,050,894	99.95
2021/2022	112,549,987	111,843,820	99.37	112,465,957	99.93

[1] 2025/2026 property taxes are currently in the process of collection/reporting and updated figures are not yet available from Olmsted County.

SUMMARY OF DEBT AND DEBT STATISTICS

Statutory Debt Limit[1]

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 October 2, 2026:

2025/2026 Estimated Market Value	$ 30,791,546,300
Multiplied by 3%	x .03
Statutory Debt Limit	$ 923,746,389

Less outstanding debt applicable to debt limit:

G.O. Crossover Refunding Bonds, Series 2016A	$ 5,840,000
G.O. Bonds, Series 2019A	13,190,000
G.O. Bonds, Series 2020A	5,470,000
Taxable G.O. Crossover Refunding Bonds, Series 2021A	1,395,000
Lease Revenue Refunding Bonds, Series 2021A	2,310,000
Taxable G.O. Crossover Refunding Bonds, Series 2022A	24,385,000
G.O. Bonds, Series 2022B	12,535,000
G.O. Bonds, Series 2023A	14,730,000
G.O. Bonds, Series 2024A	16,010,000
G.O. Bonds, Series 2025A	5,830,000
G.O. Bonds, Series 2026A (Portion of This Issue)	3,075,000
Total Debt Applicable to Debt Limit:	104,770,000
Legal debt margin	$ 818,976,389

[1] 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.

OLMSTED COUNTY, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM TAXES
(As of October 2, 2026, Plus a Portion of This Issue)

Purpose:	**G.O. Crossover Refunding Bonds, Series 2016A**	**G.O. Bonds, Series 2019A**	**G.O. Bonds, Series 2020A**	**Taxable G.O. Crossover Refunding Bonds, Series 2021A**	**Taxable G.O. Crossover Refunding Bonds, Series 2022A**	
Dated:	08/01/16	11/12/19	11/17/20	04/07/21	03/03/22	
Original Amount:	$15,550,000	$19,175,000	$8,315,000	$6,880,000	$26,520,000	
Maturity:	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb	
Interest Rates:	1.50-5.00%	2.25-3.00%	1.00-3.00%	0.25-1.05%	2.00-3.00%	
2026	$0	$0	$0	$0	$0	2026
2027	1,515,000	1,035,000	545,000	1,395,000	2,200,000	2027
2028	1,570,000	1,065,000	565,000	0	2,270,000	2028
2029	1,625,000	1,100,000	575,000	0	2,310,000	2029
2030	555,000	1,010,000	585,000	0	2,355,000	2030
2031	575,000	915,000	600,000	0	2,400,000	2031
2032	0	925,000	245,000	0	2,455,000	2032
2033	0	950,000	250,000	0	2,515,000	2033
2034	0	975,000	255,000	0	2,565,000	2034
2035	0	1,000,000	260,000	0	2,625,000	2035
2036	0	800,000	265,000	0	2,690,000	2036
2037	0	820,000	255,000	0	0	2037
2038	0	840,000	260,000	0	0	2038
2039	0	865,000	265,000	0	0	2039
2040	0	890,000	270,000	0	0	2040
2041	0	0	275,000	0	0	2041
2042	0	0	0	0	0	2042
2043	0	0	0	0	0	2043
2044	0	0	0	0	0	2044
2045	0	0	0	0	0	2045
2046	0	0	0	0	0	2046
2047	0	0	0	0	0	2047
	$5,840,000	$13,190,000	$5,470,000	$1,395,000	$24,385,000	
	(1)		(2)	(3) (4)	(5)	

GENERAL OBLIGATION DEBT PAYABLE FROM TAXES CONTINUED

					Portion of This Issue			
Purpose:	**G.O. Bonds, Series 2022B**	**G.O. Bonds, Series 2023A**	**G.O. Bonds, Series 2024A**	**G.O. Bonds, Series 2025A**	**G.O. Bonds, Series 2026A**			
Dated:	03/16/22	10/18/23	10/16/24	10/15/25	10/29/26			
Original Amount:	$15,970,000	$16,860,000	$17,090,000	$5,830,000	$3,075,000			
Maturity:	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb	**TOTAL**	**TOTAL**	
Interest Rates:	2.125-4.000%	4.00-5.00%	3.75-5.00%	4.00-5.00%		**PRINCIPAL:**	**PRIN & INT:**	
2026	$0	$0	$0	$0	$0	$0	$0	2026
2027	1,240,000	1,060,000	1,070,000	290,000	0	10,350,000	13,474,039	2027
2028	1,285,000	1,060,000	1,070,000	385,000	220,000	9,490,000	12,325,654	2028
2029	915,000	1,060,000	1,070,000	405,000	255,000	9,315,000	11,852,728	2029
2030	950,000	820,000	1,060,000	420,000	260,000	8,015,000	10,274,809	2030
2031	985,000	820,000	905,000	445,000	265,000	7,910,000	9,918,033	2031
2032	1,030,000	820,000	905,000	285,000	270,000	6,935,000	8,709,932	2032
2033	1,060,000	820,000	905,000	300,000	115,000	6,915,000	8,475,519	2033
2034	470,000	820,000	900,000	320,000	120,000	6,425,000	7,777,338	2034
2035	480,000	760,000	900,000	335,000	120,000	6,480,000	7,629,553	2035
2036	490,000	760,000	755,000	350,000	120,000	6,230,000	7,185,215	2036
2037	500,000	760,000	755,000	240,000	125,000	3,455,000	4,258,788	2037
2038	510,000	760,000	750,000	245,000	125,000	3,490,000	4,178,360	2038
2039	495,000	760,000	750,000	255,000	125,000	3,515,000	4,085,332	2039
2040	510,000	730,000	750,000	265,000	130,000	3,545,000	3,997,433	2040
2041	525,000	730,000	700,000	280,000	140,000	2,650,000	2,996,463	2041
2042	535,000	730,000	700,000	185,000	140,000	2,290,000	2,545,971	2042
2043	555,000	730,000	700,000	195,000	100,000	2,280,000	2,450,662	2043
2044	0	730,000	700,000	200,000	105,000	1,735,000	1,828,151	2044
2045	0	0	665,000	210,000	110,000	985,000	1,023,554	2045
2046	0	0	0	220,000	115,000	335,000	346,891	2046
2047	0	0	0	0	115,000	115,000	115,000	2047
	$12,535,000	$14,730,000	$16,010,000	$5,830,000	$3,075,000	$102,460,000	$125,449,423	
	(6)	(7)	(8)	(9)	(10)			

NOTE: 70% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAXES WILL BE RETIRED WITHIN TEN YEARS.

(1) These Bonds crossover refunded $10,545,000 of the $14,060,000 General Obligation Taxable Capital Improvement Plan Bonds, Series 2009A (Build America Bonds). Maturities 2018 through 2029, inclusive, were called for redemption on February 1, 2017, at a price of par plus accrued interest. These bonds also crossover refunded $5,535,000 of the $8,645,000 General Obligation Capital Improvement Plan Bonds, Series 2011B, dated June 1, 2011. Maturities 2021 through 2031, inclusive, were called for redemption on February 1, 2020, at a price of par plus accrued interest.

(2) This schedule represents a portion of the $18,655,000 General Obligation Bonds, Series 2020A, dated November 17, 2020, consisting of $10,340,000 backed by net revenues of the County's solid waste management system and $8,315,000 backed by ad valorem taxes.

(3) This schedule represents a portion of the $31,025,000 Taxable General Obligation Crossover Refunding Bonds, Series 2021A, dated April 7, 2021, consisting of $24,145,000 backed by net revenues of the County's solid waste management system and $6,880,000 backed by ad valorem taxes.

(4) These bonds crossover refunded $30,710,000 of the General Obligation Crossover Refunding Bonds, Series 2012A. Maturities 2023 through 2027, inclusive, were called for redemption on February 1, 2022, at a price of par plus accrued interest.

(5) These bonds crossover refunded $25,715,000 of the General Obligation Bonds, Series 2015A. Maturities 2026 through 2036, inclusive, will be called for redemption on February 1, 2025, at a price of par plus accrued interest.

(6) This schedule represents a portion of the $18,905,000 General Obligation Bonds, Series 2022B, dated March 16, 2022, consisting of $2,935,000 backed by net revenues of the County's solid waste management system and $15,970,000 backed by ad valorem taxes.

(7) This schedule represents a portion of the $18,690,000 General Obligation Bonds, Series 2023A, dated October 18, 2023, consisting of $1,830,000 backed by net revenues of the County's solid waste management system and $16,860,000 backed by ad valorem taxes.

(8) This schedule represents a portion of the $19,945,000 General Obligation Bonds, Series 2024A, dated October 16, 2024, consisting of $2,855,000 backed by net revenues of the County's solid waste management system and $17,090,000 backed by ad valorem taxes.

(9) This schedule represents a portion of the $20,210,000 General Obligation Bonds, Series 2025A, dated October 15, 2025, consisting of $14,380,000 backed by net revenues of the County's solid waste management system and $5,830,000 backed by ad valorem taxes.

(10) This schedule represents a portion of the $29,350,000 General Obligation Bonds, Series 2026A, dated October 29, 2026, consisting of $26,275,000 backed by net revenues of the County's solid waste management system and $3,075,000 backed by ad valorem taxes.

OLMSTED COUNTY, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES
(As of October 2, 2026, Plus a Portion of This Issue)

Purpose:	**G.O. Crossover Refunding Bonds, Series 2016A**	**G.O. Bonds, Series 2020A**	**Taxable G.O. Crossover Refunding Bonds, Series 2021A**	**G.O. Bonds, Series 2022B**	**G.O. Bonds, Series 2023A**	
Dated:	08/01/16	11/17/20	04/07/21	03/16/22	10/18/23	
Original Amount:	$10,020,000	$10,340,000	$24,145,000	$2,935,000	$1,830,000	
Maturity:	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb	
Interest Rates:	1.50-5.00%	1.00-3.00%	0.25-1.05%	2.125-4.000%	4.00-5.00%	
2026	$0	$0	$0	$0	$0	2026
2027	995,000	605,000	4,890,000	120,000	150,000	2027
2028	1,035,000	615,000	0	120,000	150,000	2028
2029	1,085,000	625,000	0	125,000	145,000	2029
2030	0	645,000	0	130,000	145,000	2030
2031	0	650,000	0	135,000	145,000	2031
2032	0	410,000	0	145,000	145,000	2032
2033	0	415,000	0	145,000	145,000	2033
2034	0	425,000	0	150,000	145,000	2034
2035	0	435,000	0	155,000	70,000	2035
2036	0	440,000	0	155,000	70,000	2036
2037	0	450,000	0	160,000	70,000	2037
2038	0	460,000	0	165,000	70,000	2038
2039	0	470,000	0	170,000	70,000	2039
2040	0	480,000	0	175,000	0	2040
2041	0	490,000	0	180,000	0	2041
2042	0	0	0	185,000	0	2042
2043	0	0	0	190,000	0	2043
2044	0	0	0	0	0	2044
2045	0	0	0	0	0	2045
2046	0	0	0	0	0	2046
2047	0	0	0	0	0	2047
	$3,115,000	$7,615,000	$4,890,000	$2,605,000	$1,520,000	
	(1) (2)	(1) (3) (4)	(1) (5) (6)	(1) (7)	(1) (8)	

GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES CONTINUED

			Portion of This Issue			
Purpose:	**G.O. Bonds, Series 2024A**	**G.O. Bonds, Series 2025A**	**G.O. Bonds, Series 2026A**			
Dated:	10/16/24	10/15/25	10/29/26			
Original Amount:	$2,855,000	$14,380,000	$26,275,000			
Maturity:	1-Feb	1-Feb	1-Feb	**TOTAL**	**TOTAL**	
Interest Rates:	3.75-5.00%	4.00-5.00%		**PRINCIPAL:**	**PRIN & INT:**	
2026	$0	$0	$0	$0	$0	2026
2027	160,000	275,000	0	7,195,000	9,016,214	2027
2028	160,000	475,000	740,000	3,295,000	5,238,979	2028
2029	160,000	500,000	995,000	3,635,000	5,478,743	2029
2030	155,000	525,000	1,020,000	2,620,000	4,366,884	2030
2031	155,000	550,000	1,050,000	2,685,000	4,347,155	2031
2032	155,000	580,000	1,075,000	2,510,000	4,085,658	2032
2033	155,000	605,000	1,110,000	2,575,000	4,063,417	2033
2034	155,000	635,000	1,140,000	2,650,000	4,047,816	2034
2035	155,000	670,000	1,175,000	2,660,000	3,964,890	2035
2036	150,000	700,000	1,215,000	2,730,000	3,939,297	2036
2037	145,000	740,000	1,255,000	2,820,000	3,932,040	2037
2038	145,000	765,000	1,300,000	2,905,000	3,918,504	2038
2039	145,000	800,000	1,345,000	3,000,000	3,910,203	2039
2040	145,000	830,000	1,400,000	3,030,000	3,833,445	2040
2041	110,000	865,000	1,450,000	3,095,000	3,785,789	2041
2042	110,000	895,000	1,510,000	2,700,000	3,285,582	2042
2043	110,000	935,000	1,565,000	2,800,000	3,278,344	2043
2044	110,000	970,000	1,630,000	2,710,000	3,077,799	2044
2045	110,000	1,010,000	1,695,000	2,815,000	3,068,706	2045
2046	0	1,055,000	1,765,000	2,820,000	2,956,323	2046
2047	0	0	1,840,000	1,840,000	1,878,640	2047
	$2,690,000	$14,380,000	$26,275,000	$63,090,000	$85,474,425	
	(1) (9)	(1) (10)	(1) (11)			

NOTE: 47% OF GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES WILL BE RETIRED WITHIN TEN YEARS.

(1) These bonds are payable primarily from net revenues of the County's solid waste management system. Fees are charged for disposal of solid waste as well as from the sale of steam and electricity. The bonds are additionally secured by ad valorem taxes on all taxable property within the County and without limitation of amount.

(2) These bonds crossover refunded $10,620,000 of the $14,690,000 General Obligation Taxable Resource Recovery Revenue Bonds, Series 2009B (Build America Bonds). Maturities 2018 through 2029, inclusive, were called for redemption on February 1, 2017, at a price of par plus accrued interest.

(3) This schedule represents a portion of the $18,655,000 General Obligation Bonds, Series 2020A, dated November 17, 2020, consisting of $10,340,000 backed by net revenues of the County's solid waste management system and $8,315,000 backed by ad valorem taxes.

(4) These bonds current refunded $2,405,000 of the $4,070,000 General Obligation Resource Recovery Revenue Bonds, Series 2011A. Maturities 2022 through 2031, inclusive, were called for redemption on February 1, 2021, at a price of par plus accrued interest.

(5) This schedule represents a portion of the $31,025,000 Taxable General Obligation Crossover Refunding Bonds, Series 2021A, dated April 7, 2021, consisting of $24,145,000 backed by net revenues of the County's solid waste management system and $6,880,000 backed by ad valorem taxes.

(6) These bonds crossover refunded $30,710,000 of the General Obligation Crossover Refunding Bonds, Series 2012A. Maturities 2023 through 2027, inclusive, were called for redemption on February 1, 2022, at a price of par plus accrued interest.

(7) This schedule represents a portion of the $18,905,000 General Obligation Bonds, Series 2022B, dated March 16, 2022, consisting of $2,935,000 backed by net revenues of the County's solid waste management system and $15,970,000 backed by ad valorem taxes.

(8) This schedule represents a portion of the $18,690,000 General Obligation Bonds, Series 2023A, dated October 18, 2023, consisting of $1,830,000 backed by net revenues of the County's solid waste management system and $16,860,000 backed by ad valorem taxes.

(9) This schedule represents a portion of the $19,945,000 General Obligation Bonds, Series 2024A, dated October 16, 2024, consisting of $2,855,000 backed by net revenues of the County's solid waste management system and $17,090,000 backed by ad valorem taxes.

(10) This schedule represents a portion of the $20,210,000 General Obligation Bonds, Series 2025A, dated October 15, 2025, consisting of $14,380,000 backed by net revenues of the County's solid waste management system and $5,830,000 backed by ad valorem taxes.

(11) This schedule represents a portion of the $29,350,000 General Obligation Bonds, Series 2026A, dated October 29, 2026, consisting of $26,275,000 backed by net revenues of the County's solid waste management system and $3,075,000 backed by ad valorem taxes.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY, MINNESOTA
OLMSTED COUNTY LEASE OBLIGATIONS
(As of October 2, 2026)

Purpose:	**Lease Revenue Refunding Bonds, Series 2021A**			
Dated:	11/23/21			
Original Amount:	$3,865,000			
Maturity:	1-Apr	**TOTAL**	**TOTAL**	
Interest Rates:	2.00-3.00%	**PRINCIPAL:**	**PRIN & INT:**	
2026	$0	$0	$0	2026
2027	320,000	320,000	343,518	2027
2028	320,000	320,000	341,198	2028
2029	325,000	325,000	343,374	2029
2030	330,000	330,000	345,015	2030
2031	335,000	335,000	346,190	2031
2032	340,000	340,000	346,970	2032
2033	340,000	340,000	342,380	2033
	$2,310,000	$2,310,000	$2,408,644	
	(1)			

NOTE: 100% OF HRA SPECIAL OBLIGATION DEBT WILL BE RETIRED WITHIN TEN YEARS.

(1) These bonds are special, limited obligations of the HRA and payable solely from revenues to be received from the County pursuant to a Lease Agreement appropriations) between the County and HRA. The full faith and credit of the County is not pledged for the payment of principal of and interest on the bonds. These bonds current refunded $3,800,000 of the $5,845,000 Lease Revenue Bonds, Series 2013A, dated April 1, 2013. Maturities 2022 thorugh 2033 were called for redemption on November 23, 2021 at a price of par plus accrued interest.

Indirect Debt*

Issuer	2025/2026 Net Tax Capacity Value(1)	2025/2026 Net Tax Capacity Value in County(1)	Percentage Applicable in County	Net Debt	Taxpayers' Share of Debt
City of Byron	$ 11,019,303	$ 11,019,303	100.00%	$ 4,622,000	$ 4,622,000
City of Chatfield	3,223,248	1,274,738	39.55	7,743,860	3,062,697
City of Eyota	2,352,341	2,352,341	100.00	3,821,000	3,821,000
City of Pine Island	5,138,887	1,394,207	27.13	8,703,000	2,361,124
City of Rochester	230,339,838	230,339,838	100.00	62,060,000	62,060,000
City of Stewartville	7,906,045	7,906,045	100.00	1,133,000	1,133,000
ISD 531, Byron	19,731,497	19,420,722	98.42	74,295,000	73,121,139
ISD 227, Chatfield	12,916,429	5,846,512	45.26	23,730,000	10,740,198
ISD 533, Dover-Eyota	10,676,262	10,676,262	100.00	29,100,000	29,100,000
ISD 203, Hayfield	16,356,578	940,850	5.57	15,161,972	844,522
ISD 204, Kasson-Mantorville	18,849,723	307,655	1.63	37,805,000	616,222
ISD 255, Pine Island	14,346,386	6,974,655	48.62	33,940,000	16,501,628
ISD 2899, P.E.M.	19,315,169	2,932,627	15.18	15,600,000	2,368,080
ISD 535, Rochester	271,593,590	269,478,813	99.22	329,320,000	326,751,304
ISD 858, St. Charles	11,578,828	1,409,749	12.18	22,540,000	2,745,372
ISD 534, Stewartville	20,186,719	15,438,839	76.48	28,325,000	21,662,960
ISD 2805, Zumbrota-Mazeppa	16,366,490	19,337	0.12	40,430,000	48,516
					$561,559,762

(Remainder of page intentionally left blank)

* 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 October 2, 2026, unless otherwise noted.

(1) Net tax capacity values are after tax increment adjustments.

General Obligation Debt

Bonds secured by taxes (includes a portion of this issue)	$ 102,460,000
Bonds secured by solid waste revenues (includes a portion of this issue)	63,090,000
Subtotal	$ 165,550,000
Less bonds secured by solid waste revenues	(63,090,000)
Direct General Obligation Debt	102,460,000
Add taxpayers' share of indirect debt	562,559,762
Direct and Indirect Debt	$ 665,019,762

Lease Obligation Debt of the HRA

$3,865,000 Lease Revenue Refunding Bonds, Series 2021A	$ 2,310,000

Facts for Ratio Computations

2025/2026 Economic Market Value (real and personal property)	$32,857,994,087
Population (2026 estimate)	171,783

Debt Ratios Excluding Revenue-Supported Debt

	Direct Debt	*Indirect Debt*	*Direct and Indirect Debt*
To Economic Market Value	0.31%	1.71%	2.02%
Per Capita	$596	$3,275	$3,871

APPENDIX A

Proposed Form of Legal Opinion

FORM OF LEGAL OPINION

Olmsted County, Minnesota
Rochester, Minnesota

[Purchaser]
[City, State]

Re: $[PAR] General Obligation Bonds, Series 2026A
Olmsted County, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Olmsted County, Minnesota (the "County"), of the obligations described above, dated, as originally issued, as of October [__], 2026 (the "Bonds"), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the County in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the County, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from ad valorem taxes heretofore duly levied on all taxable property in the County and revenues of certain facilities financed by the Bonds, but if necessary for payment thereof, additional ad valorem taxes are required by law to be levied on all such property, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code.

4. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, estates, and trusts.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 3 and 4 above are subject to the compliance by the County with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that interest on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

In providing this opinion, we have relied upon representations of the County and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof and which may be retroactive.

Dated this [__]th day of October, 2026.

Very truly yours,

APPENDIX B

Proposed Form of Continuing Disclosure Covenants

<u>Form of Continuing Disclosure Covenants</u>

Excerpt from Resolution

CONTINUING DISCLOSURE. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the County hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The County is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the County fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The County will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the County, the following information at the following times:

(1) on or before twelve (12) months after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2026, the following financial information and operating data in respect of the County (the Disclosure Information):

(A) the audited financial statements of the County for such fiscal year, prepared in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the County, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the County; and

(B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: "ECONOMIC AND FINANCIAL INFORMATION—Valuations," "—Tax Capacity Rates" and "—Tax Levies and Collections," and "SUMMARY OF DEBT AND DEBT STATISTICS;" which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the County shall provide on or before such date unaudited financial statements and, within 10 days after the receipt thereof, the County shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access System (EMMA) or the SEC. The County shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the County have materially changed or been discontinued, such Disclosure Information need no longer be provided if the County includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other County operations in respect of which data is not included in the Disclosure Information and the County determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the County shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(2) In a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a "Material Fact," as hereinafter defined):

(A) principal and interest payment delinquencies;
(B) non-payment related defaults, if material;
(C) unscheduled draws on debt service reserves reflecting financial difficulties;
(D) unscheduled draws on credit enhancements reflecting financial difficulties;
(E) substitution of credit or liquidity providers, or their failure to perform;

(F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(G) modifications to rights of Bond holders, if material;

(H) Bond calls, if material and tender offers;

(I) defeasances;

(J) release, substitution, or sale of property securing repayment of the Bonds if material;

(K) rating changes;

(L) bankruptcy, insolvency, receivership, or similar event of the obligated person;

(M) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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, if material;

(N) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(O) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and

(P) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

As used herein, for those events that must be reported if material, an event is material if a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also material if it would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, 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 of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:

(A) the failure of the County to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
(B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the County under subsection (d)(2);
(C) the termination of the obligations of the County under this section pursuant to subsection (d);
(D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
(E) any change in the fiscal year of the County.

(c) Manner of Disclosure.

(1) The County agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).

(2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

(1) The covenants of the County in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the County under this section shall terminate and be without further effect as of any date on which the County delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the County to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

(2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the County from time to time, without notice to (except as provided in paragraph (c)(2) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the County accompanied by an opinion of Bond Counsel, who may rely on certificates of the County and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the County or the type of operations conducted by the County, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the County agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

APPENDIX C

County's Financial Statements

The following financial statements are from the annual financial report for the year ended December 31, 2025. The complete financial statements for the year 2025 and the prior two years are available for inspection at the Olmsted County Courthouse, on the County's website at https://www.olmstedcounty.gov/government/county-departments/finance/financial-statements, and the office of Northland Securities, Inc.

Olmsted County Finance
151 4TH Street SE
Rochester, MN 55904-3710
507-328-7676
Fax: 507-328-7949

June 11, 2026

To: The Citizens of Olmsted County, Minnesota
The Olmsted County Board of Commissioners
Travis Gransee, County Administrator
Interested Agencies and Institutions

The Finance Department is pleased to present Olmsted County's Annual Comprehensive Financial Report for the year ended December 31, 2025. This report is intended to be used by citizens, elected officials, internal managers, bond rating agencies, financial institutions, governmental agencies, and any others with an interest in Olmsted County's financial affairs.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with county management. To provide a reasonable basis for making these representations, county management has established a comprehensive **internal control framework** that is designed to protect county assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Olmsted County financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal control should not exceed anticipated benefits, Olmsted County's comprehensive internal control framework has been designed to provide a reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

Baker Tilly US, LLP, has issued an **unmodified ("clean") opinion** on the county's financial statements for the year ended December 31, 2025. The auditor report is located at the front of the financial section of this report (page 19).

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a **Management's Discussion and Analysis (MD&A)**. The **letter of transmittal** that you are currently reading is designed to complement the MD&A and should be read in conjunction with it. The county's MD&A can be found immediately following the Independent Auditors' Report.

As the role of county government becomes more complex, citizen involvement becomes more important than ever. One of the purposes of this report is to keep citizens informed about the services performed by the county, the cost of those services, and how they are funded. In order to minimize printing and distribution costs, the Olmsted County Annual Comprehensive Financial Report is available, in its entirety, on the county's website at https://www.olmstedcounty.gov/. Other electronic and printed formats may be made available by contacting the Olmsted County Finance department. For other information, please contact the County Administrator's office, the Finance office, or any of the county's managers. **Contact information** can be found on the county's website and also on page 16 of this report.

Profile of Olmsted County

On February 20, 1855, Olmsted County was created from 660 square miles of land in southeastern Minnesota that had been a part of three surrounding counties. The county was named after David Olmsted, a newspaper publisher and fur trader. In 1863, Doctor William Mayo arrived in Rochester to become the examining surgeon of federal draftees during the Civil War.

A series of strong tornados that swept through the county in August 1883 caused 37 deaths and hundreds of injuries. At the time, there were no hospitals in Rochester, so doctors William Mayo and his two sons, Will and Charlie, took charge of caring for the patients in a dance hall that was transformed into a temporary emergency room. Soon after that, the Sisters of St. Francis banded together to form St. Mary's Hospital, which ultimately led to the creation of the Mayo Clinic.

Since then, the population of Olmsted County has grown to an estimated total of 169,943 citizens. The county ranks seventh in population size among Minnesota's 87 counties. The City of Rochester, the county seat, has an estimated population of 124,220 making it the third largest Minnesota city, after the twin cities of Minneapolis and St. Paul.

The county operates under an elected seven-member board of commissioners, each member representing one of the seven districts of the county. The county attorney and county sheriff are also elected officials. The **Olmsted County Board of Commissioners** are responsible for, among other things, authorizing resolutions, adopting the annual budget, appointing committees, and hiring the county administrator. The **county administrator** is responsible for carrying out the policies and resolutions the board adopts. The administrator oversees day-to-day operations of the county and appoints the heads of the various county departments to manage these operations. Our Olmsted County website provides contact information for the county administrator: https://www.olmstedcounty.gov.

Olmsted County government provides its citizens with a broad spectrum of services and infrastructure based on state laws and community needs. Examples of county services include law enforcement and detention, construction and maintenance of roads and bridges, solid waste management and recycling, public health, social services, emergency management, and library services for rural citizens.

Budgetary Overview

It is estimated that over **70% of the services that Minnesota counties provide are required (mandated)** by state or federal law. In Olmsted County, the process of developing an annual budget starts early in the preceding year. County management and departments first determine the impact of the latest legislative session, which is scheduled to end in May of each year. The decisions made by state lawmakers can determine which services the county will be required to provide, the cost of those mandated services, and how much funding the state and federal governments will contribute to pay for the services. In addition to mandated services, the county provides other services that are important to our citizens. An example of a non-mandated service is the construction and maintenance of county roads.

A **modified version of zero-based budgeting** is used to develop budgets. Departmental managers, Finance, and Administration carefully review all budget line items each year for potential adjustments. More importantly, they ask questions to determine the value of current services, such as:

- Is the service still in line with the county's mission and stated objectives?
- Does the service meet the needs of citizens?
- If the service is continued, should it be performed at a different level?
- Should the service be discontinued?

Some departments work with citizen advisory boards and commissions during this process to gather community input on how to balance too many needs with not enough resources. **During the month of August**, county departments work with the county administrator and discuss budget requests before anything is brought to the Olmsted County Board of Commissioners for review. The board also meets with several outside agencies who request funding from the county.

By mid-September, the board meets with each department to discuss their budgets, and the county administrator recommends to the board a total budget and levy. State law requires that the county **certify the maximum property tax levy for the coming year** by September 30. In November, preliminary property tax statements are mailed to taxpayers showing the amount their taxes would be in the following year if the September 30 budget is adopted.

In early December, a public hearing is held to gather further citizen input. Minnesota Truth-in-Taxation law specifies the date and time of that hearing. At a later date, but prior to the end of the year, the law requires the county board to adopt the final budget and tax levy for the following year.

Olmsted County **budgets are controlled** at the expenditure level within departments, a much more detailed level than is required by state or federal law. Budget to actual comparisons for each governmental fund are reported in the Required Supplementary Information section of this report.

Because the budget is in large amounts, it's often difficult for citizens to compare the cost of Olmsted County services. The table below breaks down the property tax paid by Olmsted County citizens into per person amounts that are easier to compare to other goods and services people buy.

Budgets Per Person - Property Taxes

	Per Person Levy	
	2025	2026
Criminal Justice / Public Safety		
Courts	$ 16	$ 16
Attorney	49	52
Sheriff / Emergency Management	108	113
Adult Detention Center	111	119
Community Corrections	5	4
Highways		
Construction	17	18
Maintenance	25	25
Health, Housing and Human Services		
Public Health	57	57
Olmsted County Housing and Redevelopment Authority (1)	41	44
Family Support and Assistance (Eligibility Screening)	43	47
Protection Social Services (Children)	158	162
Protection Social Services (Adult)	82	82
Land Management	15	23
Elections		4
Graham Park	4	16
Parks	15	16
Debt Service (2)	41	27
Other (3)	23	41
Total (4)	810	866

(1) The Olmsted County Housing and Redevelopment Authority collects taxes from all taxable properties located in Olmsted County except those within the city limits of the City of Stewartville.
(2) The 2025 per person debt service expense amount includes a payment to refund 2015A bonds from proceeds/reserves in escrow.
(3) Other include Libraries, Conservation, History Center, and other Appropriation Agencies, Veteran Services, Coroner, Opioid.
(4) The population used for 2025 and 2026 respectively are: 169,943 and 171,783. The 2025 and 2026 population are based on the Minnesota State Demographer projections. The 2026 per person amount includes the $1.5 million unintended levy error described in the section below.

Property Tax Levy Correction

Subsequent to December 31, 2025, the County identified a clerical error in the property tax levy certification process for taxes payable in 2026. As a result, the levy extended to taxpayers was approximately $1.5 million higher than the intended amount by the County Board. In accordance with guidance from the Minnesota Department of Revenue, the County will offset the error, including applicable interest, through a reduction in the 2027 property tax levy. Management has evaluated the circumstances surrounding the error and is implementing enhanced review procedures to strengthen levy certification controls and improve oversight of the certification process.

Citizen Advisory Boards and Commissions

As mentioned above, **citizen advisory boards and commissions** are asked to participate in developing the annual budget. The boards and commissions are made up of citizens who apply for appointments for a limited number of years. Advisory board and commissions openings are publicly advertised on our county website and social media pages. Citizens who feel they have the experience and skills to make useful contributions to an advisory board are encouraged to apply. The list of advisory boards can be found on the Olmsted County website: https://www.olmstedcounty.gov/government/boards-commissions.

Factors Affecting Olmsted County's Economic Condition and Outlook

The following discussion of the local and state economy, as well as major county initiatives, is intended to add some perspective to the information found in the financial statements.

The Local Economy

The economy of the county, for which the City of Rochester is the county seat, is built around health care, high technology, and agriculture. The three major (non-government) employers for Olmsted County include the **Mayo Clinic**, **IBM-Rochester**, and **Olmsted Medical Center**. These three employers combined employ approximately 54,600 people in a workforce of over 136,000. Due to the presence of the Mayo Clinic, the **hospitality industry** also plays a major role in the health of the local economy. Approximately 6,700 transient lodging rooms serve more than 3.3 million national and international visitors each year.

The housing market in Olmsted County has maintained a healthy increase in value. Between 2020 and 2025, **market values** in the county increased by about 48% (9.63% annually). During this same time, Olmsted County has continued to experience **steady growth in population, jobs, and income.** Between 2020 and 2025, the county's population grew by about 5.0%. The most recent Census data shows Olmsted County's average unemployment rate at 3.1%, compared to 3.8% for the state and 4.3% for the U.S.

The most recent American Community Survey (Census) data estimates Olmsted County's median annual household income (adjusted for inflation) of $95,400 is higher than the state's, $89,100 and the national median of $80,700.

Olmsted County is projected to remain one of Minnesota's fastest-growing counties over the next two decades, while Rochester will be part of one of the fastest-growing metropolitan areas in the state. According to the Olmsted County Planning Department, Olmsted County is projected to reach a population of 207,000 to 209,000 by the year 2050, with Rochester reaching a population of 155,000 to 158,000. This will represent growth in countywide population of approximately 15,700 persons per decade, reflecting about a 29% increase from the estimated 2025 population of 169,943. This growth appears to be very doable considering the anticipated impact of **Destination Medical Center (DMC) economic development initiative and Bold. Forward. Unbound.**

Destination Medical Center (DMC) is the largest economic development initiative in Minnesota and one of the largest currently underway in the United States. It represents a shared vision of making the Rochester area as the world's premier destination center for health and wellness. With more than $5 billion in projected private investments, it is estimated that DMC could generate significant growth to the region by creating more than 30,000 jobs and generating up to $8 billion in new net tax revenue. Additional information about DMC can be found on the DMC website at http://dmc.mn/.

In 2023, Mayo Clinic launched its Bold. Forward. Unbound. Initiative, a transformative investment in Rochester that will expand its clinical, research, and educational infrastructure. This initiative is designed to enhance the patient's experience, elevate the delivery of world-class care, and strengthen Mayo's mission to inspire hope and promote health and well-being.

The plan includes approximately **2.4 million square feet of new facilities**, incorporating advanced technologies to improve healthcare delivery. **Mayo Clinic is investing $5 billion** over the course of this initiative.

Beyond the direct impact on patient care, the initiative is expected to generate substantial benefits for Rochester and the surrounding region, including:

- **Economic Development:** Creation of thousands of new jobs and generating new tax revenue for the state and local governments.
- **Regional Growth:** Attraction of additional visitors and businesses to Rochester, contributing to medical tourism and economic vitality.
- **Community Enhancement:** Improved access to services and recreational, cultural, and entertainment options, contributing to quality of life for residents and visitors alike.
- **Health and Urban Development:** Strengthening Rochester's reputation as America's City for Health, and a model for sustainable and inclusive urban development.

Tax Abatements

The County levies and collects property taxes for all governmental units within its boundaries. Certain municipalities within the County utilize tax increment financing (TIF) under Minnesota Statutes Sections 469.174 through 469.179 to support economic development activities. As disclosed in the notes to the financial statements, the City of Rochester administers Pay-As-You-Go (PAYG) TIF districts that reimburse developers for eligible project costs using a portion of the incremental property taxes generated by new development.

While these agreements reduce property tax revenues otherwise distributable to overlapping jurisdictions during the term of the district, they are structured to stimulate private investment, expand the tax base, and encourage redevelopment in targeted areas. As of December 31, 2025, the City had thirty-seven PAYG TIF districts, with $7,141,408 in tax increment distributed to developers. The County's proportionate share of that amount was $2,213,836.

The County does not directly grant tax abatements; however, because it levies property taxes for all governmental units, its share of incremental revenues associated with municipal TIF districts is disclosed in accordance with GASB Statement No. 77. These districts are established with the objective of generating long-term taxable market value growth that, once the district decertifies, benefits all overlapping jurisdictions through a broader and more sustainable tax base.

County leadership continues to monitor the cumulative fiscal impact of overlapping TIF districts as part of its long-range financial planning and tax base analysis to ensure alignment with long-term fiscal sustainability goals.

Long-Term Financial Planning and Relevant Financial Policies

Olmsted County's solid financial performance and financial health can be attributed, in part, to strong financial management practices rooted in our flexible business principles. The principles provide county leadership the guidance, foresight, and flexibility needed to implement timely and sound financial and operational decisions in response to the everchanging economic and fiscal landscape. The aforementioned principles provide direction about ethics, banking, budgets, financial reporting, assets capitalization and depreciation, debt, investments, purchasing, reserves management, revenue management, enterprise fund operations, and self-insurance.

Some of the activities, under the principles mentioned above, impacting long-term financial planning include, but are not limited to:

- Regular involvement by finance staff of the qualitative judgment of programmatic managers in budget development, monitoring and financial forecasting.
- One-time revenues (uncertain funding streams) are linked to one-time expenditures to avoid building instability into the budget.
- The goal to maintain fund balances between 35% to 50% of operating revenues in our Governmental Funds.
- A Five-Year Capital Improvement Plan for major public improvements is reviewed and updated annually.
- Our self-insurance health plan is modeled out five years for rate setting purposes.
- Extensive use of self-supporting internal service funds to account for overhead costs.

Over the years, Olmsted County has been able to accumulate reserves and strengthen its financial position during periods of economic expansion. This approach has allowed county leadership greater flexibility in balancing the budget during times of economic downturn by using reserves to fill some of the annual budget gaps. As a result, the county has positioned itself favorably to minimize the risk of structural deficits while maintaining credit quality.

In the third quarter of 2025, Moody's Investor Services affirmed Olmsted County's **credit rating of Aaa,** the highest rating possible to attain.

In its report, Moody's Investor Services said, "Olmsted County benefits from a very strong financial position and a growing local economy anchored by Mayo Clinic".

State of Minnesota

The majority of services that counties provide are **mandated (required) by the State of Minnesota.** The state provides partial funding for these services using income and sales tax revenues collected from citizens throughout the state. The remaining costs must be covered by other revenues, primarily property taxes.

For many years, the amount of income and sales tax revenues collected by the state and shared with local governments to provide mandated services has been steadily declining. With fewer dollars from the state, other funding sources (property taxes, for example) must cover a higher percentage of expenses.

One advantage county officials see in the trend of less state funding and more tax-supported services is that property taxes are a more stable source of funding which should make it easier to plan for the future. However, county management continues to ask state legislators to **eliminate all Maintenance of Effort (MOE) rules that require the county to spend as much as the prior year** on a particular program or service, even if that level of spending is deemed unnecessary. The county board believes that county citizens whose property is being taxed should be able to decide what services they need and what level of service is most appropriate.

Major Olmsted County initiatives

Community Safety and Well-being

Ensure safe transportation conditions on all county roads
Significant progress was made in 2025 on the Trunk Highway (TH) 14 and County State Aid Highway (CSAH) 44 interchange project. Construction is scheduled to begin in spring 2026, with completion anticipated in fall 2027. Improving the TH 14/CSAH 44 intersection is essential to addressing long-standing safety concerns, reducing crash rates, and creating a transportation system that can support future regional growth and community well-being.

Provide seamless access to services for all residents regardless of need or background
In 2025, Olmsted County made significant strides toward ensuring digital equity by enhancing the accessibility of its online information and services. In preparation for new federal requirements under the Americans with Disabilities Act (ADA), county teams have been working diligently to align with new standards by April 2026.

Key efforts included mandatory staff training, ongoing improvements to the county website, and work with vendors who do business with Olmsted County. These efforts reflect Olmsted County's commitment to providing seamless, inclusive access to digital services—ensuring all residents, regardless of ability or background, can engage fully with county services and resources.

Environmental Sustainability

Climate, energy, and sustainability success
In 2025, Olmsted County advanced its Climate Action Plan by improving energy efficiency and expanding renewable energy use in county facilities. Projects included LED lighting upgrades, building energy audits, and system updates to support electrification and geothermal technology. Staff were encouraged to adopt everyday energy-saving practices and take advantage of flexible work options to reduce emissions. The county also launched its first "Slow Mow Summer," mowing select areas less frequently to support pollinators and biodiversity, furthering demonstrating its commitment to sustainability and reducing reliance on fossil fuels.

Responsible Growth and Development

Exciting changes underway at Graham Park
Olmsted County broke ground on the new Graham Park exhibition center, a major step toward transforming the site into a year-round venue for events, education, and community connection. The 80,000-square-foot facility will feature flexible event space, a main show ring, and modern amenities to host fairs, festivals, and trade shows, with completion expected in early 2027. The project will more than double Graham Park's annual economic impact and expand access to inclusive community spaces. Preservation work also continued across Graham Park in 2025, including exterior restoration of the former Public Works Highway Shop and facility updates at Graham Arena.

Respond to population changes through informed land use, parks, and trails plans
Olmsted County evolves its approach to land use, parks, and trail planning to meet changing community needs as the community grows. Reflecting this broader focus, in 2025 the former Olmsted County Parks department became Olmsted County Parks and Trails. This name change highlights the department's commitment to not only preserving and enhancing park spaces but also developing trail systems that connect neighborhoods, parks, and communities across the county.

Throughout summer 2025, the Parks and Trails department gathered valuable input through community surveys and open houses, which is helping shape updates to all existing parks master plans. The department is laying the groundwork for an additional comprehensive master plan to guide future investments in parks and trails. These efforts respond directly to resident feedback and support a long-term vision of expanding outdoor access and strengthening community connections.

Community Trust and Engagement

Engage with community and provide opportunities for residents to be heard
We continue to prioritize meaningful engagement with our community by creating spaces where residents feel heard, valued, and involved. A key milestone in 2025 was the launch of the Mental Health Local Advisory Council for Adult & Family Services (AFS), which brings together community voices to guide mental health priorities and improve service delivery. Similarly, Children & Family Services (CFS) offered several engagement opportunities in 2025 to ensure families and youth were active partners in shaping the programs that served them.

Our Youth Tobacco Prevention efforts are another example of community-centered work, empowering young people to lead advocacy and education initiatives that promote healthier futures. The Sheriff's Office has also expanded its outreach in 2025, building trust through open dialogue, community events, and partnerships that reflect a shared commitment to safety and inclusion. These efforts demonstrate our dedication to building strong, lasting relationships with the people we serve.

Other information

Awards and Acknowledgments

Olmsted County is proud to have earned the **Certificate of Achievement for Excellence** in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for 40 consecutive years, for the fiscal years ended December 31, 1985 through 2024. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

We invite you to continue on and read the Annual Comprehensive Financial Report. Olmsted County is a complex operation. This report will give you a good overview of its finances. If you have questions regarding any of the materials presented here, please contact the county administrator's office, the Finance Department, or any of the county management in the List of Principal Officials that follows. We also invite you to visit Olmsted County's web page at https://www.olmstedcounty.gov/.

Finally, we would like to acknowledge the contributions of the many employees of Olmsted County who worked to compile this report.

Respectfully submitted,

Wilfredo Román Cátala, CPA
Chief Financial Officer

Nancy Thomas

Nancy Thomas, CPA
Assistant Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Olmsted County
Minnesota

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

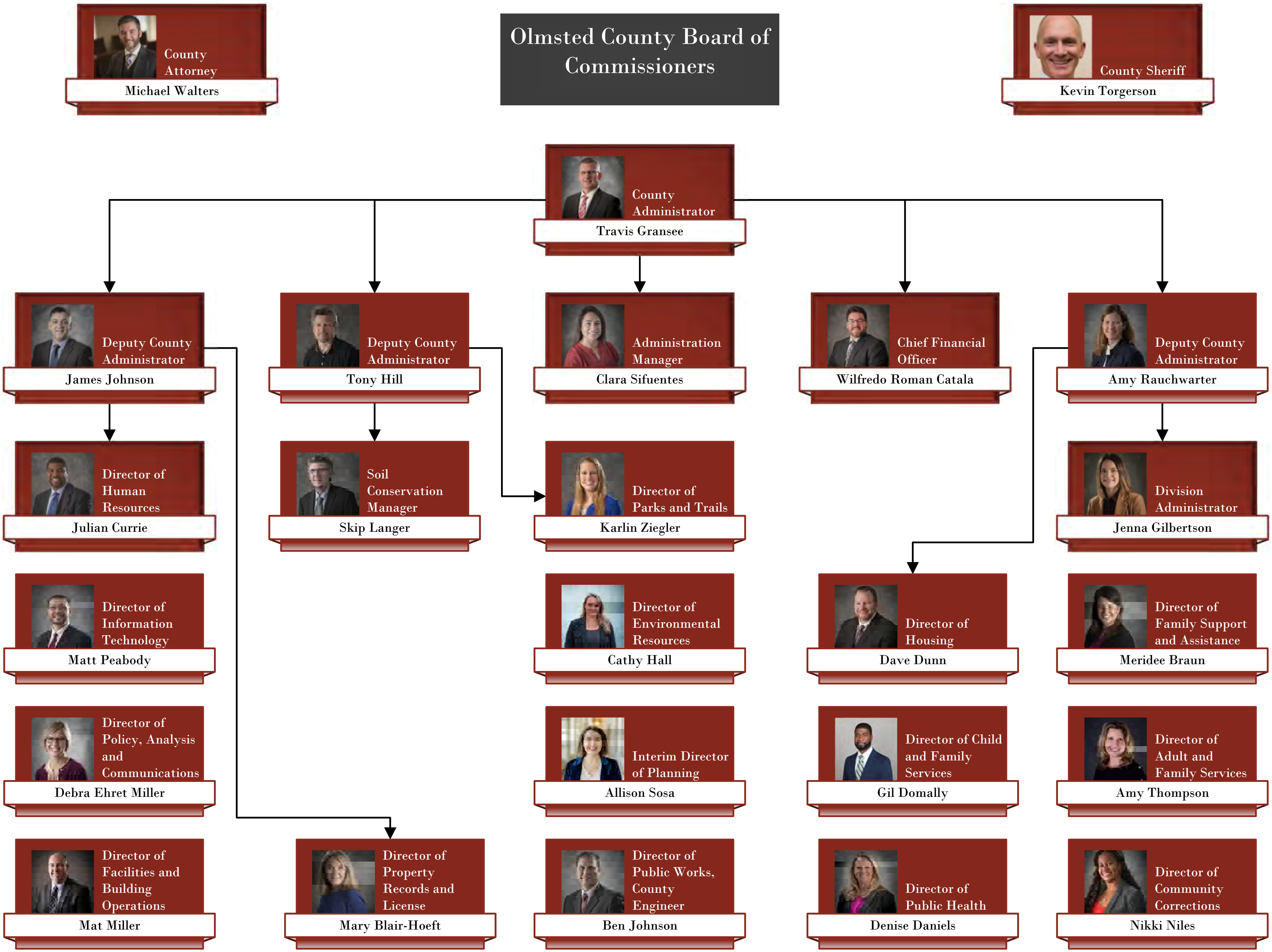
Christopher P. Morrill

Executive Director/CEO

OLMSTED COUNTY
LIST OF PRINCIPAL OFFICIALS
AS OF DECEMBER 31, 2025

OFFICE	NAME	TERM	TELEPHONE	E-MAIL
Commissioners:				
1st District	Laurel Podulke-Smith	January 2028	(507) 328-6123	laurel.podulke-smith@olmstedcounty.gov
2nd District	David Senjem (2)	January 2027	(507) 319-7627	david.senjem@olmstedcounty.gov
3rd District	Gregg Wright	January 2028	(507) 328-6001	gregory.wright@olmstedcounty.gov
4th District	Brian Mueller	January 2027	(507) 328-6125	brian.mueller@olmstedcounty.gov
5th District	Michelle Rossman	January 2027	(507) 328-6136	michelle.rossman@olmstedcounty.gov
6th District	Bob Hopkins	January 2027	(507) 328-6922	robert.hopkins@olmstedcounty.gov
7th District	Mark Thein (1)	January 2028	(507) 696-7188	mark.thein@olmstedcounty.gov
Officers:				
Elected:				
Attorney	Michael Walters	January 2027	(507) 328-7806	michael.walters@olmstedcounty.gov
Sheriff	Kevin Torgerson	January 2027	(507) 328-6745	kevin.torgerson@olmstedcounty.gov
Appointed:				
Administrator	Travis Gransee	Indefinite	(507) 328-7201	travis.gransee@olmstedcounty.gov
ResourcesDeputy Administrator: Health, Housing, & Human Services Admin & Veteran Services	Amy Rauchwarter	Indefinite	(507) 328-6351	amy.rauchwarter@olmstedcounty.gov
Division Administrator: Administration	James Johnson	Indefinite	(507) 328-7239	james.johnson@olmstedcounty.gov
Division Administrator: Public Works	Tony Hill	Indefinite	(507) 328-7008	tony.hill@olmstedcounty.gov
Director of Public Works and County Engineer	Benjamin Johnson	Indefinite	(507) 328-7054	benjamin.johnson@olmstedcounty.gov
Director of Parks	Karlin Ziegler	Indefinite	(507) 328-7086	karlin.ziegler@olmstedcounty.gov
Director of Environmental Resources	Cathleen Hall	Indefinite	(507) 328-7574	cathleen.hall@olmstedcounty.gov
Director of Property Records and Licensing	Mary Blair-Hoeft	Indefinite	(507) 328-7646	mary.blairhoeft@olmstedcounty.gov
Director of Facilities and Building Operations	Mathew Miller	Indefinite	(507) 328-6722	mat.miller@olmstedcounty.gov
Director of Planning and Housing	Dave Dunn	Indefinite	(507) 328-7143	david.dunn@olmstedcounty.gov
Director of Family Support and Assistance	Meridee Braun	Indefinite	(507) 328-6513	meridee.braun@olmstedcounty.gov
Director of Adult and Family Services	Amy Thompson	Indefinite	(507) 328-6352	amy.thompson@olmstedcounty.gov
Director of Child and Family Services	Gil Domally	Indefinite	(507) 328-6639	gilbert.domally@olmstedcounty.gov
Director of Community Corrections	Nikki Niles	Indefinite	(507) 328-7245	nikki.niles@olmstedcounty.gov
Director of Public Health	Denise Daniels	Indefinite	(507) 328-7468	denise.daniels@olmstedcounty.gov
Director of Policy, Analysis and Communication	Debra Ehret Miller	Indefinite	(507)-328-6007	debra.ehretmiller@olmstedcounty.gov
Director of Information Technology	Matthew Peabody	Indefinite	(507) 328-7779	matt.peabody@olmstedcounty.gov
Director of Human Resources	Julian Currie	Indefinite	(507) 328-6015	julian.currie@olmstedcounty.gov
Chief Financial Officer	Wilfredo Roman-Catala	Indefinite	(507) 328-7499	wilfredo.romancatala@olmstedcounty.gov
Soil Conservation Manager	Skip Langer	Indefinite	(507) 328-7140	skip.langer@olmstedcounty.gov

(1) Chair of Board of Commissioners for 2025 — Mark Thein (1)
(2) Chair of Board of Commissioners for 2026 — David Senjem (2)


Olmsted County Board of Commissioners
County Attorney
Michael Walters
County Sheriff
Kevin Torgerson
County Administrator
Travis Gransee
Deputy County Administrator
James Johnson
Deputy County Administrator
Tony Hill
Administration Manager
Clara Sifuentes
Chief Financial Officer
Wilfredo Roman Catala
Deputy County Administrator
Amy Rauchwarter
Director of Human Resources
Julian Currie
Soil Conservation Manager
Skip Langer
Director of Parks and Trails
Karlin Ziegler
Division Administrator
Jenna Gilbertson
Director of Information Technology
Matt Peabody
Director of Environmental Resources
Cathy Hall
Director of Housing
Dave Dunn
Director of Family Support and Assistance
Meridee Braun
Director of Policy, Analysis and Communications
Debra Ehret Miller
Interim Director of Planning
Allison Sosa
Director of Child and Family Services
Gil Domally
Director of Adult and Family Services
Amy Thompson
Director of Facilities and Building Operations
Mat Miller
Director of Property Records and License
Mary Blair-Hoeft
Director of Public Works, County Engineer
Ben Johnson
Director of Public Health
Denise Daniels
Director of Community Corrections
Nikki Niles

SECTION II
FINANCIAL SECTION

Independent Auditors' Report
Management's Discussion and Analysis
Basic Financial Statements
- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

Required Supplementary Information
- Budgetary Comparison Schedules
- Schedule of Changes in Total OPEB Liability and Related Ratios
- Schedule of Proportionate Shares of Net Pension Liability and Schedule of Contributions
- Notes to the Required Supplementary Information

Supplementary Information
- Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
- Detail Fund Schedules
- Capital Assets Used in the Operation of Governmental Funds
- Schedule of Deposits and Investments
- Tax Capacity, Tax Rates, Levies, and Percentage of Collections
- Schedule of Intergovernmental Revenue
- Schedule of Expenditures of Federal Awards
- Notes to the Schedule of Expenditures of Federal Awards

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Independent Auditors' Report

To the Board of County Commissioners of
Olmsted County

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Olmsted County (the County), as of and for the year ended December 31, 2025, 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 discretely presented component unit, each major fund and the aggregate remaining fund information of the County as of December 31, 2025 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 Olmsted County Housing and Redevelopment Authority, a major enterprise fund, which represents 24%, 26% and 43%, respectively, of the assets, net position, and revenues of the business-type activities; or the Trailside Apartments Limited Partnership, the discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Olmsted County Housing and Redevelopment Authority and Trailside Apartments Limited Partnership are 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards).* Our responsibilities under those standards are further described in the Auditors' 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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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.

- 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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors 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 the County's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections included in the annual comprehensive financial report but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2026 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Eau Claire, Wisconsin
June 11, 2026

Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) provides an overview and analysis of the financial activities of Olmsted County for the fiscal year ended December 31, 2025. Please consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 6-14 of this report.

Financial Highlights

At December 31, 2025, the county's government-wide assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $525.4 million (net position). Deferred outflows and inflows are defined on page 65 of this report in the notes to the financial statements.

Net position consists of:

- $320.7 million, or 61% of total net position represents the county's net investment in capital assets.
- $41.8 million, or 8% of total net position is restricted by specific statutory requirements or external commitments.
- $162.9 million, or 31% of total net position is unrestricted and may be used to meet the county's obligations to citizens and creditors.

The county's total government-wide net position increased $53.4 million during the year. Governmental activities net position increased $46.1 million during the year and business-type activities increased $7.3 million during the year.

Olmsted County's capital assets increased $17.7 million (4%) in 2025. The primary reason for the increase in capital assets is a $17.5 million increase in construction in progress, a $6.1 million increase in infrastructure, a $2.9 million increase in infrastructure land, offset by a $3.6 million decrease in buildings, a $3.1 million decrease in equipment, a $1.2 million decrease in intangible right-to-use subscription software, and a $1.1 million decrease in software.

Olmsted County's total debt outstanding decreased $22.0 million (11%) in 2025. The primary reason for the decrease in outstanding debt is due to bond payments of $40.8 million (including a $25.7 crossover refunding payment) offset by the issuance of bonds of $20.2 million and subscription payments of $1.9 million offset by $1.0 million increase in subscription payable.

At December 31, 2025, the county's governmental funds combined assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $150.5 million (fund balance).

Governmental fund balance consists of:

- $3.2 million, or 2% of total government fund balance is nonspendable.
- $30.0 million, or 20% of total governmental fund balance is restricted for specific purposes.
- $117.3 million, or 78% of total governmental fund balance is available for spending at the county's discretion (assigned and unassigned fund balance).

The governmental funds fund balance decreased $12.6 million. The Infrastructure Fund, Health and Human Service Fund, and Opioid Settlement Fund, fund balance increased $9.1 million, $2.2 million, $114 thousand, respectively, offset by the General Fund, Debt Service Fund, and Capital Projects Fund, fund balance decrease of $3.8 million, $18.6 million, and $1.6 million, respectively.

Olmsted County was allocated $8.1 million in Opioid Settlement Funds and has received $2.7 million of that amount from the National Opioid Settlement Fund in total, $426 thousand in 2025. These funds will be used for forward-looking strategies, programming, and services to abate the opioid epidemic.

Overview of the Financial Statements

The management's discussion and analysis is intended to serve as an introduction to Olmsted County's basic financial statements, which include three components: 1) government-wide statements, 2) fund financial statements, 3) notes to the financial statements. This financial report also contains supplementary information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the county's finances, in a manner similar to private-sector business. These statements can be found on pages 45 and 46 of this report.

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

The **Statement of Activities** takes all the current year's revenues and expenses into account regardless of when the cash is received or paid. This means some of the revenues and expenses reported in this statement will result in cash flows in a future year.

Both government-wide statements make distinction between *types of activities*:

- *Governmental activities* are principally supported by property taxes and intergovernmental revenue. Most of the county's basic services are included here such as general government, public safety, conservation of natural resources, economic development, highways and streets, health, human services, and cultural and recreation.

- *Business-Type activities* are supported to a large extent by user fees and charges. Waste management services, an Olmsted County Housing and Redevelopment Authority (HRA) blended component unit, and a sewer collection and treatment system are the three *business-type activities* the county operates.

- *Discretely presented component unit* is a separate legal entity. The entity, Trailside Apartments LP, is presented in a separate column. Although legally separate, this component unit is important because the County is financially accountable for it. Further financial information for this component unit is available in a separately issued and audited financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information than the government-wide statements. Using separate funds is a way to maintain control over resources that have been segregated for specific activities or objectives. Olmsted County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The county's funds fall into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions or programs reported as *governmental activities* in the government-wide financial statements. However, the governmental fund financial statements differ from the government-wide statements.

The fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Therefore, the *timing of cash flows* is taken into account when determining the amount of revenues and expenditures in the governmental fund financial statements, while it is disregarded in the government-wide statements where all *earned* revenues and all *incurred* expenses are recorded. This modified-accrual approach in the fund statements may be useful in evaluating a government's near-term financing requirements. The basic governmental funds financial statements are on pages 47 and 49 of this report.

By comparing the two types of statements, government-wide vs. governmental funds, readers may better understand the long-term impact of the government's short-term financing decisions. To aid in this comparison, a reconciliation of the fund statements to the government-wide statements is provided for both the balance sheet, on page 48, and the statement of revenues, expenditures, and changes in fund balance, on page 50. Olmsted County has six governmental funds which are all considered to be major funds: General, Infrastructure, Health and Human Services, Opioid Settlement, Debt Service, and Capital Projects.

For each fund, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. There are no other governmental funds.

Proprietary Funds

Proprietary funds are used to account for services for which the county charges customers a fee directly related to the services provided. Olmsted County has two different types of proprietary funds. The basic proprietary funds financial statements are on pages 51-53 of this report.

Enterprise fund statements report the same amounts as the *business-type activities* in the government-wide financial statements. But the fund statements provide more detail and additional information, such as cash flows. These statements provide separate information for the Waste Management and the Olmsted County HRA, which are considered major funds of the county. The Olmsted County HRA is a blended component unit. The Sanitary Sewer Fund is reported as a non-major fund.

Internal service funds are used to report activities that support other county departments and are funded by user charges to those departments. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Additional detail pertaining to the internal service funds can be found in the Supplementary Information section of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the county. Since the resources of those funds are not available to support the county's programs, these funds are not included in the government-wide financial statements. Olmsted has two types of fiduciary funds, a **private-purpose trust fund and custodial funds**. Additional detail pertaining to the custodial funds can be found in the Supplementary Information section of this report. The basic fiduciary funds financial statements are on page 54 and 55 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 57 - 121 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also includes *required supplementary information,* which presents budgetary comparisons to financial results for each of the four governmental funds, the schedule of county's changes in post-employment benefits liability and related ratios, the schedule of the county's proportionate share of the Public Employee Retirement Association (PERA) net pension liability and the schedule of contributions to the PERA pension plan. Required supplementary information and notes to the required supplementary information can be found on pages 123-144 of this report.

Government-Wide Overall Financial Analysis

As shown in the table below, county assets and deferred outflows of resources exceeded its liabilities and deferred inflows by $525.4 million as of December 31, 2025.

Table 1: Olmsted County Net Position

Olmsted County's Net Position as of December 31
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total			Percent
	2024	2025	2024	2025	2024	2025	Change	Change
Other assets	$ 279,791	$ 275,801	$ 61,179	$ 77,739	$ 340,970	$ 353,540	$ 12,570	4%
Capital assets	363,483	384,203	103,445	100,389	466,928	484,592	17,664	4%
Total assets	$ 643,274	$ 660,004	$ 164,624	$ 178,128	$ 807,898	$ 838,132	$ 30,234	4%
Total deferred outflows	$ 23,175	$ 19,859	$ 547	$ 576	$ 23,722	$ 20,435	$ (3,287)	-14%
Other liabilities	$ 20,673	$ 31,437	$ 3,624	$ 2,758	$ 24,297	$ 34,195	$ 9,898	41%
Long-term liabilities	227,099	191,506	56,142	64,100	283,241	255,606	(27,635)	-10%
Total liabilities	$ 247,772	$ 222,943	$ 59,766	$ 66,858	$ 307,538	$ 289,801	$ (17,737)	-6%
Total deferred inflows	$ 49,111	$ 41,296	$ 3,010	$ 2,104	$ 52,121	$ 43,400	$ (8,721)	-17%
Net Position:								
Net investment in capital assets	$ 245,415	$ 264,658	$ 54,005	$ 56,085	$ 299,420	$ 320,743	$ 21,323	7%
Restricted	23,359	31,855	11,034	9,908	34,393	41,763	7,370	21%
Unrestricted	100,792	119,111	37,356	43,749	138,148	162,860	24,712	18%
Total net position	$ 369,566	$ 415,624	$ 102,395	$ 109,742	$ 471,961	$ 525,366	$ 53,405	11%

The largest portion of the county's net position reflects the net investment in capital assets (e.g. land, roads and bridges, buildings, equipment, and software net of any related debt used to acquire those assets that is still outstanding). These capital assets are used to provide services to citizens and are *not available for future spending*.

As shown in the table below, the county's change in net position increased by $53.4 million during the year, an increase of 60% from the previously reported $33.3 million change in net position in 2024.

Table 2: Olmsted County Changes in Net Position

Olmsted County Changes in Net Position as of December 31

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total			Percent
	2024	2025	2024	2025	2024	2025	Change	Change
Revenues								
Program revenues:								
Charges for services	$ 34,007	$ 33,307	$ 32,090	$ 33,512	$ 66,097	$ 66,819	$ 722	1%
Operating grants and contributions	65,693	74,343	10,958	10,928	76,651	85,271	8,620	11%
Capital grants and contributions	2,560	7,508	795	309	3,355	7,817	4,462	133%
General revenues and special item:								
Property taxes	125,094	132,094	4,878	5,124	129,972	137,218	7,246	6%
Sales taxes	17,991	19,003	-	-	17,991	19,003	1,012	6%
Wheelage taxes	1,465	1,490	-	-	1,465	1,490	25	2%
Unrestricted grants	12,969	13,011	-	16	12,969	13,027	58	0%
Investment income	11,131	13,498	1,806	2,013	12,937	15,511	2,574	20%
Other	327	182	118	-	445	182	(263)	-59%
Total revenues	**$ 271,237**	**$ 294,436**	**$ 50,645**	**$ 51,902**	**$ 321,882**	**$ 346,338**	**$ 24,456**	**8%**
Expenses								
General government	$ 15,688	$ 15,150	$ -	$ -	$ 15,688	$ 15,150	$ (538)	-3%
Public safety	70,802	70,274	-	-	70,802	70,274	(528)	-1%
Conservation of natural resources	1,818	1,972	-	-	1,818	1,972	154	8%
Highways and streets	31,715	30,208	-	-	31,715	30,208	(1,507)	-5%
Health	15,555	16,165	-	-	15,555	16,165	610	4%
Human services	100,862	102,717	-	-	100,862	102,717	1,855	2%
Culture and recreation	8,267	8,268	-	-	8,267	8,268	1	0%
Interest on long-term debt	3,484	2,903	-	-	3,484	2,903	(581)	-17%
Waste management	-	-	23,627	24,530	23,627	24,530	903	4%
Sanitary sewer	-	-	220	129	220	129	(91)	-41%
HRA	-	-	16,550	20,522	16,550	20,522	3,972	24%
Other	80	95	-	-	80	95	15	19%
Total expenses	**$ 248,271**	**$ 247,752**	**$ 40,397**	**$ 45,181**	**$ 288,668**	**$ 292,933**	**$ 4,265**	**1%**
Excess (deficiency) of revenues over expenses	$ 22,966	$ 46,684	$ 10,248	$ 6,721	$ 33,214	$ 53,405	$ 20,191	61%
Transfers	(5,793)	(626)	5,793	626	-	-	-	-
Extraordinary gain caused by storm damage	-	-	113	-	113	-	(113)	-100%
Change in net position	**$ 17,173**	**$ 46,058**	**$ 16,154**	**$ 7,347**	**$ 33,327**	**$ 53,405**	**20,078**	**60%**
Net position - beginning, as previously reported	$ 353,097	$ 369,566	$ 86,241	$ 102,395	$ 439,338	$ 471,961	$ 32,623	7%
Change in accounting principle	$ (704)	$ -	$ -	$ -	$ (704)	$ -	$ 704	-100%
Net position - beginning, as restated	$ 352,393	$ 369,566	$ 86,241	$ 102,395	$ 438,634	$ 471,961	$ 33,327	8%
Net position - ending	$ 369,566	$ 415,624	$ 102,395	$ 109,742	$ 471,961	$ 525,366	$ 53,405	11%

Governmental Activities

Governmental activities net position increased by $46.1 million (12%) during the year.

Program revenues are $115.2 million and general revenues are $179.3 million for total revenues of $294.5 million. Program expenses total $247.8 million. Net transfers with business-type activities are ($626) thousand. This results in a $46.1 million increase in net position.

Charges for services decreased by $700 thousand (2%) in 2025. The overall decrease was primarily driven by lower transportation-related design work performed for the Minnesota Department of Transportation (MnDOT) and lower opioid settlement activity reported within Health programs. These decreases were partially offset by growth in Human Services treatment-related revenues.

Key changes include:

- **Highway and streets** charges for services decreased by $531 thousand primarily because 2024 included a higher level of reimbursable design work performed for the Minnesota Department of Transportation (MnDOT). This decrease was partially offset by increased work performed for other government and individuals.

- **Health** charges for services decreased by $742 thousand primarily due to lower opioid settlement-related activity recognized in government-wide revenues during 2025.

- **Human Services** charges for services increased by $438 thousand primarily due to higher assertive community treatment revenue resulting from increased enrollment and utilization of services.

- Other programs experienced smaller increases and decreases that collectively offset one another.

Operating grants and contributions increased by $8.7 million (13%) in 2025, primarily due to additional state and federal funding supporting transportation infrastructure, behavioral health initiatives, and human services programs.

Key changes include:

- **Highway and streets** projects increased operating grants revenue by $4.3 million, largely due to additional state funding for County State Aid Highway (CSAH) construction and maintenance activities and State Truck Highway bonding and Local Road Improvement Program revenue for construction and design work related to the (CSAH) 44/TH 14 project.

- **Human service** programs increased operating grants by $3.2 million, primarily from additional funding for adult mental health services, increased Social Service Time Study (SSTS) MnCHOICES reimbursements, and higher Child Welfare Case Management (CWTCM) associated with increased service demand.

- **General government** activities increased operating grants by $601 thousand, primarily due to pollution control grant funding received for the Penz property cleanup project.

- Other smaller program increases and decreases accounted for the remaining change.

Capital grants and contributions increased by $4.9 million (193%) compared to 2024, primarily due to higher grant activity related to major county infrastructure and recreation projects.

Key changes include:

- **Culture and recreation** capital grants increased by $3.9 million, largely related to funding received for the Exhibition Center and for the Oxbow campground relocation.

- **Highway and streets** project capital grants increased by $1.1 million. This is primarily due to additional grant revenue received for the CSAH 44/TH 14 project, partially offset by lower grant activity for other bridge projects.

- Other smaller grant fluctuations across multiple projects accounted for the remaining change.

The **property tax** collections increased by $7.0 million (6%) which is at par with the tax levy increase of 5.6%.

Sales tax collections increased by $1.0 million (6%). Sales tax revenues are influenced by local consumer spending trends and continued stable economic activity during the year.

Wheelage tax increased by $25 thousand (2%).

Unrestricted state aids and grants increased by $41 thousand (0%) primarily due to a $1.7 million increase in Non-SEFA Inflation Reduction Act Renewable Tax Credit, offset by a $1.8 million decrease in PERA aid due to the State of Minnesota one-time contributions to the general employee retirement plan and general employee police and fire plan in 2024.

Investment income increased by $2.4 million (21%) primarily due an increase in interest rates and an increase in the fair value of investments resulting in an unrealized gain.

General government expenses decreased by $538 thousand (3%) in 2025. The decrease was primarily due to the reclassification of Geographic Information Systems (GIS) activities to the highway and streets function, partially offset by higher allocated support service costs. General government activities include property, records, licensing, planning, and other.

Significant changes from 2024 to 2025 included:

- (GIS) activity totaling approximately $1.0 million were moved from the general government function to the highway and streets function to better align with operational responsibilities.

- Allocated countywide support service costs increased by $714 thousand due to operating losses within internal service funds during 2025 compared to operating income in 2024.

- Various other smaller increases and decreases accounted for the remaining change.

Public safety expenses decreased by $528 thousand (1%) in 2025. The decrease was primarily driven by lower pension expenses, partially offset by higher personnel, facilities, technology, and detainee medical costs. Public Safety activities include law enforcement, adult detention center, community corrections, county attorney, coroner, district courts, and law library.

Significant changes from 2024 to 2025 included:

- Pension expense decreased by $4.8 million due to changes in actuarial assumptions, investment performance, interest rates, and other pension-related factors. This decrease was primarily accounting driven and did not reflect reductions in staffing or service levels.

- Personnel costs increased by $1.6 million primarily due to cost-of-living and performance-based wage adjustments.

- Depreciation expense increased by $2.0 million following completion of the Regional Public Safety Training Center and investments in body camera equipment and subscription software.

- Detainee medical and prescription costs increased by $532 thousand due to the continued increase in health care costs.

- Allocated countywide support service costs increased by $1.7 million due to operating losses within internal service funds during 2025 compared to operating income in 2024.

- Various other smaller increases and decreases accounted for the remaining change.

Conservation of natural resources expenses increased by $154 thousand (8%). Conservation of natural resources activities include soil and water conservation and extension services. Personnel costs increased by $205 thousand due to an increase of 1 full-time equivalent (FTE) and annual cost-of-living and performance-based wage adjustments. Various other smaller increases and decreases accounted for the remaining change.

Highways and streets expenses decreased by $1.5 million (5%) in 2025. The decrease is primarily related to lower road preservation and construction activity compared to 2024, partially offset by higher contracted services and depreciation expense. Highway and streets activities include surveying, maintenance, construction, and equipment maintenance and shops.

Significant changes from 2024 to 2025 included:

- Road Preservation costs decreased by $1.8 million due to fewer and smaller projects in 2025.

- Costs associated with the City of Rochester roundabout project decreased by $1.4 million following the completion of the project in 2024.

- Non-capital maintenance activity decreased by $1.1 million compared to the prior year.

- Contracted services increased by $1.4 million primarily related to the County State Aid Highway (CSAH) 4 and 44 projects.

- GIS activity totaling approximately $1.0 million were reclassified from the general government function to the highway and streets function to better align with operational responsibilities.

- Depreciation expense increased by $687 thousand due to the addition of capital assets, including the Public Works Service Center.

- Various other smaller increases and decreases accounted for the remaining change.

Health expenses increased by $610 thousand (4%) in 2025. The increase is primarily related to higher personnel costs and allocated support services costs, partially offset by lower pension expenses. Health activities include general public health, emergency preparedness, disease prevention, health promotion, and environmental.

Significant changes from 2024 to 2025 included:

- Personnel costs increased by $460 thousand primarily due to an increase of 1 full-time equivalent (FTE) and cost-of-living and performance-based wage adjustments.

- Pension expense decreased by $359 thousand due to changes in actuarial assumptions, investment performance, interest rates, and other pension-related factors. This decrease was primarily accounting driven and did not reflect reductions in staffing or service levels.

- Allocated countywide support service costs increased by $398 thousand due to operating losses within internal service funds during 2025 compared to operating income in 2024.

- Various other smaller increases and decreases accounted for the remaining change.

Human services expenses increased by $1.9 million (2%) in 2025. The increase was primarily driven by higher personnel costs, payments for clients, and allocated support services costs, partially offset by lower allocated indirect support services costs, Housing Community project costs, and pension expenses. Human services program activities include income maintenance, social services, support services, and veterans' services.

Significant changes from 2024 to 2025 included:

- Personnel costs increased by $3.3 million primarily due to adding 10 full-time equivalents (FTE's) and cost-of-living and performance-based wage adjustments.

- Pension expense decreased by $1.9 million due to changes in actuarial assumptions, investment performance, interest rates, and other pension-related factors. This decrease was primarily accounting driven and did not reflect reductions in staffing or service levels.

- Pension expense decreased by $669 thousand because the State of Minnesota made a one-time contribution to the Public Employee Retirement Association (PERA) on behalf of PERA member entities in 2024.

- Payments for client costs increased by $1.3 million, mainly driven by $1.4 million in higher Adult Mental Health Initiative costs due to increased state funding, partially offset by $1.0 million lower Regional Mobile Crisis costs after the program ending on December 31, 2024.

- Housing Community project costs decreased by $2.5 million due to the project being moved to the general fund.

- Allocated countywide support service costs increased by $1.1 million due to operating losses within internal service funds during 2025 compared to operating income in 2024.

- Internal service fund charges increased by $876 thousand, driven by higher indirect support costs related to the growth of Human Service FTE's in 2025.

- Various other smaller increases and decreases accounted for the remaining change.

Culture and recreation expenses increased by $1 thousand (0%) in 2025. Culture and recreation program activities include parks, historical society, diversity and youth programs, and library.

Other expenses increased by $15 thousand (19%) in 2025.

Interest on long-term debt decreased by $581 thousand (17%) in 2025, primarily due to a decrease in bond debt and subscription payables.

Transfers to business-type activities decreased by $5.2 million (89%) in 2025, primarily due to the prior year transfer for the Growing Affordable Inclusive Neighborhoods (GAIN) program which creates incentives to develop smaller, lower-priced, owner-occupied homes.

Business-Type Activities

Business-Type activities net position increased by $7.3 million (7%) during the year.

Program revenues are $44.7 million and general revenues are $7.2 million for total revenues of $51.9 million. Program expenses total $45.2 million. Net transfers with governmental activities are $626 thousand. This results in a $7.3 million increase in net position.

Charges for services increased by $1.4 million (4%). The HRA recognized a development fee ($1.0 million) from Trailside Apartments, LP (the Partnership) for development services related to the Trailside Apartments project. HRA Program fees increased $500 thousand primarily due to the Housing Opportunities Promoting Education program ($200 thousand) and the Olmsted County Building Authority ($200 thousand). The remaining change is made of various other smaller increases and decreases.

Operating grants and contributions decreased by $30 thousand (0%).

Capital grants and contributions decreased by $486 thousand (61%) due to a decrease in capital grants available for projects in the Olmsted County HRA.

The **property tax** collections for the Olmsted County HRA increased by $246 thousand (5%) which is at par with the tax levy increase of 5.3%.

Unrestricted state aids and grants increased by $16 thousand (100%) due to the Waste Management Fund receipt of Inflation Reduction Act Renewable Tax Credit funds in 2025.

Investment income increased by $207 thousand (11%) primarily due the average cash and investment balance increasing compared to 2024 and increased interest rates.

Other general revenue decreased by $118 thousand (100%).

Waste Management expenses increased by $903 thousand (4%) primarily due to personnel costs increasing $375 thousand as a result of overtime and cost-of-living and performance-based wage adjustments and asbestos abatement costs of $312 thousand on the steam pipes in the tunnels on campus. The remaining change is made of various other smaller increases and decreases.

Sanitary Sewer expenses decreased by $91 thousand (41%).

Olmsted County HRA expenses increased by $4.0 million (24%). The HRA made a $1.2 million contribution to the Trailside Apartments, LP Discretely Presented Component Unit. Housing Choice Voucher and Mainstream program vouchers increased $1.1 million. Both programs saw an increase in the number of units and contribution per unit. There was a $707 thousand loss on the sale of 10 single family homes that were part of the Growing Affordable Inclusive Neighborhoods (GAIN) project. Administrative costs increased $471 thousand due to new properties and programs. The remaining change is made of various other smaller increases and decreases.

Extraordinary Gain decreased by $113 thousand (100%).

Transfers from governmental activities decreased by $5.2 million (89%) primarily due to the prior year transfer for the Growing Affordable Inclusive Neighborhoods (GAIN) program which creates incentives to develop smaller, lower-priced owner-occupied homes.

Financial Analysis of Governmental and Proprietary Funds

Governmental funds. The focus of Olmsted County's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable resources*. This information may be useful in assessing the county's financing requirements. In particular, *assigned and unassigned fund balance* serve as a measure of available net resources.

Table 3: Olmsted County Governmental Funds – Fund Balances

Olmsted County Governmental Funds - Fund Balances
(in thousands of dollars)

	2024	2025	Change
Fund balances:			
Nonspendable	$ 3,534	$ 3,237	$ (297)
Restricted	40,811	30,030	(10,781)
Assigned	31,905	53,443	21,538
Unassigned	86,872	63,806	(23,066)
Total fund balances	$ 163,122	$ 150,516	$ (12,606)
Total operating revenues	$ 262,990	$ 289,076	$ 26,086
Assigned and unassigned fund balance as % of operating revenues	45%	41%	

The county's total fund balance in the governmental funds as of December 31, 2025, is $150.5 million, a decrease of $12.6 million (8%) from the previously reported 2024 fund balance.

Fund balance in the **General Fund** decreased by $3.8 million (3%) during 2025. The decrease was primarily driven by the planned use of fund balance for major capital and infrastructure projects. This planned use was partially offset by stronger than anticipated investment earnings, higher intergovernmental revenues, and personnel cost savings resulting from vacancies and turnover.

Key factors contributing to the change in fund balance included:

- Planned $11.8 million decrease in fund balance for projects including Graham Park Exhibition Center ($8.1 million), Graham Park ($1.1 million), groundwater protection ($990 thousand), and various other smaller projects ($1.6 million).

- Higher than anticipated Adult Detention Center medical services costs in the amount of $478 thousand due to a new medical service contract and pharmacy costs.

- Investment income was more than anticipated by $4.5 million primarily due to an increase in interest rates and an increase in the fair value of investments resulting in an unrealized gain.

- Excess Debt Service Fund, fund balance of $2.0 million that was not restricted for debt service was transferred to the General Fund to be used for other projects, including the Graham Arena Project, in lieu of taxable debt.

- Higher than anticipated intergovernmental revenue of $1.6 million primarily due to Federal Administrative Aid for child support ($291 thousand), Safe Streets and Roads Grant ($275 thousand), PERA Aid ($249 thousand), and State Police Aid ($214 thousand).

- Less personnel costs than anticipated in the amount of $852 thousand primarily due to the following:
    - Facilities and Building operations less than anticipated in the amount of $516 thousand due to retirements, vacancies, and changes in benefit selections.

    - Community Corrections less than anticipated in the amount of $611 thousand due to vacancies and frozen positions.

    - Adult Detention Center less than anticipated in the amount of $359 thousand due to vacancies.

    - Sheriff more than anticipated in the amount of $717 thousand due to being fully staffed during the year with additional overfill positions.

- The remaining net change in fund balance is made of various smaller items.

Fund balance in the **Infrastructure Fund** increased by $9.1 million (332%) during 2025, primarily due to project timing differences and higher-than-expected local sales tax revenue remaining unspent at year-end.

The largest factor was $7.6 million of unused local option sales tax (LOST) revenues. Several planned road and preservation projects were delayed into 2026 or funded from other sources during the year.

Key factors include:

- County State Aid Highway (CSAH) 21 construction costs of $3.7 million being funded with state highway user tax-state aid revenues instead of local sales tax revenues.

- Delays in planned infrastructure projects, including:

    - $1.6 million of preservation projects,

    - $850 thousand related to County Road 147,

    - $200 thousand related to CSAH 1, and

    - $100 thousand related to CSAH 21 and Trunk Highway 63.

- Fund balance was also impacted by the timing of reimbursements for several construction projects. Approximately $523 thousand of state, federal, and local revenues related to the County Road 102 box culvert replacements project, CSAH 4 and County Road 104 improvements, and the county-wide rumble strip project were deferred from 2024 to 2025 because reimbursements were not received until the following year. In addition, $296 thousand of state detour agreement revenues were similarly delayed due to reimbursement timing.

- Operating expenditures were lower then anticipated by approximately $501 thousand, primarily due to lower costs for winter salt usage, fuel, and vehicle and equipment maintenance.

Overall, the increase in fund balance primarily reflects the timing of capital expenditures and related reimbursements that are expected to occur in future periods.

Fund balance in the **Health and Human Services Fund** increased by $2.2 million (17%) during 2025. The increase was primarily driven by lower personnel and program costs, along with the timing of certain grant reimbursements and revenue recognition.

Key factors contributing included:

- Personnel costs were approximately $1.3 million lower than anticipated due to employee turnover, retirements, vacancies, and frozen positions during the year.

- Detox and detox hold program costs were approximately $447 thousand lower than expected due to utilization levels.

- Approximately $867 thousand of Regional Adult Mental Health grant revenue that had been deferred in 2024 was recognized in 2025 after the reimbursement became available.

- Approximately $980 thousand of Federal Administration Aid revenue was deferred at year-end because the reimbursement was not received within the period required for revenue recognition under governmental accounting standards. This revenue is expected to be recognized in 2026.

- The remaining net change in fund balance resulted from various smaller operational revenue and expenditure variances across the fund.

Fund balance in the **Opioid Settlement Fund** increased $114 thousand (6%) during 2025. The net change in fund balance is made of various small items.

Fund balance in the **Debt Service Fund** decreased by $18.6 million (71%) during 2025. The decrease was primarily driven by the planned use of existing bond reserves and the reallocation of excess property taxes previously levied for future capital projects.

Key factors included:

- The County used $17.4 million of 2022A Bond Escrow reserves on February 1, 2025, to make scheduled payments on the 2022 A Crossover Refunding Bonds. This represented a planned use of previously restricted bond proceeds.

- The County transferred Debt Service Fund unrestricted fund balance to the Capital Projects Fund and General Fund. These resources represented property taxes previously levied in advance of future capital projects, for which related projects were delayed within the County's Capital Improvement Plan (CIP) or may no longer move forward in future CIP cycles. Because these resources were no longer needed for debt service purposes, they were reallocated to support other County priorities, including the Graham Arena Project, reducing the potential need for future taxable debt financing.

- Property tax collections for certain existing bond issues were intentionally structured to cover debt payments due on August 1, 2025 and February 1, 2026. Because the related February 1, 2026 payment occurred in the following year, fund balance increased by approximately $1.2 million due to timing differences between revenues and expenditures.

Fund balance in the **Capital Projects Fund** decreased $1.6 million (18%) during 2025. The decrease was mainly caused by the timing of grant reimbursements for ongoing construction and improvement projects. At year-end, the County was waiting to receive approximately $4.7 million of grant reimbursements related to projects such as the Exhibition Center, Oxbow campground, and Lake Zumbro Park. In addition, the fund still had approximately $3.1 million of unspent transfers dedicated to the Exhibition Center project.

At year-end 2025, the governmental funds have a **combined assigned and unassigned fund balance ("available")** of $117.2 million. This is 41% of the $289.1 million revenues in those funds, which is 4% lower than 2024. This balance provides a means to pay for the county's operations until the first half of the following year's tax levy is collected in May. It is also used to prevent a large increase in property taxes from one year to the next in the event of disasters and unforeseen funding changes by the state and federal governments.

The Office of the Minnesota State Auditor recommends local governments that rely significantly on property taxes maintain an unrestricted fund balance in the General Fund and special revenue funds of 35 to 50 percent of operating revenue. It is Olmsted County practice to maintain a combined governmental funds unrestricted fund balance around 42.5% of operating revenues.

Olmsted County has maintained a bond rating of Aaa from national rating agency, Moody's. In the third quarter of 2025, Moody's Investor Services affirmed the Aaa credit rating citing the county's very strong financial position, growing local economy, strong institutional structure, and an established history of prudent budget management.

Proprietary funds. The proprietary funds' statements provide more detail of the business-type activities reported in the government-wide statements, as well as the internal service funds. The activities of internal service funds predominantly benefit governmental funds. Therefore, internal service funds are included within *governmental activities* in the government-wide financial statements.

Table 4: Olmsted County Proprietary Fund – Net Position

Olmsted County Proprietary Funds - Net Position
(in thousands of dollars)

	Enterprise Funds			Internal Service Funds		
	2024	2025	Change	2024	2025	Change
Net position:						
Net Investment in Capital Assets	$ 54,005	$ 56,085	$ 2,080	$ 23,781	$ 22,080	$ (1,701)
Restricted	11,034	9,908	(1,126)	4,047	4,417	370
Unrestricted	37,356	43,749	6,393	27,471	30,073	2,602
Total net position	$ 102,395	$ 109,742	$ 7,347	$ 55,299	$ 56,570	$ 1,271

Enterprise fund total net position increased by $7.3 million (7%) during 2025.

The **Waste Management Fund** net position increased by $5.8 million (8%) during 2025, exceeding the planned increase of $2.0 million. The stronger than expected results were primarily driven by lower operating costs, higher investment earnings, and increased service fee revenue.

Key factors contributing to the increase included:

- Supply costs were approximately $993 thousand less than planned primarily because fuel costs were lower than anticipated and certain turbine and boiler spare parts purchased during the year remained in inventory and had not been used.

- Pension expense was $643 thousand less than planned due to changes in actuarial assumptions, investment performance, and interest rate factors affecting pension calculations.

- Personnel costs were $362 thousand less than planned due to staff vacancies and changes in benefit selections.

- Boiler repair and maintenance costs were $268 thousand lower the anticipated due to fewer major maintenance activities occurring during the year.

- Investment income was more than anticipated by $542 thousand due to higher interest rates and stronger cash and investment balances.

- Charges for services were $457 thousand more than planned primarily due to higher tipping fees, recycling revenue, and electric fee revenue.

The **Olmsted County Housing and Redevelopment Fund (HRA)** net position increased by $1.5 million (6%) during 2025. The increase was primarily driven by $1.2 million of unspent property tax collections and $308 thousand in capital grant funding received for capital asset purchases.

The **Sanitary Sewer Fund** net position remained relatively stable during the year, decreasing slightly by $5 thousand (.4%).

Internal service fund total net position increased by $1.3 million (2%) during 2025.

The **Self-Insurance Fund** net position decreased by $1.8 million (13%) during 2025, primarily due to higher-than-expected healthcare and prescription drug costs within the health insurance program.

Health insurance activity decreased net position by $1.7 million. Although premium charges to participating funds were originally expected to increase net position by approximately $720 thousand, actual results were significantly impacted by higher claim costs, including:

- Healthcare claims that exceeded expectations by approximately $1.5 million, primarily due to one claimant reaching the $1.0 million stop-loss threshold.

- Prescription drug costs that exceeded expectations by approximately $1.3 million, largely driven by continued growth in the use of GLP-1 weight loss medications.

- These increases were partially offset by pharmacy rebates that were approximately $400 thousand higher than anticipated.

Dental insurance activity decreased net position by $185 thousand during 2025, which was slightly better than the planned decrease of $240 thousand. Differences from projected results were primarily due to normal fluctuation in claims activity and other routine operating revenue.

Liability insurance activity increased net position by $348 thousand, which was generally consistent with expectations. Minor differences from projected results were attributable to normal year-to-year claim activity and other operational variances.

Workers' Compensation activity decreased net position by $281 thousand. While changes to participating funds were originally expected to result in approximately no change in net position, actual results were impacted by claims costs that were approximately $294 thousand higher than anticipated.

Despite the decline in net position during the year, the Self-Insurance Fund continues to maintain reserves intended to support future claims obligations and operational stability.

The **Administrative Services Fund** net position increased by $2.4 million (36%) during 2025. The fund was originally planned to increase net position by approximately $274 thousand through charges to other county funds for administrative support services. Actual results exceeded expectations primarily because pension expense was $1.9 million lower than anticipated. The decrease in pension expense was driven by actuarial assumption updates, changes in investment market performance, and interest rate fluctuations affecting the county's pension liabilities. The remaining increase was primarily due to normal operational variances across administrative activities.

The **Building Facilities Fund** net position increased by $668 thousand (2%) during 2025. The fund was originally planned to break even, with charges to other county funds expected to fully recover operating costs. Actual results were favorable largely because utility costs were approximately $483 thousand lower than anticipated following the decommissioning of steam lines and related reductions in energy usage. The remaining increase resulted from routine operational savings and other minor variances from what was plan.

The county maintains two **fiduciary funds**: a private-purpose trust fund and a custodial fund. The funds are used to hold and manage resources on behalf of individuals, organizations, and other governments rather than for county operations.

The **private-purpose trust fund** accounts for representative payee funds, where the county manages funds for individuals requiring financial assistance or oversight. The **custodial fund** accounts for resources collected and distributed on behalf of other parties, including revenues collected for the State of Minnesota, local governments, school districts, towns, cities, and service bureau activities.

At year-end, the private-purpose trust fund reported net position is $267 thousand, and the custodial funds net position is $7.0 million.

General Fund Budgetary Highlights

Original budget compared to final budget

Final amended budget General Fund revenues totaled $98.9 million, an increase of $1.2 million, or 1.2% from the original budget of $97.7 million. The increase was primarily due to additional intergovernmental revenues received during the year, including:

- $277 thousand for the Safe Streets and Roads grant program.
- $249 thousand related to State of Minnesota PERA aid contributions.
- $120 thousand from the Conservation Partner Legacy grant.
- Various other smaller revenue adjustments made throughout the year.

Final amended budget General Fund expenditures totaled $101.7 million, an increase of $4.3 million, or 4.4%, from the original budget of $97.4 million. Significant factors contributing to this increase include:

- $2.2 million increase in public safety expenditures, primarily related to body camera contracts costs ($379 thousand), Adult Detention Center medical and prescription costs for detainees ($350 thousand), attorney costs for child protection matters and commitments ($245 thousand), pension expenses ($232 thousand), Next Generation 911 implementation costs ($157 thousand), and various other smaller operational increases.
- $584 thousand increase in general government expenditures, primarily related to contracted services for the Safe Streets and Roads grant program.
- $870 thousand increase in other expenditures, primarily due to contracted services for the groundwater protection project.
- The remaining budget changes were attributable to routine operational adjustments and other smaller budget amendments made throughout the year.

Final budget compared to actual results

Table 5: Olmsted County General Fund – Final Budget and Actual Amounts

Olmsted County General Fund - Final Budget and Actual Amounts
(in thousands of dollars)

	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	$ 57,226	$ 56,927	$ (299)
Licenses and permits	1,383	1,425	42
Intergovernmental	15,419	16,006	587
Charges for services	16,183	15,763	(420)
Investment income	6,754	11,313	4,559
Other	1,890	1,693	(197)
Total revenues	$ 98,855	$ 103,127	$ 4,272
Expenditures			
General government	$ 13,867	$ 13,046	$ 821
Public safety	75,854	74,113	1,741
Conservation of natural resources	2,071	2,028	43
Culture and recreation	6,600	6,580	20
Other	3,358	2,772	586
Total expenditures	$ 101,750	$ 98,539	$ 3,211

Actual revenues were $103.1 million, which was $4.2 million, or 4.2%, higher than the final amended budget of 98.9 million. The favorable revenue variance was primarily driven by investment earnings and several intergovernmental revenue sources that exceeded budget expectations.

Key revenue variances included:

- Investment income exceeded budget by $4.6 million primarily due to market value adjustments ($3.3 million), interest accruals and amortization activity ($1.2 million) were not included in the budget.

- Intergovernmental revenue exceeded budget by $587 thousand mainly due to federal child support administrative aid ($291 thousand), state police aid ($164 thousand), and payments in lieu of taxes ($182 thousand) being higher than anticipated or not budgeted.

- Charges for services were $420 thousand below budget primarily due to employee turnover, vacancies, and held positions, which resulted in lower contracted services charges to the Dodge Olmsted Community Corrections joint powers board.

- The remaining revenue variance resulted from various smaller increases and decreases across departments and programs.

Actual expenditures were $98.5 million, which was $3.2 million, or 3.1%, lower than the final amended budget of $101.7 million. The favorable expenditure variance was primarily attributable to personnel savings from vacancies and turnover, reduced contributions to joint operations and unused contingency appropriations.

Key expenditure variances included:

- General government expenditures are $821 thousand below budget. The Planning, Code Enforcement expenditures were $628 thousand below budget primarily due to turnover, frozen positions, and employee benefit changes, which reduced personnel costs by approximately $516 thousand.

- Public safety expenditures were $1.7 million below budget:
  - Adult Detention Center expenditures were $412 thousand below budget, primarily due to lower personnel costs related to overtime, shift differential, on-call pay, and employee benefit elections.

  - Community corrections expenditures were $1.2 million below budget primarily due to lower contributions to the Dodge Olmsted Community Corrections joint powers board ($618 thousand) and personnel savings from employee turnover, vacancies, and held positions ($612 thousand).

- Other expenditures were $586 thousand below budget primarily due to unused commissioners' contingency appropriation ($180 thousand) and unused contingency for conduit debt default reserves ($374 thousand).

- The remaining expenditures variance resulted from various smaller favorable and unfavorable variances across departments and functions.

Capital Assets and Debt Administration

Capital Assets

At the end of 2025, the County invested $484.6 million in capital assets, net of depreciation, an increase of $17.7 million, or 4%, from 2024. Capital assets included infrastructure, land, buildings, equipment, software, and construction projects in progress. Infrastructure assets, primarily roads and bridges, continue to represent the County's largest investment.

Table 6: Olmsted County Capital Assets, Net of Depreciation

	Governmental activities		Business-type activities		Total			%
	2024	2025	2024	2025	2024	2025	Change	Change
Land	$ 24,373	$ 24,260	$ 6,326	$ 6,326	$ 30,699	$ 30,586	$ (113)	0%
Infrastructure land	41,712	44,655	-	-	41,712	44,655	2,943	7%
Infrastructure	152,501	158,620	1,475	1,449	153,976	160,069	6,093	4%
Buildings	102,016	98,195	22,912	23,167	124,928	121,362	(3,566)	-3%
Other improvements	5,308	5,745	3,238	3,159	8,546	8,904	358	4%
Equipment	15,605	16,335	67,654	63,825	83,259	80,160	(3,099)	-4%
Intangible right-to-use -							-	
lease equipment	722	555	-	-	722	555	(167)	0%
Software	1,809	761	-	-	1,809	761	(1,048)	-58%
Intangible right-to-use -							-	
subscription software	5,149	4,023	76	0	5,225	4,023	(1,202)	0%
Construction in progress	14,288	31,054	1,764	2,462	16,052	33,516	17,464	109%
Total	$ 363,483	$ 384,203	$ 103,445	$100,388	$ 466,928	$ 484,591	$ 17,663	4%

Governmental activities, accountant for most of the increase, with net capital assets growing by $20.7 million. The increase was driven primarily by continued investment in transportation infrastructure and construction projects underway throughout the County.

Key changes in governmental activities capital assets during 2025 included:

- The Land asset category decreased by $113 thousand due to the sale of a parcel of land on Mayowood Road SW in Rochester, MN.

- Infrastructure Land assets increased by $2.9 million with the acquisition of right-of-way for current and future road projects. The majority of this is for the County State Aid Highway (CSAH) 44/TH 14 Interchange project which makes up $2.1 million of the total.

- The Infrastructure System increased by $6.1 million. Transactions included an increase of $13.0 million for the completion of a road project, with the majority of this ($10.6 million) for the completion of the County State Aid Highway (CSAH) 5/25 road project. Disposals netted to $0 for a fully depreciated road section. Depreciation expense was $6.9 million.

- The Buildings asset category decreased by $3.8 million. Completed projects totaled $2.0 million. Dispositions netted $275 thousand and included buildings 45-Horse Barn, 43-Hog Barn, 25-Cattle Barn, and 43-Hog Barn at Graham Park. Depreciation expense in this category was $5.6 million.

- The Other improvements category realized a net increase of $437 thousand. Additions of $884 thousand included playgrounds at Oxbow and Chester Woods Park, a Graham Arena compressor control, and concrete work at Regional Public Safety Training Center. Depreciation expense was $447 thousand.

- The Equipment category increased by $730 thousand. Equipment additions were $4.1 million and included public safety, court security, parks and motor pool vehicles, survey and grounds maintenance equipment, Highway Maintenance equipment, Graham Park billboard, and Chester Woods security system. Depreciation expense in this category was $3.3 million. Disposals netted to $68 thousand which included mostly fully depreciated vehicles for sheriff's office, public works, and parks and sirens for Graham Park.

- The Software category decreased by $1 million. There were no additions to this category. Depreciation expense in this category was $1 million and asset dispositions netted to $0.00.

- The Construction in Progress category experienced a net increase of $16.7 million. Increases of $32.1 million include road and bridge projects, solar panel work on various building locations, Oxbow Park camper cabins, Lake Zumbro remodel project, Oxbow Park caretaker home replacement and sewer upgrades, and Graham Park Arena geothermal and ventilation upgrades. Decreases were $15.4 million, as projects were finished and put into service.

- The Intangible Right-To-Use Lease-Equipment category decreased by $167 thousand. There were no additions or disposals. Amortization expense totaled $167 thousand.

- The Intangible Right-To-Use Subscription Software category decreased by $1.1 million. Additions were $1.0 million which included Personify Health, Granicus, SIEM/QFrame, and Accela software's. Disposals of $942 thousand included adjustments to existing software subscriptions. Amortization expense net totaled $1.2 million.

For business-type activities, net capital assets decreased by $3.1 million during 2025. The decrease was primarily due to depreciation expense exceeding current-year capital additions.

Major business-type activities capital asset activity included:

- $3.9 million invested in the Waste Management operations, including improvements to the Waste-to-Energy plant cold storage building, communication analyzers, boiler feed pumps, baghouse filter bags, fire pump redundancy, and landfill equipment.

- $1.4 million invested in the Housing and Redevelopment Authority (HRA) for improvements for existing properties.

- Depreciation expense of $7.2 million, which exceeded capital additions and contributions to the overall decline in business-type net capital assets.

For additional details on capital asset activity, refer to Note 4 of this report.

Long-Term Debt

At the end of 2025, Olmsted County had total debt outstanding of $170.6 million, a decrease of $22.0 million (11%) from 2024. The reduction was primarily driven by scheduled principal payments and the payoff of debt through a crossover refunding structure, partially offset by the issuance of new debt during the year.

Most of the County's outstanding debt consists of general obligation bonds, which are backed by the full faith and credit of the County. Some of these bonds are additionally supported by pledged net revenues from specific activities.

Table 7: Olmsted County Outstanding Debt

Olmsted County Outstanding Debt as of December 31
(in thousands of dollars)

	Governmental activities		Business-Type activities		Total			
	2024	2025	2024	2025	2024	2025	Change	% Change
General obligation revenue bonds	$ -	$ -	$ 36,060	$ 43,760	$ 36,060	$ 43,760	$ 7,700	21%
General obligation bonds	137,625	109,330	-	-	137,625	109,330	(28,295)	-21%
Mortgages payable	-	-	467	454	467	454	(13)	-3%
Deferred repayment mortgages	-	-	3,225	3,155	3,225	3,155	(70)	-2%
Deferred forgivable mortgages	-	-	9,329	9,329	9,329	9,329	-	0%
Financed purchase	920	770	-	-	920	770	(150)	-16%
Lease payable	472	238	-	-	472	238	(234)	-50%
Subscription payable	4,527	3,606	-	-	4,526	3,606	(920)	100%
Total	$ 143,544	$ 113,944	$ 49,081	$ 56,698	$ 192,624	$ 170,642	$ (21,982)	-11%

Key debt-related activities during 2025 included:

- Issuance of $20.2 million of new bonds.
- Principal payments of $40.8 million, including $25.7 million related to a crossover refunding payoff.
- Principal payments of $1.9 million on subscription liabilities.
- Principal payments of $234 thousand on lease liabilities.
- Issuance of $1.0 million in subscription-based information technology arrangements (SBITA's).

The county maintains an "AAA" rating from Standard & Poor's and an "Aaa" rating from Moody's Investors Service for general obligation debt. Olmsted County's AAA rating was first awarded December 18, 2001.

The amount of general obligation debt that the county may issue is limited by state statute and is calculated at 3% of total estimated market value of properties in the county. The current debt limit for the county for general obligation debt is $831.0 million, greatly exceeding the current amount outstanding.

More detailed information about the county's long-term liabilities is presented in Note 6 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

- Olmsted County's 2025 unemployment rate is 3.1%, a 0.7% increase from 2024. The county's unemployment rate continues to be lower than the State of Minnesota and the national unemployment rate of 3.8% (0.8% increase from 2024) and 4.3% (0.3% increase from 2024), respectively. Refer to Schedule 14 of this report.

- The 2025 $27.7 billion taxable market value of property increased from $26.8 billion in 2024 and includes $458.0 million of new construction. The estimated 2026 taxable market value of $29.9 billion includes $479.0 million in new construction. Our community's continued investment in new construction is an indicator of a solid tax base. As the home of the world-famous Mayo Clinic whose business of health care is relatively stable, Olmsted County has been labeled "recession resistant". Olmsted County is projected to remain one of Minnesota's fastest-growing counties over the next two decades, while Rochester will be part of one of the fastest-growing metropolitan areas in the state. Please see the additional information in the Local Economy section of the Transmittal Letter.

- The Olmsted County Board of Commissioners adopted the county's 2026 governmental funds budget on December 16, 2025, in the amount of $365.7 million. This is a $10.8 million (3.0%) increase from the 2025 budget. The County's intended 2026 property tax levy was adopted at $141.7 million, a $9.0 million (6.8%) increase from 2025. The 2026 budget was balanced using $3.7 million of reserves. The 2026 Olmsted County HRA levy was adopted at $5.6 million, a $400 thousand (7.7%) increase from 2025.

  Subsequent to adoption, the county identified a clerical error in the levy amount submitted to the property tax system. As a result, the actual 2026 levy certified and extended to taxpayers was approximately $1.5 million higher than the amount approved by the County Board. Following guidance from the Minnesota Department of revenue, the County will collect 2026 property taxes as billed and plans to offset the error, including applicable interest, through a corresponding reduction in the 2027 property tax levy.

- The overall county tax rate is calculated by comparing the total tax levy to total market value. Based on the levy approved by the County Board, the intended 2026 county tax rate was projected to be $4.04 per $1,000 of market value, compared to $4.17 per $1,000 in 2025, a decrease of 3.1%. However, due to a clerical error in the levy certification process, the actual 2026 levy extended to taxpayers resulted in an estimated tax rate of approximately $4.09 per $1,000 of market value.

- Destination Medical Center (DMC) is a 20-year and over $5 billion economic development plan for a premier destination medical center in Rochester, Minnesota. The DMC economic development plan consists of private development by Mayo Clinic and other developers. It also includes public funding from the City of Rochester, Olmsted County, and the State of Minnesota. The Minnesota legislature approved drawing down State of Minnesota funds for the Destination Medical Center (DMC) economic development initiative when Mayo Clinic met a $200.0 million spending threshold. The Destination Medical Center Corporation (DMCC) Executive Committee announced in March 2017 that the initiative had exceeded the $200.0 million private development investment threshold. The county's maximum local funding match is $3.0 million per year. In 2016, the County made a half-year payment to the City of Rochester, followed by seven annual payments of $3.0 million per year in 2017, 2018, 2019, 2021, 2022, 2023, 2024, and 2025. The county and city agreed that no payment was to take place in 2020. Olmsted County payments to the City of Rochester are funded with sales tax revenues.

- Waste generation in Olmsted County is influenced by economic conditions; when the economy slows down, less waste is produced. In addition, local haulers have adopted single stream recycling, which has increased the amount of recycling material collected per household. This shift has reduced the total waste handled at County facilities. To help maintain capacity at the Waste-to-Energy facility and generate additional revenue, the County is also working to attract more waste from outside Olmsted County. In 2025, The County budgeted for 115.9 thousand tons of waste, .4 thousand tons more than 2024, anticipating a slight increase in waste from the previous year. However, the actual waste received in 2025 totaled 120.4 thousand tons, exceeding the budget by 4.5 thousand tons. Compared to 2024, total waste increased by about .8 thousand tons from outside Olmsted County and 1.4 thousand tons in waste generated within the County.

- The County's 2026-2030 Capital Improvement Plan totals $461.0 million and reflects continued investment in transportation infrastructure, public facilities, environmental sustainability, public safety, and community amenities.

  The plan is funded primarily through intergovernmental (32%), bonded debt (27%), sales tax and wheelage tax (26%), operating and other revenues funding (10%), and reserves (5%).

  Transportation projects represent 55% of planned capital spending, followed by Facilities and Building Operation (11%), Graham Park (10%), solid waste (10%), parks (7%), and other capital improvements (7%).

  Approximately $124.0 million of the plan is expected to be financed through bonded debt. Significant projects include the Olmsted County Recycling Center reuse facility, Regional Public Safety Training Center improvements, multiple County building remodels, Graham Park and Graham Commons improvements, landfill infrastructure, and upgrades to the Olmsted Waste-to-Energy Facility.

  These investments are intended to support long-term infrastructure needs, improve operational efficiency, maintain public facilities, and accommodate continued community growth

- Olmsted County continues to stay on top of managing services related to employee health care costs. Unlike many other organizations, the county has a very limited obligation for other post-retirement benefits (OPEB). Retirees under age 65 who choose to remain on the county's plan are required to pay 100% of the premium. Therefore, the county's only obligation is for the "implicit" rate subsidy of health benefits for early retirees whose premiums are at the group rate even though older people, in general, have higher medical claims than their younger counterparts. The independent actuarial consultant that prepares Olmsted County's valuation reports calculated Olmsted County's OPEB liability at the end of 2025 at $9.6 million. The county plans to fully fund its liability with Self-Insured Health Fund cash and investments designated for this purpose. For additional information, refer to Note 11 of this report.

- For more highlights, please read the Transmittal Letter in the Introductory Section starting page 6.

Requests for Additional Information

This financial report is designed to provide our citizens, taxpayers, other customers, investors, and creditors with a general overview of the county's finances. If you have questions about this report, or need additional financial information, contact the Olmsted County Finance Department, 151 4th Street S.E., Rochester, Minnesota, 55904.

Basic Financial Statements

OLMSTED COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	Trailside Apartments LP
ASSETS				
Cash, cash equivalents, deposits and investments	$ 191,696,241	$ 38,514,163	$ 230,210,404	$ 62,311
Cash and cash equivalents on deposit:				
OPEB	9,601,696	-	9,601,696	-
Accounts receivable, net	1,528,532	4,550,723	6,079,255	223,234
Delinquent taxes receivable	1,561,657	134,618	1,696,275	-
Accrued interest	2,408,575	177,779	2,586,354	-
Internal balances	371,497	(371,497)	-	-
Notes, loans, and mortgages	90,790	104,932	195,722	-
Due from other governments	25,015,851	989,546	26,005,397	-
Lease receivable	113,683	97,554	211,237	-
Inventories	583,666	3,130,556	3,714,222	-
Prepaid items	2,443,600	720,707	3,164,307	31,718
Restricted assets:				
Cash and investments restricted for:				
Debt service	12,527,575	6,231,326	18,758,901	-
HRA	-	792,493	792,493	102,862
Construction	23,797,392	14,175,520	37,972,912	-
Dedicated long-term environmental care trust	-	6,060,459	6,060,459	-
Opioid settlement	1,970,838	-	1,970,838	-
Law library - held by trustee	295,481	-	295,481	-
Net pension asset	1,780,534	-	1,780,534	-
Other assets:				
Tax credit fee	-	-	-	17,250
Long-term loans	13,741	2,429,720	2,443,461	-
Capital assets not being depreciated:				
Land	68,914,684	6,326,577	75,241,261	140,662
Construction in progress	31,053,600	2,462,105	33,515,705	-
Capital assets, net of depreciation:				
Infrastructure	158,619,645	1,448,731	160,068,376	-
Buildings	98,195,400	23,167,223	121,362,623	10,024,223
Improvements other than buildings	5,744,800	3,158,863	8,903,663	672,907
Equipment	16,335,260	63,825,385	80,160,645	521,639
Intangible right-to-use lease equipment	555,372	-	555,372	-
Software	761,476	-	761,476	-
Intangible right-to-use subscription software	4,022,981	-	4,022,981	-
Total capital assets	384,203,218	100,388,884	484,592,102	11,359,431
Total assets	660,004,567	178,127,483	838,132,050	11,796,806
DEFERRED OUTFLOWS OF RESOURCES				
OPEB	1,030,424	-	1,030,424	-
Pension	18,828,903	573,597	19,402,500	-
Deferred charge on bonds	-	2,800	2,800	-
Total deferred outflows of resources	19,859,327	576,397	20,435,724	-
LIABILITIES				
Accounts payable	2,891,345	843,360	3,734,705	4,785,539
Salaries payable	6,779,309	458,541	7,237,850	-
Contracts payable	5,759,673	307,488	6,067,161	3,600
Accrued interest payable	1,452,691	687,885	2,140,576	26,745
Other accrued liabilities	79,634	18,071	97,705	-
Due to other governments	2,520,907	178,320	2,699,227	2,335
Unearned revenue	11,953,615	264,185	12,217,800	883
Long-term liabilities:				
Due within one year	25,700,503	10,281,835	35,982,338	3,653
Due in more than one year	165,805,905	53,818,151	219,624,056	5,303,513
Total liabilities	222,943,582	66,857,836	289,801,418	10,126,268
DEFERRED INFLOWS OF RESOURCES				
OPEB	2,039,407	-	2,039,407	-
Pension	37,188,755	1,459,835	38,648,590	-
Taxes collected for subsequent year	136,822	-	136,822	-
Lease	106,569	96,818	203,387	-
Deferred gain on refunding	1,824,738	547,690	2,372,428	-
Total deferred inflows of resources	41,296,291	2,104,343	43,400,634	-
NET POSITION				
Net investment in capital assets	264,658,557	56,085,120	320,743,677	2,387,312
Restricted for:				
General government	2,433,410	-	2,433,410	-
Highways and streets	10,803,596	-	10,803,596	-
Public safety	3,004,545	-	3,004,545	-
Culture and recreation	725,595	-	725,595	-
Health	1,970,838	-	1,970,838	-
Net pension asset	1,780,534	-	1,780,534	-
Operating deficit escrow	-	-	-	49,152
Rent-up	-	-	-	102,696
Debt service	11,136,325	6,402,591	17,538,916	-
Landfill closure	-	3,504,764	3,504,764	-
Unrestricted (Deficit)	119,110,621	43,749,226	162,859,847	(868,622)
Total net position	$ 415,624,021	$ 109,741,701	$ 525,365,722	$ 1,670,538

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

OLMSTED COUNTY
STATEMENT OF ACTIVITES
FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			Discretely Presented
					Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Trailside Apartments LP
Primary Government								
Governmental activities:								
General government	$ 15,149,881	$ 3,758,429	$ 2,796,704	$ -	$ (8,594,748)		$ (8,594,748)	
Public safety	70,274,240	12,529,344	2,299,841	-	(55,445,055)		(55,445,055)	
Conservation of natural resources	1,971,313	938,846	59,345	-	(973,122)		(973,122)	
Economic development	95,000	-	-	-	(95,000)		(95,000)	
Highways and streets	30,208,103	1,027,953	16,366,117	2,638,266	(10,175,767)		(10,175,767)	
Health	16,165,039	2,591,676	5,929,976	-	(7,643,387)		(7,643,387)	
Human services	102,716,890	11,185,572	46,537,195	-	(44,994,123)		(44,994,123)	
Culture and recreation	8,268,177	1,275,167	354,117	4,870,164	(1,768,729)		(1,768,729)	
Interest	2,902,889	-	-	-	(2,902,889)		(2,902,889)	
Total governmental activities	247,751,532	33,306,987	74,343,295	7,508,430	(132,592,820)		(132,592,820)	
Business-Type activities:								
Waste Management	24,530,460	28,098,842	643,013	-		$ 4,211,395	4,211,395	
Olmsted County HRA	20,521,800	5,298,295	10,285,110	308,425		(4,629,970)	(4,629,970)	
Sanitary Sewer	128,714	114,192	-	-		(14,522)	(14,522)	
Total business-type activities:	45,180,974	33,511,329	10,928,123	308,425		(433,097)	(433,097)	
Total primary government	$ 292,932,506	$ 66,818,316	$ 85,271,418	$ 7,816,855	(132,592,820)	(433,097)	(133,025,917)	
Discretely Presented Component Unit								
Trailside Apartments LP	$ 442,869	$ 56,531	$ 57,140	$ 1,998,397				$ 1,669,199
General Revenues								
Property taxes					132,094,158	5,124,100	137,218,258	-
Sales taxes					19,003,358	-	19,003,358	-
Wheelage taxes					1,489,688	-	1,489,688	-
Unrestricted state aids and grants					13,010,357	16,305	13,026,662	-
Payments in lieu of tax					181,805	-	181,805	-
Investment income					13,498,041	2,013,000	15,511,041	1,339
Transfers					(626,178)	626,178	-	-
Total general revenues and transfers					178,651,229	7,779,583	186,430,812	1,339
Change in net position					46,058,409	7,346,486	53,404,895	1,670,538
Net position, beginning balance					369,565,612	102,395,215	471,960,827	-
Net position, ending balance					$ 415,624,021	$ 109,741,701	$ 525,365,722	$ 1,670,538

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

OLMSTED COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

		Special Revenue Funds					
	General Fund	Infrastructure Fund	Health and Human Services Fund	Opioid Settlement Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS							
Cash, deposits and investments	$ 103,683,342	$ 21,365,827	$ 13,550,001	$ 1,970,838	$ 7,571,218	$ 11,038,410	$ 159,179,636
Cash and investments held by trustee	295,481	-	-	-	-	-	295,481
Accounts receivable, net	163,500	190	970,690	-	-	35,049	1,169,429
Delinquent taxes	673,502	104,424	701,671	-	81,070	990	1,561,657
Accrued interest	2,408,575	-	-	-	-	-	2,408,575
Advances/loans	90,790	-	-	-	-	-	90,790
Due from other funds	11,400	-	-	-	-	-	11,400
Advances to other funds	436,000	-	-	-	-	-	436,000
Due from other governments	2,764,735	8,291,253	9,175,390	-	-	4,744,453	24,975,831
Inventories	-	583,666	-	-	-	-	583,666
Prepaid items	2,184,462	32,753	8	-	-	-	2,217,223
Total assets	$ 112,711,787	$ 30,378,113	$ 24,397,760	$ 1,970,838	$ 7,652,288	$ 15,818,902	$ 192,929,688
LIABILITIES							
Accounts payable	$ 1,100,117	$ 120,764	$ 1,185,729	$ -	$ -	$ -	$ 2,406,610
Salaries payable	2,268,400	347,001	2,916,349	-	-	-	5,531,750
Contracts payable	-	2,578,276	-	-	-	2,961,284	5,539,560
Accrued liabilities	79,634	-	-	-	-	-	79,634
Due to other funds	-	-	75,903	-	-	-	75,903
Due to other governments	545,861	213,064	1,071,829	-	-	327,520	2,158,274
Unearned revenue	676,470	10,312,560	427,224	-	-	300,000	11,716,254
Total liabilities	4,670,482	13,571,665	5,677,034	-	-	3,588,804	27,507,985
DEFERRED INFLOWS OF RESOURCES							
Taxes collected for subsequent year	59,008	9,149	61,475	-	7,103	87	136,822
Unavailable revenue - taxes	593,184	91,971	617,990	-	71,402	872	1,375,419
Unavailable revenue - other	618,286	4,859,669	3,171,015	-	-	4,744,453	13,393,423
Total deferred inflows of resources	1,270,478	4,960,789	3,850,480	-	78,505	4,745,412	14,905,664
FUND BALANCES							
Nonspendable	2,620,462	616,419	8	-	-	-	3,236,889
Restricted	6,163,550	10,288,712	-	1,970,838	7,573,783	4,033,112	30,029,995
Assigned	34,180,715	940,528	14,870,238	-	-	3,451,574	53,443,055
Unassigned	63,806,100	-	-	-	-	-	63,806,100
Total fund balances	106,770,827	11,845,659	14,870,246	1,970,838	7,573,783	7,484,686	150,516,039
Total liabilities, deferred inflows of resources and fund balance	$ 112,711,787	$ 30,378,113	$ 24,397,760	$ 1,970,838	$ 7,652,288	$ 15,818,902	$ 192,929,688

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

OLMSTED COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO GOVERNMENTAL
ACTIVITIES STATEMENT OF NET POSITION
DECEMBER 31, 2025

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

Fund balances - total governmental funds		$ 150,516,039
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.		
Governmental funds capital assets	548,778,416	
Accumulated depreciation/amortization on governmental funds capital assets	(232,799,009)	315,979,407
Deferred outflows of resources resulting from pension obligations are not reported in governmental funds		16,954,218
Net pension assets are not available to pay for current period expenditures therefore, are not reported in in governmental funds.		1,780,534
Revenue earned for receivables that are not currently available and reported as deferred inflows of resources in governmental funds.		14,768,842
Internal service funds are used by management to charge the costs of insurance, building occupancy, and centralized services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		56,569,667
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in in governmental funds.		
General obligation bonds	(66,977,260)	
Debt issuance premiums	(2,883,007)	
Deferred gain on refunding	(1,183,552)	
Financed purchase	(770,119)	
Information technology subscription payable	(1,394,583)	
Net pension liability	(34,426,828)	
Accrued interest payable	(891,750)	(108,527,099)
Deferred inflows resulting from pension obligations are not due in the current period and, therefore not reported in governmental funds.		(32,417,587)
Net position of governmental activities		$ 415,624,021

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

OLMSTED COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

		Special Revenue Funds					
	General Fund	Infrastructure Fund	Health and Human Services Fund	Opioid Settlement Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues:							
Property taxes	$ 56,926,744	$ 8,812,901	$ 59,226,376	$ -	$ 6,847,202	$ 83,755	$ 131,896,978
Sales taxes	-	18,934,067	-	-	-	-	18,934,067
Wheelage taxes	-	1,489,688	-	-	-	-	1,489,688
Licenses and permits	1,425,085	-	916,254	-	-	-	2,341,339
Intergovernmental revenue	16,006,434	20,607,853	52,266,894	120,000	-	1,892,950	90,894,131
Charges for services	15,762,865	1,071,593	12,138,326	-	-	-	28,972,784
Fines and forfeits	10,368	-	-	-	-	-	10,368
Gifts and contributions	188,341	-	750	-	-	-	189,091
Investment income	11,313,186	-	-	76,178	250,326	289,294	11,928,984
Other	1,493,763	255,321	239,177	426,271	-	3,750	2,418,282
Total revenues	103,126,786	51,171,423	124,787,777	622,449	7,097,528	2,269,749	289,075,712
Expenditures:							
Current							
General government	13,045,968	-	-	-	-	-	13,045,968
Public safety	74,112,773	-	-	-	-	-	74,112,773
Conservation of natural resources	2,028,118	-	-	-	-	-	2,028,118
Economic development	95,000	-	-	-	-	-	95,000
Highways and streets	-	38,392,284	-	-	-	-	38,392,284
Health	-	-	16,772,487	37,832	-	-	16,810,319
Human services	-	-	105,941,947	-	-	-	105,941,947
Culture and recreation	6,580,449	-	-	-	-	-	6,580,449
Other	2,252,182	-	-	-	-	-	2,252,182
Capital Outlay							
Public safety	-	-	-	-	-	1,560,127	1,560,127
Highway and streets	-	-	-	-	-	1,988,304	1,988,304
Culture and recreation	-	-	-	-	-	18,448,098	18,448,098
Debt service							
Principal	414,240	139,545	-	-	21,936,083	-	22,489,868
Interest and fiscal charges	10,134	7,780	-	-	2,235,334	-	2,253,248
Total expenditures	98,538,864	38,539,609	122,714,434	37,832	24,171,417	21,996,529	305,998,685
Excess (deficiency) of revenues over expenditures	4,587,922	12,631,814	2,073,343	584,617	(17,073,889)	(19,726,780)	(16,922,973)
Other financing sources (uses):							
Transfers in	2,013,236	10,000	734,545	-	3,522,595	12,621,110	18,901,486
Transfers out	(10,800,763)	(3,535,048)	(622,263)	(470,829)	(5,024,117)	-	(20,453,020)
Issuance of debt	-	-	-	-	-	5,031,372	5,031,372
Premium on bonds	-	-	-	-	-	374,878	374,878
Inception of subscription	397,865	-	-	-	-	-	397,865
Sale of capital assets	5,209	-	-	-	-	58,568	63,777
Total other financing sources (uses)	(8,384,453)	(3,525,048)	112,282	(470,829)	(1,501,522)	18,085,928	4,316,358
Net change in fund balances	(3,796,531)	9,106,766	2,185,625	113,788	(18,575,411)	(1,640,852)	(12,606,615)
Fund balances - beginning	110,567,358	2,738,893	12,684,621	1,857,050	26,149,194	9,125,538	163,122,654
Fund balances - ending	$ 106,770,827	$ 11,845,659	$ 14,870,246	$ 1,970,838	$ 7,573,783	$ 7,484,686	$ 150,516,039

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

OLMSTED COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO GOVERNMENTAL ACTIVITIES STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Net change in fund balances - total governmental funds		$ (12,606,615)
Internal service funds are used by management to charge the cost of insurance, building occupancy and centralized services to individual funds. The net revenue (loss) of certain activities of internal service funds is reported with governmental activities.		1,270,211
Governmental funds report capital outlays as expenditures; however, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements.	21,996,529	
Some items reported as current expenditures in the fund financial statements are capitalized in the government-wide financial statements.	16,698,220	
Capital assets transferred from internal service funds not reported in the funds	1,744	
Disposal of capital outlays reported as revenues in the funds	(35,468)	
Depreciation/amortization expense related to the capital outlays reported as expenditures in the funds	(12,973,377)	25,687,648
Bond proceeds provide current financial resources to governmental funds, while issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds; however, the repayment reduces long-term liabilities in the statement of net position.		
Proceeds from the issuance of bonds reported as other financing sources	(5,031,372)	
Proceeds from premium on bonds reported as other financing sources	(374,878)	
Inception of subscription software reported as other financing sources	(397,865)	
Payment of bond principal reported as expenditures	21,936,083	
Payment on information technology subscriptions reported as expenditure	403,922	
Payment on financed purchase reported as expenditure	149,863	16,685,753
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 net pension liability	4,872,169	
Change in net pension asset	1,780,534	
Change in deferred outflows	(3,244,193)	
Change in deferred inflows	7,963,705	
Change in bond premiums	224,062	
Change in accrued interest payable	125,278	11,721,555
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Revenues not reported in the governmental funds for the year ended December 31, 2024	(11,468,985)	
Revenues not reported in the governmental funds for the year ended December 31, 2025	14,768,842	3,299,857
Change in net position of governmental activities		$ 46,058,409

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

OLMSTED COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Business-Type Activities Enterprise Funds				Governmental Activities
	Major Waste Management Fund	Major Olmsted County HRA Fund	Nonmajor Sanitary Sewer Fund	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	$ 27,663,905	$ 10,753,640	$ 96,618	$ 38,514,163	$ 64,646,317
Cash and cash equivalents on deposit:					
Restricted for debt service	5,988,485	242,841	-	6,231,326	4,956,357
HRA restricted cash	-	792,493	-	792,493	-
Restricted for construction	14,175,520	-	-	14,175,520	1,209,736
Designated for OPEB	-	-	-	-	9,601,696
Accounts receivable, net	1,862,096	2,671,073	17,554	4,550,723	359,103
Delinquent taxes	-	134,618	-	134,618	-
Notes, loans, and mortgages	-	104,932	-	104,932	-
Due from other funds	-	75,903	-	75,903	-
Due from other governments	552,880	436,666	-	989,546	40,020
Lease receivable	3,769	-	-	3,769	17,139
Inventories	3,130,556	-	-	3,130,556	-
Prepaid items	539,831	180,865	11	720,707	226,377
Total current assets	53,917,042	15,393,031	114,183	69,424,256	81,056,745
Noncurrent assets:					
Restricted assets:					
Dedicated long-term environmental care trust	6,060,459	-	-	6,060,459	-
Other assets:					
Accrued interest	-	177,779	-	177,779	-
Long-term loans	-	2,429,720	-	2,429,720	13,741
Lease receivable	93,785	-	-	93,785	96,544
Total other assets	93,785	2,607,499	-	2,701,284	110,285
Capital Assets, net:					
Land	1,725,708	4,600,869	-	6,326,577	8,875,332
Building and structures	5,690,055	17,477,168	-	23,167,223	48,780,148
Improvements other than buildings	1,780,148	1,378,715	-	3,158,863	661,018
Equipment	62,589,807	1,235,578	-	63,825,385	4,416,328
Software	-	-	-	-	365,246
Infrastructure	-	-	1,448,731	1,448,731	1,149,552
Intangible right-to-use lease equipment	-	-	-	-	555,372
Intangible right-to-use subscription software	-	-	-	-	2,562,905
Construction in progress	2,294,161	167,944	-	2,462,105	857,910
Total capital assets, net	74,079,879	24,860,274	1,448,731	100,388,884	68,223,811
Total noncurrent assets	80,234,123	27,467,773	1,448,731	109,150,627	68,334,096
Total assets	134,151,165	42,860,804	1,562,914	178,574,883	149,390,841
DEFERRED OUTFLOWS OF RESOURCES					
OPEB	-	-	-	-	1,030,424
Pension	573,597	-	-	573,597	1,874,685
Deferred charges on bonds	-	2,800	-	2,800	-
Total deferred outflows of resources	573,597	2,800	-	576,397	2,905,109
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	408,804	433,170	1,386	843,360	484,735
Salaries payable	363,987	94,554	-	458,541	1,247,559
Contracts payable	307,488	-	-	307,488	220,113
Accrued interest payable	395,290	2,595	-	397,885	560,941
Due to other funds	-	-	11,400	11,400	-
Due to other governments	27,580	146,128	4,612	178,320	362,633
Unearned revenue	17,851	246,334	-	264,185	237,361
Total OPEB liability	-	-	-	-	458,635
Compensated absences	660,740	-	-	660,740	11,277,682
Outstanding claims	-	-	-	-	1,657,901
Lease payable	-	-	-	-	238,460
Information technology subscription payable	-	-	-	-	1,494,092
Mortgages payable	-	2,676,095	-	2,676,095	-
Bonds payable	6,830,000	115,000	-	6,945,000	4,012,628
Total current liabilities	9,011,740	3,713,876	17,398	12,743,014	22,252,740
Noncurrent liabilities:					
Accrued interest payable	-	290,000	-	290,000	-
Tenant escrow	-	18,071	-	18,071	-
Total OPEB liability	-	-	-	-	9,143,061
Net pension liability	2,299,350	-	-	2,299,350	7,514,950
Compensated absences	296,593	-	-	296,593	7,366,260
Outstanding claims	-	-	-	-	1,143,826
Advances from other funds	-	123,900	312,100	436,000	-
Lease payable	-	-	-	-	1
Information technology subscription payable	-	-	-	-	717,747
Accrued closure and postclosure payable	2,555,695	-	-	2,555,695	-
Mortgages payable	-	10,262,153	-	10,262,153	-
Bonds payable	38,404,039	321	-	38,404,360	40,029,368
Total noncurrent liabilities	43,555,677	10,694,445	312,100	54,562,222	65,915,213
Total liabilities	52,567,417	14,408,321	329,498	67,305,236	88,167,953
DEFERRED INFLOWS OF RESOURCES					
OPEB	-	-	-	-	2,039,407
Pension	1,459,835	-	-	1,459,835	4,771,168
Lease	96,818	-	-	96,818	106,569
Deferred gain on refunding	547,690	-	-	547,690	641,186
Total deferred inflows of resources	2,104,343	-	-	2,104,343	7,558,330
NET POSITION					
Net investment in capital assets	42,166,182	12,470,207	1,448,731	56,085,120	22,079,952
Restricted for:					
Debt service	5,593,195	809,396	-	6,402,591	4,416,694
Landfill closure	3,504,764	-	-	3,504,764	-
Unrestricted	28,788,861	15,175,680	(215,315)	43,749,226	30,073,021
Total net position	$ 80,053,002	$ 28,455,283	$ 1,233,416	$ 109,741,701	$ 56,569,667

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

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Business-Type Activities Enterprise Funds				Governmental Activities
	Major Waste Management Fund	Major Olmsted County HRA Fund	Nonmajor Sanitary Sewer Fund	Total Enterprise Funds	Internal Service Funds
Operating revenues:					
Charges for services	$ 27,849,891	$ 5,298,295	$ 114,192	$ 33,262,378	$ 82,720,253
Intergovernmental operating grants	-	10,285,110	-	10,285,110	-
Other	214,923	-	-	214,923	1,122,298
Total operating revenues	28,064,814	15,583,405	114,192	43,762,411	83,842,551
Operating expenses:					
Personnel services	8,263,169	2,250,192	-	10,513,361	28,578,802
Consultants and professional services	1,199,081	-	-	1,199,081	35,121,840
Repairs and maintenance	2,552,853	1,194,487	11,016	3,758,356	7,041,689
Other services and charges	3,481,470	4,421,080	12,196	7,914,746	5,054,206
Supplies	1,868,673	-	-	1,868,673	465,123
Utilities	521,028	370,536	64,845	956,409	1,634,823
Depreciation and amortization	6,305,597	896,405	26,441	7,228,443	6,816,544
Housing assistance payments	-	10,179,194	-	10,179,194	-
Landfill closure and postclosure expense	79,362	-	-	79,362	-
Total operating expenses	24,271,233	19,311,894	114,498	43,697,625	84,713,027
Operating income (loss)	3,793,581	(3,728,489)	(306)	64,786	(870,476)
Nonoperating revenues (expenses):					
Property taxes	-	5,124,100	-	5,124,100	-
Intergovernmental revenue	635,820	308,425	-	944,245	761,240
Gifts and contributions	23,498	-	-	23,498	-
Contributions to component unit	-	(1,163,059)	-	(1,163,059)	-
Investment income	1,574,545	433,088	5,367	2,013,000	1,569,057
Gain (loss) on disposal of capital assets	(2,181)	-	-	(2,181)	(221,167)
Lease revenue	34,028	-	-	34,028	267,497
Insurance recoveries	-	-	-	-	6,712
Interest expense	(137,135)	(46,847)	(14,216)	(198,198)	(1,160,719)
Bond issuance costs and fiscal charges	(119,911)	-	-	(119,911)	(7,289)
Total nonoperating revenues (expenses)	2,008,664	4,655,707	(8,849)	6,655,522	1,215,331
Income (loss) before transfers	5,802,245	927,218	(9,155)	6,720,308	344,855
Transfers					
Transfers in	-	622,263	3,915	626,178	975,000
Transfers out	-	-	-	-	(49,644)
Total transfers	-	622,263	3,915	626,178	925,356
Change in net position	5,802,245	1,549,481	(5,240)	7,346,486	1,270,211
Net position - beginning	74,250,757	26,905,802	1,238,656	102,395,215	55,299,456
Net position - ending	$ 80,053,002	$ 28,455,283	$ 1,233,416	$ 109,741,701	$ 56,569,667

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

OLMSTED COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Business-Type Activities Enterprise Funds				Governmental Activities
	Major Waste Management Fund	Major Olmsted County HRA Fund	Nonmajor Sanitary Sewer Fund	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:					
Receipts from customers and users	$ 27,241,497	$ 6,315,314	$ 112,699	$ 33,669,510	$ 3,133,273
Receipts from transactions with other funds	740,907	-	-	740,907	79,791,589
Payments to suppliers	(10,087,330)	(16,455,425)	(78,514)	(26,621,269)	(46,265,041)
Payments to employees	(6,671,153)	(2,146,185)	-	(8,817,338)	(29,729,810)
Payments to other funds for services provided	(2,285,755)	-	(11,273)	(2,297,028)	(2,396,502)
Other receipts	214,923	10,589,763	-	10,804,686	1,092,398
Net cash flows from operating activities	9,153,089	(1,696,533)	22,912	7,479,468	5,625,907
Cash flows from noncapital financing activities:					
Property taxes	-	5,091,025	-	5,091,025	-
Payments on rehab loans	-	2	-	2	-
Contributions to component unit	-	(1,163,059)	-	(1,163,059)	-
Non-operating lease receipts	43,248	-	-	43,248	277,535
Gifts and contributions	23,498	-	-	23,498	-
Transfers in	-	622,263	3,915	626,178	975,000
Intergovernmental grants received	635,820	-	-	635,820	761,240
Transfers out	-	-	-	-	(49,644)
Net cash flows from noncapital financing activities	702,566	4,550,231	3,915	5,256,712	1,964,131
Cash flows from capital and related financing activities:					
Intergovernmental capital grants received	-	308,425	-	308,425	-
Acquisitions of capital assets	(3,262,029)	(1,475,133)	-	(4,737,162)	(1,744,871)
Proceeds from sale of capital assets	15,499	-	-	15,499	34,639
Insurance recoveries	-	-	-	-	6,712
Lease and subscription payments	-	-	-	-	(1,659,578)
Bond proceeds	15,117,859	-	-	15,117,859	858,132
Payments on bond issue costs and fiscal charges	(119,911)	-	-	(119,911)	(7,289)
Principal paid	(6,570,000)	(175,053)	(11,000)	(6,756,053)	(12,188,917)
Interest paid	(641,973)	(32,940)	(14,216)	(689,129)	(1,581,316)
Net cash flows from capital and related financing activities	4,539,445	(1,374,701)	(25,216)	3,139,528	(16,282,488)
Cash flows from investing activities:					
Interest on investments	1,574,545	433,088	5,367	2,013,000	1,617,636
Withdrawals of restricted assets	-	-	-	-	8,575,145
Net cash flows from investing activities	1,574,545	433,088	5,367	2,013,000	10,192,781
Net increase in cash and cash equivalents	15,969,645	1,912,085	6,978	17,888,708	1,500,331
Cash and cash equivalents - January 1	37,918,724	9,876,889	89,640	47,885,253	78,913,775
Cash and cash equivalents - December 31	$ 53,888,369	$ 11,788,974	$ 96,618	$ 65,773,961	$ 80,414,106
Displayed on Proprietary Funds Statement of Net Position as:					
Cash and cash equivalents	$ 27,663,905	$ 10,753,640	$ 96,618	$ 38,514,163	$ 64,646,317
Cash and cash equivalents on deposit:					
Restricted for debt service	5,988,485	242,841	-	6,231,326	4,956,357
HRA restricted cash	-	792,493	-	792,493	-
Restricted for construction	14,175,520	-	-	14,175,520	1,209,736
Designated for OPEB	-	-	-	-	9,601,696
Restricted - dedicated long-term environmental care trust	6,060,459	-	-	6,060,459	-
Total cash and cash equivalents	$ 53,888,369	$ 11,788,974	$ 96,618	$ 65,773,961	$ 80,414,106
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	$ 3,793,581	$ (3,728,489)	$ (306)	$ 64,786	$ (870,476)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation and amortization	6,305,597	896,405	26,441	7,228,443	6,816,544
Changes in pension amounts	(670,891)	-	-	(670,891)	(2,181,026)
Changes in OPEB amounts	-	-	-	-	20,962
Deferred forgivable debt	-	(17,500)	-	(17,500)	-
Landfill closure and postclosure expense	79,362	-	-	79,362	-
(Increase) decrease in assets					
Accounts receivable	237,062	(1,046,892)	(1,493)	(811,323)	245,064
Due from other governments	(82,217)	322,153	-	239,936	(21,707)
Long-term loans receivable	-	(295,580)	-	(295,580)	-
Inventories	(642,893)	-	-	(642,893)	-
Prepaid items	189,693	(2,961)	(2)	186,730	273,633
Payments for assets held for sale	-	2,674,103	-	2,674,103	-
Increase (decrease) in liabilities					
Accounts payable and other current liabilities	90,212	(425,343)	(6,307)	(341,438)	(533,810)
Salaries payable	45,719	94,554	-	140,273	132,503
Contracts payable	-	-	-	-	28,036
Due to other governments	(101,237)	(88,711)	4,579	(185,369)	274,190
Outstanding claims	-	-	-	-	391,011
Total OPEB liability	-	-	-	-	202,116
Compensated absences	(68,567)	-	-	(68,567)	897,515
Unearned revenue	(22,332)	(78,272)	-	(100,604)	(48,648)
Total adjustments	5,359,508	2,031,956	23,218	7,414,682	6,496,383
Net cash flows from operating activities	$ 9,153,089	$ (1,696,533)	$ 22,912	$ 7,479,468	$ 5,625,907
Non-cash transaction information:					
The interest expense includes amounts for amortization of bond discounts and premiums and deferred amounts	$ 634,680	$ (5,947)	$ -	$ 628,733	$ 243,401
Contracts/accounts payable included in capital assets	547,600	-	-	547,600	151,607
Acquisition of capital assets by subscription payable	-	-	-	-	(676,404)
Forgiveness of note payable	-	17,500	-	17,500	-

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

OLMSTED COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025

	Representative Payee Private-Purpose Trust Fund	Custodial Funds
ASSETS		
Cash, deposits, and investments	$ 267,440	$ 12,793,068
Taxes receivable for other governments	-	4,130,442
Special assessments receivable	-	364,792
Accounts receivable, net	-	104,600
Due from other governments	-	1,086,344
Prepaid items	-	32,586
Total assets	267,440	18,511,832
LIABILITIES		
Accounts payable	-	4,428,340
Due to other governments	-	4,264,735
Unearned revenue	-	339,468
Total liabilities	-	9,032,543
DEFERRED INFLOWS OF RESOURCES		
Advanced contributions	-	2,459,401
NET POSITION		
Restricted for:		
Individuals, organizations, and governments	$ 267,440	$ 7,019,888

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

OLMSTED COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Representative Payee Private-Purpose Trust Fund	Custodial Funds
ADDITIONS		
Contributions:		
Individuals	$ 1,941,868	$ 386,283
Members	-	8,775,502
Others	-	1,613,600
Interest, dividends, other	4,993	190,310
Property tax collections for other governments	-	295,400,747
Other tax collections for other governments	-	8,193,470
Grant collections for other governments and organizations	-	10,211,803
Fee collections for other governments and organizations	-	1,975,803
Fines and forfeits collections for other governments and organizations	-	547,737
Miscellaneous	-	2,626,811
Total additions	1,946,861	329,922,066
DEDUCTIONS		
Beneficiary payments to individuals	1,912,024	-
Payments of property tax to other governments	-	291,249,457
Payments to state	-	10,400,582
Administrative expenses	76,775	698,228
Payments to other entities	-	26,578,876
Total deductions	1,988,799	328,927,143
Net increase (decrease) in fiduciary net position	(41,938)	994,923
Net position - beginning	309,378	6,024,965
Net position - ending	$ 267,440	$ 7,019,888

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

Notes to the Financial Statements

GUIDE TO NOTES

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Olmsted County, Minnesota, (the County) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

Financial Reporting Entity

Olmsted County was established February 20, 1855, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. Ch 373. The County is governed by a seven-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 blended component units and a discretely presented component unit are included in the County's reporting entity because of their relationships with the County, as described below.

Component units are reported using one of three methods, discrete presentation, blended, or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantially the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantially the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Blended Component Units

Olmsted County Regional Rail Authority - A board consisting of the seven members of the County Board of Commissioners governs the Olmsted County Regional Rail Authority (OCRRA). The OCRRA was organized in 2009 pursuant to Minnesota Statute Chapter 398A. The Olmsted County Administrator serves as Administrator of the OCRRA. The OCRRA was created to support initial planning and analysis of Olmsted County's freight and passenger rail options. In 2016, the County Board voted to suspend the project. The resolution of the Board to continue the corporation and the amendment to the Articles of Incorporation have been filed with the Secretary of State. At present the OCRRA has no operations and no financial transactions.

The Olmsted County Housing and Redevelopment Authority (OCHRA) – an eight-member board governs the OCHRA. The OCHRA was created by the 1994 Minnesota Law Chapter 493 on January 1, 1995. The 2015 Minnesota Legislature amended the specific laws establishing the OCHRA and gave permission to the Olmsted County Board to also become the HRA Board and provided for additional members needed to comply with Code of Federal Regulations, title 24, part 964. In January of 2016, the seven-member Olmsted County Board, elected by district, acted to become the Olmsted County Housing and Redevelopment Authority (HRA) Board and thereby assumed operational responsibility, which resulted in reporting the Olmsted County HRA as a blended component unit of the County as an enterprise fund. As required, the new OCHRA Board then selected a United States Department of Housing and Urban Development resident commissioner to also sit on the OCHRA Board, making it an eight-member board. OCHRA's primary operations are the development and management of housing units, which are rented to low-income residents, and the administration of housing assistance programs for low-income residents. The U.S. Department of Housing and Urban Development (HUD) finances these programs. Other activities include rehabilitation of commercial and residential property, which is financed by city, state, and federal resources. Separately issued Olmsted County Housing and Redevelopment Authority financial statements can be obtained by contacting Karla Strain, karla.strain@olmstedcounty.gov, (507) 328-6369.

Olmsted County Building Authority - A board consisting of the seven members of the County Board of Commissioners governs the Olmsted County Building Authority (Building Authority). The Building Authority was created by Olmsted County as a financing vehicle for a debt issue that was completely paid off in 2002. In 2003, the County Board voted to retain the corporation for future County uses as authorized by Minnesota Statute 465.719. In 2023, the County Board voted to use the Building Authority to hold title to some of the Olmsted County Housing and Redevelopment Authority housing assets.

The Building Authority will remain available to Olmsted County as needed in connection with its need for alternative funding arrangements for capital improvements. The resolution of the Board to continue the corporation and the amendment to the Articles of Incorporation have been filed with the Secretary of State.

Discretely Presented Component Unit

Trailside Apartments Limited Partnership (the Partnership) – While part of the reporting entity, the discretely presented component unit is presented in a separate column in the government-wide financial statements to emphasize it is a legally separate organization from the County. The partnership was formed on June 11, 2024, under Minnesota Uniform Limited Partnership Act, to acquire, construct, own, and operate a 36-unit affordable housing development located in Rochester, Minnesota (the project). The project was acquired in October 2024, and construction was substantially completed in September 2025. These financial statements cover the period from October 1, 2024 through December 31, 2025. All subsequent statements will have a fiscal year end of December 31. The Partnership participates in the federal housing tax credit program, which imposes restrictions on rents and tenant income qualifications. The Partnership anticipates 2026 to be the first credit year and is required to maintain program compliance through December 31, 2040, with an additional 35-year extended use period. All units are also subject to a 20-year Rental Subsidy Agreement with the Olmsted County Housing and Redevelopment Authority (HRA), expiring in May 2045.

As of May 1, 2025, the Partnership's ownership structure consists of MHEG Fund 59, LP as the Investor Limited Partner, Midwest Housing Assistance Corporation as the Special Limited Partner, and Olmsted Holding LLC as the General Partner, whose sole member is the Olmsted County HRA. The Olmsted County HRA also served as the initial Limited Partner and project developer prior to the admission of the Investor Limited Partner. Pursuant to the partnership agreement, income, losses, and tax credits are generally allocated 99.99% to the Investor Limited Partner and 0.01% to the General Partner.

Separately issued financial statements for the Partnership can be obtained by contacting Karla Strain, karla.strain@olmstedcounty.gov, (507) 328-6369.

Jointly Governed Organizations

The County participates in jointly governed organizations described in Note 9.

Measurement Focus, Basis of Accounting, and Basic Financial Statements

Basis of accounting refers to the time at which revenues and expenditures or expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Government-Wide Financial 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. The effect of interfund activity has been eliminated from these statements; the exception being the interfund charges of proprietary funds services so as not to distort the reporting of direct costs and program revenues. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

In the government-wide statement of net position, both governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported using an economic resources measurement focus and the accrual basis of accounting, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: 1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities and business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (1) fees, fines, and charges paid by 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. Direct expenses of interfund services provided and used are not eliminated from the various functional categories. 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 fiduciary funds. Separate financial statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental funds and enterprise funds, with each displayed as separate columns in the fund financial statements. Olmsted County's reporting entity contains one nonmajor enterprise fund and does not include any nonmajor governmental funds.

Governmental fund financial statements are reported using modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities, not to exceed 45 days. Unavailable revenues are reported in the governmental fund balance sheet and recognized as inflows of resources in the period that the amounts become available.

Property tax collections through 45 days after year-end are recognized as revenue and the remainder is a deferred inflow in the fund financial statements.

There are essentially two types of intergovernmental revenues. In one, money must be expended on the specific purpose or project before any amounts will be paid to the County. Therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and nearly irrevocable, i.e., revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the criterion of availability. Intergovernmental revenues received but not earned are recorded as unearned revenue in the fund statements. Shared revenues are reported as program revenue in the year of allotment. The County has discretion over when the money is spent. Other revenues susceptible to accrual are investment earnings and charges for services.

Licenses and permits, fines and forfeits, penalties, gifts and contributions, and miscellaneous other revenues are recorded as revenues when received in cash because they are generally not measurable until received.

Expenditure recognition for governmental funds includes only amounts represented by current liabilities and deferred inflows. Since noncurrent liabilities and deferred inflows do not affect net current assets, they are not recognized as expenditures, fund liabilities or deferred inflows in governmental funds. Governmental fund financial statements record expenditures when related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, pension expenditures, and claims and judgments, which are recognized as expenditures to the extent that they have matured.

Proprietary fund financial statements are reported using the accrual basis of accounting. This measurement focus is based upon determination of net income, financial position, and cash flows. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering the service in connection with the proprietary fund's principal on-going operations. The principal operating revenues of proprietary funds are charges to customers for sales and services and, for the HRA, operating grants. All other proprietary fund grants, including those restricted for capital purposes, are considered non-operating. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, depreciation on capital assets, and, for the HRA, housing assistance payments. All revenues and expenses not meeting the above definition of operating are reported as non-operating revenues and expenses.

The County reports the following major governmental funds:

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

The Infrastructure Special Revenue Fund is used to account for revenues from the federal and state government, as well as property, sales, and wheelage tax revenues restricted, committed, or assigned for infrastructure, including highways and bridges construction and maintenance.

The Health and Human Services Special Revenue Fund is used to account for revenues from the federal, state, and other oversight agencies, as well as property tax revenues restricted, committed, or assigned for income maintenance, social services, veteran services, and public health.

The Opioid Settlement Special Revenue Fund is used to account for revenues from the National Opioid Settlement Fund for forward-looking strategies, programming, and services to abate the opioid epidemic.

The Debt Service Fund is used to account for the servicing of general long-term debt not being financed by proprietary funds.

The Capital Projects Fund is used to account for the acquisition and construction of major capital assets not being financed by federal, state, sales tax, and wheelage tax revenues restricted for highways and bridges or by proprietary funds.

The County reports the following major enterprise funds:

The Waste Management Fund is used to account for financial activities related to the waste to energy facility, landfill, and resource recovery.

The Olmsted County HRA Fund is a blended component unit used to account for the development and management of housing units, which are rented to low-income residents, and the administration of housing assistance programs for low-income residents.

The County reports the following nonmajor enterprise fund:

The Sanitary Sewer Fund is used to account for the financial activities related to the sewage collection and treatment system serving the Chester Heights area.

Additionally, the County reports the following fund types:

The Internal Service Funds are used to account for various employee insurances and benefits, centralized office services, computer services, and building functions.

The Private Purpose Trust Fiduciary Fund is used to account for representative payee collections and beneficiary payments.

The Custodial Fiduciary Funds are used to account for assets controlled by the county that are for the benefit of individuals, private organizations, and/or other governments, including service bureau activities; tax, fee, other miscellaneous collections for the State of Minnesota; fee, writ of execution, mortgage foreclosure and redemption, inmate, and bail collections for individuals, organizations, or other governments; and property taxes collections for school districts, towns, and cities.

Reconciliation from Fund Statements to Government-Wide Statements

The governmental funds' Balance Sheet is followed by a reconciliation of the total fund balances to the total net position, governmental activities as reported on the government-wide Statement of Net Position. Likewise, the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances is followed by a reconciliation of the Net Changes in Fund Balances, Total Governmental Funds to the Change in Net Position, Governmental Activities as reported on the government-wide Statement of Activities.

On the proprietary funds' statement of net position and proprietary funds' statement of revenues, expenses, and changes in fund net position, the totals for enterprise funds are the same as those on the government-wide statements and, therefore, no reconciliation is required. The totals for internal service funds are included in the reconciliations described above.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Net Position, and Fund Balances

Cash, Cash Equivalents, Deposits, and Investments

The cash balances of all funds, except for those specifically required to be segregated, are pooled and invested for the purpose of increasing earnings through investments.

Investments are stated at fair value at December 31, 2025, based upon quoted market prices or at amortized cost for money market and participating interest-earning investment contracts with a remaining maturity at the time of purchase of one year or less. A market approach is used to value all investments.

Pooled investment earnings credited to the General Fund were $11,920,082 for 2025, $7,920,513 of which was not allocated to other funds. For 2025, a $3,326,191 unrealized gain due to the change in fair value of cash and investments was reported in the operating statements in the General Fund. The calculation of realized gains and losses is independent of the calculation of the change in fair value of investments and realized gains and losses of the current period include unrealized amounts from prior periods.

Olmsted 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 Minnesota Statute 471.59. The investment in the pool is measured at the net asset value (NAV) per share provided by the pool.

For the purpose of the statement of cash flows, the proprietary funds consider all equity held in the County's cash management pool to be cash equivalents because this pool is used essentially as a demand deposit account. Short-term investments, identifiable to proprietary funds, with a maturity date within three months of the date acquired by the County are also considered cash and cash equivalents. The proprietary funds statement of cash flows includes all cash and cash equivalent asset balances regardless of any restrictions or designations on the accounts.

Taxes Receivables

Property tax levies are set by the County Board on or before December 31 each year and become a lien on January 1 of the following year. The total levy is spread on all assessable property, other than mobile homes, personal property, and properties that pay in-lieu-of tax. Taxes are considered receivable as of the lien date. Taxes that remain unpaid at December 31 of the lien year are delinquent. Collections through 45 days after year-end are recognized as revenue and the remainder is a deferred inflow in the fund financial statements. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

Real estate and personal property taxes are payable in two equal installments, the first half on May 15 and the second half on October 15. Second half real estate taxes on agricultural property may be paid until November 15 without penalty. The County levies and collects property taxes and special assessments for all governmental units within the County. The County is required by Minnesota statute to distribute the collections to the various governmental units several times each year.

Contractual Allowances

Olmsted County Public Health Services provides services to certain patients covered by various third-party reimbursement programs at contractual rates, which generally differ from the County's established rates. Normal billing rates to these patients are included in patient service revenue. Patient accounts receivable are adjusted for contractual allowances, which are recorded based on estimates of the amounts to be received from third parties. Final adjustments are made in the period such amounts are finally determined.

Lease Receivables (Lessor)

A lease receivable and a deferred inflow of resources are recognized at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The asset underlying the lease is not derecognized. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable adjusted for lease payments received at or before the commencement of the lease term. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The County’s estimated incremental borrowing rate is used as the discount rate for leases. The lease term is the noncancellable period of the lease. Lessee fixed payments are used to measure lease receivables.

Due from/to Other Funds and Advances to/from Other Funds

In the fund financial statements, current portions of interfund loans are reported in "Due from/to other funds" and noncurrent portions of interfund loans are reported in "Advances to/from other funds". In governmental fund financial statements, current portions of interfund loans are considered available spendable resources and noncurrent portions of interfund loans do not constitute available spendable resources and are reported as nonspendable fund balance. On the government-wide statements, interfund loan balances between governmental activities and business-type activities are reported in assets as internal balances which net to zero in total. Any residual balances outstanding between the primary government and the component unit are reported in the government-wide financial statements as “due to/from primary government” and “due to/due from component unit”.

See Note 5 for fund statement details.

Inventories and Prepaid Items

Inventories consist of supplies and repair parts and are valued at cost, which approximates fair value (first-in, first-out method). The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

In governmental fund financial statements, inventories and prepaid items do not constitute available spendable resources and are reported as nonspendable fund balance.

Restricted Assets

Certain funds are classified as restricted asserts on the statement of net position due to restrictions either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments.

The Dedicated Long-term Environmental Care Trust was established in the County's treasury for the purpose of financial assurance on the Kalmar Township landfill. The Minnesota Pollution Control Agency Commissioner reviews evidence of expenditures for closure, post-closure, or corrective action and authorizes the transfer of funds from the Dedicated Long-term Environmental Care Trust to the County's operating cash account.

When both restricted and unrestricted net position are available, restricted resources are used first. The County's Chief Financial Officer is consulted for any exceptions. This policy excludes endowments and restricted donations.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, dams, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide and proprietary fund financial statements. Capital assets are valued at historical cost, except for infrastructure acquired before 2003 and assets of the Building Facilities internal service fund that were transferred from the State, which are valued at estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

In the government-wide statement of net position and statement of activities, capital assets in governmental activities are depreciated and public domain infrastructure is capitalized. In the fund financial statements, no depreciation has been provided for the capital assets purchased by governmental funds and no public domain infrastructure is capitalized.

Depreciation of all exhaustible capital assets used by government-wide financial statements and proprietary funds is charged as an expense against operations. Capital assets are reported net of accumulated depreciation. Depreciation has been provided over the assets' estimated useful lives using the straight-line method.

The capitalization threshold, excluding the OCHRA, is $250,000 for roads, bridges, traffic signals and dams; $100,000 for buildings; $50,000 for improvements non-building and software; and $25,000 for all other capital assets. The estimated useful lives are for the following number of years:

Asset	Useful Life
Buildings	20 to 35 years
Improvements	10 to 40 years
Equipment	4 to 20 years
Software	2 to 5 years
Roads	25 to 50 years
Bridges	50 years
Traffic Signals	25 years
Dams	100 years
Sewer Systems	75 years

The OCHRA capitalization threshold is $5,000 for all capital assets. The estimated useful lives are for the following number of years:

Asset	Useful Life
Buildings	25 to 50 years
Improvements	4 to 25 years
Equipment	2 to 20 years

See Note 4 for governmental funds and proprietary funds capital assets.

Other Assets

"Long-term loans" are in the Building Facilities internal service fund for the amount loaned out to homeowners in the area of the Building Facilities property as instituted by the Board of Commissioners to stabilize property values in the immediate neighborhood.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expenditure/expense) until then.

In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until then.

Unearned Revenue

Unearned revenue is resources that have been received but not yet earned.

Long-Term Obligations

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

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

Both long- and short-term liabilities are recorded in the government-wide statements and proprietary fund statements. Governmental fund statements record only short-term liabilities of the funds. Also see Note 6.

Government-wide statements and proprietary fund statements identify the other post-employment benefit (OPEB) liability and pension liability. Pension benefits are funded from member and employer contributions by each fund and income from the investment of fund assets as administered by PERA. Each fund liquidates the OPEB liability based on employee/employer paid health insurance premiums. Governmental funds contribute to the OPEB liability in the proprietary Self-Insurance Fund by way of inclusion in employee health insurance premiums charged by the Self-Insurance Fund.

Lease Liabilities (Lessee)

A lease liability and a lease asset are recognized at the commencement of the lease term, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

The County uses the interest rate charged as the discount rate for lease liabilities. When the interest rate charged is not provided, the County uses its estimated borrowing rate as the discount rate. The lease term is the noncancellable period of the lease. Fixed payments plus any purchase option price the County is reasonably certain to exercise are used to measure lease liabilities.

Information Technology Subscription Liabilities

An information technology subscription liability and an information technology subscription asset are recognized at the commencement of the subscription term, unless the subscription is a short-term subscription. The information technology subscription liability is measured at the present value of payments expected to be made during the subscription term less any subscription incentives. The information technology subscription asset is measured at the amount of the initial measurement of the information technology subscription liability, plus any payments made to the vendor at or before the commencement of the lease term and initial implementation costs.

The County uses the interest rate charged as the discount rate for subscription liabilities. When the interest rate charged is not provided, the County uses its estimated borrowing rate as the discount rate. The subscription term is the noncancellable period of the subscription. Fixed payments are used to measure lease subscription liabilities.

Closure and Post-closure Care Costs

State and federal laws and regulations require the County to place a final cover on its Kalmar landfill site when it stops accepting waste in each cell and to perform certain maintenance and monitoring functions at the site for thirty years after closure. When a cell reaches capacity, final cover, including vegetative cover, will be put in place. Although final cell closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $2,555,695 reported as landfill closure and post-closure care liability at December 31, 2025, represents the cumulative amount reported to date based on the use of 41 percent of the estimated capacity of the landfill. The County will recognize the remaining $3,624,482 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2025. The County estimates the remaining life at 25 - 100 years. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a dedicated long-term trust to finance closure and post-closure care. At December 31, 2025, the County has investments of $6,060,459 for these purposes. These are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

Compensated Absences

The liability for compensated absences reported in the government-wide statements and proprietary fund statements consists of earned, but unpaid balances for a variety of paid leave time. Employees working half time or more earn leave based on full-time equivalent.

County policy allows employees to accumulate earned but unused paid time off (PTO) to a maximum of 740 hours (prorated for part-time employees). Some union contracts authorized employees to accumulate earned but unused compensatory time. Employees no longer accrue sick leave, but some employees have a sick leave bank. Sick leave bank time can be used by employees for illness-related absences. Employees are paid fifty percent of the remaining sick leave bank hours, up to a maximum of 384 hours, at termination of employment. The entire balance of PTO and compensatory time are recognized as a liability at year end. Sick leave bank balances are recognized as a liability if it is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability for compensated absences includes salary-related benefits.

The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. The liability for governmental funds compensated absences is accounted for in the Self-Insurance Compensated Absences internal service fund. The related current year expenses are recognized in the governmental funds when earned.

Pension Plan

For purposes of measuring the net pension liability/asset, 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.

Fund Balance

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are legally segregated for specific purposes or are not available for general expenditures. Assignments of fund balance indicate the portion of fund balance that the County has set aside for planned future expenditures.

Nonspendable fund balance amounts cannot be spent because they are either (a) not in spendable form or (b) 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, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned fund balance amounts are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Net Position

In the government-wide and proprietary fund financial statements, net position represents the difference between all other elements in a statement of financial position and should be displayed in three components: net investment in capital assets; restricted (distinguishing between major categories of restrictions); and unrestricted.

Net investment in capital assets is 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.

Net investment in capital assets as shown on the Statement of Net Position is calculated as follows:

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Capital Assets, net	$ 384,203,218	$ 100,388,884	$ 484,592,102
Less: debt			
Total bonds payable	(109,330,000)	(43,760,000)	(153,090,000)
Total bond premiums	(4,572,263)	(1,589,360)	(6,161,623)
Total mortgages payable	-	(12,938,248)	(12,938,248)
Total financed purchase payable	(770,119)	-	(770,119)
Total contracts payable - capital related	(5,715,238)	(307,488)	(6,022,726)
Total lease payable - capital related	(238,461)	-	(238,461)
Total Subscription payable - capital related	(3,606,422)	-	(3,606,422)
Total deferred gain on refunding	(1,824,738)	(547,690)	(2,372,428)
Total deferred charge on refunding (net)	-	2,800	2,800
Add back: non-capital related debt			
Various mortgages in HRA Enterprise Fund	-	660,702	660,702
Unused 2024A Bond proceeds	2,914,236	-	2,914,236
Unused 2025A Bond proceeds	3,598,344	14,175,520	17,773,864
Net investment in capital assets	$ 264,658,557	$ 56,085,120	$ 320,743,677

Restricted net position is the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or law or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports $41,762,198 of restricted net position, of which $21,516,170 is restricted by enabling legislation.

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

Change in Accounting Principles

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, *Certain Risk Disclosures.* This statement establishes financial reporting requirements for risks related to vulnerabilities due to concentrations or constraints. This standard was implemented January 1, 2025.

NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS

Deposits

The following is a reconciliation of the County's total cash and investments in the basic financial statements.

Government-Wide statement of net position		
Governmental activities		
Cash and pooled investments	$	201,171,826
Cash and pooled investments - restricted		38,295,805
Cash and investments held by trustee - restricted		295,481
Change and Imprest funds		126,111
Business-Type activities		
Cash and pooled investments		38,509,263
Cash and pooled investments - restricted		27,259,798
Change funds		4,900
Statement of fiduciary net position		
Cash and pooled investments		13,002,681
Change and Imprest funds - custodial funds		57,827
	$	318,723,692
Change and Imprest funds		188,838
Investments		318,534,854
	$	318,723,692

Minnesota Statutes Chapter 118A authorizes the County to deposit its cash and to invest in certificates of deposit in financial institutions designated by the County Board.

Minnesota Statutes Chapter 118A.03 requires all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance bonds.

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. County policy requires all deposits to be insured or collateralized in accordance with Minnesota Statutes Chapter 118A. At December 31, 2025, none of the County's deposits were subject to custodial credit risk.

County policy, in accordance with Minnesota statutes, requires collateral coverage for all deposit balances exceeding the FDIC insured levels. Federal Home Loan Bank letters of credit may be substituted for qualifying government securities at some institutions. As of December 31, 2025, the County's deposits were not exposed to custodial credit risk, being fully covered through collateral agreements with designated depositories.

Investments

The County may invest in the following types of investments authorized by Minnesota Statutes Section 118A.04 and 118.05:

(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 Minnesota Statute 118A.04, subd. 6
(2) mutual funds through shares of registered investment companies provided the mutual fund received certain ratings depending on its investments
(3) general and revenue obligations of any state or local government with taxing powers and obligations of the Minnesota finance housing agency provided such obligations have certain specified bond ratings by a national bond rating service
(4) time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers' acceptances of U.S. banks
(5) commercial paper issued by U.S. 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
(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 market interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that addresses interest rate risk. The County minimizes their exposure to interest rate risk by investing in both shorter and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

The following table represents the potential interest rate risk related to the County's investments using the segmented time distribution method. Mutual Funds are not included as Olmsted County has daily availability to the funds.

		Investment Maturities (in Years)		
Investment or Deposit Type	Fair Value	Less Than 1 Year	2-3 Years	3-5 Years
U. S. Government Securities				
Fannie Mae	$ 4,636,401	$ 2,729,497	$ 1,906,904	$ -
Federal Farm Credit Bank	46,523,530	20,147,570	13,736,162	12,639,798
Federal Home Loan Bank	40,298,538	7,588,195	15,197,705	17,512,638
Federal Home Loan Discount Note	4,462,388	4,462,388		
Freddie Mac	8,068,674	-	2,753,672	5,315,002
US Treasury Bills, Bonds & Notes	124,889,152	41,208,722	53,003,066	30,677,364
Total U.S. Government Securities	228,878,683	76,136,372	86,597,509	66,144,802
Municipal Bonds				
New York NY	3,483,219	-	3,483,219	-
Wisconsin State General Fund	2,524,335	-	2,524,335	-
Total Municipal Bonds	6,007,554	-	6,007,554	-
MAGIC Term	15,000,000	15,000,000		-
Total Investments	$ 249,886,237	$ 91,136,372	$ 92,605,063	$ 66,144,802

Reconciliation to Schedule of Deposits and Investments	
Amount from above	$ 249,886,237
Mutual Funds	23,552,987
MAGIC Money Market	45,095,630
Total Investments	$ 318,534,854

Credit Risk, Custodial Credit Risk, and Concentration of 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 diversify use of investment instruments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. County policy requires all investments to be delivered to the institutions designated by the County for safekeeping. At December 31, 2025, none of the County's investments were subject to custodial 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.

The following table presents the County's investment balances at December 31, 2025, and information relating to potential Credit Risk and Concentration Risk:

	Credit Risk		Concentration Risk	
Instrument Type	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Carrying (Fair) Value
U.S. Government and Gov't Agency Securities				
US Treasury Bills, Bonds & Notes			N/A	$ 124,889,152
Fannie Mae	Aa1	Moody's		4,636,401
Federal Farm Credit Bank	Aa1	Moody's	14.6%	46,523,530
Federal Home Loan Bank	Aa1	Moody's	12.7%	40,298,538
Federal Home Loan Discount Note	Aa1	Moody's		4,462,388
Freddie Mac	Aa1	Moody's		8,068,674
Total U.S. Government Securities				228,878,683
Municipal Bonds				
New York NY	Aa2	Moody's		3,483,219
Wisconsin St Gen Fund	Aa2	Moody's		2,524,335
Total Municipal Bonds				6,007,554
Mutual Funds				
Allsprings Government Money Market	Aaa-mf	Moody's	N/A	23,552,987
MAGIC Money Market	AAAm	S & P	N/A	45,095,630
MAGIC Term	AAAf	Fitch	N/A	15,000,000
				83,648,617
Total Investments				318,534,854
Change and Imprest Funds				188,838
Total Cash, Investments, and Agreements				$ 318,723,692

Fair Value of Investments

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

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

At December 31, 2025, Olmsted County had the following recurring fair value measurements.

	December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value			
Debt Securities			
U.S. Government and Gov't Agency Securities			
US Treasury Bonds & Notes	$ 124,889,152	$ -	$ 124,889,152
Fannie Mae	4,636,401	-	4,636,401
Federal Farm Credit Bank	46,523,530	-	46,523,530
Federal Home Loan Bank	40,298,538	-	40,298,538
Federal Home Loan Discount Note	4,462,388	-	4,462,388
Freddie Mac	8,068,674	-	8,068,674
Municipal Bonds	6,007,554	-	6,007,554
Allsprings Government Money Market	23,552,987	23,552,987	-
Total Investments included in the Fair Value Hierarchy	258,439,224	$ 23,552,987	$ 234,886,237
Investments measured at the net asset value (NAV) or amortized cost:			
MAGIC Money Market	45,095,630		
MAGIC Term	15,000,000		
Total Investments at NAV	60,095,630		
Total Investments	318,534,854		
Cash and Cash Equivalents			
Change and Imprest Funds	188,838		
Total Cash, Cash Equivalents, and Investments	$ 318,723,692		

Mutual funds in Level 1 are valued using a market approach quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using a market approach by utilizing quoted prices for identical securities in markets that are not active.

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 investments of the County's money with those of other counties to enhance the investment earnings accrued to each member. The MAGIC Fund currently consists of the MAGIC Portfolio and the MAGIC Term Series.

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 if 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 Trustee determines there is an emergency that makes the sale of the Portfolio's securities or determination of its NAV not reasonably practical.

Shares of MAGIC Term Series are purchased to mature upon pre-determined maturity dates selected by the County at the time of purchase. Should the County need to redeem shares in a MAGIC Term Series prematurely, they must provide notice at least seven days prior to the premature redemption date. The value of a premature redemption is equal to the original price for such share, plus dividends thereon, at the projected yield, less such share's allocation of any losses incurred by the series, less a premature redemption penalty, if any.

NOTE 3 - RECEIVABLES, UNEARNED AND UNAVAILABLE REVENUE

Receivables

Accounts Receivable

Receivables as of December 31, 2025, including the applicable allowances for uncollectible accounts are as follows:

	Governmental Activities	Business-Type Activities	Total
Receivables:			
Accounts Receivable, gross	$ 2,932,215	$ 4,550,723	$ 7,482,938
Less:			
Allowance for doubtful accounts	(1,403,683)	-	(1,403,683)
Net total receivables	$ 1,528,532	$ 4,550,723	$ 6,079,255

Net receivables for Governmental Activities are collectible within the year.

Lease Receivables

The Minnesota Department of Public Safety Bureau of Criminal Apprehension (BCA) entered into an agreement with the County to lease 678 square feet of building space for 5 years ending December 31, 2023. On June 1, 2023, this agreement was modified to extend the lease for an additional 5 years to December 31, 2028. Under the terms of the lease, the BCA will make monthly payments of $1,089-$1,379, increasing annually. The BCA can terminate this agreement with 30 days' notice. Termination is not considered likely. During the fiscal year, the County recorded $13,870 in lease revenue and $1,269 in interest revenue for giving the BCA the right to use County owned building space. The County used an incremental discount rate of 2.350% (.56% prior to the lease modification), based on the County's borrowing rate for the same time periods.

The Minnesota Department of Administration entered into an agreement with the County to lease 8,501 square feet of building space for 5 1/2 years. Under the terms of the lease, the Minnesota Department of Administration will make 66 monthly payments of $10,695-$15,854 increasing annually. The Minnesota Department of Administration can terminate this agreement with 30 days' notice. Termination is not considered likely. During the fiscal year, the County recorded $189,498 in lease revenue and $754 in interest revenue for giving the Minnesota Department of Administration the right to use County owned building space. The County used an incremental discount rate of .73%, based on the County's borrowing rate for the same time periods.

Cenergy Power entered into an agreement with the County to lease 6 acres of land for 25 years. Per the agreement Cenergy Power has the option to exercise 2 five-year optional renewal term. These optional terms were not included in the contract value due to it being unlikely Cenergy Power will exercise these optional terms. Under the terms of the lease, Cenergy Power will make 25 annual payments of $4,000-$5,360 (increasing 5% every 5 years). During the fiscal year, the County recorded $2,419 in lease revenue and $1,781 in interest revenue for giving Cenergy Power the right to use County owned land. The County used an incremental discount rate of 2.56%, based on the County's borrowing rate for the same time periods.

UCI Tower, LLC entered into an amended agreement with the County to lease .13 acres of land for 15 years on September 1, 2025. There is an additional five-year optional term. Either party can opt out of this optional term with 6-months' notice. Therefore, this additional optional term is cancellable and is not included in the contract value. Under the terms of the lease, UCI Towers, LLC will make 182 monthly fixed payments starting at $545 (increasing 3% every year). During the fiscal year, the County recorded $8,545 in lease revenue and $2,384 in interest revenue for giving UCI Tower, LLC the right to use County owned land. The County used an incremental discount rate of 3.13%, based on the County's borrowing rate for the same time periods.

Lease Receivables are as follows:

	Contract Start Date	Discount Rates	Contract Value	Contract End Date	Balance
Governmental Activities					
Building space 678 square feet	1/1/2019	2.35%	138,846	12/31/2028	$ 46,473
Land 6 acres	8/21/2020	2.56%	81,965	8/20/2045	67,210
Total Governmental Activities					$ 113,683
Business-Type Activities					
Land .13 acres	9/1/2025	3.13%	98,997	10/31/2040	$ 97,554

Unearned and Unavailable Revenue

On the fund financial statements, governmental funds report unearned and unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. These types of unavailable revenue are not reported on the government-wide financial statements, provided such revenues were earned. Governmental funds and government-wide financial statements postpone revenue recognition in connection with resources that have been received but not yet earned.

At the end of the current fiscal year, the various components of unrecognized revenue, which are *unavailable* and *unearned* revenue reported in the governmental funds and business-type activities, were as follows:

		Fund Statements	
	Government-Wide Statements - Unearned	Unearned Revenue	Unavailable Revenue
Governmental Funds:			
Taxes	$ 136,822	$ 136,822	$ 1,375,419
Sales Tax	-	-	1,811,471
Licenses and permits	-	-	848
Intergovernmental	10,831,034	10,831,034	10,773,939
Charges for services	207,984	207,984	716,374
Other	677,236	677,236	90,791
Sub-total, governmental funds	11,853,076	11,853,076	14,768,842
Internal Service Funds:			
Charges for services	127,134	127,134	-
Other	110,227	110,227	-
Sub-total, internal service funds	237,361	237,361	-
Sub-total, governmental activities	12,090,437	12,090,437	14,768,842
Business-Type Activities			
Waste Management other	17,851	17,851	-
OCHRA other	246,334	246,334	-
Sub-total, business-type activities	264,185	264,185	-
Total	$ 12,354,622	$ 12,354,622	$ 14,768,842

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 24,373,078	$ -	$ (113,497)	$ 24,259,581
Infrastructure land	41,711,571	2,943,532	-	44,655,103
Construction in progress	14,287,975	32,183,472	(15,417,847)	31,053,600
Total capital assets not being depreciated	80,372,624	35,127,004	(15,531,344)	99,968,284
Capital assets, being depreciated/amortized:				
Infrastructure	327,940,083	13,043,429	(21,103)	340,962,409
Building	185,194,120	2,054,357	(275,099)	186,973,378
Improvements other than building	11,152,830	884,888	(10,322)	12,027,396
Equipment	40,291,361	4,169,437	(1,597,874)	42,862,924
Intangible right-to-use lease - equipment	1,166,281	-	-	1,166,281
Software	9,959,497	-	-	9,959,497
Intangible right-to-use subscription software	7,176,575	1,074,269	(942,779)	7,308,065
Total capital assets being depreciated/amortized	582,880,747	21,226,380	(2,847,177)	601,259,950
Less accumulated depreciation/amortization for:				
Infrastructure	(175,439,378)	(6,924,489)	21,103	(182,342,764)
Building	(83,178,387)	(5,796,403)	196,812	(88,777,978)
Improvements other than building	(5,844,342)	(448,576)	10,322	(6,282,596)
Equipment	(24,685,991)	(3,370,681)	1,529,008	(26,527,664)
Intangible right-to-use lease - equipment	(444,297)	(166,612)	-	(610,909)
Software	(8,150,186)	(1,047,835)	-	(9,198,021)
Intangible right-to-use subscription software	(2,027,846)	(2,035,325)	778,087	(3,285,084)
Total accumulated depreciation and amortization	(299,770,427)	(19,789,921)	2,535,332	(317,025,016)
Total capital assets, being depreciated and amortized, net	283,110,320	1,436,459	(311,845)	284,234,934
Governmental activities capital assets, net	$ 363,482,944	$ 36,563,463	$ (15,843,189)	$ 384,203,218

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 6,326,577	$ -	$ -	$ 6,326,577
Construction in progress	1,763,907	1,926,074	(1,227,876)	2,462,105
Total capital assets not being depreciated	8,090,484	1,926,074	(1,227,876)	8,788,682
Capital assets, being depreciated/amortized:				
Infrastructure	1,984,227	-	-	1,984,227
Building	57,670,269	1,263,633	-	58,933,902
Improvements other than building	15,403,120	307,214	-	15,710,334
Equipment	155,546,177	1,902,837	(191,803)	157,257,211
Software	52,034	-	-	52,034
Intangible right-to-use subscription software	240,952	-	-	240,952
Total capital assets being depreciated/amortized	230,896,779	3,473,684	(191,803)	234,178,660
Less accumulated depreciation/amortized for:				
Infrastructure	(509,055)	(26,441)	-	(535,496)
Building	(34,758,277)	(1,008,402)	-	(35,766,679)
Improvements other than building	(12,165,244)	(386,227)	-	(12,551,471)
Equipment	(87,891,984)	(5,731,645)	191,803	(93,431,826)
Software	(52,034)	-	-	(52,034)
Intangible right-to-use subscription software	(165,224)	(75,728)	-	(240,952)
Total accumulated depreciation/amortization	(135,541,818)	(7,228,443)	191,803	(142,578,458)
Total capital assets, being depreciated/amortized, net	95,354,961	(3,754,759)	-	91,600,202
Business-Type activities capital assets, net	$ 103,445,445	$ (1,828,685)	$ (1,227,876)	$ 100,388,884

Depreciation and Amortization Expense

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

Governmental activities:	
General government	$ 1,164,018
Public safety	5,002,663
Conservation of natural resources	16,707
Highways and streets	9,377,485
Health	492,111
Human Services	2,306,031
Culture and recreation	1,430,906
Total depreciation/amortization expense - governmental activities	$ 19,789,921
Business-Type activities:	
Waste Management	$ 6,305,597
Olmsted County HRA	896,405
Sanitary Sewer	26,441
Total depreciation/amortization expense - business-type activities	$ 7,228,443

Construction and Other Commitments

Olmsted County has active projects as of December 31, 2025. At the end of the year, the commitments are as follows:

	Total Contract	Spent-to-date	Remaining Commitment	Funding Source
Governmental Funds:				
Infrastructure Fund				
County State Aid Highway 3 Bridge 7212	$ 2,425,939	$ -	$ 2,425,939	Local Sales Tax, Grant
County State Aid Highway 14/County Road 44 Reconstruction	6,119,231	5,871,487	247,744	Local Sales Tax, State Aid, State Bonds
County State Aid Highway 5/25	10,429,954	10,326,113	103,841	Local Sales Tax, State Aid
County Road 112 TH 63	528,735	439,936	88,799	Local Sales Tax, State Aid
County State Aid Highway 21 & TH 63	9,063,776	3,760,825	5,302,951	Local Sales Tax, State Aid
County Road 121 Bridge Relocation Consulting	127,740	62,869	64,871	State Bonds
County State Aid Highway 1 Reconstruction	359,000	129,112	229,888	Lost Sales Tax
Public Works Service Center	1,372,893	1,276,319	96,574	Local Sales Tax
Eyota Brine Shop	295,468	162,621	132,847	Local Sales Tax
Total Infrastructure Fund	30,722,736	22,029,282	8,693,454	
Capital Projects Fund				
Lake Zumbro Boat Launch and Parking Lot Rehabilitation	732,111	367,349	364,762	Grant
Arena 4 ventilation upgrades	497,800	-	497,800	Reserves
Dehumidification system	1,406,800	125,817	1,280,983	Reserves
Exhibition Center	41,933,246	8,371,075	33,562,171	Reserves/Grant
Graham Commons - support plaza and activity pad exhibition	1,568,231	705,683	862,548	Reserves/Debt
Oxbow Campground relocation	2,633,139	2,124,789	508,350	Debt/Grant
Tractor with flail	192,428	-	192,428	Reserves/Sale of Asset
Arena 3/4 geothermal replacement	111,950	-	111,950	Reserves/RYHA contribution
Historic Highway Shop restoration	146,890	120,525	26,365	Debt
Oxbow caretaker home replacement	450,930	22,769	428,161	Debt
Exhibition Center solar	133,800	66,900	66,900	Grant/Reserves
Public Works wash bay solar panels	89,189	44,595	44,594	Grant/Reserves
Public Works Service Center Main solar panels	108,570	54,285	54,285	Grant/Reserves
Oxbow Nature Center Solar Panels	130,200	65,100	65,100	Grant/Reserves
Hydroseeder	63,250	-	63,250	Reserves
Hydraulic excavator	210,102	-	210,102	Reserves/Sale of Asset
Public Works Service Center fiber	228,178	93,998	134,180	Debt/Contributions
550 pickup	31,727	-	31,727	Debt/Sale of Asset
Lake Zumbro pier upgrades and parking	343,750	162,279	181,471	Grant/Debt/Reserves
Total Capital Projects Fund	51,012,291	12,325,164	38,687,127	
Total Governmental Funds	81,735,027	34,354,446	47,380,581	
Internal Service Fund:				
Building Facilities				
Remodeling	388,809	115,081	273,728	Reserves
Enterprise Fund:				
Waste Management Fund				
Materials Recovery Facility	10,030,547	1,467,678	8,562,869	Debt
OWEF Admin Office Space	125,000	94,400	30,600	Debt
OWEF Replace 2.4KV Switchgear	55,200	-	55,200	Operations
OWEF 13.8 Bus 1 Metering/Upgrade	177,139	123,997	53,142	Operations
Environmental Resource Solid Waste Campus Planning	243,476	140,973	102,503	Operations
Total Enterprise Fund	10,631,362	1,827,048	8,804,314	
Total Commitments	$ 92,755,198	$ 36,296,575	$ 56,458,623	

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables and Payables

The following interfund receivables and payables are reported on the fund financial statements at December 31, 2025. The short-term and long-term portions of the loans are due to the General Fund from the Sanitary Sewer Fund for the construction of the Chester Heights area sewer system and the Olmsted County HRA for The Francis building. The amounts due to the Olmsted County HRA from the Health and Human Service Fund are for low income public housing.

	Due From Other Funds	Due to Other Funds
Governmental Funds:		
General Fund	$ 11,400	$ -
Health and Human Services	-	75,903
Total Governmental Funds	11,400	75,903
Enterprise Funds:		
Sanitary Sewer	-	11,400
Olmsted County HRA	75,903	-
Total Enterprise Funds	75,903	11,400
Total Due From and Due To Other Funds	$ 87,303	$ 87,303

	Advances To Other Funds	Advances From Other Funds
Governmental Funds:		
General Fund	$ 436,000	$ -
Enterprise Funds:		
Sanitary Sewer	-	312,100
Olmsted County HRA	-	123,900
Total Enterprise Funds	-	436,000
Total Advances To and From Other Funds	$ 436,000	$ 436,000

Interfund Transfers

Interfund transfers reported on the fund financial statements at December 31, 2025 were:

	Transfers in:							
	Governmental Funds					Proprietary Funds		
	General	Infrastructure	Health and Human Services	Debt Service	Capital Projects	Enterprise Funds	Internal Service Funds	Total transfers out
Governmental funds:								
General	$ -	$ 10,000	$ 263,716	$ -	$ 9,548,132	$ 3,915	$ 975,000	$ 10,800,763
Infrastructure	4,200	-	-	3,522,595	8,253	-	-	3,535,048
Health and Human Services	-	-	-	-	-	622,263	-	622,263
Opioid Settlement	-	-	470,829	-	-	-	-	470,829
Debt Service	2,009,036	-	-	-	3,015,081	-	-	5,024,117
Governmental funds transfers in	2,013,236	10,000	734,545	3,522,595	12,571,466	626,178	975,000	20,453,020
Proprietary funds:								
Internal Service funds	-	-	-	-	49,644	-	-	49,644
Proprietary funds transfers in	-	-	-	-	49,644	-	-	49,644
Total transfers in	$ 2,013,236	$ 10,000	$ 734,545	$ 3,522,595	$ 12,621,110	$ 626,178	$ 975,000	$ 20,502,664

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

	Transfers in:							
	Governmental Funds					Proprietary Funds		
	General	Infrastructure	Health and Human Services	Debt Service	Capital Projects	Enterprise Funds	Internal Service Funds	Transfers out
Reasons for interfund transfers:								
General Fund Contribution to Health and Human Services Fund for emergency Channel One funding	$ -	$ -	$ 200,000	$ -	$ -	$ -	$ -	$ 200,000
General Fund Contribution to Health and Human Services Fund for social worker	-	-	63,716	-	-	-	-	63,716
General Fund Contribution to Infrastructure Fund for furniture	-	10,000	-	-	-	-	-	10,000
General Fund Contribution to Capital Project Fund for law enforcement equipment	-	-	-	-	24,000	-	-	24,000
General Fund Contribution to Capital Projects Fund for highway equipment	-	-	-	-	185,000	-	-	185,000
General Fund Contribution to Capital Projects Fund for parks equipment and improvements	-	-	-	-	301,763	-	-	301,763
General Fund Contribution to Capital Projects Fund for graham park equipment and improvements	-	-	-	-	955,127	-	-	955,127
General Fund Contribution to Capital Projects Fund for graham park exhibition center	-	-	-	-	8,082,242	-	-	8,082,242
General Fund Contribution to Sanitary Sewer Enterprise Fund for Chester Heights Sewer	-	-	-	-	-	3,915	-	3,915
General Fund Contribution to Internal Service Fund for PENZ property clean up	-	-	-	-	-	-	200,000	200,000
General Fund Contribution to Internal Service Fund for information technology equipment improvements	-	-	-	-	-	-	345,000	345,000
General Fund contributions to Internal Service Fund for administration projects	-	-	-	-	-	-	430,000	430,000
Infrastructure Fund Contributions to General Fund Fund for unused seasonal salaries	4,200	-	-	-	-	-	-	4,200
Infrastructure Fund Contributions to Debt Service Fund for debt service	-	-	-	3,522,595	-	-	-	3,522,595
Infrastructure Fund Contribution to Capital Projects Fund for highway equipment	-	-	-	-	8,253	-	-	8,253
Opioid Settlement Fund Contribution to Health and Service Fund for Diversity, Equity, and Community Outreach salaries, benefits, and other employee costs	-	-	442,029	-	-	-	-	442,029
Opioid Settlement Fund Contribution to Health and Service Fund for Doc's Recovery House	-	-	28,800	-	-	-	-	28,800
Health and Human Services Fund Contributions to HRA Enterprise Fund for housing	-	-	-	-	-	622,263	-	622,263
Debt Service Fund Contribution to General Fund for excess unrestricted reserves	2,009,036	-	-	-	-	-	-	2,009,036
Debt Service Fund Contribution to General Fund for excess unrestricted reserves	-	-	-	-	3,015,081	-	-	3,015,081
Internal Service Fund Contributions to Capital Projects Fund for Public Safety totaled vehicle	-	-	-	-	49,644	-	-	49,644
Total transfers in	$ 2,013,236	$ 10,000	$ 734,545	$ 3,522,595	$ 12,621,110	$ 626,178	$ 975,000	$ 20,502,664

NOTE 6: LONG-TERM LIABILITIES

Bonds Payable

	General Obligation Revenue Bonds	General Obligation Bonds	Total
January 1, 2025			
Governmental activities	$ -	$ 137,625,000	$ 137,625,000
Business-Type activities	36,060,000	-	36,060,000
	36,060,000	137,625,000	173,685,000
Issued:			
Governmental activities	-	5,830,000	5,830,000
Business-Type activities	14,380,000	-	14,380,000
Retired:			
Governmental activities	-	(34,125,000)	(34,125,000)
Business-Type activities	(6,680,000)	-	(6,680,000)
December 31, 2025	$ 43,760,000	$ 109,330,000	$ 153,090,000
Balance by fund type			
Governmental activities:			
Governmental funds	$ -	$ 66,977,260	$ 66,977,260
Internal Service	-	42,352,740	42,352,740
	-	109,330,000	109,330,000
Business-Type activities:			
Enterprise funds	43,760,000	-	43,760,000
Total	$ 43,760,000	$ 109,330,000	$ 153,090,000

Annual debt service requirements to maturity for all bonds are as follows:

Year ending	Principal	Interest	Total
2026	$ 16,890,000	$ 4,396,873	$ 21,286,873
2027	17,545,000	4,160,776	21,705,776
2028	11,825,000	3,753,355	15,578,355
2029	11,700,000	3,383,130	15,083,130
2030	9,355,000	3,040,930	12,395,930
2031 to 2035	41,305,000	10,990,964	52,295,964
2036 to 2040	27,580,000	5,343,160	32,923,160
2041 to 2045	15,615,000	1,609,144	17,224,144
2046	1,275,000	27,094	1,302,094
Total	$ 153,090,000	$ 36,705,426	$ 189,795,426

General Obligation Bonds

The County issued general obligation bonds to provide financing for construction and reconstruction of streets, bridges, and other related infrastructure and buildings. These bonds supported primarily from revenues derived from property taxes are backed by the full faith, credit, and taxing powers of the County.

A portion of the General Obligation Crossover Refunding Bonds, Series 2016A, were issued to crossover refund the General Obligation Taxable Capital Improvement Plan Bonds, Series 2009A, and the General Obligation Capital Improvement Plan Bonds, Series 2011B. Remaining annual installments of $555,000 to $1,625,000 are due annually on February 1.

The General Obligation Bonds, Series 2019A, were issued to provide financing for facility and transit improvements and purchase equipment. Remaining annual installments of $800,000 to $1,100,000 are due annually on February 1.

A portion of the General Obligation Bonds, Series 2020A, were issued to provide financing for certain facility improvements. Remaining annual installments of $245,000 to $615,000 are due annually on February 1.

A portion of the Taxable General Obligation Crossover Refunding Bonds, Series 2021A, were issued to crossover refund the remaining unpaid principal of the general obligation bond portion of the General Obligation Crossover Refunding Bonds, Series 2012A. Remaining annual installments of the general obligation bond portion of the bonds are $1,385,000 to $1,395,000 and are due annually on February 1.

A portion of the Taxable General Obligation Crossover Refunding Bonds, Series 2022A, were issued to crossover refund the remaining unpaid principal of the General Obligation Bonds, Series 2015A. On February 1, 2025, the remaining principal balance of $25,715,000 on the General Obligation Bonds, Series 2015A, was refunded from an escrow account created from the proceeds of the Taxable General Obligation Crossover Refunding Bonds, Series 2022A. Remaining annual installments of the bonds are $2,135,000 to $2,690,000 and are due annually beginning February 1, 2026.

A portion of the General Obligation Bonds, Series 2022B, were issued to provide financing for certain capital improvements described in the County’s capital improvement plan. Remaining annual installments of $470,000 to $1,285,000 are due annually on February 1.

A portion of the General Obligation Bonds, Series 2023A, were issued to provide financing for certain capital improvements described in the County’s capital improvement plan. Remaining annual installments of $730,000 to $1,065,000 are due annually on February 1.

A portion of the General Obligation Bonds, Series 2024A, were issued to provide financing for certain capital improvements and equipment described in the County’s capital improvement plan. Remaining annual installments of $665,000 to $1,080,000 are due annually on February 1.

A portion of the General Obligation Bonds, Series 2025A, were issued to provide certain capital improvements and equipment described in the County’s capital improvement plan. Remaining annual installments of $185,000 to $445,000 are due annually on February 1.

The general obligation bonds outstanding are as follows:

	Date Issued	Interest Rates	Original Issue	Final Maturity	Balance
Governmental Activities					
G.O. Crossover Refunding Bonds 2016A	8/1/2016	1.50 - 5.00%	$ 15,550,000	2/1/2031	$ 7,315,000
G.O. Bonds 2019A	11/12/2019	2.25 - 3.00%	19,175,000	2/1/2040	14,195,000
G.O. Bonds 2020A	11/17/2020	1.00 - 3.00%	8,315,000	2/1/2041	6,085,000
Taxable G.O. Crossover Refunding Bonds 2021A	4/7/2021	0.25 - 1.05%	6,880,000	2/1/2027	2,780,000
Taxable G.O. Crossover Refunding Bonds 2022A	3/3/2022	2.00 - 3.00%	26,520,000	2/1/2036	26,520,000
G.O. Bonds 2022B	3/16/2022	2.13 - 4.00%	15,970,000	2/1/2043	13,720,000
G.O. Bonds 2023A	10/18/2023	4.00 - 5.00%	16,860,000	2/1/2044	15,795,000
G.O. Bonds 2024A	10/16/2024	3.50 - 5.00%	17,090,000	2/1/2045	17,090,000
G.O. Bonds 2025A	10/15/2025	4.00 - 5.00%	5,830,000	2/1/2046	5,830,000
Total Governmental Activities					$ 109,330,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

	Governmental Activities	
Year ending	Principal	Interest
2026	$ 9,945,000	$ 3,304,026
2027	10,350,000	3,047,960
2028	9,270,000	2,737,711
2029	9,060,000	2,445,786
2030	7,755,000	2,174,499
2031 to 2035	33,775,000	7,510,358
2036 to 2040	19,610,000	3,244,298
2041 to 2045	9,345,000	800,584
2046	220,000	4,675
Total	$ 109,330,000	$ 25,269,897

General Obligation Revenue Bonds

General Obligation Governmental Housing Refunding Bonds, Series 2010A, were issued to refund general obligation housing bonds. Remaining annual installment of $115,000 is due January 1, 2026. These bonds are payable from the pledged net revenues of the Olmsted County HRA Enterprise Fund and backed by the full faith, credit, and taxing powers of the County.

A portion of the General Obligation Crossover Refunding Bonds, Series 2016A, were issued to crossover refund the General Obligation Taxable Resource Recovery Revenue Bonds, Series 2009B. Remaining annual installments of $960,000 to $1,085,000 are due annually on February 1. The 2009B refunded portion of the 2016A Bonds is payable from the pledged net revenues of the Waste Management Enterprise Fund and backed by the full faith, credit, and taxing powers of the County.

A portion of the General Obligation Bonds, Series 2020A, were issued to provide certain improvements to the County's waste to energy system. Remaining annual installments of $360,000 to $490,000 are due annually on February 1. These bonds are payable from the pledged net revenues of the Waste Management Enterprise Fund and backed by the full faith, credit, and taxing powers of the County.

A portion of the General Obligation Bonds, Series 2020A, were issued to current refund the General Obligation Resource Recovery Revenue Bonds, Series 2011A. Remaining annual installments of $225,000 to $245,000 are due annually on February 1. These bonds are payable from the pledged net revenues of the Waste Management Enterprise Fund and backed by the full faith, credit, and taxing powers of the County.

A portion of the Taxable General Obligation Crossover Refunding Bonds, Series 2021A, were issued to crossover refund the remaining unpaid principal of the general obligation revenue bond portion of the General Obligation Crossover Refunding Bonds, Series 2012A. Remaining annual installments of $4,850,000 to $4,890,000 are due annually on February 1. These bonds are payable from the pledged net revenues of the Waste Management Enterprise Fund and backed by the full faith, credit, and taxing powers of the County.

A portion of the General Obligation Bonds, Series 2022B, were issued to provide certain resource recovery improvements to the County's solid waste facility. Remaining annual installments of $115,000 to $190,000 are due annually on February 1. These bonds are payable from the pledged net revenues of the Waste Management Enterprise Fund and backed by the full faith, credit, and taxing powers of the County.

A portion of the General Obligation Bonds, Series 2023A, were issued to provide certain improvements to the County's solid waste facility. Remaining annual installments of $70,000 to $155,000 are due annually on February 1. These bonds are payable from the pledged net revenues of the Waste Management Enterprise Fund and backed by the full faith, credit, and taxing powers of the County.

A portion of the General Obligation Bonds, Series 2024A, were issued to provide certain improvements to the County's solid waste facility. Remaining annual installments of $110,000 to $165,000 are due annually on February 1. These bonds are payable from the pledged net revenues of the Waste Management Enterprise Fund and backed by the full faith, credit, and taxing powers of the County.

A portion of the General Obligation Bonds, Series 2025A, were issued to provide certain improvements to the County's solid waste facility. Remaining annual installments of $275,000 to $1,055,000 are due annually on February 1. These bonds are payable from the pledged net revenues of the Waste Management Enterprise Fund and backed by the full faith, credit, and taxing power of the County.

The general obligation revenue bonds outstanding are as follows:

	Date Issued	Interest Rates	Original Issue	Final Maturity	Balance
Business-Type Activities					
G.O. Governmental Housing Ref. Bonds 2010A	6/10/2010	3.00 - 3.70%	$ 1,475,000	1/1/2026	$ 115,000
G.O. Crossover Refunding Bonds 2016A	8/1/2016	1.50 - 5.00%	10,020,000	2/1/2029	4,075,000
G.O. Bonds 2020A - Construction Portion	11/17/2020	1.00 - 3.00%	8,080,000	2/1/2041	6,775,000
G.O. Bonds 2020A - Refunding Portion	11/17/2020	1.00 - 3.00%	2,260,000	2/1/2031	1,425,000
Taxable G.O. Crossover Refunding Bonds 2021A	4/7/2021	0.25 - 1.05%	24,145,000	2/1/2027	9,740,000
G.O. Bonds 2022B	3/16/2022	2.13 - 4.00%	2,935,000	2/1/2043	2,720,000
G.O. Bonds 2023A	10/18/2023	4.00 - 5.00%	1,830,000	2/1/2039	1,675,000
G.O. Bonds 2024A	10/16/2024	3.50 - 5.00%	2,855,000	2/1/2045	2,855,000
G.O. Bonds 2025A	10/15/2025	4.00 - 5.00%	14,380,000	2/1/2046	14,380,000
Total Business-Type Activities					$ 43,760,000

Annual debt service requirements to maturity for general obligation revenue bonds are as follows:

	Business-Type Activities	
Year ending	Principal	Interest
2026	$ 6,945,000	$ 1,092,847
2027	7,195,000	1,112,816
2028	2,555,000	1,015,644
2029	2,640,000	937,344
2030	1,600,000	866,431
2031 to 2035	7,530,000	3,480,606
2036 to 2040	7,970,000	2,098,862
2041 to 2045	6,270,000	808,560
2046	1,055,000	22,419
Total	$ 43,760,000	$ 11,435,529

Legal Debt Limit

The Olmsted County debt limit is $831,137,880 based on the Minnesota Statute 475.53 debt limit rate set at 3%. Net debt applicable to the debt limit is $101,656,891. See Statistical Section Schedule 13.

In-substance Defeasance

The Taxable General Obligation Tax Abatement Bonds, Series 2020B, were issued to provide financing for Graham Park and Graham Arena deferred maintenance projects. Funds on hand totaling $2,073,019 were placed with an irrevocable trust with an escrow agent to purchase essentially risk-free U.S. Treasury Notes resulting in a defeasance of the 2020B Bonds, thus, are no longer recorded as outstanding on the County's financial statements. The securities and earnings in the escrow account will provide sufficient funds to pay all principal and interest that becomes due on the 2020B bonds to and including the call date and to pay and redeem the outstanding maturities of the 2020B bonds on the call date of February 1, 2028. The defeasance was done to save $541,787 in future interest costs. As of December 31, 2025, the outstanding principal balance of the 2020B defeased bonds is $1,835,000.

Annual cash flow requirements to service the defeased 2020B bonds from the funds in the escrow account are as follows:

Year ending	Principal	Interest	Total
2026	120,000	37,732	$ 157,732
2027	125,000	35,283	160,283
2028	1,590,000	17,016	1,607,016
Total	$ 1,835,000	$ 90,031	$ 1,925,031

Mortgages

Mortgages Payable

The Olmsted County HRA Enterprise Fund (Authority) entered into mortgage agreements with these mortgagors. The payments are due in monthly installments.

The mortgages payable outstanding are as follows:

Business-Type Activities	Date Issued	Interest Rates	Original Issue	Final Maturity	Balance	Authority Program
U.S. Department of Agriculture - Rural Development	3/22/2005	5.75%	$ 197,498	3/1/2045	$ 146,915	Rolling Heights
U.S. Department of Agriculture - Rural Development	3/22/2005	5.75%	412,502	3/1/2045	307,248	Rolling Heights
Total Mortgages Payable					$ 454,163	

Deferred Repayment Mortgages

The Authority entered into deferred repayment mortgage agreements with these mortgagors. If there is no default or transfer of the property, the full amount is due upon the earliest of the satisfaction of the properties first mortgage or the final maturity.

The deferred repayment mortgages outstanding are as follows:

Business-Type Activities	Date Issued	Interest Rates	Original Issue	Final Maturity	Balance	Authority Program
First Homes Properties	5/16/2002	0.00%	$ 585,000	5/16/2032	$ 225,000	River's Edge
Greater Minnesota Housing Fund	5/15/2002	0.00%	221,450	5/16/2032	221,450	River's Edge
Minnesota Housing Finance Agency - Economic Development and Housing Challenge Program	5/16/2002	0.00%	635,000	5/16/2032	635,000	River's Edge
Minnesota Housing Finance Agency - Preservation Affordable Rental Investment Fund Program	3/22/2005	0.00%	200,000	3/22/2035	200,000	Rolling Heights
Minnesota Housing Finance Agency - HOME Rental Rehabilitation Program	8/25/2006	0.00%	196,000	3/22/2035	196,000	Rolling Heights
Minnesota Housing Finance Agency - Ending Long-Term Homelessness Initiative Fund Program	9/15/2006	0.00%	170,197	9/15/2026	170,197	The Francis
Greater Minnesota Housing Fund	9/15/2006	0.00%	255,000	5/15/2036	255,000	The Francis
Minnesota Housing Finance Agency - HOME Rental Rehabilitation Program	9/15/2006	0.00%	252,000	9/15/2026	252,000	The Francis
Minnesota Housing Finance Agency - Preservation Affordable Rental Investment Fund Program	5/3/1996	1.00%	770,799	5/3/2026	770,799	Bandel Hills
Minnesota Housing Finance Agency - HOME Targeted Program	5/3/1996	1.00%	229,201	5/3/2026	229,201	Bandel Hills
Total Deferred Repayment Mortgages Payable					$ 3,154,647	

Deferred Forgivable Mortgages

The Authority entered into deferred forgivable mortgage agreements with these mortgagors. If there is no default or transfer of the property and all program requirements are met, the debt will be forgiven on the final maturity date.

The deferred forgivable mortgages outstanding are as follows:

Business-Type Activities	Date Issued	Interest Rates	Original Issue	Final Maturity	Balance	Authority Program
Minnesota Housing Finance Agency - Publicly Owned Permanent Supportive Housing Program	9/15/2006	0.00%	$ 1,469,805	9/15/2026	$ 1,469,805	The Francis
Minnesota Housing Finance Agency - Housing Trust Fund Long-Term Homelessness Initiative Fund Program	12/9/2010	0.00%	888,945	12/9/2040	888,945	Silver Creek Corner
Minnesota Housing Finance Agency - Publicly Owned Housing Program	12/9/2010	0.00%	4,703,305	12/10/2030	4,703,305	Silver Creek Corner
Minnesota Housing Finance Agency - Publicly Owned Housing Program	6/27/2013	0.00%	52,000	6/27/2033	45,275	Rental Property
Minnesota Housing Finance Agency - POHP Loan	11/7/2019	0.00%	1,170,459	12/9/2040	1,222,108	Public Housing
Rochester Area Foundation	7/15/2024	0.00%	1,000,000	7/15/2054	1,000,000	The Roth
Total Deferred Forgivable Mortgages Payable					$ 9,329,438	

Annual debt service requirements to maturity for mortgages are as follows:

	Business-Type Activities			
	Mortgage Payable		Deferred Repayment Mortgages	Deferred Mortgages Forgivable
Year ending	Principal	Interest	Principal	Principal
2026	$ 13,294	$ 25,767	$ 1,192,996	$ 1,469,805
2027	14,080	24,983	-	-
2028	14,910	24,152	-	-
2029	15,790	23,271	-	-
2030	16,723	22,339	-	4,703,305
2031 to 2035	99,646	95,666	1,706,651	45,275
2036 to 2040	132,744	62,566	255,000	2,111,053
2041 to 2045	146,976	19,040	-	-
2046 to 2050	-	-	-	-
2051 to 2054	-	-	-	1,000,000
Total	$ 454,163	$ 297,784	$ 3,154,647	$ 9,329,438

Conduit Debt

The Olmsted County HRA has approved the issuance of Lease Revenue Refunding Bonds, Series 2021A to acquire, construct, repair, maintain, and/or operate buildings, equipment and/or other facilities necessary to provide mental health services for the citizens of Olmsted County. The Lease Revenue Refunding Bonds are secured by the lease to make debt service payments and the facility is pledged as collateral, and do not constitute indebtedness of the Olmsted County HRA. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The amount of Lease Revenue Refunding Bonds outstanding at the end of the year is $2,565,000.

Financed Purchase

The County entered into a 5-year financed purchase agreement for the purchase of law enforcement equipment and supplies.

The financed purchase outstanding is as follows:

	Contract Start Date	Discount Rates	Contract Value	Contract End Date	Balance
Governmental Activities					
Sheriff Equipment	12/1/2024	2.50%	$ 965,066	11/30/2029	$ 770,119

Annual payments to maturity for the financed purchase are as follows:

	Governmental Activities	
Year ending	Principal	Interest
2026	$ 185,461	$ 19,253
2027	190,098	14,616
2028	194,851	9,864
2029	199,709	5,006
Total	$ 770,119	$ 48,739

Lease Payable

The County entered into an agreement to lease information technology equipment for 5 years. Upon maturity of the lease term, the County has the option of purchasing the equipment for $1. The County will exercise this purchase option.

The Lease Payables outstanding are as follows:

	Contract Start Date	Discount Rates	Contract Value	Contract End Date	Balance
Governmental Activities					
Information Technology Equipment	5/1/2022	2.28%	$ 1,166,281	4/30/2027	$ 238,461

Annual lease payments to maturity for lease payables are as follows:

	Governmental Activities	
Year ending	Principal	Interest
2026	238,460	5,442
2027	1	-
Total	$ 238,461	$ 5,442

Information Technology Subscription Payable

The County has entered into various subscription-based information technology arrangements for software.

The Information Technology Subscription Payables outstanding are as follows:

	Contract Start Date	Discount Rates	Contract Value	Contract End Date	Balance
Governmental Activities					
Digital Communications	12/18/2025	2.35%	$ 328,418	12/31/2028	$ 326,825
Security Incident and Event Management	8/1/2025	2.60%	138,937	7/31/2027	68,577
Planning Data Management	7/14/2025	2.80%	397,865	7/13/2030	321,626
Wellness Platform	7/1/2025	2.70%	209,049	12/31/2028	177,801
Sheriff Data Management	12/1/2024	2.50%	1,090,860	11/30/2029	870,501
Attorney Data Management	11/15/2024	2.50%	98,500	11/14/2029	59,075
Human Resource Management	8/28/2024	3.10%	458,923	12/31/2027	315,340
Virtualization	7/6/2024	3.10%	226,895	7/5/2027	75,608
Asset Management	7/1/2024	3.05%	119,457	12/31/2029	98,456
Geographic Management	3/30/2024	2.75%	418,736	3/19/2027	143,381
Website Management	3/1/2024	2.70%	327,482	2/28/2029	196,396
Productivity	3/1/2024	2.75%	2,502,301	2/28/2027	928,505
Strategy Management	1/1/2024	2.75%	71,057	12/31/2026	24,331
Total Governmental Activities					$ 3,606,422

Annual subscription payments to maturity for information technology subscription payables are as follows:

	Governmental Activities	
Year ending	Principal	Interest
2026	$ 1,937,364	$ 89,698
2027	731,378	44,056
2028	594,881	24,330
2029	342,799	9,004
2030	-	-
Total	$ 3,606,422	$ 167,088

Changes in Long-Term Liabilities

Changes in long-term liabilities are summarized as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year	Long Term
Governmental Activities:						
Bonds Payable						
GO Bonds	$137,625,000	$ 5,830,000	$ (34,125,000)	$109,330,000	$ 9,945,000	$ 99,385,000
Premium on Bonds	6,283,621	434,382	(2,145,740)	4,572,263	-	4,572,263
Total Bonds Payable	143,908,621	6,264,382	(36,270,740)	113,902,263	9,945,000	103,957,263
Self-Insurance Claims						
Dental Insurance	37,814	1,532,263	(1,536,077)	34,000	34,000	-
Liability Insurance	649,500	484,644	(332,743)	801,401	23,901	777,500
Health Insurance	1,510,000	24,763,408	(24,673,408)	1,600,000	1,600,000	-
Worker's Compensation	213,402	593,711	(440,787)	366,326	-	366,326
Total Self-Insurance Claims	2,410,716	27,374,026	(26,983,015)	2,801,727	1,657,901	1,143,826
Total OPEB Liability	9,399,580	972,368	(770,252)	9,601,696	458,635	9,143,061
Net Pension Liability (1)	47,715,285	21,730,136	(27,503,643)	41,941,778	-	41,941,778
Compensated Absences (4)	17,746,427	897,515	-	18,643,942	11,277,682	7,366,260
Financed Purchase (3)	919,982	-	(149,863)	770,119	185,461	584,658
Lease Payable	471,596	-	(233,135)	238,461	238,460	1
Subscription Payable	4,527,210	1,043,021	(1,963,809)	3,606,422	1,937,364	1,669,058
Total Governmental Activities	$227,099,417	$ 58,281,448	$ (93,874,457)	$191,506,408	$ 25,700,503	$ 165,805,905
Business-Type Activities:						
Bonds Payable						
GO Revenue Bonds	$ 36,060,000	$ 14,380,000	$ (6,680,000)	$ 43,760,000	$ 6,945,000	$ 36,815,000
Premium on Bonds	981,392	737,858	(129,890)	1,589,360	-	1,589,360
Total Bonds Payable	37,041,392	15,117,858	(6,809,890)	45,349,360	6,945,000	38,404,360
Mortgages Payable (2)	466,716	-	(12,553)	454,163	13,294	440,869
Deferred Repayment Mortgages (2)	3,224,647	-	(70,000)	3,154,647	1,192,996	1,961,651
Deferred Forgivable Mortgages (2)	9,329,438	-	-	9,329,438	1,469,805	7,859,633
Net Pension Liability (1)	2,577,514	1,039,942	(1,318,106)	2,299,350	-	2,299,350
Compensated Absences (4)	1,025,900	-	(68,567)	957,333	660,740	296,593
Closure and Postclosure Care	2,476,333	79,362	-	2,555,695	-	2,555,695
Total Business-Type Activities	$ 56,141,940	$ 16,237,162	$ (8,279,116)	$ 64,099,986	$ 10,281,835	$ 53,818,151

(1) Pension benefits are funded from member and employer contributions by each fund and income from the investment of fund assets as administered by PERA.

(2) Mortgages are direct borrowings. Direct borrowing terms are negotiated directly with the lender and are not offered for public sale. Default would occur if mortgage program guidelines are not met. If default occurs, the mortgage must be paid within 30 days.

(3) The financed purchase is direct borrowing. Direct borrowing terms are negotiated directly with the lender and are not offered for public sale. Default would occur if there were a material breach of any term or condition of the contract. If default occurs, the non-defaulting party may exercise any remedy provided by law or terminate any portion of the contract with 30 days’ written notice. If the contract is terminated due to Olmsted County breach, the county remains responsible for all fees incurred before the effective date of termination and will be invoiced the difference between negotiated price and manufacturer’s suggested retail price (MSRP) for any device received below MSRP.

(4) The change in the compensated absences liability is presented as a net change.

NOTE 7: SEGMENT INFORMATION

The OCHRA has two segments to report. The first is Rolling Heights project for which mortgages were issued to finance the purchase of a 16-unit senior housing project for low income residents. The second is River's Edge for which general obligation government housing bonds were issued to finance the construction of a 39-unit apartment complex for moderate to low income residents.

Condensed Statement of Net Position

	Rolling Heights	River's Edge
Assets		
Current assets	$ 204,046	$ 1,044,851
Capital assets	698,910	2,337,171
Total assets	902,956	3,382,022
Deferred outflows of resources	-	2,800
Liabilities		
Current liabilities	29,428	150,367
Current liabilities payable from restricted assets	9,178	24,853
Noncurrent liabilities	836,869	1,081,771
Total liabilities	875,475	1,256,991
Net position		
Net investment in capital assets	(151,253)	1,143,200
Restricted	-	261,141
Unrestricted	178,734	723,490
Total net position	$ 27,481	$ 2,127,831

Condensed Statement of Revenues, Expenses, and Change in Net Position

	Rolling Heights	River's Edge
Charges for services	$ 82,400	$ 483,498
Operating grants	43,978	-
Depreciation expenses	(21,215)	(99,288)
Other operating expense	(76,320)	(313,801)
Operating income	28,843	70,409
Nonoperating revenues (expenses)		
Investment income	82	40,952
Interest expense	(26,644)	(10,203)
Changes in net position	2,281	101,158
Beginning net position	25,200	2,026,673
Ending net position	$ 27,481	$ 2,127,831

Condensed Statement of Cash Flows

	Rolling Heights	River's Edge
Net cash flows from:		
Operating activities	$ 53,005	$ 173,901
Capital and related financing activities	(95,270)	(221,736)
Non-capital financial activities	(32,791)	-
Investing activities	82	40,952
Net increases (decreases)	(74,974)	(6,883)
Cash and cash equivalents	279,006	1,041,931
Ending cash and cash equivalents	$ 204,032	$ 1,035,048

NOTE 8: FUND BALANCES

Fund Balance Policy

Minimum Fund Balance Policy

The Minnesota State Auditor's Office recommends that local governments determine, establish, and maintain a desired minimum level of unrestricted fund balance in their governmental funds that is sufficient to provide cash flow until the first tax collections are received, to support self-insurance activities and to fund legal obligations that will be paid out of cash at a later date. Also, local governments need to maintain a prudent level of financial resources to protect against a forced service level reduction or having to raise taxes or fees because of unpredicted one-time expenditures. It is the policy of Olmsted County that we will follow the State Auditor's Recommendation as stated above. The Board will be notified if fund balance levels do not meet this stated level.

Fund balance measures the net financial resources available to carry forward to finance expenditures of future periods.

Policy on Unassigned Fund Balance Process

The County's Unassigned General Fund Balance will be maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund Balance may only be appropriated by the County Board or through its Administrative Committee and its budget change policy.

Policy on Assigned Fund Balance Process

Olmsted County's Assigned Fund Balance consists of internally imposed constraints established by the Olmsted County Commissioners that reflect the specific purpose for which it is Olmsted County's intended use. Pursuant to this Olmsted County Resolution, the County Board and the County's Administrative (Budget) Committee are authorized to establish assignments of fund balance.

Assigned Fund Balance should fall under one of these categories:

1. Adopted Budget reserves for use in the next year
2. Mid-year Board approval of reserves for use in the next year
3. Mid-year Administrative Committee approval of reserves for use in the next year
4. Unspent budget previously approved by the Board or Administrative Committee for use in the next year

Policy on Committed Fund Balance Process

Fund Balance of the County for a specific source may be committed by formal action of the Olmsted County Board. Formal action consists of internally imposed constraints established by Resolution of the Olmsted County Board. Amendments or modifications of the committed fund balance must also be approved by formal action of the Olmsted County Board. Examples include contractual commitments and funds that the issuer's government authority authorized for a specific purpose.

Policy on Priority of Fund Balance Used

For eligible expenditures for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows:

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

When Committed, Assigned or Unassigned resources are available for use, it is Olmsted County's policy to use resources in the following order: 1) Committed, 2) Assigned and 3) Unassigned.

The above would be superseded by a legal obligation to do otherwise.

Fund Balances

	General Fund	Infrastructure Fund	Health and Human Services Fund	Opioid Settlement Fund	Debt Service Fund	Capital Projects Fund	Total
Nonspendable:							
Non-current Advances to Other Funds	$ 436,000	$ -	$ -	$ -	$ -	$ -	$ 436,000
Inventories	-	583,666	-	-	-	-	583,666
Prepaids	2,184,462	32,753	8	-	-	-	2,217,223
Total Nonspendable	2,620,462	616,419	8	-	-	-	3,236,889
Restricted for:							
Attorney Narcotics	90,744	-	-	-	-	-	90,744
Attorney Child Support Enforcement	14,747	-	-	-	-	-	14,747
Attorney Sexual Exploitation Education	2,847	-	-	-	-	-	2,847
Law Library	318,351	-	-	-	-	-	318,351
Sheriff Contingency	2,514	-	-	-	-	-	2,514
Sheriff DUI Enforcement, Training, & Education	36,741	-	-	-	-	-	36,741
Sheriff Crime Prevention	5,243	-	-	-	-	-	5,243
Sheriff Designated Offense Forfeiture	5,436	-	-	-	-	-	5,436
Public Safety	1,172,558	-	-	-	-	-	1,172,558
E911	1,283,349	-	-	-	-	-	1,283,349
D.A.R.E. Drug Education	14,632	-	-	-	-	-	14,632
Adult Detention Center Commissary	57,383	-	-	-	-	-	57,383
Recording Process Enhancements	2,265,140	-	-	-	-	-	2,265,140
Voting Operations, Technology, and Elections	168,270	-	-	-	-	-	168,270
Parks	725,595	-	-	-	-	-	725,595
Debt Service	-	-	-	-	7,573,783	-	7,573,783
Capital Projects	-	-	-	-	-	4,033,112	4,033,112
Opioid Abatement	-	-	-	1,970,838	-	-	1,970,838
Aggregate Remediation	-	69,079	-	-	-	-	69,079
Transit and Transportation	-	10,219,633	-	-	-	-	10,219,633
Total Restricted	6,163,550	10,288,712	-	1,970,838	7,573,783	4,033,112	30,029,995
Assigned to:							
Chester Heights Sewer	355,011	-	-	-	-	-	355,011
Groundwater Protection Programs	2,611,507	-	-	-	-	-	2,611,507
Affordable Housing Programs	2,500,000	-	-	-	-	-	2,500,000
Graham Park Exhibition Center	26,113,317	-	-	-	-	-	26,113,317
Highway Equipment	10,689	-	-	-	-	181,536	192,225
Parks Equipment and Improvements	332,000	-	-	-	-	158,093	490,093
Graham Park Improvements	930,000	-	-	-	-	2,480,380	3,410,380
Law Enforcement Equipment and Improvements	143,950	-	-	-	-	631,565	775,515
Planning Consultant for Zoning Ordinance Modernization	300,000	-	-	-	-	-	300,000
Property Records and Licensing Equipment Improvements	74,499	-	-	-	-	-	74,499
Administration Board Agenda Software	45,562	-	-	-	-	-	45,562
Health and Human Services Homeless Overflow Shelter	88,250	-	-	-	-	-	88,250
Other future projects	675,930	-	-	-	-	-	675,930
Available for Infrastructure	-	940,528	-	-	-	-	940,528
Available for Human Services	-	-	14,870,238	-	-	-	14,870,238
Total Assigned	34,180,715	940,528	14,870,238	-	-	3,451,574	53,443,055
Unassigned	63,806,100	-	-	-	-	-	63,806,100
Total Fund Balance	$ 106,770,827	$ 11,845,659	$ 14,870,246	$ 1,970,838	$ 7,573,783	$ 7,484,686	$ 150,516,039

NOTE 9: JOINTLY GOVERNED ORGANIZATIONS

The County, in conjunction with other local governments, appoints at least one member to the boards of the following organizations. The County's annual financial contribution is also noted.

- Southeast MN Violent Crime Enforcement Team ($192,274 in-kind services)
- Southeastern Minnesota Emergency Medical Services ($0)
- Southeastern Minnesota Regional Emergency Communication Board and State of Minnesota ($0)
- Region One Southeast Minnesota Homeland Security Emergency Management ($1,000)
- State of Minnesota, Bureau of Criminal Apprehension and Sheriff's Office ($0)
- Southeast Minnesota Workforce Development, Inc. ($926,781)
- South Zumbro Watershed Joint Powers Board ($0)
- Whitewater Joint Powers Board ($8,112)
- Lake Zumbro Joint Powers Board ($0)
- Three Rivers Community Action Program ($0)
- Metropolitan Counties for Cooperative Purchasing ($0)
- Minnesota Counties Computer Cooperative ($0)
- Southeastern Minnesota Recycling Exchange ($2,960)
- Southeastern Libraries Cooperating ($0)
- Residential Survey in Dakota, Olmsted, St. Louis, and Washington Counties ($0)
- MN Department of Pollution Control Household Hazardous Waste Paint Care Program ($0)
- One Watershed, One Plan for the Root River Watershed ($0)
- Bureau of Criminal Apprehension ($0)
- WinLaC Partnership (Mississippi River Winona La Crescent Comprehensive Watershed Management) ($0)
- Dodge & Olmsted Community Corrections (see next page)

The Jointly Governed Organizations have been excluded from the County's reporting entity because the County has no operational or financial control over the organizations. More information can be obtained regarding the operational results of the Jointly Governed Organizations by contacting the Olmsted County Finance office.

Dodge & Olmsted Community Corrections (D&OCC)

D&OCC is a fiscally independent entity presented as a Fiduciary Fund in Olmsted County's Basic Financial Statements section. Olmsted County's financial contribution to D&OCC is reported as an expenditure of the General Fund.

D&OCC is governed by a four-member board composed of County commissioners appointed as representatives by their respective county boards for terms of at least two years in length as follows: two commissioners from Olmsted County and two commissioners from Dodge County. An alternate will be selected from each county, who may vote only in the instance of the absence of one of the voting members. The books and records of the Board shall be maintained at the Corrections Department of Olmsted County.

D&OCC is financed through state grants and contributions from the participating counties. During 2025, county contributions were assessed in the following proportion:

Dodge County	11.069%
Olmsted County	88.931%
Total	100.00%

Actual amounts contributed are adjusted by the County for specific revenues and expenses identified in the joint powers agreement.

Olmsted County provided $7,696,124 in funding during 2025.

Olmsted County received a credit of $617,660 from D&O Community Corrections in 2025 for its share of 2025 net revenue. The payback was a result of favorable spending for personal services.

Separate financial information can be obtained from:

Olmsted County Finance Department
2117 Campus Drive, Suite 200
Rochester, MN 55904

NOTE 10: POST-EMPLOYMENT BENEFITS – PERA

Public Employees Retirement Association Defined Benefit Plan

Plan Description

Olmsted County participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than $425 in a month, unless the employee meets exclusion criteria.

Public Employees Police and Fire Retirement Plan (Police and Fire Plan)

Membership in the Police & Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police & Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

Public Employee Local Government Correctional Service Retirement Plan (Correctional Plan)

Membership in the Correctional Plan includes correctional officers serving in county and regional adult and juvenile corrections facilities. Participants must be responsible for the security, custody, and control of the facilities and their inmates.

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%. 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 prorated increase.

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increases by 10% each full year of service until members are 100% vested after ten years. Police and Fire Plan members receive 3% of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. 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 prorated increase.

Correctional Plan Benefits

Benefits for Correctional Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increases by 10% each full year of service until members are 100% vested after ten years. Correctional Plan members receive 1.9% of highest average salary for each year of service earned before July 1, 2025, and 2.2% of their highest average salary for years of service earned on or after July 1, 2025. Correctional Plan members receive a full retirement benefit when they are age 55 and vested or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement begins at age 50 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 100% of the COLA announced by SSA, with a minimum increase of 1% and a maximum of 2.5%. The 2025 annual increase was 2.5%. If the plan's funding status is less than or equal to 85% for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 1.5%. 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 prorated increase.

Contributions

Minnesota Statutes chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and Olmsted County was required to contribute 7.50% for General Plan members. Olmsted County's contributions to the General Employees Fund for the year ended December 31, 2025, were $7,663,516. Olmsted County's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2025 and Olmsted County was required to contribute 17.70% for Police and Fire Plan members. Olmsted County's contributions to the Police and Fire Fund for the year ended December 31, 2025, were $1,571,265. Olmsted County's contributions were equal to the required contributions as set by state statute.

Correctional Fund Contributions

Correctional Plan members were required to contribute 5.83% of their annual covered salary in fiscal year 2025 and Olmsted County was required to contribute 8.75% for Correctional Plan members. As of July 1, 2025, the required contribution increased to 6.83% for plan members and 10.25% for Olmsted County. Olmsted County's contributions to the Correctional Fund for the year ended December 31, 2025, were $643,716. Olmsted County's contributions were equal to the required contributions as set by state statute.

Pensions Costs

General Employees Fund Pension Costs

At December 31, 2025, Olmsted County reported a liability of $37,387,811 for its proportionate share of the General Employees Fund's net pension liability. Olmsted County's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with Olmsted County totaled $901,911.

Olmsted County's proportionate share of the net pension liability	$ 37,387,811
State of Minnesota's proportionate share of the net pension liability associated with Olmsted County	901,911
Total	$ 38,289,722

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Olmsted County's proportionate share of the net pension liability was based on Olmsted County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. Olmsted County's proportionate share was 1.1282% at the end of the measurement period and 1.1209% for the beginning of the period.

For the year ended December 31, 2025, Olmsted County recognized pension expense of ($2,332,673) for its proportionate share of the General Employees Plan's pension expense. In addition, Olmsted County recognized an additional ($138,340) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

At December 31, 2025, Olmsted County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 3,562,240	$ -
Changes in actuarial assumptions	900,830	8,602,806
Net difference between projected and actual earnings on pension plan investments	-	14,876,967
Change in proportion	918,210	257,379
Employer contributions subsequent to the measurement date	3,945,508	-
Total	$ 9,326,788	$ 23,737,152

The $3,945,508 reported as deferred outflows of resources related to pensions resulting from Olmsted County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2026	$ (4,046,551)
2027	(6,630,746)
2028	(5,021,000)
2029	(2,657,575)

Police and Fire Fund Pension Costs

At December 31, 2025, Olmsted County reported a liability of $6,853,317 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Olmsted County's proportionate share of the net pension liability was based on Olmsted County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. Olmsted County's proportionate share was 0.5849% at the end of the measurement period and 0.6071% for the beginning of the period.

The State of Minnesota contributed $18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. The contribution consisted of $9 million in direct state aid that meets the definition of a special funding situation and $9 million in supplemental state aid that does not meet the definition of a special funding situation. The $9 million direct state aid was paid on October 1, 2024. The direct state aid payment will increase by $17.7 million which was paid on October 1, 2025. Thereafter, by October 1 of each year, the state will pay $26.7 million to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of asset basis). The $9 million in supplemental state aid will continue until the fund and the State Patrol Plan (administered by the Minnesota Retirement System) are 100% funded for three consecutive years (on an actuarial value of asset basis). The State of Minnesota's proportionate share of the net pension liability associated with Olmsted County totaled $237,570.

County's proportionate share of the net pension liability	$	6,853,317
State of Minnesota's proportionate share of the net pension liability associated with Olmsted County		237,570
Total	$	7,090,887

For the year ended December 31, 2025, Olmsted County recognized pension expense of $1,596,909 for its proportionate share of the Police and Fire Plan's pension expense. Olmsted County recognized $114,948 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of $9 million to the Police and Fire Fund special funding situation.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $9 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. Olmsted County recognized $156,174 for the year ended December 31, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2025, Olmsted County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 3,166,450	$ -
Changes in actuarial assumptions	5,197,011	8,586,919
Net difference between projected and actual earnings on pension plan investments	-	3,058,731
Change in proportion	183,430	453,868
Employer contributions subsequent to the measurement date	812,650	-
Total	$ 9,359,541	$ 12,099,518

The $812,650 reported as deferred outflows of resources related to pensions resulting from Olmsted County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2026	$ 1,567,294
2027	(1,607,589)
2028	(3,410,731)
2029	(217,294)
2030	115,693

Correctional Fund Pension Costs

At December 31, 2025, Olmsted County reported an asset of $1,780,534 for its proportionate share of the Correctional Plan’s net pension asset. The net pension asset was measured as of June 30, 2025, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Olmsted County’s proportionate share of the net pension asset was based on Olmsted County’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA’s participating employers. Olmsted County’s proportionate share was 2.6917% at the end of the measurement period and 2.8418% for the beginning of the period.

For the year ended December 31, 2025, Olmsted County recognized pension expense of ($3,104,061) for its proportionate share of the Correctional Plan’s pension expense.

At December 31, 2025, Olmsted County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 308,043	$ -
Changes in actuarial assumptions	-	1,167,571
Net difference between projected and actual earnings on pension plan investments	-	1,489,961
Change in proportion	7,219	154,388
Employer contributions subsequent to the measurement date	400,909	-
Total	$ 716,171	$ 2,811,920

The $400,909 reported as deferred outflows of resources related to pensions resulting from Olmsted County contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2026	$ (387,224)
2027	(1,286,810)
2028	(564,620)
2029	(258,004)

The total pension expense for all plans recognized by Olmsted County for the year ended December 31, 2025, was ($3,839,825).

Long-Term Expected Return on Investment

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

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

Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% 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 investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan, Police & Fire Plan, and the Correctional Plan.

Benefit increases after retirement are assumed to be 1.50% for the General Employees Plan, 1% for the Police & Fire Plan, and 2% for the Correctional Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3% after 27 years of service. In the Police & Fire Plan, salary growth assumptions range in annual increments from 10.75% after one year of service to 3% after 23 years of service. In the Correctional Plan, salary growth assumptions range in annual increments from 8% after one year of service to 3% after 19 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police & Fire Plan and Correctional Plan were reviewed in 2024. The assumption changes were adopted by the board and effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

General Employees Fund

Changes in Actuarial Assumptions

The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.

The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions

The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.

The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of asset basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

Police and Fire Fund

Changes in Actuarial Assumptions

Assumed rates of salary increases were reduced slightly.

Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.

Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.

Assured rates of disability retirement were significantly increased, especially for ages over 30.

Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.

Percent married assumptions for female retirees lowered from 70% to 65%.

Minor changes were made to form of payment assumptions for retirees.

Minor changes were made to assumptions made with respect to missing participant data.

The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions

The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).

The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.

The threshold to end the $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).

The threshold to end the additional $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of asset basis.

An additional $17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.

Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

Correctional Fund

Changes in Actuarial Assumptions

Assumed rate of salary increases were reduced slightly and changed to service-based (vs. age based).

Assumed rates of retirement were adjusted resulting in an overall increase in unreduced (full) retirements and reduced (early) retirements.

Assumed rates of withdrawal were changed from age-based rates after three years of service to service-based for all years; the new rates result in an increase in predicted terminations for males and females.

Minor changes were made to the assumed rates of disability retirements.

Continued use of the Pub-2010 Public Safety Mortality Table, with no adjustments.

Minor changes were made to the assumed percent married, beneficiary age difference and form of payment assumptions for future retirees.

Minor changes were made to assumptions made with respect to missing participant data.

The combined service annuity load was changed from 35% to 9% for vested, terminated members, and from 1% to 119% for non-vested, terminated members.

Changes in Plan Provisions

The benefit payable to a member who qualifies for a duty disability benefit was changed to 47.5% of average salary plus, for each year of service in excess of 25 years, 1.9% for each year of allowable service before July 1, 2025, and 2.2% for each year of allowable service beginning after June 30, 2025.

Actuarial equivalent factors were updated to reflect changes in assumptions.

Discount Rate

The discount rate used to measure the total pension liability in 2025 was 7.0%. 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, Police and Fire, and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. 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 Olmsted County's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in a preceding paragraph, as well as what Olmsted County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	Sensitivity Analysis					
	Net Pension Liability (Asset) at Different Discount Rates					
	General Employees Fund		Police and Fire Fund		Correctional Fund	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% Lower	6.00%	$ 90,809,127	6.00%	$ 17,957,142	6.00%	$ 4,215,943
Current Discount Rate	7.00	37,387,811	7.00	6,853,317	7.00	(1,780,534)
1% Higher	8.00	(5,948,898)	8.00	(2,264,676)	8.00	(6,554,906)

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.

Public Employees Defined Contribution Plan (Defined Contribution Plan)

Seven Olmsted County Commissioners and the County Attorney are covered by the Defined Contribution Plan, a multiple employer deferred compensation plan administered by PERA. The Defined Contribution 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. *Minnesota Statutes*, Chapter 353D and 356, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by Olmsted County during fiscal year 2025 were:

	Employee	Employer
Contribution Amount	$ 30,883	$ 30,883
Percentage of covered payroll	5%	5%
Required rate	5%	5%

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS

Self-Insured Defined Benefit Plan

Plan Description

Olmsted County provides health insurance benefits for certain retired employees under a single-employer defined benefit self-insured plan. The County provides benefits for retirees as required by Minnesota Statute §471.61 subdivision 2b.

Benefits Provided

Active employees, who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both them and their eligible dependent(s) under the County's health benefits program indefinitely. Retirees are required to pay 100% of the total group rate. Since the premium is a blended rate determined on the entire active and retiree population, the retirees, whose costs are statistically higher than the group average, are receiving an implicit rate "subsidy." No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered by Benefit Terms

All of the active employees who have access to health insurance and all retirees who have elected to continue coverage on the employer's medical plan after retirement are included. The actuarial assumptions used at January 1, 2025, included 1,283 active plan participants. As of December 31, 2025, there were 29 enrollees: 19 retirees and 10 COBRA enrollees, receiving health benefits from the County's health plan.

Total OPEB Liability

Olmsted County's total OPEB liability of $9,601,696 was measured as of January 1, 2025, rolled forward to December 31, 2025, by an actuarial valuation as of January 1, 2024.

The total OPEB liability in the January 1, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50	percent
Salary Increases		rates are based on most recent four-year experience study
Medical Trend Rate	6.25	percent in 2025 decreasing to 5.00% over 5 years and then to 4.00% over the next 48 years

The discount rate was based on the estimated yield of 20-year AA-rated municipal bonds as of the measurement date.

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

The actuarial assumption valuations were based on the results of an actuarial experience study for the period January 1, 2019 to January 1, 2020.

Changes in the Total OPEB Liability

Balance at December 31, 2024	$ 9,399,580
Changes for the year:	
Service cost	609,893
Interest cost	362,475
Assumption changes	(340,665)
Benefit payments	(429,587)
Net change	202,116
Balance at December 31, 2025	$ 9,601,696

Assumption changes:
Discount rate was changed from 3.70% to 4.20%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.20%) or 1-percentage point higher (5.20%) than the current discount rate:

	Total OPEB
Selected 4.20% discount rate	$ 9,601,696
1% decrease in discount rate	10,404,454
1% increase in discount rate	8,863,287

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage point lower (5.25%) or 1-percentage point higher (7.25%) than the current health care cost trend rates:

	Total OPEB
Selected 6.25% health care cost trend rate	$ 9,601,696
1% decrease in health care cost trend rate	8,521,811
1% increase in health care cost trend rate	10,874,360

OPEB Expense and Deferred Outflow of Resources Related to OPEB

For the year ended December 31, 2025, Olmsted County recognized expense of $696,334. At December 31, 2025, Olmsted County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability losses and gains	$ 50,007	$ 966,428
Changes in assumptions	507,161	1,072,979
Employer contributions subsequent to the measurement date	473,256	-
	$ 1,030,424	$ 2,039,407

The $473,256 reported as deferred outflows of resources related to employer contributions made after the measurement date and before the reporting date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2026.

Other amounts reported as deferred outflows and deferred inflows related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	OPEB Expense Amount
2026	(238,331)
2027	(338,197)
2028	(413,125)
2029	(310,594)
2030	(133,329)
Thereafter	(48,663)

NOTE 12: CONTINGENCIES

Claims and Litigation

Minnesota Statutes Section 466.04 limits the liability of a county to $500,000 for a single claim arising on or after July 1, 2009. In addition, the limit is up to $1,500,000 for multiple claimants for damages arising out of a single occurrence for claims on or after July 1, 2009. However, for multiple claims involving a nonprofit engaged in outdoor recreational activities, the limit is $1,000,000 if the activity is funded in whole or in part by the county or pursuant to a permit issued by the county. The limits double when the claim relates to the release of a hazardous substance. Punitive damages are prohibited.

Minnesota Statutes Section 466.06 raises the limit of liability of a county to the extent that insurance coverage is carried but does not waive immunity or affect the statutory limit of liability beyond the coverage. The County has commercial insurance for automobile liabilities but self-insures for other liability issues through an internal service fund. See the discussion in Note 13.

The County, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. Included in the threatened or pending litigation are several suits against the County for significant amounts. The County is vigorously defending against the claims and/or suits mentioned above.

Management has no reasonable expectations, given our current knowledge of the status of these cases, that the potential claims against the County not covered by insurance resulting from the litigation will materially affect the financial statements of the County or exceed available reserves.

Capital Grants received from the Office of Environmental Assistance

The Office of Environmental Assistance provided the County with several capital grants over the years. In 1999 a grant was provided for the air pollution control upgrade, in 2006 a grant was provided for the OWEF 3rd Unit expansion, and in 2009 a grant was provided for the Green Pipes project. We received $2,969,400 for the air pollution control upgrade, $3,200,000 for the OWEF 3rd Unit expansion, and $4,231,359 for the Green Pipes project. In the event the County ceases to operate the Olmsted Waste-to-Energy facility the entire $2,969,400, $3,200,000, and $4,231,359 grants must be refunded back to the State.

Debt Service on Bond Issue

Olmsted County Housing and Redevelopment Authority (HRA) issued $3,650,000 Lease Revenue Refunding Bonds, Series 2021A, on November 23, 2021, to current refund the remaining unpaid principal of Lease Revenue Bonds, Series 2013A. These bonds were issued to assist in refinancing the debt of Zumbro Valley Health Center, Inc. (ZVHC). ZVHC is a not-for-profit from which the County has purchased mental health services for our clients since 1966. The bond call date is April 1, 2031. The final debt service payment is due April 1, 2033.

The HRA issued the debt, acquired the buildings from ZVHC and assigned all rights, title, and interest to a trustee. Though the terms of the agreement call for the County to make rental payments to the HRA, the County sublets the property to ZVHC and monthly rental payments are paid by ZVHC directly to a trustee from whom the debt service payments are made.

If ZVHC does not make the lease payments, the County is obligated to appropriate no more than one year's debt service. The County can terminate the lease at the end of any year by not appropriating the funds. If the lease terminates, the facilities return to the HRA. The HRA is not obligated to pay the debt service, thus, the responsibility for the debt falls to the trustee to generate income on the facilities.

NOTE 13: RISK MANAGEMENT

The Self-Insurance Internal Service Fund is used to account for worker compensation, liability, health, and dental insurance for all County funds.

Interfund premiums are charged to user funds as interfund services provided and used. For workers' compensation and general liability, claims history provides the basis for allocating the premium charges. Health and dental premiums are charged based on the number of employees in user funds. The premiums pay for claims, claim reserves, and administrative costs of the programs. Historical studies of the self-insured areas show that after all costs have been covered; fund balances can be accumulated for unforeseen circumstances.

Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that are estimated to have been incurred but not yet reported (IBNR). A total of $2,801,727 was recorded for IBNR for all self-insurance activities reported at December 31, 2025. This calculation was based on a review of claims history.

The County assumes financial responsibility for all claim payments. A stop-loss policy was purchased for health coverage that limits the County's losses to $1,000,000 per member per year. The plan, as a whole carries, 125% aggregate claim coverage. On any given month, total paid claims in excess of 125% of forecasted claims would be reimbursed to the County by the insurer. The County collected on the $1,000,000 stop loss for one member in 2025. Dental benefits are capped at $1,500 per member per year, therefore there is no need for dental stop-loss coverage. The County employs a risk manager to minimize workers' compensation claims and carries reinsurance for any workers' compensation claim that exceeds $500,000 for the life of the claim. In the future, should insurance carriers' rates for stop-loss coverage for general liability become economical, such coverage will be considered. The amount of settlements did not exceed insurance coverage in each of the past three years.

Should claims be asserted in excess of available reserves, it is management's belief that sufficient time will elapse between assertion of a claim and settlement that the County will be able to levy taxes sufficient to pay the claim without requiring the use of other funds' fund balances.

Olmsted County pays independent third-party plan administrators to process claims and to calculate IBNR for worker compensation, health and dental insurance. The liability insurance IBNR is calculated in collaboration with the County Attorney's Office.

There were no significant reductions in insurance coverage from prior years.

Changes in the balances of claims liabilities during the past two years are as follows:

	Self Insurance Claims					
	Dental	Liability	Health	Worker Compensation	Year ended December 31, 2025	Year ended December 31, 2024
Unpaid claims, beginning of fiscal year	$ 37,814	$ 649,500	$ 1,510,000	$ 213,402	$ 2,410,716	$ 2,836,966
Incurred, claims, including IBNR	1,532,263	484,644	24,763,408	593,711	$ 27,374,026	26,835,315
Claim payments	(1,536,077)	(332,743)	(24,673,408)	(440,787)	$ (26,983,015)	(27,261,565)
Unpaid claims, end of fiscal year	$ 34,000	$ 801,401	$ 1,600,000	$ 366,326	$ 2,801,727	$ 2,410,716

NOTE 14: TAX ABATEMENT AGREEMENT

The County levies and collects property taxes for all governmental units within the County. The City of Rochester provides tax abatements through Pay-As-You-Go (PAYG) Tax Increment Financing (TIF) District agreements under Minnesota Statutes Sections 469.174 through 469.179. The PAYG TIF Districts in the City pay a developer up to 95 percent of the previous six months tax increment collected to assist with funding development projects. As of December 31, 2025, the city had thirty-seven such districts in which $7,141,408 of tax revenue was paid out to developers under these agreements. The County's share of all governmental units' 2025 property tax collections is 31 percent. Thirty-one percent of the amount paid to developers is $2,213,836.

NOTE 15: EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

Governmental Accounting Standards Board (GASB) Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

Statement No. 103, *Financial Reporting Model Improvements*

Statement No. 104, *Disclosure of Certain Capital Assets*

Statement No. 105, *Subsequent Events*

When they become effective, application of these standards may restate portions of these financial statements.

NOTE 16: SUBSEQUENT EVENTS

UCare Receivable

Subsequent to year-end, UCare entered a court-supervised financial rehabilitation process. As a result, the County's outstanding receivable related to 2025 claims, totaling approximately $800,000, is subject to significant uncertainty regarding both collectability and timing of recovery. Any future payments will be dependent on court approval and the availability of assets from UCare's liquidation or recovery efforts.

Given these circumstances, management evaluated the receivable in accordance with applicable accounting standards and determined that a partial allowance for uncollectible accounts is appropriate. As of December 31, 2025, the County has recorded an allowance of approximately $400,000, representing an estimate of the portion of the receivable that may not be collected. This estimate is based on currently available information; however, actual recoveries may differ materially as the rehabilitation process progresses.

From a financial reporting perspective, the impact differs between the government-wide and fund financial statements due to the application of different measurement focuses and bases of accounting:

- **Government-Wide financial statements (full accrual):** Revenue of approximately $400,000 has been recognized, reflecting the net realizable value of the receivable after the allowance for uncollectible accounts.
- **Fund financial statements (modified accrual – Health and Human Services Fund):** No revenue has been recognized, as the amount is not considered both measurable and available.

The County will continue to monitor developments related to the rehabilitation proceedings and will adjust the recorded amounts as additional information becomes available.

State and Federal Funding

Subsequent to year-end, there have been ongoing discussions at the federal and state levels regarding potential changes to funding levels and cost-sharing requirements for human services programs, including but not limited to SNAP administration, medical assistance programs, disability waiver programs, and other intergovernmental grants.

The County has performed preliminary analyses of potential impacts under various scenarios. While the ultimate outcome and timing of any changes are uncertain and dependent on future legislative and administrative actions, such changes could have a material effect on the County's future financial position and operations.

No amounts have been recognized in the accompanying financial statements as of December 31, 2025, as the conditions giving rise to these potential impacts had not been finalized as of that date.

Property Tax Levy Correction

Subsequent to December 31, 2025, the County identified a clerical error in the property tax levy certification process for taxes payable in 2026. The County Board had intended to certify a levy of $141,713,639; however, the amount distributed to taxing jurisdictions and applied to parcels was $143,236,740, resulting in an over-levy of $1,523,101.

The error was identified by County staff in March 2026 after tax statements had been issued. After consultation with the Minnesota Department of Revenue and consideration of applicable statutory requirements (Minnesota Statute 275.075), the County Board approved a corrective action on April 21, 2026. The approved action provides for a reduction in the County's 2027 property tax levy in the amount of $1,523,101, along with an additional reduction of $57,116 to account for interest, for a total reduction of $1,580,217.

This matter does not impact the County's financial position or results of operations as of and for the year ended December 31, 2025. The financial effect of the correction will be recognized in future periods.

NOTE 17: OTHER

National Opioid Settlement

Olmsted County is a participating government in the opioid settlement with pharmaceutical manufacturers, distributors, and pharmacy chains. The county is expected to receive $4,657,037 over the next 13 years (2026-2038). The majority of the funds are intended for opioid abatement. The Minnesota Opioids State-Subdivision Memorandum of Agreement (MOA) identifies the requirements for Minnesota governments participating in the settlement. Pursuant to the terms of MOA the county created a special revenue fund. Funds are restricted until expended. The MOA requires that the county recognize the settlement revenues when the annual distribution is made to the participating governments. Therefore, the county does not record a receivable for the settlement. Olmsted County received $835,284 in 2022, $207,317 in 2023, $1,261,989 in 2024, and $426,271 in 2025 as part of the settlement.

NOTE 18: Discretely Presented Component Unit

Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

Trailside Apartments LP	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ -	$ 140,662	$ -	$ 140,662
Total capital assets not being depreciated	-	140,662	-	140,662
Capital assets, being depreciated:				
Building	-	10,136,855	-	10,136,855
Improvements other than building	-	688,200	-	688,200
Equipment	-	558,899	-	558,899
Total capital assets being depreciated	-	11,383,954	-	11,383,954
Less accumulated depreciation for:				
Building	-	(112,632)	-	(112,632)
Improvements other than building	-	(15,293)	-	(15,293)
Equipment	-	(37,260)	-	(37,260)
Total accumulated depreciation	-	(165,185)	-	(165,185)
Total capital assets, being depreciated, net	-	11,218,769	-	11,218,769
Capital assets, net	$ -	$ 11,359,431	$ -	$ 11,359,431

Construction Loan

Construction loan activity for the year ended December 31, 2025, was as follows:

Trailside Apartments LP	**Balance**	**Commitment**
MN Housing Tax Exempt Bridge Loan	$ 4,665,000	$ 4,665,000
Sponsor Loan	-	237,434
	4,665,000	4,902,434
Less unamoritized finance fees	(58,202)	-
	$ 4,606,798	$ 4,902,434

MN Housing Tax Exempt Bridge Loan – Loan payable to MN Housing, funded with Rental Housing Bonds (Series F1 and F2), in the amount of $4,665,000, dated May 15, 2025, with interest at 4.70%. Monthly payments of interest are due until July 1, 2026, at which time all outstanding principal and interest are due. Secured by a mortgage, an assignment of rents and leases, and guaranty from the OCHRA.

Sponsor Loan – Note payable to the OCHRA in the original amount of $237,434 dated January 13, 2025, without interest. The principal amount is due July 1, 2026.

Notes Payable

Notes payable activity for the year ended December 31, 2025, was as follows:

Trailside Apartments LP	Balance
Due to related party - development	$ 191,845
Long term debt, net	4,361,668
Accrued development fee	750,000
	$ 5,303,513

Long-term debt activity for the year ended December 31, 2025, was as follows:

Trailside Apartments LP	Balance	Commitment
MN Housing LMIR Bond Loan	$ 1,595,000	$ 1,595,000
Mn Housing HI Loan	2,843,158	6,175,000
	4,438,158	7,770,000
Less unamoritized finance fees	(72,837)	-
Less current maturities	(3,653)	-
	$ 4,361,668	$ 7,770,000

The accrued development fee is part of a Development Services Agreement with the OCHRA. The OCHRA is to receive a fee in the amount of $1,000,000 for development services related to the construction of Trailside Apartments LP. At December 31, 2025, the entire development fee has been earned and $750,000 remains to be paid. The remaining amount is expected to be paid from capital contributions. If any amount is deferred, it will be paid from available cash flow and/or net proceeds. If not paid by December 31, 2036, the General Partner is required to make capital contributions to pay the outstanding amount of the development fee.

Sales Tax Refund Receivable

Trailside Apartments LP was eligible for a sales tax refund as a result of the General Partner’s tax-exempt status. The sales tax refund of $219,159 is expected to be received in 2026 and is related to sales tax paid on materials and supplies used or consumed in construction and equipment incorporated into Trailside Apartments LP during construction.

PROPOSAL FORM

TO: Olmsted County, Minnesota
C/O Northland Securities, Inc.
150 South 5th Street, Suite 3300
Minneapolis, Minnesota 55402
Phone: 612-851-5900
Email: PublicSale@northlandsecurities.com

Sale Date: October 5, 2026

For all or none of the $29,350,000* General Obligation Bonds, Series 2026A, in accordance with the Notice of Sale, we will pay you $____________________________, (not less than $29,203,250) plus accrued interest, if any, to date of delivery (estimated to be October 29, 2026) for fully registered Bonds bearing interest rates and maturing on February 1 as follows:

Year	Interest Rate	Yield	Year	Interest Rate	Yield	Year	Interest Rate	Yield
2028	%	%	2035	%	%	2042	%	%
2029	%	%	2036	%	%	2043	%	%
2030	%	%	2037	%	%	2044	%	%
2031	%	%	2038	%	%	2045	%	%
2032	%	%	2039	%	%	2046	%	%
2033	%	%	2040	%	%	2047	%	%
2034	%	%	2041	%	%			

True interest percentage:________________________%   Net interest cost: $___________________________

Term Bond Option: Bonds maturing in the years:	To be accumulated into a Term Bond maturing in year:
________ through ________	________.
________ through ________	________.
________ through ________	________.
________ through ________	________.
________ through ________	________.

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 Olmsted County, Minnesota at _________ PM on October 6, 2026.

_____________________________________   _____________________________________

Administrator   Board Chair

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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.