

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 9, 2025

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. See "Tax Considerations" herein.

OLMSTED COUNTY, MINNESOTA \$21,505,000* General Obligation Bonds, Series 2025A

Dated Date: Date of Delivery (Estimated to be October 15, 2025)

Interest Due: Each February 1 and August 1
Commencing August 1, 2026

<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>
2/1/2027	\$775,000	____%	____%	____	2/1/2037	\$990,000	____%	____%	____
2/1/2028	1,025,000	____	____	____	2/1/2038	1,030,000	____	____	____
2/1/2029	1,060,000	____	____	____	2/1/2039	1,075,000	____	____	____
2/1/2030	1,075,000	____	____	____	2/1/2040	1,110,000	____	____	____
2/1/2031	1,105,000	____	____	____	2/1/2041	1,155,000	____	____	____
2/1/2032	960,000	____	____	____	2/1/2042	1,100,000	____	____	____
2/1/2033	980,000	____	____	____	2/1/2043	1,150,000	____	____	____
2/1/2034	1,015,000	____	____	____	2/1/2044	1,200,000	____	____	____
2/1/2035	1,050,000	____	____	____	2/1/2045	1,250,000	____	____	____
2/1/2036	1,090,000	____	____	____	2/1/2046	1,310,000	____	____	____

The General Obligation Bonds, Series 2025A (the "Bonds" or the "Issue") are being issued by Olmsted County, Minnesota (the "County" or the "Issuer") pursuant to Minnesota Statutes, Chapter 475 and Sections 373.40, and 400.101, as amended. Proceeds of the Bonds will be used to finance the County's 2025 Capital Improvement Plan projects, solid waste facility 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 ad valorem taxes and net revenues of the County's waste combustion facility. The full faith and credit of the County is also pledged to their payment. In the event of any deficiency in the bond fund 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, 2034 and thereafter are subject to redemption, in whole or in part, on February 1, 2033 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, 2027. Interest due with respect to the Bonds is payable semiannually on February 1 and August 1, commencing August 1, 2026. 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: Tuesday, September 16, 2025 10:00 A.M., Central Time

Award: Tuesday, September 16, 2025 6:00 P.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 \$21,365,217.50 (99.35%) 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 \$430,100, in the form of a federal wire transfer payable to the order of the County, will only be required from the apparent winning bidder, and must be received within two hours after the receipt of bids. See Notice of Sale for additional details. Award of the Bonds will be on the basis of True Interest Cost (TIC).

* Preliminary, subject to change.



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THE BONDS ARE OFFERED, SUBJECT TO PRIOR SALE, WHEN, AS AND IF ACCEPTED BY THE UNDERWRITER(S) NAMED ON THE FRONT COVER OF THIS OFFICIAL STATEMENT AND SUBJECT TO AN OPINION AS TO VALIDITY OF THE BONDS BY BOND COUNSEL. SUBJECT TO APPLICABLE SECURITIES LAWS AND PREVAILING MARKET CONDITIONS, THE UNDERWRITER(S) INTENDS, BUT IS NOT OBLIGATED, TO EFFECT SECONDARY MARKET TRADING FOR THE BONDS. CLOSING DATE IS ESTIMATED TO BE OCTOBER 15, 2025.

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 COUNTY OR 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 COUNTY SINCE THE DATE HEREOF. 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 MAKING 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 COUNTY 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).

WITHIN THE MEANING OF SECURITIES AND EXCHANGE 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).

SUMMARY OF OFFERING

Olmsted County, Minnesota \$21,505,000 * General Obligation Bonds, Series 2025A (Book-Entry Only)

AMOUNT -	\$21,505,000*																																								
ISSUER -	Olmsted County, Minnesota (the “County” or the “Issuer”)																																								
AWARD DATE -	September 16, 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 2025A (the “Bonds” or the “Issue”)																																								
AUTHORITY, PURPOSE & SECURITY -	The General Obligation Bonds, Series 2025A (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 2025 Capital Improvement Plan projects, solid waste facility 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 ad valorem taxes and net revenues of the County's waste combustion facility. The full faith and credit of the County is also pledged to their payment. In the event of any deficiency in the bond fund established for this Issue, the County has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the County, without limitation of amount. See <i>Authority and Purpose</i> as well as <i>Security/Sources and Uses of Funds</i> herein for additional information.																																								
DATE OF ISSUE -	Date of Delivery (Estimated to be October 15, 2025)																																								
INTEREST PAID -	Semiannually on each February 1 and August 1, commencing August 1, 2026, to registered owners of the Bonds appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the “Record Date”).																																								
MATURITIES* -	<table><tr><td>2/1/2027</td><td>\$775,000</td><td>2/1/2032</td><td>\$960,000</td><td>2/1/2037</td><td>\$990,000</td><td>2/1/2042</td><td>\$1,100,000</td></tr><tr><td>2/1/2028</td><td>1,025,000</td><td>2/1/2033</td><td>980,000</td><td>2/1/2038</td><td>1,030,000</td><td>2/1/2043</td><td>1,150,000</td></tr><tr><td>2/1/2029</td><td>1,060,000</td><td>2/1/2034</td><td>1,015,000</td><td>2/1/2039</td><td>1,075,000</td><td>2/1/2044</td><td>1,200,000</td></tr><tr><td>2/1/2030</td><td>1,075,000</td><td>2/1/2035</td><td>1,050,000</td><td>2/1/2040</td><td>1,110,000</td><td>2/1/2045</td><td>1,250,000</td></tr><tr><td>2/1/2031</td><td>1,105,000</td><td>2/1/2036</td><td>1,090,000</td><td>2/1/2041</td><td>1,155,000</td><td>2/1/2046</td><td>1,310,000</td></tr></table>	2/1/2027	\$775,000	2/1/2032	\$960,000	2/1/2037	\$990,000	2/1/2042	\$1,100,000	2/1/2028	1,025,000	2/1/2033	980,000	2/1/2038	1,030,000	2/1/2043	1,150,000	2/1/2029	1,060,000	2/1/2034	1,015,000	2/1/2039	1,075,000	2/1/2044	1,200,000	2/1/2030	1,075,000	2/1/2035	1,050,000	2/1/2040	1,110,000	2/1/2045	1,250,000	2/1/2031	1,105,000	2/1/2036	1,090,000	2/1/2041	1,155,000	2/1/2046	1,310,000
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REDEMPTION -	The Bonds maturing on February 1, 2034 and thereafter are subject to redemption, in whole or in part, on February 1, 2033 and on any date thereafter at a price of par plus accrued interest. See <i>Description of the Bonds</i> herein for additional information.																																								
BOOK-ENTRY -	The Bonds will be issued as fully registered and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which principal and interest payments will be made. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of the Bonds.																																								
PAYING AGENT/REGISTRAR -	Computershare Trust Co., Minneapolis, Minnesota																																								
TAX DESIGNATIONS -	<u>NOT Private Activity Bonds</u> - The Bonds are not “private activity bonds” as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”). <u>Not Bank Qualified Tax-Exempt Obligations</u> - 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 Investors Service (“Moody’s”). See <i>Bond Rating</i> herein for additional information.																																								
CLOSING -	Estimated to be October 15, 2025																																								
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

<u>County Board of Commissioners</u>		
<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
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

\$21,505,000*

GENERAL OBLIGATION BONDS, SERIES 2025A

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 Tuesday, September 16, 2025, at 10:00 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, September 16, 2025 at 6:00 P.M., CT.

SUBMISSION OF PROPOSALS

Proposals may be:

- a) submitted to the office of Northland Securities, Inc.,
- b) emailed to PublicSale@northlandsecurities.com
- c) for proposals submitted prior to the sale, the final price and coupon rates may be submitted to Northland Securities, Inc. by telephone at 612-851-5900 or 612-851-5915, or
- d) submitted electronically.

Notice is hereby given that electronic proposals will be received via PARITY™, or its successor, in the manner described below, until 10:00 A.M., CT, on Tuesday, September 16, 2025. Proposals may be submitted electronically via PARITY™ or its successor, pursuant to this Notice until 10:00 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.

* 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.

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.

DATE OF ORIGINAL ISSUE OF BONDS

Date of Delivery (Estimated to be October 15, 2025)

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 bond fund established for this issue.

INTEREST PAYMENTS

Interest is due semiannually on each February 1 and August 1, commencing August 1, 2026, to registered owners of the Bonds appearing of record in the Bond Register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date.

MATURITIES

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

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2027	\$775,000	2034	\$1,015,000	2041	\$1,155,000
2028	1,025,000	2035	1,050,000	2042	1,100,000
2029	1,060,000	2036	1,090,000	2043	1,150,000
2030	1,075,000	2037	990,000	2044	1,200,000
2031	1,105,000	2038	1,030,000	2045	1,250,000
2032	960,000	2039	1,075,000	2046	1,310,000
2033	980,000	2040	1,110,000		

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, 2034 through 2046 are subject to redemption and prepayment at the option of the County on February 1, 2033 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 \$21,365,217.50 (99.35%) and accrued interest on the principal sum of \$21,505,000 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 \$430,100 in the form of a federal wire transfer (payable to the order of the County) is only required from the apparent winning bidder, and must be received within two hours after the time stated for the receipt of Proposals. The apparent winning bidder will receive notification of the wire instructions from the Municipal Advisor promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the County may choose to reject their Proposal and then proceed to offer the Bonds to the next lowest bidder based on the terms of their original proposal, so long as said bidder wires funds for the Deposit amount within two hours of said offer.

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

AWARD

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

INFORMATION FROM SUCCESSFUL BIDDER

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

OFFICIAL STATEMENT

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

FULL CONTINUING DISCLOSURE UNDERTAKING

The County will covenant in the resolution awarding the sale of the Bonds 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: August 19, 2025

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 2025A (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 2025 Capital Improvement Plan projects, solid waste facility 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 ad valorem taxes and net revenues of the County's waste combustion facility. The full faith and credit of the County is also pledged to their payment. In the event of any deficiency in the bond fund established for this Issue, the County has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the County, without limitation of amount.

Sources and Uses of Funds

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

Sources of Funds

Par Amount of Bonds	<u>\$ 21,505,000*</u>
Total Sources of Funds:	<u>\$ 21,505,000</u>

Uses of Funds

Deposit to Project Fund	\$ 21,212,327
Costs of Issuance/Underwriter's Discount	291,083
Rounding Amount	<u>1,590</u>
Total Uses of Funds:	<u>\$ 21,505,000</u>

BONDHOLDERS' RISKS

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

Secondary Market

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

Ratings Loss

Moody's Investors Service 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,

* Preliminary, subject to change.

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.

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 15, 2025), 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, 2027. Interest on the Bonds will be payable semiannually on each February 1 and August 1, commencing August 1, 2026. 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, 2034 and thereafter are subject to redemption, in whole or in part, on February 1, 2033 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 3.6 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, relating to the City 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 Certificate will not constitute an event of default on the Bonds (although holders will have an enforceable right to specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. Please see *Appendix B – Continuing Disclosure Undertaking* herein for additional information.

The County has 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 Investors Service ("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 EXEMPTION

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on 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 Code) 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.

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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	2025 Estimate	170,386

Income Data¹

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

	Olmsted County	State of Minnesota	United States
Median Family Income	\$119,991	\$111,492	\$96,922
Per Capita Income	52,059	46,957	43,289

Labor Force Data²

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

	2025 (through June)		2024	
	<i>Civilian Labor Force</i>	<i>Unemployment Rate</i>	<i>Civilian Labor Force</i>	<i>Unemployment Rate</i>
Olmsted County	95,225	2.7%	91,671	2.4%
Rochester MSA	132,544	3.0	127,860	2.5
Minnesota	3,156,294	3.6	3,129,802	3.0

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: 2019-2023 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.

<u>Bargaining Unit</u>	<u>Contract Expiration</u>	<u>Number of Employees</u>
Olmsted County Employees Association	December 31, 2025	776
International Union of Operating Engineers, Local 49 (highway division)	December 31, 2025	38
International Union of Operating Engineers, Local 49 (waste to energy division)	December 31, 2025	44
Olmsted County Deputy Sheriff's Association – Essential LEC	December 31, 2025	64
Olmsted County Deputy Sheriff's Association – Essential ADC	December 31, 2025	82
Olmsted County Deputy Sheriff's Association – Non essential Support	December 31, 2025	14
Law Enforcement Labor Services, Inc. (Local 330 – Detention Sergeants)	December 31, 2025	9
Law Enforcement Labor Services, Inc. (Local 260 – Licensed Captains)	December 31, 2025	5
Law Enforcement Labor Services, Inc. (Local 483 – Unlicensed Captains)	December 31, 2025	3
Law Enforcement Labor Services, Inc. (Local 380 – Licensed Sergeants)	December 31, 2025	11
American Federation of State, County and municipal Employees – Council 65 (County Attorneys)	December 31, 2025	20
Total Union Employees		1,066

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 2025, the County budgeted for 1,389 and employs approximately 1,436 Full Time Equivalents, including 1,329 full-time, 40 part-time, and 67 on-call or temporary employees. The pension plan currently covers 96% or 1,385 of the County's 1,436 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. County contributions to PERF, PEPFF and PECF for the past five years have been as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2024	\$9,603,754	2021	\$8,002,624
2023	8,800,753	2020	7,770,894
2022	8,328,198		

The contribution amounts are equal to 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 38 former employees in the plan. Retirees are required to 100% of the total group rate.

Changes in Total OPEB Liability

	Total OPEB <u>Liability</u>
Total OPEB Liability beginning of fiscal year 2024	<u>\$ 9,427,012</u>
Changes for the year:	
Service Cost	\$ 641,347
Interest	393,434
Changes in assumptions	430,424
Difference between expected and actual experience	(1,023,022)
Benefit payments	<u>(469,615)</u>
Net Changes	<u>(27,432)</u>
Total OPEB liability end of fiscal year 2024	<u>\$ 9,399,580</u>

Additional information regarding the County's OPEB obligations is provided in the County's Annual Financial Report, excerpts of which are provided in Appendix C of this Official Statement, with particular reference to Note 11.

Cash and Investment Balances as of July 18, 2025 (unaudited)

Fund

General	\$ 98,240,108
Infrastructure	4,600,190
Health and Human Services	9,817,422
Waste Management	34,139,757
Self-Insurance	26,335,181
Compensated Absences	14,082,580
Building Operations	15,359,919
Motor Pool	1,023,614
HHHS Internal Service Fund	4,694,199
Chester Sewer	44,960
Opioid	1,707,526
Sheriffs E911	1,061,192
Administrative Internal Services	11,813,852
Capital and Debt Service	<u>13,525,135</u>
Total Cash and Investment Balances	\$236,445,635

General Fund Budget Summary (in thousands)

	<u>2024 Budget</u>	<u>2025 Budget</u>
Revenues:		
Property Taxes	\$55,936	\$57,226
Licenses and Permits	1,324	1,383
Intergovernmental Revenue	13,368	13,853
Charges for Services	16,155	16,473
Fines and Forfeits	22	22
Miscellaneous	7,314	8,426
Transfers In	<u>0</u>	<u>0</u>
Total Revenues	\$94,117	\$97,383
Expenditures:		
General Government	\$28,130	\$28,287
Community Development	1,482	1,555
Public Safety	58,478	60,932
Recreation	4,435	4,683
Conservation	1,761	2,014
Transfers Out	<u>4,830</u>	<u>2,677</u>
Total Expenditures	\$99,116	\$100,148
Revenues Over (Under) Expenditures	(4,999)	(2,766)
Beginning Fund Balance (January 1)	\$115,651	\$110,653
Ending Fund Balance (December 31)	<u>\$110,653</u>	<u>\$107,887</u>

Building Permits¹

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

<u>Year</u>	<u>No.</u>	<u>Residential Value</u>	<u>Multiple Dwellings</u>	<u>Commercial/ Industrial</u>	<u>All Other</u>	<u>Permits</u>	<u>Total Value</u>
2025	144	\$44,898,315	\$0	\$239,715,516	\$209,606,333	1,570	\$494,220,164
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
2016	490	102,463,682	129,591,460	34,573,239	138,296,109	2,429	442,846,498

Financial Institutions²

The following banks/financial institutions serve Olmsted County.

<u>Bank Name</u>	<u>Bank Name</u>
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
Home Federal Savings Bank	
Mayo Employees Federal 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.

¹ Building Permits, as of June 30, 2025, were obtained from the City of Rochester, Minnesota website.

² Source: Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration website.

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:

<u>Name</u>	<u>Product/Service</u>	<u>Number of Employees</u>
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.

Largest Taxpayers¹

Following are ten of the largest taxpayers within the County:

<u>Name</u>	<u>Classification</u>	<u>2024/2025 Tax Capacity</u>	<u>Percent of Total Tax Capacity (\$317,839,390)²</u>
Mayo Properties	Commercial/Residential	\$16,645,519	5.24%
Minnesota Energy Resources	Utility	2,008,879	0.63
Knickerbocker Berkman LLC	Commercial	1,591,532	0.50
Apache Mall LLC	Commercial	953,852	0.30
Legacy Fund I LLC	Commercial	818,926	0.26
Regency Consolidated Residential LLC	Multi-Unit Housing	800,010	0.25
THF-G Rochester Joint Venture	Commercial	741,746	0.23
Olmsted Medical Center	Commercial	666,568	0.21
City of Rochester	Commercial	625,613	0.20
KAH 20 2 nd Avenue LLC	Commercial	<u>566,608</u>	<u>0.18</u>
		<u>\$25,419,253</u>	<u>8.00%</u>

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¹ As reported by Olmsted County.

² 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

<u>Class</u>	<u>Type of Property</u>	<u>Class Rate Schedule</u>		
		<u>2022/ 2023</u>	<u>2023/ 2024</u>	<u>2024/ 2025</u>
1a	<u>Residential Homestead</u> : First \$500,000	1.00%	1.00%	1.00%
	Over \$500,000	1.25	1.25	1.25
1c	<u>Commercial seasonal-residential recreational-</u> under 250 days and includes homestead			
	First \$600,000	.50	.50	.50
	\$600,001-2,300,000	1.00	1.00	1.00
	Over \$2,300,000 [†]	1.25	1.25	1.25
2a	<u>Agricultural Homestead – House, Garage, One Acre:</u>			
	First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
	Remainder of Farm* –			
	First \$1,890,000	0.50		
	Over \$1,890,000	1.00		
	First \$2,150,000		0.50	
	Over \$2,150,000		1.00	
	First \$3,500,000			.50
	Over \$3,500,000			1.00
2b	<u>Non-Homestead Rural Vacant Land</u> ¹	1.00	1.00	1.00
3a	<u>Commercial/Industrial and Public Utility</u>			
	First \$150,000 [†]	1.50	1.50	1.50
	Over \$150,000 [†]	2.00	2.00	2.00
4a	<u>Apartment</u> (4+ units, incl. private for-profit hospitals)	1.25	1.25	1.25
4bb(1)	<u>Residential Non-Homestead</u> (Single Unit)			
	First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
4c(1)	<u>Seasonal Residential Recreational/Commercial</u> [†]			
	(Resort): First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
4c(12)	<u>Seasonal Residential Recreational</u> [†]			
	Non-Commercial (Cabin): First \$500,000*	1.00	1.00	1.00
	Over \$500,000*	1.25	1.25	1.25
4d	<u>Qualifying Low-Income Rental Housing</u>			
	First \$100,000	.75	.75	.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 INFORMATION¹

Valuations

	<i>Estimated Market Value 2024/2025</i>	<i>Net Tax Capacity 2024/2025</i>
Real Property	\$ 28,391,851,100	\$ 313,194,534
Personal Property	238,830,700	4,644,856
Less Tax Increment Deduction	---	(10,064,298)
Less 200KV Powerlines	---	(33,728)
Total Adjusted Valuation	<u>\$ 28,630,681,800</u>	<u>\$ 307,741,364</u>

Valuation Trends (Real and Personal Property)

<i>Levy Year/ Collection Year</i>	<i>Economic Market Value</i>	<i>Sales Ratio</i>	<i>Estimated Market Value</i>	<i>Taxable Market Value</i>	<i>Tax Capacity Before Tax Increments</i>	<i>Tax Capacity After Tax Increments</i>
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
2020/2021	22,212,797,245	93.94	20,818,304,900	20,008,219,800	235,635,210	229,030,604
2019/2020	21,344,883,345	91.79	19,573,629,400	18,717,082,800	218,331,097	213,938,348

Breakdown of Valuations

2024/2025 Tax Capacity, Real and Personal Property (before tax increment and powerlines adjustments):

Residential Homestead	\$ 150,584,240	47.38%
Agricultural	25,792,395	8.11
Commercial & Industrial	81,770,761	25.73
Public Utility	727,159	0.23
Railroad	289,591	0.09
Residential Non-Homestead	53,469,263	16.82
Seasonal/Recreational	561,125	0.18
Personal Property	<u>4,644,856</u>	<u>1.46</u>
Totals:	<u>\$ 317,839,390</u>	<u>100.00%</u>

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:

<i>Levy Year/ Collection Year</i>	<i>2020/21 Tax Capacity Rates</i>	<i>2021/22 Tax Capacity Rates</i>	<i>2022/23 Tax Capacity Rates</i>	<i>2023/24 Tax Capacity Rates</i>	<i>2024/25 Tax Capacity Rates</i>
Olmsted County	46.961%	49.008%	44.671%	43.152%	44.422%
City of Rochester	48.242	49.624	46.406	47.842	51.230
ISD No. 535, Rochester	<u>20.375</u>	<u>20.387</u>	<u>18.104</u>	<u>17.206</u>	<u>18.237</u>
Totals:	<u>115.578%</u>	<u>119.019%</u>	<u>109.181%</u>	<u>108.200%</u>	<u>113.889%</u>
<i>Market Value Rates:</i>	<i><u>2020/2021</u></i>	<i><u>2021/2022</u></i>	<i><u>2022/2023</u></i>	<i><u>2023/2024</u></i>	<i><u>2024/2025</u></i>
ISD No. 535 (Rochester)	0.19043%	0.17744%	0.16756%	0.166740%	0.249148%

Tax Levies and Collections¹

<u>Levy/Collect</u>	<u>Net Levy</u>	<u>Collected During Collection Year</u>		<u>Collected and/or Abated as of 12/31/24</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2024/2025	\$132,690,673		In Process of Collection		
2023/2024	125,166,244	\$124,193,747	99.22%	\$124,193,747	99.22%
2022/2023	119,083,404	118,192,068	99.25	118,815,718	99.78
2021/2022	112,520,262	111,843,820	99.40	112,502,015	99.98
2020/2021	107,156,724	106,095,717	99.01	107,102,425	99.95

¹ 2024/2025 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 Limit¹

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 September 2, 2025:

2024/2025 Estimated Market Value	\$ 28,630,681,800
Multiplied by 3%	<u>x .03</u>
Statutory Debt Limit	<u>\$ 858,920,454</u>

Less outstanding debt applicable to debt limit:

G.O. Crossover Refunding Bonds, Series 2016A	\$ 7,315,000
G.O. Bonds, Series 2019A	14,195,000
G.O. Bonds, Series 2020A	6,085,000
Taxable G.O. Crossover Refunding Bonds, Series 2021A	2,780,000
Lease Revenue Refunding Bonds, Series 2021A	2,630,000
Taxable G.O. Crossover Refunding Bonds, Series 2022A	26,520,000
G.O. Bonds, Series 2022B	13,720,000
G.O. Bonds, Series 2023A	15,795,000
G.O. Bonds, Series 2024A	17,090,000
G.O. Bonds, Series 2025A (Portion of This Issue)	<u>6,300,000</u>
Total Debt Applicable to Debt Limit:	<u>116,030,000</u>
Legal debt margin	<u>\$ 742,890,454</u>

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 September 2, 2025, 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	
Dated:	08/01/16	11/12/19	11/17/20	04/07/21	
Original Amount:	\$15,550,000	\$19,175,000	\$8,315,000	\$6,880,000	
Maturity:	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%	
2025	\$0	\$0	\$0	\$0	2025
2026	1,475,000	1,005,000	615,000	1,385,000	2026
2027	1,515,000	1,035,000	545,000	1,395,000	2027
2028	1,570,000	1,065,000	565,000	0	2028
2029	1,625,000	1,100,000	575,000	0	2029
2030	555,000	1,010,000	585,000	0	2030
2031	575,000	915,000	600,000	0	2031
2032	0	925,000	245,000	0	2032
2033	0	950,000	250,000	0	2033
2034	0	975,000	255,000	0	2034
2035	0	1,000,000	260,000	0	2035
2036	0	800,000	265,000	0	2036
2037	0	820,000	255,000	0	2037
2038	0	840,000	260,000	0	2038
2039	0	865,000	265,000	0	2039
2040	0	890,000	270,000	0	2040
2041	0	0	275,000	0	2041
2042	0	0	0	0	2042
2043	0	0	0	0	2043
2044	0	0	0	0	2044
2045	0	0	0	0	2045
2046	0	0	0	0	2046
	\$7,315,000	\$14,195,000	\$6,085,000	\$2,780,000	
	(1)		(2)	(3) (4)	

GENERAL OBLIGATION DEBT PAYABLE FROM TAXES CONTINUED

Purpose:	Portion of This Issue					TOTAL PRINCIPAL:	TOTAL PRIN & INT:	
	Taxable G.O. Crossover Refunding Bonds, Series 2022A	G.O. Bonds, Series 2022B	G.O. Bonds, Series 2023A	G.O. Bonds, Series 2024A	G.O. Bonds, Series 2025A			
Dated:	03/03/22	03/16/22	10/18/23	10/16/24	10/15/25			
Original Amount:	\$26,520,000	\$15,970,000	\$16,860,000	\$17,090,000	\$6,300,000			
Maturity:	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb			
Interest Rates:	2.00-3.00%	2.125-4.000%	4.00-5.00%	3.75-5.00%				
2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0	2025
2026	2,135,000	1,185,000	1,065,000	1,080,000	0	9,945,000	13,205,442	2026
2027	2,200,000	1,240,000	1,060,000	1,070,000	380,000	10,440,000	13,435,410	2027
2028	2,270,000	1,285,000	1,060,000	1,070,000	450,000	9,335,000	12,026,246	2028
2029	2,310,000	915,000	1,060,000	1,070,000	470,000	9,125,000	11,531,994	2029
2030	2,355,000	950,000	820,000	1,060,000	470,000	7,805,000	9,948,641	2030
2031	2,400,000	985,000	820,000	905,000	485,000	7,685,000	9,592,195	2031
2032	2,455,000	1,030,000	820,000	905,000	325,000	6,705,000	8,393,186	2032
2033	2,515,000	1,060,000	820,000	905,000	325,000	6,825,000	8,309,110	2033
2034	2,565,000	470,000	820,000	900,000	340,000	6,325,000	7,603,271	2034
2035	2,625,000	480,000	760,000	900,000	350,000	6,375,000	7,452,393	2035
2036	2,690,000	490,000	760,000	755,000	365,000	6,125,000	7,018,040	2036
2037	0	500,000	760,000	755,000	240,000	3,330,000	4,080,017	2037
2038	0	510,000	760,000	750,000	250,000	3,370,000	4,008,614	2038
2039	0	495,000	760,000	750,000	265,000	3,400,000	3,924,382	2039
2040	0	510,000	730,000	750,000	270,000	3,420,000	3,830,308	2040
2041	0	525,000	730,000	700,000	280,000	2,510,000	2,820,505	2041
2042	0	535,000	730,000	700,000	190,000	2,155,000	2,381,323	2042
2043	0	555,000	730,000	700,000	200,000	2,185,000	2,329,367	2043
2044	0	0	730,000	700,000	205,000	1,635,000	1,705,229	2044
2045	0	0	0	665,000	215,000	880,000	898,059	2045
2046	0	0	0	0	225,000	225,000	230,175	2046
	\$26,520,000	\$13,720,000	\$15,795,000	\$17,090,000	\$6,300,000	\$109,800,000	\$134,723,906	
	(5)	(6)	(7)	(8)	(9)			

NOTE: 68% 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 \$21,505,000 General Obligation Bonds, Series 2025A, dated October 15, 2025, consisting of \$15,205,000 backed by net revenues of the County's solid waste management system and \$6,300,000 backed by ad valorem taxes.

OLMSTED COUNTY, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES
(As of September 2, 2025, Plus a Portion of This Issue)

Purpose:	<table><tr><th>G.O. Crossover Refunding Bonds, Series 2016A</th><th>G.O. Bonds, Series 2020A</th><th>Taxable G.O. Crossover Refunding Bonds, Series 2021A</th><th>G.O. Bonds, Series 2022B</th></tr></table>				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. Crossover Refunding Bonds, Series 2016A	G.O. Bonds, Series 2020A	Taxable G.O. Crossover Refunding Bonds, Series 2021A	G.O. Bonds, Series 2022B					
Dated:	08/01/16	11/17/20	04/07/21	03/16/22				
Original Amount:	\$10,020,000	\$10,340,000	\$24,145,000	\$2,935,000				
Maturity:	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%				

2025	\$0	\$0	\$0	\$0	2025
2026	960,000	585,000	4,850,000	115,000	2026
2027	995,000	605,000	4,890,000	120,000	2027
2028	1,035,000	615,000	0	120,000	2028
2029	1,085,000	625,000	0	125,000	2029
2030	0	645,000	0	130,000	2030
2031	0	650,000	0	135,000	2031
2032	0	410,000	0	145,000	2032
2033	0	415,000	0	145,000	2033
2034	0	425,000	0	150,000	2034
2035	0	435,000	0	155,000	2035
2036	0	440,000	0	155,000	2036
2037	0	450,000	0	160,000	2037
2038	0	460,000	0	165,000	2038
2039	0	470,000	0	170,000	2039
2040	0	480,000	0	175,000	2040
2041	0	490,000	0	180,000	2041
2042	0	0	0	185,000	2042
2043	0	0	0	190,000	2043
2044	0	0	0	0	2044
2045	0	0	0	0	2045
2046	0	0	0	0	2046

\$4,075,000	\$8,200,000	\$9,740,000	\$2,720,000
(1) (2)	(1) (3) (4)	(1) (5) (6)	(1) (7)

GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES CONTINUED

Purpose:	Portion of This Issue					
	G.O. Bonds, Series 2023A	G.O. Bonds, Series 2024A	G.O. Bonds, Series 2025A			
Dated:	10/18/23	10/16/24	10/15/25			
Original Amount:	\$1,830,000	\$2,855,000	\$15,205,000			
Maturity:	1-Feb	1-Feb	1-Feb	TOTAL	TOTAL	
Interest Rates:	4.00-5.00%	3.75-5.00%		PRINCIPAL:	PRIN & INT:	
2025	\$0	\$0	\$0	\$0	\$0	2025
2026	155,000	165,000	0	6,830,000	7,868,044	2026
2027	150,000	160,000	395,000	7,315,000	8,363,251	2027
2028	150,000	160,000	575,000	2,655,000	3,612,219	2028
2029	145,000	160,000	590,000	2,730,000	3,618,001	2029
2030	145,000	155,000	605,000	1,680,000	2,506,578	2030
2031	145,000	155,000	620,000	1,705,000	2,484,160	2031
2032	145,000	155,000	635,000	1,490,000	2,222,360	2032
2033	145,000	155,000	655,000	1,515,000	2,201,917	2033
2034	145,000	155,000	675,000	1,550,000	2,189,783	2034
2035	70,000	155,000	700,000	1,515,000	2,107,455	2035
2036	70,000	150,000	725,000	1,540,000	2,085,746	2036
2037	70,000	145,000	750,000	1,575,000	2,071,724	2037
2038	70,000	145,000	780,000	1,620,000	2,064,829	2038
2039	70,000	145,000	810,000	1,665,000	2,055,391	2039
2040	0	145,000	840,000	1,640,000	1,974,953	2040
2041	0	110,000	875,000	1,655,000	1,933,826	2041
2042	0	110,000	910,000	1,205,000	1,430,977	2042
2043	0	110,000	950,000	1,250,000	1,425,996	2043
2044	0	110,000	995,000	1,105,000	1,230,784	2044
2045	0	110,000	1,035,000	1,145,000	1,220,588	2045
2046	0	0	1,085,000	1,085,000	1,109,955	
	\$1,675,000	\$2,855,000	\$15,205,000	\$44,470,000	\$55,778,536	
	(1) (8)	(1) (9)	(1) (10)			

NOTE: 62% 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 \$21,505,000 General Obligation Bonds, Series 2025A, dated October 15, 2025, consisting of \$15,205,000 backed by net revenues of the County's solid waste management system and \$6,300,000 backed by ad valorem taxes.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY, MINNESOTA
OLMSTED COUNTY LEASE OBLIGATIONS
(As of September 2, 2025)

Purpose:	<div style="border: 1px solid black; padding: 5px; text-align: center;"> Lease Revenue Refunding Bonds, Series 2021A </div>			
Dated:				
Original Amount:	\$3,865,000			
Maturity:	1-Apr	TOTAL	TOTAL	
Interest Rates:	2.00-3.00%	PRINCIPAL:	PRIN & INT:	
2025	\$0	\$0	\$13,159	2025
2026	320,000	320,000	345,438	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
	\$2,630,000	\$2,630,000	\$2,767,240	
	(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 through 2033 were called for redemption on November 23, 2021 at a price of par plus accrued interest.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY, MINNESOTA
SPECIAL OBLIGATION DEBT
(As of September 2, 2025)

Purpose:	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> G.O. Governmental Housing Re- funding Bonds, Series 2010A </div>			
Dated:	06/01/10			
Original Amount:	\$1,475,000			
Maturity:	1-Jan	TOTAL	TOTAL	
Interest Rates:	2.00-3.70%	PRINCIPAL:	PRIN & INT:	
2025	\$0	\$0	\$0	2025
2026	115,000	115,000	117,128	2026
	\$115,000	\$115,000	\$117,128	
	(1) (2)			

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

- (1) These bonds are payable primarily from net revenues of the 39-unit multi-family housing project in the City of Rochester, Minnesota. The full faith and credit of the County IS pledged for the payment of principal of and interest on the bonds if net revenues should be insufficient.
- (2) These bonds net advance refunded and escrowed to maturity \$1,630,000 of the \$1,935,000 General Obligation Governmental Housing Bonds, Series 2002C, dated May 1, 2002. Maturities 2013 through 2030, inclusive, in aggregate of \$1,530,000 were called for redemption on January 1, 2012, at a price of par plus accrued interest. In addition, Maturities 2011 through 2012, inclusive, in aggregate of \$100,000 were fully defeased and were redeemed with funds from the escrow account on their respective maturity dates.

Indirect Debt*

<i>Issuer</i>	<i>2024/2025 Net Tax Capacity Value⁽¹⁾</i>	<i>2024/2025 Net Tax Capacity Value in County⁽¹⁾</i>	<i>Percentage Applicable in County</i>	<i>Net Debt</i>	<i>Taxpayers' Share of Debt</i>
City of Byron	\$ 9,796,745	\$ 9,796,745	100.00%	\$ 5,585,000	\$ 5,585,000
City of Chatfield	3,088,795	1,226,791	39.72	4,659,000	1,850,555
City of Eyota	2,129,508	2,129,508	100.00	4,270,000	4,270,000
City of Pine Island	4,979,240	1,278,777	25.68	6,585,000	1,691,028
City of Rochester	214,367,352	214,367,352	100.00	64,060,000	64,060,000
City of Stewartville	7,350,425	7,350,425	100.00	1,818,420	1,818,420
ISD 531, Byron	17,776,963	17,477,843	98.32	78,095,000	76,783,004
ISD 227, Chatfield	12,150,302	5,391,331	44.37	24,890,000	11,043,693
ISD 533, Dover-Eyota	9,605,744	9,605,744	100.00	30,165,000	30,165,000
ISD 203, Hayfield	15,457,789	853,483	5.52	16,234,101	896,122
ISD 204, Kasson-Mantorville	17,793,375	278,930	1.57	39,765,000	624,311
ISD 255, Pine Island	13,283,598	6,114,075	46.03	35,815,000	16,485,645
ISD 2899, P.E.M.	17,685,300	2,665,822	15.07	16,595,000	2,500,867
ISD 535, Rochester	251,933,258	250,010,704	99.24	310,450,000	308,090,580
ISD 858, St. Charles	10,560,345	1,257,240	11.91	23,885,000	2,844,704
ISD 534, Stewartville	18,485,735	14,070,299	76.11	30,235,000	23,011,859
ISD 2805, Zumbrota-Mazeppa	15,552,209	15,893	0.10	42,275,000	<u>42,275</u>
					<u>\$551,763,063</u>

(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 September 2, 2025, unless otherwise noted.

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

General Obligation Debt

Bonds secured by tax levies (includes a portion of this issue)	\$ 109,800,000
Bonds secured by solid waste revenues (includes a portion of this issue)	<u>44,470,000</u>
Subtotal	\$ 154,270,000
Less bonds secured by solid waste revenues	(<u>44,470,000</u>)
<i>Direct General Obligation Debt</i>	109,800,000
Add taxpayers' share of indirect debt	<u>551,763,063</u>
<i>Direct and Indirect Debt</i>	<u>\$ 661,563,643</u>

Special Obligation Debt of the HRA

\$1,475,000 G.O. Governmental Housing Refunding Bonds, Series 2010A	\$ 115,000
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Lease Obligation Debt of the HRA

\$3,865,000 Lease Revenue Refunding Bonds, Series 2021A	\$ 2,630,000
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Facts for Ratio Computations

2024/2025 Economic Market Value (real and personal property)	\$31,405,660,718
Population (2025 estimate)	170,386

Debt Ratios Excluding Revenue-Supported Debt

	<i>Direct Debt</i>	<i>Indirect Debt</i>	<i>Direct and Indirect Debt</i>
To Economic Market Value	.35%	1.76%	2.11%
Per Capita	\$644	\$3,238	\$3,882

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 2025A
 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 15, 2025 (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 15th day of October, 2025.

Very truly yours,

APPENDIX B

Proposed Form of Continuing Disclosure Covenants

FORM OF CONTINUING DISCLOSURE

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, 2025, 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, 2024. The complete financial statements for the year 2024 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.

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, each major fund and the aggregate remaining fund information of Olmsted County, Minnesota (the County), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the Olmsted County Housing and Redevelopment Authority, a major enterprise fund, which represents 25%, 26% and 40%, respectively, of the assets, net position, and revenues of the business-type activities. 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 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.

Emphasis of Matters

As discussed in Note 1, the County adopted the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections* effective January 1, 2024. Our opinions are not modified with respect to this matter.

As discussed in Note 1, the County adopted the provisions of GASB Statement No. 101, *Compensated Absences* effective January 1, 2024. Net position and fund balance as of December 31, 2023 has been restated for the implementation of GASB 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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 10, 2025 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.



Eau Claire, Wisconsin
June 10, 2025

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, 2024. 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, 2024, the county's government-wide assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$472.0 million (net position). Deferred outflows and inflows are defined on page 60 of this report in the notes to the financial statements.

Net position consists of:

- \$299.4 million, or 64% of total net position represents the county's net investment in capital assets.
- \$34.4 million, or 7% of total net position is restricted by specific statutory requirements or external commitments.
- \$138.2 million, or 29% 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 \$33.3 million during the year. Governmental activities net position increased \$17.2 million during the year and business-type activities increased \$16.1 million during the year.

Olmsted County's capital assets increased \$34.9 million in 2024. The primary reason for the increase in capital assets is a \$41.9 million increase in buildings, a \$14.2 million increase in infrastructure, a \$4.7 million increase in equipment, \$3.9 million increase in subscription software, a \$1.8 million increase in land, a \$1.0 million increase in improvements other than buildings, offset by a \$31.2 million decrease in construction in progress and a \$1.0 million decrease in software.

Olmsted County's total debt outstanding increased \$11.3 million in 2024. The primary reason for the increase in outstanding debt is due to the issuance of bonds of \$19.9 million offset by bond payments of \$13.6 million, a \$5.3 million increase in subscription payable offset by subscription payments of \$2.0 million, and a \$965 thousand increase in financed purchase payable.

At December 31, 2024, the county's governmental funds combined assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$163.1 million (fund balance).

Governmental fund balance consists of:

- \$3.5 million, or 2% of total government fund balance is nonspendable.
- \$40.8 million, or 25% of total governmental fund balance is restricted for specific purposes.
- \$118.8 million, or 73% 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 \$4.2 million. The Opioid Settlement Fund, Debt Service Fund, and Capital Projects Fund, fund balance increased \$804 thousand, \$2.4 million, \$4.3 million, respectively, offset by the General Fund, Infrastructure Fund, and Health and Human Service Fund, fund balance decrease of \$5.0 million, \$6.1 million, and \$605 thousand, respectively.

Olmsted County was allocated \$8.1 million in Opioid Settlement Funds and has received \$2.3 million of that amount from the National Opioid Settlement Fund in total, \$1.3 million in 2024. 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 42 and 43 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.

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 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 44 and 46 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 45, and the statement of revenues, expenditures, and changes in fund balance, on page 47.

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 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 48-50 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 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 51 and 52 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 54 - 112 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 114-133 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 \$472.0 million as of December 31, 2024.

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 Change
	2023	2024	2023	2024	2023	2024	Change	
Current and other assets	\$ 283,656	\$ 279,791	\$ 53,150	\$ 61,179	\$ 336,806	\$ 340,970	\$ 4,164	1%
Capital assets	333,896	363,483	98,116	103,445	432,012	466,928	34,916	8%
Total assets	\$ 617,552	\$ 643,274	\$ 151,266	\$ 164,624	\$ 768,818	\$ 807,898	\$ 39,080	5%
Total deferred outflows	\$ 37,129	\$ 23,175	\$ 1,187	\$ 547	\$ 38,316	\$ 23,722	\$ (14,594)	-38%
Current liabilities	\$ 23,163	\$ 20,673	\$ 2,722	\$ 3,624	\$ 25,885	\$ 24,297	\$ (1,588)	-6%
Noncurrent liabilities	232,550	227,099	60,217	56,142	292,767	283,241	(9,526)	-3%
Total liabilities	\$ 255,713	\$ 247,772	\$ 62,939	\$ 59,766	\$ 318,652	\$ 307,538	\$ (11,114)	-3%
Total deferred inflows	\$ 45,871	\$ 49,111	\$ 3,273	\$ 3,010	\$ 49,144	\$ 52,121	\$ 2,977	6%
Net Position:								
Net investment in capital assets	\$ 230,797	\$ 245,415	\$ 44,297	\$ 54,005	\$ 275,094	\$ 299,420	\$ 24,326	9%
Restricted	23,490	23,359	9,324	11,034	32,814	34,393	1,579	5%
Unrestricted	98,810	100,792	32,620	37,356	131,430	138,148	6,718	5%
Total net position	\$ 353,097	\$ 369,566	\$ 86,241	\$ 102,395	\$ 439,338	\$ 471,961	\$ 32,623	7%

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 net position increased by \$33.3 million during the year, an increase of 8% from the previously reported 2023 net position and an 8% increase from the restated 2023 net position.

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 Change
	2023	2024	2023	2024	2023	2024	Change	
Revenues								
<u>Program revenues:</u>								
Charges for services	\$ 31,354	\$ 34,007	\$ 31,143	\$ 32,090	\$ 62,497	\$ 66,097	\$ 3,600	6%
Operating grants and contributions	59,540	65,693	9,501	10,958	69,041	76,651	7,610	11%
Capital grants and contributions	6,139	2,560	97	795	6,236	3,355	(2,881)	-46%
<u>General revenues and special item:</u>								
Property taxes	119,236	125,094	4,541	4,878	123,777	129,972	6,195	5%
Sales taxes	18,557	17,991	-	-	18,557	17,991	(566)	-3%
Wheelage taxes	1,426	1,465	-	-	1,426	1,465	39	3%
Unrestricted grants	13,517	12,969	-	-	13,517	12,969	(548)	-4%
Investment income	11,782	11,131	1,010	1,806	12,792	12,937	145	1%
Other	303	327	-	118	303	445	142	47%
Total revenues	\$ 261,854	\$ 271,237	\$ 46,292	\$ 50,645	\$ 308,146	\$ 321,882	\$ 13,736	4%
Expenses								
General government	\$ 14,817	\$ 15,688	\$ -	\$ -	\$ 14,817	\$ 15,688	\$ 871	6%
Public safety	68,881	70,802	-	-	68,881	70,802	1,921	3%
Conservation of natural resources	1,943	1,818	-	-	1,943	1,818	(125)	-6%
Highways and streets	30,728	31,715	-	-	30,728	31,715	987	3%
Health	15,272	15,555	-	-	15,272	15,555	283	2%
Human services	95,579	100,862	-	-	95,579	100,862	5,283	6%
Culture and recreation	7,309	8,267	-	-	7,309	8,267	958	13%
Interest on long-term debt	3,033	3,484	-	-	3,033	3,484	451	15%
Waste management	-	-	23,434	23,627	23,434	23,627	193	1%
Sanitary sewer	-	-	134	220	134	220	86	64%
HRA	-	-	14,161	16,550	14,161	16,550	2,389	17%
Other	80	80	-	-	80	80	-	0%
Total expenses	\$ 237,642	\$ 248,271	\$ 37,729	\$ 40,397	\$ 275,371	\$ 288,668	\$ 13,297	5%
Excess (Deficiency) of Revenues over Expenses	\$ 24,212	\$ 22,966	\$ 8,563	\$ 10,248	\$ 32,775	\$ 33,214	\$ 439	1%
Transfers	(867)	(5,793)	867	5,793	-	-	-	-
Extraordinary gain caused by storm damage	-	-	93	113	93	113	20	22%
Change in net position	\$ 23,345	\$ 17,173	\$ 9,523	\$ 16,154	\$ 32,868	\$ 33,327	459	1%
Net position - beginning, as previously reported	\$ 329,752	\$ 353,097	\$ 76,718	\$ 86,241	\$ 406,470	\$ 439,338	\$ 32,868	8%
Change in accounting principle	\$ -	\$ (704)	\$ -	\$ -	\$ -	\$ (704)	\$ (704)	-100%
Net position - beginning, as restated	\$ 329,752	\$ 352,393	\$ 76,718	\$ 86,241	\$ 406,470	\$ 438,634	\$ 32,164	8%
Net position - ending	\$ 353,097	\$ 369,566	\$ 86,241	\$ 102,395	\$ 439,338	\$ 471,961	\$ 32,623	7%

Governmental Activities

Net position in governmental activities increased \$17.2 million (5%) during the year or \$16.5 million (5%) from the beginning net position as previously reported.

Beginning net position of \$353.1 million (as previously reported), decreased \$704 thousand (.20%) to \$352.4 million (restated) due to the implementation of Government Accounting Standard Board (GASB) Statement No. 101, Compensated Absences.

Program revenues are \$102.2 million and general revenues are \$169.0 million for total revenues of \$271.2 million. Program expenses total \$248.2 million. Net transfers with business-type activities are (\$5.8) million. This results in a \$17.2 million increase in net position.

Charges for services increased \$2.7 million (8%). Significant changes from 2023 to 2024 include:

- Health charges for services increased \$1.2 million primarily due to a \$1.1 million increase in opioid settlement funds. The opioid settlement funds were recorded in other revenue in the governmental fund statement of revenues, expenditures, and change in fund balances which is converted to charges for services in the government-wide.
- Human Service charges for services increased \$968 thousand primarily due to a \$470 thousand increase in assertive community treatment services due to higher rates and more units being provided and a \$273 thousand increase in health plan targeted case management due to bringing the Zumbro Valley contract in house.
- Various other smaller increases and decreases make up the remaining change.

Operating grants and contributions increased \$6.2 million (10%). Significant changes from 2023 to 2024 include:

- General government operating grants and contributions increased \$1.1 million primarily due to a \$679 thousand increase in Federal Administrative Aid.
- Public safety operating grants and contributions decreased \$2.3 million primarily due to a one-time Public Safety Aid appropriation of \$2.4 million in 2023.
- Highway and streets operating grants and contributions increased \$1.8 million primarily due to a \$1.0 million increase in State Aid Construction allocation and a \$700 thousand increase in State Aid maintenance allocation.
- Health operating grants and contributions increased \$930 thousand due to various small increases including two new state grants (Foundational Public Health Responsibilities-\$124 thousand and Emergency Preparedness Grant-\$105 thousand).
- Human service operating grants increased \$4.5 million primarily due to a \$1.4 million increase in federal medical assistance and \$650 thousand increase in federal child support due to increases in the cost pool, a \$1.3 million increase in federal reimbursement for services related to targeted case management due to bringing services previously provided by Zumbro Valley in-house, a \$781 thousand increase in statewide housing and local homelessness prevention aid, a \$443 thousand increase in the state adult mental health grant, a \$390 thousand increase in State MnChoice due to increases in the cost pool, offset by a \$897 thousand decrease in a one-time medical assistant eligibility renewal state aid received in 2023 to fund medical assistance renewal costs and a \$753 thousand one-time payment from the State of Minnesota for errors found in the allocation process for the social service time study grant.
- Various other smaller increases and decreases make up the remaining change.

Capital grants and contributions decreased \$3.6 million (58%). Significant changes from 2023 to 2024 include:

- Highway and streets capital grants decreased \$3.8 million. Federal grant revenue for the CSAH 4/44 road project decreased \$4.8 million, offset by a \$900 thousand increase in grant revenue for bridge projects which includes \$600 thousand for the CSAH 44/TH 14 bridge project.
- Various other smaller increases and decreases make up the remaining change.

The **property tax** collections increased \$5.9 million (5%) which is at par with the tax levy increase of 5.2%.

Sales tax collections decreased \$566 thousand (3%). Sales tax revenue is driven by consumer spending. When consumers spend less, sales tax revenue decreases.

Unrestricted state aids and grants decreased \$548 thousand (4%) primarily due to the last of the Coronavirus State and Local Fiscal Recovery Funds expenses occurring in 2023 (\$5.4 million decrease), offset by a \$2.1 million increase 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 and a \$2.7 million increase in county program aid.

Investment income decreased \$651 thousand (6%) primarily due to the average cash and investment balance increasing compared to 2023, offset by a decrease in unrealized gain due to the fair value of investments.

General government expenses increased \$871 thousand (6%). General government activities include property, records, licensing, planning, and other. Significant changes from 2023 to 2024 include:

- Property, Records, and Licensing Department personnel costs increased \$1.2 million due to adding 3 full time equivalents, adding provisional elections staff for the 2024 elections, cost-of-living adjustments, and performance-based increases.
- Internal service fund charges increased \$423 thousand primarily due to rent charges increasing 5.7% and administrative personnel costs.
- Groundwater Protections and Soil Program costs increased \$336 thousand due to an increase in participants in this program aimed to promote the growing of beneficial crops such as small grains, forages, other alternative crops, and grazing land.
- In the government-wide statement of activities, internal service fund operating income or loss from internal activities is allocated to governmental activities expense to eliminate internal revenues and expenses. The allocation of internal service fund operations to general government expenses decreased \$992 thousand due to the internal service funds having an operating loss in 2023 and an operating income in 2024. See the proprietary fund section below for more details on internal service funds.
- Pension expense decreased by \$630 thousand due to changes in actuarial assumptions, plan provisions, interest rates, and asset market values.
- Various other smaller increases and decreases make up the remaining change.

Public safety expenses increased \$1.9 million (3%). Public Safety activities include law enforcement, adult detention center, community corrections, county attorney, coroner, district courts, and law library. Significant changes from 2023 to 2024 include:

- Personnel costs increased by \$3.0 million due to cost-of-living adjustments, performance-based increases, change in benefit elections, overfills, and increases in overtime.
- Internal service fund charges increased by \$1.3 million primarily due to rent charges increasing 5.7% and administrative personnel costs.
- Equipment costs not meeting the capitalization threshold increased \$669 thousand.
- Depreciation expense increased by \$420 thousand due to an increase in assets.
- Maintenance costs increased by \$309 thousand primarily due to new software contracts.
- Contributions to the Dodge Olmsted Community Correction Joint Powers Board increased \$305 thousand primarily due to an increase in personnel cost for cost-of-living adjustments and performance-based increases.
- Pension expense decreased by \$2.9 million due to changes in actuarial assumptions, plan provisions, interest rates, and asset market values.
- In the government-wide statement of activities, internal service fund operating income or loss from internal activities is allocated to governmental activities expense to eliminate internal revenues and expenses. The allocation of internal service fund operations to public safety expenses decreased \$1.7 million due to the internal service funds having an operating loss in 2023 and an operating income in 2024. See the proprietary fund section below for more details on internal service funds.
- Various other smaller increases and decreases make up the remaining change.

Conservation of natural resources expenses decreased \$125 thousand (6%). Conservation of natural resources activities include soil and water conservation and extension services. This decrease is primarily due to the costs associated with the 2023 cost of connecting the Zumbro Ridge Estates manufactured home park to the Rochester sewage treatment plant (\$383 thousand), offset by adding a Soil Conservation Technician position (\$120 thousand).

Highways and streets expenses increased \$987 thousand (3%). Highway and streets activities include surveying, maintenance, construction, and equipment maintenance and shops. Significant changes from 2023 to 2024 include:

- Depreciation expense increased by \$806 thousand due to an increase in assets.
- Personnel costs increased by \$670 due to cost-of-living adjustments and performance-based increases.
- Pension expense decreased by \$441 thousand due to changes in actuarial assumptions, plan provisions, interest rates, and asset market values.
- Various other smaller increases and decreases make up the remaining change.

Health expenses increased \$283 thousand (2%). Health activities include general public health, emergency preparedness, disease prevention, health promotion, and environmental. Significant changes from 2023 to 2024 include:

- Personnel costs increased by \$868 thousand due to an increase of 0.70 full time equivalent, cost-of-living adjustments, performance-based increases, and the timing of vacant positions being filled.
- Internal service fund charges increased \$345 thousand primarily due to rent charges increasing 5.7% and administrative personnel costs.
- Pension expense decreased by \$656 thousand due to changes in actuarial assumptions, plan provisions, interest rates, and asset market values.
- In the government-wide statement of activities, internal service fund operating income or loss from internal activities is allocated to governmental activities expense to eliminate internal revenues and expenses. The allocation of internal service fund operations to health expenses decreased \$540 thousand due to the internal service funds having an operating loss in 2023 and an operating income in 2024. See the proprietary fund section below for more details on internal service funds.
- Various other smaller increases and decreases make up the remaining change.

Human services expenses increased \$5.3 million (6%). Human services program activities include income maintenance, social services, support services, and veterans' services. Significant changes from 2023 to 2024 include:

- Child and Family Services personnel costs increased by \$4.0 million primarily due to an increase of 26 full-time equivalents to bring Family Service Rochester targeted case management contract in-house, cost-of-living adjustments, performance-based increases, and timing of vacant positions being filled.
- Adult and Family Services personnel costs increased by \$1.7 million primarily due to an increase of 12 full-time equivalents, cost-of-living adjustments, performance-based increases, and timing of vacant positions being filled.
- Family Support and Assistance personnel costs increased by \$1.0 million primarily due to an increase of 4 full-time equivalents, cost-of-living adjustments, performance-based increases, and timing of vacant positions being filled.
- Community Corrections personnel costs increased by \$492 thousand primarily due to an increase of 4 full-time equivalents, cost-of-living adjustments, and performance-based increases.
- Diversity, Equity, and Community Outreach (DECO) personnel costs increased by \$394 thousand due to an increase of 4 full-time equivalents, cost-of-living adjustments, and performance-based increases.
- Internal service fund charges increased \$2.8 million primarily due to rent charges increasing 5.7% and administrative personnel costs.
- Child placement costs increased \$1.0 million due to youth with severe behavioral issues staying longer in expensive and often out of state facilities and increased rates.
- Pension expense increased \$739 thousand due to the State of Minnesota making a one-time contribution to the Public Employee Retirement Association (PERA) on behalf of PERA member entities.

- Pension expense decreased by \$3.2 million due to changes in actuarial assumptions, plan provisions, interest rates, and asset market values.
- In the government-wide statement of activities, internal service fund operating income or loss from internal activities is allocated to governmental activities expense to eliminate internal revenues and expenses. The allocation of internal service fund operations to human services expenses decreased \$1.9 million due to the internal service funds having an operating loss in 2023 and an operating income in 2024. See the proprietary fund section below for more details on internal service funds.
- Targeted Case Management contract costs decreased by \$1.6 million due to bringing the contract with Family Services Rochester in-house.
- Commitment costs decreased by \$462 thousand due to fewer people meeting the medical necessary requirements.
- Various other smaller increases and decreases make up the remaining change.

Culture and recreation expenses increased \$958 thousand (13%). Culture and recreation program activities include parks, historical society, diversity and youth programs, and library. This increase is due to various small increases including a \$353 thousand increase in internal charges and a \$316 thousand increase in depreciation expense.

Interest on long-term debt increased \$451 thousand (15%) primarily due to an increase in bond debt and subscription payables.

Transfers to business-type activities increased \$4.9 million (568%) for the Growing Affordable Inclusive Neighborhoods (GAIN) program which creates incentives to develop smaller, lower-priced, owner-occupied homes.

Business-Type Activities

Net position in business-type activities increased \$16.2 million (19%).

Program revenues are \$43.9 million and general revenues are \$6.8 million for total revenues of \$50.7 million. Program expenses total \$40.4 million. Net transfers with governmental activities are \$5.8 million. Extraordinary gains are \$113 thousand. This results in a \$16.2 million increase in net position.

Charges for services increased \$947 thousand (3%) due to charges for services in the Olmsted County HRA, including a \$575 thousand increase in rent and a \$375 thousand increase for portability payments from other housing authorities for tenants that have moved to Olmsted County. The increase in rent revenue is due to the new ROTH building and OCBA properties opening in July and general rent increases at all properties.

Operating grants and contributions increased \$1.5 million (15%) primarily due to an increase in Housing Choice Voucher funds in the Olmsted County HRA.

Capital grants and contributions increased \$698 thousand (720%) due to the Trailside Apartments project in the Olmsted County HRA.

The **property tax** collections increased \$337 thousand (7.4%) which is at par with the tax levy increase of 7.5%.

Investment income increased \$796 thousand (79%) primarily due the average cash and investment balance increasing compared to 2023.

Waste Management expenses increased \$193 thousand (1%).

Sanitary Sewer expenses increased \$86 thousand (64%).

Olmsted County HRA expenses increased \$2.4 million (17%) primarily due to a \$1.2 million increase in housing assistance payments. This increase is due to an increase in the number of units and an increase in contribution per unit. Administrative costs increased \$707 thousand due to new properties and programs. The remaining change is made of various other increases and decreases.

Extraordinary Gain increased \$20 thousand (22%).

Transfers from governmental activities increased \$4.9 million (568%) 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)			
	2023	2024	Change
Fund Balances:			
Nonspendable	\$ 3,305	\$ 3,534	\$ 229
Restricted	40,243	40,811	568
Assigned	39,648	31,905	(7,743)
Unassigned	84,693	86,872	2,179
Total Fund Balances	<u>\$ 167,889</u>	<u>\$ 163,122</u>	<u>\$ (4,767)</u>
 Total Operating Revenues	 \$ 267,193	 \$ 262,990	 \$ (4,203)
 Assigned and Unassigned Fund Balance as % of Operating Revenues	 47%	 45%	

The county’s total fund balance in the governmental funds as of December 31, 2024, is \$163.1 million, a decrease of \$4.8 million (3%) from the previously reported 2023 fund balance or \$4.2 million (3%) from the restated 2023 fund balance. Beginning fund balance, as previously reported of \$167.9 million, decreased \$520 thousand (.30%) to \$167.4 million due to the implementation of Government Accounting Standard Board (GASB) statement No. 101, Compensated Absences. The governmental funds compensated absence liability is accounted for in the self-insurance internal service fund. The current year expenses are recognized in the governmental funds when earned.

Fund balance in the **General Fund** decreased \$5.1 million (4%) during the year or \$5.2 million (5%) from beginning net position, as previously reported. Significant factors contributing to the decrease in fund balance include:

- Investment income was more than anticipated by \$2.7 million primarily due to an increase in the fair value of investments resulting in an unrealized gain.
- Higher than anticipated intergovernmental revenue of \$709 thousand primarily due to Federal Administrative Aid (\$578 thousand).
- Planned \$8.9 million decrease in fund balance for the Growing Affordable Inclusive Neighborhoods (GAIN) program (\$4.9 million), affordable housing units (\$2.5 million), groundwater protection (\$842 thousand), and various other smaller projects.

- More Law Enforcement personnel costs than anticipated due to the department being fully staffed most of the year, change in benefit elections, overfills, and overtime of \$715 thousand.
- The remaining net change in fund balance is made of various smaller items.

Fund balance in the **Infrastructure Fund** decreased \$6.1 million (68%) during the year or \$6.2 million (69%) from beginning net position, as previously reported. Significant factors contributing to the decrease include:

- Higher than anticipated 2024 County State Aid Highway revenue of \$770 thousand.
- 2023 County State Aid Highway (CSAH) 4 and 44 costs of \$3.6 million were reimbursed with 2024 Highway State Aid allotments (2024 revenue).
- Various other 2023 state, federal, and municipal project costs of \$750 thousand were reimbursed with 2024 Highway State Aid allotments (2024 revenue).
- Planned \$4.4 million decrease in fund balance restricted for transit and transportation for the Public Works Service Center project.
- 2024 County State Aid Highway (CSAH) 5 and 25 costs of \$4.6 million will be reimbursed with 2025 Highway State Aid allotments (2025 revenue).
- CSAH 44/TH 14 interchange project costs of \$1.0 million will be reimbursed with 2025 Highway State Aid allotments (2025 revenue).
- The remaining net change in fund balance is made of various smaller items.

Fund balance in the **Health and Human Services Fund** decreased \$605 thousand (4%) during the year or \$910 thousand (7%) from beginning net position, as previously reported. Significant factors contributing to the decrease include:

- Planned increase in fund balance of \$836 thousand due to bringing Family Services Rochester targeted case management contract in house.
- Less personnel costs than anticipated due to resignations and retirements of long-time employees, vacancies due to employee turnover, and changes in benefit elections in the amount of \$766 thousand.
- Deferred \$867 thousand of Adult Mental Health Initiative (AMHI) grant revenue due to the timing (availability) of the reimbursement.
- More than anticipated child placement costs of \$951 thousand due to more residential treatment, shelter and crisis center placements, and rate increases.
- Planned \$391 thousand decrease in fund balance restricted for medical assistance renewal costs.
- The remaining net change in fund balance is made of various smaller items.

Fund balance in the **Opioid Settlement Fund** increased \$804 thousand (76%). Significant factors contributing to the increase include:

- More than anticipated opioid settlement funds of \$975 thousand.
- The remaining net change in fund balance is made of various smaller items.

Fund balance in the **Debt Service Fund** increased \$2.4 million (10%). Significant factors contributing to the increase include:

- Levied property tax revenue in the amount of \$2.5 million for the 2024 bond issuance with no related debt service requirements.
- The remaining net change in fund balance is made of various smaller items.

Fund balance in the **Capital Projects Fund** increased \$4.3 million (90%). Significant factors contributing to the increase include:

- Unspent 2024 bond proceeds of \$5.5 million, including \$1.5 million for Oxbow Park campground relocation, \$2.8 million for Graham Park historic highway shop restoration, \$530 thousand for Public Works Service Center Fiber, \$192 thousand for tandem trucks, \$287 thousand for the Public Safety Training Center project, and various other smaller projects.
- Recognized \$528 thousand of grant revenue deferred in the prior year due to the timing (availability) of the reimbursement.
- Use of \$1.7 million prior year bond proceeds for transportation equipment.
- The remaining net change in fund balance is made of various smaller items.

At year-end 2024, the governmental funds have a **combined assigned and unassigned fund balance ("available")** of \$118.8 million. This is 45% of the \$263.0 million revenues in those funds, which is 2% lower than 2023. 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 bond ratings of Aaa and AAA from two national rating agencies, Moody’s and Standard & Poor’s (S&P), respectively. In the third quarter of 2024, Moody’s Investor Services affirmed the Aaa credit rating citing the county’s strong financial position, low leverage, and growing local economy with healthy resident income anchored by Mayo Clinic. In September 2023, S&P affirmed the AAA rating citing a very strong economy, budgetary flexibility, liquidity, management, debt and long-term liabilities, and strong budget performance and institutional framework.

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		
	2023	2024	Change	2023	2024	Change
Net Position:						
Net Investment in Capital Assets	\$ 44,297	\$ 54,005	\$ 9,708	\$ 25,030	\$ 23,781	\$ (1,249)
Restricted	9,324	11,034	1,710	3,590	4,047	457
Unrestricted	32,620	37,356	4,736	25,590	27,471	1,881
Total Net Position	<u>\$ 86,241</u>	<u>\$102,395</u>	<u>\$16,154</u>	<u>\$ 54,210</u>	<u>\$ 55,299</u>	<u>\$ 1,089</u>

Enterprise fund total net position increased by \$16.2 million (19%) during the year.

The **Waste Management Fund** net position increased \$6.7 million (10%) during the year. Significant factors contributing to the increase include:

- Planned increase in net position of \$2.1 million.
- More than anticipated tipping fees of \$990 thousand due to waste being influenced by economic conditions.
- Less than anticipated personnel costs of \$843 thousand primarily due to vacant positions and changes in pension actuarial assumptions, plan provisions, interest rates, and asset market values.
- Less than anticipated need for contracted service costs of \$621 thousand.
- Less than anticipated long-term maintenance of \$554 thousand due to costs being less than expected, cancelled, or moved to future years.
- More than anticipated electricity sales of \$352 thousand due to more kilowatt-hours (kWH) being generated and sold.
- The remaining change in net position is made of various smaller items.

The **Olmsted County Housing and Redevelopment Fund (HRA)** net position increased \$9.5 million (55%) during the year. Significant factors contributing to the increase include:

- Transfer in from the general fund for assets held for resale of \$4.9 million.
- Capital grants for the purchase of capital assets of \$795 thousand.
- Unspent property taxes of \$3.7 million.
- The remaining change in net position is made of various smaller items.

The **Sanitary Sewer Fund** net position decreased \$8 thousand (1%).

Internal service fund total net position increased by \$1.3 million (3%) during the year or \$1.1 million (2%) from beginning net position, as previously reported.

Beginning net position of \$54.2 million (as previously reported), decreased \$184 thousand (.30%) to \$54.0 million (restated) due to the implementation of Government Accounting Standard Board (GASB) Statement No. 101, Compensated Absences.

The **Self-Insurance Fund** net position decreased \$450 thousand (3%) during the year.

Health insurance activity decreased net position by \$320 thousand. Significant factors contributing to the decrease include:

- More than anticipated charges to other funds of \$551 thousand due to a 3.6% increase in employee utilization of the health plan.
- More than anticipated pharmacy rebates of \$739 thousand.
- Less than anticipated health care costs of \$1.5 million.
- More than anticipated prescription costs of \$937 thousand.
- The remaining change in net position is made of various smaller items.

Dental insurance activity increased net position by \$67 thousand. The change in net position is made of various small items.

Liability insurance activity increased net position by \$151 thousand. The change in net position is made of various small items.

Workers' Compensation activity decreased net position by \$348 thousand. Significant factors contributing to this decrease include:

- There were no charges to other funds due to a 2024 premium holiday (planned decrease in net position of \$716 thousand).
- Less than anticipated workers' compensation costs of \$374 thousand due to lower claims in 2024.
- The remaining change in net position is made of various smaller items.

The **Administrative Services Fund** net position increased \$1.4 million (26%) during the year or \$1.2 million (22%) from beginning net position, as previously reported. Significant factors contributing to this increase include:

- Less than anticipated other services and charges of \$505 thousand made of various small items.
- Less than anticipated costs for equipment not meeting the capitalization threshold of \$500 thousand.
- The remaining change in net position is made of various smaller items.

The **Building Facilities Fund** net position increased \$330 thousand (1%) during the year or \$315 thousand from the beginning net position, as previously reported. This increase is made of various small items.

Fiduciary funds. The county maintains two fiduciary funds, a private-purpose trust fund and a custodial fund. The private-purpose trust fund accounts for representative payee funds. The custodial fund accounts for service bureau activities, revenues collected for the State of Minnesota, revenues collected for other individuals, organizations or governments, and taxes and penalties collected for school districts, towns, and cities. The private-purpose trust fund net position is \$309 thousand, and the custodial funds net position is \$6.0 million at year end.

General Fund Budgetary Highlights

Original budget compared to final budget

The final amended budgeted revenues are \$2.2 million more than original budgeted revenues. Intergovernmental increased by \$1.7 million for voting grants and aids (\$309 thousand), E911 appropriation (\$355 thousand), Public Employee Retirement Association (PERA) aid for State of Minnesota one-time contributions (\$797 thousand), and various other smaller increases. The investment income budget increased \$507 thousand to reflect current interest rates.

The final amended budgeted expenditures are \$5.6 million more than the original budgeted expenditures. The public safety expenditure budget increased \$4.3 million primarily due to a new body camera contract (\$2.1 million), pension expense (\$612 thousand), a new medical service contract in the Adult Detention Center (\$200 thousand), attorney costs for child protection and commitments (\$150 thousand), equipment for the new public safety training center (\$149 thousand), and various other smaller increases. The other expenditure budget increased \$934 thousand primarily for the Groundwater Protection and Soil Program (\$842 thousand). The remaining change is made of various smaller items.

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	\$ 55,931	\$ 55,654	\$ (277)
Licenses and permits	1,324	1,410	86
Intergovernmental	15,269	15,977	708
Charges for services	15,851	15,430	(421)
Investment income	6,092	8,761	2,669
Other	1,807	1,598	(209)
Total Revenues	\$ 96,274	\$ 98,830	\$ 2,556
Expenditures			
General government	\$ 13,769	\$ 12,468	\$ 1,301
Public safety	75,059	73,795	1,264
Conservation of natural resources	1,868	1,840	28
Culture and recreation	6,224	6,152	72
Other	2,948	2,457	491
Total Expenditures	\$ 99,868	\$ 96,712	\$ 3,156

The actual revenues are \$2.6 million more than the final amended budgeted revenues. Actual investment income is more than the budgeted amount by \$2.7 million primarily due to the market value change not being budgeted (\$2.0 million) and interest rates being higher than anticipated on the 3rd quarter of 2024 (\$613 thousand). Intergovernmental revenue is more than budgeted by \$708 thousand primarily due to Federal Administrative Aid (\$371 thousand) and Police State Aid (\$283 thousand) being higher than anticipated due to this funding being less predictable. The remaining change is made of various smaller items.

The actual expenditures are \$3.2 million less than the final amended budgeted expenditures. Actual general government expenditures are \$1.3 million less than the final amended budget primarily due to staff positions being vacant. Actual public safety expenditures are \$1.3 million less than the final amended budget. The sheriff expenditures are \$286 thousand less than final budget primarily due to not spending \$462 thousand of the available E911 appropriation and various other smaller items offset by personnel costs being more than the final amended budget by \$715 thousand due to contract salary increases, lower than anticipated turnover, and events that required staff to work overtime. Community corrections expenditures are \$385 thousand less than final budget primarily due to contributions to the Dodge Olmsted Community Corrections joint powers board being \$311 thousand less than the amended budget. The remaining change is made of various small items.

Capital Assets and Debt Administration

Capital Assets. At the end of 2024, the county had invested \$466.9 million in a range of capital assets. The majority of that amount is in infrastructure (which includes roads and bridges), buildings, and equipment.

Table 6: Olmsted County Capital Assets, Net of Depreciation
Olmsted County Capital Assets, Net of Depreciation, as of December 31
(in thousands of dollars)

	Governmental activities		Business-type activities		Total		Change	% Change
	2023	2024	2023	2024	2023	2024		
Land	\$ 24,398	\$ 24,373	\$ 5,105	\$ 6,326	\$ 29,503	\$ 30,699	\$ 1,196	4%
Infrastructure land	41,061	41,712	-	-	41,061	41,712	651	2%
Infrastructure	138,235	152,501	1,502	1,475	139,737	153,976	14,239	10%
Buildings	64,546	102,016	18,529	22,912	83,075	124,928	41,853	50%
Other improvements	5,026	5,308	2,518	3,238	7,544	8,546	1,002	13%
Equipment	9,139	15,605	69,461	67,654	78,600	83,259	4,659	6%
Intangible right-to-use - lease equipment	963	722	-	-	963	722	(241)	0%
Software	2,859	1,809	-	-	2,859	1,809	(1,050)	-37%
Intangible right-to-use - subscription software	1,213	5,149	158	76	1,371	5,225	3,854	0%
Construction in progress	46,456	14,288	843	1,764	47,299	16,052	(31,247)	-66%
Total	\$ 333,896	\$ 363,483	\$ 98,116	\$103,445	\$ 432,012	\$ 466,928	\$ 34,916	8%

Governmental activities, net capital assets increased \$29.6 million (9%). Major capital asset events during 2024 included:

- Infrastructure land increased by \$651 thousand due to the acquisition of right-of-way for current and future road projects.
- Infrastructure increased by \$14.2 million due to additions for road projects totaling \$20.9 million offset by depreciation of \$6.7 million. The county disposed of fully depreciated sections of road.
- Buildings increased by \$37.5 million. Projects totaling \$41.8 million were completed during 2024, including a new Public Works Service Center, Chester Woods amphitheater, phase 2 of the Oxbow Nature Center, Government Center upgrades, and the 2118 building north wing remodel, offset by depreciation of \$4.3 million. The county disposed of building 17 grandstands which were fully depreciated.
- Other improvements increased by \$282 thousand. Additions of \$672 thousand include a mill and overlay project and the public works service center project, offset by depreciation of \$390 thousand. The county disposed of grandstand blacktop which was fully depreciated.
- Equipment increased by \$6.5 million. Additions of \$9.0 million include public safety, parks, and motor pool vehicles, survey and grounds maintenance equipment, audio/visual equipment, furniture for the Government Center judicial space, and a generator for the 2100 building offset by depreciation of \$2.5 million. Disposals netted to \$57 thousand which included public safety, public works, and parks vehicles and public safety sirens. Intangible right-to-use lease equipment with a depreciated value of \$75 thousand was transferred to equipment after exercising the purchase option.
- Intangible right-to-use lease – equipment decreased \$241 thousand. There were no additions or disposals. Amortization expense totaled \$166 thousand. Intangible right-to-use lease equipment with a depreciated value of \$75 thousand was transferred to equipment after exercising the purchase option.
- Software decreased by \$1.1 million. There were no additions or disposals. Depreciation was \$1.1 million.
- Intangible right-to-use – subscription software increased by \$3.9 million. Additions were \$5.5 million, and amortization expense totaled \$1.5 million. Disposals with an amortized value of \$87 thousand included adjustments to existing software subscriptions.
- Construction in progress decreased \$32.2 million. Increases of \$27.2 million include roads, exhibition center, public safety training center, public works service center, DNR state trail, Oxbow Park playground equipment, 2118 building north wing remodel, and 2117 building roof replacement projects. Decreases totaled \$59.4 million as projects were finished and placed into service.

Business-type activities, net capital assets increased by \$5.3 million in 2024. Waste Management Fund additions of \$5.9 million included Recycling Center administrative office space, Waste-to-Energy cold storage building, ASH discharger, turbine generator, boiler 1 furnace tile, and other smaller upgrades, and Kalmar Landfill dozer, generator, and solar project. Housing and Redevelopment Authority (HRA) fund additions of \$7.9 million include purchase of three properties and two vehicles, roof replacement on 16 buildings, building remodel, parking lot replacement, and other smaller upgrades. Construction in progress decreased \$1.4 million as projects were completed and put into service. Depreciation was \$7.1 million.

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

Long-term Debt. As shown in the table below, Olmsted County had total debt outstanding of \$192.6 million at the end of 2024, a \$11.3 million increase from 2023. All outstanding bonds at year end are general obligation bonds which are backed by the full faith and credit of the county including the general obligation revenues bonds, although payable from pledged net revenues.

Table 7: Olmsted County Outstanding Debt

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

	Governmental activities		Business-type activities		Total		Change	% Change
	2023	2024	2023	2024	2023	2024		
General obligation revenue bonds	\$ -	\$ -	\$ 39,630	\$ 36,060	\$ 39,630	\$ 36,060	\$ (3,570)	-9%
General obligation bonds	127,750	137,625	-	-	127,750	137,625	9,875	8%
Mortgages payable	-	-	479	467	479	467	(12)	-3%
Deferred repayment mortgages	-	-	3,225	3,225	3,225	3,225	-	0%
Deferred forgivable mortgages	-	-	8,329	9,329	8,329	9,329	1,000	12%
Financed purchase	-	920	-	-	-	920	920	n/a
Lease payable	740	472	-	-	740	472	(268)	-36%
Subscription payable	1,104	4,527	82	-	1,186	4,527	3,341	100%
Total	\$ 129,594	\$ 143,544	\$ 51,745	\$ 49,081	\$ 181,339	\$ 192,625	\$ 11,286	6%

The county's total debt outstanding increased by \$11.3 million (6%) during the current year. Major debt events during 2024 included:

- Issuance of bonds totaling \$19.9 million.
- Bond payments of \$13.6 million.
- Issuance of deferred forgivable mortgages totaling \$1.0 million.
- Issuance of financed purchase payable of \$965 thousand.
- Lease payments of \$268 thousand.
- Issuance of subscription payable of \$5.3 million.
- Subscription payments of \$2.0 million.

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 \$805.0 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 2024 unemployment rate is 2.3%, a 0.2% increase from 2023. The county's unemployment rate continues to be lower than the State of Minnesota and the national unemployment rate of 3.0% (0.2% increase from 2023) and 4.0% (0.4% increase from 2023), respectively. Refer to Schedule 14 of this report.
- The 2024 \$26.8 billion taxable market value of property increased from \$24.6 billion in 2023 and includes \$395.8 million of new construction. The estimated 2025 taxable market value of \$27.7 billion includes \$458.0 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 2025 governmental funds budget on December 17, 2024, in the amount of \$354.9 million. This is a \$44.9 million (14.5%) increase from the 2024 budget. The Olmsted County 2025 levy was adopted at \$132.7 million, a \$7.0 million (5.6%) increase from 2024. The 2025 budget was balanced using \$15.5 million of reserves. The 2025 Olmsted County HRA levy was adopted at \$5.2 million, a \$300 thousand (5.3%) increase from 2024.
- The overall county tax rate is calculated by comparing the total tax levy to total market value. For 2025, the rate is \$4.17 per \$1,000 of market value, which is 0.9% higher than the 2024 rate of \$4.13 per \$1,000. This stable trend indicates the board has done a good job of managing resources, balancing the need for property tax increases with the need of investing in a growing community.
- [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, and 2024. 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 2024, The County budgeted for 115.5 thousand tons of waste, 1.5 thousand tons less than 2023, anticipating a drop in waste from external sources. However, the actual waste received in 2024 totaled 118.2 thousand tons, exceeding the budget by 2.7 thousand tons. Compared to 2023, total waste decreased by about 2.8 thousand fewer tons from outside Olmsted County. This was partially offset by an increase of 1.3 thousand tons in waste generated within the County.

- The 2025-2029 Capital Improvement Plan totals \$500.2 million. Capital assets are funded by many types of revenue: intergovernmental (state and federal) at 31%, [sales tax](#) and [wheelage tax](#) at 22%, bonded debt at 33%, reserves 3%, and operating and other revenues funding 11%. Of the total 2025-2029 capital improvement program, 53% is for transportation construction, 14% is for Graham Park, 14% is for solid waste, 10% for buildings and other improvements, and 9% is for other capital improvement. The plan includes \$165.2 million funding by bonded debt, the largest projects being \$31.4 million to for building improvements, \$27.2 million for Graham Park improvements other than buildings, \$12.6 million for a recycling center community drop off and reuse center, \$6.9 million for transportation equipment, \$4.7 million for Graham Park building improvements, \$3.8 million for Kalmar Landfill equipment and improvements, \$3.5 million for law enforcement squads, \$3.2 million for Chesterwoods Park improvements, \$3.1 million for Waste-to-Energy Facility improvements, \$2.0 for buildings and facilities maintenance, \$2.0 million for solid waste building improvements, \$1.9 million for solid waste compost, and \$1.3 million for Oxbow Park Improvements.
- 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 2024 at \$9.1 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, 2024

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash, cash equivalents, deposits and investments	\$ 191,032,801	\$ 32,111,512	\$ 223,144,313
Cash and cash equivalents on deposit:			
OPEB	9,399,580	-	9,399,580
Accounts receivable, net	1,662,291	3,785,151	5,447,442
Delinquent taxes receivable	1,430,694	123,484	1,554,178
Accrued interest	2,063,012	146,237	2,209,249
Internal balances	339,240	(339,240)	-
Notes, loans, and mortgages	90,790	59,181	149,971
Due from other governments	21,530,941	1,164,284	22,695,225
Lease receivable	319,470	150,598	470,068
Inventories	637,614	2,487,663	3,125,277
Prepaid items	2,948,788	907,437	3,856,225
Assets held for resale	-	2,674,103	2,674,103
Restricted assets:			
Cash and investments restricted for:			
Debt service	10,669,165	5,984,500	16,653,665
HRA	-	2,174,634	2,174,634
Construction	9,656,199	1,789,770	11,445,969
Dedicated long-term environmental care trust	-	5,824,837	5,824,837
Opioid settlement	1,857,050	-	1,857,050
Law library - held by trustee	290,573	-	290,573
Refinancing escrow - held by trustee	25,848,788	-	25,848,788
Other assets:			
Long-term loans	13,741	2,134,140	2,147,881
Capital assets not being depreciated:			
Land	66,084,649	6,326,577	72,411,226
Construction in progress	14,287,975	1,763,907	16,051,882
Capital assets, net of depreciation:			
Infrastructure	152,500,705	1,475,172	153,975,877
Buildings	102,015,733	22,911,992	124,927,725
Improvements other than buildings	5,308,488	3,237,876	8,546,364
Equipment	15,605,370	67,654,193	83,259,563
Intangible right-to-use lease equipment	721,984	-	721,984
Software	1,809,311	-	1,809,311
Intangible right-to-use subscription software	5,148,729	75,728	5,224,457
Total capital assets	363,482,944	103,445,445	466,928,389
Total Assets	643,273,681	164,623,736	807,897,417
DEFERRED OUTFLOWS OF RESOURCES			
OPEB	1,223,044	-	1,223,044
Pension	21,952,430	537,174	22,489,604
Deferred charge on bonds	-	9,519	9,519
Total Deferred Outflows of Resources	23,175,474	546,693	23,722,167
LIABILITIES			
Accounts payable	3,767,183	1,153,254	4,920,437
Salaries payable	5,962,357	399,866	6,362,223
Contracts payable	3,452,753	855,088	4,307,841
Accrued interest payable	1,755,165	550,084	2,305,249
Other accrued liabilities	79,634	21,289	100,923
Due to other governments	3,778,446	282,091	4,060,537
Unearned revenue	1,877,576	361,571	2,239,147
Long-term liabilities:			
Due within one year	49,175,977	7,356,300	56,532,277
Due in more than one year	177,923,440	48,785,640	226,709,080
Total Liabilities	247,772,531	59,765,183	307,537,714
DEFERRED INFLOWS OF RESOURCES			
OPEB	2,211,065	-	2,211,065
Pension	46,142,455	1,816,139	47,958,594
Taxes collected for subsequent year	139,686	-	139,686
Lease	302,318	140,642	442,960
Deferred gain on refunding	315,488	1,053,250	1,368,738
Total Deferred Inflows of Resources	49,111,012	3,010,031	52,121,043
NET POSITION			
Net investment in capital assets	245,414,700	54,004,905	299,419,605
Restricted for:			
General government	2,179,545	-	2,179,545
Highways and streets	5,612,321	-	5,612,321
Public safety	3,532,474	-	3,532,474
Culture and recreation	672,565	-	672,565
Human services	283,287	-	283,287
Health	1,857,050	-	1,857,050
Debt service	9,221,627	7,685,465	16,907,092
Landfill closure	-	3,348,504	3,348,504
Unrestricted	100,792,043	37,356,341	138,148,384
Total Net Position	\$ 369,565,612	\$ 102,395,215	\$ 471,960,827

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

OLMSTED COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 15,687,958	\$ 3,647,032	\$ 2,195,527	\$ -	\$ (9,845,399)		\$ (9,845,399)
Public safety	70,801,688	12,674,527	2,190,683	58,555	(55,877,923)		(55,877,923)
Conservation of natural resources	1,817,676	764,734	52,477	-	(1,000,465)		(1,000,465)
Economic development	80,000	-	-	-	(80,000)		(80,000)
Highways and streets	31,714,948	1,559,413	12,042,922	1,576,589	(16,536,024)		(16,536,024)
Health	15,555,650	3,333,626	5,644,405	-	(6,577,619)		(6,577,619)
Human services	100,862,209	10,747,498	43,327,910	-	(46,786,801)		(46,786,801)
Culture and recreation	8,267,103	1,280,198	239,264	924,512	(5,823,129)		(5,823,129)
Interest	3,484,401	-	-	-	(3,484,401)		(3,484,401)
Total governmental activities	248,271,633	34,007,028	65,693,188	2,559,656	(146,011,761)		(146,011,761)
Business-type activities:							
Waste Management Enterprise Fund	23,626,623	28,205,079	762,374	-		\$ 5,340,830	5,340,830
Olmsted County HRA	16,549,980	3,773,627	10,195,744	794,867		(1,785,742)	(1,785,742)
Sanitary Sewer Enterprise Fund	220,221	111,273	-	-		(108,948)	(108,948)
Total business-type activities:	40,396,824	32,089,979	10,958,118	794,867		3,446,140	3,446,140
Total	\$ 288,668,457	\$ 66,097,007	\$ 76,651,306	\$ 3,354,523	(146,011,761)	3,446,140	(142,565,621)
General Revenues							
Property taxes					125,094,238	4,877,708	129,971,946
Sales taxes					17,990,612	-	17,990,612
Wheelage taxes					1,465,240	-	1,465,240
Unrestricted state aids and grants					12,968,897	-	12,968,897
Payments in lieu of tax					145,030	-	145,030
Investment income					11,131,381	1,806,255	12,937,636
Miscellaneous					181,921	117,815	299,736
Transfers					(5,793,232)	5,793,232	-
Total General Revenues and Transfers					163,184,087	12,595,010	175,779,097
Extraordinary gain caused by storm damage					-	112,862	112,862
Change in Net Position					17,172,326	16,154,012	33,326,338
Net Position Beginning of Year, as previously reported					353,097,445	86,241,203	439,338,648
Change in Accounting Principle					(704,159)	-	(704,159)
Net Position Beginning of Year, as restated					352,393,286	86,241,203	438,634,489
Net Position End of Year					\$ 369,565,612	\$ 102,395,215	\$ 471,960,827

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

OLMSTED COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Special Revenue Funds						Total Governmental Funds
	General Fund	Infrastructure Fund	Human Services Fund	Opioiid Settlement Fund	Debt Service Fund	Capital Projects Fund	
ASSETS							
Cash, deposits and investments	\$ 107,802,139	\$ 2,869,716	\$ 11,916,273	\$ 1,857,050	\$ 8,773,763	\$ 10,482,079	\$ 143,701,020
Cash and investments held by trustee	290,573	-	-	-	17,273,643	-	17,564,216
Accounts receivable, net	60,507	115	869,164	-	-	128,338	1,058,124
Delinquent taxes	636,659	102,725	641,446	-	49,864	-	1,430,694
Accrued interest	1,916,576	-	-	-	97,857	-	2,014,433
Advances/loans	90,790	-	-	-	-	-	90,790
Due from other funds	11,000	-	-	-	-	-	11,000
Advances to other funds	447,400	-	-	-	-	-	447,400
Due from other governments	2,111,289	9,782,580	9,481,773	-	-	136,986	21,512,628
Inventories	-	637,614	-	-	-	-	637,614
Prepaid items	2,390,590	57,190	998	-	-	-	2,448,778
Total Assets	<u>\$ 115,757,523</u>	<u>\$ 13,449,940</u>	<u>\$ 22,909,654</u>	<u>\$ 1,857,050</u>	<u>\$ 26,195,127</u>	<u>\$ 10,747,403</u>	<u>\$ 190,916,697</u>
LIABILITIES							
Accounts payable	\$ 1,058,957	\$ 162,216	\$ 1,527,465	\$ -	\$ -	\$ -	\$ 2,748,638
Salaries payable	1,991,449	308,157	2,547,695	-	-	-	4,847,301
Contracts payable	-	1,500,692	-	-	-	1,608,377	3,109,069
Accrued liabilities	79,634	-	-	-	-	-	79,634
Due to other funds	-	-	119,160	-	-	-	119,160
Due to other governments	543,206	1,468,920	1,677,877	-	-	-	3,690,003
Unearned revenue	511,898	415,702	663,967	-	-	-	1,591,567
Total Liabilities	<u>4,185,144</u>	<u>3,855,687</u>	<u>6,536,164</u>	<u>-</u>	<u>-</u>	<u>1,608,377</u>	<u>16,185,372</u>
DEFERRED INFLOWS OF RESOURCES							
Taxes collected for subsequent year	62,162	10,029	62,627	-	4,868	-	139,686
Unavailable revenue - taxes	524,316	84,599	528,259	-	41,065	-	1,178,239
Unavailable revenue - other	418,543	6,760,732	3,097,983	-	-	13,488	10,290,746
Total Deferred Inflows of Resources	<u>1,005,021</u>	<u>6,855,360</u>	<u>3,688,869</u>	<u>-</u>	<u>45,933</u>	<u>13,488</u>	<u>11,608,671</u>
FUND BALANCES							
Nonspendable	2,837,990	694,804	998	-	-	-	3,533,792
Restricted	6,384,584	2,548,853	283,287	1,857,050	23,391,766	6,345,866	40,811,406
Assigned	13,968,011	-	12,400,336	-	2,757,428	2,779,672	31,905,447
Unassigned (Deficit)	87,376,773	(504,764)	-	-	-	-	86,872,009
Total Fund Balances	<u>110,567,358</u>	<u>2,738,893</u>	<u>12,684,621</u>	<u>1,857,050</u>	<u>26,149,194</u>	<u>9,125,538</u>	<u>163,122,654</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 115,757,523</u>	<u>\$ 13,449,940</u>	<u>\$ 22,909,654</u>	<u>\$ 1,857,050</u>	<u>\$ 26,195,127</u>	<u>\$ 10,747,403</u>	<u>\$ 190,916,697</u>

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, 2024

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

Fund balances - total governmental funds		\$ 163,122,654
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.		
Governmental funds capital assets	511,123,972	
Accumulated depreciation/amortization on governmental funds capital assets	<u>(220,832,213)</u>	290,291,759
Deferred outflows of resources resulting from pension obligations are not reported in governmental funds		20,198,411
Revenue earned for receivables that are not currently available and reported as deferred inflows of resources in governmental funds		11,468,985
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.		55,299,456
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in in governmental funds.		
General obligation bonds	(83,881,971)	
Debt issuance premiums	(3,942,807)	
Deferred gain on refunding	(141,963)	
Financed purchase	(919,982)	
Information technology subscription payable	(1,400,640)	
Net pension liability	(39,298,997)	
Accrued interest payable	<u>(1,017,028)</u>	(130,603,388)
Deferred inflows resulting from pension obligations are not due in the current period and, therefore not reported in governmental funds.		<u>(40,212,265)</u>
Net Position of governmental activities		<u>\$ 369,565,612</u>

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, 2024

	Special Revenue Funds						Total Governmental Funds
	General Fund	Infrastructure Fund	Human Services Fund	Opioiid Settlement Fund	Debt Service Fund	Capital Projects Fund	
Revenues:							
Property taxes	\$ 55,654,052	\$ 8,976,838	\$ 56,052,813	\$ -	\$ 4,357,314	\$ -	\$ 125,041,017
Sales taxes	-	16,348,432	-	-	-	-	16,348,432
Wheelage taxes	-	1,465,240	-	-	-	-	1,465,240
Licenses and permits	1,409,515	-	936,583	-	-	-	2,346,098
Intergovernmental revenue	15,977,474	10,499,961	48,326,364	120,000	-	1,393,292	76,317,091
Charges for services	15,430,304	581,372	11,155,055	-	-	-	27,166,731
Fines and forfeits	14,886	-	-	-	-	-	14,886
Gifts and contributions	149,910	-	500	-	-	200,000	350,410
Investment income	8,760,858	-	-	55,147	450,572	271,372	9,537,949
Other	1,433,356	1,185,793	337,376	1,261,989	-	183,596	4,402,110
Total Revenues	98,830,355	39,057,636	116,808,691	1,437,136	4,807,886	2,048,260	262,989,964
Expenditures:							
Current							
General government	12,467,727	1,276,793	-	-	-	-	13,744,520
Public safety	73,795,321	-	-	-	-	-	73,795,321
Conservation of natural resources	1,839,594	-	-	-	-	-	1,839,594
Economic development	80,000	-	-	-	-	-	80,000
Highways and streets	-	40,515,733	-	-	-	-	40,515,733
Health	-	-	16,162,950	84,587	-	-	16,247,537
Human services	-	-	103,320,352	-	-	-	103,320,352
Culture and recreation	6,151,931	-	-	-	-	-	6,151,931
Other	2,188,413	-	-	-	-	-	2,188,413
Capital Outlay	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	12,488,913	12,488,913
Highway and streets	-	-	-	-	-	3,319,398	3,319,398
Culture and recreation	-	-	-	-	-	3,286,226	3,286,226
Debt service	-	-	-	-	-	-	-
Principal	187,568	135,810	-	-	4,083,351	-	4,406,729
Interest and fiscal charges	1,771	11,515	-	-	2,130,297	-	2,143,583
Total Expenditures	96,712,325	41,939,851	119,483,302	84,587	6,213,648	19,094,537	283,528,250
Excess (Deficiency) of Revenues Over Expenditures	2,118,030	(2,882,215)	(2,674,611)	1,352,549	(1,405,762)	(17,046,277)	(20,538,286)
Other Financing Sources (Uses)							
Transfers in	80,000	-	3,216,192	-	3,815,961	6,108,975	13,221,128
Transfers out	(9,436,489)	(3,626,344)	(1,146,714)	(548,071)	-	-	(14,757,618)
Issuance of debt	-	-	-	-	-	14,026,444	14,026,444
Premium on bonds	-	-	-	-	-	1,018,801	1,018,801
Inception of subscription	1,189,360	418,736	-	-	-	-	1,608,096
Inception of financed purchase	965,066	-	-	-	-	-	965,066
Sale of capital assets	-	-	-	-	-	210,492	210,492
Total Other Financing Sources (Uses)	(7,202,063)	(3,207,608)	2,069,478	(548,071)	3,815,961	21,364,712	16,292,409
Net change in fund balances	(5,084,033)	(6,089,823)	(605,133)	804,478	2,410,199	4,318,435	(4,245,877)
Fund balances - beginning, as previously reported	115,796,709	8,898,594	13,594,898	1,052,572	23,738,995	4,807,103	167,888,871
Change in accounting principle	(145,318)	(69,878)	(305,144)	-	-	-	(520,340)
Fund balance - beginning, as restated	115,651,391	8,828,716	13,289,754	1,052,572	23,738,995	4,807,103	167,368,531
Fund balances - ending	\$ 110,567,358	\$ 2,738,893	\$ 12,684,621	\$ 1,857,050	\$ 26,149,194	\$ 9,125,538	\$ 163,122,654

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, 2024

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

Net Change in fund balances - total governmental funds	\$ (4,245,877)
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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.	1,273,754
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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.	19,094,537	
Some items reported as current expenditures in the fund financial statements are capitalized in the government-wide financial statements.	17,758,548	
Capital assets transferred from internal service funds not reported in the funds	6,827,737	
Disposal of capital outlays reported as revenues in the funds	(56,862)	
Depreciation/amortization expense related to the capital outlays reported as expenditures in the funds	<u>(11,107,470)</u>	32,516,490

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	(14,026,444)	
Proceeds from premium on bonds reported as other financing sources	(1,018,801)	
Inception of subscription software reported as other financing sources	(1,608,096)	
Inception of financed purchase reported as other financing sources	(965,066)	
Bonds transferred from internal service funds not reported in the funds	(8,303,943)	
Premium on bonds transferred from internal service funds not reported in the funds	(460,967)	
Repayment of bond principal reported as expenditures	4,083,351	
Payment on information technology subscriptions reported as expenditure	278,294	
Payment on financed purchase reported as expenditure	<u>45,084</u>	(21,976,588)

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	18,143,670	
Change in deferred outflows	(13,528,204)	
Change in deferred inflows	(1,108,653)	
Change in bond premiums	278,310	
Change in accrued interest payable	<u>(238,746)</u>	3,546,377

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, 2023	(5,410,815)	
Revenues not reported in the governmental funds for the year ended December 31, 2024	<u>11,468,985</u>	<u>6,058,170</u>

Change in Net Position of governmental activities	<u>\$ 17,172,326</u>
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The notes to the financial statements are an integral part of this statement.

OLMSTED COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	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	\$ 24,558,305	\$ 7,463,567	\$ 89,640	\$ 32,111,512	\$ 62,926,150
Cash and cash equivalents on deposit:					
Restricted for debt service	5,745,812	238,688	-	5,984,500	4,652,830
HRA restricted cash	-	2,174,634	-	2,174,634	-
Restricted for construction	1,789,770	-	-	1,789,770	1,935,215
Designated for OPEB	-	-	-	-	9,399,580
Restricted investments held by trustee	-	-	-	-	8,575,145
Accounts receivable, net	2,099,158	1,669,932	16,061	3,785,151	604,167
Delinquent taxes	-	123,484	-	123,484	-
Notes, loans, and mortgages	-	59,181	-	59,181	-
Due from other funds	-	119,160	-	119,160	-
Due from other governments	470,663	693,621	-	1,164,284	18,313
Lease receivable	10,747	-	-	10,747	205,786
Inventories	2,487,663	-	-	2,487,663	-
Prepaid items	729,524	177,904	9	907,437	500,010
Assets held for sale	-	2,674,103	-	2,674,103	-
Total Current Assets	37,891,642	15,394,274	105,710	53,391,626	88,817,196
Noncurrent Assets:					
Restricted Assets:					
Dedicated long-term environmental care trust	5,824,837	-	-	5,824,837	-
Other Assets:					
Accrued interest	-	146,237	-	146,237	48,579
Long-term loans	-	2,134,140	-	2,134,140	13,741
Lease receivable	139,851	-	-	139,851	113,684
Total Other Assets	139,851	2,280,377	-	2,420,228	176,004
Capital Assets, net:					
Land	1,725,708	4,600,869	-	6,326,577	8,988,829
Building and structures	5,250,315	17,661,677	-	22,911,992	50,430,907
Improvements other than buildings	1,983,813	1,254,063	-	3,237,876	696,201
Equipment	66,965,114	689,079	-	67,654,193	4,430,469
Software	-	-	-	-	1,149,422
Infrastructure	-	-	1,475,172	1,475,172	1,165,848
Intangible right-to-use lease equipment	-	-	-	-	721,983
Intangible right-to-use subscription software	-	75,728	-	75,728	3,644,654
Construction in progress	1,763,777	130	-	1,763,907	1,962,872
Total capital assets, net	77,688,727	24,281,546	1,475,172	103,445,445	73,191,185
Total Noncurrent Assets	83,653,415	26,561,923	1,475,172	111,690,510	73,367,189
Total Assets	121,545,057	41,956,197	1,580,882	165,082,136	162,184,385
DEFERRED OUTFLOWS OF RESOURCES					
OPEB	-	-	-	-	1,223,044
Pension	537,174	-	-	537,174	1,754,019
Deferred charges on bonds	-	9,519	-	9,519	-
Total Deferred Outflows of Resources	537,174	9,519	-	546,693	2,977,063
LIABILITIES					
Current Liabilities:					
Accounts payable and other current liabilities	318,592	826,969	7,693	1,153,254	1,018,545
Salaries payable	318,268	81,598	-	399,866	1,115,056
Contracts payable	855,088	-	-	855,088	343,684
Accrued interest payable	265,448	4,636	-	270,084	738,137
Due to other funds	-	-	11,000	11,000	-
Due to other governments	128,817	153,241	33	282,091	88,443
Unearned revenue	40,183	321,388	-	361,571	286,009
Total OPEB liability	-	-	-	-	482,880
Compensated absences	593,747	-	-	593,747	10,922,463
Outstanding claims	-	-	-	-	1,558,314
Lease payable	-	-	-	-	233,135
Information technology subscription payable	-	-	-	-	1,376,639
Mortgages payable	-	82,553	-	82,553	-
Bonds payable	6,570,000	110,000	-	6,680,000	12,188,917
Total Current Liabilities	9,090,143	1,580,385	18,726	10,689,254	30,352,222
Noncurrent Liabilities:					
Accrued interest payable	-	280,000	-	280,000	-
Tenant escrow	-	21,289	-	21,289	-
Total OPEB liability	-	-	-	-	8,916,700
Net pension liability	2,577,514	-	-	2,577,514	8,416,288
Compensated absences	432,153	-	-	432,153	6,823,964
Outstanding claims	-	-	-	-	852,402
Advances from other funds	-	123,900	323,500	447,400	-
Lease payable	-	-	-	-	238,461
Information technology subscription payable	-	-	-	-	1,749,931
Accrued closure and postclosure payable	2,476,333	-	-	2,476,333	-
Mortgages payable	-	12,938,248	-	12,938,248	-
Bonds payable	30,245,300	116,092	-	30,361,392	43,894,926
Total Noncurrent Liabilities	35,731,300	13,479,529	323,500	49,534,329	70,892,672
Total Liabilities	44,821,443	15,059,914	342,226	60,223,583	101,244,894
DEFERRED INFLOWS OF RESOURCES					
OPEB	-	-	-	-	2,211,065
Pension	1,816,139	-	-	1,816,139	5,930,190
Lease	140,642	-	-	140,642	302,318
Deferred gain on refunding	1,053,250	-	-	1,053,250	173,525
Total Deferred Inflows of Resources	3,010,031	-	-	3,010,031	8,617,098
NET POSITION					
Net investment in capital assets	40,754,859	11,774,874	1,475,172	54,004,905	23,781,265
Restricted for:					
Debt service	5,480,364	2,205,101	-	7,685,465	4,046,786
Landfill closure	3,348,504	-	-	3,348,504	-
Unrestricted	24,667,030	12,925,827	(236,516)	37,356,341	27,471,405
Total Net Position	\$ 74,250,757	\$ 26,905,802	\$ 1,238,656	\$ 102,395,215	\$ 55,299,456

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

OLMSTED COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	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	\$ 27,797,588	\$ 3,773,627	\$ 111,273	\$ 31,682,488	\$ 80,653,780
Intergovernmental operating grants	-	10,195,744	-	10,195,744	-
Other	267,908	-	-	267,908	1,103,433
Total Operating Revenues	28,065,496	13,969,371	111,273	42,146,140	81,757,213
Operating Expenses:					
Personnel services	8,023,456	2,232,808	-	10,256,264	28,890,283
Consultants and professional services	1,336,231	-	-	1,336,231	33,608,150
Repairs and maintenance	1,607,726	1,121,041	104,070	2,832,837	4,270,688
Other services and charges	3,510,609	3,080,320	11,584	6,602,513	4,433,324
Supplies	2,213,326	-	-	2,213,326	503,390
Utilities	440,914	291,919	63,464	796,297	1,591,023
Depreciation	6,371,925	730,611	26,440	7,128,976	5,586,819
Housing assistance payments	-	9,039,905	-	9,039,905	-
Landfill closure and postclosure expense	95,081	-	-	95,081	-
Total Operating Expenses	23,599,268	16,496,604	205,558	40,301,430	78,883,677
Operating Income (Loss)	4,466,228	(2,527,233)	(94,285)	1,844,710	2,873,536
Nonoperating Revenues (Expenses):					
Property taxes	-	4,877,708	-	4,877,708	-
Intergovernmental revenue	745,689	794,867	-	1,540,556	568,394
Gifts and contributions	16,685	-	-	16,685	-
Investment income	1,205,055	597,248	3,952	1,806,255	1,593,432
Gain (Loss) on disposal of capital assets	117,815	-	-	117,815	28,291
Lease revenue	47,837	-	-	47,837	281,034
Miscellaneous revenue	91,746	-	-	91,746	2,030,565
Miscellaneous expense	-	-	-	-	(320,619)
Interest expense	5,014	(53,376)	(14,663)	(63,025)	(1,490,372)
Bond issuance costs and fiscal charges	(32,369)	-	-	(32,369)	(33,765)
Total Nonoperating Revenues (Expenses)	2,197,472	6,216,447	(10,711)	8,403,208	2,656,960
Income (Loss) Before Transfers and Extraordinary Item	6,663,700	3,689,214	(104,996)	10,247,918	5,530,496
Extraordinary gain caused by storm damage	-	112,862	-	112,862	-
Transfers					
Transfers in	-	5,696,714	96,518	5,793,232	855,660
Transfers out	-	-	-	-	(5,112,402)
Total Transfers	-	5,696,714	96,518	5,793,232	(4,256,742)
Change in net position	6,663,700	9,498,790	(8,478)	16,154,012	1,273,754
Net position - beginning, as previously reported	67,587,057	17,407,012	1,247,134	86,241,203	54,209,521
Change in accounting principle	-	-	-	-	(183,819)
Net position - beginning, as restated	67,587,057	17,407,012	1,247,134	86,241,203	54,025,702
Net position - ending	\$ 74,250,757	\$ 26,905,802	\$ 1,238,656	\$ 102,395,215	\$ 55,299,456

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, 2024

	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	\$ 27,105,650	\$ 2,129,927	\$ 110,108	\$ 29,345,685	\$ 3,028,650
Receipts from transactions with other funds	699,235	-	-	699,235	77,431,313
Payments to suppliers	(9,356,994)	(15,798,142)	(165,196)	(25,320,332)	(42,415,740)
Payments to employees	(6,346,687)	(2,151,212)	-	(8,497,899)	(27,914,835)
Payments to other funds for services provided	(2,246,404)	-	(11,297)	(2,257,701)	(2,555,259)
Other receipts	267,908	9,956,825	-	10,224,733	1,103,433
Net cash flows from operating activities	10,122,708	(5,862,602)	(66,385)	4,193,721	8,677,562
Cash flows from noncapital financing activities:					
Property taxes	-	4,855,767	-	4,855,767	-
Payments on rehab loans	-	13,748	-	13,748	-
Non-operating lease receipts	45,046	-	-	45,046	281,197
Gifts and contributions	16,685	-	-	16,685	-
Transfers in	-	5,696,714	96,518	5,793,232	855,660
Intergovernmental grants received	745,689	-	-	745,689	568,394
Transfers out	-	-	-	-	(5,112,402)
Net cash flows from noncapital financing activities	807,420	10,566,229	96,518	11,470,167	(3,407,151)
Cash flows from capital and related financing activities:					
Intergovernmental capital grants received	-	794,867	-	794,867	-
Acquisitions of capital assets	(4,682,347)	(7,846,148)	-	(12,528,495)	(10,810,284)
Proceeds from sale of capital assets	117,815	-	-	117,815	41,902
Capital lease payments	-	-	-	-	(268,369)
Bond proceeds	3,061,058	-	-	3,061,058	3,279,237
Payments on bond issue costs and fiscal charges	(32,369)	-	-	(32,369)	(33,765)
Principal paid	(6,320,000)	(116,852)	(10,500)	(6,447,352)	(3,131,649)
Proceeds from mortgages payable	-	1,000,000	-	1,000,000	-
Extraordinary gain caused by storm damage	-	112,862	-	112,862	-
Interest paid	(601,590)	(39,322)	(14,663)	(655,575)	(1,626,613)
Net cash flows from capital and related financing activities	(8,457,433)	(6,094,593)	(25,163)	(14,577,189)	(12,549,541)
Cash flows from investing activities:					
Interest on investments	1,205,055	597,248	3,952	1,806,255	1,593,819
Withdrawals of restricted assets	-	-	-	-	87,950
Net cash flows from investing activities	1,205,055	597,248	3,952	1,806,255	1,681,769
Net increase (decrease) in cash and cash equivalents	3,677,750	(793,718)	8,922	2,892,954	(5,597,361)
Cash and cash equivalents - January 1	34,240,974	10,670,607	80,718	44,992,299	84,511,136
Cash and cash equivalents - December 31	\$ 37,918,724	\$ 9,876,889	\$ 89,640	\$ 47,885,253	\$ 78,913,775
Displayed on Proprietary Funds Statement of Net Position as:					
Cash and cash equivalents	\$ 24,558,305	\$ 7,463,567	\$ 89,640	\$ 32,111,512	\$ 62,926,150
Cash and cash equivalents on deposit:					
Restricted for debt service	5,745,812	238,688	-	5,984,500	4,652,830
HRA restricted cash	-	2,174,634	-	2,174,634	-
Restricted for construction	1,789,770	-	-	1,789,770	1,935,215
Designated for OPEB	-	-	-	-	9,399,580
Restricted - dedicated long-term environmental care trust	5,824,837	-	-	5,824,837	-
Total cash and cash equivalents	\$ 37,918,724	\$ 9,876,889	\$ 89,640	\$ 47,885,253	\$ 78,913,775
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	\$ 4,466,228	\$ (2,527,233)	\$ (94,285)	\$ 1,844,710	\$ 2,873,536
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation	6,371,925	730,611	26,440	7,128,976	5,586,819
Changes in pension amounts	(669,527)	-	-	(669,527)	(844,959)
Changes in OPEB amounts	-	-	-	-	405,254
Landfill closure and postclosure expense	95,081	-	-	95,081	-
(Increase) decrease in assets					
Accounts receivable	108,417	(1,497,507)	(1,165)	(1,390,255)	(233,328)
Due from other governments	(121,887)	(238,919)	-	(360,806)	27
Long-term loans receivable	-	(257,688)	-	(257,688)	-
Inventories	(345,675)	-	-	(345,675)	-
Prepaid items	(16,412)	(37,067)	2	(53,477)	(106,568)
Assets held for sale	-	(2,674,103)	-	(2,674,103)	-
Increase (decrease) in liabilities					
Accounts payable and other current liabilities	23,311	420,478	6,869	450,658	6,065
Salaries payable	48,709	81,598	-	130,307	230,213
Contracts payable	-	-	-	-	(65,865)
Due to other governments	90,588	25,733	(4,246)	112,075	28,194
Outstanding claims	-	-	-	-	(426,250)
Total OPEB liability	-	-	-	-	(27,432)
Compensated absences	51,183	-	-	51,183	1,212,372
Unearned revenue	20,767	111,495	-	132,262	39,484
Total adjustments	5,656,480	(3,335,369)	27,900	2,349,011	5,804,026
Net cash flows from operating activities	\$ 10,122,708	\$ (5,862,602)	\$ (66,385)	\$ 4,193,721	\$ 8,677,562
Non-cash transaction information:					
The interest expense includes amounts for amortization of bond discounts and premiums and deferred amounts	\$ 617,122	\$ (5,947)	\$ -	\$ 611,175	\$ 233,940
Contracts/accounts payable included in capital assets	(11,940)	-	-	(11,940)	3,404,382
Acquisition of capital assets by subscription payable	-	-	-	-	2,104,621
GASB 101 change in accounting principal - compensated absences	-	-	-	-	(183,819)

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

OLMSTED COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2024

	Representative Payee Private- Purpose Trust Fund	Custodial Funds
ASSETS		
Cash, deposits, and investments	\$ 309,378	\$ 12,016,376
Taxes receivable for other governments	-	3,315,535
Special assessments receivable	-	481,381
Accounts receivable, net	-	177,367
Due from other governments	-	1,516,688
Prepaid items	-	20,690
Total Assets	<u>309,378</u>	<u>17,528,037</u>
LIABILITIES		
Accounts payable	-	4,219,097
Due to other governments	-	4,640,184
Unearned revenue	-	281,744
Total Liabilities	<u>-</u>	<u>9,141,025</u>
DEFERRED INFLOWS OF RESOURCES		
Advanced contributions	<u>-</u>	<u>2,362,047</u>
NET POSITION		
Restricted for:		
Individuals, organizations, and governments	<u>\$ 309,378</u>	<u>\$ 6,024,965</u>

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, 2024

	Representative Payee Private- Purpose Trust Fund	Custodial Funds
ADDITIONS		
Contributions:		
Individuals	\$ 2,022,692	\$ 427,099
Members	-	9,161,563
Others	-	1,410,762
Interest, dividends, other	1,107	172,249
Property tax collections for other governments	-	257,820,070
Other tax collections for other governments	-	7,940,457
Grant collections for other governments and organizations	-	8,932,255
Fee collections for other governments and organizations	-	2,363,732
Fines and forfeits collections for other governments and organizations	-	173,887
Miscellaneous	-	3,315,723
Total additions	<u>2,023,799</u>	<u>291,717,797</u>
DEDUCTIONS		
Beneficiary payments to individuals	1,963,743	109,407
Payments of property tax to other governments	-	255,151,661
Payments to state	-	11,076,664
Administrative expenses	80,690	744,686
Payments to other entities	-	23,965,328
Total deductions	<u>2,044,433</u>	<u>291,047,746</u>
Net increase (decrease) in fiduciary net position	(20,634)	670,051
Net Position - beginning	<u>330,012</u>	<u>5,354,914</u>
Net Position - ending	<u>\$ 309,378</u>	<u>\$ 6,024,965</u>

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



Notes to the Financial Statements

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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.

A. Financial Reporting Entity

This financial report provides information in accordance with GAAP. The component units are included in the County's reporting entity because of its relationship with the County, as described below.

Discretely Presented Component Unit

The County does not have any component units that require a discrete presentation.

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. The 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. The 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.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide, proprietary fund, 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 Statement of Net Position and the Statement of Activities display information about the primary government, Olmsted County, and excludes fiduciary activities. Using the accrual basis of accounting, revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The effect of interfund activity has been eliminated from these statements; the exception being the interfund charges of our proprietary funds services so as not to distort the reporting of direct costs and program revenues.

These statements distinguish between 1) *governmental activities*, which normally are supported by taxes and intergovernmental revenues, and 2) *business-type activities*, which, to a significant extent, rely on fees and charges for support. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead 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: Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds.

Governmental funds use the modified accrual basis of accounting in which 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.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 funds use the accrual basis of accounting, the same basis as is used in the government-wide statements. 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 expense, 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.

Major individual governmental funds and major individual enterprise funds are reported 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.

The County reports the following major governmental funds:

- General Fund – Used to account for all financial resources except those accounted for in another fund.
- Infrastructure Special Revenue Fund – 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.
- Health and Human Services Special Revenue Fund – 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, and public health.
- Opioid Settlement Special Revenue Fund – Used to account for revenues from the National Opioid Settlement Fund for forward-looking strategies, programming, and services to abate the opioid epidemic.
- Debt Service Fund – Used to account for the servicing of general long-term debt not being financed by proprietary funds.
- Capital Projects Fund – 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:

- Waste Management – Used to account for financial activities related to the waste to energy facility, landfill, and resource recovery.
- Olmsted County HRA – 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:

- Sanitary Sewer – Used to account for the financial activities related to the sewage collection and treatment system serving the Chester Heights area.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Additionally, the County reports the following fund types:

- Internal Service Funds – Used to account for various employee insurances and benefits, centralized office services, computer services, and building functions.
- Private Purpose Trust Fiduciary Fund – Used to account for representative payee collections and beneficiary payments.
- Custodial Fiduciary Funds – 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.

Reconciliations 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.

C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, and Fund Balances

Cash and Cash Equivalents, 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, 2024, 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 \$10,452,355 for 2024, \$6,680,660 of which was not allocated to other funds. For 2024, a \$2,028,188 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.

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.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
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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 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 is 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 should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

Due from Other Funds, Advances to Other Funds. On the government-wide statements, inter-fund loans are reported in assets as internal balances which net to zero in total. In the fund financial statements, these inter-fund loans are reported as follows:

- Current portions in "Due from" asset accounts which are considered available spendable resources
- Noncurrent portions in "Advances to" asset accounts which do not constitute available spendable resources and are reported as non-spendable fund balance.

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.

Assets Held for Sale. Assets held for sale represent property purchased and developed by the OCHRA with the intent to sell to facilitate the development of affordable homes in Olmsted County. These assets are valued at cost.

Restricted Assets. Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

Certain proceeds of proprietary fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by bond covenants.

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.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
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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 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:

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

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

Buildings	25 to 50
Improvements	4 to 25
Equipment	2 to 20

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.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
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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.

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.

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 \$2,476,333 reported as landfill closure and post-closure care liability at December 31, 2024, 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 \$3,555,399 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 2024. 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, 2024, the County has investments of \$5,824,837 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.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
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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, 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. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments, and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

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.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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.

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 the governments and restrictions imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$23,358,869 of restricted net position, of which \$14,956,131 is restricted by enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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	\$ 363,482,944	\$ 103,445,445	\$ 466,928,389
Less: debt			
Total bonds payable	(137,625,000)	(36,060,000)	(173,685,000)
Total bond premiums	(6,283,621)	(981,392)	(7,265,013)
Total mortgages payable	-	(13,020,801)	(13,020,801)
Total financed purchase payable	(919,982)	-	(919,982)
Total contracts payable - capital related	(4,054,159)	(855,088)	(4,909,247)
Total lease payable - capital related	(471,596)	-	(471,596)
Total Subscription payable - capital related	(4,527,210)	-	(4,527,210)
Total deferred gain on refunding	(315,488)	(1,053,250)	(1,368,738)
Total deferred charge on refunding (net)	-	9,519	9,519
Add back: non-capital related debt			
Various mortgages in HRA Enterprise Fund	-	730,702	730,702
Unused 2022B Bond proceeds	545,714	-	545,714
Unused 2023A Bond proceeds	458,527	-	458,527
Unused 2024A Bond proceeds	8,435,062	1,789,770	10,224,832
2022A Bonds Crossover refunding portion, not yet capital related	26,520,000	-	26,520,000
2022A Refunding Bond premiums - not yet capital related	169,509	-	169,509
Net investment in capital assets	<u>\$ 245,414,700</u>	<u>\$ 54,004,905</u>	<u>\$ 299,419,605</u>

OLMSTED COUNTY
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Change in Accounting Principles. In June 2022, the Governmental Accounting Standards Board (GASB) issued statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*. This statement enhances requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information. This standard was implemented January 1, 2024.

In June 2022, the Governmental Accounting Standards Board (GASB) issued statement No. 101, *Compensated Absences*. This statement requires liabilities for compensated absences to be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributed to services rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented January 1, 2024.

During fiscal year 2024, implementation of GASB 101 resulted in adjustments to and restatements of beginning net position and fund balance as follows:

	12/31/2023 As Previously Reported	Change for Implementation of GASB No. 101	12/31/2023 As Restated
Governmental Funds			
General Fund	\$ 115,796,709	\$ (145,318)	\$ 115,651,391
Infrastructure Special Revenue Fund	8,898,594	(69,878)	8,828,716
Health and Human Services Special Revenue Fund	13,594,898	(305,144)	13,289,754
Total Governmental Funds	<u>\$ 138,290,201</u>	<u>\$ (520,340)</u>	<u>\$ 137,769,861</u>
Proprietary Funds			
Internal Service Funds	<u>\$ 54,209,521</u>	<u>\$ (183,819)</u>	<u>\$ 54,025,702</u>
Government-wide			
Governmental Activities	<u>\$ 353,097,445</u>	<u>\$ (704,159)</u>	<u>\$ 352,393,286</u>

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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	\$ 200,306,770
Cash and pooled investments - restricted	22,182,414
Cash and investments held by trustee - restricted	26,139,361
Petty cash and change funds	125,611

Business-type activities

Cash and pooled investments	32,106,612
Cash and pooled investments - restricted	15,773,741
Petty cash and change funds	4,900

Statement of fiduciary net position

Cash and pooled investments	12,267,962
Petty cash and change funds - custodial funds	57,792
	<u>\$ 308,965,163</u>

Deposits and Non-Negotiable Certificates of Deposit	\$ 674,480
Petty Cash	188,303
Investments	308,102,380
	<u>\$ 308,965,163</u>

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 or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better, revenue obligations rated "AA" or better; irrevocable 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 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, 2024, none of the County's deposits were subject to custodial credit risk.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
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Investments

Minnesota Statutes Section 118A.04 and .05 generally authorize the following types of investments available to the County:

- 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
- mutual funds through shares of registered investment companies provided the mutual fund received certain ratings depending on its investments
- 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
- time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers' acceptances of U.S. banks
- 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
- with certain restrictions:
 - repurchase agreements
 - securities lending agreements
 - joint powers investment trusts
 - guaranteed investment contracts (GIC)
 - temporary general obligation bonds

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.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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.

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, 2024, the County's deposits were not exposed to custodial credit risk, being fully covered through collateral agreements with designated depositories.

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, 2024, 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 County adopted the segmented time distribution method for disclosing potential interest rate risk in 2008 as the portfolio composition changed.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

The following table presents the County's investment balances at December 31, 2024, and information relating to potential Custodial Credit Risk and Concentration Risk:

Instrument Type	Credit Risk		Concentration Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	
U.S. Government and Gov't Agency Securities				
US Treasury Bonds & Notes			58.9%	\$ 143,239,208
Fannie Mae	Aaa	Moody's	7.7%	18,759,653
Federal Farm Credit Bank	Aaa	Moody's	16.2%	39,476,720
Federal Home Loan Bank	Aaa	Moody's	12.7%	30,939,226
Freddie Mac	Aaa	Moody's	1.1%	<u>2,569,116</u>
Total U.S. Government Securities				234,983,923
Municipal Bonds				
Maryland State	Aaa	Moody's	1.0%	2,487,070
New York NY	Aaa	Moody's	1.4%	3,384,851
Wisconsin St Gen Fund	Aaa	Moody's	1.0%	<u>2,492,071</u>
Total Municipal Bonds				8,363,992
Mutual Funds				
Allsprings Government Money Market	Aaa-mf	Moody's	NA	<u>64,754,465</u>
Total Investments				<u>308,102,380</u>
Deposits				674,480
Petty Cash				<u>188,303</u>
Total Cash, Investments, and Agreements				<u>\$ 308,965,163</u>

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 or Deposit Type	Fair Value	Investment Maturities (in Years)		
		Less Than 2 Years	2-3 Years	3-5 Years
U. S. Government Securities				
Fannie Mae	\$ 18,759,653	\$ 16,944,758	\$ 1,814,895	\$ -
Federal Farm Credit Bank	39,476,720	13,697,081	3,033,504	22,746,135
Federal Home Loan Bank	30,939,226	10,757,350	11,262,027	8,919,849
Freddie Mac	2,569,116	-	-	2,569,116
US Treasury Bonds & Notes	143,239,208	88,406,003	18,673,353	36,159,852
Total U.S. Government Securities	234,983,923	129,805,192	34,783,779	70,394,952
Municipal Bonds				
Maryland State	2,487,070	2,487,070	-	-
New York NY	3,384,851	-	-	3,384,851
Wisconsin State General Fund	2,492,071	-	2,492,071	-
Total Municipal Bonds	8,363,992	2,487,070	2,492,071	3,384,851
Total Investments	<u>\$ 243,347,915</u>	<u>\$ 132,292,262</u>	<u>\$ 37,275,850</u>	<u>\$ 73,779,803</u>
Reconciliation to Schedule of Deposits and Investments				
Amount from above	\$ 243,347,915			
Mutual Funds	64,754,465			
Total Investments	<u>\$ 308,102,380</u>			

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Cash, Deposits, and 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, 2024, Olmsted County had the following recurring fair value measurements.

	December 31, 2024	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	\$ 143,239,208	\$ -	\$ 143,239,208
Fannie Mae	18,759,653	-	18,759,653
Federal Farm Credit Bank	39,476,720	-	39,476,720
Federal Home Loan Bank	30,939,226	-	30,939,226
Freddie Mac	2,569,116	-	2,569,116
Municipal Bonds	8,363,992	-	8,363,992
Allsprings Government Money Market	64,754,465	64,754,465	-
Total Investments included in the Fair Value Hierarchy	<u>\$ 308,102,380</u>	<u>\$ 64,754,465</u>	<u>\$ 243,347,915</u>
Cash and Cash Equivalents			
Deposits	674,480		
Petty Cash	188,303		
Total Cash and Cash Equivalents	<u>862,783</u>		
Total Cash , Cash Equivalents, and Investments	<u>\$ 308,965,163</u>		

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.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

3. RECEIVABLES, UNEARNED AND UNAVAILABLE REVENUE

Receivables

Receivables as of December 31, 2024, including the applicable allowances for uncollectible accounts are as follows:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Accounts Receivable, gross	\$ 2,917,217	\$ 3,785,151	\$ 6,702,368
Less:			
Allowance for doubtful accounts	(1,254,926)	-	(1,254,926)
Net total receivables	<u>\$ 1,662,291</u>	<u>\$ 3,785,151</u>	<u>\$ 5,447,442</u>

Net receivables for Governmental Activities are collectible within the year.

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:

	Government-wide Statements - Unearned	Fund Statements	
		Unearned Revenue	Unavailable Revenue
Governmental Funds:			
Taxes	\$ 139,686	\$ 139,686	\$ 1,178,239
Sales Tax	-	-	1,742,180
Licenses and permits	-	-	14,861
Intergovernmental	1,163,394	1,163,394	7,574,514
Charges for services	230,847	230,847	868,400
Other	197,326	197,326	90,791
Sub-total, governmental funds	<u>1,731,253</u>	<u>1,731,253</u>	<u>11,468,985</u>
Internal Service Funds:			
Charges for services	286,009	286,009	-
Sub-total, internal service funds	<u>286,009</u>	<u>286,009</u>	-
Sub-total, governmental activities	<u>2,017,262</u>	<u>2,017,262</u>	<u>11,468,985</u>
Business-Type Activities			
Waste Management other	40,183	40,183	-
OCHRA other	321,388	321,388	-
Sub-total, business-type activities	<u>361,571</u>	<u>361,571</u>	-
Total	<u>\$ 2,378,833</u>	<u>\$ 2,378,833</u>	<u>\$ 11,468,985</u>

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 \$13,113 in lease revenue and \$1,586 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 \$181,678 in lease revenue and \$2,114 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 \$2,164 in lease revenue and \$1,836 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 agreement with the County to lease .23 acres of land for 10 years. Per the agreement UCI Tower, LLC has the option to exercise 2 five-year optional terms. These optional terms were included in the contract value due to it being likely UCI Tower, LLC will exercise these optional terms. There are 2 additional five-year optional terms. Either party can opt out of these optional terms with 6-months' notice. Therefore, these additional optional terms are cancellable and are not included in the contract value. Under the terms of the lease, UCI Towers, LLC will make 166 monthly fixed payments of \$835-\$1,464 (increasing 3% every year). UCI Towers, LLC will make additional payments of \$835-\$1,464 (increasing 3% every year) for a 2nd subtenant and \$350-\$825 (increasing 3% every year) for each subtenant over 2. These payments are not fixed and therefore were not included in the contract value. Only fixed payments were made during 2024. During the fiscal year, the county recorded \$10,192 in lease revenue and \$2,564 in interest revenue for giving UCI Tower, LLC the right to use County owned land. The County used an incremental discount rate of 1.64%, 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	\$ 60,344
Building space 8,501 square feet	7/1/2020	0.73%	948,529	12/31/2025	189,498
Land 6 acres	8/21/2020	2.56%	81,965	8/20/2045	69,628
Total Governmental Activities					<u>\$ 319,470</u>
Business Activities					
Land .23 acres	11/1/2015	1.64%	226,016	10/31/2045	<u>\$ 150,598</u>

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

4. CAPITAL ASSETS

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

Governmental Activities

	Beginning Balance	Increases	Decreases	Transfers (1)	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 24,398,243	\$ -	\$ (25,165)	\$ -	\$ 24,373,078
Infrastructure land	41,060,587	650,984	-	-	41,711,571
Construction in progress	46,455,828	27,249,661	(59,417,514)	-	14,287,975
Total capital assets not being depreciated	111,914,658	27,900,645	(59,442,679)	-	80,372,624
Capital assets, being depreciated/amortized:					
Infrastructure	307,010,915	20,939,968	(10,800)	-	327,940,083
Building	143,474,965	41,806,829	(87,674)	-	185,194,120
Improvements other than building	10,485,530	672,720	(5,420)	-	11,152,830
Equipment	33,596,918	8,981,866	(2,408,726)	121,303	40,291,361
Intangible right-to-use lease - equipment	1,287,584	-	-	(121,303)	1,166,281
Software	11,455,214	-	(1,495,717)	-	9,959,497
Intangible right-to-use subscription software	1,697,481	5,566,164	(87,070)	-	7,176,575
Total capital assets being depreciated/amortized	509,008,607	77,967,547	(4,095,407)	-	582,880,747
Less accumulated depreciation/amortization for:					
Infrastructure	(168,776,250)	(6,673,928)	10,800	-	(175,439,378)
Building	(78,928,708)	(4,337,353)	87,674	-	(83,178,387)
Improvements other than building	(5,459,424)	(390,338)	5,420	-	(5,844,342)
Equipment	(24,458,139)	(2,533,217)	2,351,864	(46,499)	(24,685,991)
Intangible right-to-use lease - equipment	(324,185)	(166,611)	-	46,499	(444,297)
Software	(8,596,687)	(1,049,216)	1,495,717	-	(8,150,186)
Intangible right-to-use subscription software	(484,219)	(1,543,627)	-	-	(2,027,846)
Total accumulated depreciation and amortization	(287,027,612)	(16,694,290)	3,951,475	-	(299,770,427)
Total capital assets, being depreciated and amortized, net	221,980,995	61,273,257	(143,932)	-	283,110,320
Governmental activities capital assets, net	\$ 333,895,653	\$ 89,173,902	\$ (59,586,611)	\$ -	\$ 363,482,944

(1) The County exercised a purchase option on an equipment lease.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Business-type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 5,105,520	\$ 1,221,057	\$ -	\$ 6,326,577
Construction in progress	843,257	2,327,577	(1,406,927)	1,763,907
Total capital assets not being depreciated	<u>5,948,777</u>	<u>3,548,634</u>	<u>(1,406,927)</u>	<u>8,090,484</u>
Capital assets, being depreciated:				
Infrastructure	1,984,227	-	-	1,984,227
Building	52,357,594	5,357,523	(44,848)	57,670,269
Improvements other than building	14,383,616	1,051,757	(32,253)	15,403,120
Equipment	152,613,630	3,907,007	(974,460)	155,546,177
Software	52,034	-	-	52,034
Intangible right-to-use subscription software	240,952	-	-	240,952
Total capital assets being depreciated	<u>221,632,053</u>	<u>10,316,287</u>	<u>(1,051,561)</u>	<u>230,896,779</u>
Less accumulated depreciation for:				
Infrastructure	(482,615)	(26,440)	-	(509,055)
Building	(33,828,250)	(974,875)	44,848	(34,758,277)
Improvements other than building	(11,865,916)	(331,581)	32,253	(12,165,244)
Equipment	(83,152,976)	(5,713,468)	974,460	(87,891,984)
Software	(52,034)	-	-	(52,034)
Intangible right-to-use subscription software	(82,612)	(82,612)	-	(165,224)
Total accumulated depreciation	<u>(129,464,403)</u>	<u>(7,128,976)</u>	<u>1,051,561</u>	<u>(135,541,818)</u>
Total capital assets, being depreciated, net	<u>92,167,650</u>	<u>3,187,311</u>	<u>-</u>	<u>95,354,961</u>
Business-type activities capital assets, net	<u>\$ 98,116,427</u>	<u>\$ 6,735,945</u>	<u>\$ (1,406,927)</u>	<u>\$ 103,445,445</u>

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

Governmental activities:	
General government	\$ 980,669
Public safety	3,414,724
Conservation of natural resources	16,707
Highways and streets	8,696,492
Health	409,525
Human Services	1,922,763
Culture and recreation	1,253,410
Total depreciation/amortization expense - governmental activities	<u>\$ 16,694,290</u>
Business-type activities:	
Waste Management	\$ 6,371,925
Olmsted County HRA	730,611
Sanitary Sewer	26,440
Total depreciation/amortization expense - business type activities	<u>\$ 7,128,976</u>

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Construction and Other Commitments

Olmsted County has active projects as of December 31, 2024. At the end of the year, the commitments are as follows:

	Total Contract	Spent-to-date	Remaining Commitment	Funding Source
Governmental Funds:				
Infrastructure Fund				
P438 - Bridge 93513	\$ 911,926	\$ 863,460	\$ 48,466	Local Sales Tax, Grant
P434 - 14/44 Reconstruction	5,061,389	2,347,245	2,714,144	Local Sales Tax, State Aid, State Bonds
P452 - TH 63 and CR 112 Roundabout	528,735	428,012	100,723	Local Sales Tax, State Bonds
P456 - CSAH 21 & TH 63	496,205	440,018	56,187	Local Sales Tax
P461 - CSAH 44 Reconstruction Consulting	371,631	130,103	241,528	Local Sales Tax
P440 - CSAH 5 & 25 Reconstruction	10,333,817	4,715,869	5,617,948	Local Sales Tax
P421 - CSAH 4/CSAH 44	19,686,415	18,928,757	757,658	Local Sales, Tax, State Aid, Grant
P469 - CR 121 Bridge Relocation Consulting	127,740	14,001	113,739	State Bonds
Public Works Service Center	7,037,568	6,842,726	194,842	Local Sales Tax
TGEN 1 - Eyota Brine Shop	188,149	162,435	25,714	Local Sales Tax
Total Infrastructure Fund	44,743,575	34,872,626	9,870,949	
Capital Projects Fund				
Oxbow Campground Relocation	360,500	161,936	198,564	Debt, Grant
Exhibition Center	2,204,550	333,709	1,870,841	Reserves
Graham Arena Upgrades	1,876,288	54,100	1,822,188	Reserves
Historic Highway Shop Restoration	2,154,941	223,953	1,930,988	Debt
Public Safety Training Center	273,494	93,790	179,704	Debt
Public Works Service Center Fiber Project	228,178	16,590	211,588	Debt
Motor grader	447,340	0	447,340	Debt, Sale of Assets
Dozer	169,620	0	169,620	Debt, Sale of Assets
Tandems	551,313	0	551,313	Debt, Sale of Assets
Total Capital Projects Fund	8,266,224	884,078	7,382,146	
Total Governmental Funds	53,009,799	35,756,704	17,253,095	
Internal Service Funds:				
Building Facilities				
Conference Room Technology	39,420	0	39,420	Debt
Adult Detention Center Updates	268,100	0	268,100	Debt
Deferred Maintenance-Interior Surfaces	50,004	0	50,004	Debt
Furniture	77,025	0	77,025	Operations
Pit Grinder	99,091	0	99,091	Debt
Campus Tunnel Air Mover	75,500	28,879	46,621	Debt
Total Internal Service Funds	609,140	28,879	580,261	
Enterprise Funds:				
Waste Management Fund				
Landfill Tarping Machine	66,560	0	66,560	Revenues
Landfill Solar Project	105,100	70,508	34,592	Debt
OCRC Forklift	89,897	0	89,897	Revenues
Materials Recovery Facility/Admin office space	1,797,440	813,082	984,358	Debt
OWEF Cold Storage Building	740,717	472,787	267,930	Debt
OWEF 13.8 Bus 1 Metering/Upgrade	368,505	70,856	297,649	Revenues
OWEF Replace 2.4KV Switchgear & 2400/480 Transformer	174,393	22,500	151,893	Debt
OWEF Drag Conveyor Belt Overhaul	99,410	0	99,410	Revenues
Environmental Resource Solid Waste Campus Planning	243,476	0	243,476	Revenues
Total Enterprise Fund	3,685,498	1,449,733	2,235,765	
Total Commitments	\$ 57,304,437	\$ 37,235,316	\$ 20,069,121	

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund receivables and payables are reported on the fund financial statements at December 31, 2024. 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 housing.

	Due From Other Funds	Due to Other Funds
Governmental Funds:		
General Fund	\$ 11,000	\$ -
Health and Human Services	-	119,160
Total Governmental Funds	<u>11,000</u>	<u>119,160</u>
Enterprise Funds:		
Sanitary Sewer	-	11,000
Olmsted County HRA	119,160	-
Total Enterprise Funds	<u>119,160</u>	<u>11,000</u>
Total Due From and Due To Other Funds	<u>\$ 130,160</u>	<u>\$ 130,160</u>
	Advances To Other Funds	Advances From Other Funds
General Fund	\$ 447,400	\$ -
Enterprise Funds		
Sanitary Sewer	-	323,500
Olmsted County HRA	-	123,900
Total Enterprise Funds	<u>-</u>	<u>447,400</u>
Total Advances To and From Other Funds	<u>\$ 447,400</u>	<u>\$ 447,400</u>

Interfund transfers reported on the fund financial statements at December 31, 2024 were:

	Transfers in:						
	Governmental Funds				Proprietary Funds		
	General	Human Services	Debt Service	Capital Projects	Enterprise Funds	Internal Service Funds	Transfers out
Governmental funds:							
General	\$ -	\$ 2,752,121	\$ 189,617	\$ 1,076,573	\$ 4,996,518	\$ 421,660	\$ 9,436,489
Infrastructure	-	-	3,626,344	-	-	-	3,626,344
Health and Human Services	-	-	-	-	796,714	350,000	1,146,714
Opioid Settlement	-	464,071	-	-	-	84,000	548,071
Governmental funds transfers in	<u>-</u>	<u>3,216,192</u>	<u>3,815,961</u>	<u>1,076,573</u>	<u>5,793,232</u>	<u>855,660</u>	<u>14,757,618</u>
Proprietary funds:							
Internal Service funds	80,000	-	-	5,032,402	-	-	5,112,402
Proprietary funds transfers in	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>5,032,402</u>	<u>-</u>	<u>-</u>	<u>5,112,402</u>
Total transfers in	<u>\$ 80,000</u>	<u>\$ 3,216,192</u>	<u>\$ 3,815,961</u>	<u>\$ 6,108,975</u>	<u>\$ 5,793,232</u>	<u>\$ 855,660</u>	<u>\$ 19,870,020</u>

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

	Transfers in:							Transfers out
	Governmental Funds				Proprietary Funds			
	General	Health and Human Services	Debt Service	Capital Projects	Enterprise Funds	Internal Service Funds		
Reasons for interfund transfers:								
General Fund Contribution to Health and Human Services Fund for affordable housing units	\$ -	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -	\$ 2,500,000	
General Fund Contribution to Health and Human Services Fund for collaborative intensive bridging services	-	56,941	-	-	-	-	56,941	
General Fund Contribution to Health and Human Services Fund for social worker	-	195,180	-	-	-	-	195,180	
General Fund Contribution to Debt Service Fund for debt service	-	-	189,617	-	-	-	189,617	
General Fund Contribution to Capital Project Fund for law enforcement equipment	-	-	-	578,400	-	-	578,400	
General Fund Contribution to Capital Projects Fund for highway equipment	-	-	-	66,600	-	-	66,600	
General Fund Contribution to Capital Projects Fund for parks equipment and improvements	-	-	-	191,100	-	-	191,100	
General Fund Contribution to Capital Projects Fund for graham park equipment and improvements	-	-	-	240,473	-	-	240,473	
General Fund Contribution to HRA Enterprise Fund for Growing Affordable Inclusive Neighborhoods	-	-	-	-	4,900,000	-	4,900,000	
General Fund Contribution to Sanitary Sewer Enterprise Fund for Chester Heights Sewer	-	-	-	-	96,518	-	96,518	
General Fund Contribution to Internal Service Fund for self-insurance dental	-	-	-	-	-	200,000	200,000	
General Fund Contribution to Internal Service Fund for provisional accountant	-	-	-	-	-	43,500	43,500	
General Fund contributions to Internal Service Fund for justice tower	-	-	-	-	-	110,160	110,160	
General Fund contributions to Internal Service Fund for administration	-	-	-	-	-	68,000	68,000	
Infrastructure Fund Contributions to Debt Service Fund for debt service	-	-	3,626,344	-	-	-	3,626,344	
Health and Human Service Fund Contribution to HRA Enterprise Fund for housing	-	-	-	-	796,714	-	796,714	
Health and Human Service Fund Contribution to Internal Service Fund for generator	-	-	-	-	-	350,000	350,000	
Opioid Settlement Fund Contribution to Health and Service Fund for Diversity, Equity, and Community Outreach salaries and benefits	-	344,491	-	-	-	-	344,491	
Opioid Settlement Fund Contribution to Health and Service Fund for Doc's Recovery House	-	16,440	-	-	-	-	16,440	
Opioid Settlement Fund Contribution to Health and Service Fund for Diversity, Equity, and Community Outreach equipment	-	103,140	-	-	-	-	103,140	
Opioid Settlement Fund Contributions to Internal Service Fund for Drug and Alcohol Response Team (DART) motor pool vehicles	-	-	-	-	-	84,000	84,000	
Internal Service Fund contributions to Capital Projects Fund for Public Safety Training Center project	-	-	-	5,032,402	-	-	5,032,402	
Internal Service Fund Contributions to General Fund for banking fees	80,000	-	-	-	-	-	80,000	
Total transfers in	\$ 80,000	\$ 3,216,192	\$ 3,815,961	\$ 6,108,975	\$ 5,793,232	\$ 855,660	\$19,870,020	

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

6. LONG-TERM LIABILITIES

Bonds Payable

	General Obligation Revenue Bonds	General Obligation Bonds	Total
January 1, 2024			
Governmental activities	\$ -	\$ 127,750,000	\$ 127,750,000
Business-type activities	39,630,000	-	39,630,000
	<u>39,630,000</u>	<u>127,750,000</u>	<u>167,380,000</u>
Issued:			
Governmental activities	-	17,090,000	17,090,000
Business-type activities	2,855,000	-	2,855,000
Retired:			
Governmental activities	-	(7,215,000)	(7,215,000)
Business-type activities	(6,425,000)	-	(6,425,000)
December 31, 2024	<u>\$ 36,060,000</u>	<u>\$ 137,625,000</u>	<u>\$ 173,685,000</u>

Balance by fund type

Governmental activities:			
Governmental funds	\$ -	\$ 83,881,971	\$ 83,881,971
Internal Service	-	53,743,029	53,743,029
	<u>-</u>	<u>137,625,000</u>	<u>137,625,000</u>
Business-type activities:			
Enterprise funds	36,060,000	-	36,060,000
Total	<u>\$ 36,060,000</u>	<u>\$ 137,625,000</u>	<u>\$ 173,685,000</u>

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

Year ending	Principal	Interest	Total
2025	\$ 40,805,000	\$ 4,364,680	\$ 45,169,680
2026	16,890,000	3,675,468	20,565,468
2027	16,980,000	3,266,839	20,246,839
2028	10,965,000	2,895,043	13,860,043
2029	10,795,000	2,568,942	13,363,942
2030 to 2034	38,150,000	8,986,261	47,136,261
2035 to 2039	25,280,000	4,087,380	29,367,380
2040 to 2044	13,045,000	1,131,503	14,176,503
2045	775,000	15,016	790,016
Total	<u>\$ 173,685,000</u>	<u>\$ 30,991,132</u>	<u>\$ 204,676,132</u>

General Obligation Revenue Bonds

General Obligation Governmental Housing Refunding Bonds, Series 2010A, were issued to refund general obligation housing bonds. Remaining annual installments of \$110,000 to \$115,000 are due annually on January 1. 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.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 \$920,000 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 \$350,000 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 \$220,000 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 \$4,815,000 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 \$110,000 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.

The general obligation revenue bonds outstanding are as follows:

	<u>Date Issued</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Balance</u>
Business Type Activities					
G.O. Governmental Housing Ref. Bonds, 2010A	6/10/2010	3.00 - 3.70%	\$ 1,475,000	1/1/2026	\$ 225,000
G.O. Crossover Refunding Bonds, 2016A	8/1/2016	1.50 - 5.00%	10,020,000	2/1/2029	4,995,000
G.O. Bonds 2020A - Construction Portion	11/17/2020	1.00 - 3.00%	8,080,000	2/1/2041	7,125,000
G.O. Bonds 2020A - Refunding Portion	11/17/2020	1.00 - 3.00%	2,260,000	2/1/2031	1,645,000
Taxable G.O. Crossover Refunding Bonds 2021A	4/7/2021	0.25 - 1.05%	24,145,000	2/1/2027	14,555,000
G.O. Bonds 2022B	3/16/2022	2.13 - 4.00%	2,935,000	2/1/2043	2,830,000
G.O. Bonds 2023A	10/18/2023	4.00 - 5.00%	1,830,000	2/1/2039	1,830,000
G.O. Bonds 2024A	10/16/2024	3.50 - 5.00%	2,855,000	2/1/2045	2,855,000
Total Business Type Activities					<u>\$ 36,060,000</u>

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
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Annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year ending	Business-type Activities	
	Principal	Interest
2025	\$ 6,680,000	\$ 648,208
2026	6,945,000	586,041
2027	6,920,000	481,754
2028	2,080,000	403,331
2029	2,140,000	349,406
2030 to 2034	4,750,000	1,234,975
2035 to 2039	4,150,000	625,913
2040 to 2044	2,285,000	138,566
2045	110,000	2,131
Total	<u>\$ 36,060,000</u>	<u>\$ 4,470,325</u>

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.

The General Obligation Bonds, Series 2015A, were issued to provide financing for construction of facility, bridge and infrastructure improvements. A remaining annual installment of \$1,835,000 is due February 1, 2025, at which time the proceeds held in escrow from the 2022A Taxable General Obligation Crossover Refunding Bonds will refund the remaining general obligation bond balance of the 2015A bonds totaling \$25,715,000 on February 1, 2025.

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 \$1,375,000 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. The proceeds were placed with an escrow agent to purchase U.S. Treasury Notes. The securities and earnings in the escrow account will provide sufficient funds to pay all interest that becomes due on the 2015A bonds to and including the crossover date, and to pay and redeem the outstanding maturities of the 2015A bonds on the crossover date of February 1, 2025. The refunded principal of the general obligation bond portion at the crossover date is \$25,715,000. The cumulative savings in debt service on the 2022A bonds is \$1,955,646 and will return a present value savings of \$1,620,470 over the life of the new bonds. 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.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
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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.

The general obligation bonds outstanding are as follows:

	Date Issued	Interest Rates	Original Issue	Final Maturity	Balance
Governmental Activities					
G.O. Bonds, 2015A	8/1/2015	4.00%	\$ 39,150,000	2/1/2025	\$ 27,550,000
G.O. Crossover Refunding Bonds, 2016A	8/1/2016	1.50 - 5.00%	15,550,000	2/1/2031	8,740,000
G.O. Bonds, 2019A	11/12/2019	2.25 - 3.00%	19,175,000	2/1/2040	15,170,000
G.O. Bonds, 2020A	11/17/2020	1.00 - 3.00%	8,315,000	2/1/2041	6,675,000
Taxable G.O. Crossover Refunding Bonds 2021A	4/7/2021	0.25 - 1.05%	6,880,000	2/1/2027	4,155,000
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	14,865,000
G.O. Bonds 2023A	10/18/2023	4.00 - 5.00%	16,860,000	2/1/2044	16,860,000
G.O. Bonds 2024A	10/16/2024	3.50 - 5.00%	17,090,000	2/1/2045	17,090,000
Total Governmental Activities					<u>\$ 137,625,000</u>

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

Year ending	Governmental Activities	
	Principal	Interest
2025	\$ 34,125,000	\$ 3,716,472
2026	9,945,000	3,089,427
2027	10,060,000	2,785,085
2028	8,885,000	2,491,712
2029	8,655,000	2,219,536
2030 to 2034	33,400,000	7,751,286
2035 to 2039	21,130,000	3,461,467
2040 to 2044	10,760,000	992,937
2045	665,000	12,885
Total	<u>\$ 137,625,000</u>	<u>\$ 26,520,807</u>

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, 2024, the outstanding principal balance of the 2020B defeased bonds is \$1,955,000.

OLMSTED COUNTY
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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
2025	\$ 120,000	\$ 40,133	\$ 160,133
2026	120,000	37,732	157,732
2027	125,000	35,283	160,283
2028	1,590,000	17,016	1,607,016
Total	<u>\$ 1,955,000</u>	<u>\$ 130,164</u>	<u>\$ 2,085,164</u>

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	\$ 150,976	Rolling Heights
U.S. Department of Agriculture - Rural Development	3/22/2005	5.75%	412,502	3/1/2045	315,740	Rolling Heights
Total Mortgages Payable					<u>\$ 466,716</u>	

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
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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
Minnesota Housing Finance Agency - Rental Rehabilitation Deferred Loan Pilot Program	7/29/2015	0.00%	35,000	7/29/2025	35,000	Rental Property
Minnesota Housing Finance Agency - Rental Rehabilitation Deferred Loan Pilot Program	8/26/2015	0.00%	35,000	8/26/2025	35,000	Rental Property
Total Deferred Repayment Mortgages Payable					<u><u>\$ 3,224,647</u></u>	

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
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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 Rental
Minnesota Housing Finance Agency - Publicly Owned Housing Program	6/27/2013	0.00%	52,000	6/27/2033	45,275	Property Public
Minnesota Housing Finance Agency - POHP Loan	11/7/2019	0.00%	1,170,459	12/9/2040	1,222,108	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					<u>\$ 9,329,438</u>	

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

Year ending	Business-type Activities			
	Mortgage Payable		Deferred Repayment Mortgages	Deferred Mortgages Forgivable
	Principal	Interest	Principal	Principal
2025	\$ 12,553	\$ 26,509	\$ 70,000	\$ -
2026	13,295	25,767	1,422,197	1,469,805
2027	14,080	24,983	-	-
2028	14,910	24,152	-	-
2029	15,791	23,271	-	-
2030 to 2034	94,090	101,221	1,081,450	4,748,580
2035 to 2039	125,343	69,966	651,000	-
2040 to 2044	166,979	28,330	-	2,111,053
2045 to 2049	9,675	93	-	-
2050 to 2054	-	-	-	1,000,000
Total	<u>\$ 466,716</u>	<u>\$ 324,292</u>	<u>\$ 3,224,647</u>	<u>\$ 9,329,438</u>

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 \$2,845,000.

OLMSTED COUNTY
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Legal Debt Limit

The Olmsted County debt limit is \$805,029,450 based on the MN Statute 475.53 debt limit rate set at 3%. Net debt applicable to the debt limit is \$107,415,179. See Statistical Section Schedule 13.

Financed Purchase

The County entered into a 5 year financed purchase agreement with Axon Enterprise Inc for the purchase of law enforcement equipment and supplies. Under the terms of the agreement, the County made a payment in 2024 of \$45,084 and remaining annual payments of \$153,707-\$204,715 are due annually on January 31.

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	\$ 919,982

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

Year ending	Governmental Activities	
	Principal	Interest
2025	\$ 149,863	\$ 3,844
2026	185,461	19,253
2027	190,098	14,616
2028	194,851	9,864
2029	199,709	5,006
Total	<u>\$ 919,982</u>	<u>\$ 52,583</u>

OLMSTED COUNTY
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Lease Payable

The County entered into an agreement with Dell Financial Services to lease information technology equipment for 5 years. Under the terms of the lease, the County will make 5 annual payments of \$243,899. Upon maturity of the lease term, the County has the option of purchasing the equipment for \$1. The County will exercise this purchase option. On May 1, 2022, the County recognized a right to use asset and a lease payable of \$1,166,281 related to this agreement. During the fiscal year, the County recorded \$166,612 in amortization expense and \$12,496 in interest expense for the right to use the information technology equipment. The County used an incremental discount rate of 2.28%, based on the County's borrowing rate for the same time periods.

The Lease Payables outstanding are as follows:

	<u>Contract Start Date</u>	<u>Discount Rates</u>	<u>Contract Value</u>	<u>Contract End Date</u>	<u>Balance</u>
Governmental Activities					
Information Technology Equipment	5/1/2022	2.28%	\$ 1,166,281	4/30/2027	\$ 471,596

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

Year ending	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 233,135	\$ 10,762
2026	238,460	5,442
2027	1	-
Total	<u>\$ 471,596</u>	<u>\$ 16,204</u>

Information Technology Subscription Payable

The County entered into an agreement for law enforcement data management subscription-based software. Under the terms of the subscription, the County will make annual variable payments. On December 1, 2024, the County recognized a right to use asset and an information technology subscription payable of \$1,090,860 related to this agreement. During the fiscal year, the County recorded \$18,181 in amortization expense for the right to use the subscription-based software. The County used an incremental discount rate of 2.50%, based on the County's borrowing rate for the same time periods.

The County entered into an agreement for attorney data management subscription-based software. Under the terms of the subscription, the County will make annual fixed payments of \$20,685. On November 15, 2024, the County recognized a right to use asset and an information technology subscription payable of \$98,500 related to this agreement. During the fiscal year, the County recorded \$3,283 in amortization expense for the right to use the subscription-based software. The County used an incremental discount rate of 2.50%, based on the County's borrowing rate for the same time periods.

The County entered into an agreement for Human Resource management subscription-based software. Under the terms of the subscription, the County will make annual variable payments. On August 28, 2024, the County recognized a right to use asset and an information technology subscription payable of \$458,923 related to this agreement. During the fiscal year, the County recorded \$51,629 in amortization expense and \$4,742 in interest expense for the right to use the subscription-based software. The County used an incremental discount rate of 3.10%, based on the County's borrowing rate for the same time periods.

The County entered into an agreement for virtualization subscription-based software. Under the terms of the subscription, the County will make annual fixed payments of \$77,952. On July 6, 2024, the County recognized a right to use asset and an information technology subscription payable of \$226,895 related to this agreement. During the fiscal year, the County recorded \$37,816 in amortization expense for the right to use the subscription-based software. The County used an incremental discount rate of 3.10%, based on the County's borrowing rate for the same time periods.

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The County entered into an agreement for asset management subscription-based software. Under the terms of the subscription, the County will make annual variable payments. On July 1, 2024, the County recognized a right to use asset and an information technology subscription payable of \$119,457 related to this agreement. During the fiscal year, the County recorded \$10,860 in amortization expense for the right to use the subscription-based software. The County used an incremental discount rate of 3.05%, based on the County's borrowing rate for the same time periods.

The County entered into an agreement for geographic management subscription-based software. Under the terms of the subscription, the County will make annual fixed payments of \$147,325. On March 30, 2024, the County recognized a right to use asset and an information technology subscription payable of \$418,736 related to this agreement. During the fiscal year, the County recorded \$110,500 in amortization expense and \$11,515 in interest expense for the right to use the subscription-based software. The County used an incremental discount rate of 2.75%, based on the County's borrowing rate for the same time periods.

The County entered into an agreement for website management subscription-based software. Under the terms of the subscription, the County will make annual fixed payments of \$69,032. On March 1, 2024, the County recognized a right to use asset and an information technology subscription payable of \$327,482 related to this agreement. During the fiscal year, the County recorded \$54,580 in amortization expense for the right to use the subscription-based software. The County used an incremental discount rate of 2.70%, based on the County's borrowing rate for the same time periods.

The County entered into an agreement for productivity subscription-based software. Under the terms of the subscription, the County will make annual variable payments. On March 1, 2024, the County recognized a right to use asset and an information technology subscription payable of \$2,502,301 related to this agreement. During the fiscal year, the County recorded \$695,084 in amortization expense and \$39,729 in interest expense for the right to use the subscription-based software. The County used an incremental discount rate of 2.75%, based on the County's borrowing rate for the same time periods.

The County entered into an agreement for strategy management subscription-based software. Under the terms of the subscription, the County will make annual fixed payments of \$25,000. On January 1, 2024, the County recognized a right to use asset and an information technology subscription payable of \$71,057 related to this agreement. During the fiscal year, the County recorded \$23,686 in amortization expense and \$1,954 in interest expense for the right to use the subscription-based software. The County used an incremental discount rate of 2.75%, based on the County's borrowing rate for the same time periods.

The County entered into an agreement for workload automation subscription-based software. Under the terms of the subscription, the County will make annual fixed payments of \$28,046. On April 5, 2023, the County recognized a right to use asset and an information technology subscription payable of \$82,142 related to this agreement. During the fiscal year, the County recorded \$27,381 in amortization expense and \$1,325 in interest expense for the right to use the subscription-based software. The County used an incremental discount rate of 2.45%, based on the County's borrowing rate for the same time periods.

The County entered into an agreement for document and records management subscription-based software. Under the terms of the subscription, the County will make annual fixed payments of \$58,080. On September 16, 2023, the County recognized a right to use asset and an information technology subscription payable of \$274,486 related to this agreement. During the fiscal year, the County recorded \$54,897 in amortization expense and \$6,276 in interest expense for the right to use the subscription-based software. The County used an incremental discount rate of 2.90%, based on the County's borrowing rate for the same time periods.

The County entered into an agreement for communication subscription-based software. Under the terms of the subscription, the County will make annual fixed payments of \$137,700 for the minimum 1,350 standard licenses and annual fixed payments of \$53,757 for the minimum 28 contact center licenses. During the fiscal year, the county made variable payments of \$23,724 for additional unlimited standard and basic standard licenses. On January 1, 2023, the County recognized a right to use asset and an information technology subscription payable of \$585,490 related to this agreement. During the fiscal year, the County recorded \$156,131 in amortization expense and \$9,572 in interest expense for the right to use the subscription-based software. The County used an incremental discount rate of 2.50%, based on the County's borrowing rate for the same time periods.

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The Information Technology Subscription Payables outstanding are as follows:

	Contract Start Date	Discount Rates	Contract Value	Contract End Date	Balance
Governmental Activities					
Sheriff Data Management	12/1/2024	2.50%	\$ 1,090,860	11/30/2029	\$ 1,039,899
Attorney Data Management	11/15/2024	2.50%	98,500	11/14/2029	77,815
Human Resource Management	8/28/2024	3.10%	458,923	12/31/2027	442,800
Virtualization	7/6/2024	3.10%	226,895	7/5/2027	148,943
Asset Management	7/1/2024	3.05%	119,457	6/19/2025	119,457
Geographic Management	3/30/2024	2.75%	418,736	3/19/2027	282,926
Website Management	3/1/2024	2.70%	327,482	2/28/2029	258,450
Productivity	3/1/2024	2.75%	2,502,301	2/28/2027	1,733,643
Strategy Management	1/1/2024	2.75%	71,057	12/31/2026	48,011
Workload Automation	4/5/2023	2.45%	82,142	4/4/2026	27,375
Document and Records Management	9/16/2023	2.90%	274,486	9/15/2028	164,602
Communication	9/17/2021	2.50%	655,723	9/16/2026	183,289
Total Governmental Activities					<u>\$ 4,527,210</u>

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

Year ending	Governmental Activities	
	Principal	Interest
2025	\$ 1,704,322	\$ 104,116
2026	1,691,957	77,041
2027	545,296	30,173
2028	332,981	15,063
2029	252,654	6,480
Total	<u>\$ 4,527,210</u>	<u>\$ 232,873</u>

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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	\$127,750,000	\$ 17,090,000	\$ (7,215,000)	\$137,625,000	\$ 34,125,000	\$ 103,500,000
Premium on Bonds	5,478,097	1,234,482	(428,958)	6,283,621	-	6,283,621
Total Bonds Payable	133,228,097	18,324,482	(7,643,958)	143,908,621	34,125,000	109,783,621
Self-Insurance Claims						
Dental Insurance	35,140	1,478,718	(1,476,044)	37,814	37,814	-
Liability Insurance	1,311,826	277,990	(940,316)	649,500	10,500	639,000
Health Insurance	1,000,000	24,994,720	(24,484,720)	1,510,000	1,510,000	-
Worker's Compensation	490,000	83,887	(360,485)	213,402	-	213,402
Total Self-Insurance Claims	2,836,966	26,835,315	(27,261,565)	2,410,716	1,558,314	852,402
Total OPEB Liability	9,427,012	1,465,205	(1,492,637)	9,399,580	482,880	8,916,700
Net Pension Liability (1)	68,957,373	14,478,642	(35,720,730)	47,715,285	-	47,715,285
Compensated Absences (4) (5)	16,960,025	786,402	-	17,746,427	10,922,463	6,823,964
Financed Purchase (3)	-	965,066	(45,084)	919,982	149,863	770,119
Lease Payable	739,965	-	(268,369)	471,596	233,135	238,461
Subscription Payable	1,104,342	5,314,211	(1,891,343)	4,527,210	1,704,322	2,822,888
Total Governmental Activities	\$233,253,780	\$ 68,169,323	\$ (74,323,686)	\$227,099,417	\$ 49,175,977	\$ 177,923,440
Business-type Activities:						
Bonds Payable						
GO Revenue Bonds	\$ 39,630,000	\$ 2,855,000	\$ (6,425,000)	\$ 36,060,000	\$ 6,680,000	\$ 29,380,000
Premium on Bonds	887,666	206,058	(112,332)	981,392	-	981,392
Total Bonds Payable	40,517,666	3,061,058	(6,537,332)	37,041,392	6,680,000	30,361,392
Mortgages Payable (2)	478,569	-	(11,853)	466,716	12,553	454,163
Deferred Repayment Mortgages (2)	3,224,647	-	-	3,224,647	70,000	3,154,647
Deferred Forgivable Mortgages (2)	8,329,438	1,000,000	-	9,329,438	-	9,329,438
Net Pension Liability (1)	4,190,958	856,692	(2,470,136)	2,577,514	-	2,577,514
Compensated Absences (4)	1,012,480	13,420	-	1,025,900	593,747	432,153
Subscription Payable	82,441	-	(82,441)	-	-	-
Closure and Postclosure Care	2,381,252	95,081	-	2,476,333	-	2,476,333
Total Business-type Activities	\$ 60,217,451	\$ 5,026,251	\$ (9,101,762)	\$ 56,141,940	\$ 7,356,300	\$ 48,785,640

- (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.
- (5) Beginning balance adjusted due to implementation of Government Accounting Standard Board (GASB), Statement No. 101, *Compensated Absences*.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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	\$ 280,574	\$ 1,047,704
Capital assets	664,113	2,330,958
Total assets	<u>944,687</u>	<u>3,378,662</u>
Deferred outflows of resources	-	9,519
Liabilities		
Current liabilities	61,266	138,293
Current liabilities payable from restricted assets	8,058	25,673
Noncurrent liabilities	850,163	1,197,542
Total liabilities	<u>919,487</u>	<u>1,361,508</u>
Net position		
Net investment in capital assets	(198,603)	1,032,935
Restricted	-	367,047
Unrestricted	223,803	626,691
Total net position	<u>\$ 25,200</u>	<u>\$ 2,026,673</u>

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

	Rolling Heights	River's Edge
Charges for services	\$ 75,710	\$ 447,603
Operating grants	46,577	-
Depreciation expenses	(17,025)	(90,608)
Other operating expense	<u>(75,148)</u>	<u>(247,671)</u>
Operating income	30,114	109,324
Nonoperating revenues (expenses)		
Investment income	325	45,553
Operating transfers in	50,561	-
Interest expense	<u>(27,152)</u>	<u>(14,163)</u>
Changes in net position	53,848	140,714
Beginning net position	<u>(28,648)</u>	<u>1,885,959</u>
Ending net position	<u>\$ 25,200</u>	<u>\$ 2,026,673</u>

Condensed Statement of Cash Flows

	Rolling Heights	River's Edge
Net cash flows from:		
Operating activities	\$ 48,479	\$ 206,637
Capital and related financing activities	(59,108)	(177,918)
Non-capital financial activities	19,225	-
Investing activities	<u>325</u>	<u>45,553</u>
Net increases (decreases)	8,921	74,272
Cash and cash equivalents	270,085	967,659
Ending cash and cash equivalents	<u>\$ 279,006</u>	<u>\$ 1,041,931</u>

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
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8. FUND BALANCES

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.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
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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	\$ 447,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 447,400
Inventories	-	637,614	-	-	-	-	637,614
Prepays	2,390,590	57,190	998	-	-	-	2,448,778
Total Nonspendable	2,837,990	694,804	998	-	-	-	3,533,792
Restricted for:							
Attorney Prosecution	54,118	-	-	-	-	-	54,118
Attorney Child Support Enforcement	13,447	-	-	-	-	-	13,447
Attorney Sexual Exploitation Education	4,749	-	-	-	-	-	4,749
Law Library	299,727	-	-	-	-	-	299,727
Sheriff Contingency	5,000	-	-	-	-	-	5,000
Sheriff DUI Enforcement, Training, & Education	30,018	-	-	-	-	-	30,018
Public Safety	1,892,431	-	-	-	-	-	1,892,431
E911	1,185,096	-	-	-	-	-	1,185,096
D.A.R.E. Drug Education	12,769	-	-	-	-	-	12,769
Adult Detention Center Commissary	35,119	-	-	-	-	-	35,119
Recording Process Enhancements	2,056,710	-	-	-	-	-	2,056,710
Voting Operations, Technology, and Elections	122,835	-	-	-	-	-	122,835
Parks	672,565	-	-	-	-	-	672,565
Debt Service	-	-	-	-	6,020,266	-	6,020,266
Refinancing Debt Service	-	-	-	-	17,371,500	-	17,371,500
Capital Projects	-	-	-	-	-	6,345,866	6,345,866
Opioid Abatement	-	-	-	1,857,050	-	-	1,857,050
Aggregate Remediation	-	69,079	-	-	-	-	69,079
Transit and Transportation	-	2,479,774	-	-	-	-	2,479,774
Medical Assistance Eligibility Renewals	-	-	283,287	-	-	-	283,287
Total Restricted	6,384,584	2,548,853	283,287	1,857,050	23,391,766	6,345,866	40,811,406
Assigned to:							
Chester Heights Sewer	358,926	-	-	-	-	-	358,926
Groundwater Protection Programs	3,601,260	-	-	-	-	-	3,601,260
Affordable Housing Programs	2,500,000	-	-	-	-	-	2,500,000
Graham Park Exhibition Center	4,329,205	-	-	-	-	-	4,329,205
Highway Equipment	185,000	-	-	-	-	41,397	226,397
Parks Equipment and Improvements	252,052	-	-	-	-	104,670	356,722
Graham Park Improvements	1,100,000	-	-	-	-	2,046,193	3,146,193
Law Enforcement Equipment and Improvements	223,230	-	-	-	-	587,412	810,642
Adult Detention Equipment and Improvements	55,962	-	-	-	-	-	55,962
Information Technology Equipment and Improvements	505,000	-	-	-	-	-	505,000
Boardroom Audio Visual Media Improvements	250,000	-	-	-	-	-	250,000
Elections	273,660	-	-	-	-	-	273,660
Courts	210,000	-	-	-	-	-	210,000
Social Worker	63,716	-	-	-	-	-	63,716
Fair Bleachers	60,000	-	-	-	-	-	60,000
Available for Debt Service Fund	-	-	-	-	2,757,428	-	2,757,428
Available for Human Services	-	-	12,400,336	-	-	-	12,400,336
Total Assigned	13,968,011	-	12,400,336	-	2,757,428	2,779,672	31,905,447
Unassigned (Deficit)	87,376,773	(504,764)	-	-	-	-	86,872,009
Total Fund Balance	\$ 110,567,358	\$ 2,738,893	\$ 12,684,621	\$ 1,857,050	\$ 26,149,194	\$ 9,125,538	\$ 163,122,654

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
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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.

- South East MN Violent Crime Enforcement Team (\$182,144 in-kind services)
- Southeastern Minnesota Emergency Medical Services (\$0)
- Southeastern Minnesota Regional Emergency Communication Board and State of Minnesota (\$0)
- Homeland Safety Emergency Managers Region 1 (\$0)
- 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 (\$2,875)
- 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)
- Dodge & Olmsted Community Corrections (See additional information below.)
- WinLaC Partnership (Mississippi River Winona La Crescent Comprehensive Watershed Management) (\$0)

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.

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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 2024, county contributions were assessed in the following proportion:

Dodge County	10.775%
Olmsted County	<u>89.225%</u>
Total	100.000%

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

Olmsted County provided \$7,865,346 in funding during 2024.

Olmsted County received a credit of \$311,096 from D&O Community Corrections in 2024 for its share of 2024 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

**OLMSTED COUNTY
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10. POST-EMPLOYMENT BENEFITS – PERA

Public Employees Retirement Association Plan

A. 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

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 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.

Local Government 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.

B. Benefits Provided

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

OLMSTED COUNTY
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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 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent 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 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25 percent 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 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a 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 percent vested after five years of service and 100 percent vested after ten years. After five years, vesting increase by 10 percent each full year of service until members are 100 percent vested after ten years. Police and Fire Plan members receive 3 percent 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 percent each month members are younger than age 55.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a 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 percent vested after five years of service and 100 percent vested after ten years. After five years, vesting increase by 10 percent each full year of service until members are 100 percent vested after ten years. Correctional Plan members receive 1.9 percent of highest average salary for each year of service. 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.

**OLMSTED COUNTY
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Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 100 percent of the COLA announced by SSA, with a minimum increase of 1 percent and a maximum of 2.5 percent. The 2024 annual increase was 2.5 percent. If the plan's funding status declines to 85 percent or below for two consecutive years or 80 percent for one year, the maximum will be lowered from 2.5 percent to 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

C. 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 percent of their annual covered salary in fiscal year 2024 and Olmsted County was required to contribute 7.50 percent for General Plan members. Olmsted County's contributions to the General Employees Fund for the year ended December 31, 2024, were \$7,444,968. 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 percent of their annual covered salary in fiscal year 2024 and Olmsted County was required to contribute 17.70 percent for Police and Fire Plan members. Olmsted County's contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$1,526,667. 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 percent of their annual covered salary in fiscal year 2024 and Olmsted County was required to contribute 8.75 percent for Correctional Plan members. Olmsted County's contributions to the Correctional Fund for the year ended December 31, 2024, were \$632,119. Olmsted County's contributions were equal to the required contributions as set by state statute.

D. Pensions Costs

General Employees Fund Pension Costs

At December 31, 2024, Olmsted County reported a liability of \$41,439,136 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 \$1,071,531.

Olmsted County's proportionate share of the net pension liability	\$ 41,439,136
State of Minnesota's proportionate share of the net pension liability associated with Olmsted County	<u>1,071,531</u>
Total	<u>\$ 42,510,667</u>

OLMSTED COUNTY
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The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. Olmsted County's proportionate share was 1.1209 percent at the end of the measurement period and 1.1014 percent for the beginning of the period.

For the year ended December 31, 2024, Olmsted County recognized pension expense of \$4,243,777 for its proportionate share of the General Employees Plan's pension expense. In addition, Olmsted County recognized an additional \$28,727 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.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. Olmsted County recognized \$1,906,584 for the year ended December 31, 2024 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 General Employees Fund.

At December 31, 2024, Olmsted County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,877,663	\$ -
Changes in actuarial assumptions	201,868	15,484,709
Net difference between projected and actual investment earnings	-	12,491,710
Change in proportion	818,107	1,221,955
Contributions paid to PERA subsequent to the measurement date	3,738,593	-
Total	<u>\$ 8,636,231</u>	<u>\$ 29,198,374</u>

The \$3,738,593 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, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2025	\$ (14,122,191)
2026	(2,221,643)
2027	(4,780,840)
2028	(3,176,062)

OLMSTED COUNTY
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Police and Fire Fund Pension Costs

At December 31, 2024, Olmsted County reported a liability of \$7,987,532 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. Olmsted County's proportionate share was 0.6071 percent at the end of the measurement period and 0.5954 percent for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with Olmsted County totaled \$304,482.

County's proportionate share of the net pension liability	\$ 7,987,532
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>304,482</u>
Total	<u>\$ 8,292,014</u>

For the year ended December 31, 2024, Olmsted County recognized pension expense of \$1,503,630 for its proportionate share of the Police and Fire Plan's pension expense. Olmsted County recognized \$34,056 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 \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. Olmsted County recognized \$172,408 for the year ended December 31, 2024 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.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

At December 31, 2024, Olmsted County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,090,353	\$ -
Changes in actuarial assumptions	8,818,397	11,534,729
Net difference between projected and actual investment earnings	-	2,630,072
Change in proportion	243,577	380,296
Contributions paid to PERA subsequent to the measurement date	768,947	-
	<hr/>	<hr/>
Total	\$ 12,921,274	\$ 14,545,097

The \$768,947 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, 2025. 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
2025	\$ (404,726)
2026	2,099,450
2027	(1,209,154)
2028	(3,096,180)
2029	217,840

Correctional Fund Pension Costs

At December 31, 2024, Olmsted County reported a liability of \$866,131 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. Olmsted County's proportionate share was 2.8418 percent at the end of the measurement period and 2.8260 percent for the beginning of the period.

For the year ended December 31, 2024, Olmsted County recognized pension expense of \$1,286,036 for its proportionate share of the Correctional Plan's pension expense.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$5.3 million to the Correctional Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the Correctional Plan pension allocation schedules for the \$5.3 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. Olmsted County recognized \$149,366 for the year ended December 31, 2024 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 Correctional Employees Fund.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

At December 31, 2024, Olmsted County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 612,584	\$ -
Changes in actuarial assumptions	-	2,914,044
Net difference between projected and actual investment earnings	-	1,183,520
Change in proportion	4,769	117,559
Contributions paid to PERA subsequent to the measurement date	314,746	-
Total	\$ 932,099	\$ 4,215,123

The \$314,746 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, 2025. 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
2025	\$ (3,325,609)
2026	510,106
2027	(458,541)
2028	(323,726)

The total pension expense for all plans recognized by Olmsted County for the year ended December 31, 2024, was \$7,096,226.

E. Long-Term Expected Return on Investment

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

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

F. 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, 2024, 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 1.25% 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 10.25% 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 11.75% after one year of service to 3% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11% at age 20 to 3% at age 60.

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. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions

Rates of merit and seniority were adjusted, resulting in slightly higher rates.

Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.

Minor increase in assumed withdrawals for males and females.

Lower rates of disability.

Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.

Minor changes to form of payment assumptions for male and female retirees.

Minor changes to assumptions made with respect to missing participant data.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Changes in Plan Provisions

The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

Police and Fire Fund

Changes in Plan Provisions

The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.

The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

Correctional Fund

Changes in Plan Provisions

Employee contribution rates will increase from 5.83% of pay to 6.83% of pay, effective July 1, 2025.

Employer contribution rates will increase from 8.75% of pay to 10.25% of pay, effective July 1, 2025.

The benefit multiplier changed from 1.9% to 2.2% for service earned after June 30, 2025.

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees, Police and Fire, and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents 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%	\$ 90,509,743	6.00%	\$ 18,876,097	6.00%	\$ 7,038,374
Current	7.00	41,439,136	7.00	7,987,532	7.00	866,131
1% Higher	8.00	1,074,087	8.00	(954,259)	8.00	(4,051,020)

I. 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.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

J. Public Employee 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 2024 were:

	<u>Employee</u>	<u>Employer</u>
Contribution Amount	\$ 30,548	\$ 30,548
Percentage of covered payroll	5%	5%
Required rate	5%	5%

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

11. OTHER POST-EMPLOYMENT BENEFITS

A. 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.

B. 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.

C. 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, 2024, included 1,283 active plan participants. As of December 31, 2024, there were 38 enrollees: 25 retirees and 13 COBRA enrollees, receiving health benefits from the County's health plan.

D. Total OPEB Liability

Olmsted County's total OPEB liability of \$9,399,580 was measured as of January 1, 2024, rolled forward to December 31, 2024, 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	6.50 percent in 2024 decreasing to 5.00% over 6 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.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

E. Changes in the Total OPEB Liability

Balance at December 31, 2023	\$ 9,427,012
Changes for the year:	
Service cost	641,347
Interest cost	393,434
Assumption changes	430,424
Difference between expected and actual experience	(1,023,022)
Benefit payments	(469,615)
Net change	(27,432)
Balance at December 31, 2024	<u>\$ 9,399,580</u>

Assumption changes:

Discount rate was changed from 4.00% to 3.70%.

Health care trend rates were updated.

F. 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 (2.70%) or 1-percentage point higher (4.70%) than the current discount rate:

	<u>Total OPEB</u>
Selected 3.70% discount rate	\$ 9,399,580
1% decrease in discount rate	10,195,274
1% increase in discount rate	8,667,287

G. 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 (5.50%) or 1-percentage point higher (7.50%) than the current health care cost trend rates:

	<u>Total OPEB</u>
Selected 6.50% health care cost trend rate	\$ 9,399,580
1% decrease in health care cost trend rate	8,395,572
1% increase in health care cost trend rate	10,579,557

H. OPEB Expense and Deferred Outflow of Resources Related to OPEB

For the year ended December 31, 2024, Olmsted County recognized expense of \$807,409. At December 31, 2024, Olmsted County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Liability losses and gains	\$ 100,017	\$ 1,191,140
Changes in assumptions	693,440	1,019,925
Employer contributions subsequent to the measurement date	429,587	-
	<u>\$ 1,223,044</u>	<u>\$ 2,211,065</u>

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

The \$429,587 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, 2025.

Other amounts reported as deferred outflows and deferred inflows related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31</u>	<u>OPEB Expense Amount</u>
2025	\$ (227,367)
2026	(189,664)
2027	(289,530)
2028	(364,458)
2029	(261,927)
Thereafter	(84,662)

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 expectation, 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.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 \$2,410,716 was recorded for IBNR for all self-insurance activities reported at December 31, 2024. 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 2024. 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				Year ended December 31, 2024	Year ended December 31, 2023
	Dental	Liability	Health	Worker Compensation		
Unpaid claims, beginning of fiscal year	\$ 35,140	\$ 1,311,826	\$ 1,000,000	\$ 490,000	\$ 2,836,966	\$ 2,509,867
Incurred, claims, including IBNR	1,478,718	277,990	24,994,720	83,887	\$ 26,835,315	23,814,647
Claim payments	(1,476,044)	(940,316)	(24,484,720)	(360,485)	\$ (27,261,565)	(23,487,548)
Unpaid claims, end of fiscal year	<u>\$ 37,814</u>	<u>\$ 649,500</u>	<u>\$ 1,510,000</u>	<u>\$ 213,402</u>	<u>\$ 2,410,716</u>	<u>\$ 2,836,966</u>

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 in order to assist with funding development projects. As of December 31, 2024, the city had thirty-seven such districts in which \$7,979,231 of tax revenue was paid out to developers under these agreements. The County's share of all governmental units' 2024 property tax collections is 33 percent. Thirty-three percent of the amount paid to developers is \$2,633,146.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

15. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

Statement No. 102, *Certain Risk Disclosures*

Statement No. 103, *Financial Reporting Model Improvements*

Statement No. 104, *Disclosure of Certain Capital Assets*

When they become effective, application of these standards may restate portions of these financial statements.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

16. SUBSEQUENT EVENTS

Approval of Construction Loan

In April 2025, the Olmsted County Housing and Rehabilitation Authority (HRA) board approved a \$1.7 million loan to construct 8 additional affordable single-family homes. The construction and sale of these homes is expected to be completed in 2025, at which time the loans will be repaid.

OLMSTED COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 \$5,161,828 over the next 14 years (2025-2038). 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, and \$1,261,989 in 2024 as part of the settlement.

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: September 16, 2025

For all or none of the \$21,505,000* General Obligation Bonds, Series 2025A, in accordance with the Notice of Sale, we will pay you \$ _____, (not less than \$21,365,217.50) plus accrued interest, if any, to date of delivery (estimated to be October 15, 2025) for fully registered Bonds bearing interest rates and maturing on February 1 as follows:

<u>Interest</u>			<u>Interest</u>			<u>Interest</u>		
<u>Year</u>	<u>Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Rate</u>	<u>Yield</u>
2027	____%	____%	2034	____%	____%	2041	____%	____%
2028	____%	____%	2035	____%	____%	2042	____%	____%
2029	____%	____%	2036	____%	____%	2043	____%	____%
2030	____%	____%	2037	____%	____%	2044	____%	____%
2031	____%	____%	2038	____%	____%	2045	____%	____%
2032	____%	____%	2039	____%	____%	2046	____%	____%
2033	____%	____%	2040	____%	____%			

True interest percentage: _____%

Net interest cost: \$ _____

Term Bond Option: Bonds maturing in the years:

_____ through _____
_____ through _____
_____ through _____
_____ through _____
_____ through _____

To be accumulated into a Term Bond maturing in year:

_____.
_____.
_____.
_____.
_____.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in the bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds.

As set forth in the Notice of Sale, this bid shall not be cancelled in the event that the competitive sale requirements are not satisfied. The City may determine to apply the Hold-the-Offering-Price Rule to the Bonds (such terms are used as described in the Notice of Sale).

We have received and reviewed the Preliminary Official Statement and have submitted our requests for additional information or corrections to the Official Statement. As Syndicate Manager, we agree to provide the County with the reoffering price of the Bonds within 24 hours of the bid acceptance.

A Good Faith Deposit in the amount as stated in the Notice of Sale in the form of a federal wire transfer payable to the order of the County will only be required from the apparent winning bidder, and must be received within two hours after the receipt of the bids. Award of the Bonds will be on the basis of True Interest Cost (TIC).

Account Members:

Account Manager: _____ By: _____

The foregoing proposal is hereby duly accepted by and on behalf of the Olmsted County, Minnesota at _____ PM on September 16, 2025.

Administrator

Board Chair

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