

**AITKIN COUNTY, MINNESOTA**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2024**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://CLAconnect.com)

**AITKIN COUNTY, MINNESOTA  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2024**

**INTRODUCTORY SECTION**

<b>ORGANIZATION OFFICIALS</b>	<b>1</b>
-------------------------------	----------

**FINANCIAL SECTION**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>2</b>
-------------------------------------	----------

<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>6</b>
---	----------

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

<b>STATEMENT OF NET POSITION</b>	<b>14</b>
----------------------------------	-----------

<b>STATEMENT OF ACTIVITIES</b>	<b>16</b>
--------------------------------	-----------

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

<b>BALANCE SHEET</b>	<b>18</b>
----------------------	-----------

<b>RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES</b>	<b>22</b>
--	-----------

<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE</b>	<b>23</b>
---	-----------

<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES</b>	<b>25</b>
--	-----------

**PROPRIETARY FUND**

<b>STATEMENT OF NET POSITION – LONG LAKE CONSERVATION CENTER ENTERPRISE FUND</b>	<b>26</b>
--	-----------

<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION – LONG LAKE CONSERVATION CENTER ENTERPRISE FUND</b>	<b>27</b>
---	-----------

<b>STATEMENT OF CASH FLOWS – LONG LAKE CONSERVATION CENTER ENTERPRISE FUND</b>	<b>28</b>
--	-----------

**AITKIN COUNTY, MINNESOTA  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2024**

**FINANCIAL SECTION (CONTINUED)**

**FUND FINANCIAL STATEMENTS (CONTINUED)**

**FIDUCIARY FUNDS**

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	29
---	----

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS	30
---	----

NOTES TO FINANCIAL STATEMENTS	31
-------------------------------	----

**REQUIRED SUPPLEMENTARY INFORMATION**

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	80
--	----

BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE SPECIAL REVENUE FUND	83
---	----

BUDGETARY COMPARISON SCHEDULE – HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND	84
---	----

BUDGETARY COMPARISON SCHEDULE – TRUST SPECIAL REVENUE FUND	85
---	----

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY, RELATED RATIOS, AND NOTES	86
---	----

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	87
--	----

SCHEDULE OF CONTRIBUTIONS	89
---------------------------	----

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	91
---	----

**SUPPLEMENTARY INFORMATION**

**GOVERNMENTAL FUNDS**

DESCRIPTION OF FUNDS – NONMAJOR GOVERNMENTAL FUNDS	104
--	-----

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	105
---	-----

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS	107
---	-----

**AITKIN COUNTY, MINNESOTA  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2024**

**SUPPLEMENTARY INFORMATION (CONTINUED)**

**GOVERNMENTAL FUNDS (CONTINUED)**

<b>BUDGETARY COMPARISON SCHEDULE – FOREST DEVELOPMENT SPECIAL REVENUE FUND</b>	<b>109</b>
<b>BUDGETARY COMPARISON SCHEDULE – UNORGANIZED ROAD, BRIDGE, AND FIRE SPECIAL REVENUE FUND</b>	<b>110</b>
<b>BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND</b>	<b>111</b>
<b>BUDGETARY COMPARISON SCHEDULE – ENVIRONMENTAL PERMANENT FUND</b>	<b>112</b>

**FIDUCIARY FUNDS**

<b>DESCRIPTION OF FUNDS – FIDUCIARY FUNDS</b>	<b>113</b>
<b>COMBINING STATEMENT OF FIDUCIARY NET POSITION – CUSTODIAL FUNDS</b>	<b>114</b>
<b>COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – CUSTODIAL FUNDS</b>	<b>115</b>

**OTHER SCHEDULES**

<b>SCHEDULE OF INTERGOVERNMENTAL REVENUE</b>	<b>118</b>
<b>BALANCE SHEET – BY DITCH – DITCH SPECIAL REVENUE FUND</b>	<b>120</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>122</b>
<b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>124</b>

**REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS* AND SINGLE AUDIT**

<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>126</b>
<b>INDEPENDENT AUDITORS' REPORT COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</b>	<b>128</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>131</b>
<b>INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE</b>	<b>139</b>

## **INTRODUCTORY SECTION**

(This page intentionally left blank)

**AITKIN COUNTY, MINNESOTA  
ORGANIZATION OFFICIALS  
DECEMBER 31, 2024**

		<u>Term Expires</u>
Elected:		
Commissioners:		
District 1	J. Mark Wedel*	December 2026
District 2	Laurie Westerlund	December 2024
District 3	Travis Leiviska**	December 2026
District 4	Bret Sample	December 2024
District 5	Michael Kearney	December 2026
Attorney	Jim Ratz	December 2026
Auditor	Kirk Peysar	December 2024
Recorder	Tara Snyder	December 2026
Sheriff	Dan Guida	December 2026
Treasurer	Lori Grams	December 2026
Appointed:		
Administrator	Jessica Seibert	Indefinite
Assessor	Mike Dangers	December 2024
Engineer	John Welle	December 2024
Coroner	Ramsey County Medical Examiner	Indefinite
Health and Human Services		
Director	Sarah Pratt	Indefinite
Land Commissioner	Dennis Thompson	Indefinite
Veterans Service Officer	Penny Harms	Indefinite

\* Chair

\*\* Vice Chair

(This page intentionally left blank)



## **FINANCIAL SECTION**

(This page intentionally left blank)



## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Aitkin County  
Aitkin, Minnesota

### 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 Aitkin County (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, the 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 Aitkin 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.

#### ***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. 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 Matter - Restatement***

As discussed in Note 10 to the financial statements, the County restated beginning net position of the business-type activities and the Long Lake Conservation Center Enterprise fund to correct an error in the previously issued financial statements. 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 management's discussion and analysis, budgetary comparison information, schedule of changes in the total OPEB liability, related ratios, and notes, schedule of the County's proportionate share of the net pension liability (asset), schedule of contributions, and notes to required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 Aitkin County's basic financial statements. The supplementary information as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information as listed in the table of contents and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section 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 August 14, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
August 14, 2025

**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

Aitkin County's (the County) Management's Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the fiscal year ended December 31, 2024. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the County's financial statements.

**FINANCIAL HIGHLIGHTS**

- Governmental activities have a total net position of \$152,772,313, of which \$124,220,893 is the net investment in capital assets, and \$12,704,966 is restricted to specific purposes, and the remaining balance of \$15,846,454 is unrestricted.
- Business-type activities have a total net position of \$1,971,426, of which, investment in capital assets represents \$2,300,861 of the total, \$2,036 is restricted for specific uses, and the remaining deficit of \$331,471 is unrestricted.
- Aitkin County's net position from current year activity increased by \$5,171,139 for the year ended December 31, 2024. Of the increase, \$5,368,168 was in governmental activities, and there was a decrease of \$197,029 in business-type activities.
- The cost of governmental activities decreased by \$2,694,268 to \$41,012,683 for the current fiscal year. Program revenues of \$22,100,475 offset those costs. A portion of the net cost was funded by general revenues and other items totaling \$24,280,376.
- Governmental funds' fund balances increased by \$441,074 from current year activity.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This MD&A is intended to serve as an introduction to the basic financial statements. Aitkin County's basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A (this section), certain budgetary comparison schedules, and certain information related to the County's net pension liability are required to accompany the basic financial statements and, therefore, are included as required supplementary information.

There are two government-wide financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements report the County's operation in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Government-Wide Financial Statements--Statement of Net Position and Statement of Activities**

The Statement of Net Position and the Statement of Activities report information about the County as a whole and about the activities in a way that helps the reader determine whether the County's financial condition has improved or declined as a result of the year's activities. These statements include all assets and liabilities using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and changes in them. You can think of the County's net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of County roads, to assess the overall health of the County.

In the Statement of Net Position and the Statement of Activities, we divide the County into two kinds of activities:

**Governmental activities**--Most of the County's basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities.

**Business-type activities**--The County charges a fee to customers to help it cover all or most of the costs of these services it provides. The Long Lake Conservation Center's activities are reported here.

**Fund Financial Statements**

The fund financial statements provide detailed information about the significant funds--not the County as a whole. Some funds are required to be established by state law and by bond covenants. However, the County Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two kinds of funds, governmental and proprietary, use different accounting methods.

**Governmental funds**--Most of the County's basic services are reported in governmental funds, which focus on how money flows in to and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual basis of accounting. This method measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation statement following each governmental fund financial statement.



**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Proprietary funds**--When the County charges customers for the services it provides, whether to outside customers or to other units of the County, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the County's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provides more detail and additional information, such as cash flows.

**Reporting the County's Fiduciary Responsibilities**

The County is the trustee, or fiduciary, over certain assets. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a separate Statement of Changes in Fiduciary Net Position. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**THE COUNTY AS A WHOLE**

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the County's governmental and business-type activities for the year ended December 31, 2024, with comparative amounts for 2023.

**Table 1  
Net Position**

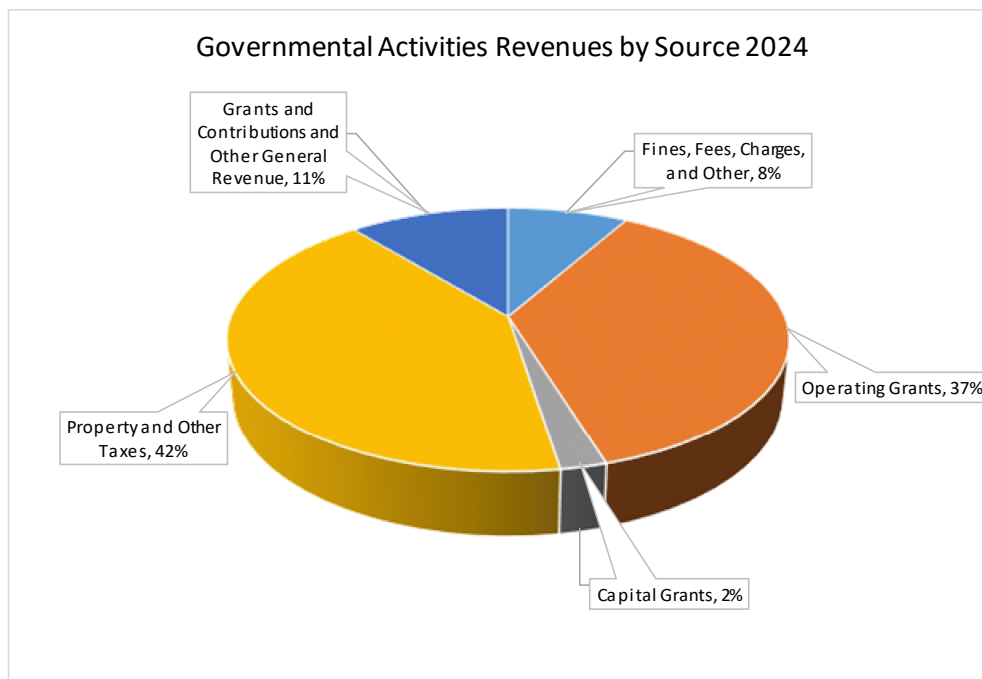
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<b>Assets:</b>						
Current and Other Assets	\$ 44,854,376	\$ 41,357,224	\$ 46,710	\$ 36,417	\$ 44,901,086	\$ 41,393,641
Capital Assets	133,008,726	132,070,782	2,300,861	2,461,817	135,309,587	134,532,599
Total Assets	177,863,102	173,428,006	2,347,571	2,498,234	180,210,673	175,926,240
<b>Deferred Outflows of Resources</b>	4,274,952	6,458,586	60,647	93,306	4,335,599	6,551,892
<b>Liabilities:</b>						
Current Liabilities	5,933,265	5,813,687	73,135	80,747	6,006,400	5,894,434
Long-Term Liabilities	15,979,962	19,667,584	219,166	310,031	16,199,128	19,977,615
Total Liabilities	21,913,227	25,481,271	292,301	390,778	22,205,528	25,872,049
<b>Deferred Inflows of Resources</b>	7,452,514	7,001,176	144,491	97,805	7,597,005	7,098,981
<b>Net Position:</b>						
Net Investment in Capital Assets	124,220,893	122,615,695	-	-	124,220,893	122,615,695
Investment in Capital Assets	-	-	2,300,861	2,461,817	2,300,861	2,461,817
Restricted	12,704,966	9,476,382	2,036	2,036	12,707,002	9,478,418
Unrestricted	15,846,454	15,312,068	(331,471)	(360,896)	15,514,983	14,951,172
Total Net Position	\$ 152,772,313	\$ 147,404,145	\$ 1,971,426	\$ 2,102,957	\$ 154,743,739	\$ 149,507,102

**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

**THE COUNTY AS A WHOLE (CONTINUED)**

**Table 2  
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<b>Revenues:</b>						
Program Revenues:						
Fines, Fees, Charges, and Other	\$ 3,807,667	\$ 3,329,327	\$ 755,758	\$ 502,009	\$ 4,563,425	\$ 3,831,336
Operating Grants	17,236,450	20,610,255	41,844	361,191	17,278,294	20,971,446
Capital Grants	1,056,358	2,755,922	-	-	1,056,358	2,755,922
General Revenues:						
Property Taxes	16,906,410	16,345,161	-	-	16,906,410	16,345,161
Other Taxes	2,448,441	1,894,200	-	-	2,448,441	1,894,200
Grants and Contributions	2,241,506	1,684,960	-	-	2,241,506	1,684,960
Other General Revenues	2,834,019	3,112,275	18,490	4,927	2,852,509	3,117,202
Total Revenues	46,530,851	49,732,100	816,092	868,127	47,346,943	50,600,227
<b>Expenses:</b>						
General Government	8,515,777	8,000,186	-	-	8,515,777	8,000,186
Public Safety	9,111,033	8,763,982	-	-	9,111,033	8,763,982
Highways and Streets	9,996,982	11,581,326	-	-	9,996,982	11,581,326
Sanitation	527,030	407,102	-	-	527,030	407,102
Human Services	7,271,131	6,454,184	-	-	7,271,131	6,454,184
Health	1,087,323	1,041,586	-	-	1,087,323	1,041,586
Culture and Recreation	1,269,433	1,225,663	-	-	1,269,433	1,225,663
Resources	2,378,641	1,073,276	1,163,121	1,026,702	3,541,762	2,099,978
Economic Development	595,322	4,879,939	-	-	595,322	4,879,939
Interest	260,011	279,707	-	-	260,011	279,707
Total Expenses	41,012,683	43,706,951	1,163,121	1,026,702	42,175,804	44,733,653
<b>Increase (Decrease) in Net Position Before Transfers</b>	5,518,168	6,025,149	(347,029)	(158,575)	5,171,139	5,866,574
Transfers	(150,000)	-	150,000	-	-	-
<b>Change in Net Position</b>	5,368,168	6,025,149	(197,029)	(158,575)	5,171,139	5,866,574
Net Position - Beginning of Year, as Previously Reported	147,404,145	141,378,996	2,102,957	2,261,532	149,507,102	143,640,528
Prior Period Adjustment - Correction of an Error (see Note 10)	-	-	65,498	-	65,498	-
Net Position - Beginning of Year, as Restated	147,404,145	141,378,996	2,168,455	2,261,532	149,572,600	143,640,528
<b>Net Position - End of Year</b>	<u>\$ 152,772,313</u>	<u>\$ 147,404,145</u>	<u>\$ 1,971,426</u>	<u>\$ 2,102,957</u>	<u>\$ 154,743,739</u>	<u>\$ 149,507,102</u>



**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

**THE COUNTY AS A WHOLE (CONTINUED)**

**Governmental Activities**

The cost of all activities this year was \$41,012,683. However, as shown in the Statement of Activities, the amount that taxpayers ultimately financed for these activities through County property taxes was \$16,906,410, because some of the cost was paid by those who directly benefited from the programs (\$3,807,667) or by other governments and organizations that subsidized certain programs with grants and contributions (\$18,292,808). Total revenues exceeded expenses, increasing net position \$5,368,168 over last year. The net change is primarily due to property taxes and fees, charges, fines, and other revenue exceeding expenses.

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

**Table 3  
Governmental Activities**

Activity	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
General Government	\$ 8,515,777	\$ 8,000,186	\$ 6,786,119	\$ 6,261,948
Public Safety	9,111,033	8,763,982	6,473,030	6,219,234
Highways and Streets	9,996,982	11,581,326	(1,089,925)	(123,944)
Human Services	7,271,131	6,454,184	3,334,552	2,590,683
Conservation of Natural Resources	2,378,641	1,073,276	1,564,857	(538,668)
Other	3,739,119	7,833,997	1,843,575	2,602,194
Total	<u>\$ 41,012,683</u>	<u>\$ 43,706,951</u>	<u>\$ 18,912,208</u>	<u>\$ 17,011,447</u>

**Business-Type Activities and Enterprise Fund**

The revenues of the County's business-type activities and Long Lake Conservation Center Enterprise Fund decreased by 6%, income from fees increased 51%, and expenses increased by 13% due to increase in events.

**The County's Funds**

As the County completed the year, its governmental funds reported a combined fund balance of \$31,957,317, which is above last year's total of \$31,516,243.

Revenues for the County's governmental funds were \$43,160,843, while expenditures were \$42,788,974. The increase of \$441,074 in fund balance resulted primarily from the following: an increase in the General Fund's fund balance of \$570,179 due to a decrease in economic development expenditures offset with a decrease in federal grants, an increase in the Opioid Fund's fund balance of \$354,024 due to increased opioid settlement receipts, and a decrease in the Human Services Fund's fund balance of \$353,994 due to increased capital outlay.

**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

**THE COUNTY AS A WHOLE (CONTINUED)**

**The County's Funds (Continued)**

**General Fund**

The General Fund includes the primary operations of the County in providing services to citizens. The General Fund saw an increase in fund balance of \$570,179, primarily due to a decrease in economic development expenditures offset with a decrease in federal grants.

**Road and Bridge Fund**

The Road and Bridge Fund accounts for financial activity related to the construction and maintenance of the County road system, including County state-aid highways and County roads. The fund balance in the Road and Bridge Fund increased \$96,763, due primarily to construction expenditures being less than budgeted expenditures.

**Health and Human Services Fund**

The Health and Human Service Fund accounts for financial activity related to the provision of social services, medical and financial assistance, and public health. The fund balance in the Health and Human Services Special Revenue Fund decreased \$353,994 due primarily to greater than anticipated capital outlay.

**Trust Fund**

The Trust Fund accounts for the proceeds from the sale or rental of lands forfeited to the State of Minnesota, pursuant to Minn. Stat. ch. 282. The fund balance in the Trust Special Revenue Fund balance decreased \$55,876 due primarily to greater than anticipated transfers related to surveyor costs and maintenance costs.

**Opioid Remediation Fund**

The Opioid Remediation Fund was established in 2021 and is going to be used to account for the financial activity related to the County's share of the national opioid settlement agreement. The amounts due to the County total \$817,581 at the end of 2024 and will be paid over the next 14 years.

**General Fund Budgetary Highlights**

The actual charges to appropriations (expenditures) were \$1,423,706 over the final budget amounts. Revenues were over budget by \$2,182,249 with the significant positive variances for intergovernmental revenues and investment earnings accounting for \$2,711,965 of the increase, offset by tax revenue being \$457,567 under budget due to increased delinquency.

**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2024, the County had \$135,309,587 invested in a broad range of capital assets, including land, construction in progress, buildings, machinery, furniture, equipment, and infrastructure, net of depreciation (see Table 4). This amount represents a net increase of \$776,988, or 0.58%, over the last year.

**Table 4  
Capital Assets at Year-End  
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 3,761,244	\$ 3,761,244	\$ 15,400	\$ 15,400	\$ 3,776,644	\$ 3,776,644
Construction in Progress	1,663,327	595,412	-	-	1,663,327	595,412
Buildings	17,080,956	17,713,784	2,267,429	2,420,860	19,348,385	20,134,644
Machinery, Furniture, and Equipment	4,447,788	4,430,310	18,032	25,557	4,465,820	4,455,867
Land Improvements	5,978	8,968	-	-	5,978	8,968
Infrastructure	106,049,433	105,561,064	-	-	106,049,433	105,561,064
Total	<u>\$ 133,008,726</u>	<u>\$ 132,070,782</u>	<u>\$ 2,300,861</u>	<u>\$ 2,461,817</u>	<u>\$ 135,309,587</u>	<u>\$ 134,532,599</u>

This year's major additions were directly related to vehicle purchases and infrastructure.

Additional information on capital assets is found in Note 3.A.3 of the financial statements.

**Debt**

At year-end, the County had \$8,646,367 in debt outstanding, versus \$9,045,869 last year, a decrease of 4.42%, as shown in Table 5 due to scheduled general obligation bond payments. The decrease was due to the normal scheduled principal payments made during the year.

**Table 5  
Outstanding Debt at Year-End**

	Governmental Activities	
	2024	2023
General Obligation Bonds	\$ 8,498,369	\$ 8,930,122
Direct Borrowing - AgBMP Septic Loans	<u>147,998</u>	<u>115,747</u>
Total Outstanding Debt	<u>\$ 8,646,367</u>	<u>\$ 9,045,869</u>

**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

**Debt (Continued)**

The County's general obligation bond rating is "A1," a rating assigned by national rating agencies to the County's debt. The state limits the amount of net debt the County can issue to 3% of the market value of all taxable property in the County. The County's outstanding net debt is well below the 3% debt limit imposed by state statutes.

Other obligations include accrued vacation and sick leave payable and other postemployment benefits. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The County's elected and appointed officials will consider many factors when setting the fiscal year 2026 budget, tax rates, and fees that will be charged for the business-type activities.

- An increase in State Assessed Properties will affect the Net Tax Capacity, but the total is unknown until appeals are settled.
- Enbridge Pipeline was figured into the County's Net Tax Capacity in 2023, so adjustments due to Enbridge will not be as significant moving forward.
- Aitkin County's demographic population has a high median age, creating increased demands for services across several service areas.
- The need to address future capital and infrastructure funding. Decisions to use Fund Balance have been made to update facilities and maintain a smaller tax rate increase.
- The County is dependent on the State of Minnesota for a significant portion of its revenue. Continuing monitoring of legislature is needed to be able to adjust to changes.
- The labor market is very tight, and the County will need to address market comparisons to remain competitive.
  - Increases due to market adjustments have increased wages in many budgets. This will continue to carry through the 2026 budget.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, or need additional information, contact Kathleen Ryan, Aitkin County Auditor, Aitkin County Courthouse, 307 Second Street N.W., Room 121, Aitkin, Minnesota 56431.

## **BASIC FINANCIAL STATEMENTS**

(This page intentionally left blank)



## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**AITKIN COUNTY, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 33,218,727	\$ 38,515	\$ 33,257,242
Petty Cash and Change Funds	6,750	1,000	7,750
Cash with Fiscal Agent	59,811	-	59,811
Taxes Receivable:			
Delinquent	391,660	-	391,660
Special Assessments Receivable:			
Delinquent	12,439	-	12,439
Accounts Receivable - Net	2,474,410	1,280	2,475,690
Accrued Interest Receivable	116,098	-	116,098
Loan Receivable	88,187	-	88,187
Due from Other Governments	5,994,361	-	5,994,361
Prepaid Supplies	521,756	3,879	525,635
Investment in Joint Venture	1,970,177	-	1,970,177
Restricted Assets:			
Cash and Pooled Investments	-	2,036	2,036
Capital Assets:			
Nondepreciable	5,424,571	15,400	5,439,971
Depreciable - Net of Accumulated			
Depreciation	127,584,155	2,285,461	129,869,616
Total Assets	177,863,102	2,347,571	180,210,673
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Outflows	3,831,782	46,759	3,878,541
Deferred OPEB Outflows	443,170	13,888	457,058
Total Deferred Outflows of Resources	4,274,952	60,647	4,335,599

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**DECEMBER 31, 2024**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<b>LIABILITIES</b>			
Accounts Payable	\$ 596,096	\$ 1,330	\$ 597,426
Salaries Payable	891,311	27,280	918,591
Contracts Payable	289,464	-	289,464
Due to Other Governments	514,941	-	514,941
Timber Permit Bonds	40,350	-	40,350
Accrued Interest Payable	112,506	-	112,506
Unearned Revenue	1,073,800	-	1,073,800
Long-Term Liabilities:			
Compensated Absences Payable - Due			
Within One Year	1,857,154	41,442	1,898,596
Total Other Postemployment Benefits Liability -			
Due Within One Year	98,391	3,083	101,474
General Obligation Bonds Payable - Due			
Within One Year	440,000	-	440,000
Direct Borrowing Payable - Due Within			
One Year	19,252	-	19,252
Total Other Postemployment Benefits Liability -			
Due in More than One Year	985,583	22,860	1,008,443
General Obligation Bonds Payable -			
Due in More than One Year	8,058,369	-	8,058,369
Direct Borrowing Payable - Due in More than			
One Year	128,746	-	128,746
Net Pension Liability	6,807,264	196,306	7,003,570
Total Liabilities	21,913,227	292,301	22,205,528
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Received for Future Years	1,861	-	1,861
Deferred Pension Inflows	7,407,443	143,137	7,550,580
Deferred OPEB Inflows	43,210	1,354	44,564
Total Deferred Inflows of Resources	7,452,514	144,491	7,597,005
<b>NET POSITION</b>			
Net Investment in Capital Assets	124,220,893	-	124,220,893
Investment in Capital Assets	-	2,300,861	2,300,861
Restricted - Nonexpendable	457,677	-	457,677
Restricted for:			
General Government	574,367	-	574,367
Public Safety	1,303,767	-	1,303,767
Highways and Streets	4,726,704	-	4,726,704
Health and Human Services	144,703	-	144,703
Sanitation	234,725	-	234,725
Culture and Recreation	853	-	853
Conservation of Natural Resources	2,195,389	-	2,195,389
Economic Development	455,639	-	455,639
Unorganized Road, Bridge, and Fire	369,428	-	369,428
Opioid Epidemic Response	1,457,499	-	1,457,499
Pension Benefits	-	-	-
Debt Service	784,215	-	784,215
Other Purposes	-	2,036	2,036
Unrestricted	15,846,454	(331,471)	15,514,983
Total Net Position	\$ 152,772,313	\$ 1,971,426	\$ 154,743,739

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities:				
General Government	\$ 8,515,777	\$ 1,522,949	\$ 206,709	\$ -
Public Safety	9,111,033	551,439	2,086,564	-
Highways and Streets	9,996,982	835,644	9,194,905	1,056,358
Sanitation	527,030	11,834	42,750	-
Human Services	7,271,131	642,778	3,293,801	-
Health	1,087,323	56,470	724,148	-
Culture and Recreation	1,269,433	139,497	156,013	-
Conservation of Natural Resources	2,378,641	47,056	766,728	-
Economic Development	595,322	-	764,832	-
Interest	260,011	-	-	-
Total Governmental Activities	41,012,683	3,807,667	17,236,450	1,056,358
Business-Type Activities:				
Long Lake Conservation Center	1,163,121	755,758	41,844	-
Total Primary Government	\$ 42,175,804	\$ 4,563,425	\$ 17,278,294	\$ 1,056,358

**GENERAL REVENUES**

Property Taxes  
Mortgage Registry and Deed Tax  
Other Taxes  
Payments in Lieu of Tax  
Grants and Contributions not Restricted to  
    Specific Programs  
Unrestricted Investment Earnings  
Miscellaneous  
Transfers  
Total General Revenues and Transfers

**CHANGES IN NET POSITION**

Net Position - Beginning of Year, as Previously Reported  
Prior Period Adjustment - Correction of an Error (see Note 10)  
Net Position - Beginning of Year, as Restated

**NET POSITION - END OF YEAR**

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA**  
**STATEMENT OF ACTIVITIES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Net Revenue (Expense) and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT</b>			
Governmental Activities:			
General Government	\$ (6,786,119)	\$ -	\$ (6,786,119)
Public Safety	(6,473,030)	-	(6,473,030)
Highways and Streets	1,089,925	-	1,089,925
Sanitation	(472,446)	-	(472,446)
Human Services	(3,334,552)	-	(3,334,552)
Health	(306,705)	-	(306,705)
Culture and Recreation	(973,923)	-	(973,923)
Conservation of Natural Resources	(1,564,857)	-	(1,564,857)
Economic Development	169,510	-	169,510
Interest	(260,011)	-	(260,011)
Total Governmental Activities	(18,912,208)	-	(18,912,208)
Business-Type Activities:			
Long Lake Conservation Center	-	(365,519)	(365,519)
Total Primary Government	(18,912,208)	(365,519)	(19,277,727)
	16,906,410	-	16,906,410
	24,772	-	24,772
	13,795	-	13,795
	2,409,874	-	2,409,874
	2,241,506	-	2,241,506
	1,490,090	18,490	1,508,580
	1,343,929	-	1,343,929
	(150,000)	150,000	-
	24,280,376	168,490	24,448,866
	5,368,168	(197,029)	5,171,139
	147,404,145	2,102,957	149,507,102
	-	65,498	65,498
	147,404,145	2,168,455	149,572,600
	\$ 152,772,313	\$ 1,971,426	\$ 154,743,739

See accompanying Notes to Financial Statements.

(This page intentionally left blank)

## **FUND FINANCIAL STATEMENTS**

(This page intentionally left blank)



## **GOVERNMENTAL FUNDS**

**AITKIN COUNTY, MINNESOTA  
BALANCE SHEET  
DECEMBER 31, 2024**

	General	Road and Bridge	Health and Human Services	Trust Fund
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 17,856,026	\$ 3,838,552	\$ 6,597,618	\$ 1,841,676
Petty Cash and Change Funds	3,750	-	3,000	-
Cash with Fiscal Agent	59,811	-	-	-
Taxes Receivable:				
Delinquent	235,052	68,578	71,023	-
Special Assessments:				
Delinquent	-	-	-	-
Accounts Receivable - Net	124	7,811	129,106	1,519,788
Accrued Interest Receivable	116,098	-	-	-
Loans Receivable	88,187	-	-	-
Due from Other Funds	66,680	10,146	-	-
Due from Other Governments	478,424	4,867,684	645,961	2,292
Prepaid Supplies	-	521,756	-	-
Total Assets	<u>\$ 18,904,152</u>	<u>\$ 9,314,527</u>	<u>\$ 7,446,708</u>	<u>\$ 3,363,756</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 290,236	\$ 208,787	\$ 89,695	\$ 4,288
Salaries Payable	520,155	117,746	209,352	24,089
Contracts Payable	91,414	101,198	96,852	-
Due to Other Funds	-	-	-	155,373
Due to Other Governments	145,801	5,100	306,875	46,174
Unearned Revenue	460,170	-	79,781	533,849
Timber Permit Bonds	-	-	-	40,350
Total Liabilities	<u>1,507,776</u>	<u>432,831</u>	<u>782,555</u>	<u>804,123</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes Received for Future Years	1,102	334	346	-
Unavailable Revenue	285,349	4,797,226	243,838	1,345,619
Total Deferred Inflows of Resources	<u>286,451</u>	<u>4,797,560</u>	<u>244,184</u>	<u>1,345,619</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Supplies	-	521,756	-	-
Environmental Uses	-	-	-	-
Restricted for:				
Missing Heirs	-	-	-	1,429
Debt Service	59,811	-	-	-
Recorder's Technology	368,234	-	-	-
Prosecutorial Purposes	5,000	-	-	-
Enhanced 911	496,584	-	-	-
Law Enforcement	5,000	-	-	-
Administering the Carrying of Weapons	247,815	-	-	-
Conservation of Natural Resources	206,127	-	-	-
Loans Receivable	88,187	-	-	-
Solid Waste	234,725	-	-	-
Recorder's Equipment Purchases	103,557	-	-	-

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA  
BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2024**

	Opioid Remediation	Nonmajor Funds	Total
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 650,909	\$ 2,433,946	\$ 33,218,727
Petty Cash and Change Funds	-	-	6,750
Cash with Fiscal Agent	-	-	59,811
Taxes Receivable:			
Delinquent	-	17,007	391,660
Special Assessments:			
Delinquent	-	12,439	12,439
Accounts Receivable - Net	817,581	-	2,474,410
Accrued Interest Receivable	-	-	116,098
Loans Receivable	-	-	88,187
Due from Other Funds	-	88,693	165,519
Due from Other Governments	-	-	5,994,361
Prepaid Supplies	-	-	521,756
Total Assets	<u>\$ 1,468,490</u>	<u>\$ 2,552,085</u>	<u>\$ 43,049,718</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 3,090	\$ 596,096
Salaries Payable	-	19,969	891,311
Contracts Payable	-	-	289,464
Due to Other Funds	-	10,146	165,519
Due to Other Governments	10,991	-	514,941
Unearned Revenue	-	-	1,073,800
Timber Permit Bonds	-	-	40,350
Total Liabilities	<u>10,991</u>	<u>33,205</u>	<u>3,571,481</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Received for Future Years	-	79	1,861
Unavailable Revenue	817,581	29,446	7,519,059
Total Deferred Inflows of Resources	<u>817,581</u>	<u>29,525</u>	<u>7,520,920</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid Supplies	-	-	521,756
Environmental Uses	-	457,677	457,677
Restricted for:			
Missing Heirs	-	-	1,429
Debt Service	-	819,903	879,714
Recorder's Technology	-	-	368,234
Prosecutorial Purposes	-	-	5,000
Enhanced 911	-	-	496,584
Law Enforcement	-	-	5,000
Administering the Carrying of Weapons	-	-	247,815
Conservation of Natural Resources	-	-	206,127
Loans Receivable	-	-	88,187
Solid Waste	-	-	234,725
Recorder's Equipment Purchases	-	-	103,557

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA  
BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2024**

	General	Road and Bridge	Health and Human Services	Trust Fund
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (CONTINUED)</b>				
<b>FUND BALANCES (CONTINUED)</b>				
Restricted for (Continued):				
County Development	\$ -	\$ -	\$ -	\$ 455,639
Law Library	-	-	-	94,332
Unclaimed Property	-	-	-	1,815
Administering Forfeited Tax Sale	-	-	-	490,133
Unorganized Road, Bridge, and Fire	-	-	-	-
Ditch Maintenance and Repairs	-	-	-	-
Central Services - Public Safety Aid	518,898	-	-	-
Opioid Remediation	-	-	-	-
Medical Assistance Unwinding	-	-	4,326	-
Committed for:				
Court Administration - Office Equipment	8,837	-	-	-
Attorney - Internal Case Management System	104,800	-	-	-
Auditor - Computer Office Equipment	156	-	-	-
Boat and Water Equipment	20,000	-	-	-
Boat and Water Storage Building	493,463	-	-	-
Extension - Summer Intern	12,080	-	-	-
Extension - Supplies and Technology	6,000	-	-	-
Central Services - Future Insurance Needs	213,500	-	-	-
IT - Back Up System	35,000	-	-	-
HR - Staff Training	5,000	-	-	-
Elections - Voting Equipment	165,148	-	-	-
Attorney - Murder Trial	10,000	-	-	-
Maintenance - Equipment	15,356	-	-	-
Buildings - Capital	166,651	-	-	-
Motor Pool - Vehicle Replacement	44,000	-	-	-
Veterans Service Officer	1,610	-	-	-
Sheriff - Buildings and Structures	104,466	-	-	-
Sheriff - Radios	23,600	-	-	-
Sheriff - Office Furniture	10,030	-	-	-
Sheriff - Enforcement Squad Cars	60,000	-	-	-
Sheriff - Aitkin County Search and Rescue	36,886	-	-	-
Sheriff - Technology	10,487	-	-	-
Sheriff - Canine Replacement	13,000	-	-	-
Sheriff - Snowmobile	16,000	-	-	-
Sheriff - Forfeiture	18,207	-	-	-
STS Van	40,000	-	-	-
Community Corrections - Baker Foundation Grant	64	-	-	-
FBL Vehicle Replacement	4,545	-	-	-
Economic Development - Business Development	36,087	-	-	-
Economic Development - Advertising	29,200	-	-	-
Economic Development - Broadband	83,493	-	-	-
Future Economic Development Initiative	100,222	-	-	-
Housing Aid	-	-	-	-
Assigned for:				
General Government	752,703	-	-	170,666
Public Safety	168,805	-	-	-
Highways and Streets	-	3,562,380	-	-
Sanitation	45,000	-	-	-
Health and Human Services	-	-	6,415,643	-
Forest Development	-	-	-	-
Unassigned	11,921,591	-	-	-
Total Fund Balances	<u>17,109,925</u>	<u>4,084,136</u>	<u>6,419,969</u>	<u>1,214,014</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,904,152</u>	<u>\$ 9,314,527</u>	<u>\$ 7,446,708</u>	<u>\$ 3,363,756</u>

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA  
BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2024**

	Opioid Remediation	Nonmajor Funds	Total
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (CONTINUED)</b>			
<b>FUND BALANCES (CONTINUED)</b>			
Restricted for (Continued):			
County Development	\$ -	\$ -	\$ 455,639
Law Library	-	-	94,332
Unclaimed Property	-	-	1,815
Administering Forfeited Tax Sale	-	-	490,133
Unorganized Road, Bridge, and Fire	-	369,428	369,428
Ditch Maintenance and Repairs	-	56,573	56,573
Central Services - Public Safety Aid	-	-	518,898
Opioid Remediation	639,918	-	639,918
Medical Assistance Unwinding	-	-	4,326
Committed for:			
Court Administration - Office Equipment	-	-	8,837
Attorney - Internal Case Management System	-	-	104,800
Auditor - Computer Office Equipment	-	-	156
Boat and Water Equipment	-	-	20,000
Boat and Water Storage Building	-	-	493,463
Extension - Summer Intern	-	-	12,080
Extension - Supplies and Technology	-	-	6,000
Central Services - IFS Equipment	-	-	213,500
IT - Back Up System	-	-	35,000
HR - Staff Training	-	-	5,000
Elections - Voting Equipment	-	-	165,148
Attorney - Murder Trial	-	-	10,000
Maintenance - Equipment	-	-	15,356
Buildings - Capital	-	-	166,651
Motor Pool - Vehicle Replacement	-	-	44,000
Veterans Service Officer	-	-	1,610
Sheriff - Buildings and Structures	-	-	104,466
Sheriff - Radios	-	-	23,600
Sheriff - Office Furniture	-	-	10,030
Sheriff - Enforcement Squad Cars	-	-	60,000
Sheriff - Aitkin County Search and Rescue	-	-	36,886
Sheriff - Technology	-	-	10,487
Sheriff - Canine Replacement	-	-	13,000
Sheriff - Snowmobile	-	-	16,000
Sheriff - Forfeiture	-	-	18,207
STS Van	-	-	40,000
Community Corrections - Baker Foundation Grant	-	-	64
FBL Vehicle Replacement	-	-	4,545
Economic Development - Business Development	-	-	36,087
Economic Development - Advertising	-	-	29,200
Economic Development - Broadband	-	-	83,493
Future Economic Development Initiative	-	-	100,222
Housing Aid	-	194,444	194,444
Assigned for:			
General Government	-	-	923,369
Public Safety	-	-	168,805
Highways and Streets	-	-	3,562,380
Sanitation	-	-	45,000
Health and Human Services	-	-	6,415,643
Forest Development	-	609,835	609,835
Unassigned	-	(18,505)	11,903,086
Total Fund Balances	639,918	2,489,355	31,957,317
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,468,490	\$ 2,552,085	\$ 43,049,718

See accompanying Notes to Financial Statements.

(This page intentionally left blank)

**AITKIN COUNTY, MINNESOTA  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION –  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2024**

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Total Fund Balances for Governmental Funds	\$ 31,957,317
--	---------------

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	133,008,726
--	-------------

Other long-term assets (deferred inflows of resources) are not available to pay for current period expenditures and, therefore, are not reported in the funds.	7,519,059
--	-----------

Investment in joint venture is not available to pay for current-period expenditures and, therefore, is not reported in the governmental funds.	1,970,177
--	-----------

The County's total other postemployment benefit liability and related deferred outflows and deferred inflows are recorded only on the statement of net position. Balances at year-end are:

Total Other Postemployment Benefits Liability	\$ (1,083,974)	
Deferred Inflows of Resources - OPEB Related	(43,210)	
Deferred Outflows of Resources - OPEB Related	<u>443,170</u>	(684,014)

The County's net pension asset and liability and related deferred outflows and deferred inflows are recorded only on the statement of net position. Balances at year-end are:

Net Pension Liability	(6,807,264)	
Deferred Inflows of Resources - Pension Related	(7,407,443)	
Deferred Outflows of Resources - Pension Related	<u>3,831,782</u>	(10,382,925)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

General Obligation Bonds	(8,410,000)	
Unamortized Bond Premium	(88,369)	
Direct Borrowing - Septic Loans	(147,998)	
Compensated Absences	(1,857,154)	
Accrued Interest Payable	<u>(112,506)</u>	<u>(10,616,027)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position	<u>\$ 152,772,313</u>
--	-----------------------

**AITKIN COUNTY, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 2024**

	General	Road and Bridge	Health and Human Services	Trust Fund
<b>REVENUES</b>				
Taxes	\$ 10,037,613	\$ 2,992,431	\$ 3,106,562	\$ -
Licenses and Permits	440,254	-	-	-
Intergovernmental	7,627,531	6,982,244	3,848,255	362,835
Charges for Services	998,492	846,399	721,213	34,528
Gifts and Contributions	7,629	-	-	-
Investment Earnings	1,442,710	-	-	-
Miscellaneous	584,660	15	232,080	1,195,399
Total Revenues	21,138,889	10,821,089	7,908,110	1,592,762
<b>EXPENDITURES</b>				
Current:				
General Government	7,850,315	-	-	34,483
Public Safety	8,129,781	-	-	-
Highways and Streets	-	5,520,455	-	-
Sanitation	527,007	-	-	-
Human Services	-	-	7,028,673	-
Health	4,179	-	1,052,942	-
Culture and Recreation	1,250,102	-	-	-
Conservation of Natural Resources	501,409	-	-	1,064,959
Economic Development	1,630,253	-	-	-
Capital Outlay:				
General Government	109,262	-	-	-
Public Safety	661,377	-	-	-
Highways and Streets	-	5,080,987	-	-
Human Services	-	-	252,201	-
Health	-	-	2,605	-
Conservation of Natural Resources	-	-	-	-
Intergovernmental:				
Highways and Streets	-	507,275	-	-
Debt Service:				
Principal	24,413	-	-	-
Interest	-	-	-	-
Total Expenditures	20,688,098	11,108,717	8,336,421	1,099,442
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	450,791	(287,628)	(428,311)	493,320
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	124,123	-	-	13
Loans Issued	56,664	-	-	-
Proceeds from Sale of Capital Assets	11,594	26,811	-	-
Transfers In	104,799	400,051	95,823	-
Transfers Out	(177,792)	(42,471)	(21,506)	(549,209)
Total Other Financing Sources (Uses)	119,388	384,391	74,317	(549,196)
<b>NET CHANGE IN FUND BALANCE</b>	570,179	96,763	(353,994)	(55,876)
Fund Balance - Beginning of Year	16,539,746	3,987,373	6,773,963	1,269,890
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 17,109,925</u>	<u>\$ 4,084,136</u>	<u>\$ 6,419,969</u>	<u>\$ 1,214,014</u>

See accompanying Notes to Financial Statements.



**AITKIN COUNTY, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**

	Opioid Remediation	Nonmajor Funds	Total
<b>REVENUES</b>			
Taxes	\$ -	\$ 795,291	\$ 16,931,897
Licenses and Permits	-	40,721	480,975
Intergovernmental	-	343,381	19,164,246
Charges for Services	-	-	2,600,632
Gifts and Contributions	-	-	7,629
Investment Earnings	23,969	23,411	1,490,090
Miscellaneous	377,912	95,308	2,485,374
Total Revenues	401,881	1,298,112	43,160,843
<b>EXPENDITURES</b>			
Current:			
General Government	-	2,976	7,887,774
Public Safety	-	37,177	8,166,958
Highways and Streets	-	-	5,520,455
Sanitation	-	-	527,007
Human Services	-	-	7,028,673
Health	26,720	-	1,083,841
Culture and Recreation	-	-	1,250,102
Conservation of Natural Resources	-	729,106	2,295,474
Economic Development	-	-	1,630,253
Capital Outlay:			
General Government	-	-	109,262
Public Safety	-	-	661,377
Highways and Streets	-	-	5,080,987
Human Services	-	-	252,201
Health	-	-	2,605
Conservation of Natural Resources	-	59,803	59,803
Intergovernmental:			
Highways and Streets	-	-	507,275
Debt Service:			
Principal	-	420,000	444,413
Interest	-	280,514	280,514
Total Expenditures	26,720	1,529,576	42,788,974
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	375,161	(231,464)	371,869
<b>OTHER FINANCING SOURCES (USES)</b>			
Insurance Proceeds	-	-	124,136
Loans Issued	-	-	56,664
Proceeds from Sale of Capital Assets	-	-	38,405
Transfers In	-	258,190	858,863
Transfers Out	(21,137)	(196,748)	(1,008,863)
Total Other Financing Sources (Uses)	(21,137)	61,442	69,205
<b>NET CHANGE IN FUND BALANCE</b>	354,024	(170,022)	441,074
Fund Balance - Beginning of Year	285,894	2,659,377	31,516,243
<b>FUND BALANCE - END OF YEAR</b>	\$ 639,918	\$ 2,489,355	\$ 31,957,317

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES –**  
**GOVERNMENTAL ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2024**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

Net Change in Fund Balances - Total Governmental Funds \$ 441,074

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

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

Unavailable Revenue - December 31	\$ 7,519,059	
Unavailable Revenue - January 1	<u>(4,566,264)</u>	2,952,795

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, in the statement of activities, only the gain or loss on the disposal of assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets sold.

Expenditures for General Capital Assets, Infrastructure, and Other		
Related Capital Asset Adjustments	5,902,536	
Net Book Value of Assets Sold	(287,454)	
Current Year Depreciation	<u>(4,677,138)</u>	937,944

Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction has any effect on net position. Also, governmental funds report the net effect of premiums, discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of net position.

Proceeds for Debt Issuance:		
Direct Borrowing - Septic Loans	(56,664)	
General Obligation Bonds and Premium	-	
Principal Repayments:		
General Obligation Bonds	420,000	
Direct Borrowing - Septic Loans	<u>24,413</u>	387,749

The increase in joint venture does not provide current financial resources and is not reported as revenue or expenditures in the funds. 330,072

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

Change in Accrued Interest Payable	8,750	
Change in Compensated Absences	(344,189)	
Amortization of Premium	11,753	
Change in Deferred Outflows of Resources - Pensions	(2,481,452)	
Change in Deferred Outflows of Resources - Other Postemployment Benefits	297,818	
Change in Total Other Postemployment Benefits	(350,156)	
Change in Net Pension Liability	3,630,363	
Change in Deferred Inflows of Resources - Pensions	(481,295)	
Change in Deferred Inflows of Resources - Other Postemployment Benefits	<u>26,942</u>	318,534

Change in Net Position of Governmental Activities as Reported on the Statement of Activities		<u><u>\$ 5,368,168</u></u>
--	--	----------------------------

See accompanying Notes to Financial Statements.

## **PROPRIETARY FUND**

(This page intentionally left blank)

**AITKIN COUNTY, MINNESOTA  
STATEMENT OF NET POSITION  
LONG LAKE CONSERVATION CENTER ENTERPRISE FUND  
DECEMBER 31, 2024**

**ASSETS**

Current Assets:	
Cash and Pooled Investments	\$ 38,515
Petty Cash and Change Funds	1,000
Accounts Receivable	1,280
Inventories	3,879
Total Current Assets	<u>44,674</u>
Restricted Assets:	
Cash and Pooled Investments	2,036
Noncurrent Assets:	
Capital Assets:	
Nondepreciable	15,400
Depreciable - Net	2,285,461
Total Noncurrent Assets	<u>2,300,861</u>
Total Assets	2,347,571

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Pension Outflows	46,759
Deferred OPEB Outflows	13,888
Total Deferred Outflows of Resources	<u>60,647</u>

**LIABILITIES**

Current Liabilities:	
Accounts Payable	1,330
Salaries Payable	27,280
Compensated Absences Payable - Current	41,442
Other Postemployment Benefits Liability - Due in Less than One Year	3,083
Total Current Liabilities	<u>73,135</u>
Noncurrent Liabilities:	
Net Pension Liability	196,306
Other Postemployment Benefits Liability - Due in More than One Year	22,860
Total Noncurrent Liabilities	<u>219,166</u>
Total Liabilities	292,301

**DEFERRED INFLOWS OF RESOURCES**

Deferred Pension Inflows	143,137
Deferred OPEB Inflows	1,354
Total Deferred Inflows of Resources	<u>144,491</u>

**NET POSITION**

Investment in Capital Assets	2,300,861
Restricted for:	
Publications	2,036
Unrestricted	(331,471)
Total Net Position	<u><u>\$ 1,971,426</u></u>

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN**  
**FUND NET POSITION**  
**LONG LAKE CONSERVATION CENTER ENTERPRISE FUND**  
**YEAR ENDED DECEMBER 31, 2024**

**OPERATING REVENUES**

Tenant Rent	\$ 7,324
Program Packages	663,439
Resale	59,291
Miscellaneous	25,704
Total Operating Revenues	<u>755,758</u>

**OPERATING EXPENSES**

Personal Services	522,385
Employee Benefits and Payroll Taxes	125,780
Other Services and Charges	109,998
Supplies	124,505
Utilities	59,233
Advertising	8,974
Insurance	18,180
Staff Training	298
Postage	72
Depreciation	158,156
Resale	32,740
Total Operating Expenses	<u>1,160,321</u>

<b>OPERATING LOSS</b>	(404,563)
-----------------------	-----------

**NONOPERATING REVENUES (EXPENSES)**

Intergovernmental	3,085
Investment Earnings	18,490
Gifts and Contributions	38,759
Loss from Sale of Capital Assets	(2,800)
Total Nonoperating Revenues	<u>57,534</u>

<b>LOSS BEFORE TRANSFERS</b>	(347,029)
------------------------------	-----------

Transfers In	<u>150,000</u>
--------------	----------------

<b>CHANGE IN NET POSITION</b>	(197,029)
-------------------------------	-----------

Net Position - Beginning of Year, as Previously Reported	2,102,957
Prior Period Adjustment - Correction of an Error (see Note 10)	65,498
Net Position - Beginning of Year, as Restated	<u>2,168,455</u>

<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 1,971,426</u></u>
-----------------------------------	----------------------------

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA  
STATEMENT OF CASH FLOWS  
LONG LAKE CONSERVATION CENTER ENTERPRISE FUND  
YEAR ENDED DECEMBER 31, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers and Users	\$ 819,976
Payments to Suppliers	(360,807)
Payments to Employees	(652,315)
Net Cash Used by Operating Activities	<u>(193,146)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Interfund Borrowing	150,000
Intergovernmental	3,085
Investment Earnings	18,490
Contributions	38,759
Net Cash Provided by Noncapital Financing Activities	<u>210,334</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

17,188

Cash and Cash Equivalents - Beginning of Year

24,363

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 41,551

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (404,563)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	158,156
(Increase) Decrease in Assets and Deferred Outflows of Resources:	
Accounts Receivable	(1,280)
Due from Other Governments	65,498
Inventory	8,175
Deferred OPEB Outflows	(9,223)
Deferred Pension Outflows	41,882
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:	
Accounts Payable	(14,982)
Salaries Payable	5,280
Compensated Absences Payable	2,387
Net Pension Liability	(102,135)
Deferred Pension Inflows	47,584
Total Other Postemployment Benefits Payable	10,973
Deferred OPEB Inflows	(898)
Net Cash Used by Operating Activities	<u><u>\$ (193,146)</u></u>

**RECONCILIATION OF CASH AND EQUIVALENTS  
TO THE BALANCE SHEET**

Cash and Pooled Investments	\$ 38,515
Petty Cash and Change Funds	1,000
Restricted Cash and Pooled Investments	2,036
Total Cash and Cash Equivalents	<u><u>\$ 41,551</u></u>

See accompanying Notes to Financial Statements.

(This page intentionally left blank)



## **FIDUCIARY FUNDS**

(This page intentionally left blank)

**AITKIN COUNTY, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION –  
FIDUCIARY FUNDS  
DECEMBER 31, 2024**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
<b>ASSETS</b>		
Cash and Pooled Investments	\$ 7,714	\$ 1,152,898
Due from Other Governments	-	21,379
Taxes for Other Governments	-	425,785
Total Assets	<u>7,714</u>	<u>1,600,062</u>
<b>LIABILITIES</b>		
Due to Other Governments	-	887,566
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Collected for Subsequent Period	<u>-</u>	<u>1,003</u>
<b>NET POSITION</b>		
Restricted for:		
Individuals, Organizations, and Other Governments	<u>\$ 7,714</u>	<u>\$ 711,615</u>

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2024**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
<b>ADDITIONS</b>		
Contributions - Individuals	\$ 243,656	\$ 154,994
Intergovernmental	-	95,740
Property Tax Collections for Other Governments	-	14,465,395
Fee Collections for Other Governments and Organizations	-	28,479
License and Fees Collected for State	-	9,371,488
Recoveries	-	204,558
Miscellaneous	-	385
Total Additions	<u>243,656</u>	<u>24,321,039</u>
<b>DEDUCTIONS</b>		
Beneficiary Payments to Individuals	254,276	128,260
Payments of Property Tax to Other Governments	-	14,459,814
Payments to State	-	9,549,575
Payments to Other Entities	-	93,266
Miscellaneous	-	11,840
Total Deductions	<u>254,276</u>	<u>24,242,755</u>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	(10,620)	78,284
Fiduciary Net Position - Beginning of Year	<u>18,334</u>	<u>633,331</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<u><u>\$ 7,714</u></u>	<u><u>\$ 711,615</u></u>

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Financial Reporting Entity**

Aitkin County was established May 23, 1857, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Aitkin County. Aitkin County has no component units. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

**Joint Ventures, Jointly Governed Organizations, and Related Organization**

The County participates in several joint ventures described in Note 8.B. The County also participates in two jointly governed organizations described in Note 8.C. and a related organization described in Note 8.D.

**B. Basic Financial Statements**

**1. Government-Wide Financial Statements**

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

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

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basic Financial Statements (Continued)**

**1. Government-Wide Financial Statements (Continued)**

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

**2. Fund Financial Statements**

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

The County reports the following major governmental funds:

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

The Road and Bridge Special Revenue Fund is used to account for revenues and expenditures of the County Highway Department, which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways, which is funded primarily through property taxes, intergovernmental revenues, and charges for services.

The Health and Human Services Special Revenue Fund is used to account for economic assistance, community social services, and public health programs, which is funded primarily through property taxes and intergovernmental revenues.

The Trust Special Revenue Fund is used to account for law library, county development (con-con), missing heirs, insurance funds, and proceeds from the sale or rental of lands forfeited to the state of Minnesota, pursuant to Minn. Stat. ch. 282. The distribution of the net proceeds of the forfeited land, after deducting the expenses of the County for managing the tax-forfeited lands, is governed by Minn. Stat. § 282.08. Title to the tax-forfeited lands remains with the state until sold by the County.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basic Financial Statements (Continued)**

**2. Fund Financial Statements (Continued)**

The Opioid Remediation Special Revenue Fund is used to account for the County's share of the national opioid epidemic settlement that the County will be receiving over the next 14 years. These programs will be funded primarily through miscellaneous revenues from the settlements.

The County reports the following major enterprise fund:

The Long Lake Conservation Center Enterprise Fund is used to account for the operation of a conservation school primarily for young adults.

Additionally, the County reports the following fund types:

The Environmental Permanent Fund is used to account for funds collected from the sale of County-owned lakeshore leased lots. In accordance with 1998 Minn. Laws ch. 389, art. 16, § 31, the principal on these sales must remain in an environmental trust, and the interest may be spent only on improvements of natural resources.

The Social Welfare Private-Purpose Trust Fund is used to report trust arrangements other than pension or investment trusts, under which principal and income benefit individuals, private organizations, or other governments. The Social Welfare Fund accounts for the activity related to income received and payments made on behalf of individuals for whom the County is responsible to assist.

Custodial Funds are custodial in nature. These funds are used for a variety of purposes such as: to account for the collection and disbursement of taxes on behalf of local governments within the County; as an agent for the Triad, VCET, and Child Abuse Prevention Council; as an agent for state revenue payments; as an agent for the license center; as an agent for the Collaborative and estate recoveries; and as an agent for the inmates of the Aitkin County Jail.

**C. Measurement Focus and Basis of Accounting**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Shared revenues are generally recognized in the period the appropriation goes into effect. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Aitkin County considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, intergovernmental revenues, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources, as applicable.

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

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

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

**1. Cash and Cash Equivalents**

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

**2. Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2024. A market approach is used to value all investments other than external investment pools, which are measured at amortized cost. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds receive investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2024 were \$1,508,580.



**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**2. Deposits and Investments (Continued)**

Aitkin County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at amortized cost.

**3. Receivables and Payables**

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

All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Accounts receivable is shown net of an allowance for uncollectibles of \$79,989. No allowances for other receivables have been provided because such amounts are not expected to be material.

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

Special assessments receivable consists of delinquent special assessments payable in the years 2019 through 2024. Unpaid special assessments at December 31 are classified in the financial statements as special assessments - delinquent.

**4. Inventories and Prepaid Items**

All inventories are valued at cost. The Long Lake Conservation Center Enterprise Fund uses the first in/first out method. Inventories in proprietary funds and at the government-wide level are reported as expenses when consumed.

The Road and Bridge Fund has prepaid supplies held for consumption.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both government-wide and fund financial statements.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**5. Restricted Assets**

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

**6. Capital Assets**

Capital assets, which include land, construction in progress, buildings, machinery, furniture, equipment, and infrastructure (such as roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund, as well. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25 to 75
Machinery, Furniture, and Equipment	3 to 15
Infrastructure	15 to 75
Land Improvements	10

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**7. Compensated Absences**

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated based on whether it is more-likely-than-not that leave balances will be taken. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. Based on a trend analysis of current usage, the County estimates the entire compensated absences balance will be used in the subsequent year. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**8. Pension Plan**

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

**9. Other Postemployment Benefits Liability (OPEB Liability)**

For the purposes of measuring the OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the OPEB Plan and additions/deductions from the Plan have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit term. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The OPEB liability is generally liquidated in the General Fund and applicable Special Revenue funds.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**10. Deferred Outflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. More detailed information about pension related deferred outflows of resources can be found in Note 4 to the financial statements. More detailed information about OPEB related deferred outflows of resources can be found in Note 6 to the financial statements.

**11. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. The County has four such items that qualify for reporting in this category. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent special assessments receivable, forfeited tax sale receivable, and grant monies, including the opioid settlement, for amounts that are not considered to be available to liquidate liabilities of the current period. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amounts become available. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The County also has deferred pension inflows as described in Note 4. These inflows arise only under the full accrual basis of accounting and are reported only in the statement of net position. The third type relates to other postemployment benefits as described in Note 6 to the financial statements. These inflows arise only under the full accrual basis of accounting and are reported only in the statement of net position. The final type occurs because the County collected property taxes prior to the year for which they were levied and, therefore, the County will report deferred inflows for these items until they are earned.

**12. Long-Term Obligations**

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

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**12. Long-Term Obligations (Continued)**

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

**13. Classification of Net Position**

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

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

**14. Classification of Fund Balances**

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

- **Nonspendable fund balance.** Amounts that cannot be spent because they are not in spendable form, such as fund balance associated with inventories, prepaids, or permanent funds, or are legally or contractually required to remain intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- **Restricted fund balance.** Amounts that are restricted by external parties such as creditors or imposed by grants, law, or legislation. In addition, funds imposed by law through constitutional provisions or enabling legislation are deemed “restricted.” The amount restricted by enabling legislation at December 31, 2023 was \$4,545,328.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**14. Classification of Fund Balances (Continued)**

- **Committed fund balance.** Amounts that can be used only for the specific purposes determined by a formal action of Aitkin County's highest level of decision-making authority, which is the Aitkin County Board of Commissioners. Fund balance commitments are established, modified, or rescinded by County Board action through a Board resolution.
- **Assigned fund balance.** Amounts 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 of fund balance that is not restricted or committed. When it is appropriate for fund balance to be assigned, the Board delegates this authority to the County Auditor.
- **Unassigned fund balance.** The residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted, committed, and then assigned, unless the specific items have been identified in another classification.

The County has adopted a minimum fund balance policy for the General Fund. The County Board has determined it needs to maintain a minimum level of unassigned fund balance in the General Fund of 40% to 50% of the prior year's General Fund total operating expenditures. At December 31, 2024, the unassigned fund balance for the General Fund was above the minimum fund balance level.

**15. Use of Estimates**

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

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**16. Adoption of New Accounting Standards**

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associate salary-related payments and amended certain previously required disclosures.

The County adopted the requirements of the guidance effective January 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Fund Equity**

**Ditch Special Revenue Fund**

Ten of 14 drainage systems of the Ditch Special Revenue Fund have incurred expenditures in excess of revenues and available resources. These deficits will be eliminated with future special assessment levies against benefited properties. The following summary shows the fund balance as of December 31, 2024:

Account Balances	\$ 56,573
Account Deficits	(18,505)
Fund Balance	<u>\$ 38,068</u>

Six of 14 drainage systems of the Ditch Special Revenue Fund have deficit cash balances. These deficits will be eliminated with future special assessment levies against benefited properties.

**B. Expenditures in Excess of Budget**

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

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 20,688,098	\$ 19,264,392	\$ 1,423,706
Special Revenue Funds:			
Health and Human Services	8,336,421	7,835,589	500,832

The additional expenditures were financed by greater than anticipated revenue and existing fund balance.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

Reconciliation of the County's total cash and investments to the basic financial statements follows:

Government-Wide Statement of Net Position:

Governmental Activities:

Cash and Pooled Investments	\$ 33,218,727
Petty Cash and Change Funds	6,750
Cash with Fiscal Agent	59,811

Business-Type Activities:

Cash and Pooled Investments	38,515
Petty Cash and Change Funds	1,000
Cash and Pooled Investments - Restricted Assets	2,036

Statement of Fiduciary Net Position:

Cash and Pooled Investments	1,160,612
Total Cash and Investments	<u>\$ 34,487,451</u>

**a. Deposits**

The County is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The County is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least 10% more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. It is the County's policy that collateral or bonds will be required for all uninsured amounts on deposit, and the additional insurance will be documented to show compliance with state law and a perfected security interest under federal law. As of December 31, 2024, the County's deposits were not exposed to custodial credit risk.



**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

b. Investments

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

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

Interest Rate Risk

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

Credit Risk

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

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**b. Investments (Continued)**

**Custodial Credit Risk**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County's policy is that brokers may hold County investments only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage available, with the exception of investments held within the MAGIC Fund. As of December 31, 2024, none of the County's investments were subject to custodial credit risk.

**Concentration of Credit Risk**

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy that investments in the MAGIC Fund, 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, and corporate securities may be held up to \$2,000,000 per issuer.

The following table presents the County's deposit and investment balances at December 31, 2024, and information relating to potential investment risk:

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5% of Portfolio	Maturity Date	
Negotiable Certificates of Deposit	N/R	N/A	No*	N/A	\$ 696,491
U.S. Government Agency Securities:					
Federal Home Loan Bank Bonds	AAA	Moody's		11/25/2025	969,980
Federal Home Loan Bank Bonds	AAA	Moody's		3/3/2026	1,151,568
Federal Home Loan Bank Bonds	AAA	Moody's		6/30/2026	1,920,180
Federal Home Loan Bank Bonds	AAA	Moody's		3/16/2026	1,922,580
Federal Home Loan Bank Bonds	AAA	Moody's		5/27/2026	971,870
Federal Home Loan Bank Bonds	AAA	Moody's		7/13/2026	952,290
Federal Home Loan Bank Bonds	AAA	Moody's		10/13/2026	945,230
Federal Home Loan Bank Bonds	AAA	Moody's		5/12/2026	970,490
Federal Home Loan Bank Bonds	AAA	Moody's		11/24/2026	973,750
Federal Home Loan Bank Bonds	AAA	Moody's		4/28/2026	969,960
Total Federal Home Loan Mortgage Bank Bonds			N/A**		11,747,898
Investment Pools:					
MAGIC Fund	N/R	N/A	N/A**	N/A	14,537,240
Total Investments					26,981,629
Deposits					7,438,261
Petty Cash and Change Funds					7,750
Cash with Fiscal Agent					59,811
Total Cash and Investments					<u>\$ 34,487,451</u>

N/A - Not Applicable

N/R - Not Rated

\* No individual issuer in excess of 5%

N/A\*\* - Not applicable to U.S. Government investments and external investment pools

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**c. Fair Value Measure**

The County uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The County follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the County has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial asset and liabilities are valued using inputs that are adjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

*Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

*Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**c. Fair Value Measure (Continued)**

Assets measured at fair value on a recurring basis:

Type	Level 1	Level 2	Level 3	Total
Investments by Fair Market Value:				
Federal Home Loan Bank	\$ -	\$ 11,747,898	\$ -	\$ 11,747,898
Negotiable CD's	-	696,491	-	696,491
Total Investments at Fair Value	<u>\$ -</u>	<u>\$ 12,444,389</u>	<u>\$ -</u>	<u>12,444,389</u>
Investments Measured at Amortized Cost:				
MAGIC Portfolio				<u>14,537,240</u>
Total Investments				26,981,629
Deposits				7,438,261
Petty Cash				7,750
Cash with Fiscal Agent				59,811
Total Deposits and Investments				<u>\$ 34,487,451</u>

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

MAGIC is a local government investment pool. The County invests in this pool for the purpose of the joint investment of the County's money with those other counties to enhance the investment earnings accruing to each member.

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

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**2. Receivables**

Receivables, net of uncollectible amounts, as of December 31, 2024, for the County's governmental activities are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities:		
Taxes	\$ 391,660	\$ -
Special Assessments	12,439	-
Accounts	2,474,410	763,236
Accrued Interest	116,098	-
Loans	88,187	68,935
Due from Other Governments	5,994,361	-
Total Governmental Activities	<u>\$ 9,077,155</u>	<u>\$ 832,171</u>

The County has entered into an agreement with the Minnesota Department of Agriculture and a local lending institution to jointly administer a loan program to individuals to implement projects that prevent or mitigate nonpoint source water pollution. The County is responsible for collecting any delinquent loans transferred back to the County. The entire loan balance is considered to be collectible in full.

An allowance for uncollectible accounts receivable related to timber sales is included in the above figures for accounts receivable. The allowance at December 31, 2024, is \$79,989. The County developed an estimate of this allowance based on historical trends related to collectability of the timber permits. All other receivables are considered collectible in full. The \$68,935 of loans receivable not scheduled to be collected during the subsequent year relates to the long-term portion of the balance outstanding. The \$763,236 not scheduled to be collected during the subsequent year in accounts receivable relates to the National Opioid Epidemic Settlement receivable the County participated in. The County will receive these funds over a period of 18 years beginning in 2022.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**3. Capital Assets**

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

**Governmental Activities**

	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets Not Depreciated:				
Land	\$ 3,761,244	\$ -	\$ -	\$ 3,761,244
Construction in Progress	595,412	4,570,054	3,502,139	1,663,327
Total Capital Assets Not Depreciated	4,356,656	4,570,054	3,502,139	5,424,571
Capital Assets Depreciated:				
Buildings	30,587,590	-	-	30,587,590
Machinery, Furniture, and Equipment	14,143,251	1,332,482	1,047,168	14,428,565
Land Improvements	29,898	-	-	29,898
Infrastructure	151,416,228	3,502,139	-	154,918,367
Total Capital Assets Depreciated	196,176,967	4,834,621	1,047,168	199,964,420
Less: Accumulated Depreciation for:				
Buildings	12,873,806	632,828	-	13,506,634
Machinery, Furniture, and Equipment	9,712,941	1,027,550	759,714	9,980,777
Land Improvements	20,930	2,990	-	23,920
Infrastructure	45,855,164	3,013,770	-	48,868,934
Total Accumulated Depreciation	68,462,841	4,677,138	759,714	72,380,265
Total Capital Assets Depreciated, Net	127,714,126	157,483	287,454	127,584,155
Governmental Activities Capital Assets, Net	\$ 132,070,782	\$ 4,727,537	\$ 3,789,593	\$ 133,008,726

**Business-Type Activities**

	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets Not Depreciated:				
Land	\$ 15,400	\$ -	\$ -	\$ 15,400
Capital Assets Depreciated:				
Buildings	6,442,181	-	-	6,442,181
Machinery, Furniture, and Equipment	176,799	-	3,500	173,299
Total Capital Assets Depreciated	6,618,980	-	3,500	6,615,480
Less: Accumulated Depreciation for:				
Buildings	4,021,321	153,431	-	4,174,752
Machinery, Furniture, and Equipment	151,242	4,725	700	155,267
Total Accumulated Depreciation	4,172,563	158,156	700	4,330,019
Total Capital Assets Depreciated, Net	2,446,417	(158,156)	2,800	2,285,461
Business-Type Activities Capital Assets, Net	\$ 2,461,817	\$ (158,156)	\$ 2,800	\$ 2,300,861

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**3. Capital Assets (Continued)**

Business-Type Activities (Continued)

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
General Government	\$ 563,630
Public Safety	324,222
Highways and Streets, Including Depreciation of Infrastructure Assets	3,655,516
Human Services	46,265
Culture and Recreation	26,830
Conservation of Natural Resources	60,675
Total Depreciation Expense - Governmental Activities	<u>\$ 4,677,138</u>
Business-Type Activities:	
Long Lake Conservation Center	<u>\$ 158,156</u>

**B. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of December 31, 2024, is as follows:

**1. Due To/From Other Funds**

Receivable Fund	Payable Fund	Amount
General Fund	Trust Fund	\$ 66,680
Road and Bridge Fund	Nonmajor Governmental Funds	10,146
Nonmajor Governmental Funds	Trust Fund	88,693
Total Due To/From Other Funds		<u>\$ 165,519</u>

The due from other funds above relate to: (1) the annual Trust fund apportionment that distributes the current year activity for Trust funds to the necessary funds based on state statute; and (2) charges for annual maintenance services provided by road and bridge fund.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Interfund Receivables, Payables, and Transfers (Continued)**

**2. Interfund Transfers**

Interfund transfers for the year ended December 31, 2024, consisted of the following:

Interfund Transfer	Amount	Description
Transfer to General Fund from:		
Health and Human Services	\$ 21,506	Motorpool reimbursement
Trust Fund	<u>83,293</u>	Boat and water building reserves
Total Transferred to General Fund	104,799	
 Transfer to Road and Bridge Fund from:		
Trust Fund	250,197	Support maintenance costs
Nonmajor Governmental Funds	<u>149,854</u>	Snowplowing
Total Transferred to Road and Bridge Fund	400,051	
 Transfer to Health and Human Services Fund from:		
Opioid Remediation Fund	21,137	Expense reimbursement
General	<u>74,686</u>	EDMS system purchase
Total Transferred to Health and Human Services Fund	95,823	
 Transfer to Nonmajor Governmental Funds from:		
Road and Bridge Fund	42,471	Gas tax allocation
Trust Fund	<u>215,719</u>	Support surveyor staff costs
Total Transferred to Nonmajor Governmental Funds	258,190	
 Transfers to Long Lake Conservation Center Enterprise Fund from:		
General Fund	103,106	Routine support costs
Nonmajor Governmental Funds	<u>46,894</u>	Routine support costs
Total Transferred to Long Lake Conservation Center Enterprise Fund	<u>150,000</u>	
 Total Interfund Transfers	<u><u>\$ 1,008,863</u></u>	

**C. Liabilities and Deferred Inflows of Resources**

**1. Due To Other Governments**

Aitkin County was deemed responsible for repaying Anoka Metro Regional Treatment Center for a balance of \$297,367. The County Board approved monthly payments of \$500 to pay off the outstanding balance until paid in full. The outstanding balance as of December 31, 2024, is \$247,367.



**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Liabilities and Deferred Inflows of Resources (Continued)**

**2. Long-Term Debt**

Governmental Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
General Obligation Bonds:					
2018 G.O. Capital Improvement Bonds	2039	\$ 375,000 - 690,000	2.5-5.0	\$ 10,390,000	\$ 8,410,000
Plus: Unamortized Bond Premium					88,369
Total General Obligation Bonds, Net					<u>\$ 8,498,369</u>
Direct Borrowing - Septic Loans Payable:					
AgBMP Septic Loans	2035	\$3,068-\$10,324	0.00	\$ 543,713	<u>\$ 147,998</u>

The County participates in a zero-interest revolving loan available through the State of Minnesota Agricultural Best Management Practices Loan Program (AgBMP). The loans are payable annually in April or October beginning one year after a disbursement has occurred. In the event of default, all loans will become due and payable.

**3. Debt Service Requirements**

Governmental Activities

Year Ending December 31,	General Obligation Bonds		Direct Borrowing AgBMP Septic Loans	
	Principal	Interest	Principal	Interest
2025	\$ 440,000	\$ 259,015	\$ 19,252	\$ -
2026	460,000	236,515	19,703	-
2027	485,000	218,953	19,144	-
2028	500,000	206,390	19,052	-
2029	510,000	193,005	17,127	-
2030 - 2034	2,780,000	729,558	50,110	-
2035 - 2039	3,235,000	265,744	3,610	-
Total	<u>\$ 8,410,000</u>	<u>\$ 2,109,180</u>	<u>\$ 147,998</u>	<u>\$ -</u>

**4. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2024, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 8,830,000	\$ -	\$ 420,000	\$ 8,410,000	\$ 440,000
Issuance Premiums	100,122	-	11,753	88,369	-
Direct Borrowing - Septic Loans	115,747	56,664	24,413	147,998	19,252
Compensated Absences *	1,512,965	344,189	-	1,857,154	1,857,154
Governmental Activities Long-Term Liabilities	<u>\$ 10,558,834</u>	<u>\$ 400,853</u>	<u>\$ 456,166</u>	<u>\$ 10,503,521</u>	<u>\$ 2,316,406</u>

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Liabilities and Deferred Inflows of Resources (Continued)**

**4. Changes in Long-Term Liabilities (Continued)**

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences *	\$ 39,055	\$ 2,387	\$ -	\$ 41,442	\$ 41,442

The AgBMP septic loans are paid from the General Fund.

\* The change in compensated absences is shown net as allowed by GASB Statement 101

**5. Construction Commitments**

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

Project Description	Spent-to-Date	Remaining Commitment
County Road Projects	\$ 8,530,522	\$ 2,081,146
Jail Projects	640,749	239,814
Total	\$ 9,171,271	\$ 2,320,960

**6. Deferred Inflows of Resources**

Deferred inflows of resources consist of taxes/special assessments, grants, forfeiture tax, and other receivables not collected soon enough after year-end to pay liabilities of the current period as well as property taxes collected prior to the year for which they were levied. Deferred inflows of resources at December 31, 2024 are summarized below by fund:

	Taxes/Special Assessments	Grants	Forfeiture Tax	Other	Sub-Total	Property Taxes Received for Future	Grand Total
Major Governmental Funds:							
General	\$ 235,052	\$ 45,533	\$ -	\$ 4,764	\$ 285,349	\$ 1,102	\$ 286,451
Road and Bridge	68,578	4,726,704	-	1,944	4,797,226	334	4,797,560
Health and Human Services	71,023	139,917	-	32,898	243,838	346	244,184
Trust Fund	-	-	1,345,619	-	1,345,619	-	1,345,619
Opioid Remediation	-	-	-	817,581	817,581	-	817,581
Nonmajor Governmental Funds:							
Ditch	12,439	-	-	-	12,439	-	12,439
Debt Service	17,007	-	-	-	17,007	79	17,086
Total	\$ 404,099	\$ 4,912,154	\$ 1,345,619	\$ 857,187	\$ 7,519,059	\$ 1,861	\$ 7,520,920

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS**

**A. Plan Description**

The 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.

**1. General Employees Retirement Plan (General Plan)**

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

**2. Public Employees Police and Fire Retirement Plan (Police and Fire Plan)**

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

**3. Public Employees Local Government Correctional Service Retirement Plan (Correctional Plan)**

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

**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.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**1. General Employees Retirement Plan Benefits**

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

**2. Police and Fire Plan Benefits**

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

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**2. Police and Fire Plan Benefits (Continued)**

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a prorated increase.

**3. Correctional Plan Benefits**

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

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

**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.

**1. General Employees Fund Contributions**

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the County was required to contribute 7.50% for General Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2024, were \$954,442. The County's contributions were equal to the required contributions as set by state statute.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**C. Contributions (Continued)**

**2. Police and Fire Fund Contributions**

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2024 and the County was required to contribute 17.70% for Police and Fire Plan members. The County's contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$281,900. The County's contributions were equal to the required contributions as set by state statute.

**3. Correctional Fund Contributions**

Correctional Plan members were required to contribute 5.83% of their annual covered salary in fiscal year 2024 and the County was required to contribute 8.75% for Correctional Plan members. The County's contributions to the Correctional Fund for the year ended December 31, 2024, were \$144,552. The County's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

**1. General Employees Fund Pension Costs**

At December 31, 2024, the County reported a liability of \$5,358,552 for its proportionate share of the General Employees Fund's net pension liability. The 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 the County totaled \$138,561.

County's Proportionate Share of the Net Pension Liability	\$ 5,358,552
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	<u>138,561</u>
Total	<u><u>\$ 5,497,113</u></u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1449 percent at the end of the measurement period and 0.1518 percent for the beginning of the period.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**1. General Employees Fund Pension Costs (Continued)**

For the year ended December 31, 2024, the County recognized pension expense of \$507,502 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$1,717 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. The County recognized \$246,543 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, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 503,844	\$ -
Changes in Actuarial Assumptions	26,163	2,028,123
Net Difference Between Projected		
and Actual Investment Earnings	-	1,556,079
Changes in Proportion	264,494	322,995
Contributions Paid to PERA Subsequent to		
the Measurement Date	481,873	-
Total	<u>\$ 1,276,374</u>	<u>\$ 3,907,197</u>

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**1. General Employees Fund Pension Costs (Continued)**

The \$481,873 reported as deferred outflows of resources related to pensions resulting from 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 Ending December 31,</u>	<u>Pension Expense Amount</u>
2025	\$ (1,645,878)
2026	(291,912)
2027	(764,205)
2028	(410,701)

**2. Police and Fire Fund Pension Costs**

At December 31, 2024, the County reported a liability of \$1,456,295 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. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1107% at the end of the measurement period and 0.1144% 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% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$55,513.



**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**2. Police and Fire Fund Pension Costs (Continued)**

County's Proportionate Share of the Net Pension Liability	\$ 1,456,295
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	<u>55,513</u>
Total	<u><u>\$ 1,511,808</u></u>

For the year ended December 31, 2024, the County recognized pension expense of \$218,358 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$21,824 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. The County recognized \$31,434 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.

At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 567,531	\$ -
Changes in Actuarial Assumptions	1,600,845	2,144,431
Net Difference Between Projected and Actual Investment Earnings	-	473,515
Changes in Proportion	59,811	122,536
Contributions Paid to PERA Subsequent to the Measurement Date	<u>140,809</u>	<u>-</u>
Total	<u><u>\$ 2,368,996</u></u>	<u><u>\$ 2,740,482</u></u>

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**2. Police and Fire Fund Pension Costs (Continued)**

The \$140,809 reported as deferred outflows of resources related to pensions resulting from 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:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2025	\$ (100,730)
2026	374,479
2027	(222,879)
2028	(585,866)
2029	22,701

**3. Correctional Plan Pension Costs**

At December 31, 2024, the County reported a liability of \$188,723 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. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.619% at the end of the measurement period and 0.602% for the beginning of the period.

For the year ended December 31, 2024 the County recognized pension expense of \$287,599 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. The County recognized \$32,546 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.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**3. Correctional Plan Pension Costs (Continued)**

At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 133,775	\$ -
Changes in Actuarial Assumptions	-	638,501
Net Difference Between Projected		
and Actual Investment Earnings	-	262,052
Changes in Proportion	27,145	2,348
Contributions Paid to PERA Subsequent to		
the Measurement Date	72,251	-
Total	<u>\$ 233,171</u>	<u>\$ 902,901</u>

The \$72,251 reported as deferred outflows of resources related to pensions resulting from 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:

<u>Year Ending December 31,</u>	Pension Expense Amount
2025	\$ (693,114)
2026	115,822
2027	(94,152)
2028	(70,537)

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**E. Summary**

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the County's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated. The table below includes the County's portion of each plan.

Description	General Employees Fund	Police and Fire Fund	Correctional Fund	Total
Net Pension Liability	\$ 5,358,552	\$ 1,456,295	\$ 188,723	\$ 7,003,570
Deferred Outflows of Resources				
Related to Pensions	1,276,374	2,368,996	233,171	3,878,541
Deferred Inflows of Resources				
Related to Pensions	3,907,197	2,740,482	902,901	7,550,580
Pension Expense	509,219	240,182	287,599	1,037,000

**F. 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
Private Markets	25.0	5.90
Fixed Income	25.0	0.75
Total	100.0 %	

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**G. Actuarial 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.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**G. Actuarial Assumptions (Continued)**

**General Employees Fund (Continued)**

Changes in Actuarial Assumptions (Continued):

- 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.

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 Actuarial Assumptions:

- There were no changes in actuarial assumptions since the prior valuation.

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% 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% 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 Actuarial Assumptions:

- There were no changes in actuarial assumptions since the prior valuation.

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.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**H. Discount Rate**

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

**I. Pension Liability Sensitivity**

The following presents the County's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
County's Proportionate Share of the General Employees Fund Net Pension Liability	\$ 11,703,938	\$ 5,358,552	\$ 138,892
County's Proportionate Share of the Police and Fire Fund Net Pension Liability (Asset)	3,441,509	1,456,295	(173,982)
County's Proportionate Share of the Correctional Fund Net Net Pension Liability (Asset)	1,533,600	188,723	(882,682)

**J. Pension Plan Fiduciary Net Position**

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

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 5    DEFINED CONTRIBUTION PLAN**

Three board members of Aitkin County 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 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25%) of the assets in each member's account annually.

Total contributions made by the County during calendar year 2024 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 5,465	\$ 5,465	5%	5%	5%



**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS**

**A. Plan Description**

The County provides health insurance benefits for certain retired employees under a single-employer, fully-insured plan defined benefit plan. The County provides benefits for retirees as required by Minnesota Statutes §471.61 subdivision 2b. County policy determines the County's contributions to the plan. 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 themselves, and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay 100% of the total premium cost, unless they qualified for the early retirement incentive that will be offered from 2019 through 2024. If a retiree elected the early retirement incentive, the County will pay 100% of the premium. A total of 12 employees elected to take the incentive, and they will receive the early retirement incentive until they reach the age of 63. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of the January 1, 2024 valuation, there were 10 retirees and 190 active participants receiving health benefits from the County's health plan. The County has no inactive plan members entitled to but not receiving benefits.

**B. Funding Policy**

The County's OPEB plan is financed on a pay-as-you-go basis and currently has no assets that have been deposited into an irrevocable trust for future health benefits. Therefore, the actuarial value of assets is zero. Separate stand-alone financial statements are not issued for the plan.

**C. Actuarial Methods and Assumptions**

The County's OPEB liability was measured as of January 1, 2024, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2024. Liabilities in this report were calculated as of the valuation date.

The total OPEB liability was measured as of January 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary	Service Graded Table
Health Care Trend Rates	6.50% Decreasing to 5.00% Over 6 Years then to 4.00% Over 48 Years

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**C. Actuarial Methods and Assumptions (Continued)**

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale. The actuarial assumptions used in the January 1, 2024 valuation were based on the PERA actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The most recent four-year experience study for the Police and Fire Plan was completed in 2020.

The discount rate used to measure the total OPEB liability was 3.70%. The discount rate is equal to the 20-Year high quality, tax-exempt, general obligation municipal bonds as of the Measurement Date.

Since the most recent valuation, the following assumption changes have been made:

- The discount rate was changed from 4.00% to 3.70%.
- The health care trend rates were changed to better anticipate short term and long term medical increases.

**D. Changes in Total OPEB Liability**

	Total OPEB Liability
Balance as of January 1, 2024	\$ 748,788
Changes for the Year:	
Service Cost	43,950
Interest	29,426
Assumption Changes	40,068
Differences between Expected and Actual Experience	362,984
Benefit Payments	(115,299)
Net Change	<u>361,129</u>
Balance as of December 31, 2024	<u>\$ 1,109,917</u>

Of the \$1,109,917 total OPEB liability, \$101,474 is due within one year. 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 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Discount Rate Sensitivity	1% Decrease (2.70%)	Discount Rate (3.70%)	1% Increase (4.70%)
Total OPEB Liability	\$ 1,195,490	\$ 1,109,917	\$ 1,032,580

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**D. Changes in Total OPEB Liability (Continued)**

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 healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.50%) Decreasing to 4.00% then 3.00%)	Current Trend Rates (6.50%) Decreasing to 5.00% then 4.00%)	1% Increase (7.50%) Decreasing to 6.00% then 5.00%)
<u>Medical Trend Rate Sensitivity</u>			
Total OPEB Liability	\$ 1,019,000	\$ 1,109,917	\$ 1,214,376

For the year ended December 31, 2024, the County recognized OPEB expense of \$134,323. At December 31, 2024, the County reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Actuarial Assumptions	\$ 39,436	\$ 44,564
Difference Between Expected and Actual Experience	316,148	-
Employer Benefits Paid Subsequent to the Measurement Date	101,474	-
Total	<u>\$ 457,058</u>	<u>\$ 44,564</u>

\$101,474 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement 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 of resources and deferred inflows of resources related to OPEB will be amortized over four years and will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>OPEB Expense Amount</u>
2025	\$ 64,631
2026	58,583
2027	53,459
2028	67,176
2029	67,171

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 7 RISK MANAGEMENT**

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

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

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

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS**

**A. Contingent Liabilities**

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

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

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Joint Ventures**

**Northwest Minnesota Office of Job Training**

Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis Counties (excluding the City of Duluth) entered into a joint powers agreement, pursuant to Minn. Stat. § 471.59, for the purpose of developing and implementing a private and public job training program. The United States Congress, through the Job Training Partnership Act of 1982, authorized states to establish “service delivery areas” to provide programs to achieve full employment through the use of grants. The counties identified above are defined as a “service delivery area,” and the Northeast Minnesota Office of Job Training is designated as the grant recipient and administrator for the service delivery area. The County is not a funding mechanism for this organization.

The governing body is composed of seven members, one member from the Board of Commissioners of each of the participating counties.

Aitkin County provided no funding to this organization during 2024. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Separate financial information can be obtained from:

Northeast Minnesota Office of Job Training  
820 North 9<sup>th</sup> Street, Suite 210  
Virginia, Minnesota 55792

**Northern Counties Land Use Coordinating Board**

The Northern Counties Land Use Coordinating Board was established through a joint powers agreement, pursuant to Minn. Stat. § 471.59, for the purpose of helping to formulate land use plans for the protection, sustainable use, and development of lands and natural resources.

The joint powers are Aitkin, Cook, Koochiching, Lake, Lake of the Woods, Pennington, Roseau, and St. Louis Counties. Three elected County Commissioners from St. Louis County and two from each of the other counties comprise the membership of the Board. St. Louis County handles all of the financial transactions for this organization through its Northern Counties Land Use Board Agency Fund.

Aitkin County provided \$2,000 to this organization during 2024. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Separate financial information can be obtained from:

Northern Counties Land Use Coordinating Board  
St. Louis County Courthouse  
100 North 5<sup>th</sup> Avenue West, #214  
Duluth, Minnesota 55802

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Joint Ventures (Continued)**

**Joint Counties Natural Resources Board**

The Joint Counties Natural Resources Board was formed in 1985 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Aitkin, Beltrami, Clearwater, Koochiching, Lake of the Woods, Mahnommen, Marshall, and Roseau Counties. The purpose of the Joint Counties Natural Resources Board is to gather information on and formulate policies for the development, utilization, and protection of natural resources in this area of Minnesota and to ensure that there is an interrelated plan for the use and protection of both public and private resources.

The Joint Counties Natural Resources Board is composed of at least one resident of each county appointed by its respective County Board, as provided in the Joint Counties Natural Resources Board's bylaws.

In the event of dissolution of the Joint Counties Natural Resources Board, the net position of the Joint Counties Natural Resources Board at that time shall be distributed to the respective member counties in proportion to the contribution of each. Aitkin County provided \$1,000 to this organization during 2024. There is no accumulation of significant financial resources or fiscal stress related to this entity.

The Joint Counties Natural Resources Board has no long-term debt. Financing is provided by appropriations from member counties.

Complete financial information can be obtained from:

Lake of the Wood County  
Auditor/Treasurer  
Joint County Natural Resources Board  
Box 808  
Baudette, Minnesota 56623

**Aitkin-Itasca Koochiching Community Health Services Board**

Aitkin, Itasca, and Koochiching Counties entered into a joint powers agreement, creating and operating the Aitkin-Itasca-Koochiching Community Health Services Board, effective January 1, 1977. This agreement is entered into under the authority of the Community Health Services Act of 1976 and is pursuant to the provisions of Minn. Stat. § 471.59 for the development and maintenance of an integrated system of community health services.

The Community Health Services Board is composed of two members from Aitkin and Koochiching Counties and three members from Itasca County, each appointed by the participating counties. Itasca County maintains the accounting records of the Community Health Services Board. Funding is obtained through federal, state, local, and private sources. Aitkin County provided no funding to this organization during 2024. There is no accumulation of significant financial resources or fiscal stress related to this entity.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Joint Ventures (Continued)**

**Aitkin-Itasca Koochiching Community Health Services Board (Continued)**

Complete financial information can be obtained from:

Aitkin-Itasca-Koochiching Community Health Services Board  
Community Health Board Administrator  
1209 S.E. 2<sup>nd</sup> Avenue  
Grand Rapids, Minnesota 55744

**Mississippi Headwaters Board**

The Mississippi Headwaters Board was established on February 22, 1980, by Aitkin, Beltrami, Cass, Clearwater, Crow Wing, Hubbard, Itasca, and Morrison Counties, pursuant to the provisions of Minn. Stat. § 471.59. The purpose of the Board is to prepare, adopt, and implement a comprehensive land use plan designed to protect and enhance the Mississippi River and related shoreland areas within the counties.

The Mississippi Headwaters Board consists of eight members, one appointed from each participating county. Crow Wing County maintains the accounting records of the Board. Funding is obtained through federal, state, local, and private sources. Aitkin County provided \$1,500 to this organization during 2024. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Complete financial information can be obtained from:

Mississippi Headwaters Board  
Land Services Building  
322 Laurel Street  
Brainerd, Minnesota 56401  
Email. mhb@co.crow-wing.mn.us

**Snake River Watershed Management Board**

The Snake River Watershed Management Board was established in April 1983 by Aitkin, Kanabec, Mille Lacs, and Pine Counties, pursuant to the provisions of Minn. Stat. § 471.59. The purpose of the Board is to coordinate the member counties' water plans and to develop objectives to promote sound hydrologic management of water and related land resources.

The four-member Board consists of one County Commissioner from each of the participating counties. The Kanabec County Auditor is the fiscal agent for the Board. The Board is funded through an annual budget and participation in the administrative cost in the following percentages:

Aitkin County	20.8 %
Kanabec County	49.5
Mille Lacs County	9.2
Pine County	20.2

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Joint Ventures (Continued)**

**Snake River Watershed Management Board (Continued)**

The Snake River Watershed Management Board was dissolved during 2024. The County received \$46,986 as a result of the dissolution.

Complete financial information can be obtained from:

Snake River Watershed Management Board  
Kanabec County Courthouse  
18 North Vine Street  
Mora, Minnesota 55051

**Minnesota Counties Information System (MCIS)**

Aitkin, Carlton, Cass, Chippewa, Cook, Crow Wing, Dodge, Itasca, Koochiching, Lac qui Parle, Lake, Sherburne, and St. Louis Counties entered into a joint powers agreement, pursuant to Minn. Stat. § 471.59, for the purpose of operating and maintaining data processing facilities and management information systems for use by its members.

MCIS is governed by a 13-member Board, composed of a member appointed by each of the participating county's Board of Commissioners. Financing is obtained through user charges to the member. Cass County is the fiscal agent for MCIS.

Each county's share of the assets and liabilities cannot be accurately determined since it will depend on the number of counties that are members when the agreement is dissolved. Aitkin County provided \$185,986 to this organization during 2024. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Separate financial information can be obtained from:

Minnesota Counties Information System  
413 Southeast 7<sup>th</sup> Avenue  
Grand Rapids, Minnesota 55744

**East Central Regional Library**

The East Central Regional Library was established by a joint powers agreement among Aitkin, Chisago, Isanti, Kanabec, Mille Lacs, and Pine Counties to provide an efficient and improved regional public library service. The Library Board comprises 18 members--one County Board member and two appointees from each member county. Aitkin County's contribution for 2024 was \$251,450. There is no accumulation of significant financial resources or fiscal stress related to this entity.



**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Joint Ventures (Continued)**

**East Central Regional Library (Continued)**

Complete financial statements of the East Central Regional Library can be obtained from:

East Central Regional Library  
244 South Birch  
Cambridge, Minnesota 55008

**Northeast Minnesota Regional Radio Board**

The Northeast Minnesota Regional Radio Board was established through a joint powers agreement, pursuant to Minn. Stat. §§ 471.59 and 403.39, to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) and to enhance and improve interoperable public safety communications.

The joint powers are the Counties of Aitkin, Carlton, Cass, Cook, Crow Wing, Itasca, Kanabec, Koochiching, Lake, Pine, and St. Louis and the Cities of Duluth, Hibbing, International Falls, and Virginia. Control of the Northeast Minnesota Regional Radio Board is vested in a Board of Directors composed of one County Commissioner from each of the member counties and one City Council member from each of the member cities. In addition, there is one member from the Northeast Minnesota Regional Advisory Committee, one member from the Northeast Minnesota Regional Radio System User Committee, and one member from the Northeast Minnesota Owners and Operators Committee who are also voting members of the Board.

Itasca County is the fiscal agent for the Northeast Minnesota Regional Radio Board. Funding is provided by grants and contributions from participating members. Aitkin County contributed no funding in 2024. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Separate financial information can be obtained from:

Itasca County  
123 NE 4<sup>th</sup> Street  
Grand Rapids, Minnesota 55744-2847

**Aitkin Municipal Airport Commission**

The Aitkin Municipal Airport Commission is authorized by Minn. Stat. ch. 360. The Airport Commission is governed by a five-member Board of Directors--three members are appointed by the Aitkin County Board and two are appointed by the City of Aitkin. The proprietary interest in the Airport Commission's assets is divided two-thirds to Aitkin County and one-third to the City of Aitkin as per the contractual agreement. All cash of the Airport Commission is on deposit with the City of Aitkin at December 31, 2024. The City of Aitkin has opted to report the activities of the Aitkin Municipal Airport Commission as a discrete component unit in its annual financial report.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Joint Ventures (Continued)**

**Aitkin Municipal Airport Commission (Continued)**

Investment in the joint venture on the statement of net position is 66.67% of the County's undivided interest of the Airport Commission. The investment in the Airport Commission was valued at \$1,970,177 on December 31, 2024, and is reported as an investment in joint venture on the government-wide statement of net position and appropriations in 2024 were \$45,600. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Complete financial statements of the City of Aitkin can be obtained from:

City of Aitkin  
109 First Avenue NW  
Aitkin, Minnesota 56431

**Aitkin-Itasca-Mille Lacs Drug Task Force (VCET)**

The Aitkin-Itasca-Mille Lacs Drug Task Force (VCET) was established through a joint powers agreement, pursuant to Minn. Stat. §§ 471.59, to investigate, identify, and disrupt illegal drug activity within the Counties of Aitkin, Itasca, and Mille Lacs and the Cities of Aitkin and Grand Rapids. The participating agencies promote cooperative law enforcement through multi-jurisdictional investigations in Northern Minnesota.

The joint powers are the Counties of Aitkin, Itasca, and Mille Lacs and the Cities of Aitkin, and Grand Rapids. Control of the Aitkin-Itasca-Mille Lacs Drug Task Force is vested in a Board of Directors composed of the sheriff of each member county, the police chief of each city, and at least one county attorney from a member county as the advisor to the Task Force.

Funding is provided by grants and contributions from participating members. Aitkin County contributed no funding in 2024. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Aitkin County is the fiscal agent for the Aitkin-Itasca-Mille Lacs Drug Task Force.

**Rum River Watershed Partnership**

The Rum River Watershed Partnership was established through a joint powers agreement, pursuant to Minn. Stat. §§ 471.59, to prepare, develop, adopt, implement, and administer a comprehensive local water management plan and carry out implementation actions, programs, and projects toward achievement of goals and objectives of such plans.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Joint Ventures (Continued)**

**Rum River Watershed Partnership (Continued)**

The joint powers are the Counties of Aitkin, Benton, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, and Sherburne, the Mille Lacs Band of Ojibwe, and the Soil and Water Conservation Districts of Aitkin, Anoka, Benton, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, and Sherburne Counties, and the Lower Rum River and Upper Rum River Watershed Management Organizations. Control of the Rum River Watershed Partnership is vested in a Board of Directors composed of one individual selected by each party. Each board member has one vote.

Anoka Soil and Water Conservation District is the fiscal agent for the Rum River Watershed Partnership. Funding is provided by grants and contributions from participating members. Aitkin County contributed no funding in 2024. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Separate financial information can be obtained from:

Anoka Soil and Water Conservation District  
1318 McKay Drive Northeast  
Ham Lake, Minnesota 55304

**Mississippi River – Grand Rapids Unit One Watershed One Plan**

The Mississippi River – Grand Rapids Unit One Watershed One Plan Partnership was established through a joint powers agreement, pursuant to Minn. Stat. §§ 471.59, to collectively develop and adopt, as local government units, a coordinated watershed management plan for implementation per the provisions of the plan.

The joint powers are the Counties of Aitkin, Carlton, Cass, Itasca, and St. Louis and the Aitkin, Carlton, Cass, Itasca, N. St. Louis, and S. St. Louis Soil and Water Conservation Districts. Control of the Mississippi River - Grand Rapids Unit One Watershed One Plan Partnership is vested in a Board of Representatives composed of one individual selected by each party. Each representative has one vote.

Itasca Soil and Water Conservation District is the fiscal agent for the Mississippi River – Grand Rapids One Watershed One Plan Partnership. Funding is provided by grants and contributions from participating members. Aitkin County contributed no funding in 2024. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Separate financial information can be obtained from:

Itasca Soil and Water Conservation District  
1895 W. Hwy 2  
Grand Rapids, Minnesota 55744

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**C. Jointly-Governed Organization**

**Aitkin County Family Services Collaborative**

The Aitkin County Family Services Collaborative was established to create opportunities to enhance family strengths and support through service coordination and access to informal communication. Aitkin County has no operational or financial control over the Collaborative. Aitkin County is the fiscal agent for the Collaborative and accounts for it in a custodial fund.

**Minnesota Rural Counties**

The Minnesota Rural Counties Caucus was established in 1997 and includes Aitkin, Becker, Beltrami, Big Stone, Clay, Clearwater, Cottonwood, Douglas, Grant, Itasca, Kittson, Koochiching, Lake of the Woods, Mahnommen, Marshall, McLeod, Mille Lacs, Morrison, Norman, Pennington, Polk, Pope, Red Lake, Renville, Roseau, Stevens, Todd, Traverse, Wadena, Watonwan, and Wilkin Counties. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee, which is composed of 12 appointees, each with an alternate, who are appointed annually by each respective County Board they represent. Each county also appoints a delegate and alternate to the Board of Directors. Aitkin County's responsibility does not extend beyond making these appointments. Aitkin County has no operational or financial control over the Caucus. Aitkin County provided \$2,300 to this organization during 2024.

**D. Related Organizations**

**Aitkin County Housing and Redevelopment Authority**

The Aitkin County Housing and Redevelopment Authority (HRA) is a separate legal entity as authorized under Minn. Stat. ch. 469. The HRA operates a low-income housing program and elderly housing in the cities of Aitkin, McGregor, and Hill City within the County. The HRA Board is appointed by the County Board. Aitkin County does not provide funding, has no obligation for the debt of the HRA, and cannot impose its will on the HRA.

**E. Tax-Forfeited Land**

The County manages approximately 221,200 acres of state-owned, tax-forfeited land. This land generates revenues primarily from recreational land contracts and land and timber sales. Land management costs, including forestry costs, such as site preparation, seedlings, tree planting, and logging roads, are accounted for as current operating expenditures. Revenues in excess of expenditures are distributed to the County and cities, towns, and school districts within the County according to state statute.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 9 TAX ABATEMENTS**

The County has two pay-as-you-go tax increment financing districts with local businesses pursuant to Minn. Stat. § 469.174-179. The County is currently collecting tax increments that are paid through the property tax collection processes. The requirement for businesses to receive the excess tax increments from the County is to perform improvements on the owned property. The increment taxes are based on the increase of the property value after the improvements are made. The two TIF districts that exist in Aitkin County boundaries are listed below.

Purpose	Name	City	Decertification Date	Captured Net Tax Capacity	Excess Tax Increment Paid During 2024
Housing	TIF 2	McGregor	12/31/2033	\$ 13,068	\$ 1,844
Housing	TIF 1-9	Aitkin	12/31/2041	36,368	32,032

**NOTE 10 ERROR CORRECTION**

In the prior year, due from other governments and revenue were understated in the Long Lake Conservation Center Enterprise fund (Business-Type Activities) due to an additional receivable that should have been recorded.

	Long Lake Conservation Center Enterprise Fund (Business-Type Activities)
Net Position - Beginning of Year, As Previously Reported	\$ 2,102,957
Correction of an Error	65,498
Net Position - Beginning of Year, As Restated	<u>\$ 2,168,455</u>

(This page intentionally left blank)

## **REQUIRED SUPPLEMENTARY INFORMATION**

(This page intentionally left blank)



**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 10,495,180	\$ 10,495,180	\$ 10,037,613	\$ (457,567)
Licenses and Permits	346,465	346,465	440,254	93,789
Intergovernmental	6,056,895	6,056,895	7,627,531	1,570,636
Charges for Services	883,354	883,354	998,492	115,138
Gifts and Contributions	1,100	1,100	7,629	6,529
Investment Earnings	301,381	301,381	1,442,710	1,141,329
Miscellaneous	720,981	872,265	584,660	(287,605)
Total Revenues	18,805,356	18,956,640	21,138,889	2,182,249
<b>EXPENDITURES</b>				
Current:				
General Government:				
Commissioners	311,972	311,972	286,757	25,215
Courts	46,000	46,000	103,296	(57,296)
County Administration	281,315	292,896	264,402	28,494
Human Resources	400,545	418,978	393,970	25,008
County Auditor	760,252	773,802	794,809	(21,007)
Motor Vehicle	222,879	226,988	223,090	3,898
County Treasurer	349,571	352,682	341,126	11,556
County Assessor	920,205	924,758	911,273	13,485
Elections	141,487	141,487	217,191	(75,704)
Data Processing	777,515	791,363	708,282	83,081
Central Services	753,349	753,349	262,856	490,493
County Attorney	1,390,937	1,403,307	1,260,988	142,319
County Recorder	590,456	595,360	625,953	(30,593)
Planning and Zoning	632,707	639,590	655,127	(15,537)
Buildings and Plant	8,000	8,000	897	7,103
Maintenance	601,601	603,647	608,777	(5,130)
Veterans Service Officer	183,557	190,418	177,980	12,438
Motor Pool	10,351	10,351	11,301	(950)
Housing and Development	2,000	2,000	2,240	(240)
Total General Government	8,384,699	8,486,948	7,850,315	636,633

See accompanying Notes to Required Supplementary Information.

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>EXPENDITURES (CONTINUED)</b>				
Current (Continued):				
Public Safety:				
County Sheriff	\$ 2,951,060	\$ 2,881,950	\$ 2,936,365	\$ (54,415)
VCET	181,806	181,806	161,255	20,551
Boat and Water Safety	134,980	134,980	102,948	32,032
Snowmobile	51,299	51,299	50,796	503
Coroner	75,000	75,000	75,521	(521)
E-911 System	-	-	8,052	(8,052)
Corrections (Jail)	3,585,434	3,630,531	3,368,542	261,989
Community Corrections (Sheriff)	1,181,187	1,212,524	1,257,566	(45,042)
Crime Victim	96,081	96,081	87,328	8,753
Civil Defense	56,139	56,139	53,943	2,196
Other Public Safety	29,604	29,604	27,465	2,139
Total Public Safety	8,342,590	8,349,914	8,129,781	220,133
Sanitation:				
Solid Waste	454,175	461,010	527,007	(65,997)
Health:				
Water Wells	7,000	7,000	4,179	2,821
Culture and Recreation:				
Parks	838,032	838,032	914,549	(76,517)
Regional Library	319,835	319,835	319,960	(125)
Tourism	12,400	12,400	15,593	(3,193)
Total Culture and Recreation	1,170,267	1,170,267	1,250,102	(79,835)
Conservation of Natural Resources:				
Cooperative Extension	88,592	88,592	83,779	4,813
Soil and Water Conservation	78,049	78,049	379,248	(301,199)
Agricultural Society/County Fair	38,328	38,328	38,382	(54)
Total Conservation of Natural Resources	204,969	204,969	501,409	(296,440)

See accompanying Notes to Required Supplementary Information.

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>EXPENDITURES (CONTINUED)</b>				
Current (Continued):				
Economic Development:				
Airports	\$ 45,600	\$ 45,600	\$ 45,600	\$ -
Other	126,979	126,979	1,584,653	(1,457,674)
Total Economic Development	172,579	172,579	1,630,253	(1,457,674)
Capital Outlay:				
General Government	226,205	226,205	109,262	116,943
Public Safety	185,500	185,500	661,377	(475,877)
	411,705	411,705	770,639	(358,934)
Debt Service:				
Principal	-	-	24,413	(24,413)
Total Expenditures	19,147,984	19,264,392	20,688,098	(1,423,706)
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(342,628)	(307,752)	450,791	758,543
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	46,000	46,000	124,123	78,123
Loans Issued	-	-	56,664	56,664
Proceeds from Sale of Capital Assets	23,000	23,000	11,594	(11,406)
Transfers In	-	-	104,799	104,799
Transfers Out	(70,000)	(70,000)	(177,792)	(107,792)
Total Other Financing Sources				
(Uses)	(1,000)	(1,000)	119,388	120,388
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (343,628)</u>	<u>\$ (308,752)</u>	570,179	<u>\$ 878,931</u>
Fund Balance - Beginning of Year			16,539,746	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 17,109,925</u>	

See accompanying Notes to Required Supplementary Information.

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 3,137,978	\$ 3,137,978	\$ 2,992,431	\$ (145,547)
Intergovernmental	9,050,600	9,050,600	6,982,244	(2,068,356)
Charges for Services	927,000	927,000	846,399	(80,601)
Miscellaneous	-	27,554	15	(27,539)
Total Revenues	13,115,578	13,143,132	10,821,089	(2,322,043)
<b>EXPENDITURES</b>				
Current:				
Highways and Streets:				
Administration	650,502	672,962	657,331	15,631
Engineering	674,960	674,960	577,255	97,705
Maintenance	4,336,516	4,341,610	3,796,966	544,644
Construction	125,900	125,900	298,392	(172,492)
Equipment and Maintenance Shops	-	-	190,511	(190,511)
Total Highways and Streets	5,787,878	5,815,432	5,520,455	294,977
Capital Outlay:				
Highways and Streets	6,463,000	6,463,000	5,080,987	1,382,013
Intergovernmental:				
Highways and Streets	514,000	514,000	507,275	6,725
Total Expenditures	12,764,878	12,792,432	11,108,717	1,683,715
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	350,700	350,700	(287,628)	(638,328)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Capital Assets	10,000	10,000	26,811	16,811
Transfers In	120,000	120,000	400,051	280,051
Transfers Out	(480,700)	(480,700)	(42,471)	438,229
Total Other Financing Sources (Uses)	(350,700)	(350,700)	384,391	735,091
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -	96,763	\$ 96,763
Fund Balance - Beginning of Year			3,987,373	
<b>FUND BALANCE - END OF YEAR</b>			\$ 4,084,136	

See accompanying Notes to Required Supplementary Information.

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 3,257,787	\$ 3,257,787	\$ 3,106,562	\$ (151,225)
Intergovernmental	3,535,490	3,535,490	3,848,255	312,765
Charges for Services	577,250	577,250	721,213	143,963
Miscellaneous	428,220	465,062	232,080	(232,982)
Total Revenues	7,798,747	7,835,589	7,908,110	72,521
<b>EXPENDITURES</b>				
Current:				
Human Services:				
Income Maintenance	2,256,456	2,265,962	2,100,651	165,311
Social Services	4,419,767	4,438,159	4,928,022	(489,863)
Total Human Services	6,676,223	6,704,121	7,028,673	(324,552)
Health:				
Women, Infants, and Children	5,204	5,204	16,881	(11,677)
Nursing Service	63,864	63,864	119,747	(55,883)
Maternal and Child Health	8,750	8,750	9,035	(285)
Miscellaneous	922,706	931,650	907,279	24,371
Total Health	1,000,524	1,009,468	1,052,942	(43,474)
Capital Outlay:				
Human Services	104,920	104,920	252,201	(147,281)
Health	17,080	17,080	2,605	14,475
Total Capital Outlay	122,000	122,000	254,806	(132,806)
Total Expenditures	7,798,747	7,835,589	8,336,421	(500,832)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(428,311)	(428,311)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	95,823	95,823
Transfers Out	-	-	(21,506)	(21,506)
Total Other Financing Sources (Uses)	-	-	74,317	74,317
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	(353,994)	<u>\$ (353,994)</u>
Fund Balance - Beginning of Year			6,773,963	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 6,419,969</u>	

See accompanying Notes to Required Supplementary Information.

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
TRUST SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Intergovernmental	\$ 355,200	\$ 355,200	\$ 362,835	\$ 7,635
Charges for Services	30,000	30,000	34,528	4,528
Miscellaneous	1,495,140	1,500,097	1,195,399	(304,698)
Total Revenues	1,880,340	1,885,297	1,592,762	(292,535)
<b>EXPENDITURES</b>				
Current:				
General Government:				
Law Library	30,000	30,000	34,483	(4,483)
Conservation of Natural Resources:				
County Development	67,000	67,000	43,684	23,316
Forfeited Tax	1,465,140	1,470,097	1,021,275	448,822
Total Conservation of Natural Resources	1,532,140	1,537,097	1,064,959	472,138
Total Expenditures	1,562,140	1,567,097	1,099,442	467,655
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	318,200	318,200	493,320	175,120
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	-	-	13	13
Transfers Out	(365,195)	(365,195)	(549,209)	(184,014)
Total Other Financing Sources (Uses)	(365,195)	(365,195)	(549,196)	(184,001)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (46,995)</u>	<u>\$ (46,995)</u>	(55,876)	<u>\$ (8,881)</u>
Fund Balance - Beginning of Year			1,269,890	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 1,214,014</u>	

See accompanying Notes to Required Supplementary Information.

**AITKIN COUNTY, MINNESOTA**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY,**  
**RELATED RATIOS, AND NOTES**  
**LAST TEN FISCAL YEARS**

	Measurement Date						
	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018
Total OPEB Liability:							
Service Cost	\$ 43,950	\$ 35,288	\$ 44,882	\$ 35,952	\$ 30,735	\$ 37,088	\$ 37,112
Interest	29,426	16,968	14,860	21,684	28,755	22,251	20,684
Assumption Changes	40,068	(68,601)	(8,510)	30,230	43,686	(22,052)	-
Plan Changes	-	-	133,775	-	-	84,077	-
Differences Between Actual and Expected Experience	362,984	-	34,158	-	(43,746)	-	-
Benefit Payments	(115,299)	(95,535)	(112,693)	(90,252)	(57,101)	(8,537)	(12,000)
Net Change in Total OPEB Liability	361,129	(111,880)	106,472	(2,386)	2,329	112,827	45,796
Total OPEB Liability - Beginning	748,788	860,668	754,196	756,582	754,253	641,426	595,630
Total OPEB Liability - Ending	<u>\$ 1,109,917</u>	<u>\$ 748,788</u>	<u>\$ 860,668</u>	<u>\$ 754,196</u>	<u>\$ 756,582</u>	<u>\$ 754,253</u>	<u>\$ 641,426</u>
Covered Employee Payroll	\$ 13,046,543	\$ 10,774,574	\$ 10,460,751	\$ 10,369,279	\$ 10,042,885	\$ 10,706,791	\$ 10,085,813
County's OPEB Liability as a Percentage of Covered Employee Payroll	9%	7%	8%	7%	8%	7%	6%

Note 1: The County implemented GASB Statement No. 75 in 2018. The above table will be expanded to 10 years of information as the information becomes available.

Note 2: No assets are accumulated in a trust.

*See accompanying Notes to Required Supplementary Information.*

**AITKIN COUNTY, MINNESOTA**  
**SCHEDULE OF THE COUNTY'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY (ASSET)**

**PERA GENERAL EMPLOYEES RETIREMENT PLAN**

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with Aitkin County	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Pension Liability	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.1449%	\$ 5,358,552	\$ 138,561	\$ 5,497,113	\$ 12,253,644	43.73%	89.10%
2023	0.1518%	8,488,486	234,021	8,722,507	12,074,228	70.30%	83.10%
2022	0.1447%	11,460,288	336,112	11,796,400	10,780,997	106.30%	76.67%
2021	0.1411%	6,025,602	183,998	6,209,600	10,157,947	59.32%	87.00%
2020	0.1421%	8,519,545	262,566	8,782,111	10,132,150	84.08%	79.06%
2019	0.1419%	7,845,334	243,989	8,089,323	10,045,395	78.10%	80.20%
2018	0.1468%	8,143,862	267,106	8,410,968	9,865,057	82.55%	79.53%
2017	0.1457%	9,301,392	116,947	9,418,339	9,361,951	99.35%	75.90%
2016	0.1450%	11,773,281	153,770	11,927,051	8,997,417	130.85%	68.91%
2015	0.1481%	7,675,311	N/A	7,675,311	8,702,625	88.20%	78.19%

**PERA PUBLIC EMPLOYEES FIRE AND POLICE PLAN**

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with Aitkin County	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Pension Liability	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.1111%	\$ 1,456,295	\$ 55,513	\$ 1,511,808	\$ 1,532,818	95.01%	90.20%
2023	0.114%	1,975,537	79,571	2,055,108	1,501,709	131.55%	86.47%
2022	0.118%	5,139,246	224,585	5,363,831	1,434,831	358.18%	70.50%
2021	0.111%	856,802	38,523	895,325	1,312,350	65.29%	93.66%
2020	0.109%	1,438,055	33,887	1,471,942	1,231,149	116.81%	87.19%
2019	0.120%	1,278,586	-	1,278,586	1,264,472	101.12%	89.30%
2018	0.125%	1,334,503	-	1,334,503	1,319,246	101.16%	88.84%
2017	0.122%	1,647,145	-	1,647,145	1,250,643	131.70%	85.43%
2016	0.123%	4,936,202	-	4,936,202	1,186,142	416.16%	63.88%
2015	0.132%	1,499,829	-	1,499,829	1,205,275	124.44%	86.61%

See accompanying Notes to Required Supplementary Information.



**AITKIN COUNTY, MINNESOTA**  
**SCHEDULE OF THE COUNTY'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY (ASSET) (CONTINUED)**

**PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN**

Measurement Date	Employer's Portion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2024	0.619%	\$ 188,723	\$ 1,571,923	12.01%	97.50%
2023	0.602%	272,045	1,411,048	19.28%	95.94%
2022	0.586%	1,948,197	1,350,941	(144.21%)	74.58%
2021	0.626%	(102,840)	1,384,153	(7.43%)	101.61%
2020	0.641%	173,955	1,394,902	12.47%	96.67%
2019	0.652%	90,283	1,391,017	6.49%	98.20%
2018	0.654%	107,612	1,336,331	8.05%	97.64%
2017	0.650%	1,852,507	1,298,980	142.61%	67.89%
2016	0.670%	2,447,604	1,269,269	192.84%	58.16%
2015	0.700%	108,220	1,262,333	8.57%	96.95%

The measurement date for each year is June 30.

*See accompanying Notes to Required Supplementary Information.*

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF CONTRIBUTIONS  
DECEMBER 31, 2024**

**PERA GENERAL EMPLOYEES RETIREMENT PLAN**

Year Ending	Statutorily Required Contributions	Actual Contributions in Relation to Statutorily Required Contributions	Contribution (Deficiency) Excess	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2024	\$ 954,442	\$ 954,442	\$ -	\$ 12,725,893	7.50%
2023	892,680	892,680	-	11,902,400	7.50%
2022	808,119	808,119	-	10,774,920	7.50%
2021	776,097	776,097	-	10,347,960	7.50%
2020	794,449	794,449	-	10,592,653	7.50%
2019	753,405	753,405	-	10,045,400	7.50%
2018	738,235	738,235	-	9,843,133	7.50%
2017	721,215	721,215	-	9,612,600	7.50%
2016	694,156	694,156	-	9,255,429	7.50%
2015	666,739	666,739	-	8,889,853	7.50%

**PERA PUBLIC EMPLOYEES FIRE AND POLICE PLAN**

Year Ending	Statutorily Required Contributions	Actual Contributions in Relation to Statutorily Required Contributions	Contributions (Deficiency) Excess	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2024	\$ 281,900	\$ 281,900	\$ -	\$ 1,592,655	17.70%
2023	260,879	260,879	-	1,473,893	17.70%
2022	253,965	253,965	-	1,434,831	17.70%
2021	248,733	248,733	-	1,405,271	17.70%
2020	230,581	230,581	-	1,302,718	17.70%
2019	209,978	209,978	-	1,238,808	16.95%
2018	213,718	213,718	-	1,319,247	16.20%
2017	207,528	207,528	-	1,281,040	16.20%
2016	198,277	198,277	-	1,223,931	16.20%
2015	196,140	196,140	-	1,210,738	16.20%

*See accompanying Notes to Required Supplementary Information.*

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF CONTRIBUTIONS (CONTINUED)  
DECEMBER 31, 2024**

**PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN**

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual Contributions in Relation to Statutorily Required Contributions</u>	<u>Contribution (Deficiency) Excess</u>	<u>Covered Payroll</u>	<u>Actual Contributions as a Percentage of Covered Payroll</u>
2024	\$ 144,552	\$ 144,552	\$ -	\$ 1,652,023	8.75%
2023	131,262	131,262	-	1,500,137	8.75%
2022	118,497	118,497	-	1,354,251	8.75%
2021	118,146	118,146	-	1,350,240	8.75%
2020	128,862	128,862	-	1,472,709	8.75%
2019	121,714	121,714	-	1,391,017	8.75%
2018	116,929	116,929	-	1,336,331	8.75%
2017	114,546	114,546	-	1,309,101	8.75%
2016	113,950	113,950	-	1,302,270	8.75%
2015	111,052	111,052	-	1,269,158	8.75%

The County's year-end is December 31.

*See accompanying Notes to Required Supplementary Information.*

(This page intentionally left blank)

**AITKIN COUNTY, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024**

**NOTE 1 BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual budgets are not adopted for the Opioid Remediation Special Revenue Fund and Ditch Special Revenue Fund. All annual appropriations lapse at fiscal year-end.

By July of each year, all departments submit requests for appropriations to the County Administrator so that a budget can be prepared. Before September 30, the proposed budget is presented to the County Board for review. A final budget is adopted by the Board and certified to the Auditor no later than December 31.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level.

**NOTE 2 EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following funds had expenditures in excess of budget for the year ended December 31, 2024. These expenditures in excess of appropriations were funded by revenues that exceeded the revenue budget.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 20,688,098	\$ 19,264,392	\$ 1,423,706
Special Revenue Funds:			
Health and Human Services	8,336,421	7,835,589	500,832

**NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended December 31, 2024.

**General Employees Fund**

**2024**

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.

**AITKIN COUNTY, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**General Employees Fund (Continued)**

**2024 (Continued)**

Changes in Actuarial Assumptions (Continued):

- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

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

**2023**

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions:

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

**2022**

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2021**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**General Employees Fund (Continued)**

**2020**

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirement and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

Changes in Plan Provisions:

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

**2019**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**General Employees Fund (Continued)**

**2018**

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4% to 3%, beginning July 1, 2018.
- Deferred augmentation was changed to 0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017**

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions:

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



**AITKIN COUNTY, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**General Employees Fund (Continued)**

**2016**

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2015**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**Police and Fire Plan**

**2024**

Changes in Actuarial Assumptions:

- There were no changes in actuarial assumptions since the prior valuation.

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% 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% 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).

**AITKIN COUNTY, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**Police and Fire Plan (Continued)**

**2023**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

**2022**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2021**

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**Police and Fire Plan (Continued)**

**2021 (Continued)**

Changes in Actuarial Assumptions (Continued):

- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2020**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2019**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2018**

Changes in Actuarial Assumptions:

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

Changes in Plan Provision:

- Postretirement benefit increases changed to 1.0% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9 million thereafter until the plan reaches 100% funding or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30 of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**Police and Fire Plan (Continued)**

**2018 (Continued)**

Changes in Plan Provision (Continued):

- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00% beginning July 1, 2018.
- Deferred augmentation was changed to 0.00% effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017**

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**Police and Fire Plan (Continued)**

**2016**

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2037 and 2.50% thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%.
- The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2015**

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2037 and 2.5% per year thereafter.

Changes in Plan Provisions:

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

**Correctional Plan**

**2024**

Changes in Actuarial Assumptions:

- There were no changes in actuarial assumptions since the prior valuation.

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.

**2023**

Changes in Actuarial Assumptions:

- The investment return rate was changed from 6.5% to 7.0%.
- The single discount rate changed from 5.42% to 7.0%.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**Correctional Plan (Continued)**

**2023 (Continued)**

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of \$5.3 million will be contributed to the Plan on October 1, 2023.
- A one-time, noncompounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.5%. The maximum increase is 1.5% and the Plan's funding ratio improves to 85% for two consecutive years on a market value of assets basis.

**2022**

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP 2021.
- The single discount rate changed from 6.50% to 5.42%.
- The benefit increase assumption was changed from 2.00% per annum to 2.00% per annum through December 31, 2054 and 1.5% per annum thereafter.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2021**

Changes in Actuarial Assumptions:

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

**AITKIN COUNTY, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**Correctional Plan (Continued)**

**2021 (Continued)**

Changes in Actuarial Assumptions (Continued):

- Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2020**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2019**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2018**

Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.96% per annum to 7.50% per annum.
- The morality projection scale was changed from MP-2016 to MP-2017.
- The assumed postretirement benefit increase was changed from 2.50% per year to 2.00% per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial experience after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Postretirement benefit increases were changed from 2.50% per year with a provision to reduce to 1.00% if the funding status declines to a certain level, to 100% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 2.50%, beginning January 1, 2019. If the funding status declines to 85.0% for two consecutive years or 80% for one year, the maximum increase will be lowered to 1.50%.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**Correctional Plan (Continued)**

**2017**

Changes in Actuarial Assumptions:

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The combined service annuity (CSA) load was 30.00% for vested and nonvested, deferred members. The CSA has been changed to 35.00% for vested members and 1.00% for nonvested members.
- The single discount rate was changed from 5.31% per annum to 5.96% per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2016**

Changes in Actuarial Assumptions:

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.31%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2015**

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.



**AITKIN COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

**NOTE 4 OTHER POSTEMPLOYMENT BENEFITS**

Since the most recent valuation, the following assumption changes have been made:

2024

- The discount rate was changed from 4.00% to 3.70%.
- The health care trend rates were changed to better anticipate short-term and long-term medical increases.

2023

- The discount rate was changed from 2.00% to 4.00%.
- The inflation rate was changed from 2.00% to 2.50%.

2022

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The retirement, withdrawal, and salary increase rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%.

2021

- The discount rate was changed from 2.90% to 2.00%.

2020

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generation Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.80% to 2.90%.

2019

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

(This page intentionally left blank)

## **SUPPLEMENTARY INFORMATION**

(This page intentionally left blank)

## **GOVERNMENTAL FUNDS**

(This page intentionally left blank)

**AITKIN COUNTY, MINNESOTA  
DESCRIPTION OF FUNDS – NONMAJOR  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024**

The Forest Development Special Revenue Fund is used to account for funds used in developing forests in the County. Financing is provided by forfeited tax settlements, grants, and payments in lieu of taxes.

The Unorganized Road, Bridge, and Fire Special Revenue Fund is used to account for funds used to provide road maintenance and fire protection for unorganized townships. Financing is provided by property taxes and grants.

The Ditch Special Revenue Fund is used to account for funds used for public improvements and services for the ditch system. Financing is provided by special assessments against the benefited property owners.

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

The Environmental Permanent Fund is used to account for funds collected from the sale of County-owned lakeshore leased lots. In accordance with 1998 Minn. Laws ch. 389, art. 16, § 31, the principal on these sales must remain in an environmental trust, and the interest may be spent only on improvement of natural resources.

The Housing Trust Fund is used to account for funds used for the purpose of developing and preserving affordable housing within the County's jurisdiction. Financing is provided by the State of Minnesota's Department of Revenue.

**AITKIN COUNTY, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2024**

	Special Revenue Funds				
	Forest Development	Unorganized Road, Bridge, and Fire	Ditch	Housing Trust	Total
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 545,061	\$ 377,829	\$ 38,953	\$ 194,444	\$ 1,156,287
Taxes Receivable:					
Delinquent	-	-	-	-	-
Special Assessments Receivable:					
Delinquent	-	-	12,439	-	12,439
Due from Other Funds	84,857	3,836	-	-	88,693
Total Assets	<u>\$ 629,918</u>	<u>\$ 381,665</u>	<u>\$ 51,392</u>	<u>\$ 194,444</u>	<u>\$ 1,257,419</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 114	\$ 2,976	\$ -	\$ -	\$ 3,090
Salaries Payable	19,969	-	-	-	19,969
Due to Other Funds	-	9,261	885	-	10,146
Total Liabilities	<u>20,083</u>	<u>12,237</u>	<u>885</u>	<u>-</u>	<u>33,205</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes Received for Future Years	-	-	-	-	-
Unavailable Revenue	-	-	12,439	-	12,439
Total Deferred Inflows of Resources	-	-	12,439	-	12,439
<b>FUND BALANCES</b>					
Nonspendable for:					
Environmental Uses	-	-	-	-	-
Restricted for:					
Debt Service	-	-	-	-	-
Unorganized Road, Bridge, and Fire	-	369,428	-	-	369,428
Ditch Maintenance and Repairs	-	-	56,573	-	56,573
Committed for:					
Housing Aid	-	-	-	194,444	194,444
Assigned for:					
Forest Development	609,835	-	-	-	609,835
Unassigned	-	-	(18,505)	-	(18,505)
Total Fund Balances	<u>609,835</u>	<u>369,428</u>	<u>38,068</u>	<u>194,444</u>	<u>1,211,775</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 629,918</u>	<u>\$ 381,665</u>	<u>\$ 51,392</u>	<u>\$ 194,444</u>	<u>\$ 1,257,419</u>



**AITKIN COUNTY, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2024**

	Debt Service Fund	Permanent Fund	
	Debt Service	Environmental	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 819,982	\$ 457,677	\$ 2,433,946
Taxes Receivable:			
Delinquent	17,007	-	17,007
Special Assessments Receivable:			
Delinquent	-	-	12,439
Due from Other Funds	-	-	88,693
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 836,989</u>	<u>\$ 457,677</u>	<u>\$ 2,552,085</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ -	\$ 3,090
Salaries Payable	-	-	19,969
Due to Other Funds	-	-	10,146
Total Liabilities	<u>          </u>	<u>          </u>	<u>33,205</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Received for Future Years	79	-	79
Unavailable Revenue	17,007	-	29,446
	<u>          </u>	<u>          </u>	<u>          </u>
Total Deferred Inflows of Resources	17,086	-	29,525
<b>FUND BALANCES</b>			
Nonspendable for:			
Environmental Uses	-	457,677	457,677
Restricted for:			
Debt Service	819,903	-	819,903
Unorganized Road, Bridge, and Fire	-	-	369,428
Ditch Maintenance and Repairs	-	-	56,573
Committed for:			
Housing Aid	-	-	194,444
Assigned for:			
Forest Development	-	-	609,835
Unassigned	-	-	(18,505)
Total Fund Balances	<u>819,903</u>	<u>457,677</u>	<u>2,489,355</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 836,989</u>	<u>\$ 457,677</u>	<u>\$ 2,552,085</u>

**AITKIN COUNTY, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2024**

	Special Revenue Funds				
	Forest Development	Unorganized Road, Bridge, and Fire	Ditch	Housing Trust	Total
<b>REVENUES</b>					
Taxes	\$ -	\$ 83,310	\$ -	\$ -	\$ 83,310
Licenses and Permits	40,721	-	-	-	40,721
Intergovernmental	192,544	11,700	-	97,222	301,466
Investment Earnings	-	-	1,593	-	1,593
Miscellaneous	91,452	3,856	-	-	95,308
Total Revenues	324,717	98,866	1,593	97,222	522,398
<b>EXPENDITURES</b>					
Current:					
General Government	-	2,976	-	-	2,976
Public Safety	-	37,177	-	-	37,177
Conservation of Natural Resources	728,819	-	287	-	729,106
Capital Outlay:					
Conservation of Natural Resources	59,803	-	-	-	59,803
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	788,622	40,153	287	-	829,062
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(463,905)	58,713	1,306	97,222	(306,664)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	215,719	42,471	-	-	258,190
Transfers Out	-	(148,953)	(901)	-	(149,854)
Total Other Financing Sources (Uses)	215,719	(106,482)	(901)	-	108,336
<b>NET CHANGE IN FUND BALANCE</b>	(248,186)	(47,769)	405	97,222	(198,328)
Fund Balance - Beginning of Year	858,021	417,197	37,663	97,222	1,410,103
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 609,835</u>	<u>\$ 369,428</u>	<u>\$ 38,068</u>	<u>\$ 194,444</u>	<u>\$ 1,211,775</u>

**AITKIN COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**

	Debt Service Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Debt Service	Environmental	
<b>REVENUES</b>			
Taxes	\$ 711,981	\$ -	\$ 795,291
Licenses and Permits	-	-	40,721
Intergovernmental	41,915	-	343,381
Investment Earnings	-	21,818	23,411
Miscellaneous	-	-	95,308
Total Revenues	753,896	21,818	1,298,112
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	2,976
Public Safety	-	-	37,177
Conservation of Natural Resources	-	-	729,106
Capital Outlay:			
Conservation of Natural Resources	-	-	59,803
Debt Service:			
Principal	420,000	-	420,000
Interest	280,514	-	280,514
Total Expenditures	700,514	-	1,529,576
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	53,382	21,818	(231,464)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	258,190
Transfers Out	-	(46,894)	(196,748)
Total Other Financing Sources (Uses)	-	(46,894)	61,442
<b>NET CHANGE IN FUND BALANCE</b>	53,382	(25,076)	(170,022)
Fund Balance - Beginning of Year	766,521	482,753	2,659,377
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 819,903</u>	<u>\$ 457,677</u>	<u>\$ 2,489,355</u>

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
FOREST DEVELOPMENT SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Licenses and Permits	\$ 200	\$ 200	\$ 40,721	\$ 40,521
Intergovernmental	216,000	216,000	192,544	(23,456)
Miscellaneous	266,580	270,278	91,452	(178,826)
Total Revenues	482,780	486,478	324,717	(161,761)
<b>EXPENDITURES</b>				
Current:				
Conservation of Natural Resources:				
Reforestation	297,358	297,358	294,467	2,891
Land Surveying	431,470	435,168	434,352	816
Total Conservation of Natural Resources	728,828	732,526	728,819	3,707
Capital Outlay:				
Conservation of Natural Resources	111,200	111,200	59,803	51,397
Total Expenditures	840,028	843,726	788,622	55,104
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(357,248)	(357,248)	(463,905)	(106,657)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	430,390	430,390	215,719	(214,671)
Transfers Out	(215,195)	(215,195)	-	215,195
Proceeds from Sale of Capital Assets	4,000	4,000	-	(4,000)
Total Other Financing Sources (Uses)	219,195	219,195	215,719	(3,476)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (138,053)</u>	<u>\$ (138,053)</u>	(248,186)	<u>\$ (110,133)</u>
Fund Balance - Beginning of Year			858,021	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 609,835</u>	

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
UNORGANIZED ROAD, BRIDGE, AND FIRE SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 86,550	\$ 86,550	\$ 83,310	\$ (3,240)
Intergovernmental	-	-	11,700	11,700
Miscellaneous	-	-	3,856	3,856
Total Revenues	86,550	86,550	98,866	12,316
<b>EXPENDITURES</b>				
Current:				
General Government:				
Other General Government	2,700	2,700	2,976	(276)
Public Safety:				
Emergency Services	37,850	37,850	37,177	673
Highways and Streets:				
Other Highways and Streets	46,000	46,000	-	46,000
Total Expenditures	86,550	86,550	40,153	46,397
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	58,713	58,713
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	42,471	42,471
Transfers Out	-	-	(148,953)	(148,953)
Total Other Financing Sources (Uses)	-	-	(106,482)	(106,482)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	(47,769)	<u>\$ (47,769)</u>
Fund Balance - Beginning of Year			417,197	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 369,428</u>	

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Taxes	\$ 745,516	\$ 745,516	\$ 711,981	\$ (33,535)
Intergovernmental	-	-	41,915	41,915
Total Revenues	<u>745,516</u>	<u>745,516</u>	<u>753,896</u>	<u>8,380</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	420,000	420,000	420,000	-
Interest	<u>280,515</u>	<u>280,515</u>	<u>280,514</u>	<u>1</u>
Total Debt Service	<u>700,515</u>	<u>700,515</u>	<u>700,514</u>	<u>1</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 45,001</u>	<u>\$ 45,001</u>	53,382	<u>\$ 8,381</u>
Fund Balance - Beginning of Year			<u>766,521</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 819,903</u>	

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
ENVIRONMENTAL PERMANENT FUND  
YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Investment Earnings	\$ 26,000	\$ 26,000	\$ 21,818	\$ (4,182)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(26,000)	(26,000)	(46,894)	(20,894)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	(25,076)	<u>\$ (25,076)</u>
Fund Balance - Beginning of Year			<u>482,753</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 457,677</u>	

(This page intentionally left blank)



## **FIDUCIARY FUNDS**

(This page intentionally left blank)

**AITKIN COUNTY, MINNESOTA  
DESCRIPTION OF FUNDS – FIDUCIARY FUNDS  
DECEMBER 31, 2024**

The Taxes and Penalties Fund is used to account for the inflows of tax collections and the disbursement of taxes during the settlement process for municipalities within the County.

The County Triad Fund is used to account for funds of a group whose mission is to make communities safer for seniors.

The State Revenue Fund is used to account for the collection of fees on behalf of the state.

The License Center Fund is used to account for the collection of license fees on behalf of the state.

The Estate Recoveries Fund is used to hold the State's portion of estates from deceased parties within the County until such a time they can be analyzed and disbursed appropriately.

The Jail Canteen Fund is used to account for deposits and withdrawals made by inmates of the Aitkin County Jail.

The Child Abuse Prevention Council Fund is used to account for the financial resources of an unrelated council attempting to bring awareness to child abuse in the County.

The Collaborative Fund is used to account for an interagency agreement between the County and school districts for the purpose of planning and coordination of family services within the County.

The VCET Fund is used to account for the activity of the Aitkin-Itasca-Mille Lacs Drug Task Force joint powers agreement that the County is the fiscal host for.

**AITKIN COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION –**  
**CUSTODIAL FUNDS**  
**DECEMBER 31, 2024**

	Custodial Funds				
	Taxes and Penalties	County Triad	State Revenue	License Center	Estate Recoveries
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 660,760	\$ 4,207	\$ 145,091	\$ -	\$ 87,861
Due from Other Governments	-	-	-	-	-
Taxes for Other Governments	355,937	-	69,848	-	-
Total Assets	1,016,697	4,207	214,939	-	87,861
<b>LIABILITIES</b>					
Due to Other Governments	660,760	-	138,945	-	87,861
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes Collected for Subsequent Period	1,003	-	-	-	-
<b>NET POSITION</b>					
Restricted for:					
Individuals, Organizations, and Other Governments	\$ 355,056	\$ 4,207	\$ 75,994	\$ -	\$ -

**AITKIN COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –**  
**CUSTODIAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2024**

	Custodial Funds				Total Custodial Funds
	Jail Canteen	Child Abuse Prevention Council	Collaborative	VCET	
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 95,509	\$ 25,927	\$ 91,169	\$ 42,374	\$ 1,152,898
Due from Other Governments	-	-	21,379	-	21,379
Taxes for Other Governments	-	-	-	-	425,785
Total Assets	<u>95,509</u>	<u>25,927</u>	<u>112,548</u>	<u>42,374</u>	<u>1,600,062</u>
<b>LIABILITIES</b>					
Due to Other Governments	-	-	-	-	887,566
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes Collected for Subsequent Period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,003</u>
<b>NET POSITION</b>					
Restricted for:					
Individuals, Organizations, and Other Governments	<u>\$ 95,509</u>	<u>\$ 25,927</u>	<u>\$ 112,548</u>	<u>\$ 42,374</u>	<u>\$ 711,615</u>

**AITKIN COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –**  
**CUSTODIAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**

	Custodial Funds				
	Taxes and Penalties	County Triad	State Revenue	License Center	Estate Recoveries
<b>ADDITIONS</b>					
Contributions - Individuals	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Property Tax Collections for Other Governments	14,465,395	-	-	-	-
Fee Collections for Other Governments and Organizations	-	-	-	-	-
License and Fees Collected for State Recoveries	-	-	4,826,674	4,544,814	-
Miscellaneous	-	-	385	-	204,558
Total Additions	14,465,395	-	4,827,059	4,544,814	204,558
<b>DEDUCTIONS</b>					
Beneficiary Payments to Individuals	-	-	-	-	-
Payments of Property Tax to Other Governments	14,459,814	-	-	-	-
Payments to State	-	-	4,800,203	4,544,814	204,558
Payments to Other Entities	-	-	-	-	-
Miscellaneous	-	480	-	-	-
Total Deductions	14,459,814	480	4,800,203	4,544,814	204,558
<b>CHANGE IN FIDUCIARY NET POSITION</b>	5,581	(480)	26,856	-	-
Fiduciary Net Position - Beginning of Year	349,475	4,687	49,138	-	-
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<u>\$ 355,056</u>	<u>\$ 4,207</u>	<u>\$ 75,994</u>	<u>\$ -</u>	<u>\$ -</u>

**AITKIN COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –**  
**CUSTODIAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**

	Custodial Funds				Total Custodial Funds
	Jail Canteen	Child Abuse Prevention Council	Collaborative	VCET	
<b>ADDITIONS</b>					
Contributions - Individuals	\$ 138,578	\$ -	\$ -	\$ 16,416	\$ 154,994
Intergovernmental	-	-	84,299	11,441	95,740
Property Tax Collections for Other Governments	-	-	-	-	14,465,395
Fee Collections for Other Governments and Organizations	-	7,464	-	21,015	28,479
License and Fees Collected for State	-	-	-	-	9,371,488
Recoveries	-	-	-	-	204,558
Miscellaneous	-	-	-	-	385
Total Additions	138,578	7,464	84,299	48,872	24,321,039
<b>DEDUCTIONS</b>					
Beneficiary Payments to Individuals	109,643	-	-	18,617	128,260
Payments of Property Tax to Other Governments	-	-	-	-	14,459,814
Payments to State	-	-	-	-	9,549,575
Payments to Other Entities	-	2,964	62,088	28,214	93,266
Miscellaneous	-	-	-	11,360	11,840
Total Deductions	109,643	2,964	62,088	58,191	24,242,755
<b>CHANGE IN FIDUCIARY NET POSITION</b>	28,935	4,500	22,211	(9,319)	78,284
Fiduciary Net Position - Beginning of Year	66,574	21,427	90,337	51,693	633,331
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<u>\$ 95,509</u>	<u>\$ 25,927</u>	<u>\$ 112,548</u>	<u>\$ 42,374</u>	<u>\$ 711,615</u>

(This page intentionally left blank)



## **OTHER SCHEDULES**

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF INTERGOVERNMENTAL REVENUE  
YEAR ENDED DECEMBER 31, 2024**

	Governmental Funds	Enterprise Fund	Total Primary Government
<b>APPROPRIATIONS AND SHARED REVENUE</b>			
State:			
Highway Users Tax	\$ 5,447,215	\$ -	\$ 5,447,215
PERA Rate Reimbursement	43,116	-	43,116
Disparity Reduction Aid	10,540	-	10,540
Police Aid	240,676	-	240,676
County Program Aid	1,083,447	-	1,083,447
Market Value Credit	205,568	-	205,568
SCORE	86,753	-	86,753
Out of Home Placement	41,502	-	41,502
Riparian Aid	40,000	-	40,000
Taconite Credit	588,473	-	588,473
Enhanced 911	178,580	-	178,580
Housing Aid	97,222	-	97,222
Local Homeless Aid	23,365	-	23,365
Local Cannabis Aid	2,114	-	2,114
Aquatic Invasive Species	268,535	-	268,535
Total Appropriations and Shared Revenue	8,357,106	-	8,357,106
<b>REIMBURSEMENT FOR SERVICES</b>			
State:			
Minnesota Department of Human Services	770,173	-	770,173
<b>PAYMENTS</b>			
Local:			
Payments in Lieu of Taxes	2,265,658	-	2,265,658
<b>GRANTS</b>			
State:			
Minnesota Department/Board of:			
Corrections	905,654	-	905,654
Public Safety	297,210	-	297,210
Trial Courts	66,158	-	66,158
Health	174,210	-	174,210
Natural Resources	866,246	-	866,246
Human Services	697,959	-	697,959
Peace Officers Board	21,286	-	21,286
Pollution Control	42,750	-	42,750
Secretary of State	70,226	-	70,226
Veterans Affairs	10,000	-	10,000
Water and Soil Resources	63,864	-	63,864
Total State	3,215,563	-	3,215,563

**AITKIN COUNTY, MINNESOTA**  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**

	Governmental Funds	Enterprise Fund	Total Primary Government
<b>GRANTS (CONTINUED)</b>			
Federal:			
U.S. Department of:			
Agriculture	\$ 348,424	\$ 3,085	\$ 351,509
Education	2,100	-	2,100
Justice	508,703	-	508,703
Transportation	1,057,560	-	1,057,560
Health and Human Services	1,761,027	-	1,761,027
Housing and Urban Development	667,610	-	667,610
Homeland Security	210,322	-	210,322
Total Federal	<u>4,555,746</u>	<u>3,085</u>	<u>4,558,831</u>
 Total State and Federal Grants	 <u>7,771,309</u>	 <u>3,085</u>	 <u>7,774,394</u>
 Total Intergovernmental Revenue	 <u><u>\$ 19,164,246</u></u>	 <u><u>\$ 3,085</u></u>	 <u><u>\$ 19,167,331</u></u>

**AITKIN COUNTY, MINNESOTA  
BALANCE SHEET BY DITCH  
DITCH SPECIAL REVENUE FUND  
DECEMBER 31, 2024**

Assets				
	Special			Total
	Cash	Assessments Receivable	Due from Other Ditches	
County Ditches:				
2 (JUD)	\$ 10,500	\$ 163	\$ -	\$ 10,663
24	-	369	1,500	1,869
30	30,023	1,294	11,861	43,178
5	(440)	-	-	(440)
23	(965)	-	-	(965)
28	(185)	-	-	(185)
34	-	978	-	978
36	2,755	1,208	-	3,963
37	(3,446)	8,427	-	4,981
42	(425)	-	-	(425)
66	1,279	-	-	1,279
20	(143)	-	-	(143)
43	-	-	-	-
29	-	-	-	-
Total	<u>\$ 38,953</u>	<u>\$ 12,439</u>	<u>\$ 13,361</u>	<u>\$ 64,753</u>

**AITKIN COUNTY, MINNESOTA  
BALANCE SHEET BY DITCH  
DITCH SPECIAL REVENUE FUND (CONTINUED)  
DECEMBER 31, 2024**

	Liabilities			Deferred Inflows of Resources	Fund Balances	Total Liabilities, Deferred Inflows of Resources, and Fund Balance
	Due to Other Ditches	Due to Other Funds	Total	Unavailable Revenue	Restricted/ (Unassigned)	
County Ditches:						
2 (JUD)	\$ -	\$ -	\$ -	\$ 164	\$ 10,499	\$ 10,663
24	-	-	-	369	1,500	1,869
30	-	-	-	1,294	41,884	43,178
5	7,250	-	7,250	-	(7,690)	(440)
23	-	600	600	-	(1,565)	(965)
28	1,287	-	1,287	-	(1,472)	(185)
34	65	-	65	978	(65)	978
36	65	-	65	1,208	2,690	3,963
37	2,173	-	2,173	8,426	(5,618)	4,981
42	935	-	935	-	(1,360)	(425)
66	1,510	-	1,510	-	(231)	1,279
20	-	-	-	-	(143)	(143)
43	76	-	76	-	(76)	-
29	-	285	285	-	(285)	-
Total	<u>\$ 13,361</u>	<u>\$ 885</u>	<u>\$ 14,246</u>	<u>\$ 12,439</u>	<u>\$ 38,068</u>	<u>\$ 64,753</u>

**AITKIN COUNTY, MINNESOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2024**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Passed Through Minnesota Department of Education: Special Milk Program for Children (Part of Child Nutrition Cluster)	10.556	SERVS2024	\$ 3,085	\$ -
Passed Through Aitkin-Itasca-Koochiching Community Health Services Board: WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	232MN004W1003	112,069	-
Passed Through Minnesota Department of Human Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561	242MN101S2514	239,462	-
Passed Through Minnesota Department of Agriculture: WIC Farmers' Market Nutrition Program (FMNP)	10.572	B046F17	197	-
Total Department of Agriculture			354,813	-
<b>U.S. Department of Housing and Urban Development</b>				
Passed Through Minnesota Department of Employment and Economic Development, Business and Community Division: COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-20-DW-27-0001	393,755	393,755
<b>U.S. Department of Justice</b>				
Direct				
Public Safety Partnership and Community Policing Grants	16.710	N/A - Direct	430,000	-
Passed Through Minnesota Department of Public Safety: Crime Victim Assistance	16.575	F-CVS-2024-AITKINAO-12922	93,950	-
Total Department of Justice			523,950	-
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Transportation: Highway Planning and Construction	20.205	0123248 0122242 0124136 0124034	\$ 7,191 7,589 1,155,432 1,028,841	- - - -
Passed Through Minnesota Department of Public Safety and the City of Aitkin: State and Community Highway Safety (Part of Highway Safety Cluster)	20.600	F-SAFE24-2024-ATKNCOTZD	651	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-SAFE24-2024-ATKNCOTZD	551	-
Total Department of Transportation			2,200,255	-
<b>U.S. Department of Education</b>				
Passed Through Aitkin-Itasca-Koochiching Community Health Services Board Special Education-Grants for Infants and Families	84.181	BO4MC32551	2,100	-
<b>U.S. Department of Health and Human Services</b>				
Passed Through Aitkin-Itasca-Koochiching Community Health Services Board:				
Public Health Emergency Preparedness	93.069	NU90TP922026	26,942	-
COVID-19 Immunization Cooperative Agreements	93.268	NH23IP922628	14,828	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000508	8,074	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$179,759)	93.558	2401MNTANF	35,712	-
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.697	NE11OE000048	1,793	-
Medical Assistance Program (Part of Medicaid Cluster) (Total Medical Assistance Program 93.778 \$830,070)	93.778	2405MN5ADM	14,864	-
Maternal and Child Health Services Block Grant to the States	93.994	B0452933	33,087	-

*The Notes to the Schedule of Expenditures of Federal Awards are an Integral Part of This Section.*

**AITKIN COUNTY, MINNESOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services (Continued)</b>				
Passed Through Minnesota Department of Human Services:				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2301MNFPS	\$ 4,909	\$ -
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$179,759)	93.558	2401MNTANF	144,047	-
Child Support Enforcement	93.563	2301MNCSES	\$ 65,154	-
		2301MNCES	316,572	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2401MNRMA	1,842	-
Child Care and Development Block Grant (Part of CCDF Cluster)	93.575	2401MNCDF	3,194	-
Community-Based Child Abuse Prevention Grants	93.590	2302MNBCAP	3,851	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2301MNCWSS	2,100	-
Foster Care Title IV-E	93.658	2401MNFOS	158,661	-
Social Services Block Grant	93.667	2401MNSOSR	122,436	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2301MNCILP	1,170	-
Children's Health Insurance Program	93.767	2305MN5021	432	-
Medical Assistance Program (Part of Medicaid Cluster)	93.778	2405MN5ADM	810,095	-
(Total Medical Assistance Program 93.778 \$830,070)		2405MN5MAP	5,111	-
Total Department of Health and Human Services			1,774,874	-
<b>U.S. Department of Homeland Security</b>				
Passed Through Minnesota Department of Natural Resources:				
Boating Safety Financial Assistance	97.012	R29CG70CBLA23	5,268	-
Passed Through Minnesota Department of Public Safety:				
Emergency Management Performance Grants	97.042	F-EMPG-2022-AITKINCO-4399	43,773	-
Total Department of Homeland Security			49,041	-
Total Expenditures of Federal Awards			\$ 5,298,788	\$ 393,755

Clusters of programs are groupings of closely related programs that share common compliance requirements.

Total Expenditures by Cluster are:

CCDF Cluster	\$ 3,194
Medicaid Cluster	830,070
SNAP Cluster	239,462
Highway Safety Cluster	651
Child Nutrition Cluster	3,085

*The Notes to the Schedule of Expenditures of Federal Awards are an Integral Part of This Section.*

(This page intentionally left blank)



**AITKIN COUNTY, MINNESOTA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2024**

**NOTE 1    REPORTING ENTITY**

The schedule of expenditures of federal awards (the Schedule) presents the federal award programs expended by Aitkin County. The County's reporting entity is defined in Note 1 to the financial statements.

**NOTE 2    BASIS OF PRESENTATION**

The accompanying Schedule includes the federal grant activity of Aitkin County under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) from the Office of Management and Budget (OMB). Because the Schedule presents only a selected portion of the operations of Aitkin County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Aitkin County.

**NOTE 3    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the basis of accounting used by the individual funds of Aitkin County. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Aitkin County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2024**

**NOTE 4 RECONCILIATION TO SCHEDULE OF INTERGOVERNMENTAL REVENUE**

Federal Grant Revenue Per Schedule of Intergovernmental Revenue	\$ 4,558,831
Grants Received More Than 60 Days After Year-End, Unavailable in 2024:	
Highway Planning and Construction	1,173,363
Crime Victim Assistance	15,247
MaryLee Allen Promoting Safe and Stable Families Program	589
Temporary Assistance for Needy Families	15,365
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	570
Stephanie Tubbs Jones Child Welfare Services Program	1,050
Foster Care Title IV-E	2,285
Maternal and Child Health Services Block Grant to the States	9,092
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	8,368
Emergency Management Performance Grants	19,702
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	41,131
Medical Assistance Program	3,081
Public Health Emergency Preparedness	4,681
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	1,723
COVID-19 Immunization Cooperative Agreements	8,411
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	893
Grants Unavailable in 2023, Recognized as Revenue in 2024:	
Highway Planning and Construction	(30,668)
MaryLee Allen Promoting Safe and Stable Families Program	(491)
Temporary Assistance for Needy Families	(16,493)
Stephanie Tubbs Jones Child Welfare Services Program	(489)
Children's Health Insurance Program	(63)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	(189,351)
COVID-19 Immunization Cooperative Agreements	(10,968)
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	(5,389)
COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	(273,855)
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	(37,827)
Expenditures Per Schedule of Expenditures of Federal Awards	<u><u>\$ 5,298,788</u></u>

**REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS*  
AND SINGLE AUDIT**

(This page intentionally left blank)



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

Board of County Commissioners  
Aitkin County  
Aitkin, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aitkin County (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, and have issued our report thereon dated August 14, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-003 and 2024-004 to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Aitkin County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Aitkin County's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Aitkin County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

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



**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
August 14, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of County Commissioners  
Aitkin County  
Aitkin, Minnesota

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Aitkin County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Aitkin County's major federal program for the year ended December 31, 2024. Aitkin County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Aitkin County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Aitkin County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Aitkin County's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Aitkin County's federal program.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Aitkin County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Aitkin County's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Aitkin County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Aitkin County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Aitkin County's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

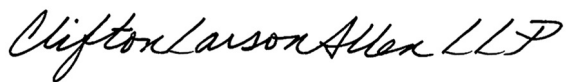
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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



Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
August 14, 2025

(This page intentionally left blank)

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2024**

---

***Section I – Summary of Auditors' Results***

---

***Financial Statements***

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
  - Material weakness(es) identified?     x     yes            no
  - Significant deficiency(ies) identified?     x     yes            none reported
3. Noncompliance material to financial statements noted?            yes     x     no

***Federal Awards***

1. Internal control over major federal program:
  - Material weakness(es) identified?            yes     x     no
  - Significant deficiency(ies) identified?            yes     x     none reported
2. Type of auditors' report issued on compliance for major federal program: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?            yes     x     no

***Identification of Major Federal Program***

<b>Assistance Listing Number</b>	<b>Name of Federal Program or Cluster</b>
20.205	Highway Planning and Construction
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low risk auditee?	<u>          </u> yes <u>    x    </u> no

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2024**

---

***Section II – Financial Statement Findings***

---

**AUDIT ADJUSTMENTS (2024-001)**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting

**Condition:** As part of the audit, we proposed material audit adjustments to adjust accruals, adjust GASB 84 fiduciary activities, and to record conversion entries related to capital assets, compensated absences, net pension liability and other postemployment benefits liability.

**Criteria or Specific Requirement:** County management is responsible for establishing and maintaining internal controls for the proper recording of all the County's accounting transactions, including account coding and reporting of accruals and net position.

**Effect:** The design of the internal controls over recording transactions and year-end accruals could affect the ability of the County to detect or prevent errors, a misappropriation of assets, or fraudulent activity.

**Cause:** The County has a limited number of personnel.

**Repeat Finding:** Yes, 2023-001.

**Recommendation:** We recommend County management and financial personnel continue to increase their awareness and knowledge of all procedures and processes involved in recording transactions, accruals, and reclassifications and develop internal control policies to ensure proper recording of these items.

**Views of Responsible Officials:** There is no disagreement with the audit finding. Management will continue to work at eliminating the need for audit adjustments through learning about new GASB standards and reviewing work performed by department personnel.

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2024**

---

***Section II – Financial Statement Findings (Continued)***

---

**FINANCIAL REPORTING PROCESS (2024-002)**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting

**Condition:** The County Board and management of the County share the ultimate responsibility for the County's internal control system. The County does not have the expertise necessary to prepare the financial statements and related disclosures. As part of its internal control over the preparation of the financial statements, including disclosures, the County has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of GAAP and knowledge of the County activities and operation.

**Criteria or Specific Requirement:** Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements, including the related disclosures, in conformity with accounting principles generally accepted in the United States of America (GAAP).

**Effect:** The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the County's internal controls.

**Cause:** The County has a limited number of personnel.

**Repeat Finding:** Yes, 2023-002.

**Recommendation:** We recommend the County continue to evaluate their internal staff capacity to determine if an internal control policy over the preparation of the financial statements and other areas is beneficial.

**Views of Responsible Officials:** There is no disagreement with the audit finding. The County will review the financial reporting requirements and undertake them if deemed cost beneficial.

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2024**

---

***Section II – Financial Statement Findings (Continued)***

---

**COMPUTER RISK MANAGEMENT (2024-003)**

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Condition:** The County has internal controls in place for its computer system. However, a formal risk assessment of existing controls over significant functions of the computer system has not been completed.

**Criteria or Specific Requirement:** The County's management is responsible for identifying and managing the risks associated with its computer system. Computer risk management suggests that a formal plan be developed to identify the risks associated with the County's information system and document the internal controls implemented to address the identified risks.

**Effect:** Unprotected risks could result in a loss or compromise of data that could negatively influence County operations.

**Cause:** County management and staff are aware of the various risks associated with the County's computer system. However, a formal plan to identify and manage those risks has not been developed.

**Repeat Finding:** Yes, 2023-003.

**Recommendation:** We recommend County management document the significant internal controls in its computer system. We further recommend a formal plan be developed that calls for assessing and monitoring significant internal controls on a regular basis, but no less than annually. The assessment of risks should be documented, and procedures implemented to address those risks found.

**Views of Responsible Officials:** There is no disagreement with the audit finding. The County will perform a formal risk assessment over its computer system and document the significant internal controls in place. The County will assess and monitor these internal controls, and document the assessment of these controls.

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2024**

---

***Section II – Financial Statement Findings (Continued)***

---

**SEGREGATION OF DUTIES (2024-004)**

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Condition:** Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control, is not in place for various County departments. Also, there is no reconciliation process over LLCC revenue. In addition, other areas do not have proper review due to limited personnel resulting in the lack of some controls.

**Criteria or Specific Requirement:** County management should be aware of the need to have adequate segregation of duties regarding the processing of transactions for the County. In addition, County management should be aware that the concentration of duties and responsibilities in one or a very few individuals is not desirable from an internal control perspective.

**Effect:** The design of the internal controls over financial reporting could affect the ability of the County to record, process, summarize, and report financial data consistently with the assertions of management in the financial statements. In addition, this lack of segregation of duties may result in the County's inability to prevent/detect misappropriation of County assets.

**Cause:** The County has a limited number of personnel within several County departments.

**Repeat Finding:** Yes, 2023-004.

**Recommendation:** We recommend County management be aware of the lack of segregation of duties within the accounting functions and assess whether additional segregation of duties is cost beneficial. If additional segregation is not possible, we recommend County management implement some oversight procedures to ensure the internal control policies and procedures are being implemented by County staff.

**Views of Responsible Officials:** There is no disagreement with the audit finding. The County will review the accounting functions and segregate them if deemed cost beneficial.

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2024**

---

***Section III – Findings and Questioned Costs – Major Federal Programs***

---

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

---

***Section IV – Items for Consideration – Minnesota Legal Compliance***

---

**PUBLISHING OF CLAIMS (2024-005)**

**Condition:** The County is not publishing claims with the board minutes in accordance with state statutes.

**Criteria or Specific Requirement:** Minnesota Statutes §375.12 requires that when the County discloses the official proceedings of board meetings in the newspaper, “all claims exceeding \$2,000 and the total number of claims that did not exceed \$2,000” (their total dollar amount) be disclosed.

**Effect:** The County is not in compliance with Minnesota State Statutes.

**Cause:** Not known.

**Repeat Finding:** Yes, 2023-006.

**Recommendation:** We recommend the County publish the claims in the newspaper in accordance with state statutes.

**Views of Responsible Officials:** There is no disagreement with the audit finding. The County will publish claims exceeding \$2,000 and publish a statement showing the total number of claims that did not exceed \$2,000 and their total dollar amount as deemed cost beneficial.



**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2024**

---

***Section IV – Items for Consideration – Minnesota Legal Compliance (Continued)***

---

**DITCH SPECIAL REVENUE FUND (2024-006)**

**Condition:** During our testing, it was noted that six out of 14 ditches had negative cash balances.

**Criteria or Specific Requirement:** Minnesota Statutes §103E.655 subd. 2 requires active ditch systems to maintain sufficient funds to pay for project costs.

**Effect:** The County is not in compliance with Minnesota State Statutes.

**Cause:** Ditch expenditures were necessary, and the levies were not sufficient to cover all costs.

**Repeat Finding:** Yes, 2023-007.

**Recommendation:** We recommend the County eliminate the ditch negative cash balances by borrowing from an eligible ditch system or fund with a surplus fund balance.

**Views of Responsible Officials:** There is no disagreement with the audit finding. The County will review statutes and continue to monitor the individual ditch deficits and eliminate them when feasible and cost beneficial.

AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2024

---

*Section V – Previously Reported Item Resolved*

---

**2023-005   REPORTING - COVID-19 COMMUNITY DEVELOPMENT BLOCK  
GRANTS/STATE’S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII**

**Resolution:** The County implemented procedures to ensure proper and timely reviews are in place for quarterly and annual reports submitted by subrecipients.

(This page intentionally left blank)



## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners  
Aitkin County  
Aitkin, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aitkin County (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, and have issued our report thereon dated August 14, 2025.

In connection with our audit, we noted that Aitkin County failed to comply with provisions of the miscellaneous provisions section of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, in so far as they relate to accounting matters as described in the schedule of findings and questioned costs as items 2024-005 and 2024-006. Also, in connection with our audit, nothing came to our attention that caused us to believe that Aitkin County failed to comply with the provisions of the depositories of public funds and public investments, contracting – bid laws, conflicts of interest, claims and disbursements, and public indebtedness sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

*Government Auditing Standards* require the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Aitkin County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
August 14, 2025

