

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 9, 2026

NEW ISSUE
BANK QUALIFIED

BOOK ENTRY ONLY
S&P's RATING "AA-"

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

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

LAC QUI PARLE COUNTY, MINNESOTA

\$4,705,000*

General Obligation Capital Improvement Plan Bonds, Series 2026A

Dated Date: Date of Delivery (Estimated to be July 15, 2026)

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

<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>
2/1/2028	\$175,000	_____ %	_____ %	_____	2/1/2038	\$230,000	_____ %	_____ %	_____
2/1/2029	180,000	_____	_____	_____	2/1/2039	240,000	_____	_____	_____
2/1/2030	185,000	_____	_____	_____	2/1/2040	245,000	_____	_____	_____
2/1/2031	190,000	_____	_____	_____	2/1/2041	255,000	_____	_____	_____
2/1/2032	195,000	_____	_____	_____	2/1/2042	265,000	_____	_____	_____
2/1/2033	200,000	_____	_____	_____	2/1/2043	275,000	_____	_____	_____
2/1/2034	205,000	_____	_____	_____	2/1/2044	285,000	_____	_____	_____
2/1/2035	210,000	_____	_____	_____	2/1/2045	300,000	_____	_____	_____
2/1/2036	215,000	_____	_____	_____	2/1/2046	310,000	_____	_____	_____
2/1/2037	225,000	_____	_____	_____	2/1/2047	320,000	_____	_____	_____

The General Obligation Capital Improvement Plan Bonds, Series 2026A (the "Bonds" or the "Issue") are being issued by Lac qui Parle County, Minnesota (the "County" or the "Issuer") pursuant to Minnesota Statutes, Chapter 475 and Section 373.40, as amended. Proceeds of the Bonds will be used to finance a new highway operations center and to pay costs associated with issuance of the Bonds. See *Authority and Purpose* herein for additional information.

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

The Bonds maturing on February 1, 2035 and thereafter are subject to redemption, in whole or in part, on February 1, 2034 and on any date thereafter at a price of par plus accrued interest.

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

Proposals: Tuesday, June 16, 2026 10:00 A.M., Central Time

Award: Tuesday, June 16, 2026 1:00 P.M., Central Time

Bids may contain a maturity schedule providing for any combination of serial or term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest. Bids must be for not less than \$4,643,835 (98.70%) and accrued interest on the total principal amount of the Bonds. **Bids will not be subject to cancellation – see "Establishment of Issue Price" in the Notice of Sale herein for additional details.** The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. A Good Faith Deposit (the "Deposit") in the amount of \$94,100, in the form of a federal wire transfer payable to the order of the County, will only be required from the apparent winning bidder, and must be received within two hours after the receipt of bids. See Notice of Sale for additional details. Award of the Bonds will be on the basis of True Interest Cost (TIC).

* Preliminary, subject to change.



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The Bonds are offered, subject to prior sale when, as and if accepted by the underwriter(s) named on the front cover of this official statement and subject to an opinion as to validity of the Bonds by Bond Counsel. Subject to applicable securities laws and prevailing market conditions, the underwriter(s) intends, but is not obligated, to effect secondary market trading for the Bonds. Closing Date is estimated to be July 15, 2026.

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

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

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

SUMMARY OF OFFERING

Lac qui Parle County, Minnesota
\$4,705,000 *
General Obligation Capital Improvement Plan Bonds, Series 2026A
(Book-Entry Only)

AMOUNT -	\$4,705,000*																																								
ISSUER -	Lac qui Parle County, Minnesota (the “County” or the “Issuer”)																																								
AWARD DATE -	June 16, 2026																																								
MUNICIPAL ADVISOR -	Northland Securities, Inc. (the “Municipal Advisor”), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402, telephone: 612-851-5900 or 800-851-2920																																								
TYPE OF ISSUE -	General Obligation Capital Improvement Plan Bonds, Series 2026A (the “Bonds” or the “Issue”)																																								
AUTHORITY, PURPOSE & SECURITY -	The General Obligation Capital Improvement Plan Bonds, Series 2026A (the “Bonds”) are being issued by Lac qui Parle County, Minnesota (the “County”) pursuant to Minnesota Statutes, Chapter 475 and Section 373.40, as amended. Proceeds of the Bonds will be used to finance a new highway operations center and to pay costs associated with issuance of the Bonds. The Bonds are valid and binding general obligations of the County and are payable from ad valorem taxes. The full faith and credit of the County is also pledged to their payment. In the event of any deficiency in the Debt Service Account established for this Issue, the County has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the County, without limitation of amount. See <i>Authority and Purpose</i> as well as <i>Security/Sources and Uses of Funds</i> herein for additional information.																																								
DATE OF ISSUE -	Date of Delivery (Estimated to be July 15, 2026)																																								
INTEREST PAID -	Semiannually on each February 1 and August 1, commencing February 1, 2027, to registered owners of the Bonds appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the “Record Date”).																																								
MATURITIES* -	<table><tr><td>2/1/2028</td><td>\$175,000</td><td>2/1/2033</td><td>\$200,000</td><td>2/1/2038</td><td>\$230,000</td><td>2/1/2043</td><td>\$275,000</td></tr><tr><td>2/1/2029</td><td>180,000</td><td>2/1/2034</td><td>205,000</td><td>2/1/2039</td><td>240,000</td><td>2/1/2044</td><td>285,000</td></tr><tr><td>2/1/2030</td><td>185,000</td><td>2/1/2035</td><td>210,000</td><td>2/1/2040</td><td>245,000</td><td>2/1/2045</td><td>300,000</td></tr><tr><td>2/1/2031</td><td>190,000</td><td>2/1/2036</td><td>215,000</td><td>2/1/2041</td><td>255,000</td><td>2/1/2046</td><td>310,000</td></tr><tr><td>2/1/2032</td><td>195,000</td><td>2/1/2037</td><td>225,000</td><td>2/1/2042</td><td>265,000</td><td>2/1/2047</td><td>320,000</td></tr></table>	2/1/2028	\$175,000	2/1/2033	\$200,000	2/1/2038	\$230,000	2/1/2043	\$275,000	2/1/2029	180,000	2/1/2034	205,000	2/1/2039	240,000	2/1/2044	285,000	2/1/2030	185,000	2/1/2035	210,000	2/1/2040	245,000	2/1/2045	300,000	2/1/2031	190,000	2/1/2036	215,000	2/1/2041	255,000	2/1/2046	310,000	2/1/2032	195,000	2/1/2037	225,000	2/1/2042	265,000	2/1/2047	320,000
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REDEMPTION -	The Bonds maturing on February 1, 2035 and thereafter are subject to redemption, in whole or in part, on February 1, 2034 and on any date thereafter at a price of par plus accrued interest. See <i>Description of the Bonds</i> herein for additional information.																																								
BOOK-ENTRY -	The Bonds will be issued as fully registered and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which principal and interest payments will be made. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of the Bonds.																																								
PAYING AGENT/REGISTRAR -	Northland Bond Services, a division of First National Bank of Omaha, Minneapolis, Minnesota																																								
TAX DESIGNATIONS -	<u>NOT Private Activity Bonds</u> - The Bonds are not “private activity bonds” as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”). <u>Bank Qualified Tax-Exempt Obligations</u> - The County will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.																																								
LEGAL OPINION -	Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota (“Bond Counsel”)																																								
BOND RATING -	The County received an underlying rating of “AA-” from S&P Global Ratings (“S&P”). See <i>Bond Rating</i> herein for additional information.																																								
CLOSING -	Estimated to be July 15, 2026																																								
PRIMARY CONTACTS -	Jake Sieg, County Administrator, Lac qui Parle County, Minnesota 320-598-7261 George Eilertson, Managing Director, Northland Securities, Inc., 612-851-5906																																								

* Preliminary, subject to change.

LAC QUI PARLE COUNTY, MINNESOTA

PRINCIPAL COUNTY OFFICIALS

Elected Officials

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Todd Patzer	Commissioner	01/01/29
DeRon Brehmer	Commissioner	01/01/27
Greg Thole	Commissioner	01/01/29
Benjamin Bothun	Commissioner	01/01/27
Stacy Tufto	Commissioner	01/01/29

Primary Contacts

Jake Sieg	County Administrator
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BOND COUNSEL

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

MUNICIPAL ADVISOR

Northland Securities, Inc.
Minneapolis, Minnesota

NOTICE OF SALE

\$4,705,000*

GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2026A

LAC QUI PARLE COUNTY, MINNESOTA
(Book-Entry Only)

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

TIME AND PLACE:

Proposals (also referred to herein as “bids”) will be opened by the County’s Administrator, or designee, on Tuesday, June 16, 2026, at 10:00 A.M., CT, at the offices of Northland Securities, Inc. (the County’s “Municipal Advisor”), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402. Consideration of the Proposals for award of the sale will be by the County Board at its meeting at the County Offices beginning Tuesday, June 16, 2026 at 1:00 P.M., CT.

SUBMISSION OF PROPOSALS

Proposals may be:

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

Notice is hereby given that electronic proposals will be received via PARITY™, or its successor, in the manner described below, until 10:00 A.M., CT, on Tuesday, June 16, 2026. Proposals may be submitted electronically via PARITY™ or its successor, pursuant to this Notice until 10:00 A.M., CT, but no Proposal will be received after the time for receiving Proposals specified above. To the extent any instructions or directions set forth in PARITY™, or its successor, conflict with this Notice, the terms of this Notice shall control. For further information about PARITY™, or its successor, potential bidders may contact Northland Securities, Inc. or i-Deal® at 1359 Broadway, 2nd floor, New York, NY 10018, telephone 212-849-5021.

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

BOOK-ENTRY SYSTEM

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

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

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

DATE OF ORIGINAL ISSUE OF BONDS

Date of Delivery (Estimated to be July 15, 2026)

AUTHORITY/PURPOSE/SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 373.40. Proceeds will be used to finance a new highway operations center and to pay the costs of issuance of the Bonds. The Bonds are payable from ad valorem taxes. The full faith and credit of the County is pledged to their payment and the County has validly obligated itself to levy ad valorem taxes in the event of any deficiency in the debt service account established for this issue.

INTEREST PAYMENTS

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

MATURITIES

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

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2028	\$175,000	2033	\$200,000	2038	\$230,000	2043	\$275,000
2029	180,000	2034	205,000	2039	240,000	2044	285,000
2030	185,000	2035	210,000	2040	245,000	2045	300,000
2031	190,000	2036	215,000	2041	255,000	2046	310,000
2032	195,000	2037	225,000	2042	265,000	2047	320,000

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

INTEREST RATES

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

ESTABLISHMENT OF ISSUE PRICE (HOLD-THE-OFFERING-PRICE RULE MAY APPLY – BIDS NOT CANCELLABLE)

The winning bidder shall assist the County in establishing the issue price of the Bonds and shall execute and deliver to the County at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent

communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the County and Bond Counsel. All actions to be taken by the County under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the County by the County's Municipal Advisor and any notice or report to be provided to the County may be provided to the County's Municipal Advisor.

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

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

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

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

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

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

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

of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule if applicable to the Bonds.

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

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

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

ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER PROPOSALS

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

OPTIONAL REDEMPTION

Bonds maturing on February 1, 2035 through 2047 are subject to redemption and prepayment at the option of the County on February 1, 2034 and any date thereafter, at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and principal amounts within each maturity to be redeemed shall be determined by the County and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar.

CUSIP NUMBERS

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

DELIVERY

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

TYPE OF PROPOSAL

Proposals of not less than \$4,643,835 (98.70%) and accrued interest on the principal sum of \$4,705,000 must be filed with the undersigned prior to the time of sale. Proposals must be unconditional except as to legality. Proposals for the Bonds should be delivered to Northland Securities, Inc. and addressed to:

Jake Sieg, County Administrator
600 6th St., Suite 6
Madison, MN 56256

A good faith deposit (the "Deposit") in the amount of \$94,100 in the form of a federal wire transfer (payable to the order of the County) is only required from the apparent winning bidder, and must be received within two hours after the time stated for the receipt of Proposals. The apparent winning bidder will receive notification of the wire instructions from the Municipal Advisor promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the County may choose to reject their Proposal and then proceed to offer the Bonds to the next lowest bidder based on the terms of their original proposal, so long as said bidder wires funds for the Deposit amount within two hours of said offer.

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

AWARD

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

INFORMATION FROM SUCCESSFUL BIDDER

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

OFFICIAL STATEMENT

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

FULL CONTINUING DISCLOSURE UNDERTAKING

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

BANK QUALIFICATION

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

BOND INSURANCE AT UNDERWRITER'S OPTION

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

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

Dated: May 19, 2026

BY ORDER OF THE LAC QUI PARLE COUNTY BOARD

/s/ Jake Sieg
County Administrator

Additional information may be obtained from:

Northland Securities, Inc.

150 South 5th Street, Suite 3300

Minneapolis, Minnesota 55402

Telephone No.: 612-851-5900

EXHIBIT A

(ISSUE PRICE CERTIFICATE – COMPETITIVE SALE SATISFIED)

\$ _____ GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2026A

ISSUE PRICE CERTIFICATE

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

1. *Reasonably Expected Initial Offering Price.*

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

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

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

2. *Defined Terms.*

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

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

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

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

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

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

Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: July 15, 2026

SCHEDULE A

EXPECTED OFFERING PRICES

(Attached)

SCHEDULE B

COPY OF UNDERWRITER'S BID

(Attached)

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

\$ _____
GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS, SERIES 2026A

ISSUE PRICE CERTIFICATE

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

1. Initial Offering Price of the Bonds.

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

(b) As set forth in the Notice of Sale and bid award, [SHORT NAME OF UNDERWRITER] has agreed in writing that, (i) for each Maturity of the Bonds, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

2. Defined Terms.

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

(b) *Issuer* means the _____, Minnesota.

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

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

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

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

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

[UNDERWRITER]

By: _____

Name: _____

Dated: July 15, 2026

SCHEDULE A

INITIAL OFFERING PRICES OF THE BONDS

(Attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

AUTHORITY AND PURPOSE

The General Obligation Capital Improvement Plan Bonds, Series 2026A (the “Bonds” or the “Issue”) are being issued by Lac qui Parle County, Minnesota (the “County”) pursuant to Minnesota Statutes, Chapter 475 and Section 373.40, as amended. Proceeds from issuance of the Bonds will be used to finance a new highway operations center and to pay costs associated with issuance of the Bonds.

SECURITY/SOURCES AND USES OF FUNDS

Security

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

Sources and Uses of Funds

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

Sources of Funds

Par Amount of Bonds	\$ 4,705,000*
County Cash Contribution	<u>4,588,004</u>
Total Sources of Funds:	<u>\$ 9,293,004</u>

Uses of Funds

Deposit to Project Fund	\$ 9,076,750
Deposit to Capitalized Interest Fund	88,004
Costs of Issuance/Underwriter’s Discount	123,465
Rounding Amount	<u>4,785</u>
Total Uses of Funds:	<u>\$ 9,293,004</u>

BONDHOLDERS’ RISKS

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

Secondary Market

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

* Preliminary, subject to change.

Ratings Loss

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

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

Forward-Looking Statements

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

Tax Exemption, Bank Qualification and Loss of Tax Exemption

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

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

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

Pending Federal and State Tax Legislation

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

or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Tax Levy Procedures

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

Factors Beyond Issuer's Control

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

Cybersecurity

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

Suitability of Investment

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

Summary

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

DESCRIPTION OF THE BONDS

Details of Certain Terms

The Bonds will be dated, as originally issued, as of the date of delivery (estimated to be July 15, 2026), and will be issued as fully registered Bonds in the denominations of \$5,000 or any integral multiple thereof. Principal, including mandatory redemptions on the Bonds, if applicable, will be payable annually February 1, commencing February 1, 2028. Interest on the Bonds will be payable semiannually on each February 1 and August 1, commencing February

1, 2027. The Bonds when issued, will be registered in the name of Cede & Co. (the “Registered Holder”), as nominee of The Depository Trust Company, New York, New York (“DTC”), the initial custodian for the Bonds, to which principal and interest payments on the Bonds will be made so long as Cede & Co. is the Registered Holder of the Bonds. See “Book-Entry System” in *Description of the Bonds* herein for additional information. So long as the Book-Entry Only System is used, individual purchases of the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof (“Authorized Denominations”). Individual purchasers (“Beneficial Owners”) of the Bonds will not receive physical delivery of bond certificates, and registration, exchange, transfer, tender and redemption of the Bonds with respect to Beneficial Owners shall be governed by the Book-Entry Only System.

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

Registration, Transfer and Exchange

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

Optional Redemption

The Bonds maturing on February 1, 2035 and thereafter are subject to redemption, in whole or in part, on February 1, 2034 and on any date thereafter at a price of par plus accrued interest. If redemption is in part, the selection of the amounts and maturities of the Bonds to be prepaid shall be at the discretion of the County. Notice of redemption shall be given by written notice to the registered owner of the Bonds not less than 30 days prior to such redemption date.

Book-Entry System

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants

("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtcc.org.

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

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

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

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

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

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

disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

FULL CONTINUING DISCLOSURE

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

Within the previous 5 years the County inadvertently failed to file a material event notice for the incurrence of a financial obligation was not posted within ten days of occurrence. The material event notice has now been filed, as required. A failure by the County to comply with the Certificate will not constitute an event of default on the Bonds (although holders will have an enforceable right to specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. Please see *Appendix B – Continuing Disclosure Undertaking* herein for additional information.

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

UNDERWRITER

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

MUNICIPAL ADVISOR

The County has retained Northland Securities, Inc. as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. Northland Securities, Inc. is registered as a municipal advisor with both the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources that have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has

not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the County to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

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

FUTURE FINANCING

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

BOND RATING

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

LITIGATION

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

CERTIFICATION

The County will furnish a statement to the effect that this Official Statement to the best of its knowledge and belief, as of the date of sale and the date of delivery, is true and correct in all material respects, and does not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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

LEGALITY

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

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

TAX EXEMPTION

The following is a summary of certain U. S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on present federal and Minnesota laws, regulations, rulings and decisions, including the U.S. Internal Revenue Code of 1986, as amended (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject

to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The City has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

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

Tax-Exempt Interest

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

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

Premium Bonds

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

Discount Bonds

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

Collateral Tax Matters

Ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual

recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and applicable corporations as defined in Section 59(k) of the Code relating to the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel expresses no opinion regarding such consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences.

Backup Withholding

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

Federal and State Tax Law Developments

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

The above, including the discussion concerning collateral tax matters, is not intended to be a comprehensive list of all federal or state tax consequences which may arise from the receipt of interest on the Bonds. The receipt of interest on the Bonds may otherwise affect the federal or state income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds should consult their tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds, including without limitation the calculations of alternative minimum tax or foreign branch profits tax liability or the inclusion of Social Security or other retirement payments in taxable income.

Qualified Tax-Exempt Obligations

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

LAC QUI PARLE COUNTY, MINNESOTA

GENERAL INFORMATION

Location/Access/Transportation

Lac qui Parle County is located in western Minnesota, approximately 160 miles from the Twin Cities Metropolitan Area. The County is comprised of seven cities and twenty-two townships. Access is provided via U.S. Highways 75 and 212, State Highways 40 and 119, as well as many County Roads.

Area

497,920 Acres
778 Square Miles

Population

2000 Census	8,067	2020 Census	6,719
2010 Census	7,259	2026 County Estimate	6,540

Labor Force Data¹

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

	2025		2024	
	<i>Civilian Labor Force</i>	<i>Unemployment Rate</i>	<i>Civilian Labor Force</i>	<i>Unemployment Rate</i>
Lac qui Parle County	3,784	3.2%	3,785	2.7%
Minnesota	3,159,240	3.8	3,129,802	3.0

Income Data²

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

	<u>Lac Qui Parle County</u>	<u>State of Minnesota</u>	<u>United States</u>
Median Family Income	\$94,143	\$113,993	\$99,999
Per Capita Income	44,004	48,237	44,673

County Government

Lac Qui County was formally organized in 1871. The County is governed by a five-member County Board elected from districts within the County.

¹ Source: Minnesota Department of Employment and Economic Development.

² Source: 2020-2024 American Community Survey, U.S. Census Bureau.

Bargaining Units/Labor Contracts

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

<u>Bargaining Unit</u>	<u>Contract Expiration</u>
MNPEA Sheriff Employees	12/31/2028
AFSCME Council 65 Courthouse Employees	12/31/2028
AFSCME Council 65 Highway Maintenance Employees	12/31/2028
AFSCME Council 65 Highway Technical Employees	12/31/2028

Employee Pension Programs

The County employs 84 people, 74 full-time and 10 part-time. The pension plan covers all eligible full and certain part-time employees.

The County participates in contributory pension plans through the Public Employees Retirement Association (PERA) under Minnesota Statutes, Chapters 353 and 356, which cover all full-time and certain part-time employees. PERA administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost sharing, multiple-employer retirement plans. Benefits are established by State Statute and vest after three years of credited service. State Statute requires the County to fund current service pension cost as it accrues. Defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

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

The County makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Coordinated Plan members were required to contribute 6.50% of their annual covered salary in 2024. PEPFF members were required to contribute 11.8% of their annual covered salary in 2024.

Other Postemployment Benefits (OPEB)

Plan Description

The County pays the health insurance for qualified former elected officials. It is a single-employer retiree benefit plan which provides medical benefits for retirees. There are 78 active and two inactive employees in the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 (GASB 75).

Changes in Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability beginning of fiscal year 2023	<u>\$350,305</u>
Changes for the year:	
Service Cost	\$ 49,038
Interest	15,608
Changes in Assumptions	17,739
Differences Between Expected and Actual Experience	(12,188)
Benefit Payments	<u>(18,473)</u>
Net Changes	<u>51,724</u>
Total OPEB liability end of fiscal year 2024	<u>\$ 402,029</u>

Additional information regarding the County's OPEB obligations is provided in the County's Annual Financial Report, excerpts of which are provided in Appendix C of this Official Statement, with particular reference to Note 4.

General Fund Budget Summary

	<u>2025 Budget</u>	<u>2025 Actual (Unaudited)</u>	<u>2026 Budget</u>
Revenues:			
Property Taxes	\$ 4,113,900	\$ 3,949,631	\$ 4,350,328
Other Taxes	8,500	5,762	8,500
Special Assessments	141,000	126,296	158,662
Licenses and Permits	16,835	24,995	20,185
Intergovernmental Revenue	1,206,226	1,489,979	1,183,009
Charges for Services	718,684	625,321	768,374
Fines and Forfeits	0	1,777	0
Gifts and Contributions	6,000	9,232	5,000
Interest on Investments	359,499	570,350	379,862
Miscellaneous	<u>135,914</u>	<u>241,006</u>	<u>344,207</u>
Total Revenues	\$ 6,706,558	\$ 7,044,349	\$ 7,218,127
Expenditures:			
General Government	\$ 3,082,918	\$ 2,848,979	\$ 3,460,170
Public Safety	2,120,535	2,591,484	2,227,436
Sanitation	253,886	254,135	249,468
Culture and Recreation	175,600	189,819	170,606
Conservation of Natural Resources	639,283	596,310	646,505
Economic Development	7,000	7,000	7,000
Intergovernmental	<u>437,336</u>	<u>572,626</u>	<u>466,942</u>
Total Expenditures	<u>\$ 6,716,558</u>	<u>\$ 7,060,353</u>	<u>\$ 7,228,127</u>
Revenues Over (Under) Expenditures	(10,000)	(16,004)	(10,000)

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

<u>Fund Name</u>	
General Fund	\$ 4,406,926
Road and Bridge Fund	6,935,316
Family Services Fund	2,930,695
Ditch Fund	698,086
EDA Fund	(43,437)
Agency Fund	<u>3,409</u>
Total	\$ 14,930,995

Financial Institutions

The following financial institutions serve Lac Qui Parle County: State Bank of Bellingham, Minnwest Bank, United Prairie Bank, Dawson Coop Credit Union, Old National Bank, and Prairie Sun Bank.

Education

Lac Qui Parle County residents are served by several school districts: ISD No. 2853, Lac Qui Parle Valley; ISD No. 378, Dawson-Boyd; ISD No. 129, Montevideo; ISD 891, Canby; ISD No. 2190, Yellow Medicine East; ISD No. 2903, Ortonville.

Major Employers

Following are some of the major employers within the County, as reported by Lac qui Parle County and Data Axle Reference Solutions.

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees¹</u>
Madison Healthcare Services	Health Care/Assisted Living	200
Johnson Memorial Health Services	Health Care	200
Puris Proteins	Food Plant	175
ISD No. 2853, Lac qui Parle Valley	Public Education	160
Viessman Cliff Inc.	Trucking	160
ISD No. 378, Dawson-Boyd	Public Education	116
Lac qui Parle County	County Government	90
J&D Construction Inc.	Construction	70
Ag Processing Inc.	Agricultural Co-op	70
Karian Peterson Power Line	Electric Contracting	50

Largest Taxpayers²

Following are ten of the largest taxpayers within the County:

<u>Name</u>	<u>Classification</u>	<u>2025/2026 Tax Capacity</u>	<u>Percent of Total Tax Capacity (\$31,774,832)³</u>
GBT Enterprises LLC	Commercial	\$ 280,572	0.88%
BNSF Railway Company	Railroad	182,808	0.58
Farmers Coop Elevator Co	Commercial	156,707	0.49
Individual	Agricultural	154,528	0.49
Minn Valley Coop Light	Utility	145,502	0.46
Northern Natural Gas Go.	Utility	143,424	0.45
Trygstad Family Farms LLC	Agricultural	138,283	0.43
Individual	Agricultural	130,155	0.41
HSB Leasing LLC	Commercial	130,037	0.41
Individual	Agricultural	<u>129,035</u>	<u>0.41</u>
		<u>\$ 1,591,051</u>	<u>5.01%</u>

¹ Includes full-time, part-time and seasonal employees.

² As reported by Lac qui Parle County.

³ Before tax increment adjustment.

MINNESOTA VALUATIONS; PROPERTY TAX CLASSIFICATIONS

Market Value

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

Taxable Market Value

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

Market Value Exclusion

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

Sales Ratio

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

Economic and Indicated Market Value

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

Net Tax Capacity

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

Tax Cycle

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

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

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

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

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

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

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

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

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

Levy Limits

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

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The following is a partial summary of these factors:

Property Tax Classifications

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

[†] Subject to the state general property tax.

* Exempt from referendum market value-based taxes.

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

LAC QUI PARLE COUNTY, MINNESOTA

ECONOMIC AND FINANCIAL INFORMATION¹

Valuations

	<i>Estimated Market Value 2025/2026</i>	<i>Net Tax Capacity 2025/2026</i>
Real Property	\$ 4,007,468,600	\$ 31,384,069
Personal Property	19,811,200	390,763
Less Tax Increment Deduction	<u>---</u>	<u>(13,342)</u>
Total Adjusted Valuation	<u>\$ 4,027,279,800</u>	<u>\$ 31,761,490</u>

Valuation Trends (Real and Personal Property)

<i>Levy Year/ Collection Year</i>	<i>Economic Market Value</i>	<i>Sales Ratio</i>	<i>Estimated Market Value</i>	<i>Taxable Market Value</i>	<i>Tax Capacity Before Tax Increments</i>	<i>Tax Capacity After Tax Increments</i>
2025/2026	\$4,016,934,536	100.24%	\$4,027,279,800	\$3,954,595,330	\$31,774,832	\$31,761,490
2024/2025	3,686,532,456	94.84	3,494,571,200	3,421,609,257	27,401,680	27,388,338
2023/2024	3,425,824,233	92.80	3,173,049,000	3,116,890,651	26,147,247	26,133,905
2022/2023	2,906,150,933	91.56	2,660,917,500	2,602,567,215	21,727,494	21,714,348
2021/2022	2,505,374,352	96.76	2,423,321,700	2,365,570,270	19,391,070	19,370,471

Breakdown of Valuations

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

Residential Homestead	\$ 2,528,516	7.96%
Agricultural	27,027,870	85.06
Commercial & Industrial	914,693	2.88
Public Utility	59,830	0.19
Railroad	182,808	0.57
Residential Non-Homestead	651,009	2.05
Seasonal/Recreational	19,343	0.06
Personal Property	<u>390,763</u>	<u>1.23</u>
Totals:	<u>\$ 31,774,832</u>	<u>100.00%</u>

¹ Property valuations, tax rates, and tax levies and collections are provided by Lac qui Parle County. Economic market value and sales ratio are provided by the Minnesota Department of Revenue.

Tax Capacity Rates

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

<i>Levy Year/ Collection Year</i>	<i>2021/22 Tax Capacity Rates</i>	<i>2022/23 Tax Capacity Rates</i>	<i>2023/24 Tax Capacity Rates</i>	<i>2024/25 Tax Capacity Rates</i>	<i>2025/26 Tax Capacity Rates</i>
Lac Qui Parle County	33.464%	31.194%	26.951%	26.708%	24.546%
City of Madison	112.352	113.467	98.798	131.520	143.343
ISD No. 2853, Lac Qui Parle Valley	21.199	17.625	22.676	21.492	20.776
Lac Qui Parle County EDA	1.038	1.014	0.532	0.508	0.786
Region 6W	<u>0.321</u>	<u>0.301</u>	<u>0.250</u>	<u>0.238</u>	<u>0.216</u>
Totals:	<u>168.374%</u>	<u>163.601%</u>	<u>149.207%</u>	<u>180.466%</u>	<u>189.667%</u>
<i><u>Market Value Rates:</u></i>	<i><u>2021/2022</u></i>	<i><u>2022/2023</u></i>	<i><u>2023/2024</u></i>	<i><u>2024/2025</u></i>	<i><u>2025/2026</u></i>
ISD No. 2853 (Lac Qui Parle Valley)	0.19152%	0.18519%	0.17271%	0.19586%	0.18471%

Tax Levies and Collections¹

<u>Levy/Collect</u>	<u>Net Levy</u>	<u>Collected During Collection Year</u>		<u>Collected and/or Abated as of 12/31/25</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2025/2026	\$7,539,040		In Process of Collection		
2024/2025	7,054,444	\$6,990,391	99.09%	\$6,990,391	99.09%
2023/2024	6,777,363	6,724,266	99.22	6,764,383	99.81
2022/2023	6,457,372	6,423,633	99.48	6,452,605	99.93
2021/2022	6,209,673	6,181,657	99.55	6,208,181	99.98

¹ 2025/2026 property taxes are currently in the process of collection/reporting and updated figures are not yet available from Lac qui Parle County.

SUMMARY OF DEBT AND DEBT STATISTICS

Statutory Debt Limit¹

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

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

2025/2026 Estimated Market Value	\$ 4,027,279,800
Multiplied by 3%	<u> x .03</u>
Statutory Debt Limit	<u>\$ 120,818,394</u>

Less outstanding debt applicable to debt limit:

\$9,540,000 General Obligation Capital Improvement Plan Bonds, Series 2021A	\$ 8,025,000
\$4,705,000 General Obligation Capital Improvement Plan Bonds, Series 2026A (This Issue)	<u>\$ 4,705,000</u>
Total Debt applicable to debt limit:	\$ 12,730,000
Legal debt margin	<u>\$ 108,088,394</u>

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

LAC QUI PARLE COUNTY, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM TAXES
(As of June 2, 2026, Plus This Issue)

Purpose:	This Issue		TOTAL PRINCIPAL:	TOTAL PRIN & INT:	
	G.O. Capital Improvement Plan Bonds, Series 2021A	G.O. Capital Improvement Plan Bonds, Series 2026A			
Dated:	11/18/21	07/15/26			
Original Amount:	\$9,540,000	\$4,705,000			
Maturity:	1-Feb	1-Feb			
Interest Rates:	2.00-3.00%				
2026	\$0	\$0	\$0	\$88,519	2026
2027	420,000	0	420,000	759,562	2027
2028	430,000	175,000	605,000	922,440	2028
2029	445,000	180,000	625,000	924,833	2029
2030	460,000	185,000	645,000	928,858	2030
2031	470,000	190,000	660,000	929,588	2031
2032	475,000	195,000	670,000	924,891	2032
2033	485,000	200,000	685,000	924,760	2033
2034	495,000	205,000	700,000	924,086	2034
2035	505,000	210,000	715,000	922,808	2035
2036	515,000	215,000	730,000	920,913	2036
2037	525,000	225,000	750,000	923,360	2037
2038	535,000	230,000	765,000	920,138	2038
2039	550,000	240,000	790,000	926,178	2039
2040	560,000	245,000	805,000	921,118	2040
2041	570,000	255,000	825,000	919,628	2041
2042	585,000	265,000	850,000	921,881	2042
2043	0	275,000	275,000	329,903	2043
2044	0	285,000	285,000	328,840	2044
2045	0	300,000	300,000	332,065	2045
2046	0	310,000	310,000	329,635	2046
2047	0	320,000	320,000	326,640	2047
	\$8,025,000	\$4,705,000	<u>\$12,730,000</u>	<u>\$16,350,639</u>	

NOTE: 45% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAXES WILL BE RETIRED WITHIN TEN YEARS.

LAC QUI PARLE COUNTY, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS
(As of June 2, 2026)

Purpose:	G.O. Drainage Bonds, Series 2015A	G.O. Drainage Notes, Series 2016A	G.O. Drainage Notes, Series 2018A	G.O. Drainage Notes, Series 2020A	G.O. Drainage Note, Series 2022A			
Dated:	11/01/15	10/05/16	11/01/18	11/10/20	01/05/22			
Original Amount:	\$308,000	\$465,000	\$328,000	\$1,016,000	\$772,000			
Maturity:	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb	TOTAL	TOTAL	
Interest Rates:	3.500%	2.750%	3.950%	1.900%	2.200%	PRINCIPAL:	PRIN & INT:	
2026	\$0	\$0	\$0	\$0	\$0	\$0	\$21,174	2026
2027	7,000	31,000	22,000	64,000	48,000	172,000	212,230	2027
2028	7,000	32,000	23,000	65,000	49,000	176,000	211,938	2028
2029	7,000	33,000	24,000	66,000	50,000	180,000	211,539	2029
2030	8,000	34,000	24,000	68,000	51,000	185,000	212,020	2030
2031	8,328	34,000	25,000	69,000	52,000	188,328	210,724	2031
2032	0	35,000	26,000	70,000	54,000	185,000	202,810	2032
2033	0	0	27,000	71,000	55,000	153,000	166,744	2033
2034	0	0	29,000	72,000	56,000	157,000	167,059	2034
2035	0	0	0	74,000	57,000	131,000	137,856	2035
2036	0	0	0	76,000	59,000	135,000	139,155	2036
2037	0	0	0	77,000	60,000	137,000	138,392	2037
	\$37,328	\$199,000	\$200,000	\$772,000	\$591,000	\$1,799,328	\$2,031,642	

NOTE: 85% OF GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS WILL BE RETIRED WITHIN TEN YEARS.

Indirect Debt*

<i><u>Issuer</u></i>	<i><u>2025/2026 Tax Capacity Value⁽¹⁾</u></i>	<i><u>2025/2026 Tax Capacity Value in County⁽¹⁾</u></i>	<i><u>Percentage Applicable in County</u></i>	<i><u>Outstanding General Obligation Debt</u></i>	<i><u>Taxpayers' Share of Debt</u></i>
City of Dawson	\$ 1,025,385	\$ 1,025,385	100.00 %	\$ 8,916,295	\$ 8,916,295
City of Madison	766,346	766,346	100.00	10,334,900	10,334,900
ISD No. 129, Montevideo	13,215,943	1,690,466	12.79	2,715,000	347,249
ISD No. 378, Dawson- Boyd	12,042,691	11,140,944	92.51	22,005,000	20,356,826
ISD No. 891, Canby	12,299,646	1,525,964	12.41	28,902,000	3,586,738
ISD No. 2190, Yellow Medicine East	24,373,720	75,270	0.31	40,000,000	124,000
ISD No. 2853, Lac Qui Parle Valley	27,348,461	12,750,896	46.62	45,525,000	21,223,755
ISD No. 2903, Ortonville	10,876,457	4,577,950	42.09	1,886,000	<u>793,817</u>
				<i>Total Indirect Debt:</i>	<u>\$ 65,683,580</u>

(Remainder of page intentionally left blank)

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

(1) Tax Capacity Value is after tax increment deduction and fiscal disparity adjustments.

General Obligation Debt

Bonds secured by taxes (includes this issue)	\$ 12,730,000
Bonds secured by special assessments	<u>1,799,328</u>
<i>Direct General Obligation Debt</i>	14,529,328
Add taxpayers' share of indirect debt	<u>65,683,580</u>
<i>Direct and Indirect Debt</i>	<u>\$ 80,212,908</u>

Facts for Ratio Computations

2025/2026 Economic Market Value (real and personal property)	\$4,016,934,536
Population (2026 estimate)	6,540

Debt Ratios Excluding Revenue-Supported Debt

	<i>Direct Debt</i>	<i>Indirect Debt</i>	<i>Direct and Indirect Debt</i>
To Economic Market Value	.36%	1.64%	2.00%
Per Capita	\$2,222	\$10,043	\$12,265

APPENDIX A

Proposed Form of Legal Opinion

FRYBERGER

— LAW FIRM —

July 15, 2026

Lac qui Parle County
600 6th Street, Suite #5
Madison, MN 56256

[TBD]

**Re: *Lac qui Parle County, Minnesota*
\$4,705,000 General Obligation Capital Improvement Plan Bonds,
*Series 2026A***

We have acted as Bond Counsel in connection with the authorization, issuance and delivery by Lac qui Parle County, Minnesota (the “Issuer”), of the above-referenced bonds dated the date hereof (the “Bonds”). The Bonds are issued pursuant to Minnesota Statutes, Chapter 475 and Section 373.40.

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

1. a resolution of the Issuer adopted on June 16, 2026, authorizing the issuance and delivery of the Bonds (the “Resolution”);
2. the Officers’ Certificate of the Issuer dated the date hereof setting forth and certifying as to certain matters, including but not limited to the use and investment of the proceeds of the Bonds (the “Tax Certificate”);
3. applicable law and certified copies of certain proceedings taken, and certain affidavits and certificates furnished by the Issuer and others with respect to the authorization, sale and issuance of the Bonds; and
4. such other documents as we consider necessary in order to render this opinion.

B. Reliance. As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officers of the Issuer and others without undertaking to verify such facts by independent investigation. We have also relied, without independent investigation, upon representations and certifications made by the Issuer in the Tax Certificate and the representations and certifications made by the Issuer, agents of the Issuer and others in connection with the issuance of the Bonds as to: (a) the nature, cost, use and useful economic life of the facilities

FRYBERGER, BUCHANAN, SMITH & FREDERICK, P.A

CLOQUET
813 Cloquet Ave.
Cloquet, MN 55720
p: (218) 879-3363

DULUTH
302 West Superior St,
Ste 700
Duluth, MN 55802
p: (218) 722-0861

SUPERIOR
1409 Hammond Ave., Suite 330
Superior, WI 54880
p: (715)392-7405

fryberger.com

and/or improvements financed by the Bonds, (b) the application to be made of the proceeds of the Bonds, (c) the investment of such proceeds and (d) other matters material to the tax-exempt status of the interest borne by the Bonds, including the anticipated sources of repayment of the Bonds.

C. Assumptions.

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

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

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

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

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

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

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

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

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

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

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

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

4. Our opinions expressed in Section D above are limited to the law of the State and the federal law of the United States of America, and we assume no responsibility as to the applicability to this transaction, or the effect thereon, of the law of any other jurisdiction.

FRYBERGER LAW FIRM

Page 4

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

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

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

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

Respectfully submitted,

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

APPENDIX B

Proposed Form of Continuing Disclosure

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Lac qui Parle County, Minnesota (the “Issuer”) in connection with the issuance of the \$4,705,000 General Obligation Capital Improvement Plan Bonds, Series 2026A, dated July 15, 2026 (the “Obligations”). The Obligations are being issued pursuant to a Resolution of the Issuer dated June 16, 2026, and the award of the sale of the Obligations by the County Auditor, the Finance Director and the Administrator, or any two of them, of the Issuer, as evidenced by the Certificate as to Terms of Bond Sale dated June 16, 2026 (the “Resolution”). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 3. Provision of Annual Reports.

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

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

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

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

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

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

Section 5. Reporting of Significant Events.

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

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

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

(1) non-payment related defaults;

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

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

(4) bond calls;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Dated as of July 15, 2026.

LAC QUI PARLE COUNTY,
MINNESOTA

By _____
Chair

By _____
County Auditor

APPENDIX C

County's Financial Report

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



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Lac qui Parle County, Minnesota
Madison, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lac qui Parle 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2024, and the respective changes in financial position 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.

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 schedules, schedule of changes in the County's total OPEB liability and related ratios, schedule of proportionate share of net pension liability and schedule of pension contributions 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 the County's basic financial statements. The budgetary comparison schedule – debt service fund, the combining statement of fiduciary net position, combining statement of changes in fiduciary net position, schedule of intergovernmental revenue, Lac qui Parle – Yellow Bank Watershed District statements and schedules 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 budgetary comparison schedule – debt service fund, the combining statement of fiduciary net position, combining statement of changes in fiduciary net position, schedule of intergovernmental revenue, Lac qui Parle – Yellow Bank Watershed District statements and schedules 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Alexandria, Minnesota
August 28, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024
(Unaudited)**

The Management's Discussion and Analysis (MD&A) provides an overview and analysis 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 financial statements. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

- Governmental activities' total net position is \$98,777,527 of which \$69,637,267 represents net investment in capital assets, and \$10,441,980 is restricted to specific purposes. The \$18,698,280 remaining may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's net position increased by \$5,552,877 for the year ended December 31, 2024. The increase is a result of increases in taxes and decreases in highways and streets expenses.
- The fund balances of the governmental funds decreased by \$6,934,671 with the largest decrease in the capital projects fund. The capital projects fund decreased \$8,922,339 due to expenditures on the facilities projects in 2024.
- For the year ended December 31, 2024, the unassigned, assigned, and committed fund balance of the General Fund was \$6,035,582, or 96.1% of the total General Fund expenditures for the year.
- The assigned and committed fund balance of the Road and Bridge Special Revenue Fund was \$4,921,050 or 61.4% of the total Road and Bridge Special Revenue Fund expenditures for the year.
- The assigned and committed fund balance of the Family Services Special Revenue Fund was \$3,403,517, or 102.8% of the total Family Services Special Revenue Fund expenditures for the year.

LAC QUI PARLE COUNTY MADISON, MINNESOTA

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. The basic financial statements consist of three parts: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other required supplementary information.

Government-Wide Financial Statements

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

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

The statement of activities presents the County's governmental activities. Most of the basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities. The County has no business-type activities for which the County is legally accountable. The County has one discrete and one blended component unit for which it is legally accountable.

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

Fund Financial Statements

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

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

LAC QUI PARLE COUNTY MADISON, MINNESOTA

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

The County adopts an annual appropriated budget for its General Fund, Road and Bridge Special Revenue Fund, Family Services Special Revenue Fund, and Ditch Special Revenue Fund. A budgetary comparison schedule has been provided as required supplementary information for each of these funds to demonstrate compliance with this budget. The County adopts a budget for the debt service fund and a budgetary comparison schedule has been provided as supplementary information.

The County presents the Lac qui Parle County Economic Development Authority as a blended component unit.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not reflected in the government-wide statements because the resources of these funds are not available to support the County's own programs or activities. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All fiduciary activities are reported in a separate statement of fiduciary net position and change in fiduciary net position on Exhibit 7 and Exhibit 8.

Notes to the Financial Statements

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 85 of this report.

Supplementary Information

This report present certain supplementary information and other schedules including the budgetary comparison schedule – debt service fund, the combining statement of fiduciary net position, combining statement of changes in fiduciary net position, schedule of intergovernmental revenue, Lac qui Parle – Yellow Bank Watershed District statements and schedules and schedule of expenditures of federal awards.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$98,777,527 at the close of 2024. The largest portion of Lac qui Parle County's net position (70.5%) reflects the County's investment in capital assets (land, buildings, equipment, and infrastructure such as roads and bridges). However, it should be noted that these assets are not available for future spending. Comparative data with 2023 is presented.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**Governmental Activities
Net Position**

	<u>2024</u>	<u>2023</u>
Assets		
Current and Other Assets	\$ 37,223,857	\$ 44,269,917
Capital Assets	<u>82,021,342</u>	<u>71,089,866</u>
Total Assets	<u>119,245,199</u>	<u>115,359,783</u>
Deferred Outflows of Resources	<u>1,498,137</u>	<u>2,306,410</u>
Liabilities		
Long-term Liabilities	14,580,790	16,299,706
Other Liabilities	<u>4,627,651</u>	<u>5,498,751</u>
Total Liabilities	<u>19,208,441</u>	<u>21,798,457</u>
Deferred Inflows of Resources	<u>2,757,368</u>	<u>2,643,086</u>
Net Position		
Net Investment in Capital Assets	69,637,267	66,851,803
Restricted	10,441,980	10,687,474
Unrestricted	<u>18,698,280</u>	<u>15,685,373</u>
Total Net Position	<u><u>\$ 98,777,527</u></u>	<u><u>\$ 93,224,650</u></u>

Unrestricted net position in the amount of \$18,698,280--the part of net position that may be used to meet the County's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements--was 18.9% of the net position.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

Governmental Activities

The County's governmental activities increased net position by \$5,552,877. Key elements in this increase in net position are as follows for 2024, with comparative data for 2023.

Governmental Activities Changes in Net Position		
	<u>2024</u>	<u>2023</u>
Revenues		
Program Revenues		
Fees, Charges, Fines, and Other	\$ 3,164,485	\$ 4,285,399
Operating Grants and Contributions	8,956,299	10,191,508
General Revenues		
Property Taxes	7,865,578	6,790,816
Other	<u>3,829,543</u>	<u>3,797,085</u>
Total Revenues	<u>23,815,905</u>	<u>25,064,808</u>
Expenses		
General Government	2,758,521	2,503,862
Public Safety	2,301,581	2,350,620
Highways and Streets	6,393,309	7,985,251
Sanitation	262,437	179,966
Human Services	3,207,478	3,376,562
Culture and Recreation	186,804	164,587
Conservation of Natural Resources	2,481,780	3,314,273
Economic Development	193,082	242,115
Debt Service	<u>478,036</u>	<u>559,438</u>
Total Expenses	<u>18,263,028</u>	<u>20,676,674</u>
Increase in Net Position	5,552,877	4,388,134
Net Position - January 1	<u>93,224,650</u>	<u>88,836,516</u>
Net Position - December 31	<u><u>\$ 98,777,527</u></u>	<u><u>\$ 93,224,650</u></u>

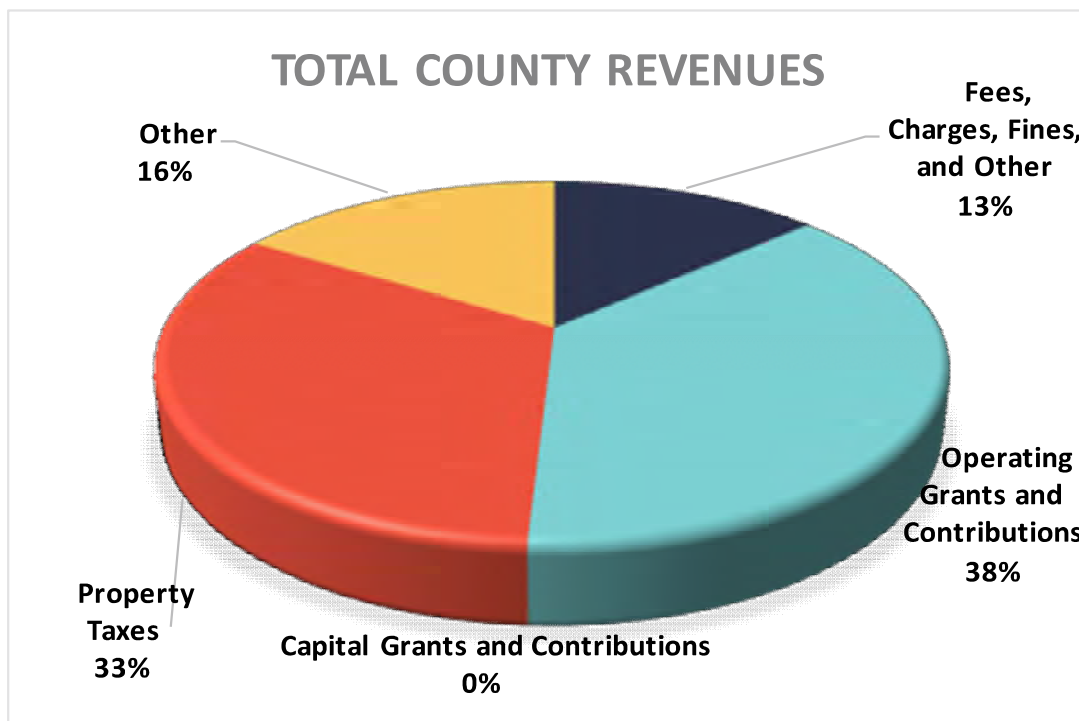
**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

The County-wide cost of all governmental activities this year was \$18,263,028.

- Some of the cost was paid by the users of the County's programs (\$3,164,485).
- The federal and state governments subsidized certain programs with grants and contributions (\$8,956,299).
- The remainder of the County's governmental activities costs of \$6,142,244, however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities and the increase in net position was covered by \$8,305,020 in taxes, \$876,732 in state aid, and with investment earnings and other general revenues.

The County's total revenues were \$23,815,905. Table 1 presents the percent of total County revenues by source for the year ended December 31, 2024. Operating grants and contributions decreased \$1,235,209 due to a decrease in state aid for highways. Fees, charges, fines and other revenues decreased \$1,120,914 over the prior year primarily due to decreases in special assessments on ditch improvements. Property taxes increased \$1,074,762 over the prior year due to a levy increase.

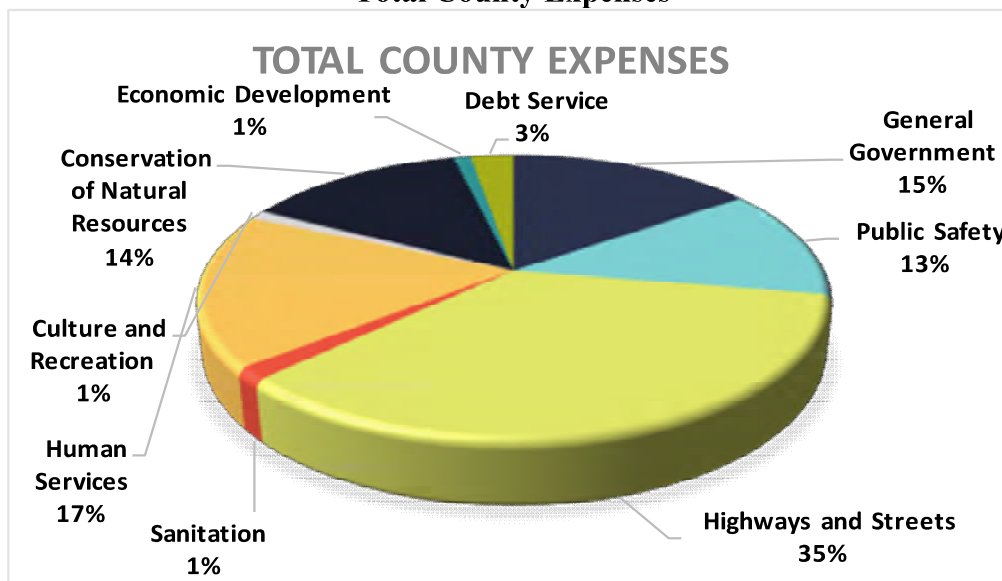
**Table 1
Total County Revenues**



**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

Total expenses were \$18,263,028. Table 2 presents the county costs by function.

**Table 2
Total County Expenses**



Expenses decreased \$2,413,646 from the previous year primarily due to a decrease in Highway projects.

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

**Table 3
Governmental Activities**

	2024	
	Total Cost of Services	Net Cost of Services
General Government	\$ 2,758,521	\$ (2,165,241)
Public Safety	2,301,581	(1,675,163)
Highways and Streets	6,393,309	(413,561)
Human Services	3,207,478	(1,027,197)
All others	3,602,139	(861,082)
Totals	<u>\$ 18,263,028</u>	<u>\$ (6,142,244)</u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

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

At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$22,845,524 a decrease of \$6,934,671 in comparison with the prior year. Of the combined ending fund balances, \$19,194,399 represents unrestricted (committed, assigned, and unassigned) fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is classified as either nonspendable or restricted to indicate that it is not available for new spending because it has already been restricted for various reasons either by state law, grant agreements, bond covenants, or is not in spendable form.

The General Fund is the main operating fund for the County. At the end of the current fiscal year, it had an unrestricted fund balance of \$6,035,582. As a measure of the General Fund's liquidity, it may be useful to compare unrestricted fund balance to total expenditures. The General Fund's unrestricted fund balance represents 96.1% of total General Fund expenditures. During 2024, the ending fund balance increased by \$773,933 due primarily to an increase in taxes.

The Road and Bridge Special Revenue Fund had an unrestricted fund balance of \$4,921,050 at fiscal year-end, representing 61.4% of its annual expenditures. The ending fund balance increased \$363,704 during 2024. The primary reason for the increase was due to increased intergovernmental revenue.

The Family Services Special Revenue Fund had an unrestricted fund balance of \$3,403,517 at fiscal year-end, representing 102.8% of its annual expenditures. The ending fund balance increased \$226,160 during 2024, primarily due to less expenditures than budgeted for in the current year.

The Ditch Special Revenue Fund had an unrestricted fund balance of (\$1,424,892) at fiscal year-end. Revenues exceeded expenditures in the ditch fund by \$589,260. Expenditures were greater than budgeted expenditures by \$2,173,795 due to ditch redetermination damages that were not budgeted for.

The Debt Service fund had a total fund balance of \$639,481 at the end of the fiscal year which was an increase of \$62,525 from the prior year. The fund balance of the Debt Service Fund was established to record the bond payments for the Series 2021A G.O. bonds.

The Capital Project fund was established in 2021 to account for proceeds from bonds issued for construction. The ending fund balances in 2024 decreased \$8,922,339 for a total ending fund balance of \$6,193,882.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

General Fund Budgetary Highlights

Actual revenues exceed budgeted revenues by \$388,132. This was primarily due to the County's investment earnings coming in higher than what was budgeted for.

Actual expenditures were lower than budgeted expenditures by \$385,285 largely due to a special project that was budgeted for but had no expenditures in 2024.

CAPITAL ASSETS

The County's capital assets at December 31, 2024, totaled \$82,021,342 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, equipment, infrastructure and right-to-use assets.

**Table 4
Capital Assets at Year-End**

	2024	2023
Land	\$ 466,079	\$ 164,903
Right-of-Way	470,198	470,198
Construction in Progress	14,718,959	4,932,927
Buildings	2,411,856	2,494,782
Improvements Other than Building	81,406	85,381
Machinery, Furniture and Equipment	2,954,570	2,562,318
Infrastructure	60,832,516	60,264,106
Right-to-Use, Buildings	50,587	65,240
Right-to-Use, Equipment	35,171	50,011
Totals	<u>\$ 82,021,342</u>	<u>\$ 71,089,866</u>

Additional information about the County's capital assets can be found in Note 3.A.3 to the financial statements.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

LONG-TERM DEBT

At December 31, 2024, the County had total net outstanding bonds and notes payable of \$11,282,230 and a lease liability of \$93,937. The total outstanding long-term debt is backed by the full faith and credit of the government.

Minnesota statutes limit the amount of debt a county may levy to 3% of its total market value. At the end of 2024, the County's outstanding debt was less than 0.01% of its total estimated market value.

Additional information on the County's long-term debt can be found in Notes 3.C.3 to 3.C.6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

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

- The unemployment rate for Lac qui Parle County at the end of 2024 was 2.1%. This is comparable with the state unemployment rate of 2.7% and shows a decrease from the County's 2.2% rate of one year ago. The low unemployment rates, combined with a workforce that is aging and shrinking, has increased pressure on the County and other local employers to remain competitive in the job market. These factors did have a tangible effect on the 2024 budget and will continue to impact in future years.
- In 2021 the County made its first interest-only bond payment on the Capital Facilities Plan. It is apparent that several of the County's major building assets are at or nearing replacement age, and the Plan provides a structured approach to address these needs. The Plan has been adopted by the County Board, and the implementation of the Plan calls for construction of a Government Center over the course of the next 1-2 years at a projected cost of \$18 million. \$10 million will be financed through bond issuance, and the remainder will be financed by spending down the County's cash reserves. This financing plan will allow for the necessary investments while keeping fund reserves at acceptable levels and also minimizing the impact on the County's annual property tax levy.
- Agriculture is the singularly dominant local industry, and tillable ag land makes up the biggest portion of the County's tax base. Land values had increased significantly from 2005 - 2014 following a temporary surge in grain commodity prices, but have stabilized or trended slightly downward overall since 2015. For assessment years 2015-2019, land values decreased. The following chart shows ag land value changes for selected years:

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS (CONTINUED)

<u>Year</u>	<u>Change</u>
2021	+0.70%
2022	+9.30%
2023	+19.70%
2024	+12.00%
2025	+20.00%

The lack of diversification in the local economy, along with the historical volatility of commodity prices, adds an additional dimension of economic risk to the County's financial health.

- Investment returns for the County reached nearly 5% in the years leading up to 2007, but the Great Recession in the late 2000's and early 2010's resulted in rates bottoming out to near 0% for nearly a decade. Historically Lac qui Parle County's surplus fund balances have generated investment revenues which offset reliance on other revenue streams, most notably the County's annual property tax levy. After a period of recovery in 2018 and 2019, interest rates went to near 0% again during the Covid-19 pandemic. 2022 and 2023 rates have been rising sharply and 2024 and 2025 rates remain stable. As investment rates remain stable, the County will be able to use these investment returns as a valuable funding tool.
- The 2025 property tax levy slightly decreased from 2024 to 3.86%, which is similar to the average increase of 3.86% for the preceding 5 years. Over the long term, the County expects to follow a trend of stable and manageable levy increases that the tax base can reasonably absorb, and the levies will continue to be based on structurally sound and balanced budgets. Barring additional unfunded mandates, cost shifts, and aid reductions from the state, the County's budget and financial health appear to be stabilized. However, this optimism should be tempered by the risk factors outside of County management control, most notably state intergovernmental revenues and other political actions.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS (CONTINUED)

County Tax Rate and Levy History			
Year	Tax Rate	Tax Levy	Levy Increase
2025	26.7%	\$7,309,073	3.86%
2024	26.9%	\$7,037,428	3.98%
2023	31.2%	\$6,768,059	4.50%
2022	33.5%	\$6,476,612	5.21%
2021	32.1%	\$6,155,803	1.75%
2020	32.3%	\$6,049,929	2.25%
2019	31.1%	\$5,916,814	2.93%
2018	32.3%	\$5,748,230	1.83%
2017	30.4%	\$5,645,179	6.77%
2016	27.8%	\$5,442,677	2.94%
2015	24.2%	\$5,287,221	3.99%
2014	27.1%	\$5,084,355	4.14%
2013	37.1%	\$4,882,431	8.76%
2012	38.7%	\$4,489,222	9.80%
2011	33.8%	\$4,088,544	12.80%
2010	31.3%	\$3,624,596	0.0%

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Lac qui Parle County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Mr. Jake Sieg, the County's Administrator, Lac qui Parle County Courthouse, 600 - 6th Street, Suite 6, Madison, Minnesota 56256.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	Primary Government	Discretely Presented Component Unit
	Governmental Activities	Lac qui Parle-Yellow Bank Watershed District
ASSETS		
Cash and Investments	\$ 26,035,898	\$ 3,232,387
Accounts Receivable, Net	10,574,927	860,902
Due from Primary Government	-	4,572
Note Receivable	134,060	-
Lease Receivable	-	94,681
Prepaid Items	478,972	-
Capital Assets:		
Non-Depreciable	15,655,236	628,458
Depreciable - Net of Accumulated Depreciation	66,280,348	4,193,965
Right-to-Use - Net of Accumulated Amortization	85,758	-
Total Assets	119,245,199	9,014,965
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	1,451,847	73,354
OPEB Related	46,290	-
Total Deferred Outflows of Resources	1,498,137	73,354
LIABILITIES		
Accounts Payable and Other Current Liabilities	4,396,592	165,429
Due to Component Unit	4,572	-
Unearned Revenue	122,633	621,454
Interest Payable	103,854	-
Long Term Liabilities:		
Due Within One Year	623,705	163,857
Due in More Than One Year	11,255,225	1,055,991
Net Pension Liability	2,299,831	163,811
Current Other Postemployment Benefits Liability	22,153	-
Other Postemployment Benefits Liability	379,876	-
Total Liabilities	19,208,441	2,170,542
DEFERRED INFLOWS OF RESOURCES		
Pension Related	2,607,228	109,569
OPEB Related	128,950	-
Taxes Collected for Subsequent Levy	21,190	-
Lease Related	-	105,682
Total Deferred Inflows of Resources	2,757,368	215,251
NET POSITION		
Net Investment in Capital Assets	69,637,267	4,822,423
Restricted For:		
General Government	481,722	-
Public Safety	743,988	-
Highways and Streets	6,336,543	-
Conservation of Natural Resources	1,978,515	1,332,822
Debt Service	555,715	-
Economic Development	190,128	-
Opioid Epidemic Response	139,892	-
Other Purposes	15,477	-
Unrestricted	18,698,280	547,281
Total Net Position	\$ 98,777,527	\$ 6,702,526

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Capital Grants and Contributions
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
General Government	\$ 2,758,521	\$ 354,032	\$ 239,248	\$ -
Public Safety	2,301,581	349,233	277,185	-
Highways and Streets	6,393,309	70,324	5,909,424	-
Sanitation	262,437	142,262	119,833	-
Human Services	3,207,478	174,979	2,005,302	-
Culture and Recreation	186,804	1,850	57,611	-
Conservation of Natural Resources	2,481,780	2,071,805	347,696	-
Economic Development	193,082	-	-	-
Debt Service	478,036	-	-	-
Total Governmental Activities	<u>\$ 18,263,028</u>	<u>\$ 3,164,485</u>	<u>\$ 8,956,299</u>	<u>\$ -</u>
COMPONENT UNIT				
Lac qui Parle-Yellow Bank Watershed District	<u>\$ 1,649,429</u>	<u>\$ 695,251</u>	<u>\$ 431,084</u>	<u>\$ -</u>
GENERAL REVENUES				
Property Taxes				
Mortgage Registry and Deed Tax				
Wheelage Tax				
Payments in Lieu of Tax				
Grants and Contributions not Restricted for a Particular Purpose				
Investment Earnings				
Miscellaneous				
Total General Revenues				
CHANGE IN NET POSITION				
Net Position - Beginning of Year				
NET POSITION - END OF YEAR				

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

***EXHIBIT 2
(Continued)***

**STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024**

Net (Expense) Revenue and Changes in Net Position		
		Discretely Presented Component Unit
Primary Government		
Governmental Activities		Lac qui Parle- Yellow Bank Watershed District
\$ (2,165,241)	\$	-
(1,675,163)		-
(413,561)		-
(342)		-
(1,027,197)		-
(127,343)		-
(62,279)		-
(193,082)		-
(478,036)		-
(6,142,244)		-
\$ -	\$	(523,094)
7,865,578		336,638
8,292		-
88,714		-
342,436		3,976
876,732		17,399
1,579,951		10,354
933,418		71,068
11,695,121		439,435
5,552,877		(83,659)
93,224,650		6,786,185
<u>\$ 98,777,527</u>	<u>\$</u>	<u>6,702,526</u>

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

FUND FINANCIAL STATEMENTS

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Road and Bridge	Family Services	Ditch	EDA	Debt Service	Capital Projects	Total Governmental Funds
ASSETS								
Cash and Investments	\$ 6,167,190	\$ 6,332,625	\$ 3,287,960	\$ 924,093	\$ 92,970	\$ 631,948	\$ 8,597,262	\$ 26,034,048
Petty Cash and Change Funds	1,650	-	200	-	-	-	-	1,850
Taxes Receivable - Delinquent	32,817	13,993	10,515	-	6,019	5,058	-	68,402
Special Assessments Receivable								
Delinquent	1,831	-	-	113	-	-	-	1,944
Noncurrent	-	-	-	3,102,270	-	-	-	3,102,270
Accounts Receivable	6,249	-	170,637	-	-	-	-	176,886
Notes Receivable	-	-	10,969	-	123,091	-	-	134,060
Interest Receivable	187,760	92,690	-	12,738	802	9,033	88,602	391,625
Due from Other Governments	121,953	6,425,357	260,530	25,960	-	-	-	6,833,800
Due From Other Funds	1,288,200	-	-	-	-	-	-	1,288,200
Prepaid Items	6,961	441,314	30,697	-	-	-	-	478,972
Total Assets	<u>\$ 7,814,611</u>	<u>\$ 13,305,979</u>	<u>\$ 3,771,508</u>	<u>\$ 4,065,174</u>	<u>\$ 222,882</u>	<u>\$ 646,039</u>	<u>\$ 8,685,864</u>	<u>\$ 38,512,057</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 172,260	\$ 139,744	\$ 55,292	\$ 47,089	\$ -	\$ 1,500	\$ 481,239	\$ 897,124
Salaries Payable	103,939	48,976	71,607	-	-	-	-	224,522
Contracts Payable	-	1,151,373	-	-	-	-	1,936,535	3,087,908
Due to Other Funds	-	-	-	1,288,200	-	-	-	1,288,200
Due to Other Governments	29,030	8,533	31,305	45,528	-	-	72,642	187,038
Due to Component Unit	-	-	-	4,572	-	-	-	4,572
Unearned Revenue	122,333	300	-	-	-	-	-	122,633
Total Liabilities	427,562	1,348,926	158,204	1,385,389	-	1,500	2,490,416	5,811,997
DEFERRED INFLOWS OF RESOURCES								
Taxes Collected for Subsequent Levy	11,093	4,687	3,459	-	385	-	1,566	21,190
Unavailable Revenue	68,793	6,341,887	160,154	3,128,344	129,110	5,058	-	9,833,346
Total Deferred Inflows of Resources	79,886	6,346,574	163,613	3,128,344	129,495	5,058	1,566	9,854,536

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**EXHIBIT 3
(Continued)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Road and Bridge	Family Services	Ditch	EDA	Debt Service	Capital Projects	Total Governmental Funds
FUND BALANCES								
Nonspendable								
Prepaid Items	\$ 6,961	\$ 441,314	\$ 30,697	\$ -	\$ -	\$ -	\$ -	\$ 478,972
Restricted								
Highway Allotments	-	248,115	-	-	-	-	-	248,115
Recorder's Compliance Fund	40,421	-	-	-	-	-	-	40,421
Recorder's Technology Fund	21,878	-	-	-	-	-	-	21,878
E-911	743,988	-	-	-	-	-	-	743,988
Forfeitures	3,683	-	-	-	-	-	-	3,683
Income Maintenance -PrimeWest	-	-	3,422	-	-	-	-	3,422
Social Services -PrimeWest	-	-	12,055	-	-	-	-	12,055
EDA Loans	38,910	-	-	-	-	-	-	38,910
County Park Betty Johnson Estate	248,210	-	-	-	-	-	-	248,210
Building Bond Proceeds	-	-	-	-	-	-	-	-
EDA Revolving Loans	-	-	-	-	28,127	-	-	28,127
Affordable Housing	167,530	-	-	-	-	-	-	167,530
Ditch Maintenance and Construction	-	-	-	976,333	-	-	-	976,333
Debt Service	-	-	-	-	-	639,481	-	639,481
Committed								
Solid Waste Assessments	2,134	-	-	-	-	-	-	2,134
County Park Bridge	66,818	-	-	-	-	-	-	66,818
Pictometry Flyover	26,833	-	-	-	-	-	-	26,833
Capital Equipment	-	927,068	-	-	-	-	-	927,068
Buildings and Grounds	-	35,000	-	-	-	-	-	35,000
Future Road Construction	-	807,012	-	-	-	-	-	807,012
Capital Facilities Project	-	-	-	-	-	-	6,193,882	6,193,882
Assigned								
Out of Home Placements	-	-	219,545	-	-	-	-	219,545
Rule 20	-	-	160,000	-	-	-	-	160,000
City Contract Vehicle Purchases	122,460	-	-	-	-	-	-	122,460
Sheriff's Forfeiture	38,654	-	-	-	-	-	-	38,654
Sheriff's Contingency	3,615	-	-	-	-	-	-	3,615
County Park Board	46,784	-	-	-	-	-	-	46,784
Buffer Law	321,672	-	-	-	-	-	-	321,672
IT Capital Purchases	62,619	-	-	-	-	-	-	62,619
Sheriff Fundraising	6,179	-	-	-	-	-	-	6,179
Canabis Aid	2,114	-	-	-	-	-	-	2,114
Road and Bridge	-	3,151,970	-	-	-	-	-	3,151,970
Human Services	-	-	3,023,972	-	-	-	-	3,023,972
Economic Development	-	-	-	-	65,260	-	-	65,260
Unassigned	5,335,700	-	-	(1,424,892)	-	-	-	3,910,808
Total Fund Balances (Deficit)	7,307,163	5,610,479	3,449,691	(448,559)	93,387	639,481	6,193,882	22,845,524
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	\$ 7,814,611	\$ 13,305,979	\$ 3,771,508	\$ 4,065,174	\$ 222,882	\$ 646,039	\$ 8,685,864	\$ 38,512,057

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 4

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

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS	\$ 22,845,524
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	82,021,342
Other long-term assets (deferred inflows of resources) are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.	9,833,346
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred Outflows of Resources Related to Pensions	1,451,847
Deferred Inflows of Resources Related to Pensions	(2,607,228)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds.	
Deferred Outflows of Resources Related to OPEB	46,290
Deferred Inflows of Resources Related to OPEB	(128,950)
Long-term liabilities, including bonds payable and net pension liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
General Obligation Bonds and Notes	\$ (10,953,328)
Bond Premiums	(328,902)
Lease Liability	(93,937)
Accrued Interest	(103,854)
Compensated Absences	(502,763)
Net Pension Liability	(2,299,831)
Total Other Postemployment Benefits	(402,029)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 98,777,527

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	General	Road and Bridge	Family Services	Ditch	EDA	Debt Service	Capital Projects	Total Governmental Funds
REVENUES								
Taxes	\$ 3,651,618	\$ 1,509,019	\$ 1,130,144	\$ -	\$ 134,972	\$ 546,633	\$ -	\$ 6,972,386
Other Taxes	8,292	88,714	-	-	-	-	-	97,006
Special Assessments	124,442	-	-	2,153,690	-	-	-	2,278,132
Licenses and Permits	23,415	-	-	-	-	-	-	23,415
Intergovernmental	1,759,674	6,181,225	1,848,603	129,425	6,084	80,257	-	10,005,268
Charges for Services	575,196	69,544	388,314	-	-	-	-	1,033,054
Fines and Forfeits	2,115	-	-	-	-	-	-	2,115
Gifts and Contributions	8,449	-	-	-	-	-	-	8,449
Investment Earnings	668,042	304,757	46	24,546	6,049	29,443	547,068	1,579,951
Miscellaneous	223,694	226,350	169,717	505,811	11,063	-	-	1,136,635
Total Revenues	7,044,937	8,379,609	3,536,824	2,813,472	158,168	656,333	547,068	23,136,411
EXPENDITURES								
CURRENT								
General Government	2,872,624	-	-	-	-	1,995	-	2,874,619
Public Safety	2,030,156	-	-	-	-	-	-	2,030,156
Highways and Streets	-	7,323,987	-	-	-	-	-	7,323,987
Sanitation	251,407	-	-	-	-	-	-	251,407
Human Services	-	-	3,234,951	-	-	-	-	3,234,951
Health	7,153	-	-	-	-	-	-	7,153
Culture and Recreation	185,628	-	-	-	-	-	-	185,628
Conservation of Natural Resources	537,595	-	-	1,940,510	-	-	-	2,478,105
Economic Development	7,000	-	-	-	186,082	-	-	193,082
INTERGOVERNMENTAL	374,871	690,187	64,663	65,409	-	-	-	1,195,130
CAPITAL OUTLAY	-	-	-	-	-	-	9,252,145	9,252,145
DEBT SERVICE								
Principal	14,697	1,481	10,307	156,000	-	385,000	-	567,485
Interest and Fiscal Charges	389	250	227	52,293	-	206,813	217,262	477,234
Total Expenditures	6,281,520	8,015,905	3,310,148	2,214,212	186,082	593,808	9,469,407	30,071,082
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	763,417	363,704	226,676	599,260	(27,914)	62,525	(8,922,339)	(6,934,671)
OTHER FINANCING SOURCES (USES)								
Transfers In	10,516	-	-	-	-	-	-	10,516
Transfers Out	-	-	(516)	(10,000)	-	-	-	(10,516)
Total Other Financing Sources (Uses)	10,516	-	(516)	(10,000)	-	-	-	-
NET CHANGE IN FUND BALANCES	773,933	363,704	226,160	589,260	(27,914)	62,525	(8,922,339)	(6,934,671)
Fund Balances (Deficit) - Beginning of Year	6,533,230	5,246,775	3,223,531	(1,037,819)	121,301	576,956	15,116,221	29,780,195
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 7,307,163</u>	<u>\$ 5,610,479</u>	<u>\$ 3,449,691</u>	<u>\$ (448,559)</u>	<u>\$ 93,387</u>	<u>\$ 639,481</u>	<u>\$ 6,193,882</u>	<u>\$ 22,845,524</u>

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 6

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (6,934,671)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Asset Adjustments	\$ 13,449,498	
Net Book Value of Capital Asset Disposals	(3,947)	
Current Year Depreciation and Amortization	<u>(2,514,075)</u>	10,931,476

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	844,958
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Governmental funds report expenditures as pension contributions are made. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and the investment experience.	166,488
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Other postemployment benefit expenditures on the governmental funds are measured by current year employer contributions. Other postemployment benefit expenses in the Statement of Activities are measured by the change in other postemployment benefit obligation and the related outflows of resources.	(12,128)
--	----------

Repayment of liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Repayment of General Obligation Bonds and Notes	541,000	
Amortization of Bond Premium	37,655	
Repayment of Lease Liability	<u>26,485</u>	605,140

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

Change in Accrued Interest Payable	6,336	
Change in Compensated Absences	<u>(54,722)</u>	<u>(48,386)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 5,552,877</u></u>
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The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUNDS

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 7

**STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2024**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 3,142	\$ 520,191
Taxes Receivable - Delinquent	-	29,679
Due From Other Governments	-	17,537
Accrued Interest Receivable	-	1,443
	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,142</u>	<u>\$ 568,850</u>
LIABILITIES		
Due to Others	\$ -	\$ 15,802
Due to Other Governments	-	390,208
	<u> </u>	<u> </u>
Total Liabilities	<u>\$ -</u>	<u>\$ 406,010</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes Collected for Subsequent Levy	\$ -	\$ 21,189
	<u> </u>	<u> </u>
NET POSITION		
Restricted For:		
Individuals, Organizations and Other Governments	<u>\$ 3,142</u>	<u>\$ 141,651</u>

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 8

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
ADDITIONS		
Contributions:		
Individuals	\$ 22,204	\$ 181,692
Property Tax Collections for Other Governments	-	9,219,704
License and Fees Collected for State	-	1,407,428
Grants for Other Entities	-	59,901
Miscellaneous	-	4,419
Total Additions	22,204	10,873,144
DEDUCTIONS		
Beneficiary Payments to Individuals	23,888	-
Payments of Property Taxes to Other Governments	-	9,207,118
Payments to State	-	1,589,120
Payments to Other Entities	-	70,560
Total Deductions	23,888	10,866,798
CHANGE IN FIDUCIARY NET POSITION	(1,684)	6,346
Fiduciary Net Position, Beginning of Year	4,826	135,305
FIDUCIARY NET POSITION - END OF YEAR	\$ 3,142	\$ 141,651

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

Lac qui Parle County was established in 1871 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 Lac qui Parle County (primary government) and its component units for which the County is financially accountable. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

The County has considered all potential units for which it is financially accountable and other organizations for which the nature and significant of the relationship with the County are such that the exclusion would cause the County's financial statements to be misleading or incomplete. The Lac qui Parle County Economic Development Authority (the EDA) is considered to be part of the primary government and is presented as a blended component unit. The County Board of Commissioners are members of the EDA board. Separate financial statements are not issued for the EDA.

Discretely Presented Component Unit

While part of the reporting entity, the discretely presently component unit is presented in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. The following component unit of Lac qui Parle County is discretely presented:

<u>Component Unit</u>	<u>Component Unit of Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Lac qui Parle-Yellow Bank Watershed District	County appoints a majority of the Board, and it is a financial burden to the County.	Separate financial statements are not prepared.

Significant accounting policies of the discretely presented component unit does not differ significantly from those of the County.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Joint Ventures

The County participates in several joint ventures which are described in Note 5.C.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately.

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

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities are offset by program revenues. Direct expenses are those 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 and fiduciary--are presented. The emphasis of governmental fund financial statements is on major individual governmental funds, with each displayed as separate columns in the fund financial statements. The County reports all of its governmental funds as major funds.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

- The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- The Road and Bridge Special Revenue Fund accounts for restricted revenues from the federal and state government, as well as committed property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.
- The Family Services Special Revenue Fund accounts for restricted revenue resources from the federal, state, and other oversight agencies, as well as committed property tax revenues used for economic assistance and community social services programs.
- The Ditch Special Revenue Fund accounts for special assessment revenues levied against benefitted property to finance the cost of constructing and maintaining an agricultural drainage ditch system.
- The EDA Special Revenue Fund accounts for restricted revenue resources from the federal, state, and other oversight agencies, as well as property tax revenues used for economic development programs.
- The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.
- The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the County reports the following fiduciary fund type:

- Social Welfare Private Purpose Trust Fund – The Private Purpose Trust Fund is used to report all fiduciary activities that are held in a trust for social welfare accounts.
- Custodial Funds – are custodial in nature. The funds are used for a variety of purposes: to account for the collection and disbursement of taxes on behalf of other local governments within the County, as an agent for the local collaborative, estate recoveries and other state revenues.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The County considers all revenues as available if collected within 60 days after the end of the current period.

Property taxes are recognized as revenues in the year for which they are levied provided they are also available. Shared revenues are generally recognized in the period the appropriation goes into effect and the revenues are available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and are available. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on 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 leasing arrangements are reported as other financing sources.

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. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled investment earnings for 2024 were \$1,579,951.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

1. Deposits and Investments (Continued)

Lac qui Parle County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which was created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission. The County's investment in the pool is measured at the amortized cost per share provided by the pool for the portfolio investments and at net asset value (NAV) for the term investments. More information including the most recent audited financial statement is available on their website www.magicfund.org.

2. 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."

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

Special assessments receivable consist of delinquent special assessments payable in the years 2014 through 2024 and deferred special assessments payable in 2023 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

No allowance for uncollectible taxes/special assessments has been provided because such amounts are not expected to be material.

The County had no accounts receivable scheduled to be collected beyond one year.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

3. Prepaid Items

Prepaid items consist of prepaid supplies held for consumption. Certain payments to vendors reflect costs applicable to future account periods and are recorded as prepaid items in both government-wide and fund level financial statements. The cost of prepaid items is recorded as expenditures during the periods benefited.

4. Capital Assets

Capital assets, which include property, plant, equipment, right-to-use and infrastructure assets (such as roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. The County and the Lac qui Parle-Yellow Bank Watershed District define capital assets as assets with an initial, individual cost of \$5,000 or more 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 (entry price) on the date of donation.

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.

Property, plant, and equipment are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 - 40
Land Improvements	20 - 35
Public Domain Infrastructure	15 - 70
Furniture, Equipment, and Vehicles	3 - 15

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

5. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability for compensated absences reported in the financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

A liability for compensated absences is reported in the governmental funds if they normally would be liquidated with expendable available financial resources. Compensated absences are accrued when incurred in the government-wide statements. The government-wide statement of net position reports both current and noncurrent portions of compensated absences.

The current portion consists of an amount based on a trend analysis of current usage of vacation. The noncurrent portion consists of the remaining amount of vacation, total vested sick leave, and comp time.

6. Long-Term Obligations

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

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

7. 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 County's net pension liability is liquidated through the General Fund and other governmental funds that have personal services. The Lac qui Parle-Yellow Bank Watershed District's net pension liability is liquidated by its General Fund.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The County has two items, deferred pension and deferred other postemployment benefits outflows that qualifies for this category. These outflows arise only under the accrual basis of accounting and consist of contributions paid subsequent to the measurement date, differences between expected and actual plan experience, changes in actuarial assumptions, pension plan changes in proportionate share, and differences between projected and actual earnings on pension plan investments.

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) until that time. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent and deferred special assessments receivable, lease related, and grant monies receivable for amounts that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

8. Deferred Outflows/Inflows of Resources (Continued)

The County reports a deferred inflow for taxes collected for the subsequent tax year levy in the fund level statements, the government wide statements and in the fiduciary fund statements. The County also has deferred pension and OPEB inflows. These inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual economic experience, changes in assumptions, differences between projected and actual earnings on pension plan investments, and also pension plan changes in proportionate share and, accordingly, are reported only in the statement of net position. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

9. Unearned Revenue

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received but not yet earned.

10. Classification of Net Position

Net position in the government-wide and the component unit financial statements is classified in the following categories:

- Net investment in capital assets - the amount of net position representing capital assets, net of accumulated depreciation and amortization, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets. At December 31, 2024, the Lac qui Parle-Yellow Bank Watershed District reported no debt other than accounts payable related to acquisition, construction, or improvement of capital 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.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

11. Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which Lac qui Parle County and the Lac qui Parle-Yellow Bank Watershed District are bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

11. Classification of Fund Balances (Continued)

Lac qui Parle County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

12. Minimum Fund Balance

Lac qui Parle County has adopted a minimum fund balance policy for the General Fund. The General Fund is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined it needs to maintain a minimum unrestricted fund balance (committed, assigned, and unassigned) of no less than five months of operating expenditures. At December 31, 2024, unrestricted fund balance for the General Fund exceeded the minimum fund balance level.

13. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the report 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.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

14. 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 associated 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. The implementation of this standard did not result in any material adjustments.

2. Stewardship, Compliance, and Accountability

A. Excess of Expenditures Over Budget

The following fund had expenditures in excess of budget:

<u>Fund</u>	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Major Governmental Funds:			
Ditch Fund	\$ 2,214,212	\$ 40,417	\$ 2,173,795

B. Deficit Fund Balance

The Ditch Fund reported a deficit fund balance of \$448,559 as of December 31, 2024. Deficit fund balances are due to expenditures exceeding revenues in the current year and will be recovered through future special assessments.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

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

Government-wide Statement of Net Position	
Governmental Activities	
Cash and Investments	\$ 26,035,898
Statement of Fiduciary Net Position	
Cash and Cash Equivalents	<u>523,333</u>
Total Cash and Investments	<u><u>\$ 26,559,231</u></u>
Petty Cash and Change Funds	
Checking	\$ 1,850
Money Market Savings	1,603,314
Invested in MAGIC	602,074
	<u>24,351,993</u>
Total Deposits and Investments	<u><u>\$ 26,559,231</u></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.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

a. Deposits (Continued)

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 to minimize deposit custodial credit risk by obtaining collateral or bond for all uninsured amounts on deposit and obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. As December 31, 2024, the County's deposits were not exposed to custodial credit risk.

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 rated in the highest quality category by two nationally recognized rating agencies and maturing in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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.

The County's exposure to credit risk as of December 31, 2024 is as follows:

	<u>S&P/Moody Rating</u>	<u>Value</u>
Investment Pool/MAGIC Fund		
Portfolio	Not Rated	\$ 6,308,216
Term	Not Rated	18,043,777
		<u>\$ 24,351,993</u>

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 has adopted a policy to minimize investment custodial credit risk by permitting brokers that obtain investments for the County to hold them only to the extent Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage are available, and that they qualify under Minn. Stat. § 118A.06 to hold investments.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

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 to minimize concentration of credit risk by diversifying the investment portfolio.

Fair Value Measurements

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 new asset value not reasonably practical.

The MAGIC term investment pool is valued at net asset value (NAV) as it does not meet the liquidity criteria to be valued at amortized cost. The County would face penalties if early redemptions were made from the term investment pool. There are no unfunded commitments relating to this investment. The County reports its investment in the term investment pool at the NAV per share, the fair value established by the pool.

The Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its NAV not reasonably practical.

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

2. Receivables

Accounts receivables as of December 31, 2024, for the County's governmental activities follow:

	<u>Total Receivables</u>	<u>Amounts Not Scheduled for Collection During the Subsequent Year</u>
Governmental Activities		
Taxes Receivable - Delinquent	\$ 68,402	\$ -
Special Assessments	3,104,214	2,171,167
Accounts Receivable	176,886	130,594
Interest Receivable	391,625	-
Due from Other Governments	<u>6,833,800</u>	<u>-</u>
Total Governmental Activities	<u><u>\$ 10,574,927</u></u>	<u><u>\$ 2,301,761</u></u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

3. Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated				
Land	\$ 164,903	\$ 301,176	\$ -	\$ 466,079
Right-of-Way	470,198	-	-	470,198
Construction-in-Process	4,932,927	12,680,931	2,894,899	14,718,959
Total Capital Assets, Not Being Depreciated	5,568,028	12,982,107	2,894,899	15,655,236
Capital Assets, Being Depreciated				
Buildings	3,932,435	-	-	3,932,435
Improvements Other than Buildings	119,846	-	-	119,846
Machinery, Furniture, and Equipment	8,278,161	926,162	35,930	9,168,393
Infrastructure	90,949,696	2,436,128	-	93,385,824
	103,280,138	3,362,290	35,930	106,606,498
Less Accumulated Depreciation for				
Buildings	1,437,653	82,926	-	1,520,579
Improvements Other than Buildings	34,465	3,975	-	38,440
Machinery, Furniture, and Equipment	5,715,843	529,963	31,983	6,213,823
Infrastructure	30,685,590	1,867,718	-	32,553,308
Total Accumulated Depreciation	37,873,551	2,484,582	31,983	40,326,150
Total Capital Assets, Being Depreciated, Net	65,406,587	877,708	3,947	66,280,348
Right-to-Use Assets, Being Amortized				
Buildings	\$ 87,838	\$ -	\$ -	\$ 87,838
Equipment	73,584	-	-	73,584
Total Right-to-Use Assets, Being Amortized	161,422	-	-	161,422
Less Accumulated Amortization for				
Buildings	22,598	14,653	-	37,251
Equipment	23,573	14,840	-	38,413
Total Accumulated Amortization	46,171	29,493	-	75,664
Total Right-to-Use Assets, Being Amortized, Net	115,251	(29,493)	-	85,758
Governmental Activities Capital Assets, Net	\$ 71,089,866	\$ 13,830,322	\$ 2,898,846	\$ 82,021,342

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

3. Capital Assets (Continued)

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

Governmental Activities	
General Government	\$ 118,448
Public Safety	134,384
Highways and Streets	2,218,335
Sanitation	10,535
Human Services	30,137
Conservation of Natural Resources	1,176
Culture and Recreation	1,060
Total Depreciation and Amortization Expense	<u>\$ 2,514,075</u>

4. Lease Receivable

The County, acting as lessor, leases farm land under a long-term, non-cancelable lease agreement. The lease expired on December 31, 2024. During the year ended December 31, 2024, the County recognized \$79,193 and \$296 in lease revenue and interest revenue, respectively, pursuant to this contract.

B. Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

Due to General Fund from Ditch Special Revenue Fund	<u>\$ 1,288,200</u>	Provide cash flow for various drainage systems.
--	---------------------	--

The balance is expected to be liquidated within one year.

Interfund Transfers

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Ditch Fund	\$ 10,000	Ditch administrative and accounting services provided
General Fund	Family Services Fund	516	Move Opioid Interest
		<u>\$ 10,516</u>	

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources

1. Payables

Payables at December 31, 2024, were as follows:

	Governmental Activities
Accounts Payable	\$ 897,124
Salaries Payable	224,522
Contracts Payable	3,087,908
Due to Other Governments	187,038
Total Payables	<u><u>\$ 4,396,592</u></u>

2. Unearned Revenues/Deferred Inflows of Resources

Unearned revenues and deferred inflows of resources consist of special assessments, taxes, taxes levied for the subsequent period collected prior to year-end, and state grants not collected soon enough after year-end to pay liabilities of the current period, and state grants received but not yet earned. The fiduciary funds reported a deferred inflow of resources of \$21,189 for taxes collected as prepayments for taxes levied for the subsequent year. Unearned revenues and deferred inflows of resources at December 31, 2024, are summarized below by fund:

	Special Assessments	Taxes	Taxes Collected for Subsequent Levy	Grants and Reimbursements	Loans and Interest	Total
Major Governmental Funds						
General	\$ 1,831	\$ 32,817	\$ 11,093	\$ 156,478	\$ -	\$ 202,219
Road and Bridge	-	13,993	4,687	6,328,194	-	6,346,874
Family Services	-	10,515	3,459	149,639	-	163,613
Ditch	3,102,271	113	-	25,960	-	3,128,344
Debt Service	-	5,058	-	-	-	5,058
EDA	-	-	385	-	129,110	129,495
Capital Projects	-	-	1,566	-	-	1,566
Total	<u><u>\$ 3,104,102</u></u>	<u><u>\$ 62,496</u></u>	<u><u>\$ 21,190</u></u>	<u><u>\$ 6,660,271</u></u>	<u><u>\$ 129,110</u></u>	<u><u>\$ 9,977,169</u></u>
Liability						
Unearned Revenue	\$ -	\$ -	\$ -	\$ 122,633	\$ -	\$ 122,633
Deferred Inflows of Resources						
Unavailable Revenue	3,104,102	62,496	-	6,537,638	129,110	9,833,346
Taxes Collected for Subsequent Levy						
	-	-	21,190	-	-	21,190
Total	<u><u>\$ 3,104,102</u></u>	<u><u>\$ 62,496</u></u>	<u><u>\$ 21,190</u></u>	<u><u>\$ 6,660,271</u></u>	<u><u>\$ 129,110</u></u>	<u><u>\$ 9,977,169</u></u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Bonds and Notes Payable

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
General Obligation Drainage Bonds, Series 2015A	2031	\$3,000 - \$10,000	3.5	\$308,000	<u>\$48,328</u>
General Obligation Drainage Notes, Series 2016A	2032	\$26,000 - \$35,000	2.75	\$465,000	<u>\$258,000</u>
General Obligation Drainage Notes, Series 2018A	2034	\$14,000 - \$29,000	3.95	\$328,000	<u>\$241,000</u>
General Obligation Drainage Notes, Series 2020A	2037	\$59,000 - \$77,000	1.9	\$1,061,000	<u>\$897,000</u>
General Obligation Capital Improvement Plan Bonds, Series 2021A	2042	\$330,000 - \$585,000	3	\$9,540,000	<u>\$8,825,000</u>
General Obligation Drainage Notes, Series 2022A	2037	\$43,000- \$60,000	2.2	\$772,000	<u>\$684,000</u>

4. Lease Liability

On May 1, 2019, the County entered into a long-term, noncancelable lease agreement with the Lac qui Parle Agricultural Society for space in a storage shed. The lease will expire on December 31, 2030 and has an interest rate of 1.22%.

Long-term, noncancelable lease agreements are reported for copiers with commencement dates ranging from June 1, 2020 to February 2, 2023. The leases will expire on dates ranging from June 1, 2025 to February 2, 2027 and have an interest rates of 0.7-4.3%.

The County has two long-term, noncancelable lease agreements for postage machines with commencement dates of January 1, 2020 and June 28, 2021. The leases will expire on March 1, 2025 and September 30, 2026 and have an interest rate of 0.7%.

On May 1, 2023, the County entered into a long-term, noncancelable lease agreement with for office space with a 4.3% interest rate. The lease will expire on May 1, 2025.

On May 25, 2023, the County entered into a long-term, noncancelable lease agreement with Axon for tasers with an interest rate of 4.3%. The lease will expire on June 1, 2028.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

5. Debt Service Requirements

Payments on the Series 2015A through Series 2022A general obligation bonds and notes are made by the Ditch Special Revenue Fund. Payments on the Series 2021A G.O. bonds are made from the Debt Service Fund. Payments on the lease liability are made by the General Fund, Road and Bridge Fund and the Family Services Fund. Debt service requirements at December 31, 2024, were as follows:

Year Ending December 31.	General Obligation Bonds		General Obligation Notes		Lease Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 400,000	\$ 196,716	\$ 157,000	\$ 47,819	\$ 24,563	\$ 1,743
2026	411,000	184,524	161,000	44,009	19,939	1,221
2027	427,000	171,921	165,000	40,091	18,574	702
2028	437,000	158,926	169,000	36,066	12,834	259
2029	452,000	145,556	173,000	31,932	8,959	119
2030-2034	2,401,328	573,965	852,000	96,286	9,068	9
2035-2039	2,630,000	323,138	403,000	7,261	-	-
2040-2042	1,715,000	58,094	-	-	-	-
Total	<u>\$ 8,873,328</u>	<u>\$ 1,812,840</u>	<u>\$ 2,080,000</u>	<u>\$ 303,464</u>	<u>\$ 93,937</u>	<u>\$ 4,053</u>

6. Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds/Notes Payable					
General Obligation Bonds	\$ 9,262,328	\$ -	\$ (389,000)	\$ 8,873,328	\$ 400,000
General Obligation Notes	2,232,000	-	(152,000)	2,080,000	157,000
Premium	366,557	-	(37,655)	328,902	-
Total Bonds/Notes Payable	11,860,885	-	(578,655)	11,282,230	557,000
Lease Liability	120,422	-	(26,485)	93,937	24,563
Compensated Absences *	448,041	54,722	-	502,763	42,142
Governmental Activities					
Long-Term Liabilities	<u>\$ 12,429,348</u>	<u>\$ 54,722</u>	<u>\$ (605,140)</u>	<u>\$ 11,878,930</u>	<u>\$ 623,705</u>

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits

A. Defined Benefit Pension Plans

1. 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.

General Employees Retirement Plan (General Plan)

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

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

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

Public 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.

2. 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.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

2. Benefits Provided (Continued)

General Employees Plan Benefits

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

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

2. Benefits Provided (Continued)

Police and Fire Plan Benefits

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

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

Correctional Plan Benefits

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

2. Benefits Provided (Continued)

Correctional Plan Benefits (Continued)

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

3. Contributions

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

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the County was required to contribute 7.50 percent for General Plan members. The County contributions to the General Employees Fund for the year ended December 31, 2024, were \$279,600. The County contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2024 and the County was required to contribute 17.70 percent for Police and Fire Plan members. The County contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$120,621. The County contributions were equal to the required contributions as set by state statute.

Correctional Fund Contributions

Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in fiscal year 2024 and the County was required to contribute 8.75 percent for Correctional Plan members. The County contributions to the Correctional Fund for the year ended December 31, 2024, were \$26,687. The County contributions were equal to the required contributions as set by state statute.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the County reported a liability of \$1,618,336 for its proportionate share of the General Employees Fund's net pension liability. The County 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 \$41,847.

County's Proportionate Share of the Net Pension Liability	\$ 1,618,336
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	<u>41,847</u>
Total	<u><u>\$ 1,660,183</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 0.0438 percent at the end of the measurement period and 0.0467 percent for the beginning of the period.

For the year ended December 31, 2024, the County recognized pension expense of \$176,191 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional (\$803) 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 \$74,458 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.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

General Employees Fund 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between Expected and Actual Economic Experience	\$ 152,166	\$ -
Changes in Actuarial Assumptions	7,901	612,514
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	469,952
Changes in Proportion	60,409	142,003
Employer Contributions Subsequent to the Measurement Date	<u>139,919</u>	<u>-</u>
Total	<u>\$ 360,395</u>	<u>\$ 1,224,469</u>

The \$139,919 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 ending 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	\$ (531,963)
2026	(103,768)
2027	(244,226)
2028	(124,036)

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Police and Fire Fund Pension Costs

At December 31, 2024, the County reported a liability of \$641,717 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 proportionate share of the net pension liability was based on the County 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 proportionate share was 0.0488 percent at the end of the measurement period and 0.0495 percent for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$24,462.

County's Proportionate Share of the Net Pension Liability	\$	641,717
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County		24,462
Total	\$	<u>666,179</u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

For the year ended December 31, 2024, the County recognized pension expense of \$111,700 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$2,375 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 \$13,851 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 250,083	\$ -
Changes in Actuarial Assumptions	705,413	944,945
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	208,655
Changes in Proportion	10,531	39,345
Employer Contributions Subsequent to the Measurement Date	62,353	-
Total	<u>\$ 1,028,380</u>	<u>\$ 1,192,945</u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

The \$62,353 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 ending December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Pension Expense Amount
2025	\$ (36,927)
2026	160,335
2027	(105,836)
2028	(257,160)
2029	12,670

Correctional Plan Pension Costs

At December 31, 2024, the County reported a liability of \$39,778 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 proportionate share of the net pension liability was based on the County 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 proportionate share was 0.131 percent at the end of the measurement period and 0.119 percent for the beginning of the period.

For the year ended December 31, 2024 the County recognized pension expense of \$69,480 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 \$6,860 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.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 28,196	\$ -
Changes in Actuarial Assumptions	-	134,580
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	55,234
Changes in Proportion	21,418	-
Employer Contributions Subsequent to the Measurement Date	13,458	-
	<u>13,458</u>	<u>-</u>
Total	<u>\$ 63,072</u>	<u>\$ 189,814</u>

The \$13,458 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an addition of the net pension asset in the year ending December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>December 31</u>	Pension Expense Amount
2025	\$ (138,723)
2026	30,599
2027	(17,209)
2028	(14,867)

Aggregate Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2024, was \$358,943.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Summary

	General Employees Retirement Plan	Public Employees Police and Fire Plan	Public Employees Correctional Plan	Total
Net Pension Liability	\$ 1,618,336	\$ 641,717	\$ 39,778	\$ 2,299,831
Deferred Inflows	1,224,469	1,192,945	189,814	2,607,228
Deferred Outflows	360,395	1,028,380	63,072	1,451,847
Pension Expense	175,388	114,075	69,480	358,943

5. Long-Term Expected Return on Investment

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

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

6. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

6. Actuarial Methods and Assumptions (Continued)

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. In the Police & Fire Plan, salary growth assumptions range in annual increments from 11.75% after one year of service to 3% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11% at age 20 to 3% at age 60.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police & Fire Plan and Correctional Plan were reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions:

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

6. Actuarial Assumptions (Continued)

General Employees Fund (Continued)

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Plan Provisions:

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

Correctional Fund

Changes in Plan Provisions:

- Employee contribution rates will increase from 5.83% of pay to 6.83% of pay, effective July 1, 2025.
- Employer contribution rates will increase from 8.75% of pay to 10.25% of pay, effective July 1, 2025.
- The benefit multiplier changed from 1.9% to 2.2% for service earned after June 30, 2025.

7. Discount Rate

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

8. 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 would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	Proportionate Share of the					
	General Employees Retirement Plan		Public Employees Police and Fire Plan		Public Employees Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability (Asset)
1% Decrease	6.00%	\$ 3,534,707	6.00%	\$ 1,516,502	6.00%	\$ 323,249
Current	7.00	1,618,336	7.00	641,717	7.00	39,778
1% Increase	8.00	41,947	8.00	(76,665)	8.00	(186,050)

9. 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.

B. Defined Contribution Plan

Four board members of Lac qui Parle County are covered by the Public Employees 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.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

B. Defined Contribution Plan (Continued)

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. 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 2% of employer contributions and twenty-five hundredths of 1% (0.25%) of the assets in each member's account annually.

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

	<u>Employee</u>	<u>Employer</u>
Contribution Amount	\$ 5,624	\$ 5,624
Percentage of Covered Payroll	5%	5%

C. Other Postemployment Benefits (OPEB)

Plan Description

Employees retiring from County service with at least ten years of service and meeting the established requirements to receive a pension from the Public Employees Retirement Association may have their severance pay transferred to an individual health insurance account to pay their monthly health insurance premiums until this balance is exhausted or they reach age 65. The County finances the plan on a pay-as-you-go basis and made no payments in 2024.

The County pays the health insurance for qualified former elected officials. This is a single-employer defined benefit health care plan. To be eligible, elected officials must have been serving on or after the date of November 2, 2004, and must have served a minimum of eight years and one day as an elected official in Lac qui Parle County. Elected officials eligible for this benefit are limited to the County Attorney, County Sheriff, and County Commissioners. Those eligible are entitled to one year of individual health insurance coverage for each four-year term in an elected position, with additional coverage provided on a pro rata basis for partial terms served. If the former elected official becomes eligible for Medicare benefits, then that official is no longer eligible for this benefit. The County has seven current elected officials eligible, and zero former elected officials receiving this benefit in 2024. The County finances the program on a pay-as-you-go basis.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

The County also provides health insurance benefits for eligible retired employees and their dependents as required by Minnesota Statute §471.61 subd 2b. Retirees are required to pay the premium. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of December 31, 2024, the County had no inactive plan members entitled to but not receiving benefits.

Active Plan Members with Coverage	78
Inactive Plan Members with Coverage	<u>2</u>
Total	<u><u>80</u></u>

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the Lac qui Parle County Board of Commissioners. The required contribution is based on projected pay-as-you-go financing requirements.

The OPEB liability is liquidated through the General Fund and other governmental funds that have personal services.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The County's total OPEB liability was measured as of January 1, 2024 and was determined by an actuarial valuation as of January 1, 2024. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll forward techniques. The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement unless otherwise specified:

Discount Rate	3.7%
Payroll Growth Rate	Service graded table
Healthcare Cost Trend Rates	6.50% as of January 1, 2024 grading to 5.00% over 6 years and then to 4.00% over the next 48 years

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Methods and Assumptions

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weight Mortality Tables with MP-2021 Generational Improvement Scale.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

The salary scale used to value the liability is similar to the table used to value pension liabilities for Minnesota public employees. The rates are based on the four-year experience study for the Public Employees Retirement Association of Minnesota Police and Fire Plan completed in 2020 and the four-year experience study for the Public Employees Retirement Association of Minnesota General Employees Plan completed in 2019 and the inflation assumption.

The discount rate used to measure the total OPEB liability was 3.7%. The discount rate is equal to the 20-year municipal bond yield.

Summary of Changes in Actuarial Assumptions

There have been no changes to plan provisions, assumptions, or methods since the prior report except for the following:

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

Total OPEB Liability

	Total OPEB Liability
Balances - December 31, 2023	\$ 350,305
Changes for the Year:	
Service Cost	49,038
Interest	15,608
Changes in Assumptions	17,739
Differences Between Expected and Actual Experience	(12,188)
Benefit Payments	(18,473)
Net Changes	51,724
Balances - December 31, 2024	\$ 402,029

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

Discount Rate Sensitivity

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB Plan Discount Rate	2.7%	3.7%	4.7%
Total OPEB Liability	\$ 432,796	\$ 402,029	\$ 373,209

Healthcare Trend Rate Sensitivity

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:

Description	1% Decrease in Healthcare Cost Trend Rates	Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
	5.50%	6.50% decreasing	7.50% decreasing
	decreasing to 4.00%	to 5.00% then	to 6.00% then
	then 3.00%	4.00%	5.00%
Medical Trend Rate			
Total OPEB Liability	\$ 356,945	\$ 402,029	\$ 454,909

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefits Paid Subsequent to the Measurement Date	\$ 22,153	\$ -
Changes in Actuarial Assumptions	24,137	37,449
Differences between Actual and Expected Experience	-	91,501
Total	<u>\$ 46,290</u>	<u>\$ 128,950</u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

For the year ended December 31, 2024, the County recognized OPEB expense of \$34,281.

At December 31, 2024, the County reported \$128,950 in deferred inflows of resources, and \$46,290 in deferred outflows of resources, of which, \$22,153 result from benefits paid subsequent to the measurement date, which will be recognized as a reduction of the OPEB liability in the year ending December 31, 2025.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31.	OPEB Expense Amount
2025	\$ (30,361)
2026	(28,712)
2027	(19,276)
2028	(21,813)
2029	(5,444)
Thereafter	793

5. Summary of Significant Contingencies and Other Items

A. Risk Management

Lac qui Parle County and the Lac qui Parle-Yellow Bank Watershed District are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; or natural disasters for which the County and District carry commercial insurance. To manage these risks, the County and the Lac qui Parle-Yellow Bank Watershed District have 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.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

A. Risk Management (Continued)

The County and the Lac qui Parle-Yellow Bank Watershed District are members of both the MCIT Workers' Compensation and Property and Casualty Divisions. For group employee health benefits, the County has entered into a joint powers agreement, the Southwest/West Central Service Cooperative.

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

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

The Property and Casualty Division of MCIT is self-sustaining, and the County and the District pay 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 or District in a method and amount to be determined by MCIT.

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

B. Contingent Liabilities

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

A. Contingent Liabilities (Continued)

Lincoln-Pipestone Rural Water System

At December 31, 2023, the most recent information available, the Lincoln-Pipestone Rural Water System had \$30,642,000 of general obligation bonds and other loans outstanding through 2056. The bonds were issued by some of the participating counties in the Rural Water System to finance the construction of water system expansions and improvements.

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

C. Joint Ventures

Countryside Public Health Service

The Countryside Public Health Service was established July 1, 1979, by a joint powers agreement among Big Stone, Chippewa, Lac qui Parle, Swift, and Yellow Medicine Counties. The agreement was established to provide community health care for the residents of the five-county area. Each county's proportionate share of the total responsibility of the project is established on a per capita basis as determined by the most recent statistical estimates provided by the Minnesota Board of Health.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

C. Joint Ventures (Continued)

Countryside Public Health Service (Continued)

Control is vested in the Countryside Public Health Service Board of Health. The Board consists of 11 persons, 3 from Yellow Medicine County, and 2 from each of the other participating counties. Each member of the Board is appointed by the County Commissioners of the county represented.

Financing is provided by state and federal grants, appropriations from member counties, and charges for services. Lac qui Parle County's contribution for 2024 was \$94,607.

Complete financial statements for the Countryside Public Health Service can be obtained from its administrative office at P. O. Box 313, Benson, Minnesota 56215.

Region 6W Community Corrections

Lac qui Parle County participates with Chippewa, Swift, and Yellow Medicine Counties to provide community corrections services. Region 6W Community Corrections develops and implements humane and effective methods of prevention, control, punishment, and rehabilitation of offenders.

The County Boards of the participating counties have direct authority over and responsibility for the Community Corrections' activities.

Lac qui Parle County's contribution for 2024 was \$266,449.

Complete financial statements for Region 6W Community Corrections can be obtained at 1215 Black Oak Avenue, P. O. Box 551, Montevideo, Minnesota 56265.

Prairie Lakes Youth Programs (Kandiyohi - Region 6W Community Corrections Agencies Detention Center)

The County entered into a joint powers agreement to create and operate the Kandiyohi - Region 6W Community Corrections Agencies Detention Center (commonly referred to as the Prairie Lakes Youth Programs (PLYP)), pursuant to Minn. Stat. § 471.59. The PLYP provides detention services to juveniles under the jurisdiction of the counties which are parties to the agreement (Chippewa, Lac qui Parle, Swift, and Yellow Medicine--which are served by Region 6W Community Corrections) and Kandiyohi County.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

C. Joint Ventures (Continued)

Prairie Lakes Youth Programs (Kandiyohi - Region 6W Community Corrections Agencies Detention Center) (Continued)

Control of the PLYP is vested in a joint board composed of one Commissioner from each participating county. An advisory board has also been established, composed of the directors of the Kandiyohi County Community Corrections Agency and Region 6W Community Corrections. The PLYP is located at the Willmar Regional Treatment Center in space rented from the state of Minnesota.

Financing is provided by charges for services to member and nonmember counties. Complete financial information can be obtained from the PLYP Office, P. O. Box 894, Willmar, Minnesota 56201.

Lincoln-Pipestone Rural Water System

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

Bonds were issued by Lincoln, Nobles, and Yellow Medicine Counties to finance the construction of the Rural Water System. Costs assessed to municipalities and special assessments levied against benefitted properties pay approximately 85% of the amount necessary to retire principal and interest on the bonds. The remainder of the funds necessary to retire the outstanding bonds and interest will be provided by appropriations from the Lincoln-Pipestone Rural Water System. Outstanding obligations at December 31, 2023, the most recent information available, were \$30,642,000.

Complete financial statements of the Lincoln-Pipestone Rural Water System can be obtained at East Highway 14, P. O. Box 188, Lake Benton, Minnesota 56149-0188.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

C. Joint Ventures (Continued)

Southwest Minnesota Regional Emergency Communications Board

As of August 23, 2013, the Southwest Minnesota Regional Radio Board changed its name to the Southwest Minnesota Regional Emergency Communication Joint Powers Board. The Southwest Minnesota Regional Emergency Communications Joint Powers Board was established April 22, 2008, between Lac qui Parle County, the Cities of Marshall and Worthington, and 12 other counties under the authority of Minn. Stat. §§ 471.59 and 403.39. The purpose of the agreement is to formulate a regional radio board to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER).

Control is vested in a Joint Powers Board consisting of one County Commissioner and one City Council member for each party to the agreement. The members representing counties and cities shall be appointed by their respective governing bodies for the membership of that governing body. In addition, voting members of the Board include a member of the Southwest Minnesota Regional Advisory Committee, a member of the Southwest Minnesota Regional Radio System User Committee, and a member of the Southwest Minnesota Owners and Operators Committee.

Financing is provided by the appropriations from member parties and by state and federal grants. During 2024, Lac qui Parle County contributed \$1,977 to the Joint Powers Board.

Minnesota Counties Information Systems (MCIS)

Aitkin, Carlton, Cass, Chippewa, Cook, 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 an 11-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.

Separate financial information for the Minnesota Counties Information Systems can be obtained at 413 Southeast 7th Avenue, Grand Rapids, Minnesota 55744.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

C. Joint Ventures (Continued)

Pioneerland Library System

Lac qui Parle County, along with 32 cities and 9 other counties, participates in the Pioneerland Library System in order to provide efficient and improved regional public library service. The Pioneerland Library System is governed by the Pioneerland Library System Board, composed of 35 members appointed by member cities and counties. During the year, the County contributed \$78,725 to the System.

Separate financial information for the Pioneerland Library System can be obtained from its administrative office at Pioneerland Regional Library, 410 - 5th Street Southwest, Willmar, Minnesota 56201.

Southwestern Minnesota Adult Mental Health Consortium Board

The County entered into a joint powers agreement with Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Nobles, Pipestone, Redwood, Renville, Rock, Swift, and Yellow Medicine Counties, creating and operating the Southwestern Minnesota Adult Mental Health Consortium Board (the Board) under the authority of Minnesota Statutes §471.59. The Board is headquartered in Wilmar, Minnesota, where McLeod County acts as fiscal host.

The Board takes actions and enters into such agreements as necessary to plan and develop, within the Board's geographic jurisdiction, a system of care that will serve the needs of adults with serious and persistent mental illness. The governing board is composed of one Board member from each of the participating counties. Financing is provided by state proceeds or appropriations for the development of the system of care.

The following is a summary of the Consortium Board's annual financial report for the year ended December 31, 2024:

Total Assets	\$	1,319,760
Total Liabilities		58,356
Total Net Position		1,261,404
Total Revenues		2,676,966
Total Expenses		2,415,731
Net Change in Net Position		261,235

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

C. Joint Ventures (Continued)

Area II Minnesota River Basin Project

The Area II Minnesota River Basin Project was established pursuant to Minn. Stat. §§ 471.59 and a joint powers agreement. The counties in the agreement are Brown, Cottonwood, Lac qui Parle, Lincoln, Lyon, Murray, Pipestone, Redwood and Yellow Medicine. The purpose of the project is to provide cost-share and technical assistance for the implementation of flood reduction measures to the drainage area outletting into the south side of the Minnesota River between the cities of Ortonville and Mankato. During the year, Lac qui Parle County made payments of \$12,545 to the project. Separate financial information for the joint venture can be obtained at 1424 E. College Drive, Suite 300, Marshall, MN 56258.

Supporting Hands Nurse Family Partnership Board

The Supporting Hands Nurse Family Partnership Board was established pursuant to Minn. Stat. §§ 145A.17 and 471.59 and a joint powers agreement, effective May 31, 2007. The Board is comprised of one representative from each county to the agreement. The counties in the agreement are Big Stone, Chippewa, Douglas, Grant, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Pipestone, Pope, Redwood, Renville, Rock, Stevens, Swift, Traverse, and Yellow Medicine. Southwest Health and Human Services represents Lincoln, Lyon, Murray, Pipestone, Redwood, and Rock County in this agreement. Horizon Public Health represents Douglas, Grant, Pope, Stevens, and Traverse Counties in this agreement. Countryside Public Health represents Big Stone, Chippewa, Lac qui Parle, Swift, and Yellow Medicine Counties in this agreement. The purpose of this agreement is to organize, govern, plan, and administer a multi-county based nurse family partnership program specifically within the jurisdictional boundaries of the counties involved. The governing board is composed of one Board member from each of the participating counties. Each participating county will contribute to the budget of the Supporting Hands Nurse Family Partnership. In 2024, Lac qui Parle County contributed \$0 to the partnership. Renville County acts as fiscal agent for Supporting Hands Nurse Family Partnership Board.

A complete financial report of the Supporting Hands Nurse Family Partnership Board can be obtained from Renville County at Renville County Public Health, Renville County Government Services Center, 105 South 5th Street, Suite 1194, Olivia, Minnesota 56277.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

D. Tax Abatement

The County has entered into a tax abatement agreement with Puris Proteins LLC, under Minnesota Statutes §469.1812 through 469.1815. The abatement agreement shall be for 20 years and shall apply to the property taxes payable in the years 2024 through 2041. The abatement shall be for 100% of the County's share of the increase in ad valorem property taxes generated by the Property resulting from development on the parcels which are attributable to the Project. The County will recapture the abated taxes through continued operations of local business and increased employment. For the year ended December 31, 2024, the County abated taxes of \$8,610. The County has not made any commitments as part of the agreement other than to reduce taxes.

E. Construction Commitments

The County has entered into construction contracts for a building project. The construction commitment at December 31, 2024 related to the project is as follows:

<u>Project</u>	<u>Work Performed to Date</u>	<u>Construction Commitment</u>
Lac Qui Parle County Government Center	\$ 9,432,222	\$ 5,621,777

F. Opioid Settlement

The Minnesota County is a participating government in the opioid settlement with pharmaceutical manufacturers, distributors, and pharmacy chains. The county is expected to receive \$259,744 over the next 15 years. Only the first settlement wave is recorded as a receivable in the amount of \$139,892. The majority of the funds are intended for opioid abatement. The Minnesota Opioids State-Subdivision Memorandum of Agreement (MOA) identifies the requirements for Minnesota governments participating in the settlement. Pursuant to the terms of MOA the county created a separate fund to account for the settlements, and the County has elected to combine that fund with the Family Services Fund for reporting purposes. Funds are restricted until expended. The MOA requires that the county recognize the settlement revenues when the annual distribution is made to the participating governments. For the year ended December 31, 2024, the County received \$64,663 as part of the settlement.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District

A. Summary of Significant Accounting Policies

In addition to those policies identified in Note 1, the Lac qui Parle-Yellow Bank Watershed District has the following significant accounting policies.

Reporting Entity

The Lac qui Parle-Yellow Bank Watershed District is governed by a five-member Board of Managers, with three members appointed by the Lac qui Parle County Board, one member appointed by the Yellow Medicine County Board, and one member appointed by the Lincoln County Board.

Because of the significance of the financial relationship, Lac qui Parle County considers this entity a major component unit.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

A. Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

The Lac qui Parle-Yellow Bank Watershed District does not prepare separate financial statements. The District has the following major governmental funds:

- The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- The Ditch Special Revenue Fund is used to account for the cost of constructing and maintaining an agricultural drainage ditch system. Financing is provided by special assessments levied against benefitted property.

B. Detailed Notes on All Funds

1. Assets and Deferred Outflows of Resources

Deposits

The cash balances of the General Fund and the Ditch Special Revenue are pooled and invested for the purpose of increasing earnings through interest-bearing activities.

Reconciliation of the District's total deposits to the basic financial statements follows:

Cash and Cash Equivalents	<u>\$ 3,232,387</u>
Checking	\$ 2,311,144
Money Market Savings	436,401
Non-Negotiable Certificates of Deposit	<u>484,842</u>
Total Deposits	<u>\$ 3,232,387</u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds (Continued)

1. Assets and Deferred Outflows of Resources (Continued)

Deposits

The District 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. The District does not have a policy addressing custodial credit risk. As of December 31, 2024, the balance was fully insured and collateralized as required by Minnesota Statutes § 118A.03.

The District had no investments at December 31, 2024.

Receivables

Accounts receivable as of December 31, 2024, for the Lac qui Parle-Yellow Bank Watershed District follow:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	\$ 15,966	\$ -
Special Assessments	788,269	631,881
Total Governmental Activities	<u>\$ 804,235</u>	<u>\$ 631,881</u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds (Continued)

1. Assets and Deferred Outflows of Resources (Continued)

Capital Assets

The Lac qui Parle-Yellow Bank Watershed District capital asset activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 628,458	\$ -	\$ -	\$ 628,458
Capital Assets, Being Depreciated				
Buildings	356,404	14,164	-	370,568
Machinery, Furniture and Equipment	189,017	35,468	7,502	216,983
Land Improvements	549,143	23,340	-	572,483
Infrastructure	5,334,207	-	-	5,334,207
Total Capital Assets, Being Depreciated	6,428,771	72,972	7,502	6,494,241
Less Accumulated Depreciation For				
Buildings	91,036	14,564	-	105,600
Machinery, Furniture and Equipment	93,050	18,458	7,502	104,006
Land Improvements	234,516	17,452	-	251,968
Infrastructure	1,785,360	53,342	-	1,838,702
Total Accumulated Depreciation	2,203,962	103,816	7,502	2,300,276
Total Capital Assets, Being Depreciated, Net	4,224,809	(30,844)	-	4,193,965
Capital Assets, Net	<u>\$ 4,853,267</u>	<u>\$ (30,844)</u>	<u>\$ -</u>	<u>\$ 4,822,423</u>

Depreciation expense was charged to functions/programs of the District as follows:

Conservation of Natural Resources	\$ 95,299
Culture and Recreation	8,517
Total Depreciation Expense	<u>\$ 103,816</u>

Lease Receivable

The District, acting as lessor, leases farm land, wind energy, and a shop under long-term, non-cancelable lease agreements. The leases expire on various dates between March 1, 2025 and March 1, 2029. During the year ended December 31, 2024, the District recognized \$69,382 and \$4,002 in lease revenue and interest revenue, respectively, pursuant to these contracts. The interest rates on the leases range from 1.5%-4.0%.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds (Continued)

2. Liabilities and Deferred Inflows of Resources

Payables

Payables at December 31, 2024, were as follows:

Accounts Payable	\$ 122,387
Salaries Payable	26,966
Due to Other Governments	16,076
Total Payables	<u>\$ 165,429</u>

Long-Term Debt - Loans Payable- Direct Borrowing

The Lac qui Parle-Yellow Bank Watershed District entered into a loan agreement with the Minnesota Pollution Control Agency for funding Clean Water Partnership (CWP) Projects. The loans are secured by special assessments placed on the individual parcels. Loan payments are reported in the General Fund.

Long-term debt outstanding at December 31, 2024, for the Lac qui Parle-Yellow Bank Watershed District consists of the following:

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds (Continued)

2. Liabilities and Deferred Inflows of Resources (Continued)

Long-Term Debt - Loans Payable – Direct Borrowing (Continued)

Types of Indebtedness	Final Maturity	Semi Annual Installment Amounts	Interest Rate (%)	Original Issues Amount	Outstanding Balance December 31, 2024
Direct Borrowing:					
SRF 0250 - North and South Fork Yellow Bank Rivers	2026	\$ 24,840	2.00%	\$ 448,248	\$ 96,924
SRF 0302 - Clean Water Partnership Project - Direct Borrowing	2029	23,274	2.00%	419,997	199,368
SRF 0315 - CWP Project - Direct Borrowing	2032	34,436	N/A	688,725	550,979
SRF 0349 - CWP Project - Direct Borrowing	Not Finalized	Not Finalized	Not Finalized	750,000	349,135
Total Loans Payable - Direct Borrowing				<u>\$ 2,306,970</u>	<u>\$ 1,196,406</u>

Debt service requirements at December 31, 2024, were as follows:

Year Ending December 31,	Loans Payable - Direct Borrowing	
	Principal	Interest
2025	\$ 159,626	\$ 5,475
2026	161,450	3,650
2027	113,384	2,038
2028	114,279	1,144
2029	91,917	230
2030-2032	206,615	-
Total	<u>\$ 847,271</u>	<u>\$ 12,537</u>

Loans of \$349,135 for the Clean Water Partnership Project were not included in the debt service requirements because fixed repayment schedules are not available. In the event of default all loans will become due and payable.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds (Continued)

2. Liabilities and Deferred Inflows of Resources (Continued)

Changes in Long-Term Liabilities

Changes in long-term liabilities of the Lac qui Parle-Yellow Bank Watershed District for the year ended December 31, 2024, were:

	Balance January 1	Additions	Deductions	Balance December 31	Amount Due Within One Year
Loans Payable - Direct Borrowing	\$ 1,150,326	\$ 203,918	\$ 157,838	\$ 1,196,406	\$ 159,626
Compensated Balances *	22,483	959	-	23,442	4,231
Total	<u>\$ 1,172,809</u>	<u>\$ 204,877</u>	<u>\$ 157,838</u>	<u>\$ 1,219,848</u>	<u>\$ 163,857</u>

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

C. Defined Benefit Pension Plans

1. Plan Description

All full-time and certain part-time employees of the Lac qui Parle-Yellow Bank Watershed District are covered by defined benefit pension plans administered by PERA. See Note 4.A. for information on PERA.

2. Contributions

The District's contributions for the General Employees Retirement Plan for the year ended December 31, 2024, were \$29,880. The contributions are equal to the contractually required contributions as set by state statute.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

C. Defined Benefit Pension Plans (Continued)

3. Pension Costs

At December 31, 2024, the District reported a liability of \$163,811 for its proportionate share of the General Employees Fund's net pension liability. The District'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 nonemployer 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 District totaled \$4,236. 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 District's proportionate share of the net pension liability was based on the District'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 District's proportionate share was 0.0044% at the end of the measurement period and 0.0043% for the beginning of the period.

District's Proportionate Share of the Net Pension Liability	\$ 163,811
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the District	<u>4,236</u>
Total	<u><u>\$ 168,047</u></u>

For the year ended December 31, 2024, the District recognized pension expense of \$37,183 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$52 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.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

C. Defined Benefit Pension Plans (Continued)

3. Pension Costs (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between Expected and Actual		
Economic Experience	\$ 15,402	\$ -
Changes in Actuarial Assumptions	800	62,000
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	-	47,569
Changes in Proportion	41,938	-
Employer Contributions Subsequent to the Measurement Date	<u>15,214</u>	<u>-</u>
Total	<u>\$ 73,354</u>	<u>\$ 109,569</u>

The \$15,214 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>December 31,</u>	Pension Expense Amount
2025	\$ (29,111)
2026	8,250
2027	(18,013)
2028	(12,555)

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

C. Defined Benefit Pension Plan (Continued)

4. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
Proportionate share of the General Employees Retirement Fund Net Pension Liability	\$ 357,789	\$ 163,811	\$ 4,246

PROPOSAL FORM

TO: Lac qui Parle County, Minnesota
C/O Northland Securities, Inc.
150 South 5th Street, Suite 3300
Minneapolis, Minnesota 55402
Phone: 612-851-5900
Email: PublicSale@northlandsecurities.com

Sale Date: June 16, 2026

For all or none of the \$4,705,000* General Obligation Capital Improvement Plan Bonds, Series 2026A, in accordance with the Notice of Sale, we will pay you \$_____, (not less than \$4,643,835) plus accrued interest, if any, to date of delivery (estimated to be July 15, 2026) for fully registered Bonds bearing interest rates and maturing on February 1 as follows:

<u>Interest</u>			<u>Interest</u>			<u>Interest</u>		
<u>Year</u>	<u>Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Rate</u>	<u>Yield</u>
2028	_____%	_____%	2035	_____%	_____%	2042	_____%	_____%
2029	_____%	_____%	2036	_____%	_____%	2043	_____%	_____%
2030	_____%	_____%	2037	_____%	_____%	2044	_____%	_____%
2031	_____%	_____%	2038	_____%	_____%	2045	_____%	_____%
2032	_____%	_____%	2039	_____%	_____%	2046	_____%	_____%
2033	_____%	_____%	2040	_____%	_____%	2047	_____%	_____%
2034	_____%	_____%	2041	_____%	_____%			

True interest percentage: _____%

Net interest cost: \$ _____

Term Bond Option: Bonds maturing in the years:

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

To be accumulated into a Term Bond maturing in year:

_____.
_____.
_____.
_____.

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

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

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

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

Account Members:

Account Manager: _____ By: _____

The foregoing proposal is hereby duly accepted by and on behalf of the Lac qui Parle County, Minnesota at _____ PM on June 16, 2026.

Administrator

Board Chair

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