



Financial Statements
December 31, 2024

Minnesota Counties Intergovernmental Trust

Minnesota Counties Intergovernmental Trust

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December 31, 2024

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Independent Auditor's Report

To the Board of Directors
Minnesota Counties Intergovernmental Trust
St. Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Minnesota Counties Intergovernmental Trust (the Trust or MCIT), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Trust, as of December 31, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Trust's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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, 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 Trust'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 Trust'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 on pages 4 through 11, the claims development information on page 39 and the schedule of employer's share of net pension liability and schedule of employer's contributions on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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 an opinion on the financial statements as a whole. The supplementary information identified in the table of contents on pages 37 through 38 and the schedules of cumulative claims incurred and paid as well as the average percentage payout by year on pages 28 through 29 is presented for the purposes of additional analysis and is not a required part of the 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 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The image shows a handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota
June 24, 2025

The management of the Minnesota Counties Intergovernmental Trust (MCIT or the Trust) presents the following narrative overview and analysis of the Trust's financial activities for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with the audited financial statements which begin on page 12.

Financial Highlights

Member contributions increased 8.9% in 2024, from \$44.9 million in 2023 to \$48.9 million in 2024. Total paid claims decreased from \$31.4 million in 2023 to \$24.0 million in 2024. Program year 2024 income before dividends paid to members totaled a surplus of \$10.9 million, compared to \$6.3 million in 2023. Dividends paid in 2024 totaled \$3.5 million, compared to \$4.0 million paid out in 2023. Net position increased by \$7.4 million in 2024 to a total of \$67.6 million from \$60.2 million in 2023.

Using This Annual Report

This annual report consists of a series of combining fund financial statements. The Balance Sheet, or Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position (on pages 12-14) provide information about the activities of the Trust as a whole and present a longer-term view of the Trust's finances in a way that is intended to help readers evaluate the fiscal well-being of the Trust. These statements include all assets and liabilities of the Trust on an accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Cash Flows (on page 15) discloses the source and distribution of cash during the course of the year. The Notes to Financial Statements section (beginning on page 16) provides additional information that is essential to a full understanding of the data provided in the financial statements.

These two statements report the Trust's net position and their change. A change in the Trust's net position (total assets plus deferred outflows of resources, minus total liabilities plus deferred inflows of resources) is one method of measuring the Trust's financial health, or financial position. Over time, increases or decreases in the Trust's net position can be an indicator of its improving or deteriorating financial health. Other financial and non-financial factors such as changes in the Trust's services must also be considered when assessing the overall health of the Trust.

The Trust as a Whole

In addition to workers' compensation and property and casualty coverage customized for public entities, the Trust also provides members access to risk management and loss control services such as membership in the Minnesota Safety Council, an employee assistance program administered by Sand Creek EAP LLC, a website that allows members quick access to many risk management resources, regular publications, and many on-site or statewide information and education opportunities during the course of the year. These and many other services offered as part of membership in the Trust affect the revenues and expenses and, ultimately, the net position of the organization.

Table 1
Net Position
(in millions)

	2023	2024
Current and other assets	\$141.4	\$151.0
Capital assets	\$6.0	\$8.0
Deferred outflow of resources related to pension	\$0.8	\$0.4
Total assets and deferred outflows of resources	\$148.2	\$159.4
Unpaid claims liabilities	\$80.1	\$81.1
Special compensation fund liability	\$2.6	\$2.9
Other liabilities	\$1.7	\$4.9
Net pension liability	\$2.5	\$1.6
Total liabilities	\$86.9	\$90.5
Deferred inflows of resources related to pension	\$1.1	\$1.3
Net position:		
Invested in capital assets	\$6.0	\$8.0
Designated net position	\$49.0	\$52.4
Undesignated net position	\$5.2	\$7.3
Total net position	\$60.2	\$67.6

The Trust's combined net position increased 12.3% in 2024; from \$60.2 million in 2023 to \$67.6 million (refer to Table 1). Contributing factors to the change in net position is cash equivalents and investment activity. The cash and investment portfolio increased by \$8.3 million from \$139.4 million in 2023 to \$147.7 million in 2024. Factors contributing to this change are largely driven by increase in member contributions accompanied by diminished claim payments and favorable investment market conditions.

Table 2
Change in Net Position
(in millions)

	2023	2024
Operating revenue	\$37.8	\$39.9
Non-operating revenue (loss)	\$8.9	\$6.2
Total revenues	\$46.7	\$46.1
Claims liability expense	\$32.0	\$25.0
Special compensation fund	\$0.6	\$0.9
Service provider fee	\$0.8	\$0.9
General administration	\$6.9	\$8.5
Total expenses	\$40.3	\$35.2
Income (Loss) before dividends to members:	\$6.4	\$10.9
Dividends to members	(\$4.0)	(\$3.5)
Change in net position:	\$2.4	\$7.4
Total net position, beginning of year	\$57.8	\$60.2
Total net position, end of year	\$60.2	\$67.6

Total revenue in 2024 decreased marginally from \$46.7 million in 2023 to \$46.1 million in 2024. Total expenses decreased by \$5.1 million from \$40.3 million to \$35.2 million mainly due to 21.9% decrease in claims liability expenses. (Refer to Table 2).

The change in operating revenue is driven largely by changes in aggregate rates as well as members' exposure base for both divisions. Workers' compensation had a 1.0% aggregate increase in rates, and property and casualty experienced a 1.7% aggregate increase in rates. For property and casualty, rate increases also reflect the inflation in property values, increased budgets, and increases in county auto fleets, employee counts and new construction. Our inflation index factor for property alone increased property exposure by 5.6-6.5%.

Non-operating revenue, comprised primarily of investment income (loss), decreased by \$2.7 million from \$8.9 million in 2023 to \$6.2 million in 2024. Net investment income increased by \$1.2 million from \$3.4 million in 2023 to \$4.6 million in 2024, or 39.8%. Net unrealized losses on investments decreased from \$5.4 million in 2023 to \$1.1 million in 2024 representing and unrealized gain of \$4.2 million.

Other income making up the balance of non-operating revenue consisted of miscellaneous items such as changes of accruals for workers' compensation and property and casualty reinsurance and audit adjustments and rent income from tenants leasing space within MCIT's building. The balance in this category totaled \$183,431 in 2023, compared to \$412,743 in 2024, which is an increase of \$229,312.

In 2024, the MCIT Board of Directors returned a dividend to members. The Board only declares dividends when determined to be “actuarially sound” and “fiscally prudent.” Given performance of MCIT’s portfolio combined with aggressive risk control efforts by members, strong claims management, and acting upon information provided by the MCIT actuary, the Board returned \$3.5 million in dividends in November 2024. Since 1991, MCIT has returned over \$378 million in dividends to members. Dividends remain a reflection of the past performance of the Trust.

Overall, Trust expenses totaled \$35.2 million in 2024 compared to \$40.3 million in 2023, a decrease of \$5.1 million or 12.7%. Paid claims, the largest component of expense, decreased by \$7.0 million or 21.9% from \$32.0 million in 2023 to \$25.0 million in 2024.

Reinsurance premiums increased by \$1.9 million, or 26.5%, compared to the year prior. Service provider fee costs totaled \$0.9 million in 2024 compared to \$0.8 million in 2023. This category of expense is composed of fees paid to service providers such as Sand Creek for EAP services, access for all MCIT members to the Minnesota Safety Council services, AMC sponsorship fee, financial audit, actuarial services and claims software support accounted for the majority of the increase.

General administration expenses totaled \$8.5 million in 2024, an increase of 23.0% or \$1.6 million over 2023 of \$6.9 million. This category of expense includes costs required to equip and operate MCIT such as personnel and office/building facility costs. It also includes the costs of risk control services, training sessions or workshops MCIT sponsors, and special projects such as sponsorship of the PATROL program, on-site defensive driving classes, Correctional Officer Standardized Training. Various program audits, legal services for other than claim-related issues, and MCIT Board of Directors administration costs are other items included in this expense category.

When comparing the 2024 MCIT budget to year-end actual account balances, total revenues totaled 102.8 % of the budget number, or \$1.5 million over projected largely due to better than projected performance in investments' income and unrealized gains. Member contributions were 100.1 % of projected. Actual expenses were 90.7% of budget or \$4.6 million under budget.

Property and casualty claims payments were at \$13.8 million and workers’ compensation claims were at \$10.2 million. Combined claim payments were 12.1 % below projection; \$24.0 million actually paid compared to \$27.3 million budgeted. Actual claims paid were lower than projected primarily due to a decrease in expected COVID-related claims in the workers’ compensation division, and better than expected results in law enforcement and public employee liability claims in the property casualty division. Operational expenses (i.e. personnel, facility maintenance, equipment and supplies) ended the year at 108.1% of budget.

Activity by Program

Table 3 presents the revenues and expenses of the Trust’s Workers’ Compensation and Property/Casualty Programs. The revenue category includes return on investments. The Board considers investment income when making decisions related to the use of fund balance for dividends.

Table 3
Activity by Program
(in thousands)

December 31,	Workers' Compensation		Property and Casualty	
	Revenues	Expenses	Revenues	Expenses
2024	\$ 21,049	\$17,779	\$ 24,697	\$ 16,559
2023	\$ 20,858	\$16,837	\$ 25,654	\$ 22,803
2022	(\$ 5,047)	\$15,224	\$ 14,661	\$ 23,695
2021	\$ 26,246	\$12,137	\$ 18,592	\$ 19,232
2020	\$ 24,263	\$ 9,910	\$ 19,568	\$ 16,012
Total	\$ 87,369	\$ 71,887	\$ 103,172	\$ 98,301

Factors affecting the Trust's revenues and expenses include: 1) fluctuations in the frequency and severity of claims; 2) effectiveness of risk management and loss control activities to help mitigate losses; and 3) a conservative program budget that exhibits fiscal restraint in the use of tax dollars.

Workers' Compensation Program

Revenues of the Trust's Workers' Compensation Division (see Table 3) increased 0.9% to \$21.0 million in 2024 from \$20.9 million in 2023. The main reason for the increased revenues reported for workers' compensation in 2024 result from the \$1.3 million in operating revenue arising from member contributions. Expenses increased 5.6% during the same period from \$16.8 million in 2023 to \$17.8 million in 2024. Factors producing these fluctuations in revenue and expenses include reserve adjustments and economic conditions affecting the market value of investments.

Claims paid by the Workers' Compensation Division totaled \$12.0 million in 2024 compared to \$12.1 million in 2023. New indemnity claims in 2024 decreased from 310 in the previous year to 238. Reserves as determined by MCIT actuaries at year-end increased from \$54.18 million in 2023 to \$55.95 million in 2024. New PTSD claims decreased from 27 in 2023 to 13 in 2024. The Trust's claim team identifies relevant factors when considering reserves. Reserves are set at an amount equal to the adjuster's best estimate of the ultimate cost of the claim, given the known facts. All claims are periodically reviewed and reserves are adjusted, when necessary, to incorporate any new information on the status of the claim.

Payments to the Special Compensation Fund (SCF) during 2024 totaled \$592,973 compared to \$552,834 in 2023, an increase of 7.3%. This is based on a percentage of indemnity payments made during the previous claim year. Reserves for the associated SCF liability, an estimate of the Trust's future assessments, increased by \$257,951 in 2024, compared to a 2023 increase of \$70,666. The SCF liability reserves totaled \$2.88 million at the end 2024, compared to \$2.61 million at the end of 2023.

Reinsurance for the Trust's Workers' Compensation Division increased slightly to \$1.9 million in 2024, compared to \$1.6 million in 2023. MCIT reinsurance retention remained the same for 2024 as in 2023 at \$500,000 per claim. MCIT's workers' compensation 2024 payroll exposure base generated \$18.1 million in annual premium in 2024 up from \$16.7 million that was generated in 2023. Workers' Compensation Reinsurance Association (WCRA) charges premiums based on actuarial projections of the number of catastrophic injuries that are likely to occur in Minnesota's workforce each year, together with estimates of the costs of these catastrophic injuries. Total administration costs for the Workers' Compensation Division increased by 23.7%, from \$3.7 million in 2023 to \$4.4 million in 2024.

Dividends remitted to members in 2024 from the Workers' Compensation Division totaled \$3.5 million, compared to \$4.0 million returned in 2023. Dividends are declared by the Trust's Board of Directors when actuarially sound and fiscally prudent.

Property and Casualty Program

Revenues of the Trust's Property and Casualty division (see Table 3) decreased to \$24.7 million in 2024 from \$25.7 million in 2023. Expenses decreased during this same time period by 27.4%; from \$22.8 million in 2023 to \$16.6 million in 2024. Factors producing these fluctuations in revenue and expenses include an increase in member exposures, aggregate rate increase, reserves adjustments, and economic conditions affecting the market value of investments.

Claims paid net of recoveries in 2024 by the Property and Casualty Division totaled \$13.8 million compared to net claims paid of \$19.4 million in 2023. Reserves as determined by MCIT actuaries at year-end decreased from \$25.93 million in 2023 to \$25.16 million in 2024. Claims activity is driven by property and auto-related claims, law enforcement and jail operations liability claims, as well as civil rights claims. Calendar year 2021 to 2022 saw an increase in claims from 1979 to 1997 respectively in small increase compared to a 30% increase in the previous year. Property-related claims saw a decrease in total costs in 2024 to \$3.6 million compared to \$4.7 million the year prior. Auto related losses were the second largest category of claims with 20% of claims costs being auto related.

Member contributions in 2024 totaled \$30.8 million, which represented a 9.4% increase compared to \$28.2 million in 2023.

Administration costs for the Property and Casualty Division totaled \$3.6 million in 2024 compared to \$3.0 million in 2023, an increase of 19.8%.

Similar to the year 2022 and 2023, no dividends were remitted to members from the Property and Casualty Division in 2024. Dividends are declared by the Trust's Board of Directors when actuarially sound and fiscally prudent.

Capital Asset and Debt Administration

During the 2024 financial year, MCIT undertook the Board approved plaza building project valued at \$1.7 million. The plaza project, financed with internal funds, was substantially completed within the year 2024.

At the end of 2024, the Trust's capital assets net valuation increased from \$6.0 million to \$7.98 million, net of depreciation, consisting of land, building, and equipment for the MCIT Service Center. This amount represents a net increase (including additions and disposals) of \$1.9 million, or 33.6%, from the previous year mainly due to work done on the plaza project.

The Trust had no long-term debt related to capital assets outstanding as of December 31, 2024.

Factors that May Influence Future Budgets and Rates

MCIT's Board continues its long-term membership continuity. Resources are made available to provide suitable training and conference attendance opportunities for all Board members as they work to continue to build their knowledge to benefit MCIT and its members.

While staff leadership changes have occurred in the last 30 months, MCIT staff maintain strong public sector experience as well as strong risk management, loss control, underwriting and insurance experience. The Board continues to provide strong support to staff, and has made resources available to ensure that appropriate training is available as new leaders are added to the staff.

The Minnesota Legislature expanded the investment types available for public entity investment, and the MCIT Board, alongside its' constituent Investment Committee, began its evaluation of expanding its investment portfolio in 2024. Those discussions continue into 2025. The Board's Investment Committee continues to engage directly with MCIT's investment manager, and has played a key role in providing guidance to the Board, as well as leading its consideration of the expansion of investments under the new Minnesota statute.

Law enforcement liability claims continue to be an area of focus for the program. Mitigation efforts continue aimed at reducing exposure on several fronts including a partnership with a lead defense attorney assisting members with jail operations, a healthy partnership with the Minnesota Sheriff's Association, an MCIT work plan initiative to develop a body camera grant program for members, a new initiative aimed at analyzing claims data to identify opportunities to enhance risk management efforts in this area, and continued support of the PATROL (Peace officer Accredited Training OnLine) a collaborative training program with the League of Minnesota Cities with subscriptions issued to over 72 MCIT members covering nearly 2,200 officers.

Recent changes in legislation around PTSD claims for law enforcement officers portend positive results for the pool and its financial stability, but more importantly, provides treatment support for officers claiming PTSD to ensure they both receive the assistance they need, and our local law enforcement members continue to benefit from the highly trained public servants. Implementation of the changes in law will also affect the Minnesota State Retirement Systems. As implementation proceeds, MCIT staff will monitor the changes' effect on our program.

An improved cybersecurity coverage was established in 2023 with MCIT staff moving into direct claims management with the assistance of strong national experts guiding and facilitating investigation, mitigation, recovery, and response. Cybersecurity challenges continue as key operational concerns for local government members, and MCIT's Board allocated funds to create a new position to focus on risk management in this area, build important partnerships with other local government entities, and work to strengthen MCIT's outreach and communication on this important risk area.

Challenges to property and casualty fund of MCIT remain dynamic. Significant fluctuations exist year to year in claims experience for property damage result from fire and weather-related events. Law enforcement claims payments have reduced significantly. Automobile-related claims are experiencing a more costly period coming out of the pandemic, driving parts and repair costs higher. And cybersecurity challenges are growing among local governments nationally and in Minnesota.

MCIT continues to adopt and innovate strategies to meet and address expectations with regard to member's receipt of training and assistance from MCIT. Staff continue to expand outreach efforts with more onsite visits as well as continue to deliver more services in a virtual environment. Training opportunities have expanded to include more online opportunities, and videos have extended our training reach so that information is available for members as they need it, not just when scheduled. Member engagement in these more flexible options for training have been actively and positively embraced. Lessons learned from this expansion of services will continue to impact how MCIT conducts its business in the future.

Contacting the Trust's Financial Management

This financial report is designed to provide our members, citizens, taxpayers, customers, investors, and creditors with a general overview of the Trust's finances and to show the Trust's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Trust Finance Manager's Office, Minnesota Counties Intergovernmental Trust, Trust 100 Empire Drive, Suite 100, St. Paul, Minnesota, 55103-1885.

Minnesota Counties Intergovernmental Trust
Statement of Net Position
December 31, 2024

Assets and Deferred Outflows of Resources

Current Assets

Cash and cash equivalents	\$ 23,346,877
Investments	13,016,063
Member contributions and other receivables	1,310,512
Lease receivable	820,161
Investment income due and accrued	1,043,839
Prepaid expenses	<u>121,262</u>

Total current assets 39,658,714

Noncurrent Assets

Investments	111,109,277
Investment securities- CRL	264,248
Capital assets, net	<u>7,975,064</u>

Total noncurrent assets 119,348,589

Deferred Outflows of Resources

Pension related deferred outflows	<u>388,453</u>
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Total assets and deferred outflows of resources \$ 159,395,756

Minnesota Counties Intergovernmental Trust

Statement of Net Position

December 31, 2024

Liabilities, Deferred Inflows of Resources, and Net Position

Current Liabilities

Current portion of unpaid claim liabilities	\$ 18,907,481
Current portion of special compensation fund assessment	443,080
Deferred lease revenue	820,161
Accounts payable and accrued liabilities	<u>4,098,090</u>

Total current liabilities	<u>24,268,812</u>
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Noncurrent Liabilities

Unpaid claim liabilities, net of current portion	
Claim reserves reported	20,967,678
Claim reserves incurred but not reported	41,239,017
Special compensation fund assessment, net of current portion	2,427,098
Net pension liability	<u>1,637,111</u>

Total noncurrent liabilities	<u>66,270,904</u>
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Total liabilities	<u>90,539,716</u>
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Deferred Inflows of Resources

Pension related deferred inflows	<u>1,263,981</u>
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Net Position

Net Investment in Capital Assets	7,975,064
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Unrestricted

Designated net position	52,366,106
Undesignated net position	<u>7,250,889</u>

Total net position	<u>67,592,059</u>
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Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 159,395,756</u></u>
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Minnesota Counties Intergovernmental Trust
Statement of Revenues, Expenses, and Changes in Net Position
Year ended December 31, 2024

Operating Revenues	
Member contributions earned	\$ 48,903,602
Ceded reinsurance premiums	<u>(8,953,005)</u>
Total operating revenues	<u>39,950,597</u>
Operating Expenses	
Incurred claim liability expenses	
Net increase in reserves	1,004,373
Paid claims	24,005,707
Special compensation fund	
Net increase in reserves	257,951
Paid claims	592,973
Service provider fee	878,606
General administration	<u>8,199,987</u>
Total operating expenses	<u>34,939,597</u>
Gain from Operations	<u>5,011,000</u>
Non-Operating Revenues	
Net investment income	4,651,210
Net unrealized gain on investments	1,095,996
Other income	<u>143,580</u>
Net non-operating revenues	<u>5,890,786</u>
Income Before Dividends to Members	10,901,786
Dividends to members	<u>(3,500,000)</u>
Change in Net Position	7,401,786
Total Net Position, Beginning of Year	<u>60,190,273</u>
Total Net Position, End of Year	<u>\$ 67,592,059</u>
Undesignated Net Position, Beginning of Year	\$ 5,178,941
Change in net investment in capital assets	(2,004,952)
Change in designated position	(3,324,886)
Change in net position	<u>7,401,786</u>
Undesignated Net Position, End of Year	7,250,889
Designated position	52,366,106
Net investment in capital assets	<u>7,975,064</u>
	<u>\$ 67,592,059</u>

Minnesota Counties Intergovernmental Trust

Statement of Cash Flows

Year ended December 31, 2024

Operating Activities	
Receipts from members	\$ 48,403,445
Reinsurance premiums paid	(8,953,005)
General and administrative expenses paid	(6,525,785)
Claims paid	<u>(24,598,682)</u>
Net Cash from Operating Activities	<u>8,325,973</u>
Capital and Related Financing Activities	
Dividends paid	(3,500,000)
Principal payments on leases	(19,775)
Cash paid for interest on leases	(1,229)
Principal payments on subscriptions	(330,400)
Cash paid for interest on subscriptions	(7,663)
Cash received on lease receivables	364,106
Purchases of capital assets	(1,749,782)
Other	<u>143,580</u>
Net Cash used for Capital and Related Financing Activities	<u>(5,101,163)</u>
Investing Activities	
Purchases of investments	(10,372,957)
Proceeds from sales and maturities of investments	19,694,569
Investment income received	<u>4,651,210</u>
Net Cash from Investing Activities	<u>13,972,822</u>
Net Change in Cash and Cash Equivalents	17,197,632
Cash and Cash Equivalents, Beginning of Year	<u>6,149,245</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 23,346,877</u></u>

Minnesota Counties Intergovernmental Trust
Statement of Cash Flows
Year ended December 31, 2024

Reconciliation of Operating Income to Net Cash from Operating Activities	
Gain from operations	\$ 5,011,000
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation expense	418,128
Changes in assets, deferred outflows, liabilities, and deferred inflows	
Member contributions and other receivables	(498,937)
Deferred Outflows of Resources	387,838
Investment income due and accrued	(98,817)
Prepaid expenses	(25,131)
Unpaid claim liabilities	1,004,371
Special compensation fund assessment	257,951
Accounts payable and accrued liabilities	2,561,645
Member deposits	(1,220)
Net pension liability	(868,055)
Deferred Inflows of Resources	177,200
	<hr/>
Net Cash from Operating Activities	<u><u>\$ 8,325,973</u></u>

Note 1 - Principal Activity**Principal Business Activity**

The Minnesota Counties Intergovernmental Trust (MCIT or the Trust) is a joint powers organization formed under Minnesota Statutes (M.S.) Section 471.59 and 471.981. The Trust was organized in 1979 to enable its members to:

- Develop and administer a risk management service program;
- Prevent or lessen the frequency and severity of losses occurring in the operation of member functions;
- Defend and protect, in accordance with the bylaws and coverage documents, any member against stated liability or loss; and
- Provide other similar or related services and programs as determined by the Board.

Membership in the Trust is open to any governmental unit or other political subdivision as set forth in M.S. 471.59 Subdivision 1, and M.S. 471.981 including, but not limited to, joint powers agencies and other entities that are deemed by the Board of Directors of the Trust (the Board) to qualify for membership. The Board may impose conditions on membership as appropriate to protect the interests of the Trust and to provide for the benefit of its members. The Board is empowered to create divisions within the Trust as needed for the separation of programs. The Board presides over and supervises the management, business, and affairs of each division.

Withdrawal from the Trust is outlined in the Trust bylaws. No member may withdraw from the Property and Casualty and Workers' Compensation Divisions for a period of three years after initial entry into the Trust unless specifically authorized by the Board. A member that withdraws remains jointly and severally liable for all debts, obligations, and liabilities which were incurred on its behalf, or by the Trust during the term of its membership.

Member contributions are determined in accordance with underwriting and rating guidelines. The Trust establishes reserves based on actuarial principles for all incurred losses, both reported and unreported. The Board uses the Trust funds to pay excess insurance or reinsurance premiums, administrative expenses, mandated contributions to state funds, and other expenses that the Board may deem appropriate for the establishment and administration of the Trust. The Trust's funds are also used for the payment of losses in accordance with the coverage document or state statute. In the event that the Trust's funds are found to be more than sufficient to pay claims and administrative expenses and maintain prudent reserves, such surplus funds may be returned to members as dividends. The Board may assess the amount of any liabilities in excess of assets, in any division of the Trust, to the members of the Trust in a form, manner, and amount to be determined by the Board.

At December 31, 2024, the Trust members include 81 out of 87 Minnesota counties, 84 soil and water conservation districts, and 316 other related organizations.

The Trust provides workers' compensation and property and casualty coverage, which are fully funded risk-pooling arrangements.

During the year ended 2024, workers' compensation and property and casualty claims administration, underwriting services, facility management, IT support, program management, financial information education, and administrative work were performed by the Trust.

Actuarial Advisors, Inc. provides actuarial services for the workers' compensation and property and casualty divisions. Other service providers for both divisions include the following: Galliard Capital Management, which provides investment management services; Sand Creek EAP LLC., which provides the Employee Assistance Program; the Minnesota Safety Council, which provides all MCIT members access to their safety services program; Eide Bailly, which provides audit services; and Origami, which provides operational platforms for claims, underwriting, and risk management services.

Note 2 - Summary of Significant Accounting Policies

Summary of Significant Accounting Policies

The Trust's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

Reporting Entity

As defined by GASB No. 14, component units are legally separate entities that would be included in the Trust's reporting entity because of the significance of their operating or financial relationships with the Trust. There are no component units required to be included in the Trust's financial statements.

Financial Statements – Fund Financial Statements

The financial transactions of the Trust are reported in individual funds in financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The financial activities of the Trust reported in the accompanying statements are classified into one fund type, the proprietary enterprise fund. This fund type is required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues; (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges; or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a propriety fund's principal ongoing operations. The principal operating revenues of the Trust are member contributions for workers' compensation and property/casualty coverage. Operating expenses include incurred claim liability expenses, special compensation fund expenses, ceded reinsurance premiums, and underwriting and operating expenses. All revenue and expenses not meeting these definitions are reported as non-operating revenue and expenses.

The Trust categorizes its net position as either designated or undesignated. A designated net position indicates management's tentative plans for financial resource utilization in a future period. Designations represent the Trust's self-imposed limitations on the use of available current financial resources. Undesignated net position consists of current resources available for which there are no self-imposed limitations or set spending plan. Undesignated net position is commonly used for unexpected or emergency expenditures not previously considered and is generally considered available for dividends. Building and technology designated net position is derived from tenant lease payments and is used for building and grounds, and computer and software maintenance/repair and replacement.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of the statement of net position and statement of cash flows, the Trust considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Trust's cash and cash equivalents are concentrated with two financial institutions. Deposits of cash in excess of FDIC limits were properly collateralized as of December 31, 2024.

Investment Securities

The Trust accounts for its investments at fair value and changes in investment fair value are reported in the statement of revenues, expenses, and changes in net position. The estimated fair value of investments is based on quoted market values. Gains or losses on sales of investment securities are computed based on a specific identification basis of the securities sold.

Capital Assets

Capital assets are carried at cost less accumulated depreciation. The Trust generally capitalizes assets with a cost of \$2,500 or more. Depreciation is calculated using the straight-line method. Estimated useful lives range from 3 to 10 years for software, 3 to 5 years for computers and equipment, 10 years for furniture and fixtures, 15 years for land improvements, to 40 years for the building. Maintenance, repairs, and minor improvements are charged to operating expense as incurred, while major improvements, which extend the asset's useful life, are capitalized. The cost and related depreciation applicable to assets retired, sold, or otherwise disposed of are eliminated from the respective accounts and any gain or loss on disposal is reflected in non-operating income.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2024.

Right to use leased assets are recognized at the lease commencement date and represent the Trust's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability, plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from three to five years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the Trust's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability, plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period is three years.

Long-Term Obligations

Lease liabilities represent Trust's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present values of lease payments are discounted based on a borrowing rate determined by the Trust.

Subscription liabilities represent the Trust's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present values of future subscription payments expected to be made during the subscription term. The present values of subscription payments are discounted based on a borrowing rate determined by the Trust.

Lease Receivables

Lease receivables are recorded by the Trust as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the Trust charges the lessee.

Deferred Outflows of Resources

The Trust reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. The deferred outflow of resources reported in the financial statements consists of the unamortized portion of the net difference between expected and actual economic experience, changes in actuarial assumptions, the net pension liability change in proportion, and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Unpaid Claim Liabilities

The Trust establishes claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported as evaluated by claims adjusters, management, and actuarial review of historical experience. Claim liabilities also include an accrual for estimated unallocated loss adjustment expenses, which are costs that cannot be associated with specific claims but relate to claims paid or are in the process of being paid. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverables on unpaid claims are deducted from the unpaid claim liability.

Actual claim costs and legislative and rule changes depend on complex factors such as inflation, changes in doctrines of legal liability, and damage awards; therefore, the process used in computing claim liabilities does not result in exact amounts, particularly for coverages such as general liability and public officials' liability. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors.

A provision for inflation of estimated future claims is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to future periods, and so, will not be recognized as an inflow of resources (revenue) until then. Deferred inflows of resources in the statement of net position consist of the unamortized portion of the net difference between expected and actual investment earnings, differences between expected and actual economic experience, changes in actuarial assumptions, and the net pension liability change in proportion. Additionally, deferred inflows related to leases where the Trust is the lessor and is reported in the governmental funds balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease.

Member Contributions

Member contributions are earned on a daily pro rata basis over the term of the coverage. All coverage is on a calendar-year basis and therefore all contributions are completely earned at the end of each year.

Reinsurance

The Trust uses reinsurance to reduce its exposure on catastrophic losses. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Trust as direct insurer of the risks reinsured. The Trust does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. There was approximately \$4,768,698 recovered from reinsurers in 2024.

Dividends to Members/Return of Members' Contributions

Any funds determined to be more than sufficient to pay claims, administrative expenses, and maintain prudent reserves may be available for distribution to members as dividends or credited to members in a manner deemed appropriate by the Board. Dividends to members are recorded when declared.

The Board declared dividends of \$3,500,000 in the year ended December 31, 2024. There were no dividends payable at December 31, 2024.

Use of Estimates

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

Risks and Uncertainties

The Trust invests in bonds of U.S. Government securities and mutual funds, which are held in trust at one institution. The investment viability and return of funds held by this institution is dependent on, among other factors, the financial results of the underlying issuers. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values will occur in the near term and that such changes could materially affect the financial statements.

Income Taxes

The Trust operates as a joint-powers entity formed under Minnesota statutes and is exempt from federal and state income taxes. Management believes that the Trust continues to operate in a manner whereby it continues to be tax exempt.

Pensions

The Trust follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The standard requires governments to calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. These standards on the financial statements and the additional disclosures required by these standards are disclosed in Note 10.

For purposes of measuring the net pension liability, deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Public Employees Retirement Association of Minnesota (PERA), and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Subsequent Events

The Trust has evaluated subsequent events through June 24, 2025, the date which the financial statements were available to be issued.

Note 3 - Cash and Investments

The Trust’s cash is held at a bank that is insured by the FDIC. The Trust invests funds not required for immediate use as authorized by Minnesota statutes, as follows:

- Direct obligations or obligations guaranteed by the United States of America or its agencies.
- Federal agency issues not directly guaranteed by the United States of America Government.
- Shares in mutual funds investing exclusively in United States of America Government and agency issues.
- Obligations of the State of Minnesota or Minnesota municipalities. Obligations of other states and municipalities meeting the Minnesota statute requirements.
- Bankers’ acceptances of United States of America banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States of America corporations or their Canadian subsidiaries, of the highest quality and maturing in 270 days or less.
- Interest-bearing deposits.
- Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. Government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

The amortized cost and estimated fair value of investment securities at December 31, 2024, is as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 128,809,162	\$ 184,074	\$ (11,896,026)	\$ 117,097,210
Equity securities	5,000,000	2,028,130	-	7,028,130
	<u>\$ 133,809,162</u>	<u>\$ 2,212,204</u>	<u>\$ (11,896,026)</u>	<u>\$ 124,125,340</u>

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Notes to Financial Statements

December 31, 2024

The amortized cost and estimated fair value of debt securities at December 31, 2024, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 10,574,707	\$ 10,392,079
Due after one year through five years	46,040,493	43,665,147
Due after five years through ten years	21,845,426	20,194,710
Due after ten years	50,348,536	42,845,274
Total	\$ 128,809,162	\$ 117,097,210

Losses of \$566,290 were realized on sales of investment securities in 2024.

The Trust's investments are insured and registered, or the securities are held by a Trust agent in either the Trust's name or the agent's name.

During 2021, the Trust invested \$464,563 with County Reinsurance, Limited which will be held for the duration of the participation in the reinsurance pool. As such this investment is presented as restricted on the statement of net position at its fair value of \$264,248 at December 31, 2024. At the time that the Trust leaves the pool, the investment will be refunded at the fair value of the investment.

Note 4 - Capital Assets

Capital assets at December 31, 2024, consist of the following:

Capital assets, being depreciated	
Land and improvements	\$ 1,466,113
Building	7,214,166
Furniture and fixtures	834,679
Computers and equipment	1,781,812
Construction in progress	1,671,334
	12,968,104
Less accumulated depreciation	(6,080,776)
Total capital assets	6,887,328
Right to use leased equipment	-
Less accumulated amortization	-
Right to use subscription IT assets	1,087,736
Less accumulated amortization	-
Total right to use assets	-
Total capital assets, net	\$ 7,975,064

Minnesota Counties Intergovernmental Trust

Notes to Financial Statements

December 31, 2024

Depreciation and amortization expense related to the Trust's property and equipment was \$418,128 for the year ended December 31, 2024.

Note 5 - Leases

Lessee Activities

The Trust has entered into various lease agreements for equipment for various lengths of time. The leases terminate at various dates through September 2025. The Trust utilizes discount rates ranging from 3.59% to 3.71%, consistent with the Trust's rates available at lease inception or lease implementation for arrangements with similar terms.

Remaining obligations associated with these leases are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 25,111	\$ 6	\$ 25,117
2025	19,453	302	19,755
	<u>\$ 44,564</u>	<u>\$ 308</u>	<u>\$ 44,872</u>

Lessor Activities

The Trust has accrued a receivable for five building leases. The remaining receivable and deferred revenue for these leases was \$820,161 for the year ended December 31, 2024. Interest revenue recognized on these leases was \$0 for the year ended December 31, 2024. Principal receipts of \$158,716 were recognized during the fiscal year. Final receipt is expected in fiscal year 2024.

Note 6 - Subscription-Based Information Technology Arrangements (SBITAs)

The Trust has entered into a SBITA contract, for claims management. The Trust utilized an incremental discount rate of 2.59%, consistent with similar borrowing arrangements. The Trust is required make monthly principal and interest payments through end of the term. The Trust renewed the agreement with updated terms and an incremental discount rate of 7.5%.

A summary of the changes in subscription IT liabilities during the year ended December 31, 2024, is as follows:

	<u>Balance January 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2024</u>	<u>Due Within One Year</u>
Subscription IT liabilities	\$ 387,355	\$ 1,087,736	\$ (387,355)	\$ 1,087,736	\$ 326,724

Minnesota Counties Intergovernmental Trust

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December 31, 2024

Remaining principal and interest payments on subscriptions are as follows:

Years Ending December 31,	Principal	Interest
2025	\$ 326,724	\$ 13,724
2026	338,228	13,897
2027	338,228	13,897
2028	84,557	1,089
	\$ 1,087,737	\$ 42,607

Note 7 - Reinsurance Ceded

The Trust, in the ordinary course of its business, reinsures certain risks with other companies through contractual agreements, commonly referred to as reinsurance ceded. These agreements serve to limit the Trust's potential losses for large aggregate and individual losses.

A contingent liability exists with respect to reinsurance ceded to the extent that any reinsurer is unable to meet its obligation assumed under the reinsurance agreements.

The following reinsurance amounts were reflected in the Trust's financial statements:

	2024
For the year ended December 31, 2024	
Ceded loss and loss adjustment expenses	\$ 4,502,187
Reinsurance premiums ceded	8,953,005
As of December 31, 2024	
Unpaid losses and loss adjustment expenses recoverable from re-insurers	-

Note 8 - Unpaid Claim Liabilities

The Trust establishes liabilities for both reported and unreported insured events, which include estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities, excluding SCF assessment, during the year ended December 31, 2024:

	<u>Workers' Compensation</u>	<u>Property and Casualty</u>	<u>Total</u>
Unpaid claims and claim adjustment expenses at beginning of the year	<u>\$ 54,175,721</u>	<u>\$ 25,934,083</u>	<u>\$ 80,109,804</u>
Incurred claims and claim adjustment expenses			
Provision for insured events of the current year	9,565,599	17,054,120	26,619,719
Increase (decrease) in provision for insured events of prior years	<u>2,450,653</u>	<u>(4,060,292)</u>	<u>(1,609,639)</u>
Total incurred claims and claim adjustment expenses	<u>12,016,252</u>	<u>12,993,828</u>	<u>25,010,080</u>
Payments			
Claims and claim adjustment expenses attributable to insured events of the current year	8,314,709	9,180,226	17,494,935
Claims and claim adjustment expenses attributable to insured events of the prior years	<u>1,927,894</u>	<u>4,582,878</u>	<u>6,510,772</u>
Total payments	<u>10,242,603</u>	<u>13,763,104</u>	<u>24,005,707</u>
Total unpaid claims and claim adjustment expenses at end of the year	<u>\$ 55,949,369</u>	<u>\$ 25,164,807</u>	<u>\$ 81,114,176</u>

The change in the provision for insured events of prior years and loss adjustment expenses of prior years during the year ended December 31, 2024, is primarily due to unanticipated development on losses incurred during prior years and the corresponding change in the actuarial estimates of ultimate liabilities for incurred claims from those years.

A reconciliation to amounts presented on the statement of net position is as follows:

Current portion of unpaid claim liabilities	\$ 18,907,481
Claim reserves reported	20,967,678
Claim reserves incurred but not reported	<u>41,239,017</u>
Total	<u>\$ 81,114,176</u>

Minnesota Counties Intergovernmental Trust

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The following tables provide incurred claims and expense as well as cumulative paid claims, net of reinsurance, for the prior ten accident years for the Workers' Compensation and Property and Casualty Divisions. In addition, as of the most recent reporting period, the total of incurred but not reported (IBNR) reserves plus expected development on reported claims and the cumulative number of reported claims are presented separately by division. The information about incurred and paid claims development for the years ended December 31, 2015, to December 31, 2024, is presented as supplementary information.

Incurred Claims and Allocated Loss Adjustment Expenses, Net of Reinsurance Workers' Compensation for the Years Ended December 31,													
*	*	*	*	*	*	*	*	*	*	*			
2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	*			
Loss Year										IBNR Reserves December 31, 2024	Cumulative Number of Reported Claims		
2015	\$ 10,893,644	\$ 11,503,328	\$ 11,553,758	\$ 11,166,482	\$ 10,315,476	\$ 10,131,703	\$ 10,161,156	\$ 10,278,184	\$ 10,292,728	\$10,450,836	\$1,067,287	1,006	
2016		11,106,002	10,762,688	10,252,368	9,602,316	9,567,429	9,666,687	9,531,009	9,425,291	9,342,665	1,130,731	1,000	
2017			11,160,565	11,628,714	10,574,407	9,718,723	9,384,825	9,115,960	8,949,296	9,025,097	1,234,604	1,054	
2018				13,237,686	12,119,615	12,047,320	11,825,246	11,389,470	11,580,817	11,504,494	1,567,488	1,156	
2019					11,426,409	10,547,879	10,113,072	9,750,878	9,603,762	9,606,663	1,533,488	1,128	
2020						10,865,486	10,844,197	10,844,197	10,903,604	10,676,383	1,858,718	995	
2021							11,139,373	11,555,945	11,850,227	11,594,711	2,323,310	1,221	
2022								13,435,897	12,996,476	13,776,178	3,188,232	1,302	
2023									13,405,323	14,280,578	4,588,443	972	
2024										11,602,560	6,266,927	877	
										Total	<u>\$111,860,165</u>	<u>\$24,759,228</u>	
												For Years Prior to 2015	11,933,235

Cumulative Paid claims and Allocated Loss Adjustment Expenses, Net of Reinsurance Workers' Compensation for the Years Ended December 31,													
*	*	*	*	*	*	*	*	*	*	*			
2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2024			
Loss Year										Total			
2015	\$ 2,113,169	\$ 5,091,085	\$ 6,163,874	\$ 7,204,585	\$ 7,621,249	\$ 8,090,206	\$ 8,352,320	\$ 8,537,885	\$ 8,765,214	\$8,927,801			
2016		2,311,616	4,663,891	5,792,552	6,715,063	7,153,309	7,534,577	7,784,373	7,947,737	8,077,720			
2017			2,513,877	5,171,671	6,624,711	7,330,898	7,370,158	7,442,563	7,508,129	7,614,227			
2018				2,660,319	5,929,521	7,504,655	8,596,073	8,547,967	9,149,680	9,691,291			
2019					2,655,470	5,071,730	6,327,089	7,087,254	7,532,077	7,840,036			
2020						2,160,133	4,662,561	6,935,864	8,067,483	8,461,881			
2021							2,278,780	5,022,875	7,285,181	8,240,176			
2022								2,873,987	6,379,595	8,644,057			
2023									3,697,971	6,695,224			
2024										2,323,206			
										Total	<u>\$76,515,619</u>		
											All outstanding liabilities before 2015	<u>\$ 14,400,667</u>	
												Liabilities for claims and claim adjustment expenses	<u>\$ 49,745,215</u>

* Supplementary Information Unaudited

Minnesota Counties Intergovernmental Trust
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December 31, 2024

Incurred Claims and Allocated Loss Adjustment Expenses, Net of Reinsurance Property and Casualty for the Years Ended December 31,												
	*	*	*	*	*	*	*	*	*	*		
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
<u>Loss Year</u>												
									IBNR Reserves December 31, 2024	Cumulative Number of Reported Claims		
2015	\$ 9,609,212	\$ 9,554,058	\$ 9,749,528	\$ 10,056,432	\$ 9,899,184	\$ 10,149,626	\$ 9,887,102	\$ 8,675,488	\$ 9,126,335	\$ 8,699,503	-	832
2016		11,727,530	12,778,274	12,746,846	12,890,035	13,437,984	12,992,974	9,887,102	9,751,562	9,718,568	4,390	885
2017			12,240,251	12,887,146	13,508,710	14,160,818	14,577,944	12,992,974	12,993,943	12,989,640	11,367	1,054
2018				12,921,240	12,827,445	13,484,487	13,785,617	14,577,944	13,983,182	13,992,346	14,421	1,056
2019					12,700,663	14,026,646	15,499,461	13,785,617	14,036,147	14,306,869	270,548	1,262
2020						12,318,866	11,104,908	15,499,461	15,668,546	15,640,225	433,948	1,027
2021							17,284,321	11,104,908	10,834,715	10,576,946	506,506	1,041
2022								17,284,321	16,409,139	16,027,090	986,170	1,317
2023									17,353,828	16,593,565	3,003,233	1,255
2024									17,302,759	5,076,867		1,203
									<u>Total</u>	<u>\$ 135,847,511</u>	<u>\$ 10,307,450</u>	

Cumulative Paid claims and Allocated Loss Adjustment Expenses, Net of Reinsurance Property and Casualty for the Years Ended December 31,											
	*	*	*	*	*	*	*	*	*	*	
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
<u>Loss Year</u>											
2015	\$ 3,744,370	\$ 5,946,000	\$ 6,484,590	\$ 7,930,241	\$ 7,792,662	\$ 7,966,391	\$ 8,101,221	\$ 7,850,089	\$ 8,200,260	\$ 8,699,503	
2016		4,095,224	6,951,958	8,858,747	8,795,452	9,480,319	9,732,437	9,539,760	9,691,260	9,693,380	
2017			5,852,407	10,031,663	10,586,509	11,530,010	12,079,664	12,589,241	12,880,598	12,904,184	
2018				5,731,679	9,007,818	11,016,082	12,258,113	13,401,670	13,844,811	13,910,897	
2019					6,044,720	10,071,030	10,985,242	11,411,220	11,866,303	12,401,809	
2020						5,674,135	9,495,975	10,512,848	12,831,933	13,894,864	
2021							4,381,039	6,546,241	8,624,798	9,184,911	
2022								7,943,640	10,662,954	13,074,061	
2023									7,057,931	10,895,836	
2024										<u>7,399,566</u>	
									<u>Total</u>	<u>\$ 112,059,011</u>	
										All outstanding liabilities before 2015	\$ -
										Liabilities for claims and claim adjustment expenses	<u>\$ 23,788,501</u>

* Supplementary Information Unaudited

The following information includes information about the average historical claims as of December 31, 2024:

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance										
	*	*	*	*	*	*	*	*	*	*
Years	1	2	3	4	5	6	7	8	9	10
Workers' compensation	17.8%	12.0%	8.5%	6.3%	5.3%	4.3%	3.7%	3.3%	3.0%	2.7%
Property and casualty	53.2%	20.8%	12.5%	7.7%	3.3%	1.3%	0.8%	0.4%	0.0%	0.0%

* Supplementary Information Unaudited

Minnesota Counties Intergovernmental Trust

Notes to Financial Statements

December 31, 2024

The reconciliation of the net incurred and paid claims development tables above to the reserve for claims and claims expense on the balance sheet as of December 31, 2024, is as follows:

Net outstanding liabilities	
Workers' Compensation	\$ 49,745,215
Property and Casualty	<u>23,788,501</u>
Total liabilities for unpaid claims and claim adjustment expenses, net of reinsurance	<u>73,533,716</u>
Reinsurance recoverable on unpaid claims	
Workers' Compensation	-
Property and Casualty	<u>-</u>
Total reinsurance recoverable on unpaid claims	<u>-</u>
Unallocated claims adjustment expense	
Workers' Compensation	6,204,153
Property and Casualty	<u>1,376,307</u>
Total unallocated claims adjustment expense	<u>7,580,460</u>
Total gross liability for unpaid claims and claims adjustment expense	<u><u>\$ 81,114,176</u></u>

Unpaid claims liabilities are established on a yearly basis from the reserve analysis completed by our actuary, Actuarial Advisors, Inc. Four actuarial methods are used to project ultimate incurred loss and allocated loss adjustment expense by accident year. Included in the analysis are the following:

- Paid multiplicative method;
- Reported multiplicative method;
- Paid Bornhuetter-Ferguson method; and
- Reported Bornhuetter-Ferguson method

The multiplicative methods involve estimation of ultimate incurred loss and allocated loss adjustment expense by applying a loss development factor to loss and allocated loss adjustment expense paid (or reported) to-date. This method can, under certain circumstances, lead to unreliable projections if payout patterns or case-reserving philosophies have changed, or if for a given year, the paid (or reported)-to-date figures are abnormally high or low due to statistical variation.

To supplement the multiplicative methods for the most recent five accident (report) years, the Bornhuetter-Ferguson method is used, whereby ultimate loss and allocated loss adjustment expense is estimated by taking the sum of loss and allocated loss adjustment expense paid (or reported) to-date and an expected amount unpaid (or unreported). This latter quantity is derived by using the selected loss development pattern to determine an expected percentage of ultimate still unpaid (or unreported) as of the valuation date, times an expected “a-priori” level of loss and allocated loss adjustment expense, which is simply earned premium times the a-priori loss and allocated loss adjustment expense for the Property and Casualty Division and exposures times the a-priori pure premium, which is based upon modified insurance industry data for the Workers’ Compensation Division. There were no other changes in actuarial methodologies noted in the calculation of the reserves during 2024.

Note 9 - Special Compensation Fund Assessment (SCF)

The Minnesota Department of Labor and Industry levies an assessment against all insurers and self-insurers paying workers’ compensation benefits in Minnesota to fund workers’ compensation programs. Most of the assessment dollars go to funding the supplementary and second-injury benefit programs. The assessment also pays the operating expenses of the workers’ compensation divisions of the Department of Labor and Industry, the Office of Administrative Hearings, and the Workers’ Compensation Court of Appeals. The Trust’s assessment rate was 11.87% of indemnity payments made for 2024.

The accrued liability for SCF assessments at December 31, 2024, was \$2,870,178. This represents management’s best estimate of the Trust’s future liability. However, the amounts of future assessments may be affected by factors which are impossible to accurately forecast, such as the possible future bankruptcies of large self-insurers, the timing and amounts of increases or decreases in the assessment rate which the Workers’ Compensation Division is required to implement, and legislative decisions to add or remove financial responsibilities from the fund, or to provide other sources of funding to the SCF.

Note 10 - Defined Benefit Pension Plans – Statewide

A. Plan Description

The Trust participates in the following cost-sharing multiple employer defined benefit pension plan administered by PERA. PERA’s defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA’s defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

All full-time and certain part-time employees of the Trust are covered by the General Employees Plan (General Employers Plan or GEP). General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

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

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

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

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023, and the Trust was required to contribute 7.50% for Coordinated Plan members. The Trust's contributions to the General Employees Fund (GEF) for the year ended December 31, 2023, were \$267,196. The Trust's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

At December 31, 2024, the Trust reported a liability of \$1,637,111 for its proportionate share of the General Employees Fund’s net pension liability. The Trust’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$16 million to the fund. 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 Trust totaled \$42,332. 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 Trust’s proportionate share of the net pension liability was based on the Trust’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 Trust’s proportionate share was 0.0443% at the end of the measurement period and 0.0448% for the beginning of the period.

Trust's proportionate share of the net pension liability	\$ 1,637,111
State of Minnesota’s proportionate share of the net pension liability associated with the Trust	<u>42,332</u>
Total	<u><u>\$ 1,679,443</u></u>

For the year ended December 31, 2024, the Trust recognized a decrease in pension expense of \$301,881 for its proportionate share of the General Employees Plan’s pension expense. In addition, the Trust recognized an additional \$1,135 as pension expense (and other revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 154,107	\$ -
Changes in actuarial assumptions	7,743	624,902
Difference between projected and actual investment earnings	-	548,714
Changes in proportion	75,240	90,364
Contributions paid to PERA subsequent to the measurement date	<u>151,361</u>	<u>-</u>
	<u><u>\$ 388,451</u></u>	<u><u>\$ 1,263,980</u></u>

The \$151,361 reported as deferred outflows of resources as of December 31, 2024, related to pensions resulting from the Trust's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ended December 31,</u>	<u>Amount</u>
2024	\$ (621,863)
2025	(71,352)
2026	(208,199)
2027	(125,475)

E. Long-Term Expected Return on Investments

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:

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

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25%. Benefit increases after retirement are assumed to be 1.25%. Salary growth assumptions range in annual increments from 10.25% after one year of service, to 3.0% after 27 years of service.

Mortality rates are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the GEP are reviewed every four years. The GEP was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023, actuarial valuation.

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:

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.

Changes in plan provisions:

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

G. Discount Rate

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

H. Pension Liability Sensitivity

The following presents the Trust'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 Trust'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:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.00%	7.00%	8.00%
The Trust's proportional share of the GERF net pension liability	\$ 3,575,714	\$ 1,637,111	\$ 42,433

I. 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.

Note 11 - Risk Management

MCIT is exposed to various risks of losses including general liability, public officials' liability, property damage and employee bodily injury, cybersecurity, and workers' compensation. As a public entity, MCIT is eligible to participate in the Trust. MCIT's coverage is considered to be adequate to cover the claims that can be expected to be made against MCIT. MCIT's coverage is subject to the terms and conditions of the Trust's coverage document. For those risks typically and specifically excluded from coverage, the Trust retains the responsibility to defend and cover any damages or settlements resulting from the claim. Trust management believes the risk of loss is minimal and that if a loss occurs the Trust has the ability to pay the loss. There was no reduction in coverage from the prior year and insured losses have not exceeded the coverage in the past three years. The Trust has paid for all self-retained losses that have occurred in the past three years.



Supplementary Information
December 31, 2024

Minnesota Counties Intergovernmental Trust

Minnesota Counties Intergovernmental Trust
Combining Statements of Net Position
December 31, 2024

	Workers' Compensation	Property and Casualty	Building Repair	GASB 68 (Pension)	Eliminations	Total
Assets						
Current Assets						
Cash and cash equivalents	\$ 8,616,611	\$ 14,708,055	\$ 22,211	\$ -	\$ -	\$ 23,346,877
Investment securities	7,809,638	5,206,425	-	-	-	13,016,063
Member contributions and other receivables	492,192	818,320	-	-	-	1,310,512
Lease receivable	-	-	820,161	-	-	820,161
Investment income due and accrued	591,181	452,658	-	-	-	1,043,839
Prepaid expenses	72,757	48,505	-	-	-	121,262
Total current assets	17,582,379	21,233,963	842,372	-	-	39,658,714
Noncurrent Assets						
Investment securities	66,824,115	44,285,162	-	-	-	111,109,277
Investment securities- CRL	-	264,248	-	-	-	264,248
Intercompany receivable	8,159,445	-	-	-	8,159,445	-
Capital assets, net	3,060,191	2,550,813	2,364,060	-	-	7,975,064
Total noncurrent assets	78,043,751	47,100,223	2,364,060	-	8,159,445	119,348,589
Deferred Outflow of Resources						
Pension related deferred outflows	-	-	-	388,453	-	388,453
Total assets and deferred outflows of resources	\$ 95,626,130	\$ 68,334,186	\$ 3,206,432	\$ 388,453	\$ 8,159,445	\$ 159,395,756
Liabilities						
Current Liabilities						
Current portion of unpaid claim liabilities	\$ 8,270,787	\$ 10,636,694	\$ -	\$ -	\$ -	\$ 18,907,481
Current portion of special compensation fund assessment	443,080	-	-	-	-	443,080
Deferred lease revenue	-	-	820,161	-	-	820,161
Accounts payable and accrued liabilities	2,198,801	1,652,521	246,768	-	-	4,098,090
Total current liabilities	10,912,668	12,289,215	1,066,929	-	-	24,268,812
Noncurrent Liabilities						
Unpaid claim liabilities, net of current portion						
Claim reserves reported	12,498,665	8,469,013	-	-	-	20,967,678
Claim reserves incurred but not reported	35,179,917	6,059,100	-	-	-	41,239,017
Special compensation fund assessment, net of current portion	2,427,098	-	-	-	-	2,427,098
Intercompany payable	1,472,105	4,376,543	1,705,899	604,898	8,159,445	-
Net pension liability	-	-	-	1,637,111	-	1,637,111
Total noncurrent liabilities	51,577,785	18,904,656	1,705,899	2,242,009	8,159,445	66,270,904
Total liabilities	62,490,452	31,193,872	2,772,828	2,242,009	8,159,445	90,539,716
Deferred Inflows of Resources						
Pension related deferred inflows	-	-	-	1,263,981	-	1,263,981
Net Position						
Net investment in capital assets	3,060,191	2,550,813	2,364,060	-	-	7,975,064
Unrestricted						
Designated net position	24,100,000	26,754,155	1,511,951	-	-	52,366,106
Undesignated net position	5,975,486	7,835,347	(3,442,407)	(3,117,537)	-	7,250,889
Total net position	33,135,678	37,140,314	433,604	(3,117,537)	-	67,592,059
Total liabilities, deferred inflows of resources, and net position	\$ 95,626,130	\$ 68,334,186	\$ 3,206,432	\$ 388,453	\$ 8,159,445	\$ 159,395,756

Minnesota Counties Intergovernmental Trust
Combining Statements of Revenue, Expenses, and Changes in Net Position
December 31, 2024

	Workers' Compensation	Property and Casualty	Building Repair	GASB 68 (Pension)	Total
Operating Revenues					
Member contributions earned	\$ 18,060,914	\$ 30,842,688	\$ -	\$ -	\$ 48,903,602
Ceded reinsurance premiums	(1,052,646)	(7,900,359)	-	-	(8,953,005)
Total operating revenues	<u>17,008,268</u>	<u>22,942,329</u>	<u>-</u>	<u>-</u>	<u>39,950,597</u>
Operating Expenses					
Incurred claim liability expenses					
Net increase in reserves	1,773,649	(769,276)	-	-	1,004,373
Paid claims	10,242,603	13,763,104	-	-	24,005,707
Special compensation fund					
Net decrease in reserves	257,951	-	-	-	257,951
Paid claims	592,973	-	-	-	592,973
Service provider fee	544,556	334,050	-	-	878,606
General administration	4,192,642	3,110,487	594,977	301,881	8,199,987
Total operating expenses	<u>17,604,374</u>	<u>16,438,365</u>	<u>594,977</u>	<u>301,881</u>	<u>34,939,597</u>
Gain (Loss) from Operations	(596,106)	6,503,964	(594,977)	(301,881)	5,011,000
Non-Operating Revenues					
Net investment income	2,332,293	2,318,917	-	-	4,651,210
Net unrealized gains on investments	1,678,730	(582,734)	-	-	1,095,996
Other income	29,802	18,597	95,181	-	143,580
Net non-operating revenues	<u>4,040,825</u>	<u>1,754,780</u>	<u>95,181</u>	<u>-</u>	<u>5,890,786</u>
Income (Loss) Before Dividends to Members	3,444,719	8,258,744	(499,796)	(301,881)	10,901,786
Dividends to members	(3,500,000)	-	-	-	(3,500,000)
Change in Net Position	(55,281)	8,258,744	(499,796)	(301,881)	7,401,786
Total Net Position, Beginning of Year	<u>33,190,959</u>	<u>28,881,570</u>	<u>933,400</u>	<u>(2,815,656)</u>	<u>60,190,273</u>
Total Net Position, End of Year	<u>\$ 33,135,678</u>	<u>\$ 37,140,314</u>	<u>\$ 433,604</u>	<u>\$ (3,117,537)</u>	<u>\$ 67,592,059</u>
Undesignated Net Position, Beginning of Year	\$ 8,055,859	\$ 1,643,907	\$ (1,705,169)	\$ (2,815,656)	\$ 5,178,941
Change in net investment in capital assets	(325,092)	(206,399)	(1,473,461)	-	(2,004,952)
Change in designated position	(1,700,000)	(1,860,905)	236,019	-	(3,324,886)
Change in net position	<u>(55,281)</u>	<u>8,258,744</u>	<u>(499,796)</u>	<u>(301,881)</u>	<u>7,401,786</u>
Undesignated Net Position, End of Year	5,975,486	7,835,347	(3,442,407)	(3,117,537)	7,250,889
Designated position	24,100,000	26,754,155	1,511,951	-	52,366,106
Net investment in capital assets	3,060,191	2,550,813	2,364,060	-	7,975,064
	<u>\$ 33,135,678</u>	<u>\$ 37,140,314</u>	<u>\$ 433,604</u>	<u>\$ (3,117,537)</u>	<u>\$ 67,592,059</u>



Required Supplementary Information
December 31, 2024

Minnesota Counties Intergovernmental Trust

The table on the following page illustrates how the net earned contributions (net of reinsurance) and net investment income compared to related claims and claim adjustment expenses incurred (net of claims and claims adjustment expenses assumed by reinsurers) and other expenses incurred by the Trust. The lines on the schedule are defined as follows:

1. This line shows the total of each year's net earned contributions and net investment income.
2. This line shows each year's other operating costs of the Trust including overhead and claims expense not allocable to individual claims.
3. This line shows incurred claims and allocated claim adjustment expenses (both paid and unpaid) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called coverage year).
4. This section shows the cumulative amounts paid as of the end of successive years for each coverage year.
5. This section shows how each coverage year's cumulative incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, re-evaluation of existing information on known claims, as well as emergence of new claims not previously known.
6. This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is more or less than originally estimated.

As data for individual coverage years mature, the correlation between original estimates and re-estimated amounts can be used to evaluate the relationship of incurred claims currently recognized in less mature coverage years.

Minnesota Counties Intergovernmental Trust
Schedule of Claims Development Information
Workers' Compensation and Property and Casualty Divisions
December 31, 2024

	2017	2018	2019	2020	2021	2022	2023	2024
(1) Net earned contributions and net investment income	\$ 39,559,243	\$ 36,010,056	\$ 45,020,886	\$ 50,406,834	\$ 38,436,507	\$ 26,433,517	\$ 53,564,874	\$ 54,650,808
(2) Unallocated expenses	2,981,230	903,913	950,964	983,081	1,010,920	1,010,920	788,002	878,606
(3) Estimated incurred claims and expense, end of coverage year	22,888,095	25,477,937	24,347,649	23,566,149	23,458,240	27,693,082	26,870,646	26,619,719
(4) Paid (cumulative) as of								
End of coverage year	8,366,284	8,391,998	8,700,190	7,834,268	6,659,819	10,817,627	10,755,902	17,494,935
One year later	15,203,334	14,937,339	15,142,760	14,158,536	11,569,116	17,042,549	17,591,060	
Two years later	17,211,220	18,520,737	17,312,331	17,448,712	11,498,785	21,718,118		
Three years later	18,860,908	20,854,186	18,498,474	20,899,416	17,425,087			
Four years later	19,449,822	21,949,637	19,398,380	22,356,745				
Five years later	20,031,804	22,994,491	20,241,845					
Six years later	20,388,727	23,602,188						
Seven years later	20,518,411							
(5) Re-estimated incurred claims and expense								
End of coverage year	23,400,816	26,158,926	24,127,072	23,184,352	28,423,694	30,720,218	30,759,151	26,619,719
One year later	24,515,860	24,947,060	24,574,525	21,680,509	22,660,853	29,405,615	30,874,143	
Two years later	24,083,117	25,531,807	25,612,533	26,343,658	22,684,942	29,803,268		
Three years later	23,879,541	25,610,863	23,536,495	26,572,150	22,171,657			
Four years later	23,962,769	25,967,414	23,639,909	26,316,608				
Five years later	22,108,934	25,563,999	23,913,532					
Six years later	21,943,239	25,496,840						
Seven years later	22,014,737							
(6) Decrease (increase) in estimated incurred claims and expense from end of coverage year	873,358	(18,903)	434,117	(2,750,459)	1,286,583	(2,110,186)	(4,003,497)	-

Minnesota Counties Intergovernmental Trust
 Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions
 December 31, 2024

**Schedule of Employer's Share of Net Pension Liability
 Last Ten Fiscal Years**

Pension Plan	Measurement Date	Employer's Proportion Share (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	The State's Proportionate Share of the Net Pension Liability Associated with MCIT (b)	Employer's Proportionate Share of the Net Pension Liability (NPL) and the State's Proportionate Share of the NPL Associated With MCIT (a+b)	Employer's Covered-Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERA	6/30/2015	0.0410%	\$ 2,124,833	\$ -	\$ 2,124,833	\$ 2,411,485	88.11%	78.20%
PERA	6/30/2016	0.0385%	3,126,009	40,301	3,166,310	2,387,663	132.61%	68.91%
PERA	6/30/2017	0.0421%	2,687,636	33,791	2,721,427	2,711,980	100.35%	75.90%
PERA	6/30/2018	0.0475%	2,635,105	86,334	2,721,439	3,188,902	85.34%	79.53%
PERA	6/30/2019	0.0505%	2,792,032	86,830	2,878,862	3,576,024	80.50%	80.23%
PERA	6/30/2020	0.0510%	3,057,683	94,337	3,152,020	3,503,320	89.97%	79.06%
PERA	6/30/2021	0.0494%	2,108,601	64,412	2,174,013	3,553,871	61.17%	87.00%
PERA	6/30/2022	0.0429%	3,397,693	99,480	3,497,173	3,382,902	103.38%	76.67%
PERA	6/30/2023	0.0448%	2,505,166	69,006	2,574,172	3,387,209	76.00%	83.10%
PERA	6/30/2024	0.0443%	1,637,111	42,332	1,679,443	3,656,255	45.93%	89.08%

**Schedule of Employer's Contributions
 Last Ten Fiscal Years**

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
PERA	12/31/2015	\$ 177,859	\$ 177,859	\$ -	\$ 2,370,000	7.50%
PERA	12/31/2016	179,074	179,074	-	2,389,000	7.50%
PERA	12/31/2017	203,390	203,390	-	2,711,000	7.50%
PERA	12/31/2018	239,283	239,283	-	3,190,000	7.50%
PERA	12/31/2019	268,201	268,201	-	3,575,000	7.50%
PERA	12/31/2020	272,960	272,960	-	3,640,000	7.50%
PERA	12/31/2021	266,541	266,541	-	3,554,000	7.50%
PERA	12/31/2022	240,850	240,850	-	3,211,804	7.50%
PERA	12/31/2023	267,196	267,196	-	3,562,613	7.50%
PERA	12/31/2024	281,201	281,201	-	3,749,896	7.50%