

# State of Minnesota



## Office of the State Auditor

Julie Blaha  
State Auditor

Audit Practice Division

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### **Sibley County Gaylord, Minnesota**

Annual Financial Report and  
Management and Compliance Report

Year Ended December 31, 2024

# Sibley County Gaylord, Minnesota

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## **Introductory Section**

# Sibley County Gaylord, Minnesota

Organization  
December 31, 2024

Office	Name	Term Expires
<b>Commissioners</b>		
1st District	Peter Koch	January 2027
2nd District	Christian Lilienthal	January 2027
3rd District	Lyle Grochow	January 2025
4th District	Joe Kreger*	January 2025
5th District	Steve Saxton	January 2027
<b>Officers</b>		
<b>Elected</b>		
Attorney	Donald Lannoye	January 2027
Auditor-Treasurer	Marilee Peterson	January 2027
Recorder	Kathy Dietz	January 2027
Registrar of Titles	Kathy Dietz	January 2027
Sheriff	Pat Nienaber	January 2027
<b>Appointed</b>		
Administrator	John Glisczinski	Indefinite
Assessor	Laura Hacker	December 2024
Court Administrator	Karen Messner (State)	Indefinite
Court Services Director	Angie Weston (State)	Indefinite
Emergency Management Manager	Andrew Hayden	Indefinite
Examiner of Titles	Rachel Holland	Indefinite
Extension Educator	Samantha Schoenbauer	Indefinite
Human Resources Manager	Jodi Coleman	Indefinite
Information Technology Manager	Alan Cole	Indefinite
Medical Examiner	A. Quinn Strobl, MD	December 2024
Public Health and Human Services Director	Klea Rettmann	Indefinite
Public Works Director	Timothy Becker	April 2025
Surveyor	Luke Kranz	December 2024
Veterans Service Officer	Lisa Klenk	August 2024

\*Chair

## **Financial Section**



## Independent Auditor's Report

Board of County Commissioners  
Sibley County  
Gaylord, Minnesota

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sibley County, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

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

We did not audit the financial statements of the Sibley Estates of Sibley County, which represent the amounts shown as the business-type activities and the major proprietary fund as of December 31, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Sibley Estates of Sibley County, is based solely on the report of the other auditors. In addition, we did not audit the financial statements of the South Country Health Alliance (SCHA), in which Sibley County has an equity interest, for the year ended December 31, 2024. The SCHA is a joint venture discussed in Note 5 to the financial statements. The County's investment in the SCHA joint venture, \$4,303,816, represents 2.9 percent and 3.4 percent, respectively, of the assets and net position of the governmental activities. The statements of the SCHA joint venture, which were prepared in accordance with financial reporting provisions permitted by the Minnesota Department of Health, were audited by other auditors whose report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of the SCHA joint venture, which conform those financial statements of the investment in joint venture to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amount included as an investment in joint venture, prior to these conversion adjustments, is based solely on the report of the other auditors. The financial statements of the SCHA were not audited in accordance with *Government Auditing Standards*.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 County, and to meet our other ethical responsibilities, in accordance with the relevant ethical

requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the SCHA joint venture were not audited in accordance with *Government Auditing Standards*.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed;
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; and
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; budgetary comparison schedules for the General Fund, Public Works Special Revenue Fund, and Public Health and Human Services Special Revenue Fund; Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits; PERA retirement plan schedules; and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sibley County's basic financial statements. The combining nonmajor governmental fund financial statements, combining fiduciary fund financial statements, Budgetary Comparison Schedule – Debt Service Fund, Schedule of Intergovernmental Revenue, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the Annual Financial Report. The other information comprises the Introductory Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2025, on our consideration of Sibley County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sibley County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sibley County's internal control over financial reporting and

compliance. The financial statements of the SCHA joint venture were not audited in accordance with *Government Auditing Standards*, and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the SCHA joint venture.

*/s/Julie Blaha*

Julie Blaha  
State Auditor

August 21, 2025

*/s/Chad Struss*

Chad Struss, CPA  
Deputy State Auditor

## **Management's Discussion and Analysis**

# **Sibley County Gaylord, Minnesota**

## **Management's Discussion and Analysis December 31, 2024 (Unaudited)**

The financial management of Sibley County offers the readers of Sibley County's financial statements this narrative overview and analysis of the financial activity of Sibley County for the year ended December 31, 2024. We encourage our readers to consider the information presented here in conjunction with additional information that we have provided in our notes to the financial statements.

### **Financial Highlights**

- Sibley County's governmental activities' total net position is \$127,380,462, of which \$90,278,066 is the net investment in capital assets, and \$16,480,435 is restricted for specific purposes.
- Business-type activities' total net position is \$881,998, of which \$486,261 is the net investment in capital assets, and \$106,223 is restricted for housing and redevelopment.
- Governmental activities' total net position increased by \$14,661,971 in 2024. The net position of the County's business-type activities increased by \$33,925.
- At the close of 2024, the unassigned fund balance for the General Fund was \$5,868,419, or 47.1 percent, of the total General Fund expenditures. This amount will be available for 2024 budgeting purposes.
- The net cost of governmental activities in 2024 decreased by \$4,411,854 from the previous year, lowering the total to \$6,026,141. The net cost of governmental activities was funded by general revenues and contributions totaling \$20,688,112.

### **Overview of the Financial Statements**

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the basic financial statements. Sibley County's basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A, certain budgetary comparisons, a schedule of changes in the total other postemployment benefits liability and related ratios, schedules of the proportionate share of net pension liability and schedules of contributions, and notes to the required supplementary information are required to accompany the basic financial statements and, therefore, are included as required supplementary information.

There are two government-wide financial statements. The Statement of Net Position and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start with Exhibit 3. For governmental activities, fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

## **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of Sibley County's finances in a manner that is similar to a private-sector business.

The Statement of Net Position (Exhibit 1) presents information on all of Sibley County's assets, liabilities, and deferred outflows/inflows of resources. The difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources is called net position. Over time, an increase or decrease in net position may serve as a useful indicator of whether the financial position of Sibley County has improved or deteriorated.

The Statement of Activities (Exhibit 2) presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. For that reason, some revenues and/or expenses reported in this statement are for items that will result in cash flows in future periods (for example, delinquent taxes and earned but unused vacation and severance leave).

Both of the government-wide financial statements distinguish functions of Sibley County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. In the Statement of Net Position and the Statement of Activities, the County is divided into two kinds of activities:

- **Governmental activities**—Most of the County's basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities.
- **Business-type activities**—The County charges a fee to customers to help it cover all or most of the cost of the services it provides. The activities of Sibley Estates are reported here.

Government-wide financial statements can be found on Exhibits 1 and 2.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Sibley County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The County Board may also establish some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. All of the funds of Sibley County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

- **Governmental funds**—Governmental funds are used to account for essentially the same function as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Sibley County maintains five individual major governmental funds. Information is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Public Works Special Revenue Fund, Public Health and Human Services Special Revenue Fund, Ditch Special Revenue Fund, and Capital Projects Fund. The Revolving Loan and Sub-Surface Sewage Treatment System Loans, along with the Debt Service Fund and Federal Lands Permanent Fund, are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements within the Supplementary Information section of this report.

Governmental fund financial statements can be found on Exhibits 3 through 6.

- **Proprietary funds**—When the County charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the County’s enterprise fund (a type of proprietary fund) presents the same information as the business-type activities in the government-wide statements but provides more detail and additional information, such as cash flows.

Proprietary fund financial statements can be found on Exhibits 7 through 9.

- **Fiduciary funds**—The County is the trustee, or fiduciary, over assets that can be used only for the trust beneficiaries based on the trust arrangement. All of the County’s fiduciary activities are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position on Exhibits 10 and 11. These activities are excluded from the County’s other financial statements because the County cannot use these assets to finance its ongoing operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## Government-Wide Financial Analysis

A useful tool for analyzing financial statements is to compare information from the previous year. Table I shows a two-year net position comparison.

**Table I – Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and other assets	\$ 52,973,332	\$ 53,529,420	\$ 423,280	\$ 365,608	\$ 53,396,612	\$ 53,895,028
Capital assets	95,053,795	81,252,165	486,261	511,535	95,540,056	81,763,700
<b>Total Assets</b>	<b>\$ 148,027,127</b>	<b>\$ 134,781,585</b>	<b>\$ 909,541</b>	<b>\$ 877,143</b>	<b>\$ 148,936,668</b>	<b>\$ 135,658,728</b>
Deferred Outflows of Resources	\$ 3,305,643	\$ 4,760,062	\$ -	\$ -	\$ 3,305,643	\$ 4,760,062
<b>Liabilities</b>						
Long-term liabilities	\$ 14,968,844	\$ 17,668,075	\$ -	\$ -	\$ 14,968,844	\$ 17,668,075
Other liabilities	3,055,770	3,585,220	27,543	29,070	3,083,313	3,614,290
<b>Total Liabilities</b>	<b>\$ 18,024,614</b>	<b>\$ 21,253,295</b>	<b>\$ 27,543</b>	<b>\$ 29,070</b>	<b>\$ 18,052,157</b>	<b>\$ 21,282,365</b>
Deferred Inflows of Resources	\$ 5,927,694	\$ 5,569,861	\$ -	\$ -	\$ 5,927,694	\$ 5,569,861
<b>Net Position</b>						
Net investment in capital assets	\$ 90,278,066	\$ 76,574,262	\$ 486,261	\$ 511,535	\$ 90,764,327	\$ 77,085,797
Restricted	16,480,435	14,471,906	106,223	95,296	16,586,658	14,567,202
Unrestricted	20,621,961	21,672,323	289,514	241,242	20,911,475	21,913,565
<b>Total Net Position</b>	<b>\$ 127,380,462</b>	<b>\$ 112,718,491</b>	<b>\$ 881,998</b>	<b>\$ 848,073</b>	<b>\$ 128,262,460</b>	<b>\$ 113,566,564</b>

The net position of the County's governmental activities increased by 13.0 percent (\$14,661,971) from 2023 to 2024. Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—changed from \$21,672,323 at December 31, 2023, to \$20,621,961 at the end of this year. Net position of the business-type activities increased \$33,925 (or 4.0 percent) for 2024.

**Table II – Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Program revenues						
Fees, charges, fines, and other	\$ 6,705,742	\$ 10,545,888	\$ 226,778	\$ 230,336	\$ 6,932,520	\$ 10,776,224
Operating grants and contributions	12,507,028	12,456,963	190,915	180,289	12,697,943	12,637,252
Capital grants and contributions	11,710,693	1,079,937	-	-	11,710,693	1,079,937
General revenues						
Property taxes	16,520,165	16,034,089	-	-	16,520,165	16,034,089
Gravel taxes	120,135	101,145	-	-	120,135	101,145
Wheelage taxes	177,837	171,901	-	-	177,837	171,901
Payments in lieu of tax	29,346	46,065	-	-	29,346	46,065
Grants and contributions not restricted to specific programs	1,554,007	1,156,081	-	-	1,554,007	1,156,081
Investment earnings	1,916,965	1,414,726	9,072	8,200	1,926,037	1,422,926
Miscellaneous and other	359,607	387,997	-	-	359,607	387,997
Contributions to permanent fund	10,050	38,860	-	-	10,050	38,860
<b>Total Revenues</b>	<b>\$ 51,611,575</b>	<b>\$ 43,433,652</b>	<b>\$ 426,765</b>	<b>\$ 418,825</b>	<b>\$ 52,038,340</b>	<b>\$ 43,852,477</b>
<b>Expenses</b>						
General government	\$ 6,368,732	\$ 6,493,021	\$ -	\$ -	\$ 6,368,732	\$ 6,493,021
Public safety	5,294,197	5,127,244	-	-	5,294,197	5,127,244
Highways and streets	10,015,901	9,090,720	-	-	10,015,901	9,090,720
Sanitation	436,529	520,168	-	-	436,529	520,168
Human services	9,512,680	4,871,407	-	-	9,512,680	4,871,407
Health	1,183,530	1,203,922	-	-	1,183,530	1,203,922
Culture and recreation	499,511	371,123	-	-	499,511	371,123
Conservation of natural resources	3,068,256	6,185,385	-	-	3,068,256	6,185,385
Economic development	174,780	271,407	-	-	174,780	271,407
Interest	395,488	386,386	-	-	395,488	386,386
Sibley Estates	-	-	392,840	407,866	392,840	407,866
<b>Total Expenses</b>	<b>\$ 36,949,604</b>	<b>\$ 34,520,783</b>	<b>\$ 392,840</b>	<b>\$ 407,866</b>	<b>\$ 37,342,444</b>	<b>\$ 34,928,649</b>
<b>Changes in Net Position</b>	<b>\$ 14,661,971</b>	<b>\$ 8,912,869</b>	<b>\$ 33,925</b>	<b>\$ 10,959</b>	<b>\$ 14,695,896</b>	<b>\$ 8,923,828</b>
<b>Net Position – January 1</b>	<b>112,718,491</b>	<b>103,805,622</b>	<b>848,073</b>	<b>837,114</b>	<b>113,566,564</b>	<b>104,642,736</b>
<b>Net Position – December 31</b>	<b>\$ 127,380,462</b>	<b>\$ 112,718,491</b>	<b>\$ 881,998</b>	<b>\$ 848,073</b>	<b>\$ 128,262,460</b>	<b>\$ 113,566,564</b>

The County's expenses for governmental activities increased \$2,428,821 from 2023.

### Governmental Activities

As shown in the Statement of Activities (Exhibit 2), the amount that taxpayers ultimately financed for these activities through County taxes and non-program revenues was \$6,026,141 because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with operating or capital grants and contributions.



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

**Table III – Governmental Activities**

	Total Cost of Services		Net Cost (Revenue) of Services	
	2024	2023	2024	2023
Expenses				
General government	\$ 6,368,732	\$ 6,493,021	\$ 5,214,197	\$ 5,436,949
Public safety	5,294,197	5,127,244	4,536,934	4,080,358
Highways and streets	10,015,901	9,090,720	(9,127,830)	1,021,989
Sanitation	436,529	520,168	(67,059)	(45,079)
Human services	9,512,680	4,871,407	5,273,803	457,802
Health	1,183,530	1,203,922	692,467	798,077
Culture and recreation	499,511	371,123	434,204	320,163
Conservation of natural resources	3,068,256	6,185,385	(1,405,086)	(2,109,775)
Economic development	174,780	271,407	79,023	91,125
Interest	395,488	386,386	395,488	386,386
Total Expenses	\$ 36,949,604	\$ 34,520,783	\$ 6,026,141	\$ 10,437,995

### The County's Funds

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

As of the end of the current fiscal year, Sibley County's governmental funds reported a combined ending fund balance of \$31,494,592. This is an increase of \$1,031,973 in comparison to the prior fiscal year. Of the \$31,494,592 total fund balances, \$21,264,815 constitutes unrestricted fund balances, which are available for spending at the government's discretion or represents the deficit balance in the Ditch Special Revenue Fund.

The General Fund is the chief operating fund for Sibley County. At the end of the fiscal year, unrestricted fund balance (committed, assigned, and unassigned) of the General Fund was \$6,414,731 (or 66.49 percent of the total General Fund's fund balance). As a measure of the General Fund's liquidity, it may be useful to compare the unrestricted fund balance to total expenditures. The unrestricted fund balance represents 51.49 percent of total General Fund expenditures. In 2024, the fund balance amount in the General Fund decreased \$243,854. This decrease is due to transferring excess funds from the General Fund to the Capital Projects Fund.

The Public Works Special Revenue Fund had a total fund balance of \$12,675,645 at the end of 2024. This is a decrease of \$51,003. This decrease was due to less highway and bridge and equipment and maintenance revenues than anticipated and more expenditures in these same areas. The Public Health and Human Services Special Revenue Fund had a total fund balance of \$5,312,334 at the end of the current fiscal year. This is a decrease of \$448,431 that can primarily be attributed to more than anticipated expenditures and less than anticipated revenues in this area. The Ditch Special Revenue Fund had a negative fund balance of \$3,041,307, which is an increase of \$1,277,373 from the prior year. The increase is due to prepayments received for a large special assessment. The Capital Projects Fund ended 2024 with a fund balance of \$5,022,003. This is an increase of \$387,908. The increase is due to transferring excess funds from the General Fund to the Capital Projects Fund.

## General Fund Budgetary Highlights

No budget amendments were made for 2024. The actual revenues were \$1,333,965 more than the budgeted revenues, and actual expenditures were less than expected by \$20,294. Actual revenues exceeded budgeted revenues due to underbudgeted intergovernmental revenues and investment earnings. Actual expenditures were less than budgeted expenditures due mostly to overbudgeted economic development expenditures.

## Capital Assets and Debt Administration

### Capital Assets

Table IV illustrates a two-year comparison of the County's capital assets (net of depreciation and amortization).

**Table IV – Capital Assets at Year-End  
(Net of Depreciation and Amortization)**

	2024	2023
Governmental Activities		
Land	\$ 1,877,087	\$ 1,838,531
Construction in progress	19,414,227	4,430,998
Infrastructure	60,442,033	61,519,509
Buildings and building improvements	8,456,512	8,589,758
Machinery, furniture, and equipment	4,403,149	4,361,592
Improvements other than buildings	364,723	386,577
Leased equipment	71,017	91,804
Software subscriptions	25,047	33,396
Total	<u>\$ 95,053,795</u>	<u>\$ 81,252,165</u>
Business-Type Activities	<u>\$ 486,261</u>	<u>\$ 511,535</u>

The County's investment in capital assets for its governmental activities as of December 31, 2024, was \$95,053,795 (net of accumulated depreciation and amortization). This investment in capital assets includes a broad range of capital assets including, but not limited to, land, buildings, highways and streets, furniture, and equipment. The County's investment in capital assets for its governmental activities increased by 16.99 percent, or \$13,801,630.

The County's investment in capital assets for its business-type activities decreased by \$25,274 in the current year from \$511,535 in 2023, to \$486,261 in 2024.

### Long-Term Debt

At the end of the current fiscal year, the County had total outstanding debt of \$5,440,000, versus \$5,765,000 last year—a decrease of \$325,000, or 5.64 percent—as shown in Table V. The decrease is due to scheduled debt payments.

**Table V – Outstanding Debt at Year-End**

	2024	2023
General obligation bonds	\$ 4,220,000	\$ 4,470,000
General obligation special assessment bonds	1,220,000	1,295,000
Total	<u>\$ 5,440,000</u>	<u>\$ 5,765,000</u>

Sibley County's notes to the financial statements provide detailed information about the County's long-term liabilities; see Note 3.

The County maintains a general obligation bond rating of "Aa2". This is an increase from the prior year bond rating of "Aa3". This rating is assigned by national rating agencies. The state limits the amount of net debt counties can issue to three percent of the total taxable market value of all property. In 2024, the taxable market value was \$4,850,552,303 and, in 2023, the amount was \$3,955,709,863. The County's outstanding net debt of \$5,440,000 is significantly below the state-imposed limit of \$145,516,569.

### **Economic Factors and Next Year's Budgets and Rates**

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

- State aid from the State of Minnesota for 2025 (\$828,246) is up 0.6 percent compared to 2024 (\$823,358).
- For fiscal year 2025, Sibley County's total taxable market value is \$5,460,263,957. This is an increase of \$609,711,654, or 12.57 percent, from the 2024 total taxable market value of \$4,850,552,303. This increase is a result of the County Sales Ratio Study conducted by the Sibley County Assessor's Office. These studies are used to update market values on a yearly basis and are based on actual land transactions in the County from year to year.
- The unemployment rate for Sibley County as of May 2025 is 3.3 percent. Sibley County's unemployment rate is the same as the state unemployment rate of 3.3 percent. The unemployment rate is the same as last year when Sibley County's rate was 3.3 percent, which was 0.5 percentage points higher than the state average of 2.8 percent.
- On December 24, 2024, the Sibley County Board of Commissioners approved the 2025 budget for \$48,585,516. The 2025 total levy is \$17,973,450, and the total net tax levy was \$17,145,204 (reduced by County Program Aid). This was an increase from the 2024 total net tax levy of \$16,808,985. The 2025 budget includes a 2.0 percent overall property tax increase.

### **Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Office of the Sibley County Auditor/Treasurer, Sibley County Courthouse, 400 Court Avenue, PO Box 51, Gaylord, Minnesota 55334, [finance@sibleycounty.gov](mailto:finance@sibleycounty.gov), or you can visit our website at [www.sibleycounty.gov](http://www.sibleycounty.gov).

## **Basic Financial Statements**

## **Government-Wide Financial Statements**

**Sibley County  
Gaylord, Minnesota**

**Exhibit 1**

**Statement of Net Position  
December 31, 2024**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 30,254,358	\$ 297,982	\$ 30,552,340
Tenant deposits held in trust	-	18,212	18,212
Restricted deposits	-	104,056	104,056
Petty cash and change funds	3,975	300	4,275
Investments	302,000	-	302,000
Taxes receivable – delinquent	136,048	-	136,048
Special assessments receivable – delinquent	28,426	-	28,426
Special assessments receivable – noncurrent	6,911,858	-	6,911,858
Accounts receivable – net	744,100	2,017	746,117
Accrued interest receivable	930,120	-	930,120
Due from other governments	7,865,888	-	7,865,888
Loans receivable	68,267	-	68,267
Inventories	1,102,316	-	1,102,316
Prepaid items	322,160	713	322,873
Investment in joint venture	4,303,816	-	4,303,816
Capital assets			
Non-depreciable or amortizable	21,291,314	23,500	21,314,814
Depreciable or amortizable – net of accumulated depreciation and amortization	73,762,481	462,761	74,225,242
<b>Total Assets</b>	<b>\$ 148,027,127</b>	<b>\$ 909,541</b>	<b>\$ 148,936,668</b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred other postemployment benefits outflows	\$ 37,577	\$ -	\$ 37,577
Deferred pension outflows	3,268,066	-	3,268,066
<b>Total Deferred Outflows of Resources</b>	<b>\$ 3,305,643</b>	<b>\$ -</b>	<b>\$ 3,305,643</b>
<b><u>Liabilities</u></b>			
<b>Current liabilities</b>			
Accounts payable	\$ 604,774	\$ 8,971	\$ 613,745
Salaries payable	877,950	-	877,950
Contracts payable	531,403	-	531,403
Due to other governments	875,096	1,598	876,694
Accrued interest payable	53,996	929	54,925
Unearned revenue	112,551	-	112,551
Security deposits payable	-	16,045	16,045
Compensated absences payable	489,926	-	489,926
General obligation bonds payable	255,000	-	255,000
General obligation special assessment bonds payable	75,000	-	75,000
AgBMP loans payable	185,912	-	185,912
Leases payable	20,500	-	20,500
Software subscription liability	9,045	-	9,045
Other postemployment benefits liability	26,017	-	26,017

**Sibley County  
Gaylord, Minnesota**

**Exhibit 1  
(Continued)**

**Statement of Net Position  
December 31, 2024**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Liabilities (Continued)</u></b>			
<b>Noncurrent liabilities</b>			
Compensated absences payable	1,324,615	-	1,324,615
General obligation bonds payable – net	4,039,267	-	4,039,267
General obligation special assessment bonds payable – net	1,173,445	-	1,173,445
AgBMP loans payable	1,133,956	-	1,133,956
Leases payable	53,679	-	53,679
Software subscription liability	18,792	-	18,792
Other postemployment benefits liability	535,378	-	535,378
Net pension liability	5,628,312	-	5,628,312
<b>Total Liabilities</b>	<b>\$ 18,024,614</b>	<b>\$ 27,543</b>	<b>\$ 18,052,157</b>
<b><u>Deferred Inflows of Resources</u></b>			
Prepaid property taxes	\$ 126,841	\$ -	\$ 126,841
Deferred other postemployment benefits inflows	224,460	-	224,460
Deferred pension inflows	5,576,393	-	5,576,393
<b>Total Deferred Inflows of Resources</b>	<b>\$ 5,927,694</b>	<b>\$ -</b>	<b>\$ 5,927,694</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	\$ 90,278,066	\$ 486,261	\$ 90,764,327
Restricted for			
General government	471,341	-	471,341
Public safety	1,854,288	-	1,854,288
Highways and streets	9,597,798	-	9,597,798
Sanitation	404,005	-	404,005
Human services	100,541	-	100,541
Culture and recreation	36,785	-	36,785
Conservation of natural resources	2,364,227	-	2,364,227
Economic development	471,879	-	471,879
Housing and redevelopment	-	106,223	106,223
Debt service	621,401	-	621,401
Permanent fund principal – nonexpendable	271,427	-	271,427
Opioid remediation activities	286,743	-	286,743
Unrestricted	20,621,961	289,514	20,911,475
<b>Total Net Position</b>	<b>\$ 127,380,462</b>	<b>\$ 881,998</b>	<b>\$ 128,262,460</b>

**Sibley County  
Gaylord, Minnesota**

**Exhibit 2**

**Statement of Activities  
For the Year Ended December 31, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>							
<b>Governmental activities</b>							
General government	\$ 6,368,732	\$ 979,599	\$ 174,936	\$ -	\$ (5,214,197)	\$ -	\$ (5,214,197)
Public safety	5,294,197	145,736	526,486	85,041	(4,536,934)	-	(4,536,934)
Highways and streets	10,015,901	153,223	7,402,390	11,588,118	9,127,830	-	9,127,830
Sanitation	436,529	387,506	116,082	-	67,059	-	67,059
Human services	9,512,680	697,442	3,541,435	-	(5,273,803)	-	(5,273,803)
Health	1,183,530	136,179	354,884	-	(692,467)	-	(692,467)
Culture and recreation	499,511	-	27,773	37,534	(434,204)	-	(434,204)
Conservation of natural resources	3,068,256	4,202,257	271,085	-	1,405,086	-	1,405,086
Economic development	174,780	3,800	91,957	-	(79,023)	-	(79,023)
Interest	395,488	-	-	-	(395,488)	-	(395,488)
<b>Total governmental activities</b>	<b>\$ 36,949,604</b>	<b>\$ 6,705,742</b>	<b>\$ 12,507,028</b>	<b>\$ 11,710,693</b>	<b>\$ (6,026,141)</b>	<b>\$ -</b>	<b>\$ (6,026,141)</b>
<b>Business-type activities</b>							
Sibley Estates	392,840	226,778	190,915	-	-	24,853	24,853
<b>Total Primary Government</b>	<b>\$ 37,342,444</b>	<b>\$ 6,932,520</b>	<b>\$ 12,697,943</b>	<b>\$ 11,710,693</b>	<b>\$ (6,026,141)</b>	<b>\$ 24,853</b>	<b>\$ (6,001,288)</b>
<b>General Revenues</b>							
Property taxes					\$ 16,520,165	\$ -	\$ 16,520,165
Gravel taxes					120,135	-	120,135
Wheelage taxes					177,837	-	177,837
Payments in lieu of tax					29,346	-	29,346
Grants and contributions not restricted to specific programs					1,554,007	-	1,554,007
Investment earnings					1,916,965	9,072	1,926,037
Miscellaneous					359,607	-	359,607
<b>Contributions to permanent fund</b>					<b>10,050</b>	<b>-</b>	<b>10,050</b>
<b>Total general revenues and contributions</b>					<b>\$ 20,688,112</b>	<b>\$ 9,072</b>	<b>\$ 20,697,184</b>
<b>Change in net position</b>					<b>\$ 14,661,971</b>	<b>\$ 33,925</b>	<b>\$ 14,695,896</b>
<b>Net Position – January 1</b>					<b>112,718,491</b>	<b>848,073</b>	<b>113,566,564</b>
<b>Net Position – December 31</b>					<b>\$ 127,380,462</b>	<b>\$ 881,998</b>	<b>\$ 128,262,460</b>



## **Fund Financial Statements**

## **Governmental Funds**

**Sibley County  
Gaylord, Minnesota**

**Balance Sheet  
Governmental Funds  
December 31, 2024**

	<u>General</u>	<u>Public Works</u>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 7,349,672	\$ 12,174,032
Petty cash and change funds	3,875	-
Investments	-	-
Taxes receivable – delinquent	66,062	37,462
Special assessments receivable		
Delinquent	4,415	-
Noncurrent	-	-
Accounts receivable – net	38,941	175,525
Accrued interest receivable	930,120	-
Due from other funds	2,257,913	9,687
Due from other governments	67,724	6,850,606
Loans receivable	-	-
Inventories	-	1,102,316
Prepaid items	215,298	25,627
	<hr/>	<hr/>
<b>Total Assets</b>	<b><u>\$ 10,934,020</u></b>	<b><u>\$ 20,375,255</u></b>
 <b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 203,769	\$ 128,389
Salaries payable	432,069	126,509
Contracts payable	-	531,403
Due to other funds	9,751	10
Due to other governments	405,768	101,898
Unearned revenue	24,886	-
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b><u>\$ 1,076,243</u></b>	<b><u>\$ 888,209</u></b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	\$ 145,610	\$ 6,780,702
Prepaid property taxes	64,222	30,699
	<hr/>	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 209,832</u></b>	<b><u>\$ 6,811,401</u></b>

**Exhibit 3**

<b>Public Health and Human Services</b>	<b>Ditch</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 5,219,483	\$ 853,675	\$ 2,781,690	\$ 1,875,806	\$ 30,254,358
100	-	-	-	3,975
-	277,000	-	25,000	302,000
29,348	-	-	3,176	136,048
-	9,318	-	14,693	28,426
-	5,834,974	-	1,076,884	6,911,858
529,634	-	-	-	744,100
-	-	-	-	930,120
74	-	2,300,000	-	4,567,674
646,150	301,408	-	-	7,865,888
-	-	-	68,267	68,267
-	-	-	-	1,102,316
81,235	-	-	-	322,160
<b>\$ 6,506,024</b>	<b>\$ 7,276,375</b>	<b>\$ 5,081,690</b>	<b>\$ 3,063,826</b>	<b>\$ 53,237,190</b>
\$ 144,415	\$ 67,964	\$ 59,687	\$ 550	\$ 604,774
319,372	-	-	-	877,950
-	-	-	-	531,403
16,627	4,541,286	-	-	4,567,674
154,697	212,733	-	-	875,096
-	-	-	87,665	112,551
<b>\$ 635,111</b>	<b>\$ 4,821,983</b>	<b>\$ 59,687</b>	<b>\$ 88,215</b>	<b>\$ 7,569,448</b>
\$ 529,545	\$ 5,495,699	\$ -	\$ 1,094,753	\$ 14,046,309
29,034	-	-	2,886	126,841
<b>\$ 558,579</b>	<b>\$ 5,495,699</b>	<b>\$ -</b>	<b>\$ 1,097,639</b>	<b>\$ 14,173,150</b>

**Sibley County  
Gaylord, Minnesota**

**Balance Sheet  
Governmental Funds  
December 31, 2024**

	<u>General</u>	<u>Public Works</u>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances (Continued)</u></b>		
<b>Fund Balances</b>		
Nonspendable for		
Prepaid items	\$ 215,298	\$ 25,627
Inventories	-	1,102,316
Loan security	-	-
Federal lands	-	-
Restricted for		
Juvenile fines	20,915	-
Law library	31,504	-
Attorney's forfeited property	10,888	-
Recorder's equipment purchases	140,669	-
Land records technology	243,779	-
E-911	1,269,350	-
Sheriff next generation E-911	36,069	-
Park improvements	36,785	-
Aquatic invasive species program	61,653	-
Riparian protection	123,392	-
Shoreland grant	23,586	-
Conceal and carry program	213,478	-
Opioid remediation activities	286,743	-
State local housing aid	183,714	-
Public safety aid	335,391	-
Highway maintenance and construction	-	2,743,169
Land restoration – gravel tax	-	340,064
Ditch maintenance and construction	-	-
Local homeless prevention funds	-	-
Medical assistance eligibility renewal	-	-
Economic development loans	-	-
Sub-surface sewage treatment systems	-	-
Debt service	-	-
Committed for		
Tobacco ordinance	24,812	-
County parks	15,959	-
Alcohol enforcement and education	12,222	-
Solid waste	493,319	-
Projects, technology, and equipment purchases	-	-
Assigned to		
Public works	-	8,464,469
Public health and human services	-	-
Unassigned	5,868,419	-
<b>Total Fund Balances</b>	<b>\$ 9,647,945</b>	<b>\$ 12,675,645</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 10,934,020</b>	<b>\$ 20,375,255</b>

**Exhibit 3**  
(Continued)

<u>Public Health and Human Services</u>	<u>Ditch</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 81,235	\$ -	\$ -	\$ -	\$ 322,160
-	-	-	-	1,102,316
-	-	-	25,000	25,000
-	-	-	271,427	271,427
-	-	-	-	20,915
-	-	-	-	31,504
-	-	-	-	10,888
-	-	-	-	140,669
-	-	-	-	243,779
-	-	-	-	1,269,350
-	-	-	-	36,069
-	-	-	-	36,785
-	-	-	-	61,653
-	-	-	-	123,392
-	-	-	-	23,586
-	-	-	-	213,478
-	-	-	-	286,743
-	-	-	-	183,714
-	-	-	-	335,391
-	-	-	-	2,743,169
-	-	-	-	340,064
-	725,639	-	-	725,639
28,370	-	-	-	28,370
72,171	-	-	-	72,171
-	-	-	288,165	288,165
-	-	-	632,296	632,296
-	-	-	661,084	661,084
-	-	-	-	24,812
-	-	-	-	15,959
-	-	-	-	12,222
-	-	-	-	493,319
-	-	5,022,003	-	5,022,003
-	-	-	-	8,464,469
5,130,558	-	-	-	5,130,558
-	(3,766,946)	-	-	2,101,473
<u>\$ 5,312,334</u>	<u>\$ (3,041,307)</u>	<u>\$ 5,022,003</u>	<u>\$ 1,877,972</u>	<u>\$ 31,494,592</u>
<u>\$ 6,506,024</u>	<u>\$ 7,276,375</u>	<u>\$ 5,081,690</u>	<u>\$ 3,063,826</u>	<u>\$ 53,237,190</u>

**Sibley County  
Gaylord, Minnesota**

**Exhibit 4**

**Reconciliation of Governmental Funds Balance Sheet to the  
Government-Wide Statement of Net Position—Governmental Activities  
December 31, 2024**

<b>Fund balance – total governmental funds (Exhibit 3)</b>	<b>\$ 31,494,592</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Investments in joint ventures are reported in governmental activities and are not financial resources and, therefore, are not reported in the governmental funds.	4,303,816
Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	95,053,795
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	14,046,309
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to other postemployment benefits that are not recognized in the governmental funds.	
Deferred outflows related to other postemployment benefits	\$ 37,577
Deferred inflows related to other postemployment benefits	<u>(224,460)</u>
	(186,883)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred outflows related to pensions	\$ 3,268,066
Deferred inflows related to pensions	<u>(5,576,393)</u>
	(2,308,327)
Governmental funds do not report a liability for accrued interest on long-term liabilities until due and payable.	(53,996)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
General obligation bonds payable	\$ (4,294,267)
General obligation special assessment bonds payable	(1,248,445)
AgBMP loans payable	(1,319,868)
Leases payable	(74,179)
Software subscription liability	(27,837)
Compensated absences	(1,814,541)
Other postemployment benefits liability	(561,395)
Net pension liability	<u>(5,628,312)</u>
	<u>(14,968,844)</u>
<b>Net Position of Governmental Activities (Exhibit 1)</b>	<b>\$ <u>127,380,462</u></b>

**Sibley County  
Gaylord, Minnesota**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2024**

	<u>General</u>	<u>Public Works</u>
<b>Revenues</b>		
Taxes	\$ 8,270,721	\$ 4,744,118
Special assessments	136,550	-
Licenses and permits	52,274	-
Intergovernmental	2,036,080	18,248,193
Settlements	157,020	-
Charges for services	990,077	127,763
Fines and forfeits	2,371	-
Gifts and contributions	27,873	-
Investment earnings	1,873,243	-
Miscellaneous	333,629	213,723
<b>Total Revenues</b>	<b>\$ 13,879,838</b>	<b>\$ 23,333,797</b>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 5,989,501	\$ -
Public safety	4,747,617	-
Highways and streets	-	23,036,667
Sanitation	232,091	-
Human services	-	-
Health	-	-
Culture and recreation	488,829	-
Conservation of natural resources	769,900	-
Economic development	174,789	-
<b>Intergovernmental</b>		
Highways and streets	-	431,646
<b>Capital outlay</b>		
General government	10,588	-
Public safety	21,645	-
Highways and streets	-	18,300
Culture and recreation	114	-
<b>Debt service</b>		
Principal	19,967	-
Interest	2,245	-
Administrative charges	-	-
<b>Total Expenditures</b>	<b>\$ 12,457,286</b>	<b>\$ 23,486,613</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 1,422,552</b>	<b>\$ (152,816)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	\$ 16,912	\$ -
Transfers out	(1,683,318)	-
Loans issued	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (1,666,406)</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (243,854)</b>	<b>\$ (152,816)</b>
<b>Fund Balances – January 1</b>	<b>9,891,799</b>	<b>12,726,648</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>101,813</b>
<b>Fund Balances – December 31</b>	<b>\$ 9,647,945</b>	<b>\$ 12,675,645</b>



**Exhibit 5**

<b>Public Health and Human Services</b>	<b>Ditch</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 3,412,481	\$ -	\$ -	\$ 383,563	\$ 16,810,883
-	3,913,450	-	333,669	4,383,669
-	-	-	-	52,274
4,130,689	-	85,041	45,138	24,545,141
-	-	-	-	157,020
546,116	-	-	-	1,663,956
-	-	-	-	2,371
-	-	-	10,050	37,923
-	12,142	37,500	10,656	1,933,541
277,746	-	7,795	-	832,893
<b>\$ 8,367,032</b>	<b>\$ 3,925,592</b>	<b>\$ 130,336</b>	<b>\$ 783,076</b>	<b>\$ 50,419,671</b>
\$ -	\$ -	\$ -	\$ -	\$ 5,989,501
-	-	-	-	4,747,617
-	-	-	-	23,036,667
-	-	-	204,438	436,529
7,617,495	-	-	-	7,617,495
1,197,968	-	-	-	1,197,968
-	-	-	-	488,829
-	2,292,975	-	-	3,062,875
-	-	-	-	174,789
-	-	-	-	431,646
-	-	409,853	-	420,441
-	-	278,604	-	300,249
-	-	727,527	-	745,827
-	-	-	-	114
-	75,000	8,817	504,653	608,437
-	279,848	945	121,550	404,588
-	396	-	650	1,046
<b>\$ 8,815,463</b>	<b>\$ 2,648,219</b>	<b>\$ 1,425,746</b>	<b>\$ 831,291</b>	<b>\$ 49,664,618</b>
<b>\$ (448,431)</b>	<b>\$ 1,277,373</b>	<b>\$ (1,295,410)</b>	<b>\$ (48,215)</b>	<b>\$ 755,053</b>
\$ -	\$ -	\$ 1,683,318	\$ -	\$ 1,700,230
-	-	-	(16,912)	(1,700,230)
-	-	-	175,107	175,107
<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,683,318</b>	<b>\$ 158,195</b>	<b>\$ 175,107</b>
<b>\$ (448,431)</b>	<b>\$ 1,277,373</b>	<b>\$ 387,908</b>	<b>\$ 109,980</b>	<b>\$ 930,160</b>
5,760,765	(4,318,680)	4,634,095	1,767,992	30,462,619
-	-	-	-	101,813
<b>\$ 5,312,334</b>	<b>\$ (3,041,307)</b>	<b>\$ 5,022,003</b>	<b>\$ 1,877,972</b>	<b>\$ 31,494,592</b>

**Sibley County  
Gaylord, Minnesota**

**Exhibit 6**

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Government-Wide Statement of Activities—Governmental Activities  
For the Year Ended December 31, 2024**

Net change in fund balances – total governmental funds (Exhibit 5)	\$	930,160
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Amounts reported for governmental activities in the statement of activities are different because:

In the funds, distributions of joint venture equity interest are reported as revenue. In the statement of net position, an asset is reported for the equity interest, and distributions, increases, and decreases in joint venture equity are reported in the statement of activities. The adjustment is the increase or decrease in equity in the joint venture.		(2,031,247)
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In the funds, under the modified accrual basis, receivables not available for expenditure are unavailable. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in unavailable revenue.

Unavailable revenue – December 31	\$ 14,046,309	
Unavailable revenue – January 1	(13,063,205)	983,104

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

Expenditures for general capital assets	\$ 18,215,429	
Current year depreciation and amortization	(4,413,799)	13,801,630

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

Proceeds of new debt – AgBMP loans issued	\$ (175,107)	
Repayment of debt principal	579,653	
Amortization of premiums on bonds	7,847	412,393

Some capital asset additions are acquired through financing. In governmental funds, these arrangements are considered an other financing source, but in the statement of net position, the obligation is reported as a liability. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.

Principal payments on leases	\$ 19,967	
Principal payments on software subscriptions	8,817	28,784

**Sibley County  
Gaylord, Minnesota**

**Exhibit 6**  
*(Continued)*

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Government-Wide Statement of Activities—Governmental Activities  
For the Year Ended December 31, 2024**

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

Change in inventories	\$ 101,813	
Change in deferred other postemployment benefits outflows	(4,739)	
Change in deferred pension outflows	(1,449,680)	
Change in accrued interest payable	2,299	
Change in compensated absences	66,816	
Change in other postemployment benefits liability	(63,620)	
Change in net pension liability	2,254,858	
Change in deferred other postemployment benefits inflows	64,205	
Change in deferred pension inflows	(434,805)	537,147
	<hr/>	<hr/>
<b>Change in Net Position of Governmental Activities (Exhibit 2)</b>		<b><u><u>\$ 14,661,971</u></u></b>

## **Proprietary Fund**

**Sibley County  
Gaylord, Minnesota**

***Exhibit 7***

**Statement of Net Position  
Sibley Estates Enterprise Fund  
December 31, 2024**

**Assets**

**Current assets**

Cash and temporary investments	\$ 297,982
Tenant deposits held in trust	18,212
Restricted deposits	104,056
Petty cash and change funds	300
Accounts receivable	2,017
Prepaid items	713

<b>Total current assets</b>	<b><u>\$ 423,280</u></b>
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**Noncurrent assets**

Capital assets	
Non-depreciable	\$ 23,500
Depreciable – net of accumulated depreciation	462,761

<b>Total noncurrent assets</b>	<b><u>\$ 486,261</u></b>
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<b>Total Assets</b>	<b><u>\$ 909,541</u></b>
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**Liabilities**

**Current liabilities**

Accounts payable	\$ 8,971
Due to other governments	1,598
Accrued interest payable	929
Security deposits payable	16,045

<b>Total Liabilities</b>	<b><u>\$ 27,543</u></b>
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**Net Position**

Investment in capital assets	\$ 486,261
Restricted for housing and redevelopment	106,223
Unrestricted	289,514

<b>Total Net Position</b>	<b><u>\$ 881,998</u></b>
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**Sibley County  
Gaylord, Minnesota**

***Exhibit 8***

**Statement of Revenues, Expenses, and Changes in Net Position  
Sibley Estates Enterprise Fund  
For the Year Ended December 31, 2024**

<b>Operating Revenues</b>	
Rents	\$ 220,023
Intergovernmental – federal	190,915
Miscellaneous	6,755
	<hr/>
<b>Total Operating Revenues</b>	<b>\$ 417,693</b>
	<hr/>
<b>Operating Expenses</b>	
Personal services	\$ 139,535
Professional services	35,662
Telephone	5,234
Utilities	48,097
Taxes and licenses	5,143
Marketing costs	1,531
Insurance	11,181
Repairs and maintenance	84,200
Independent public accountant costs	11,000
Miscellaneous	20,881
Depreciation	30,274
	<hr/>
<b>Total Operating Expenses</b>	<b>\$ 392,738</b>
	<hr/>
<b>Operating Income (Loss)</b>	<b>\$ 24,955</b>
	<hr/>
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	\$ 9,072
Interest expense	(102)
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 8,970</b>
	<hr/>
<b>Change in Net Position</b>	<b>\$ 33,925</b>
	<hr/>
<b>Net Position – January 1</b>	<b>848,073</b>
	<hr/>
<b>Net Position – December 31</b>	<b>\$ 881,998</b>
	<hr/>

**Sibley County  
Gaylord, Minnesota**

**Exhibit 9**

**Statement of Cash Flows  
Sibley Estates Enterprise Fund  
For the Year Ended December 31, 2024**

<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 225,865
Receipts from government agencies	190,915
Payments to suppliers and vendors	(225,075)
Other cash receipts	328
Payments to and on behalf of employees	(139,535)
	<hr/>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 52,498</b>
	<hr/>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition of capital assets	\$ (5,000)
	<hr/>
<b>Cash Flows from Investing Activities</b>	
Interest paid	\$ (96)
Interest received on investments	9,072
	<hr/>
<b>Net cash provided by (used in) investing activities</b>	<b>\$ 8,976</b>
	<hr/>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 56,474</b>
	<hr/>
<b>Cash and Cash Equivalents – January 1</b>	<b>364,076</b>
	<hr/>
<b>Cash and Cash Equivalents – December 31</b>	<b>\$ 420,550</b>
	<hr/>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position – Exhibit 7</b>	
Cash and temporary investments	\$ 297,982
Tenant deposits held in trust	18,212
Restricted deposits	104,056
Petty cash and change funds	300
	<hr/>
<b>Total Cash and Cash Equivalents – December 31</b>	<b>\$ 420,550</b>
	<hr/>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
<b>Operating income (loss)</b>	<b>\$ 24,955</b>
	<hr/>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>	
Depreciation expense	\$ 30,274
(Increase) decrease in accounts receivable	(1,198)
Increase (decrease) in accounts payable	339
Increase (decrease) in due to other governments	(2,261)
Increase (decrease) in accrued liabilities	(224)
Increase (decrease) in security deposits payable	613
	<hr/>
<b>Total adjustments</b>	<b>\$ 27,543</b>
	<hr/>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 52,498</b>
	<hr/>

## **Fiduciary Funds**



**Sibley County  
Gaylord, Minnesota**

**Exhibit 10**

**Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2024**

	<b>Social Welfare Private-Purpose Trust Fund</b>	<b>Custodial Funds</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 38,399	\$ 766,717
Taxes receivable for other governments	-	226,790
Special assessments receivable for other governments	-	399,249
Accounts receivable	-	47,018
<b>Total Assets</b>	<b>\$ 38,399</b>	<b>\$ 1,439,774</b>
<b><u>Liabilities</u></b>		
Due to others	\$ -	\$ 24,580
Due to other governments	-	418,860
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 443,440</b>
<b><u>Deferred Inflows of Resources</u></b>		
Prepaid taxes	\$ -	\$ 117,835
<b><u>Net Position</u></b>		
Restricted for individuals, organizations, and other governments	<b>\$ 38,399</b>	<b>\$ 878,499</b>

**Sibley County  
Gaylord, Minnesota**

**Exhibit 11**

**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2024**

	<b>Social Welfare Private-Purpose Trust Fund</b>	<b>Custodial Funds</b>
<b><u>Additions</u></b>		
Contributions from individuals	\$ 449,952	\$ 422,379
Interest earnings	14	4,993
Property tax collections for other governments	-	19,614,346
Fees collected for the state	-	3,476,656
Payments from the state	-	95,032
Refunds collected for other entities	-	4,587
Payments from other entities	-	110,396
Miscellaneous	-	6,770
<b>Total Additions</b>	<b>\$ 449,966</b>	<b>\$ 23,735,159</b>
<b><u>Deductions</u></b>		
Beneficiary payments to individuals	\$ 452,716	\$ 8,521
Payments of property tax to other governments	-	19,143,644
Payments to the state	-	3,663,578
Administrative expense	-	82,201
Payments to other entities	-	485,306
<b>Total Deductions</b>	<b>\$ 452,716</b>	<b>\$ 23,383,250</b>
<b>Change in Net Position</b>	<b>\$ (2,750)</b>	<b>\$ 351,909</b>
<b>Net Position – January 1</b>	<b>41,149</b>	<b>526,590</b>
<b>Net Position – December 31</b>	<b>\$ 38,399</b>	<b>\$ 878,499</b>

# **Sibley County Gaylord, Minnesota**

## **Notes to the Financial Statements As of and for the Year Ended December 31, 2024**

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### **Note 1 – Summary of Significant Accounting Policies**

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

#### **Financial Reporting Entity**

Sibley County was established March 5, 1853, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Sibley County (primary government). The County is governed by a five-member Board of Commissioners elected from the five districts within the County. The Board is organized with a chair and vice chair elected at the annual organizational meeting in January of each year.

#### **Joint Ventures and Jointly-Governed Organizations**

The County participates in joint ventures and jointly-governed organizations as described in Note 5 – Summary of Significant Contingencies and Other Items.

### **Basic Financial Statements**

#### **Government-Wide Statements**

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

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

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities and business-type activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity.

## Sibley County Gaylord, Minnesota

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Revenues not classified as program revenues, including all taxes, are presented as general revenues. The County does not allocate indirect expenses to functions within the financial statements.

### Fund Financial Statements

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

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

The County reports the following major governmental funds:

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

The Public Works Special Revenue Fund accounts for restricted revenues from the federal and state government, as well as assigned property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

The Public Health and Human Services Special Revenue Fund accounts for restricted revenue resources from the federal, state, and other oversight agencies, as well as assigned property tax revenues used for economic assistance and community social services programs.

The Ditch Special Revenue Fund accounts for special assessments revenue levied against benefitted property to finance the cost of constructing and maintaining an agricultural drainage ditch system.

The Capital Projects Fund accounts for financial resources restricted, committed, or assigned to be used for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The County reports the following major enterprise fund:

The Sibley Estates Fund is used to account for the development and management of housing units for low- to moderate-income residents and the administration of housing rental assistance programs for low-income residents.

Additionally, the County reports the following fund types:

The Debt Service Fund accounts for financial resources restricted, committed, or assigned to be used for principal and interest payments on County debt.

The Permanent Fund is used to report resources legally restricted to the extent that only earnings, and not principal, may be used for purposes that support County programs.

## **Sibley County Gaylord, Minnesota**

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The Social Welfare Private-Purpose Trust Fund is used to account for resources held in trust on behalf of individuals receiving social welfare assistance.

Custodial funds are safekeeping in nature. These funds account for monies the County holds for others in a fiduciary capacity.

### **Measurement Focus and Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Sibley County considers all revenues as available if collected within 60 days after the end of the current period. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Issuances of long-term debt and acquisitions under leases and software subscriptions are reported as other financing sources. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as needed.

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

#### **Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2024. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund.

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and temporary and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents include restricted assets.

Sibley County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool.

Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2024 were \$1,873,243.

# Sibley County

## Gaylord, Minnesota

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### Receivables and Payables

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balance outstanding between the governmental activities and business-type activities is reported in the government-wide financial statements as “internal balances.”

Accounts receivable is shown net of an allowance for uncollectible balances.

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

Special assessments receivable consist of delinquent special assessments payable in the years 2019 through 2024 and noncurrent special assessments payable in 2025 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments receivable.

### Inventories and Prepaid Items

The County uses the weighted average valuation method for all inventory purchased. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the government-wide level are reported as expenses when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

### Capital Assets

The County’s capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, and similar items), and right-to-use assets acquired under leasing and software subscription arrangements, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (entry price) on the date of donation.

Additions, improvements, and other capital outlays that significantly extend the useful life or increase capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

## Sibley County Gaylord, Minnesota

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Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives, while right-to-use assets are amortized over the shorter of the underlying asset's estimated useful life or the lease term:

### Estimated Useful Lives of Capital Assets

Assets	Years
Buildings and building improvements	50-75
Infrastructure	15-50
Machinery, furniture, and equipment	3-15
Right-to-use machinery, furniture, and equipment and software subscriptions	5
Improvements other than buildings	10-35

### Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated Paid Time Off (PTO) leave and compensatory time balances. The liability for compensated absences is reported in the government-wide financial statements. The leave consists of PTO leave and compensatory time that is attributable to services already rendered, it accumulates, and it is more likely than not to be used or settled through cash or noncash means. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion is calculated as 27 percent of the total liability. The noncurrent portion consists of the remaining PTO leave and compensatory time.

### Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Acquisitions under leases and software subscriptions are reported as an other financing source at the present value of the future minimum payments as of the inception date.

# Sibley County

## Gaylord, Minnesota

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### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until that time. The County reports deferred outflows of resources only under the full accrual basis of accounting associated with pension plans and other postemployment benefits (OPEB) and, accordingly, are reported only in the statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Prepaid property taxes represent the County's share of tax collections collected prior to year-end that were not due until the following year. Since the property taxes were levied for use in a future year, the revenue is deferred and recognized in the period for which the amount is levied. These amounts arise under both the modified accrual and the full accrual basis of accounting and are reported in both the governmental fund balance sheet and the statement of net position. The governmental funds report unavailable revenue associated with receivables not collected within the period of availability. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources associated with pension plans and OPEB. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

### Pension Plan

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

### Unearned Revenue

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

### Classification of Net Position

Net position in the government-wide and proprietary fund financial statements is classified in the following categories:

Net investment in capital assets – the amount of net position representing capital assets, net of accumulated depreciation and amortization, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.



## Sibley County Gaylord, Minnesota

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Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – the amount of net position that is not included in the net investment in capital assets or restricted components.

### Classification of Fund Balances

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

Nonspendable – amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – amounts for which constraints have been placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned – amounts the County intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Auditor-Treasurer who has been designated that authority by Board resolution.

Unassigned – the residual classification for the General Fund includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

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

Sibley County has adopted a minimum fund balance policy for the General Fund, Public Works Special Revenue Fund, and Public Health and Human Services Special Revenue Fund. The policy requires that the combined unrestricted fund balance of the General Fund, Public Works Special Revenue Fund, and Public Health and Human Services Special Revenue Fund maintain a minimum fund balance at year-end of 35 percent of the subsequent

# Sibley County

## Gaylord, Minnesota

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year's combined expenditure budget. The County does not have a minimum fund balance policy for its other funds.

### Use of Estimates

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

### Change in Accounting Principle

During the year ended December 31, 2024, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) No. 101, *Compensated Absences*, which establishes new criteria for accounting and financial reporting for the compensated absences liability. The implementation of this statement resulted in no change to the calculation of the compensated absences liability recorded in the long-term liabilities of the government-wide financial statements.

## Note 2 – Stewardship, Compliance, and Accountability

### Deficit Fund Balance – Ditch Special Revenue Fund

The Ditch Special Revenue Fund has a deficit fund balance of \$3,041,307. The deficit will be eliminated with future special assessment levies against benefitted properties. The following is a summary of the individual ditch systems:

Individual Ditch System Fund Balance	Amount
26 ditches with positive fund balances	\$ 725,639
40 ditches with deficit fund balances	(3,766,946)
Total Fund Balance	<u>\$ (3,041,307)</u>

# Sibley County

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### Note 3 – Detailed Notes

#### Assets

#### Deposits and Investments

Reconciliation of the County's total deposits, petty cash, change funds, and investments to the basic financial statements follows:

**Reconciliation of the County's Total Cash and Investments to the  
Basic Financial Statements as of December 31, 2024**

Governmental activities	
Cash and pooled investments	\$ 30,254,358
Petty cash and change funds	3,975
Investments	302,000
Business-type activities	
Cash and temporary investments	297,982
Tenant deposits held in trust	18,212
Restricted deposits	104,056
Petty cash and change funds	300
Fiduciary funds	
Private-purpose trust funds	
Cash and pooled investments	38,399
Custodial funds	
Cash and pooled investments	766,717
Total Cash and Investments	<u>\$ 31,785,999</u>
Deposits	\$ 1,888,101
Petty cash and change funds	4,275
Investments	<u>29,893,623</u>
Total	<u>\$ 31,785,999</u>

#### Deposits

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

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

# Sibley County

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### [Custodial Credit Risk](#)

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County's policy regarding custodial credit risk for deposits is to obtain collateral or bond to cover any uninsured portion of the County's deposits and to comply with state law. As of December 31, 2024, Sibley County's deposits were not exposed to custodial credit risk.

### [Investments](#)

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

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

### [Fair Value Measurement](#)

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

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

# Sibley County Gaylord, Minnesota

At December 31, 2024, the County had the following recurring fair value measurements.

## Recurring Fair Value Measurements as of December 31, 2024

	December 31, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. agencies	\$ 1,697,550	\$ -	\$ 1,697,550	\$ -
Negotiable certificates of deposit	12,410,163	-	12,410,163	-
Total Investments Included in the Fair Value Hierarchy	<u>\$ 14,107,713</u>	<u>\$ -</u>	<u>\$ 14,107,713</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	<u>\$ 15,785,910</u>			

Debt securities classified in Level 2 are valued using a market approach quoted in active markets for those securities. Debt securities classified in Level 2 are valued using the following approaches:

- U.S. Agencies: a market approach by utilizing quoted prices for identical securities in markets that are not active; and
- Negotiable Certificates of Deposit: a market approach using quoted prices for similar securities in markets that are not active.

MAGIC is a local government investment pool which is quoted at NAV. The County invests in this pool for the purpose of the joint investment with other counties to enhance the investment earnings accruing to each member. The MAGIC fund currently consists of the MAGIC Portfolio.

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

# Sibley County Gaylord, Minnesota

## Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. It is the County's policy to minimize its exposure to interest rate risk by (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby, avoiding the need to sell securities in the open market; and (2) investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the County's cash requirements. At December 31, 2024, the County had the following investments with specified maturity dates:

### Cash and Investments and Information Relating to Potential Investment Risk as of December 31, 2024

	Carrying (Fair) Value	Maturity Dates	
		0-1 Year	Over 1 Year
U.S. government securities*	\$ 1,697,550	\$ 245,130	\$ 1,452,420
Negotiable certificates of deposit	12,410,163	4,637,206	7,772,957
MAGIC Portfolio	15,785,910	15,785,910	-
Total	<u>\$ 29,893,623</u>	<u>\$ 20,668,246</u>	<u>\$ 9,225,377</u>

\*These notes have step provisions which could result in the notes being called prior to maturity.

## Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. While the County does not have a policy on credit risk, it invests only in securities that meet the ratings requirements set by state statute. Investments in negotiable certificates of deposit and the MAGIC Portfolio are unrated. The County's other exposure to credit risk as of December 31, 2024, is as follows:

### Credit Risk of Investments

Moody's Rating	Fair Value
Aaa	\$ 1,697,550

## Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County's investment policy is to minimize investment custodial credit risk by permitting brokers that obtained investments for the County to hold them only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage available. Securities purchased that exceed available SIPC coverage shall be transferred to the County's custodian. As of December 31, 2024, the County's investments were not subject to custodial credit risk.

# Sibley County Gaylord, Minnesota

## Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy to diversify its investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Investments in any one issuer that represent five percent or more of the County's investments are as follows:

### Concentration of Credit Risk of Investments

Issuer	Fair Value
Federal Home Loan Bank	\$ 1,697,550

## Receivables

Receivables as of December 31, 2024, for the County are as follows:

### Governmental Activities' Receivables as of December 31, 2024

	Receivable	Less: Allowance for Uncollectible Accounts	Net Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities				
Taxes – delinquent	\$ 136,048	\$ -	\$ 136,048	\$ -
Special assessments – delinquent	28,426	-	28,426	-
Special assessments – noncurrent	6,911,858	-	6,911,858	4,509,139
Accounts receivable	758,740	(14,640)	744,100	-
Accrued interest receivable	930,120	-	930,120	-
Due from other governments	7,865,888	-	7,865,888	-
Loans receivable	68,267	-	68,267	55,903
Total Governmental Activities	<u>\$ 16,699,347</u>	<u>\$ (14,640)</u>	<u>\$ 16,684,707</u>	<u>\$ 4,565,042</u>

Loans receivable represents the unpaid principal portions of loans made by the County through its Revolving Loan Fund.

# Sibley County Gaylord, Minnesota

## Capital Assets

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

## Governmental Activities

### Changes in Capital Assets for the Year Ended December 31, 2024

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,838,531	\$ 38,556	\$ -	\$ 1,877,087
Construction in progress	4,430,998	16,218,446	(1,235,217)	19,414,227
Total capital assets not depreciated	\$ 6,269,529	\$ 16,257,002	\$ (1,235,217)	\$ 21,291,314
Capital assets depreciated and amortized				
Infrastructure	\$ 101,041,459	\$ 2,114,349	\$ -	\$ 103,155,808
Buildings and building improvements	14,688,232	260,803	-	14,949,035
Machinery, furniture, and equipment	10,771,457	818,492	(534,778)	11,055,171
Improvements other than buildings	447,290	-	-	447,290
Lease equipment	103,934	-	-	103,934
Software subscriptions	41,745	-	-	41,745
Total capital assets depreciated and amortized	\$ 127,094,117	\$ 3,193,644	\$ (534,778)	\$ 129,752,983
Less: accumulated depreciation and amortization for				
Infrastructure	\$ 39,521,950	\$ 3,191,825	\$ -	\$ 42,713,775
Buildings and building improvements	6,098,474	394,049	-	6,492,523
Machinery, furniture, and equipment	6,409,865	776,935	(534,778)	6,652,022
Improvements other than buildings	60,713	21,854	-	82,567
Lease equipment	12,130	20,787	-	32,917
Software subscriptions	8,349	8,349	-	16,698
Total accumulated depreciation and amortization	\$ 52,111,481	\$ 4,413,799	\$ (534,778)	\$ 55,990,502
Total capital assets depreciated and amortized, net	\$ 74,982,636	\$ (1,220,155)	\$ -	\$ 73,762,481
Total Capital Assets, Net	\$ 81,252,165	\$ 15,036,847	\$ (1,235,217)	\$ 95,053,795



# Sibley County Gaylord, Minnesota

## Business-Type Activities

### Changes in Capital Assets for the Year Ended December 31, 2024

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 23,500	\$ -	\$ -	\$ 23,500
Capital assets depreciated				
Improvements other than buildings	\$ 115,166	\$ -	\$ -	\$ 115,166
Buildings and improvements	1,772,825	5,000	-	1,777,825
Machinery, furniture, and equipment	161,707	-	-	161,707
Total capital assets depreciated	\$ 2,049,698	\$ 5,000	\$ -	\$ 2,054,698
Less: accumulated depreciation	1,561,663	30,274	-	1,591,937
Total capital assets depreciated, net	\$ 488,035	\$ (25,274)	\$ -	\$ 462,761
Total Capital Assets, Net	\$ 511,535	\$ (25,274)	\$ -	\$ 486,261

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

### Depreciation and Amortization Expense Charged to Functions/Programs

Governmental Activities	
General government	\$ 434,696
Public safety	263,273
Highways and streets, including depreciation of infrastructure assets	3,689,702
Human services	5,699
Culture and recreation	10,166
Conservation of natural resources	10,263
Total Depreciation and Amortization Expense – Governmental Activities	<u>\$ 4,413,799</u>
Business-Type Activities	
Housing and redevelopment	<u>\$ 30,274</u>

# Sibley County Gaylord, Minnesota

## Interfund Receivables and Payables

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

### Due To/From Other Funds

#### Due To/From Other Funds as of December 31, 2024

Receivable Fund	Payable Fund	Amount
General Fund	Public Health and Human Services Special Revenue Fund	\$ 16,627
	Ditch Special Revenue Fund	2,241,286
Total due to General Fund		\$ 2,257,913
Public Works Special Revenue Fund	General Fund	\$ 9,687
Public Health and Human Services Special Revenue Fund	General Fund	\$ 64
	Public Works Special Revenue Fund	10
Total due to Public Health and Human Services Special Revenue Fund		\$ 74
Capital Projects Fund	Ditch Special Revenue Fund	\$ 2,300,000
Total Due To/From Other Funds		\$ 4,567,674

The interfund balances are for services performed and a short-term loan between the General Fund, Capital Projects Fund, and the Ditch Special Revenue Fund.

### Interfund Transfers

#### Transfers To/From Other Funds

Transfers Out	Transfers In	Amount	Purpose
General Fund	Capital Projects Fund	\$ 1,683,318	Capital outlay
Federal Lands Permanent Fund	General Fund	16,912	County PILT
Total Transfer To/From Other Funds		\$ 1,700,230	

## Liabilities

### Security Deposits Payable

Security deposits are collected from the tenants of Sibley Estates of Sibley County. Deposits are invested in the general investment account. The related liability consists of actual deposits and does not include any interest earned by tenants on deposits. Refunds are made when a tenant leaves the project.

# Sibley County Gaylord, Minnesota

## Contract Commitments

The County has active contract commitments as of December 31, 2024. The commitments include the following:

### Active Construction Projects and Other Commitments as of December 31, 2024

	Spent-to-Date	Remaining Commitment
Public Works Special Revenue Fund Highway projects	\$ 16,094,311	\$ 8,862,668

## Long-Term Debt

### Long-Term Debt Payable as of December 31, 2024

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
General obligation bonds					
2017 G.O. Capital Improvement Bonds	2038	\$15,000- \$360,000	2.00-3.25	\$ 5,085,000	\$ 4,220,000
General obligation special assessment bonds					
2017 G.O. Bonds County Ditch 29	2038	\$35,000- \$70,000	2.00-3.25	\$ 1,090,000	\$ 820,000
2017 G.O. Bonds County Ditch 39	2037	\$5,000- \$10,000	2.00-3.25	130,000	100,000
2017 G.O. Bonds Joint Ditch 32 SM	2032	\$5,000- \$10,000	2.00-3.00	85,000	55,000
2017 G.O. Bonds Joint Ditch 18 SM Repair	2038	\$10,000- \$20,000	2.00-3.25	330,000	245,000
Total General Obligation Special Assessment Bonds				\$ 1,635,000	\$ 1,220,000
Minnesota Department of Agriculture loans					
Ag Best Management Loan Program (AgBMP)	2036	\$935- \$99,290	-	\$ 2,023,924	\$ 1,319,868

# Sibley County Gaylord, Minnesota

## Debt Service Requirements

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

### Debt Service Requirements as of December 31, 2024

Year Ending December 31	General Obligation Bonds		General Obligation Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 255,000	\$ 116,500	\$ 75,000	\$ 33,600
2026	260,000	111,025	75,000	32,006
2027	265,000	104,788	75,000	30,225
2028	270,000	98,100	80,000	28,288
2029	280,000	90,875	80,000	26,188
2030-2034	1,510,000	330,213	455,000	93,356
2035-2038	1,380,000	89,638	380,000	24,063
Total	\$ 4,220,000	\$ 941,139	\$ 1,220,000	\$ 267,726

Year Ending December 31	AgBMP Loans	
	Principal	Interest
2025	\$ 185,912	\$ -
2026	190,525	-
2027	180,323	-
2028	160,377	-
2029	146,087	-
2030-2034	438,228	-
2035-2036	18,416	-
Total	\$ 1,319,868	\$ -

## Leases

The County has entered into lease agreements as lessee for financing copier leases for various departments. The lease terms are five years and have been recorded at the present value of their future minimum lease payments as of the inception date. Lease payments are paid from the General Fund.

### Future Minimum Lease Obligations and Present Value of Minimum Lease Payments As of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 20,500	\$ 1,711
2026	21,048	1,164
2027	21,610	601
2028	11,021	85
Total Governmental Activities Lease Payments	\$ 74,179	\$ 3,561

# Sibley County Gaylord, Minnesota

## Software Subscriptions

The County has entered into various agreements to finance software subscriptions. The agreement terms are five years and have been recorded at the present value of their future minimum payments as of the inception date. Software subscription payments are paid from the Capital Projects Fund.

### **Future Minimum Software Subscription Obligations and Present Value of Minimum Software Subscription Payments as of December 31, 2024**

Year Ending December 31	Principal	Interest
2025	\$ 9,045	\$ 718
2026	9,277	485
2027	9,515	245
Total Governmental Activities Software Subscription Payments	<u>\$ 27,837</u>	<u>\$ 1,448</u>

## Changes in Long-Term Liabilities

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

### **Changes in Long-Term Liabilities for the Year Ended December 31, 2024**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities long-term liabilities					
Bonds payable					
General obligation bonds	\$ 4,470,000	\$ -	\$ (250,000)	\$ 4,220,000	\$ 255,000
Add: Unamortized premium	79,941	-	(5,674)	74,267	-
General obligation special assessment bonds	1,295,000	-	(75,000)	1,220,000	75,000
Add: Unamortized premium	30,618	-	(2,173)	28,445	-
Total bonds payable	\$ 5,875,559	\$ -	\$ (332,847)	\$ 5,542,712	\$ 330,000
AgBMP loans	1,399,414	175,107	(254,653)	1,319,868	185,912
Compensated absences	1,881,357	-	(66,816)*	1,814,541	489,926
Leases	94,146	-	(19,967)	74,179	20,500
Software subscription liability	36,654	-	(8,817)	27,837	9,045
Total Governmental Activities Long-Term Liabilities	<u>\$ 9,287,130</u>	<u>\$ 175,107</u>	<u>\$ (683,100)</u>	<u>\$ 8,779,137</u>	<u>\$ 1,035,383</u>

\*The change in the compensated absences liability is presented as a net change.

# Sibley County Gaylord, Minnesota

## Deferred Inflows of Resources – Unavailable Revenue

Deferred inflows of resources – unavailable revenue as of December 31, 2024, for the County’s governmental funds are as follows:

### **Governmental Funds Deferred Inflows of Resources – Unavailable Revenue as of December 31, 2024**

	Deferred Inflows of Resources – Unavailable Revenue
Unavailable revenue	
Delinquent property taxes	\$ 136,048
Special assessments receivable, delinquent and noncurrent	6,591,691
Highway allotments that do not provide current financial resources	6,743,240
Grants	105,601
Charges for services	406,001
Miscellaneous	9,409
Interest	54,319
Total unavailable revenue	<u>\$ 14,046,309</u>

## Other Postemployment Benefits (OPEB)

### Plan Description

Sibley County administers an OPEB plan, a single-employer defined benefit health care plan, to eligible retirees and their dependents.

The plan offers County medical insurance coverage for eligible retired employees and their spouses. Retirees pay 100 percent of the blended active/retiree premium rate, in accordance with Minn. Stat. § 471.61, subd. 2b. By participating, the retirees, whose cost is statistically higher than the group average, are receiving an implicit rate “subsidy.” For 2024, the benefit payments for the implicit rate subsidy were determined by an actuarial study to be \$18,611.

As of the January 1, 2023, actuarial valuation, the following participants were covered by the benefit terms:

Type of Participant Covered by the OPEB Benefit Terms	Number of Participants
Retirees or beneficiaries currently receiving benefits	1
Active employee plan participants	<u>169</u>
Total	<u>170</u>

No assets have been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75. The OPEB plan does not issue a stand-alone financial report.

# Sibley County

## Gaylord, Minnesota

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### Total OPEB Liability

The County's total OPEB liability of \$561,395 was determined by an actuarial valuation as of January 1, 2023, which was rolled forward to a measurement date of January 1, 2024. The OPEB liability is liquidated through the General Fund and other governmental funds that have personal services.

The total OPEB liability in the fiscal year-end December 31, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

#### **OPEB Actuarial Assumptions and Other Inputs**

Inflation	2.50 percent
Salary increases	Graded by service years and contract group ranging from 10.25 percent for one year of service (11.75 percent for public safety) to 3.00 percent for 27 or more years of service (3.00 percent for public safety)
Health care cost trend	6.25 percent, grading to 5.00 percent over six years and then 4.00 percent over the next 48 years

The current year discount rate is 4.00 percent, which is no change from the prior year rate. For the current valuation, the discount rate is based on the estimated yield of 20-year AA-rated municipal bonds.

Mortality rates are based on the Pub-2010 Public Retirement Plans Headcount Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data.

### Changes in the Total OPEB Liability

#### **Changes in the Total OPEB Liability for the Year Ended December 31, 2024**

	Total OPEB Liability
Balance at December 31, 2023	<u>\$ 497,775</u>
Changes for the year	
Service cost	\$ 51,200
Interest	21,774
Benefit payments	<u>(9,354)</u>
Net change	<u>\$ 63,620</u>
Balance at December 31, 2024	<u>\$ 561,395</u>

# Sibley County Gaylord, Minnesota

## OPEB Liability Sensitivity

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

### **Sensitivity of the Total OPEB Liability to Changes in the Discount Rate as of December 31, 2024**

	Discount Rate	Total OPEB Liability
1% Decrease	3.00%	\$ 607,839
Current	4.00%	561,395
1% Increase	5.00%	518,214

The following presents the total OPEB liability of the County, calculated using the health care cost trend previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rate:

### **Sensitivity of the Total OPEB Liability to Changes in the Health Care Trend Rates as of December 31, 2024**

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.25% Decreasing to 4.00%	\$ 493,558
Current	6.25% Decreasing to 5.00%	561,395
1% Increase	7.25% Decreasing to 6.00%	641,969

## OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2024, the County recognized OPEB expense of \$22,765. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

### **Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB as of December 31, 2024**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 9,944	\$ 80,937
Difference between actual and expected results	9,022	143,523
Contributions made subsequent to the measurement date	18,611	-
Total	<u>\$ 37,577</u>	<u>\$ 224,460</u>

The \$18,611 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:



# Sibley County

## Gaylord, Minnesota

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### Schedule of Amortization of Deferred Outflows and Inflows of Resources Related to OPEB as of December 31, 2024

Year Ended December 31	OPEB Expense Amount
2025	\$ (50,204)
2026	(38,714)
2027	(43,680)
2028	(36,450)
2029	(36,446)

#### Changes in Actuarial Assumptions

There were no changes in actuarial assumptions that occurred in 2024.

#### Pension Plans

##### Defined Benefit Pension Plans

##### Plan Description

All full-time and certain part-time employees of Sibley County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan), the Public Employees Police and Fire Plan (the Police and Fire Plan), and the Public Employees Local Government Correctional Service Retirement Plan (the Correctional Plan), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, while the Basic Plan and Minneapolis Employees Retirement Fund members are not covered. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members in 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after three years of credited service. No Sibley County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the correctional facility and its inmates are covered by the Correctional Plan (accounted for in the Correctional Fund). For members hired after June 30, 2010, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years.

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### Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost-of-living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and a maximum of 1.50 percent. The 2024 annual increase was 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Police and Fire Plan benefit recipients will receive a 1.00 percent post-retirement increase. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Correctional Plan benefit recipients will receive a post-retirement increase equal to 100 percent of the cost-of-living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and a maximum of 2.50 percent. The 2024 annual increase was 2.50 percent. If the Correctional Plan's funding status declines to 85 percent or below for two consecutive years, or 80 percent for one year, the maximum will be lowered from 2.50 percent to 1.50 percent. If on January 1, after the year of the 1.50 percent increase, the funding level increases above the applicable 85 percent or 80 percent funding status, the increase returns to 2.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not yet receiving them, are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In the General Employees Plan, two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Police and Fire Plan members, the annuity accrual rate is 3.00 percent of average salary for each year of service. For Correctional Plan members, the annuity accrual rate is 1.90 percent of average salary for each year of service.

For General Employees Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Police and Fire Plan and Correctional Plan

# Sibley County

## Gaylord, Minnesota

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members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits and disability qualification requirements vary by plan.

### Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. Rates did not change from 2023.

#### **Member and Employer Required Contribution Rates**

	Member Required Contribution	Employer Required Contribution
General Employees Plan – Coordinated Plan members	6.50%	7.50%
Police and Fire Plan	11.80%	17.70%
Correctional Plan	5.83%	8.75%

#### **Employer Contributions for the Year Ended December 31, 2024**

General Employees Plan	\$ 707,898
Police and Fire Plan	280,903
Correctional Plan	82,764

The contributions are equal to the statutorily required contributions as set by state statute.

### Pension Costs

#### General Employees Plan

At December 31, 2024, the County reported a liability of \$4,046,035 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the County's proportion was 0.1094 percent. It was 0.1086 percent measured as of June 30, 2023. The County recognized pension expense of \$434,251 for its proportionate share of the General Employees Plan's pension expense.

The State of Minnesota contributed \$170.1 million to the General Employees Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. The County recognized \$186,155 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Plan.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. This contribution meets the definition of a special funding situation. The County recognized an additional \$2,805 as grant revenue and pension expense for its proportionate share of the State of Minnesota's

# Sibley County Gaylord, Minnesota

pension expense related to the special funding situation.

## General Employees Plan Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2024

The County's proportionate share of the net pension liability	\$ 4,046,035
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>104,622</u>
Total	<u>\$ 4,150,657</u>

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

## General Employees Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 379,484	\$ -
Changes in actuarial assumptions	19,620	1,522,742
Difference between projected and actual investment earnings	-	1,194,183
Changes in proportion	35,360	24,245
Contributions paid to PERA subsequent to the measurement date	<u>357,584</u>	<u>-</u>
Total	<u>\$ 792,048</u>	<u>\$ 2,741,170</u>

The \$357,584 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

## General Employees Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2024

Year Ended December 31	Pension Expense Amount
2025	\$ (1,303,023)
2026	(210,658)
2027	(482,920)
2028	(310,105)

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### Police and Fire Plan

At December 31, 2024, the County reported a liability of \$1,471,881 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the County's proportion was 0.1119 percent. It was 0.0957 percent measured as of June 30, 2023. The County recognized pension expense of \$341,210 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota contributed \$19.4 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. Additionally, the State of Minnesota contributed \$9 million of supplemental state aid to the Police and Fire Plan for the Plan's fiscal year ended June 30, 2024. Legislation requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, until the Police and Fire Plan and the State Patrol Plan are 90 percent funded for three consecutive years, or July 1, 2048, whichever is earlier. This contribution also does not meet the definition of a special funding situation. The County recognized \$31,770 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Plan.

Legislation also requires the State of Minnesota to pay direct state aid of \$9 million on October 1 each year until full funding is reached for three consecutive years, or July 1, 2048, whichever is earlier. This contribution meets the definition of a special funding situation. The County recognized an additional \$6,276 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

### **Police and Fire Plan**

#### **Employer's Share of the Net Pension Liability and the State's Related Liability**

#### **As of December 31, 2024**

The County's proportionate share of the net pension liability	\$ 1,471,881
State of Minnesota's proportionate share of the net pension liability associated with the County	56,108
Total	<u>\$ 1,527,989</u>

## Sibley County Gaylord, Minnesota

The County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

### Police and Fire Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 510,435	\$ -
Changes in actuarial assumptions	1,343,106	1,853,251
Difference between projected and actual investment earnings	-	431,779
Changes in proportion	306,702	31,854
Contributions paid to PERA subsequent to the measurement date	143,258	-
Total	<u>\$ 2,303,501</u>	<u>\$ 2,316,884</u>

The \$143,258 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

### Police and Fire Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2024

Year Ended December 31	Pension Expense Amount
2025	\$ 14,382
2026	356,038
2027	(144,304)
2028	(463,238)
2029	80,481

### Correctional Plan

At December 31, 2024, the County reported a liability of \$110,396 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the County's proportion was 0.3622 percent. It was 0.3490 percent measured as of June 30, 2023. The County recognized pension expense of \$171,775 for its proportionate share of the Correctional Plan's pension expense.

## Sibley County Gaylord, Minnesota

The State of Minnesota contributed \$5.3 million to the Correctional Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. The County recognized \$19,038 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the Correctional Plan.

The County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

### Correctional Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 77,104	\$ -
Changes in actuarial assumptions	-	359,873
Difference between projected and actual investment earnings	-	158,466
Changes in proportion	53,622	-
Contributions paid to PERA subsequent to the measurement date	41,791	-
Total	<u>\$ 172,517</u>	<u>\$ 518,339</u>

The \$41,791 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

### Correctional Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2024

Year Ended December 31	Pension Expense Amount
2025	\$ (337,115)
2026	48,675
2027	(57,911)
2028	(41,262)

#### Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2024, was \$947,236.

# Sibley County

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### Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

#### **Actuarial Assumptions for the Year Ended June 30, 2024**

	General Employees Plan	Police and Fire Plan	Correctional Plan
Inflation	2.25% per year	2.25% per year	2.25% per year
Active Member Payroll Growth	3.00% per year	3.00% per year	3.00% per year
Investment Rate of Return	7.00%	7.00%	7.00%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality table for the General Employees Plan and the Pub-2010 Public Safety Employee Mortality tables for the Police and Fire and the Correctional Plans, with slight adjustments. Cost-of-living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan and 2.00 percent for the Correctional Plan. For the Police and Fire Plan, cost-of-living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2024, valuations were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. The experience study for the Police and Fire Plan was dated July 14, 2020. The experience study for the Correctional Plan was dated July 10, 2020. For all plans, a review of inflation and investment assumptions dated June 29, 2023, was utilized.

The long-term expected rate of return on pension plan investments is 7.00 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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.

#### **Pension Plan Investment Target Allocation and Best Estimates of Geometric Real Rates of Return for Each Major Asset Class**

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

### Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent in 2024, which remains consistent with 2023. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan, the Police and Fire Plan, and the Correctional Plan were projected to be



## Sibley County Gaylord, Minnesota

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available to make all projected future benefit payments of current active and inactive employees. 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.

### Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2024:

#### General Employees Plan

- 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.
- Assumed rates of withdrawal were increased for both males and females.
- Assumed rates of disability were decreased.
- Slight adjustments were made to the use of the Pub-2010 General Mortality table as recommended in the most recent experience study.
- Minor changes to form of payment assumptions were applied for male and female retirees.
- Minor changes to assumptions were made with respect to missing participant data.
- The workers' compensation offset for disability benefits was eliminated.
- The actuarial equivalent factors were updated to reflect changes in assumptions.

#### Police and Fire Plan

- The state contribution of \$9 million per year will continue until the earlier of: (1) both the Public Employees Retirement Association Police and Fire Plan and the State Patrol Retirement Fund attaining 90 percent funded status for three consecutive years (on an actuarial value of assets basis), or (2) July 1, 2048. The contribution was previously due to expire upon attainment of 90 percent funded status for one year.
- The additional \$9 million contribution will continue until the Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis or July 1, 2048, if earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

#### Correctional Plan

- Employee contribution rates will increase from 5.83 percent of pay to 6.83 percent of pay, effective July 1, 2025.
- Employer contribution rates will increase from 8.75 percent of pay to 10.25 percent of pay, effective July 1,

## Sibley County Gaylord, Minnesota

2025.

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

### Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate.

#### **Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate As of December 31, 2024**

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% Decrease	6.00%	\$ 8,837,192	6.00%	\$ 3,478,342	6.00%	\$ 897,104
Current	7.00%	4,046,035	7.00%	1,471,881	7.00%	110,396
1% Increase	8.00%	104,872	8.00%	(175,844)	8.00%	(516,339)

### Pension Plan Fiduciary Net Position

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

### Defined Contribution Plan

Four elected officials of Sibley County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the state legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and 0.25 percent of the assets in each member account annually.

# Sibley County

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### Total Contributions by Dollar Amount and Percentage of Covered Payroll Made by the Employer For the Year Ended December 31, 2024

	Employee	Employer
Contribution amount	\$ 7,494	\$ 7,494
Percentage of covered payroll	5.00%	5.00%

## **Note 4 – Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. To manage these risks, the County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. Employee health insurance is provided through the McLeod and Sibley Joint Self-Insurance Pool, which has joined the Southwest/West Central Service Cooperative (Service Cooperative) to establish, procure, and administer group employee benefits. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2024 and \$1,000,000 per claim in 2025. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

The Service Cooperative is a joint powers entity which sponsors a plan to provide group employee health benefits to its participating members. The McLeod and Sibley Joint Powers Enterprise became a participating member effective January 1, 2020. All members pool premiums and losses; however, a particular member may receive increases or decreases depending on a good or bad year of claims experience. Premiums are determined annually by the Service Cooperative and are based partially on the experience of the McLeod and Sibley Joint Self-Insurance Pool and partially on the experience of the group. The Service Cooperative solicits proposals from carriers and negotiates the contracts.

## **Note 5 – Summary of Significant Contingencies and Other Items**

### **Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a

## **Sibley County Gaylord, Minnesota**

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liability of the applicable funds. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

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

In 1993, the South Central Minnesota Multi-County Housing and Redevelopment Authority issued \$20,315,000 of revenue bonds to construct housing units in Sibley County and four surrounding counties. The Authority has since defaulted on these bonds. In 2000, the counties entered into a settlement agreement where each of the counties will approve a special tax levy on behalf of the Authority from 2001 through 2024 to cover the operating deficits based on each county's proportionate share of the housing units constructed. Sibley County's proportionate share of the operating deficit for 2024 is \$156,267.

### **Joint Ventures**

#### **Meeker-McLeod-Sibley Community Health Services Board**

The Meeker-McLeod-Sibley Community Health Services Board was established pursuant to Minn. Stat. §§ 145A.09 to 145A.14, Minn. Stat. § 471.59, and a joint powers agreement, effective April 19, 1990. The Community Health Services Board consists of six members, two each from Meeker, McLeod, and Sibley Counties. The primary function of the joint venture is to provide health services and to promote efficiency and economy in the delivery of health services.

The joint venture is financed primarily from state and federal grants.

Current financial statements are available from the Meeker-McLeod-Sibley Community Health Services Board, 114 North Holcombe Avenue, Suite 250, Litchfield, Minnesota 55355.

#### **McLeod and Sibley Counties Joint Powers Enterprise**

The McLeod and Sibley Counties Joint Powers Enterprise was established in 2020 under the authority of Minn. Stat. § 471.59. The purpose of the Joint Powers Enterprise is to cooperatively arrange for the provisions of medical care, and potentially other benefits, to the employees of the members. The governing board is composed of one Board member from each of the participating entities. The Joint Powers Enterprise is a participant in the Southwest West Central Service Cooperative.

#### **Property Assessed Clean Energy (MinnPACE) Loan Program**

The County has entered into an agreement with the Saint Paul Port Authority to facilitate the implementation and administration of the MinnPACE loan program. Through this program, qualifying commercial building owners within the County can receive loans from the Port Authority for the purpose of financing energy efficiency and conservation building improvement projects. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement. By participating, the County has agreed to: (1) levy assessments against the related properties in accordance with the loan agreements between the Port Authority and property owners, (2) collect scheduled assessment payments, and (3) transfer all collections to the Port Authority. The County has met those responsibilities for 2024. At December 31, 2024, the outstanding MinnPACE loans to be collected by the County are \$319,314.

# **Sibley County Gaylord, Minnesota**

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## **Sibley County Children's Collaborative**

Sibley County and Independent School Districts 2310 and 2365 have created the Sibley County Children's Collaborative, pursuant to Minn. Stat. § 471.59 and a joint powers agreement. The purpose of the Collaborative is to facilitate early intervention and prevention services to at-risk children and their families.

The Collaborative consists of two representatives from the Sibley County Board of Commissioners, one representative from the Independent School District 2310 Board of Education, one representative from the Independent School District 2365 Board of Education, and one consumer/parent representative from each of the participating school districts.

Sibley County is the fiscal agent of the Collaborative. Sibley County has no operational or financial control over the Collaborative. The County did not contribute to the Collaborative during 2024.

Audited financial statements can be obtained from the Collaborative's office at the Sibley County Courthouse, 400 Court Avenue, PO Box 207, Gaylord, Minnesota 55334.

## **South Central Minnesota Emergency Communications Board**

The South Central Minnesota Emergency Communications Board (formerly known as the South Central Minnesota Regional Radio Board) was established pursuant to Minn. Stat. §§ 471.59 and 403.39 and a joint powers agreement effective May 27, 2008. It is comprised of Blue Earth, Brown, Faribault, Le Sueur, Martin, McLeod, Nicollet, Sibley, Waseca, and Watonwan Counties, and the Cities of Hutchinson and Mankato. The primary function of the joint venture is to provide regional administration of enhancements to the Statewide Public Safety Radio and Communication System for the Allied Radio Matrix for Emergency Response (ARMER) owned and operated by the State of Minnesota and to enhance and improve interoperable public safety communications.

The Board consists of one County Commissioner from each county included in the agreement, one City Council member from each city included in the agreement, a member of the South Central Minnesota Regional Advisory Committee, a member of the South Central Minnesota Regional Radio System User Committee, and a member of the Owners and Operators Committee.

Blue Earth County acts as the fiscal agent for the Board. During the year, Sibley County did not contribute to the Board. Financial information can be obtained at the Blue Earth County Justice Center, 401 Carver Road, Mankato, Minnesota 56002.

## **South Central Workforce Service Area Joint Powers Board**

In June 2012, the County entered into a joint powers agreement with Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Waseca, and Watonwan Counties, creating the South Central Workforce Service Area Joint Powers Board. The agreement is authorized by Minn. Stat. § 471.59. The Board is comprised of one voting member and one alternate member for each participating county. The goal of the Board is to develop and maintain a quality workforce for South Central Minnesota. Sibley County did not make any payments to this organization in 2024.

Separate financial information can be obtained from the South Central Workforce Council, 706 North Victory Drive, Mankato, Minnesota 56001.

# **Sibley County Gaylord, Minnesota**

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## **South Country Health Alliance**

The South Country Health Alliance (SCHA) was created by a joint powers agreement between Brown, Dodge, Freeborn, Goodhue, Kanabec, Mower, Sibley, Steele, Wabasha, and Waseca Counties on July 24, 1998, under Minn. Stat. § 471.59. Mower County has since withdrawn. In 2007, Cass, Crow Wing, Morrison, Todd, and Wadena Counties joined in the joint venture. As of December 31, 2010, Cass, Crow Wing, and Freeborn Counties elected to opt out of the SCHA, consistent with the terms of the joint powers agreement. As of December 31, 2019, Morrison and Wadena Counties elected to opt out of the SCHA, consistent with the terms of the joint powers agreement. The agreement was in accordance with Minn. Stat. § 256B.692, which allows the formation of a Board of Directors to operate, control, and manage all matters concerning the participating member counties' health care functions, referred to as county-based purchasing.

The purpose of the SCHA is to improve the social and health outcomes of its clients and all citizens of its member counties by better coordinating social service, public health and medical services, and promoting the achievement of public health goals. The SCHA is authorized to provide prepaid comprehensive health maintenance services to persons enrolled under Medicaid and General Assistance Medical Care in each of the member counties.

Each member county has an explicit and measurable right to its share of the total capital surplus of the SCHA. Gains and losses are allocated annually to all members based on the percentage of their utilization. Sibley County's equity interest in the SCHA at December 31, 2024, was \$4,303,816. The equity interest is reported as an investment in joint venture on the County's government-wide statement of net position. Changes in equity are included in the County's government-wide statement of activities as human services program expenses or revenues.

Complete financial statements for the SCHA can be obtained from the South Country Health Alliance, 2300 Park Drive, Suite 100, Owatonna, Minnesota 55060.

## **Trailblazer Transit Board**

Sibley County entered into a joint powers agreement with McLeod County creating and operating the Trailblazer Transit Board, pursuant to Minn. Stat. § 471.59 and a joint powers agreement, effective June 8, 1999. In 2018, Wright County joined the joint powers with McLeod and Sibley Counties. Management of the Trailblazer Transit Board is vested in the Joint Powers Board consisting of three members appointed by McLeod County and two members appointed by both Sibley and Wright Counties from each Board of County Commissioners. The primary purpose of the Trailblazer Transit Board is to provide centralized planning and implementation of needed public transit services.

Financing is primarily provided from state and federal grants. Member counties are committed to providing the local match necessary to meet the requirements for state and federal funding. Sibley County did not contribute to the Board in 2024.

Current financial statements can be obtained with a one-day notice from the administrative office at Trailblazer Transit, Gary Ludwig, Director, 207 – 11th Street West, Glencoe, Minnesota 55336.

## **Tri-County Solid Waste**

Sibley County entered into a joint powers agreement to create and operate Tri-County Solid Waste, pursuant to the Waste Management Act, Minn. Stat. § 471.59, and a joint powers agreement, effective November 3, 1987.

## **Sibley County Gaylord, Minnesota**

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Management of Tri-County Solid Waste is vested in the Tri-County Solid Waste Joint Powers Board, which consists of six representatives, two representatives from each Board of County Commissioners from Le Sueur, Nicollet, and Sibley Counties. The primary function of Tri-County Solid Waste is to coordinate solid waste management programs, excluding the collection and disposal of solid waste, within the multi-county area. Emphasis is placed on planning, recycling, hazardous waste, problem materials, and education.

One-half of the financing is provided by appropriations from the three counties based on the ratio of their population to the total population of the member counties, and one-half is provided by an equal appropriation from the three counties. Sibley County contributed \$90,916 in 2024. Nicollet County is the fiscal agent. Current financial statements are not available.

### **Jointly-Governed Organizations**

Sibley County, in conjunction with other governmental entities and various private organizations, has formed the jointly-governed organizations listed below.

#### **Region Five – Southwest Minnesota Homeland Security Emergency Management Organization**

The Region Five – Southwest Minnesota Homeland Security Emergency Management Organization was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better respond to emergencies and natural or other disasters within the region. The Organization is composed of representatives appointed by each Board of County Commissioners. Sibley County's responsibility does not extend beyond making this appointment.

#### **Minnesota Criminal Justice Data Communications Network**

The Minnesota Criminal Justice Data Communications Network joint powers agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, Sibley County contributed \$600 to the joint powers entity.

#### **Sentencing to Service**

Sibley County, in conjunction with other local governments, participates in the State of Minnesota's Sentencing to Service (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations and initiative funds, as well as the Minnesota Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program. Although Sibley County has no operational or financial control over the STS program, the County budgets for a percentage of this program.

#### **South Central Community-Based Initiative**

The South Central Community-Based Initiative Joint Powers Board was established pursuant to Minn. Stat. §§ 471.59 and 245.4661 and a joint powers agreement effective June 20, 2008. The purpose of this joint powers agreement is to provide services to persons with mental illness in the most clinically-appropriate, person-centered, least restrictive, and cost-effective ways. The focus is on improved access and outcomes for persons

## **Sibley County Gaylord, Minnesota**

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with mental illness as a result of the collaboration between state-operated services programs and community-based treatment. The membership of the Board is comprised of one representative appointed by Blue Earth, Brown, Faribault, Freeborn, Le Sueur, Martin, Nicollet, Rice, Sibley, and Watonwan Counties. Sibley County did not contribute to the South Central Community-Based Initiative in 2024.

### **South Central Emergency Medical Service**

The South Central Emergency Medical Service (SCEMS) Joint Powers Board consists of Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watonwan Counties. The purpose of the SCEMS is to ensure quality patient care is available throughout the nine-county area by maximizing the response capabilities of emergency medical personnel and to promote public education on injury prevention and appropriate response during a medical emergency. Each county appoints one member to the Joint Powers Board. During the year, Sibley County contributed \$2,500 to the SCEMS.

### **Southwest Minnesota Immunization Information Connection**

The Southwest Minnesota Immunization Information Connection (SW-MIIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. Sibley County did not contribute to the SW-MIIC during 2024.



## **Required Supplementary Information**

**Sibley County  
Gaylord, Minnesota**

**Exhibit A-1**

**Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 8,394,663	\$ 8,394,663	\$ 8,270,721	\$ (123,942)
Special assessments	134,200	134,200	136,550	2,350
Licenses and permits	60,235	60,235	52,274	(7,961)
Intergovernmental	1,613,808	1,613,808	2,036,080	422,272
Settlements	-	-	157,020	157,020
Charges for services	966,936	966,936	990,077	23,141
Fines and forfeits	9,000	9,000	2,371	(6,629)
Gifts and contributions	2,800	2,800	27,873	25,073
Investment earnings	1,100,000	1,100,000	1,873,243	773,243
Miscellaneous	264,231	264,231	333,629	69,398
<b>Total Revenues</b>	<b>\$ 12,545,873</b>	<b>\$ 12,545,873</b>	<b>\$ 13,879,838</b>	<b>\$ 1,333,965</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
County commissioners	\$ 309,647	\$ 309,647	\$ 295,281	\$ 14,366
Court administrator	11,150	11,150	6,957	4,193
Juvenile restitution	500	500	-	500
District court	98,250	98,250	137,481	(39,231)
Law library	15,000	15,000	13,762	1,238
County auditor	567,322	567,322	567,826	(504)
Deputy registrar	241,727	241,727	239,136	2,591
Audit services	87,150	87,150	84,567	2,583
Data processing information services	917,243	917,243	890,744	26,499
Elections/voter registration	212,500	212,500	219,902	(7,402)
County administrator	835,303	835,303	852,006	(16,703)
County attorney	574,149	574,149	673,260	(99,111)
County attorney forfeitures	10,196	10,196	975	9,221
County recorder	389,393	389,393	368,674	20,719
County surveyor	37,500	37,500	34,596	2,904
Assessor	660,702	660,702	681,940	(21,238)
Planning and zoning	135,847	135,847	124,990	10,857
Recorder's technology	33,000	33,000	35,557	(2,557)
Land records compliance	8,000	8,000	11,015	(3,015)
Courthouse building	121,146	121,146	115,304	5,842
Building custodians	242,116	242,116	210,606	31,510
Other County buildings	2,038	2,038	614	1,424
Jail building	69,940	69,940	68,328	1,612
Service center building	91,148	91,148	69,463	21,685
Barclay property purchase	-	-	2,306	(2,306)
Sheriff storage garage	2,830	2,830	3,797	(967)
Sibley Estates East and West	7,000	7,000	3,000	4,000
County Connections building	6,896	6,896	6,121	775
Veterans service officer	217,733	217,733	211,979	5,754
Public transit	75,000	75,000	-	75,000
Fleet car	23,000	23,000	39,112	(16,112)
Shoreland ordinance	2,700	2,700	155	2,545
Non-departmental	19,000	19,000	20,047	(1,047)
<b>Total general government</b>	<b>\$ 6,025,126</b>	<b>\$ 6,025,126</b>	<b>\$ 5,989,501</b>	<b>\$ 35,625</b>

**Sibley County  
Gaylord, Minnesota**

**Exhibit A-1  
(Continued)**

**Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Public safety</b>				
County sheriff	\$ 2,122,283	\$ 2,122,283	\$ 2,221,218	\$ (98,935)
Enhanced 911 system	118,440	118,440	117,519	921
Drug task force	135,271	135,271	142,084	(6,813)
Prisoner board/County jail	1,721,077	1,721,077	1,682,109	38,968
Conceal and carry	22,027	22,027	20,146	1,881
Tobacco ordinance	900	900	-	900
Medical examiner	40,206	40,206	40,325	(119)
Probation officer	285,208	285,208	354,522	(69,314)
Sentence to serve	77,627	77,627	77,627	-
Emergency management	74,686	74,686	92,067	(17,381)
South Central Minnesota Regional Radio Board	1,500	1,500	-	1,500
<b>Total public safety</b>	<b>\$ 4,599,225</b>	<b>\$ 4,599,225</b>	<b>\$ 4,747,617</b>	<b>\$ (148,392)</b>
<b>Sanitation</b>				
SCORE solid waste	\$ 232,740	\$ 232,740	\$ 226,203	\$ 6,537
County landfill	1,028	1,028	5,888	(4,860)
<b>Total sanitation</b>	<b>\$ 233,768</b>	<b>\$ 233,768</b>	<b>\$ 232,091</b>	<b>\$ 1,677</b>
<b>Culture and recreation</b>				
Historical society	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Sibley County Library System	399,109	399,109	399,110	(1)
County parks	42,020	42,020	36,443	5,577
County seat trail	37,000	37,000	37,534	(534)
Tourism	742	742	742	-
<b>Total culture and recreation</b>	<b>\$ 493,871</b>	<b>\$ 493,871</b>	<b>\$ 488,829</b>	<b>\$ 5,042</b>
<b>Conservation of natural resources</b>				
Soil and water conservation	\$ 179,735	\$ 179,735	\$ 151,668	\$ 28,067
Extension	178,326	178,326	173,812	4,514
Agriculture ditch inspector	322,675	322,675	327,482	(4,807)
County fair	25,000	25,000	25,000	-
Aquatic invasive species	61,210	61,210	91,938	(30,728)
<b>Total conservation of natural resources</b>	<b>\$ 766,946</b>	<b>\$ 766,946</b>	<b>\$ 769,900</b>	<b>\$ (2,954)</b>
<b>Economic development</b>				
Housing and Redevelopment Authority	\$ 156,699	\$ 156,699	\$ 156,267	\$ 432
Minnesota Valley Action Council	7,034	7,034	7,034	-
Economic Development Commission	138,661	138,661	11,488	127,173
<b>Total economic development</b>	<b>\$ 302,394</b>	<b>\$ 302,394</b>	<b>\$ 174,789</b>	<b>\$ 127,605</b>

**Sibley County  
Gaylord, Minnesota**

**Exhibit A-1**  
*(Continued)*

**Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Expenditures (Continued)</b>				
<b>Capital outlay</b>				
General government	\$ 48,250	\$ 48,250	\$ 10,588	\$ 37,662
Public safety	-	-	21,645	(21,645)
Culture and recreation	500	500	114	386
Conservation of natural resources	7,500	7,500	-	7,500
<b>Total capital outlay</b>	<b>\$ 56,250</b>	<b>\$ 56,250</b>	<b>\$ 32,347</b>	<b>\$ 23,903</b>
<b>Debt service</b>				
Principal	\$ -	\$ -	\$ 19,967	\$ (19,967)
Interest	-	-	2,245	(2,245)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,212</b>	<b>\$ (22,212)</b>
<b>Total Expenditures</b>	<b>\$ 12,477,580</b>	<b>\$ 12,477,580</b>	<b>\$ 12,457,286</b>	<b>\$ 20,294</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ 68,293</b>	<b>\$ 68,293</b>	<b>\$ 1,422,552</b>	<b>\$ 1,354,259</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ -	\$ 16,912	\$ 16,912
Transfers out	-	-	(1,683,318)	(1,683,318)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,666,406)</b>	<b>\$ (1,666,406)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 68,293</b>	<b>\$ 68,293</b>	<b>\$ (243,854)</b>	<b>\$ (312,147)</b>
<b>Fund Balance – January 1</b>	<b>9,891,799</b>	<b>9,891,799</b>	<b>9,891,799</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 9,960,092</b>	<b>\$ 9,960,092</b>	<b>\$ 9,647,945</b>	<b>\$ (312,147)</b>

**Sibley County  
Gaylord, Minnesota**

**Exhibit A-2**

**Budgetary Comparison Schedule  
Public Works Special Revenue Fund  
For the Year Ended December 31, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 4,818,759	\$ 4,818,759	\$ 4,744,118	\$ (74,641)
Intergovernmental	29,763,386	29,763,386	18,248,193	(11,515,193)
Charges for services	124,000	124,000	127,763	3,763
Miscellaneous	137,600	137,600	213,723	76,123
<b>Total Revenues</b>	<b>\$ 34,843,745</b>	<b>\$ 34,843,745</b>	<b>\$ 23,333,797</b>	<b>\$ (11,509,948)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Maintenance	\$ 4,010,783	\$ 4,010,783	\$ 3,976,598	\$ 34,185
Construction	31,012,674	31,012,674	17,614,401	13,398,273
Equipment maintenance and shops	1,190,304	1,190,304	935,581	254,723
Administration	462,984	462,984	459,420	3,564
Township allotments	42,000	42,000	50,667	(8,667)
<b>Total highways and streets</b>	<b>\$ 36,718,745</b>	<b>\$ 36,718,745</b>	<b>\$ 23,036,667</b>	<b>\$ 13,682,078</b>
<b>Intergovernmental</b>				
Highways and streets	385,000	385,000	431,646	(46,646)
<b>Capital outlay</b>				
Highways and streets	18,000	18,000	18,300	(300)
<b>Total Expenditures</b>	<b>\$ 37,121,745</b>	<b>\$ 37,121,745</b>	<b>\$ 23,486,613</b>	<b>\$ 13,635,132</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (2,278,000)</b>	<b>\$ (2,278,000)</b>	<b>\$ (152,816)</b>	<b>\$ 2,125,184</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 600,000	\$ 600,000	\$ -	\$ (600,000)
Transfers out	(657,000)	(657,000)	-	657,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (57,000)</b>	<b>\$ (57,000)</b>	<b>\$ -</b>	<b>\$ 57,000</b>
<b>Net Change in Fund Balance</b>	<b>\$ (2,335,000)</b>	<b>\$ (2,335,000)</b>	<b>\$ (152,816)</b>	<b>\$ 2,182,184</b>
<b>Fund Balance – January 1</b>	<b>12,726,648</b>	<b>12,726,648</b>	<b>12,726,648</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>101,813</b>	<b>101,813</b>
<b>Fund Balance – December 31</b>	<b>\$ 10,391,648</b>	<b>\$ 10,391,648</b>	<b>\$ 12,675,645</b>	<b>\$ 2,283,997</b>

**Sibley County  
Gaylord, Minnesota**

**Exhibit A-3**

**Budgetary Comparison Schedule  
Public Health and Human Services Special Revenue Fund  
For the Year Ended December 31, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 3,482,485	\$ 3,482,485	\$ 3,412,481	\$ (70,004)
Intergovernmental	4,104,578	4,104,578	4,130,689	26,111
Charges for services	470,770	470,770	546,116	75,346
Miscellaneous	300,101	300,101	277,746	(22,355)
<b>Total Revenues</b>	<b>\$ 8,357,934</b>	<b>\$ 8,357,934</b>	<b>\$ 8,367,032</b>	<b>\$ 9,098</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 2,014,485	\$ 2,014,485	\$ 2,024,246	\$ (9,761)
Social services	5,811,437	5,811,437	5,588,461	222,976
Miscellaneous social service programs	14,100	14,100	4,788	9,312
<b>Total human services</b>	<b>\$ 7,840,022</b>	<b>\$ 7,840,022</b>	<b>\$ 7,617,495</b>	<b>\$ 222,527</b>
<b>Health</b>				
Public health nurse	1,298,042	1,298,042	1,197,968	100,074
<b>Total Expenditures</b>	<b>\$ 9,138,064</b>	<b>\$ 9,138,064</b>	<b>\$ 8,815,463</b>	<b>\$ 322,601</b>
<b>Net Change in Fund Balance</b>	<b>\$ (780,130)</b>	<b>\$ (780,130)</b>	<b>\$ (448,431)</b>	<b>\$ 331,699</b>
<b>Fund Balance – January 1</b>	<b>5,760,765</b>	<b>5,760,765</b>	<b>5,760,765</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 4,980,635</b>	<b>\$ 4,980,635</b>	<b>\$ 5,312,334</b>	<b>\$ 331,699</b>

**Sibley County  
Gaylord, Minnesota**

**Schedule of Changes in Total OPEB Liability and Related Ratios  
Other Postemployment Benefits  
December 31, 2024**

	<u>2024</u>	<u>2023</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 51,200	\$ 49,709
Interest	21,774	15,008
Differences between expected and actual experience	-	(186,354)
Changes of assumption or other inputs	-	(68,792)
Benefit payments	<u>(9,354)</u>	<u>(24,851)</u>
<b>Net change in total OPEB liability</b>	<b>\$ 63,620</b>	<b>\$ (215,280)</b>
<b>Total OPEB Liability – Beginning</b>	<b><u>497,775</u></b>	<b><u>713,055</u></b>
<b>Total OPEB Liability – Ending</b>	<b><u><u>\$ 561,395</u></u></b>	<b><u><u>\$ 497,775</u></u></b>
 Covered-employee payroll	 \$ 10,939,011	 \$ 10,620,399
Total OPEB liability (asset) as a percentage of covered-employee payroll	5.13%	4.69%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
\$ 79,328	\$ 77,017	\$ 57,866	\$ 48,477	\$ 47,312
14,227	20,018	22,266	20,316	18,785
-	(24,301)	-	63,160	-
-	(26,339)	34,809	(143,634)	-
(24,881)	(30,304)	(29,198)	(25,677)	(16,141)
<b>\$ 68,674</b>	<b>\$ 16,091</b>	<b>\$ 85,743</b>	<b>\$ (37,358)</b>	<b>\$ 49,956</b>
<b>644,381</b>	<b>628,290</b>	<b>542,547</b>	<b>579,905</b>	<b>529,949</b>
<b>\$ 713,055</b>	<b>\$ 644,381</b>	<b>\$ 628,290</b>	<b>\$ 542,547</b>	<b>\$ 579,905</b>
\$ 10,045,307	\$ 9,752,725	\$ 8,299,172	\$ 8,057,449	\$ 7,995,844
7.10%	6.61%	7.57%	6.73%	7.25%



**Sibley County  
Gaylord, Minnesota**

**Exhibit A-5**

**Schedule of Proportionate Share of Net Pension Liability  
PERA General Employees Retirement Plan  
December 31, 2024**

Measurement Date	Employer's Proportion of the Net Pension Liability/Asset	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Sibley County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.1094 %	\$ 4,046,035	\$ 104,622	\$ 4,150,657	\$ 9,262,753	43.68 %	89.08 %
2023	0.1086	6,072,790	167,415	6,240,205	8,637,326	70.31	83.10
2022	0.1087	8,609,076	252,422	8,861,498	8,143,404	105.72	76.67
2021	0.1106	4,723,115	144,136	4,867,251	7,811,104	60.47	87.00
2020	0.1042	6,247,266	192,620	6,439,886	7,428,022	84.10	79.06
2019	0.1017	5,622,765	174,826	5,797,591	6,967,775	80.70	80.23
2018	0.1009	5,597,518	183,591	5,781,109	6,745,832	82.98	79.53
2017	0.1038	6,626,523	83,359	6,709,882	6,689,908	99.05	75.90
2016	0.0984	7,989,592	104,363	8,093,955	6,109,384	130.78	68.91
2015	0.0984	5,099,599	N/A	5,099,599	5,784,914	88.15	78.19

The measurement date for each year is June 30.

N/A – Not Applicable

**Sibley County  
Gaylord, Minnesota**

**Exhibit A-6**

**Schedule of Contributions  
PERA General Employees Retirement Plan  
December 31, 2024**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2024	\$ 707,898	\$ 707,898	\$ -	\$ 9,438,632	7.50 %
2023	676,597	676,597	-	9,021,297	7.50
2022	627,646	627,646	-	8,368,612	7.50
2021	601,535	601,535	-	8,020,464	7.50
2020	577,163	577,163	-	7,695,381	7.50
2019	539,853	539,853	-	7,198,039	7.50
2018	513,409	513,409	-	6,846,445	7.50
2017	491,539	491,539	-	6,553,854	7.50
2016	479,622	479,622	-	6,394,957	7.50
2015	455,148	455,148	-	6,069,024	7.50

The County's year-end is December 31.

**Sibley County  
Gaylord, Minnesota**

**Exhibit A-7**

**Schedule of Proportionate Share of Net Pension Liability  
PERA Public Employees Police and Fire Plan  
December 31, 2024**

Measurement Date	Employer's Proportion of the Net Pension Liability/Asset	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Sibley County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.1119 %	\$ 1,471,881	\$ 56,108	\$ 1,527,989	\$ 1,549,225	95.01 %	90.17 %
2023	0.0957	1,652,615	66,599	1,719,214	1,257,087	131.46	86.47
2022	0.0967	4,208,002	183,784	4,391,786	1,163,174	361.77	70.53
2021	0.0845	652,250	29,324	681,574	950,479	68.62	93.66
2020	0.0784	1,033,396	24,361	1,057,757	889,936	116.12	87.19
2019	0.0800	851,681	N/A	851,681	820,896	103.75	89.26
2018	0.0789	840,993	N/A	840,993	776,552	108.30	88.84
2017	0.0810	1,093,596	N/A	1,093,596	859,012	127.31	85.43
2016	0.0780	3,130,276	N/A	3,130,276	691,357	452.77	63.88
2015	0.0740	840,813	N/A	840,813	680,776	123.51	86.61

The measurement date for each year is June 30.

N/A – Not Applicable

**Sibley County  
Gaylord, Minnesota**

**Exhibit A-8**

**Schedule of Contributions  
PERA Public Employees Police and Fire Plan  
December 31, 2024**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2024	\$ 280,903	\$ 280,903	\$ -	\$ 1,587,022	17.70 %
2023	248,264	248,264	-	1,402,623	17.70
2022	214,121	214,121	-	1,209,725	17.70
2021	191,444	191,444	-	1,081,606	17.70
2020	167,233	167,233	-	944,816	17.70
2019	142,816	142,816	-	842,571	16.95
2018	129,212	129,212	-	797,606	16.20
2017	128,446	128,446	-	792,876	16.20
2016	124,191	124,191	-	766,611	16.20
2015	110,069	110,069	-	679,436	16.20

The County's year-end is December 31.

**Sibley County  
Gaylord, Minnesota**

**Exhibit A-9**

**Schedule of Proportionate Share of Net Pension Liability  
PERA Public Employees Local Government Correctional Service Retirement Plan  
December 31, 2024**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability/ Asset</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.3622 %	\$ 110,396	\$ 919,520	12.01 %	97.54 %
2023	0.3490	157,765	818,363	19.28	95.94
2022	0.3042	1,011,161	691,496	146.23	74.58
2021	0.2955	(48,545)	632,944	(7.67)	101.61
2020	0.2918	79,177	639,226	12.39	96.67
2019	0.2702	37,409	570,626	6.56	98.17
2018	0.2415	39,720	480,324	8.27	97.64
2017	0.2300	655,502	467,262	140.29	67.89
2016	0.2000	730,628	385,659	189.45	58.16
2015	0.2400	37,104	423,611	8.76	96.95

The measurement date for each year is June 30.

**Sibley County  
Gaylord, Minnesota**

**Exhibit A-10**

**Schedule of Contributions  
PERA Public Employees Local Government Correctional Service Retirement Plan  
December 31, 2024**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2024	\$ 82,764	\$ 82,764	\$ -	\$ 945,876	8.75 %
2023	74,191	74,191	-	847,894	8.75
2022	67,472	67,472	-	771,103	8.75
2021	57,651	57,651	-	658,869	8.75
2020	57,114	57,114	-	652,732	8.75
2019	52,576	52,576	-	600,873	8.75
2018	47,621	47,621	-	544,235	8.75
2017	38,771	38,771	-	443,093	8.75
2016	37,078	37,078	-	423,745	8.75
2015	34,698	34,698	-	396,549	8.75

The County's year-end is December 31.

# **Sibley County Gaylord, Minnesota**

## **Notes to the Required Supplementary Information For the Year Ended December 31, 2024**

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### **Note 1 – Budget Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Public Works Special Revenue Fund, and Public Health and Human Services Special Revenue Fund. The Sibley County Board of Commissioners holds several public hearings, and a final budget must be prepared and adopted no later than December 31. The appropriated budget is prepared by fund. Revisions that increase or decrease the budgeted revenues or expenditures of any fund must be approved by the Board of Commissioners. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level.

### **Note 2 – Other Postemployment Benefits Funded Status**

Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75 to pay related benefits.

### **Note 3 – Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions**

The following changes in actuarial assumptions occurred:

#### **2024**

- There were no changes in actuarial assumptions that occurred in 2024.

#### **2023**

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The retirement, withdrawal, and salary increase rates for public safety employees were updated to reflect the latest experience study.
- The inflation rate was changed from 2.00 percent to 2.50 percent.
- The discount rate was changed from 2.00 percent to 4.00 percent.

#### **2022**

- There were no changes in actuarial assumptions that occurred in 2022.

## Sibley County Gaylord, Minnesota

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### 2021

- The health care rates, mortality tables, and salary increase rates were updated.
- The retirement and withdrawal tables for non-public safety employees were updated.
- The inflation rate was changed from 2.50 percent to 2.00 percent.
- The discount rate used changed from 2.90 percent to 2.00 percent.

### 2020

- The discount rate used changed from 3.80 percent to 2.90 percent.

### 2019

- The discount rate used changed from 3.30 percent to 3.80 percent.
- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality tables (Blue Collar for Public Safety, White Collar for others) with MP-2016 Generational Improvement Scale to the RP-2014 Mortality tables (Blue Collar for Public Safety, White Collar for others) with the MP-2018 Generational Improvement Scale.
- The retirement and withdrawal tables for public safety employees were updated.
- The retiree plan participation percentage was changed from 50 percent to 40 percent.

### 2018

- The discount rate used changed from 3.50 percent to 3.30 percent.
- The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB Statement 75.

## **Note 4 – Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions**

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the fiscal year June 30:

### **General Employees Retirement Plan**

#### 2024

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



## Sibley County Gaylord, Minnesota

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- 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.
- Assumed rates of withdrawal were increased for both males and females.
- Assumed rates of disability were decreased.
- Slight adjustments were made to the use of the Pub-2010 General Mortality table as recommended in the most recent experience study.
- Minor changes to form of payment assumptions were applied for male and female retirees.
- Minor changes to assumptions were made with respect to missing participant data.
- The workers' compensation offset for disability benefits was eliminated.
- The actuarial equivalent factors were updated to reflect changes in assumptions.

### 2023

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- For Basic Plan members, a one-time, non-compounding benefit increase of 4.00 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

### 2022

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

### 2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

### 2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.

## **Sibley County Gaylord, Minnesota**

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- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

### 2019

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

### 2018

- The mortality projection scale was changed from Scale MP-2015 to Scale MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

## Sibley County Gaylord, Minnesota

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- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost-of-living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

### 2017

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.00 percent for active member liability, 15 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to \$21 million in calendar years 2017 and 2018 and returns to \$31 million through calendar year 2031. The state's required contribution is \$16 million in PERA's fiscal years 2018 and 2019 and returns to \$6 million annually through calendar year 2031.

### 2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

# Sibley County Gaylord, Minnesota

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## Public Employees Police and Fire Plan

### 2024

- The state contribution of \$9 million per year will continue until the earlier of: (1) both the Public Employees Retirement Association Police and Fire Plan and the State Patrol Retirement Fund attaining 90 percent funded status for three consecutive years (on an actuarial value of assets basis), or (2) July 1, 2048. The contribution was previously due to expire upon attainment of 90 percent funded status for one year.
- The additional \$9 million contribution will continue until the Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis or July 1, 2048, if earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

### 2023

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.
- A one-time direct state aid contribution of \$19.4 million occurred on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded ten-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after ten years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- A total and permanent duty disability benefit was added effective July 1, 2023.

### 2022

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

### 2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.

## **Sibley County Gaylord, Minnesota**

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- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

### 2020

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

### 2019

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

### 2018

- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.
- Post-retirement benefit increases changed to 1.00 percent for all years with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

## Sibley County Gaylord, Minnesota

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- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

### 2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.
- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

### 2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

# Sibley County Gaylord, Minnesota

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## Public Employees Local Government Correctional Service Retirement Plan

### 2024

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

### 2023

- The investment return rate was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.42 percent to 7.00 percent.
- A one-time direct state aid contribution of \$5.3 million occurred on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.50 percent minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.50 percent, if the maximum increase is 1.50 percent and the Plan's funding ratio improves to 85 percent for two consecutive years on a market value of assets basis.

### 2022

- The single discount rate changed from 6.50 percent to 5.42 percent.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The benefit increase assumption was changed from 2.00 percent per annum to 2.00 percent per annum through December 31, 2054, and 1.50 percent per annum thereafter.

### 2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality

## Sibley County Gaylord, Minnesota

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table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).

- Assumed rates of salary increase were modified as recommended in the July 10, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020, experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability were lowered.
- Assumed percent married for active members was lowered from 85 percent to 75 percent.
- Minor changes to form of payment assumptions were applied.

### 2020

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

### 2019

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

### 2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Post-retirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security cost-of-living adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If



## Sibley County Gaylord, Minnesota

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the funding status declines to 85 percent for two consecutive years, or 80 percent for one year, the maximum increase will be lowered to 1.50 percent.

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

### 2017

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2016).
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 35 percent for vested members and 1.00 percent for non-vested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

### 2016

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

## **Supplementary Information**

# **Sibley County Gaylord, Minnesota**

## **Nonmajor Funds**

### **Nonmajor Special Revenue Funds**

Revolving Loan – To account for housing rehabilitation, working capital, expansion, renovation, or start-up financing for the County's economic development program.

Sub-Surface Sewage Treatment System Loans – To account for revenues restricted for loans provided to private landowners for installation and replacement of individual sewage treatment systems or mound systems.

### **Nonmajor Debt Service Fund**

Debt Service – To account for financial resources restricted, committed, or assigned to be used for principal and interest payments on County debt.

### **Nonmajor Permanent Fund**

Federal Lands – To account for all funds related to land purchased by the federal government.

**Sibley County  
Gaylord, Minnesota**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2024**

	<b>Special Revenue Funds</b>	
	<b>Revolving Loan</b>	<b>Sub-Surface Sewage Treatment System Loans</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 219,898	\$ 719,961
Investments	-	25,000
Taxes receivable – delinquent	-	-
Special assessments receivable		
Delinquent	-	14,693
Noncurrent	-	1,076,884
Loans receivable	68,267	-
<b>Total Assets</b>	<b>\$ 288,165</b>	<b>\$ 1,836,538</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ -
Unearned revenue	-	87,665
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 87,665</b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	\$ -	\$ 1,091,577
Prepaid property taxes	-	-
<b>Total Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ 1,091,577</b>
<b>Fund Balances</b>		
Nonspendable for		
Loan security	\$ -	\$ 25,000
Federal lands	-	-
Restricted for		
Economic development loans	288,165	-
Sub-surface sewage treatment systems	-	632,296
Debt service	-	-
<b>Total Fund Balances</b>	<b>\$ 288,165</b>	<b>\$ 657,296</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 288,165</b>	<b>\$ 1,836,538</b>

**Exhibit B-1**

<u>Total</u>	<u>Debt Service Fund</u>	<u>Permanent Fund Federal Lands</u>	<u>Total Nonmajor Governmental Funds (Exhibit 3)</u>
\$ 939,859	\$ 664,520	\$ 271,427	\$ 1,875,806
25,000	-	-	25,000
-	3,176	-	3,176
14,693	-	-	14,693
1,076,884	-	-	1,076,884
68,267	-	-	68,267
<u><b>\$ 2,124,703</b></u>	<u><b>\$ 667,696</b></u>	<u><b>\$ 271,427</b></u>	<u><b>\$ 3,063,826</b></u>
\$ -	\$ 550	\$ -	\$ 550
87,665	-	-	87,665
<u><b>\$ 87,665</b></u>	<u><b>\$ 550</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 88,215</b></u>
\$ 1,091,577	\$ 3,176	\$ -	\$ 1,094,753
-	2,886	-	2,886
<u><b>\$ 1,091,577</b></u>	<u><b>\$ 6,062</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 1,097,639</b></u>
\$ 25,000	\$ -	\$ -	\$ 25,000
-	-	271,427	271,427
288,165	-	-	288,165
632,296	-	-	632,296
-	661,084	-	661,084
<u><b>\$ 945,461</b></u>	<u><b>\$ 661,084</b></u>	<u><b>\$ 271,427</b></u>	<u><b>\$ 1,877,972</b></u>
<u><b>\$ 2,124,703</b></u>	<u><b>\$ 667,696</b></u>	<u><b>\$ 271,427</b></u>	<u><b>\$ 3,063,826</b></u>

**Sibley County  
Gaylord, Minnesota**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2024**

	<b>Special Revenue Funds</b>	
	<b>Revolving Loan</b>	<b>Sub-Surface Sewage Treatment System Loans</b>
<b>Revenues</b>		
Taxes	\$ -	\$ -
Special assessments	-	333,669
Intergovernmental	-	29,329
Gifts and contributions	-	-
Investment earnings	2,005	-
<b>Total Revenues</b>	<b>\$ 2,005</b>	<b>\$ 362,998</b>
<b>Expenditures</b>		
<b>Current</b>		
Sanitation	\$ -	\$ 204,438
<b>Debt service</b>		
Principal	-	254,653
Interest	-	-
Administrative charges	-	-
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ 459,091</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 2,005</b>	<b>\$ (96,093)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers out	\$ -	\$ -
Loans issued	-	175,107
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ 175,107</b>
<b>Net Change in Fund Balances</b>	<b>\$ 2,005</b>	<b>\$ 79,014</b>
<b>Fund Balances – January 1</b>	<b>286,160</b>	<b>578,282</b>
<b>Fund Balances – December 31</b>	<b>\$ 288,165</b>	<b>\$ 657,296</b>

**Exhibit B-2**

<u>Total</u>	<u>Debt Service Fund</u>	<u>Permanent Fund Federal Lands</u>	<u>Total Nonmajor Governmental Funds (Exhibit 5)</u>
\$ -	\$ 383,563	\$ -	\$ 383,563
333,669	-	-	333,669
29,329	7,548	8,261	45,138
-	-	10,050	10,050
2,005	-	8,651	10,656
<u>\$ 365,003</u>	<u>\$ 391,111</u>	<u>\$ 26,962</u>	<u>\$ 783,076</u>
\$ 204,438	\$ -	\$ -	\$ 204,438
254,653	250,000	-	504,653
-	121,550	-	121,550
-	650	-	650
<u>\$ 459,091</u>	<u>\$ 372,200</u>	<u>\$ -</u>	<u>\$ 831,291</u>
<u>\$ (94,088)</u>	<u>\$ 18,911</u>	<u>\$ 26,962</u>	<u>\$ (48,215)</u>
\$ -	\$ -	\$ (16,912)	\$ (16,912)
175,107	-	-	175,107
<u>\$ 175,107</u>	<u>\$ -</u>	<u>\$ (16,912)</u>	<u>\$ 158,195</u>
\$ 81,019	\$ 18,911	\$ 10,050	\$ 109,980
864,442	642,173	261,377	1,767,992
<u>\$ 945,461</u>	<u>\$ 661,084</u>	<u>\$ 271,427</u>	<u>\$ 1,877,972</u>

**Sibley County  
Gaylord, Minnesota**

**Exhibit B-3**

**Budgetary Comparison Schedule  
Debt Service Fund  
For the Year Ended December 31, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 392,648	\$ 392,648	\$ 383,563	\$ (9,085)
Intergovernmental	-	-	7,548	7,548
<b>Total Revenues</b>	<b>\$ 392,648</b>	<b>\$ 392,648</b>	<b>\$ 391,111</b>	<b>\$ (1,537)</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 257,250	\$ 257,250	\$ 250,000	\$ 7,250
Interest	135,398	135,398	121,550	13,848
Administrative charges	-	-	650	(650)
<b>Total Expenditures</b>	<b>\$ 392,648</b>	<b>\$ 392,648</b>	<b>\$ 372,200</b>	<b>\$ 20,448</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,911</b>	<b>\$ 18,911</b>
<b>Fund Balance – January 1</b>	<b>642,173</b>	<b>642,173</b>	<b>642,173</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 642,173</b>	<b>\$ 642,173</b>	<b>\$ 661,084</b>	<b>\$ 18,911</b>



# **Sibley County Gaylord, Minnesota**

## **Fiduciary Funds**

## **Custodial Funds**

Sibley County Children's Collaborative – To account for all funds used in the implementation and administration of services for at-risk children and their families.

State Revenue – To account for the collection and payment of the state's share of fees collected by the County.

Taxes and Penalties – To account for the collection of taxes and penalties and their payment to the various taxing districts.

Estate Recoveries – To account for the State of Minnesota's share of estate recoveries, including those associated with the Medical Assistance Program.

Writs of Execution – To account for the collection and payment of money in the processing of writs of execution by the County Sheriff's Department.

Jail Canteen – To account for inmate deposits, inmate canteen purchases, and fees paid to various agencies.

Licensing Accounts – To account for the collection and payment of the state's share of licensing fees collected by the County's License Center.

Forfeited Tax – To account for all funds collected under state statute for the sale of property forfeited for unpaid tax.

**Sibley County  
Gaylord, Minnesota**

**Combining Statement of Fiduciary Net Position  
Fiduciary Funds – Custodial Funds  
December 31, 2024**

	<u>Sibley County Children's Collaborative</u>	<u>State Revenue</u>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 103,344	\$ 66,447
Taxes receivable for other governments	-	-
Special assessments receivable for other governments	-	-
Accounts receivable	4,993	-
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 108,337</b>	<b>\$ 66,447</b>
	<hr/>	<hr/>
<b><u>Liabilities</u></b>		
Due to others	\$ 6,238	\$ 1,699
Due to other governments	-	1,510
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>\$ 6,238</b>	<b>\$ 3,209</b>
	<hr/>	<hr/>
<b><u>Deferred Inflows of Resources</u></b>		
Prepaid taxes	\$ -	\$ -
	<hr/>	<hr/>
<b><u>Net Position</u></b>		
Restricted for individuals, organizations, and other governments	\$ 102,099	\$ 63,238
	<hr/> <hr/>	<hr/> <hr/>

**Exhibit C-1**

<b>Taxes and Penalties</b>	<b>Estate Recoveries</b>	<b>Jail Canteen</b>	<b>Licensing Accounts</b>	<b>Forfeited Tax</b>	<b>Total Custodial Funds</b>
\$ 482,286	\$ -	\$ 77,312	\$ 35,252	\$ 2,076	\$ 766,717
226,790	-	-	-	-	226,790
399,249	-	-	-	-	399,249
-	42,025	-	-	-	47,018
<b>\$ 1,108,325</b>	<b>\$ 42,025</b>	<b>\$ 77,312</b>	<b>\$ 35,252</b>	<b>\$ 2,076</b>	<b>\$ 1,439,774</b>
\$ 15,287	\$ -	\$ 1,356	\$ -	\$ -	\$ 24,580
375,325	42,025	-	-	-	418,860
<b>\$ 390,612</b>	<b>\$ 42,025</b>	<b>\$ 1,356</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 443,440</b>
<b>\$ 117,835</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 117,835</b>
<b>\$ 599,878</b>	<b>\$ -</b>	<b>\$ 75,956</b>	<b>\$ 35,252</b>	<b>\$ 2,076</b>	<b>\$ 878,499</b>

**Sibley County  
Gaylord, Minnesota**

**Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds – Custodial Funds  
For the Year Ended December 31, 2024**

	Sibley County Children's Collaborative	State Revenue	Taxes and Penalties
<b>Additions</b>			
Contributions from individuals	\$ -	\$ 15,816	\$ -
Interest earnings	4,993	-	-
Property tax collections for other governments	-	-	19,614,346
Fees collected for the state	-	487,336	-
Payments from the state	81,267	-	13,765
Refunds collected for other entities	-	-	-
Payments from other entities	-	-	-
Miscellaneous	6,770	-	-
<b>Total Additions</b>	<b>\$ 93,030</b>	<b>\$ 503,152</b>	<b>\$ 19,628,111</b>
<b>Deductions</b>			
Beneficiary payments to individuals	\$ -	\$ -	\$ -
Payments of property tax to other governments	-	-	19,143,644
Payments to the state	-	490,354	-
Administrative expense	-	-	-
Payments to other entities	67,824	-	114,394
<b>Total Deductions</b>	<b>\$ 67,824</b>	<b>\$ 490,354</b>	<b>\$ 19,258,038</b>
<b>Change in Net Position</b>	<b>\$ 25,206</b>	<b>\$ 12,798</b>	<b>\$ 370,073</b>
<b>Net Position – January 1</b>	<b>76,893</b>	<b>50,440</b>	<b>229,805</b>
<b>Net Position – December 31</b>	<b>\$ 102,099</b>	<b>\$ 63,238</b>	<b>\$ 599,878</b>

**Exhibit C-2**

<b>Estate Recoveries</b>	<b>Writs of Execution</b>	<b>Jail Canteen</b>	<b>Licensing Accounts</b>	<b>Forfeited Tax</b>	<b>Total Custodial Funds</b>
\$ 137,752	\$ 193,254	\$ -	\$ 75,557	\$ -	\$ 422,379
-	-	-	-	-	4,993
-	-	-	-	-	19,614,346
-	-	-	2,989,320	-	3,476,656
-	-	-	-	-	95,032
-	-	-	-	4,587	4,587
-	-	53,818	-	56,578	110,396
-	-	-	-	-	6,770
<b>\$ 137,752</b>	<b>\$ 193,254</b>	<b>\$ 53,818</b>	<b>\$ 3,064,877</b>	<b>\$ 61,165</b>	<b>\$ 23,735,159</b>
\$ -	\$ -	\$ 8,521	\$ -	\$ -	\$ 8,521
-	-	-	-	-	19,143,644
137,752	-	-	3,035,472	-	3,663,578
-	200	-	77,333	4,668	82,201
-	193,054	35,483	20	74,531	485,306
<b>\$ 137,752</b>	<b>\$ 193,254</b>	<b>\$ 44,004</b>	<b>\$ 3,112,825</b>	<b>\$ 79,199</b>	<b>\$ 23,383,250</b>
\$ -	\$ -	\$ 9,814	\$ (47,948)	\$ (18,034)	\$ 351,909
-	-	66,142	83,200	20,110	526,590
<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,956</b>	<b>\$ 35,252</b>	<b>\$ 2,076</b>	<b>\$ 878,499</b>

## **Schedules**

**Sibley County  
Gaylord, Minnesota**

**Exhibit D-1**

**Schedule of Intergovernmental Revenue  
For the Year Ended December 31, 2024**

	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Total</u>
<b>Appropriations and Shared Revenue</b>			
<b>State</b>			
Highway users tax	\$ 7,290,041	\$ -	\$ 7,290,041
Market value credit	338,930	-	338,930
PERA aid	72,221	-	72,221
Disparity reduction aid	54,618	-	54,618
County program aid	823,358	-	823,358
Local option disaster credit	627	-	627
Police aid	181,821	-	181,821
Cannabis aid	2,114	-	2,114
Enhanced 911	176,467	-	176,467
Petroleum tax relief	2,462	-	2,462
Statewide affordable housing aid	91,857	-	91,857
Local homeless prevention aid	51,279	-	51,279
SCORE	86,753	-	86,753
Aquatic invasive species prevention aid	61,210	-	61,210
Riparian protection aid	108,357	-	108,357
<b>Total appropriations and shared revenue</b>	<b>\$ 9,342,115</b>	<b>\$ -</b>	<b>\$ 9,342,115</b>
<b>Reimbursement for Services</b>			
<b>State</b>			
Minnesota Department of Human Services	\$ 927,723	\$ -	\$ 927,723
<b>Payments</b>			
<b>State</b>			
Payments in lieu of taxes	\$ 29,346	\$ -	\$ 29,346
<b>Local</b>			
Local contributions	17,940	-	17,940
<b>Total payments</b>	<b>\$ 47,286</b>	<b>\$ -</b>	<b>\$ 47,286</b>
<b>Grants</b>			
<b>State</b>			
Minnesota Department/Office of			
Public Safety	\$ 1,239	\$ -	\$ 1,239
Secretary of State	34,187	-	34,187
Health	76,288	-	76,288
Natural Resources	41,636	-	41,636
Human Services	949,687	-	949,687
Veterans Affairs	7,500	-	7,500
Corrections	126,912	-	126,912
Transportation	10,758,980	-	10,758,980
Peace Officer Standards and Training Board	18,246	-	18,246
Water and Soil Resources Board	80,318	-	80,318
Supreme Court	1,260	-	1,260
Pollution Control Agency	50,529	-	50,529
<b>Total state</b>	<b>\$ 12,146,782</b>	<b>\$ -</b>	<b>\$ 12,146,782</b>

**Sibley County  
Gaylord, Minnesota**

***Exhibit D-1***  
***(Continued)***

**Schedule of Intergovernmental Revenue  
For the Year Ended December 31, 2024**

	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Total</u>
<b>Grants (Continued)</b>			
<b>Federal</b>			
Department of			
Agriculture	\$ 353,781	\$ -	\$ 353,781
Housing and Urban Development	-	190,915	190,915
Justice	85,041	-	85,041
Transportation	22,057	-	22,057
Education	2,100	-	2,100
Health and Human Services	1,595,188	-	1,595,188
Homeland Security	23,068	-	23,068
	<u>2,081,235</u>	<u>190,915</u>	<u>2,272,150</u>
<b>Total federal</b>	<u>\$ 2,081,235</u>	<u>\$ 190,915</u>	<u>\$ 2,272,150</u>
<b>Total state and federal grants</b>	<u>\$ 14,228,017</u>	<u>\$ 190,915</u>	<u>\$ 14,418,932</u>
<b>Total Intergovernmental Revenue</b>	<u>\$ 24,545,141</u>	<u>\$ 190,915</u>	<u>\$ 24,736,056</u>



**Sibley County  
Gaylord, Minnesota**

**Exhibit D-2**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
<b>U.S. Department of Agriculture</b>			
Passed Through Meeker-McLeod-Sibley Community Health Services WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	16162MN004W1003	\$ 87,572
Passed Through Minnesota Department of Human Services SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	242MN101S2514	220,699
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	242MN101S2520	1,884
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	242MN127Q7503	57,853
(Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$280,436)			
<b>Total U.S. Department of Agriculture</b>			<b>\$ 368,008</b>
<b>U.S. Department of Housing and Urban Development</b>			
Passed Through Minnesota Housing Finance Agency Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	MN46-8023-001	<b>\$ 190,915</b>
<b>U.S. Department of Justice</b>			
Direct			
Body Worn Camera Policy and Implementation	16.835		<b>\$ 36,000</b>
<b>U.S. Department of Transportation</b>			
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	00072	<b>\$ 22,057</b>
<b>U.S. Department of the Treasury</b>			
Direct			
COVID-19 – Local Assistance and Tribal Consistency Fund	21.032		<b>\$ 49,041</b>
<b>U.S. Department of Education</b>			
Passed Through Meeker-McLeod-Sibley Community Health Services Special Education – Grants for Infants and Families	84.181	H181A150029	<b>\$ 3,125</b>

**Sibley County  
Gaylord, Minnesota**

**Exhibit D-2**  
*(Continued)*

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>
<b>U.S. Department of Health and Human Services</b>			
Passed Through Meeker-McLeod-Sibley Community Health Services			
Medical Reserve Corps Small Grant Program	93.008	HITEP210046	\$ 4,993
Early Hearing Detection and Intervention	93.251	H61MC00035	375
Activities to Support State, Tribal, Local and Territorial (STLT) Health			
Department Response to Public Health or Healthcare Crises	93.391	NH75OT000032	32,094
The National Cardiovascular Health Program	93.426	NU58DP007586	2,875
Temporary Assistance for Needy Families	93.558	2401MNTANF	34,004
(Total Temporary Assistance for Needy Families 93.558 \$209,337)			
Medicaid Cluster			
Medical Assistance Program	93.778	2405MN5ADM	23,643
(Total Medical Assistance Program 93.778 \$771,042)			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	S 2B08TIO10027-18	5,659
Centers for Disease Control and Prevention Collaboration with			
Academia to Strengthen Public Health	93.967	Not Provided	18,694
Maternal and Child Health Services Block Grant to the States	93.994	B04MC28107	17,895
Passed Through Minnesota Department of Human Services			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2301MNFPS	4,344
Temporary Assistance for Needy Families	93.558	2401MNTANF	175,333
(Total Temporary Assistance for Needy Families 93.558 \$209,337)			
Child Support Services	93.563	2301MNCSES	297,680
Child Support Services	93.563	2301MNCEST	41,367
(Total Child Support Services 93.563 \$339,047)			
Refugee and Entrant Assistance State/Replacement Designee			
Administered Programs	93.566	2401MNRMA	1,540
CCDF Cluster			
Child Care and Development Block Grant	93.575	2401MNCCDF	7,136
Community-Based Child Abuse Prevention Grants	93.590	2302MNBCAP	6,700
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2301MNCWSS	1,858
Foster Care Title IV-E	93.658	2401MNFOST	81,315
Social Services Block Grant	93.667	2401MNSOSR	96,372
Children's Health Insurance Program	93.767	2305MN5021	370
Medicaid Cluster			
Medical Assistance Program	93.778	2405MN5ADM	740,478
Medical Assistance Program	93.778	2405MN5MAP	6,921
(Total Medical Assistance Program 93.778 \$771,042)			
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 1,601,646</b>

**Sibley County  
Gaylord, Minnesota**

**Exhibit D-2**  
*(Continued)*

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
<b>U.S. Department of Homeland Security</b>			
Passed Through Minnesota Department of Public Safety			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	DR4797	\$ 4,130
Emergency Management Performance Grants	97.042	F-EMPG-2021-SIBLEYCO-4180	18,938
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 23,068</b>
<b>Total Federal Awards</b>			<b>\$ 2,293,860</b>
<b>Totals by Cluster</b>			
Total expenditures for SNAP Cluster			\$ 280,436
Total expenditures for Housing Voucher Cluster			190,915
Total expenditures for Medicaid Cluster			771,042
Total expenditures for CCDF Cluster			7,136

The County did not pass any federal awards through to subrecipients during the year ended December 31, 2024.

# Sibley County Gaylord, Minnesota

## Notes to the Schedule of Expenditures of Federal Awards As of and for the Year Ended December 31, 2024

### Note 1 – Summary of Significant Accounting Policies

#### Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Sibley County. The County's reporting entity is defined in Note 1 to the financial statements.

#### Basis of Presentation

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

Expenditures reported on the schedule are reported on the basis of accounting used by the individual funds of Sibley County. Governmental funds use the modified accrual basis of accounting, and proprietary funds use the full accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### Note 2 – De Minimis Cost Rate

Sibley County has elected to not use the ten percent de minimis indirect cost rate nor the 15 percent de minimus indirect cost rate, as applicable, allowed under the Uniform Guidance.

### Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

#### **Reconciliation to Schedule of Intergovernmental Revenue**

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 2,272,150
Unavailable in 2024, recognized as revenue in 2025	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children (AL No. 10.557)	14,227
Special Education – Grants for Infants and Families (AL No. 84.181)	1,025
MaryLee Allen Promoting Safe and Stable Families Program (AL No. 93.556)	521
Refugee and Entrant Assistance State/Replacement Designee Administered Programs (AL No. 93.566)	341
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	929
Foster Care Title IV-E (AL No. 93.658)	4,667
	<hr/>
Expenditures per Schedule of Expenditures of Federal Awards	\$ 2,293,860

## **Management and Compliance Section**



**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of County Commissioners  
Sibley County  
Gaylord, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sibley County, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 21, 2025. Our report includes a reference to other auditors who audited the financial statements of the Sibley Estates of Sibley County and the South Country Health Alliance (SCHA) joint venture, as described in our report on the County's financial statements. For Sibley Estates of Sibley County, this report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the SCHA joint venture were not audited in accordance with *Government Auditing Standards*, and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the SCHA.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant

deficiencies may exist that were not identified. We identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001, that we consider to be a material weakness.

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

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

## **Minnesota Legal Compliance**

In connection with our audit, we noted that Sibley County failed to comply with the provisions of the miscellaneous provisions section of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters, as described in the Schedule of Findings and Questioned Costs as item 2024-004. Also, in connection with our audit, nothing came to our attention that caused us to believe that Sibley County failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, and claims and disbursements sections of the *Minnesota Legal Compliance Audit Guide for Counties*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Sibley County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of This Report**

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

/s/Julie Blaha

Julie Blaha  
State Auditor

/s/Chad Struss

Chad Struss, CPA  
Deputy State Auditor

August 21, 2025



## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

### Independent Auditor's Report

Board of County Commissioners  
Sibley County  
Gaylord, Minnesota

### **Report on Compliance for Each Major Federal Program**

#### ***Qualified and Unmodified Opinions***

We have audited Sibley County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Sibley County's major federal programs for the year ended December 31, 2024. Sibley County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Qualified Opinion on Medicaid Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Sibley County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Medicaid Cluster for the year ended December 31, 2024.

#### ***Unmodified Opinion on the Other Major Federal Program***

In our opinion, Sibley County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2024.

#### ***Basis for Qualified and Unmodified Opinions***

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

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



***Matter Giving Rise to Qualified Opinion on Medicaid Cluster***

As described in the accompanying Schedule of Findings and Questioned Costs, Sibley County did not comply with requirements regarding Assistance Listing No. 93.778 Medicaid Cluster as described in finding number 2024-003 for Eligibility.

Compliance with such requirements is necessary, in our opinion, for Sibley County to comply with the requirements applicable to that program.

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

***Other Matters***

The results of our auditing procedures disclosed another instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on Sibley County's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Sibley County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-003 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002 to be a significant deficiency.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Sibley County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Sibley County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*/s/Julie Blaha*

Julie Blaha  
State Auditor

August 21, 2025

*/s/Chad Struss*

Chad Struss, CPA  
Deputy State Auditor

# Sibley County Gaylord, Minnesota

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2024

### Section I – Summary of Auditor’s Results

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **None reported**

Noncompliance material to the financial statements noted? **No**

#### Federal Awards

Internal control over the major federal programs:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **Yes**

Type of auditor’s report issued on compliance for the major federal programs: **Unmodified, except for Medicaid Cluster, which is qualified.**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

Identification of the major federal programs:

Assistance Listing	
Number	Name of Federal Program or Cluster
93.563	Child Support Services
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

Sibley County qualified as a low-risk auditee? **No**

### Section II – Financial Statement Findings

#### 2024-001      Material Audit Adjustments

Prior Year Finding Number: N/A

Year of Finding Origination: 2024

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

**Criteria:** A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Auditing standards

## Sibley County Gaylord, Minnesota

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define a material weakness as a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

**Condition:** Material audit adjustments were identified that resulted in significant changes to the County's financial statements.

**Context:** The inability to detect misstatements in the financial statement increases the likelihood that the financial statements would not be fairly presented. These adjustments were found in the audit; however, independent external auditors cannot be considered part of the County's internal control.

**Effect:** The following audit adjustments were reviewed and approved by management and are reflected in the financial statements:

- The Ditch Special Revenue Fund required an adjustment of \$332,450 to increase special assessments receivable and revenue for assessments prepaid in 2025.
- The Ditch Special Revenue Fund required adjustments to remove \$182,804 in assets, \$198,091 in liabilities, \$298,577 in revenues, and \$313,864 in expenditures related to a non-county water district that was moved to a custodial fund.

**Cause:** Staff overlooked this activity when financial statements were prepared.

**Recommendation:** We recommend the County review internal controls currently in place and design and implement procedures to improve internal controls over financial reporting which will prevent, or detect and correct, misstatements in the financial statements. The updated controls should include review of the balances and supporting documentation by a qualified individual to identify potential misstatements.

**View of Responsible Official:** Acknowledge

### Section III – Federal Award Findings and Questioned Costs

**2024-002**      Eligibility – METS

**Prior Year Finding Number:** N/A

**Year of Finding Origination:** 2024

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Significant Deficiency and Other Matter

**Federal Agency:** U.S. Department of Health and Human Services

**Program:** 93.778 Medical Assistance Program

**Award Number and Year:** 2405MN5ADM; 2024

**Pass-Through Agency:** Minnesota Department of Human Services

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

## Sibley County Gaylord, Minnesota

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Title 42 U.S. *Code of Federal Regulations* §§ 435.911 and 435.945 require the state Medicaid agency to determine and verify eligibility of enrollees in Medicaid. The Minnesota Department of Human Services provides the Minnesota Health Care Programs Eligibility Policy Manual. The manual contains the Minnesota Department of Human Services eligibility policies for the Minnesota Health Care Programs, including the eligibility requirements of Medical Assistance. Specific eligibility requirements are included for participants' Social Security number verification. Minnesota Statutes, section 256B.05, requires county agencies to administer Medical Assistance.

**Condition:** The Minnesota Department of Human Services maintains the computer system, METS, which is used by Sibley County to support the eligibility determination process. In the case files tested for eligibility, not all documentation to support participant eligibility was updated or input correctly. In the sample of 40 case files tested, two participants' Social Security numbers were not verified.

**Questioned Costs:** Not applicable. Sibley County administers the program, but the State of Minnesota pays benefits to participants in this program.

**Context:** The State of Minnesota and Sibley County split the eligibility determination process. Generally, Sibley County resolves eligibility issues when prompted by the system, while the State performs the initial review of the case files, including determining the information in METS is verified. Participants receive benefits from the State.

The population consisted of 3,456 active METS cases enrolled in the Medical Assistance Program in 2024; the sample size was 40 case files. The sample size was based on the guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**Effect:** The improper input or updating of information in METS and lack of verification of key eligibility-determining factors increase the risk that program participants will receive benefits when they are not eligible.

**Cause:** Program personnel responsible for resolving eligibility issues in METS did not ensure all required information was input or updated correctly or verified.

**Recommendation:** We recommend Sibley County implement additional procedures to provide reasonable assurance that all documentation needed to resolve eligibility issues exists and program personnel properly input, update, or verify the documentation in METS. In addition, Sibley County should consider providing further training to program personnel.

**View of Responsible Official:** Acknowledge

**2024-003**      **Eligibility – MAXIS**

**Prior Year Finding Number:** 2023-001

**Year of Finding Origination:** 2022

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Material Weakness and Qualified Opinion

**Federal Agency:** U.S. Department of Health and Human Services

**Program:** 93.778 Medical Assistance Program

**Award Number and Year:** 2405MN5ADM; 2024

**Pass-Through Agency:** Minnesota Department of Human Services

## Sibley County Gaylord, Minnesota

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**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Title 42 U.S. *Code of Federal Regulations* §§ 435.911 and 435.945 require the state Medicaid agency to determine and verify eligibility of enrollees in Medicaid. The Minnesota Department of Human Services provides the Minnesota Health Care Programs Eligibility Policy Manual. The manual contains the Minnesota Department of Human Services eligibility policies for the Minnesota Health Care Programs, including the eligibility requirements of Medical Assistance. Specific eligibility requirements are included for participants' citizenship verification, income limits, and asset verification. Minnesota Statutes, section 256B.05, requires county agencies to administer Medical Assistance.

**Condition:** The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by Sibley County to support the eligibility determination process. In the case files reviewed for eligibility, not all documentation to support participant eligibility was available, updated, or input correctly. The following exceptions were noted in the sample of 40 case files tested:

- Five participants' citizenship were not verified.
- One participant's income did not match the documentation in the file.
- Three participants' assets information did not have supporting documentation in the file.

**Questioned Costs:** Not applicable. The County administers the program, but the State of Minnesota pays benefits to participants in this program.

**Context:** The State of Minnesota and the County split the eligibility determination process. Pursuant to Minnesota statutes, Sibley County performs the "intake function" needed for this program, while the State maintains the MAXIS system, which supports the eligibility determination process. Participants receive benefit payments from the State.

The population consisted of 541 active MAXIS cases enrolled in the Medical Assistance Program in 2024; the sample size was 40 case files. The sample size was based on the guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**Effect:** The lack of updated information in MAXIS and lack of verification of key eligibility-determining factors increase the risk that program participants will receive benefits when they are not eligible.

**Cause:** Program personnel indicated some of the case files were transferred from another county and the supporting documentation was not included in the information provided. In other case files, the program personnel responsible for resolving eligibility issues in MAXIS did not ensure all required information was input or updated correctly or verified.

**Recommendation:** We recommend Sibley County implement additional procedures to provide reasonable assurance that all documentation needed to support eligibility determinations exists, the program personnel properly input or update the documentation in MAXIS, and the program personnel follow up on issues in a timely manner. In addition, Sibley County should consider providing further training to program personnel.

# Sibley County

## Gaylord, Minnesota

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**View of Responsible Official:** Acknowledge

### Section IV – Other Findings and Recommendations

**2024-004      Publication of County Board Minutes**

**Prior Year Finding Number:** N/A

**Year of Finding Origination:** 2024

**Type of Finding:** Minnesota Legal Compliance

**Criteria:** Minnesota Statutes, section 375.12, requires the County to publish all Board meeting minutes, or a summary of the minutes, in a qualified newspaper of general circulation in the County. These publications should be done within 30 days of the meeting.

**Condition:** In a sample of four published summaries reviewed, three were not published within the 30-day requirement.

**Context:** County Board meetings are typically held every two weeks. Meeting minutes are approved by the County Board at the subsequent meeting.

**Effect:** The County is not in compliance with Minn. Stat. § 375.12.

**Cause:** The County indicated not all Board minutes were published within the 30 days required due to staff absences.

**Recommendation:** We recommend the County publish its summaries of the County Board minutes in compliance with Minn. Stat. § 375.12.

**View of Responsible Official:** Acknowledge



*Sibley County: Providing quality public service  
in a cost-effective manner through innovation,  
leadership and cooperation.*

## SIBLEY COUNTY AUDITOR-TREASURER

**Marilee Peterson**  
400 Court Avenue • PO Box 51  
Gaylord, MN 55334  
marileepeterson@sibleycounty.gov  
(507) 237-4070 • sibleycounty.gov

**Representation of Sibley County**  
**Gaylord, Minnesota**  
Corrective Action Plan  
For the Year Ended December 31, 2024

**Finding Number: 2024-001**

**Finding Title: Audit Adjustments**

Name of Contact Person Responsible for Corrective Action:

Marilee Peterson, Sibley County Auditor-Treasurer

Corrective Action Planned:

Annually, we run the Special Assessment listing in the new year showing the assessment balance as of 12/31. Also annually, we have begun, for a few years now, to approve multi-year ditch assessments in late winter with the prepayments due on January 5<sup>th</sup> of the following year. Notes have been made to recognize the assessments that we receive in January as receivable as were approved in the prior year. This will accurately reflect the assessment balance as of the end of the year.

Anticipated Completion Date:

December 31, 2025

**Finding Number: 2024-002**

**Finding Title: Eligibility - METS**

**Program: 93.778 Medical Assistance Program**

Name of Contact Person Responsible for Corrective Action:

John Stepien, Financial Assistance Supervisor

Corrective Action Planned:

The Financial Assistance supervisor will run BOBI report MNCM 220A at least 2 times per month to identify outstanding verifications for MA cases in METS. This will identify specific cases missing SSN verifications.

Anticipated Completion Date:

The MNCM 220A reported is generated quarterly. The anticipated completion date is October 6th for the next quarterly report.

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**Tara Ernst**  
Assistant Treasurer

**Charlene Pelletier**  
Assistant Auditor

**Kelly Nelson**  
Finance & Accounting Manager

**Jennie Radloff**  
Elections Coordinator

**Division E-mails:** SCTreasurer@sibleycounty.gov • PropertyTax@sibleycounty.gov • Finance@sibleycounty.gov • Elections@sibleycounty.gov



**Finding Number: 2024-003**  
**Finding Title: Eligibility - MAXIS**  
**Program: 93.778 Medical Assistance Program**

Name of Contact Person Responsible for Corrective Action:

John Stepien, Financial Assistance Supervisor

Corrective Action Planned:

- Citizenship verification continues to be an error prone area. As an automated system process, the majority of our cases successfully complete the interface with SSA to determine citizenship. Determining the root cause of these errors is not always simple, but some contributing factors are failed interface links between MAXIS and SSA. Citizenship details on the MEMI panel which isn't part of the normal review workflow for recertifications as it holds "additional" member information that typically doesn't change from year to year. Also, human error plays a role as this type of verification is typically requested at the time a case opens and normally doesn't change throughout the life of the case. Despite reminders and manual reviews, cases are still being missed. System modernization would go a long way to mitigate these types of error. In addition to continuing the reminders for staff, and periodically checking cases for failed interface verifications, the financial assistance supervisor will request ad-hoc reports from DHS specifically for healthcare cases that have a missing citizenship verification field or coded as "N" for no verification on the MEMI panel in MAXIS. This report will be shared with staff to target cases with missing citizenship verifications. In addition, it has been determined that the use of SMI to verify citizenship has been approved, however this verification has not been added to the case file in some instances which results in an error finding.
- Asset verification rules have changed over the past year and a half and although the previous CAP stated we would hold reviews of this policy during regular unit meetings, the financial assistance supervisor has only held one review. This area will be revisited using state training in Trainlink and staff will be reminded that any information reported on an application or renewal needs to be compared to the information recorded in MAXIS and conflicting information needs to be verified. In addition, the process of receiving verifications will be reviewed. Currently, verification documents must be accepted from the client by any means, including mail, fax, paper, or email. Email containing verifications may be sent to the primary Financial Assistance email (recommended) but also may be sent to the agency's primary email or the primary worker's personal work email (not recommend). This puts the responsibility of moving those verifications to the case file on several different people. This process may lead to verifications being received but not added to the case files. Best practices will be shared with staff.

Anticipated Completion Date:

Trainlink training was shared and reviewed at the next in person unit meeting, September 4<sup>th</sup>.  
Ad-Hoc reports will be requested for the next quarter, October 6<sup>th</sup>

Reviewing receipt of verification procedures will occur over the next several months and modifications (if necessary) or best practices will be shared January 2026.

**Finding Number: 2024-004**

**Finding Title: Publication of County Board Minutes**

Name of Contact Person Responsible for Corrective Action:

John Glisczinski, Sibley County Administrator

Corrective Action Planned:

Sibley County will coordinate a checklist of the publication of the Board Minutes that can be reviewed and verified by the County Administrator.

The checklist along with the affidavit of publication will be kept in a file on the O: Drive(shared) so it can be tracked by all.

The person sending the minutes to the official newspaper via e-mail will copy the e-mail to the County Administrator. The administrator will note the date of the e-mail on the tracking spreadsheet.

Anticipated Completion Date:

Immediately (August 15, 2025)



*Sibley County: Providing quality public service  
in a cost-effective manner through innovation,  
leadership and cooperation.*

## SIBLEY COUNTY AUDITOR-TREASURER

**Marilee Peterson**  
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### **Representation of Sibley County Gaylord, Minnesota**

Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2024

**Finding Number: 2023-001**

**Year of Finding Origination: 2022**

**Finding Title: Eligibility**

**Program: 93.778 Medical Assistance Program**

**Summary of Condition:** The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by Sibley County to support the eligibility determination process. In the case files reviewed for eligibility, not all documentation to support participant eligibility was input into MAXIS. The following exceptions were noted in the sample of 40 MAXIS case files tested:

- four case files which contained citizenship verification but citizenship in MAXIS was noted as not verified.
- three case files where the asset or income listed in MAXIS did not match the documentation in the case file.

#### **Summary of Corrective Action Previously Reported:**

- Staff will periodically check cases for citizenship. Citizenship verification is supposed to be an automatic process within MAXIS as an interface update with the Social Security Administration. Workers have come to rely on this automatic process, so reminders to staff to check that this process has actually happened, as well as checking cases periodically, will hopefully resolve this error from reoccurring in the future.
- Vehicles are now considered a disregarded asset that is unlikely to increase in value. According to the most recent policy change, these vehicle assets no longer need to be reverified or updated within MAXIS as long as the reported asset has already been verified and entered in MAXIS. Review of this policy will be brought up during regular unit meetings and staff will be reminded that any information reported on an application or renewal needs to be compared to the information recorded in MAXIS and conflicting information needs to be verified. This would specifically include any new vehicles that were purchased, or any vehicles sold during the certification period.
- Income verifications are usually the primary focus when determining new eligibility, however this data is still subject to data entry error. Special attention to this in particular will be highlighted during regular unit meetings. Training on how to review, and calculate income on paystubs will be provided to eligibility staff as well as creating detailed case notes as to how

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**Tara Ernst**  
Assistant Treasurer

**Charlene Pelletier**  
Assistant Auditor

**Kelly Nelson**  
Finance & Accounting Manager

**Jennie Radloff**  
Elections Coordinator

**Division E-mails:** SCTreasurer@sibleycounty.gov • PropertyTax@sibleycounty.gov • Finance@sibleycounty.gov • Elections@sibleycounty.gov

the income was figured and the method used for calculating that income. This will hopefully resolve this error from reoccurring in the future.

**Status:** Not Corrected.

- Citizenship verification continues to be an error prone area. As an automated system process, the majority of our cases successfully complete the interface with SSA to determine citizenship. Determining the root cause of these errors is not always simple, but some contributing factors are failed interface links between MAXIS and SSA. Citizenship details on the MEMI panel which isn't part of the normal review workflow for recertifications as it holds "additional" member information that typically doesn't change from year to year. Also, human error plays a role as this type of verification is typically requested at the time a case opens and normally doesn't change throughout the life of the case. Despite reminders and manual reviews, cases are still being missed. System modernization would go a long way to mitigate these types of error. In addition to continuing the reminders for staff, and periodically checking cases for failed interface verifications, the financial assistance supervisor will request ad-hoc reports from DHS specifically for healthcare cases that have a missing citizenship verification field or coded as "N" for no verification on the MEMI panel in MAXIS. This report will be shared with staff to target cases with missing citizenship verifications. In addition, it has been determined that the use of SMI to verify citizenship has been approved, however this verification has not been added to the case file in some instances which results in an error finding.
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