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Sibley County
Gaylord, Minnesota

Annual Financial Report and Management and Compliance Report

Year Ended December 31, 2025

Audit Practice Division

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR
State Auditor Julie Blaha

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Sibley County
Gaylord, Minnesota

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Gaylord, Minnesota

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Introductory Section

Sibley County
Gaylord, Minnesota

Organization
December 31, 2025

Office	Name	Term Expires
Commissioners		
1st District	Peter Koch	January 2027
2nd District	Christian Lilienthal	January 2027
3rd District	Lyle Grochow*	January 2029
4th District	Keith Hennen	January 2029
5th District	Steve Saxton	January 2027
Officers		
Elected		
Attorney	Donald Lannoye	January 2027
Recorder	Kathy Dietz	January 2027
Registrar of Titles	Kathy Dietz	January 2027
Sheriff	Pat Nienaber	January 2027
Appointed		
Administrator	Marilee Peterson	Indefinite
Assessor	Laura Hacker	December 2028
Auditor-Treasurer	Jennie Radloff	Indefinite
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	Vacant	Indefinite
Human Resources Manager	Jodi Coleman	Indefinite
Information Technology Manager	Alan Cole	Indefinite
Medical Examiner	A. Quinn Strobl, MD	December 2028
Public Health and Human Services Director	Klea Rettmann	Indefinite
Public Works Director	Timothy Becker	April 2029
Surveyor	Luke Kranz	December 2028
Veterans Service Officer	Lisa Klenk	August 2028

*Chair

Financial Section

STATE OF MINNESOTA

Julie Blaha
State Auditor

Office of the State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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, 2025, 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, 2025, 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, 2025. 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, 2025. The SCHA is a joint venture discussed in Note 5 to the financial statements. The County's investment in the SCHA joint venture, $4,510,807, represents 2.8 percent and 3.2 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 joint venture 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

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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, Budgetary Comparison Schedule – Debt Service Fund, combining fiduciary fund financial statements, 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 28, 2026, 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	*/s/Lisa Young*
Julie Blaha State Auditor	Lisa Young, CPA Deputy State Auditor

August 28, 2026

Management’s Discussion and Analysis

Sibley County
Gaylord, Minnesota

Management's Discussion and Analysis
December 31, 2025
(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, 2025. 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 $142,993,931, of which $102,186,914 is the net investment in capital assets, and $15,503,283 is restricted for specific purposes.
- Business-type activities' total net position is $957,565, of which $474,296 is the net investment in capital assets, and $116,914 is restricted for housing and redevelopment.
- Governmental activities' total net position increased by $15,613,469 in 2025. The net position of the County's business-type activities increased by $75,567.
- At the close of 2025, the unassigned fund balance for the General Fund was $6,752,563, or 51.6 percent, of the total General Fund expenditures. This amount will be available for 2026 budgeting purposes.
- The net cost of governmental activities in 2025 decreased by $1,148,631 from the previous year, lowering the total to $4,877,510. The net cost of governmental activities was funded by general revenues and contributions totaling $20,490,979.

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 Balance 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 Special Revenue Funds, 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 beneficiaries. 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

Condensed Statement of Net Position	Governmental Activities 2025	Governmental Activities 2024	Business-Type Activities 2025	Business-Type Activities 2024	Total Primary Government 2025	Total Primary Government 2024
Assets						
Current and other assets	$ 56,040,942	$ 52,973,332	$ 528,603	$ 423,280	$ 56,569,545	$ 53,396,612
Capital assets, net	106,930,094	95,053,795	474,296	486,261	107,404,390	95,540,056
Total Assets	$ 162,971,036	$ 148,027,127	$ 1,002,899	$ 909,541	$ 163,973,935	$ 148,936,668
Deferred Outflows of Resources	$ 2,887,034	$ 3,305,643	$ -	$ -	$ 2,887,034	$ 3,305,643
Liabilities						
Long-term liabilities	$ 14,098,475	$ 14,968,844	$ -	$ -	$ 14,098,475	$ 14,968,844
Other liabilities	3,574,258	3,055,770	45,334	27,543	3,619,592	3,083,313
Total Liabilities	$ 17,672,733	$ 18,024,614	$ 45,334	$ 27,543	$ 17,718,067	$ 18,052,157
Deferred Inflows of Resources	$ 5,191,406	$ 5,927,694	$ -	$ -	$ 5,191,406	$ 5,927,694
Net Position						
Net investment in capital assets	$ 102,186,914	$ 90,278,066	$ 474,296	$ 486,261	$ 102,661,210	$ 90,764,327
Restricted	15,503,283	16,480,435	116,914	106,223	15,620,197	16,586,658
Unrestricted	25,303,734	20,621,961	366,355	289,514	25,670,089	20,911,475
Total Net Position	$ 142,993,931	$ 127,380,462	$ 957,565	$ 881,998	$ 143,951,496	$ 128,262,460

The net position of the County's governmental activities increased by 12.3 percent ($15,613,469) from 2024 to 2025. 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 $20,621,961 at December 31, 2024, to $25,303,734 at the end of this year. Net position of the business-type activities increased $75,567 (or 8.6 percent) for 2025.

Table II – Changes in Net Position

Condensed Statement of Activities	Governmental Activities 2025	Governmental Activities 2024	Business-Type Activities 2025	Business-Type Activities 2024	Total Primary Government 2025	Total Primary Government 2024
Revenues						
Program revenues						
Fees, charges, fines, and other	$ 5,586,737	$ 6,705,742	$ 220,047	$ 226,778	$ 5,806,784	$ 6,932,520
Operating grants and contributions	13,247,982	12,507,028	217,974	190,915	13,465,956	12,697,943
Capital grants and contributions	11,726,540	11,710,693	-	-	11,726,540	11,710,693
General revenues						
Property taxes	16,892,132	16,520,165	-	-	16,892,132	16,520,165
Gravel taxes	108,994	120,135	-	-	108,994	120,135
Wheelage taxes	174,291	177,837	-	-	174,291	177,837
Payments in lieu of tax	28,964	29,346	-	-	28,964	29,346
Grants and contributions not restricted to specific programs	1,297,220	1,554,007	-	-	1,297,220	1,554,007
Investment earnings	1,677,069	1,916,965	11,459	9,072	1,688,528	1,926,037
Miscellaneous and other	312,309	359,607	-	-	312,309	359,607
Contributions to permanent fund	-	10,050	-	-	-	10,050
Total Revenues	$ 51,052,238	$ 51,611,575	$ 449,480	$ 426,765	$ 51,501,718	$ 52,038,340
Expenses						
General government	$ 6,567,476	$ 6,368,732	$ -	$ -	$ 6,567,476	$ 6,368,732
Public safety	4,740,019	5,294,197	-	-	4,740,019	5,294,197
Highways and streets	10,707,971	10,015,901	-	-	10,707,971	10,015,901
Sanitation	661,508	436,529	-	-	661,508	436,529
Human services	7,474,210	9,512,680	-	-	7,474,210	9,512,680
Health	1,177,880	1,183,530	-	-	1,177,880	1,183,530
Culture and recreation	566,812	499,511	-	-	566,812	499,511
Conservation of natural resources	3,141,866	3,068,256	-	-	3,141,866	3,068,256
Economic development	102,007	174,780	-	-	102,007	174,780
Interest	299,020	395,488	-	-	299,020	395,488
Sibley Estates	-	-	373,913	392,840	373,913	392,840
Total Expenses	$ 35,438,769	$ 36,949,604	$ 373,913	$ 392,840	$ 35,812,682	$ 37,342,444
Changes in Net Position	$ 15,613,469	$ 14,661,971	$ 75,567	$ 33,925	$ 15,689,036	$ 14,695,896
Net Position – January 1	127,380,462	112,718,491	881,998	848,073	128,262,460	113,566,564
Net Position – December 31	$ 142,993,931	$ 127,380,462	$ 957,565	$ 881,998	$ 143,951,496	$ 128,262,460

The County's expenses for governmental activities decreased $1,510,835 from 2024.

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 $4,877,510 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

Expenses	Total Cost of Services 2025	Total Cost of Services 2024	Net Cost (Revenue) of Services 2025	Net Cost (Revenue) of Services 2024
General government	$ 6,567,476	$ 6,368,732	$ 5,520,487	$ 5,214,197
Public safety	4,740,019	5,294,197	4,080,740	4,536,934
Highways and streets	10,707,971	10,015,901	(8,961,480)	(9,127,830)
Sanitation	661,508	436,529	(59,117)	(67,059)
Human services	7,474,210	9,512,680	2,758,211	5,273,803
Health	1,177,880	1,183,530	422,171	692,467
Culture and recreation	566,812	499,511	522,783	434,204
Conservation of natural resources	3,141,866	3,068,256	234,804	(1,405,086)
Economic development	102,007	174,780	59,891	79,023
Interest	299,020	395,488	299,020	395,488
Total Expenses	$ 35,438,769	$ 36,949,604	$ 4,877,510	$ 6,026,141

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 $35,134,564. This is an increase of $3,639,972 in comparison to the prior fiscal year. Of the $35,134,564 total fund balances, $25,335,394 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 $7,305,241 (or 70.4 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 55.8 percent of total General Fund expenditures. In 2025, the fund balance amount in the General Fund increased $728,267. This increase was due to more investment earnings than anticipated and software subscriptions entered into during 2025.

The Public Works Special Revenue Fund had a total fund balance of $15,511,490 at the end of 2025. This is an increase of $2,835,845. This increase was due to higher than anticipated highway and bridge, equipment and maintenance revenues, as well as lower expenditures in these areas. The Public Health and Human Services Special Revenue Fund had a total fund balance of $5,554,588 at the end of the current fiscal year. This is an increase of $242,254 that can primarily be attributed to less than anticipated expenditures in this area. The Ditch Special Revenue Fund had a negative fund balance of $2,497,877, which is an improvement of $543,430 from the prior year, due to prepayments towards special assessments. The Capital Projects Fund ended 2025 with a fund balance of $4,279,085. This is a decrease of $742,918. The decrease is due to multiple purchases of capital equipment.

General Fund Budgetary Highlights

No budget amendments were made for 2025. The actual revenues were $987,946 more than the budgeted revenues, and actual expenditures were more than expected by $447,182. Actual revenues exceeded budgeted revenues due to underbudgeted intergovernmental revenues and investment earnings. Actual expenditures were more than budgeted expenditures due mostly to underbudgeted general government and public safety 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)

Capital Assets	2025	2024
Governmental Activities		
Land	$ 1,877,087	$ 1,877,087
Construction in progress	24,250,824	19,414,227
Infrastructure	67,874,972	60,442,033
Buildings and building improvements	8,187,735	8,456,512
Machinery, furniture, and equipment	4,174,402	4,403,149
Improvements other than buildings	342,870	364,723
Lease equipment	50,230	71,017
Software subscriptions	171,974	25,047
Total	$ 106,930,094	$ 95,053,795
Business-Type Activities	$ 474,296	$ 486,261

The County's investment in capital assets for its governmental activities as of December 31, 2025, was $106,930,094 (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 12.5 percent, or $11,876,299.

The County's investment in capital assets for its business-type activities decreased by $11,965 in the current year from $486,261 in 2024, to $474,296 in 2025.

Long-Term Debt

At the end of the current fiscal year, the County had total outstanding debt of $5,110,000, versus $5,440,000 last year—a decrease of $330,000, or 6.1 percent—as shown in Table V. The decrease is due to scheduled debt payments.

Table V – Outstanding Debt at Year-End

Outstanding Debt	2025	2024
General obligation bonds	$ 3,965,000	$ 4,220,000
General obligation special assessment bonds	1,145,000	1,220,000
Total	$ 5,110,000	$ 5,440,000

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 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 2025, the taxable market value was $5,460,263,957 and, in 2024, the amount was $4,850,552,303. The County’s outstanding net debt of $5,110,000 is significantly below the state-imposed limit of $163,807,919.

Economic Factors and Next Year’s Budgets and Rates

The County’s elected and appointed officials considered many factors when setting the fiscal year 2026 budget and the tax rates and fees that will be charged for government services.

- State aid from the State of Minnesota for 2026 ($827,139) is down 0.13 percent compared to 2025 ($828,246).

- For fiscal year 2026, Sibley County’s total taxable market value is $5,360,432,964. This is a decrease of $99,830,993 or 1.83 percent, from the 2025 total taxable market value of $5,460,263,957. This decrease 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 2026 is 3.8 percent. Sibley County’s unemployment rate is below the State of Minnesota’s unemployment rate of 4.0 percent. The unemployment rate has increased from last year’s rate of 3.3 percent, which was the same as the state rate of 3.3 percent.

- On December 23, 2025, the Sibley County Board of Commissioners approved the 2026 budget for $39,164,102. The 2026 total levy is $18,664,145 and the total net tax levy was $17,837,006 (reduced by County Program Aid). This was an increase from the 2025 total net tax levy of $17,145,204. The 2026 budget includes a 4.035 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, or you can visit our website at www.sibleycounty.gov.

Basic Financial Statements

Government-Wide Financial Statements

Exhibit 1

Sibley County
Gaylord, Minnesota

Statement of Net Position
December 31, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and pooled investments	$ 35,270,134	$ 394,255	$ 35,664,389
Tenant deposits held in trust	-	17,550	17,550
Restricted deposits	-	115,000	115,000
Petty cash and change funds	3,975	-	3,975
Investments	95,000	-	95,000
Taxes receivable – delinquent	168,971	-	168,971
Special assessments receivable – delinquent	24,924	-	24,924
Special assessments receivable – noncurrent	6,015,220	-	6,015,220
Accounts receivable - net	735,602	712	736,314
Accrued interest receivable	963,383	-	963,383
Due from other governments	6,889,301	-	6,889,301
Loans receivable	69,644	-	69,644
Inventories	1,027,158	-	1,027,158
Prepaid items	34,002	1,086	35,088
Investment in joint venture	4,510,807	-	4,510,807
Capital assets			
Non-depreciable or amortizable	26,127,911	23,500	26,151,411
Depreciable or amortizable – net of accumulated depreciation and amortization	80,802,183	450,796	81,252,979
Net pension asset	232,821	-	232,821
Total Assets	**$ 162,971,036**	**$ 1,002,899**	**$ 163,973,935**
Deferred Outflows of Resources			
Deferred other postemployment benefits outflows	$ 14,142	$ -	$ 14,142
Deferred pension outflows	2,872,892	-	2,872,892
Total Deferred Outflows of Resources	**$ 2,887,034**	**$ -**	**$ 2,887,034**
Liabilities			
Current liabilities			
Accounts payable	$ 898,343	$ 24,837	$ 923,180
Salaries payable	938,455	-	938,455
Contracts payable	506,746	-	506,746
Due to other governments	1,104,017	3,952	1,107,969
Accrued interest payable	53,996	909	54,905
Unearned revenue	72,701	-	72,701
Security deposits payable	-	15,636	15,636
Compensated absences payable	522,027	-	522,027
General obligation bonds payable	260,000	-	260,000
General obligation special assessment bonds payable	75,000	-	75,000
AgBMP loans payable	184,946	-	184,946
Leases payable	21,048	-	21,048
Software subscription liability	59,021	-	59,021
Other postemployment benefits liability	18,343	-	18,343

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

Sibley County
Gaylord, Minnesota

Statement of Net Position
December 31, 2025

	Governmental Activities	Business-Type Activities	Total
Liabilities (Continued)			
Noncurrent liabilities			
Compensated absences payable	1,411,406	-	1,411,406
General obligation bonds payable – net	3,773,577	-	3,773,577
General obligation special assessment bonds payable – net	1,096,266	-	1,096,266
AgBMP loans payable	1,203,790	-	1,203,790
Leases payable	32,631	-	32,631
Software subscription liability	112,996	-	112,996
Other postemployment benefits liability	493,731	-	493,731
Net pension liability	4,833,693	-	4,833,693
Total Liabilities	**$ 17,672,733**	**$ 45,334**	**$ 17,718,067**
Deferred Inflows of Resources			
Prepaid property taxes	$ 59,409	$ -	$ 59,409
Deferred other postemployment benefits inflows	248,033	-	248,033
Deferred pension inflows	4,883,964	-	4,883,964
Total Deferred Inflows of Resources	**$ 5,191,406**	**$ -**	**$ 5,191,406**
Net Position			
Net investment in capital assets	$ 102,186,914	$ 474,296	$ 102,661,210
Restricted for			
General government	473,474	-	473,474
Public safety	2,100,233	-	2,100,233
Highways and streets	8,115,647	-	8,115,647
Sanitation	440,737	-	440,737
Human services	75,668	-	75,668
Health	227,946	-	227,946
Culture and recreation	36,785	-	36,785
Conservation of natural resources	2,277,786	-	2,277,786
Economic development	506,304	-	506,304
Housing and redevelopment	-	116,914	116,914
Debt service	637,495	-	637,495
Permanent fund principal – nonexpendable	271,427	-	271,427
Opioid remediation activities	339,781	-	339,781
Unrestricted	25,303,734	366,355	25,670,089
Total Net Position	**$ 142,993,931**	**$ 957,565**	**$ 143,951,496**

Exhibit 2

Sibley County
Gaylord, Minnesota

Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental activities							
General government	$ 6,567,476	$ 842,173	$ 204,816	$ -	$ (5,520,487)	$ -	$ (5,520,487)
Public safety	4,740,019	154,887	504,392	-	(4,080,740)	-	(4,080,740)
Highways and streets	10,707,971	203,307	7,782,154	11,683,990	8,961,480	-	8,961,480
Sanitation	661,508	546,255	174,370	-	59,117	-	59,117
Human services	7,474,210	1,042,496	3,673,503	-	(2,758,211)	-	(2,758,211)
Health	1,177,880	163,513	592,196	-	(422,171)	-	(422,171)
Culture and recreation	566,812	-	1,479	42,550	(522,783)	-	(522,783)
Conservation of natural resources	3,141,866	2,630,857	276,205	-	(234,804)	-	(234,804)
Economic development	102,007	3,249	38,867	-	(59,891)	-	(59,891)
Interest	299,020	-	-	-	(299,020)	-	(299,020)
Total governmental activities	**$ 35,438,769**	**$ 5,586,737**	**$ 13,247,982**	**$ 11,726,540**	**$ (4,877,510)**	**$ -**	**$ (4,877,510)**
Business-type activities							
Sibley Estates – housing and redevelopment	373,913	220,047	217,974	-	-	64,108	64,108
Total	**$ 35,812,682**	**$ 5,806,784**	**$ 13,465,956**	**$ 11,726,540**	**$ (4,877,510)**	**$ 64,108**	**$ (4,813,402)**

	Governmental Activities	Business-Type Activities	Total
General Revenues			
Property taxes	$ 16,892,132	$ -	$ 16,892,132
Gravel tax	108,994	-	108,994
Wheelage tax	174,291	-	174,291
Payments in lieu of tax	28,964	-	28,964
Grants and contributions not restricted to specific programs	1,297,220	-	1,297,220
Investment earnings	1,677,069	11,459	1,688,528
Miscellaneous	312,309	-	312,309
Total general revenues	**$ 20,490,979**	**$ 11,459**	**$ 20,502,438**
Change in net position	**$ 15,613,469**	**$ 75,567**	**$ 15,689,036**
Net Position – January 1	**$ 127,380,462**	**$ 881,998**	**$ 128,262,460**
Net Position – December 31	**$ 142,993,931**	**$ 957,565**	**$ 143,951,496**

Fund Financial Statements

Governmental Funds

Sibley County
Gaylord, Minnesota

Balance Sheet
Governmental Funds
December 31, 2025

	General	Public Works Special Revenue	Public Health and Human Services Special Revenue	Ditch Special Revenue
Assets				
Cash and pooled investments	$ 7,880,833	$ 15,150,599	$ 5,687,079	$ 1,140,783
Petty cash and change funds	3,875	-	100	-
Investments	-	-	-	70,000
Taxes receivable – delinquent	84,536	42,259	38,313	-
Special assessments receivable – delinquent	4,211	-	-	10,518
Special assessments receivable – noncurrent	-	-	-	4,843,641
Accounts receivable – net	56,259	24,046	638,515	-
Accrued interest receivable	963,383	-	-	-
Due from other funds	2,400,705	17,967	3,290	-
Due from other governments	58,923	5,946,172	703,142	181,064
Loans receivable	-	-	-	-
Inventories	-	1,027,158	-	-
Prepaid items	32,400	-	1,602	-
Total Assets	**$ 11,485,125**	**$ 22,208,201**	**$ 7,072,041**	**$ 6,246,006**
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	$ 209,650	$ 155,964	$ 146,577	$ 96,636
Salaries payable	441,606	138,582	358,267	-
Contracts payable	-	506,746	-	-
Due to other funds	21,194	39	8,253	3,392,476
Due to other governments	183,709	69,685	338,296	512,327
Unearned revenue	31,400	-	-	-
Total Liabilities	**$ 887,559**	**$ 871,016**	**$ 851,393**	**$ 4,001,439**
Deferred Inflows of Resources				
Unavailable revenue	$ 191,868	$ 5,809,058	$ 654,072	$ 4,742,444
Prepaid property taxes	29,486	16,637	11,988	-
Total Deferred Inflows of Resources	**$ 221,354**	**$ 5,825,695**	**$ 666,060**	**$ 4,742,444**

Capital Projects	Nonmajor Governmental Funds	Total
$ 3,523,885	$ 1,886,955	$ 35,270,134
-	-	3,975
-	25,000	95,000
-	3,863	168,971
-	10,195	24,924
-	1,171,579	6,015,220
16,782	-	735,602
-	-	963,383
1,000,000	-	3,421,962
-	-	6,889,301
-	69,644	69,644
-	-	1,027,158
-	-	34,002
$ 4,540,667	**$ 3,167,236**	**$ 54,719,276**
$ 261,582	$ 27,934	$ 898,343
-	-	938,455
-	-	506,746
-	-	3,421,962
-	-	1,104,017
-	41,301	72,701
$ 261,582	**$ 69,235**	**$ 6,942,224**
$ -	$ 1,185,637	$ 12,583,079
-	1,298	59,409
$ -	**$ 1,186,935**	**$ 12,642,488**

Sibley County
Gaylord, Minnesota

Balance Sheet
Governmental Funds
December 31, 2025

	General	Public Works Special Revenue	Public Health and Human Services Special Revenue	Ditch Special Revenue
Liabilities, Deferred Inflows of Resources, and Fund Balances (Continued)				
Fund Balances				
Nonspendable				
Prepaid items	$ 32,400	$ -	$ 1,602	$ -
Inventories	-	1,027,158	-	-
Loan security	-	-	-	-
Federal lands	-	-	-	-
Restricted				
Juvenile fines	20,749	-	-	-
Law library	33,892	-	-	-
Attorney's forfeited property	11,327	-	-	-
Recorder's equipment purchases	134,672	-	-	-
Land records technology	246,779	-	-	-
E-911	1,310,079	-	-	-
Sheriff next generation E-911	5,083	-	-	-
Park improvements	36,785	-	-	-
Aquatic invasive species program	61,623	-	-	-
Riparian protection	42,954	-	-	-
Shoreland grant	26,055	-	-	-
Conceal and carry program	216,859	-	-	-
Opioid remediation activities	339,781	-	-	-
State local housing	216,542	-	-	-
Public safety	335,391	-	-	-
Highway maintenance and construction	-	2,484,593	-	-
Land restoration – gravel tax	-	356,618	-	-
Ditch maintenance and construction	-	-	-	643,548
Local homeless prevention	-	-	39,559	-
Medical assistance eligibility renewal	-	-	36,109	-
Community reinvestment projects	-	-	227,946	-
Economic development loans	-	-	-	-
Sub-surface sewage treatment systems	-	-	-	-
Debt service	-	-	-	-
Committed to				
Tobacco ordinance	27,000	-	-	-
Alcohol enforcement and education	12,222	-	-	-
Solid waste	513,456	-	-	-
Projects, technology, and equipment purchases	-	-	-	-
Assigned for				
Public works	-	11,643,121	-	-
Public health and human services	-	-	5,249,372	-
Unassigned	6,752,563	-	-	(3,141,425)
Total Fund Balances	**$ 10,376,212**	**$ 15,511,490**	**$ 5,554,588**	**$ (2,497,877)**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 11,485,125**	**$ 22,208,201**	**$ 7,072,041**	**$ 6,246,006**

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

Capital Projects	Nonmajor Governmental Funds	Total
$ -	$ -	$ 34,002
-	-	1,027,158
-	25,000	25,000
-	271,427	271,427
-	-	20,749
-	-	33,892
-	-	11,327
-	-	134,672
-	-	246,779
-	-	1,310,079
-	-	5,083
-	-	36,785
-	-	61,623
-	-	42,954
-	-	26,055
-	-	216,859
-	-	339,781
-	-	216,542
-	-	335,391
-	-	2,484,593
-	-	356,618
-	-	643,548
-	-	39,559
-	-	36,109
-	-	227,946
-	289,762	289,762
-	647,699	647,699
-	677,178	677,178
-	-	27,000
-	-	12,222
-	-	513,456
4,279,085	-	4,279,085
-	-	11,643,121
-	-	5,249,372
-	-	3,611,138
$ 4,279,085	**$ 1,911,066**	**$ 35,134,564**
$ 4,540,667	**$ 3,167,236**	**$ 54,719,276**

Exhibit 4

Sibley County
Gaylord, Minnesota

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position—Governmental Activities
December 31, 2025

Fund balances – total governmental funds (Exhibit 3)	**$**	**35,134,564**
Amounts reported for governmental activities in the statement of net position are different because:		
Investments in joint ventures are reported in governmental activities and are not financial resources and, therefore, are not reported in the governmental funds.	**$**	**4,510,807**
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.	**$**	**106,930,094**
Net pension assets are not financial resources and, therefore, are not reported in the governmental funds.	**$**	**232,821**
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.	**$**	**12,583,079**
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 other postemployment benefits outflows	$	14,142
Deferred other postemployment benefits inflows		(248,033)
Deferred other postemployment benefits outflows and inflows not reported in the governmental funds	**$**	**(233,891)**
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 pension outflows	$	2,872,892
Deferred pension inflows		(4,883,964)
Deferred pension outflows and inflows not reported in the governmental funds	**$**	**(2,011,072)**
Governmental funds do not report a liability for accrued interest on long-term liabilities until due and payable.	**$**	**(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	$	(4,033,577)
General obligation special assessment bonds payable		(1,171,266)
AgBMP loans payable		(1,388,736)
Leases payable		(53,679)
Software subscription liability		(172,017)
Compensated absences payable		(1,933,433)
Other postemployment benefits liability		(512,074)
Net pension liability		(4,833,693)
Long-term liabilities not reported in the governmental funds	**$**	**(14,098,475)**
Net Position of Governmental Activities (Exhibit 1)	**$**	**142,993,931**

Exhibit 5

Sibley County
Gaylord, Minnesota

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2025

	General	Public Works Special Revenue	Public Health and Human Services Special Revenue
Revenues			
Taxes	$ 8,595,995	$ 4,336,391	$ 3,829,108
Special assessments	138,516	-	-
Licenses and permits	54,498	-	-
Intergovernmental	1,814,752	20,744,559	4,594,666
Settlements	53,038	-	-
Charges for services	1,024,152	183,657	564,304
Fines and forfeits	3,834	-	-
Gifts and contributions	1,529	-	16
Investment earnings	1,622,988	-	-
Miscellaneous	288,893	158,075	331,770
Total Revenues	**$ 13,598,195**	**$ 25,422,682**	**$ 9,319,864**
Expenditures			
Current			
General government	$ 6,466,711	$ -	$ -
Public safety	4,757,466	-	-
Highways and streets	-	21,963,122	-
Sanitation	236,866	-	-
Human services	-	-	7,810,966
Health	-	-	1,266,644
Culture and recreation	558,030	-	-
Conservation of natural resources	820,110	-	-
Economic development	102,007	-	-
Intergovernmental			
Highways and streets	-	508,277	-
Capital outlay			
General government	44,184	-	-
Public safety	31,519	-	-
Highways and streets	-	40,280	-
Culture and recreation	911	-	-
Debt service			
Principal	74,310	-	-
Interest	1,711	-	-
Administrative charges	-	-	-
Total Expenditures	**$ 13,093,825**	**$ 22,511,679**	**$ 9,077,610**
Excess of Revenues Over (Under) Expenditures	**$ 504,370**	**$ 2,911,003**	**$ 242,254**

Ditch Special Revenue	Capital Projects	Nonmajor Governmental Funds	Total
$ -	$ -	$ 381,000	$ 17,142,494
3,147,213	-	283,512	3,569,241
-	-	-	54,498
53,658	-	103,119	27,310,754
-	-	-	53,038
-	-	-	1,772,113
-	-	-	3,834
-	-	-	1,545
7,956	28,750	10,248	1,669,942
-	-	-	778,738
$ 3,208,827	**$ 28,750**	**$ 777,879**	**$ 52,356,197**
$ -	$ -	$ -	$ 6,466,711
-	-	-	4,757,466
-	-	-	21,963,122
-	-	424,642	661,508
-	-	-	7,810,966
-	-	-	1,266,644
-	-	-	558,030
2,403,085	-	-	3,223,195
-	-	-	102,007
-	-	-	508,277
-	106,922	-	151,106
-	351,742	-	383,261
-	303,242	-	343,522
-	-	-	911
75,000	9,045	523,110	681,465
186,916	717	116,500	305,844
396	-	649	1,045
$ 2,665,397	**$ 771,668**	**$ 1,064,901**	**$ 49,185,080**
$ 543,430	**$ (742,918)**	**$ (287,022)**	**$ 3,171,117**

Exhibit 5
(Continued)

Sibley County
Gaylord, Minnesota

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2025

	General	Public Works Special Revenue	Public Health and Human Services Special Revenue
Other Financing Sources (Uses)			
Transfers in	$ 16,862	$ -	$ -
Transfers out	-	-	-
Loans issued	-	-	-
Software subscriptions issued	207,035	-	-
Total Other Financing Sources (Uses)	**$ 223,897**	**$ -**	**$ -**
Net Change in Fund Balance	**$ 728,267**	**$ 2,911,003**	**$ 242,254**
Fund Balance – January 1	**9,647,945**	**12,675,645**	**5,312,334**
Increase (decrease) in inventories	**-**	**(75,158)**	**-**
Fund Balance – December 31	**$ 10,376,212**	**$ 15,511,490**	**$ 5,554,588**

Ditch Special Revenue	Capital Projects	Nonmajor Governmental Funds	Total
$ -	$ -	$ -	$ 16,862
-	-	(16,862)	(16,862)
-	-	336,978	336,978
-	-	-	207,035
$ -	**$ -**	**$ 320,116**	**$ 544,013**
$ 543,430	**$ (742,918)**	**$ 33,094**	**$ 3,715,130**
(3,041,307)	**5,022,003**	**1,877,972**	**31,494,592**
-	**-**	**-**	**(75,158)**
$ (2,497,877)	**$ 4,279,085**	**$ 1,911,066**	**$ 35,134,564**

Exhibit 6

Sibley County
Gaylord, Minnesota

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities—Governmental Activities
For the Year Ended December 31, 2025

Net change in fund balance – total governmental funds (Exhibit 5)	**$**	**3,715,130**
Amounts reported for governmental activities in the statement of activities are different because:		
In the funds, distributions of joint venture equity interest are reported as revenue. In the statement of net position, an asset is reported for the equity interest, and distributions, increases, and decreases in joint venture equity are reported in the statement of activities. The adjustment is the increase or decrease in equity in the joint venture.	**$**	**206,991**
In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in revenue deferred as unavailable.		
Deferred inflows of resources – unavailable revenue – December 31	$	12,583,079
Deferred inflows of resources – unavailable revenue – January 1		(14,046,309)
Total adjustment to revenue in the government-wide statements for current and prior year unavailable revenue	**$**	**(1,463,230)**
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. Also, in the statement of activities, only the gain or loss on the disposal of assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets disposed.		
Expenditures for general capital assets and infrastructure	$	17,056,843
Current year depreciation and amortization		(5,168,089)
Net book value of assets disposed		(12,455)
Total adjustment to the government-wide statements for current year capital asset activity	**$**	**11,876,299**
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, the governmental funds report the net effect of premiums, discounts, and similar items when debt is first issued; whereas, these amounts are amortized over the life of the debt in the statement of activities.		
Proceeds of new debt – AgBMP loans issued	$	(336,978)
Repayment of debt principal		598,110
Amortization of premium on bonds		7,869
Total adjustment to the government-wide statements for current year long-term debt activity	**$**	**269,001**
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.		
Software subscriptions issued	$	(207,035)
Principal payments on leases		20,500
Principal payments on software subscriptions		62,855
Total adjustment to the government-wide statements for financing right-to-use assets	**$**	**(123,680)**

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

Sibley County
Gaylord, Minnesota

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities—Governmental Activities
For the Year Ended December 31, 2025

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

Change in inventories	$	(75,158)
Change in deferred other post employment benefits outflows		(23,435)
Change in deferred pension outflows		(395,174)
Change in compensated absences payable		(118,892)
Change in other postemployment benefits liability		49,321
Change in net pension asset		232,821
Change in net pension liability		794,619
Change in deferred other postemployment benefits inflows		(23,573)
Change in deferred pension inflows		692,429
Total adjustment to the government-wide statements for other activities not reported in governmental funds	**$**	**1,132,958**
Change in Net Position of Governmental Activities (Exhibit 2)	**$**	**15,613,469**

Proprietary Fund

Exhibit 7

Sibley County
Gaylord, Minnesota

Statement of Net Position
Sibley Estates Enterprise Fund
December 31, 2025

Assets		
Current assets		
Cash and temporary investments	$	394,255
Tenant deposits held in trust		17,550
Restricted deposits		115,000
Accounts receivable		712
Prepaid items		1,086
Total current assets	**$**	**528,603**
Noncurrent assets		
Capital assets		
Non-depreciable	$	23,500
Depreciable – net of accumulated depreciation		450,796
Total noncurrent assets	**$**	**474,296**
Total Assets	**$**	**1,002,899**
Liabilities		
Current liabilities		
Accounts payable	$	24,837
Due to other governments		3,952
Accrued interest payable		909
Security deposits payable		15,636
Total Liabilities	**$**	**45,334**
Net Position		
Investment in capital assets	$	474,296
Restricted for housing and redevelopment		116,914
Unrestricted		366,355
Total Net Position	**$**	**957,565**

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

Exhibit 8

Sibley County
Gaylord, Minnesota

Statement of Revenues, Expenses, and Changes in Net Position
Sibley Estates Enterprise Fund
For the Year Ended December 31, 2025

Operating Revenues		
Rents	$	212,208
Intergovernmental – federal		217,974
Miscellaneous		7,839
Total Operating Revenues	**$**	**438,021**
Operating Expenses		
Personal services	$	99,201
Professional services		37,533
Telephone		5,573
Utilities		59,123
Taxes and licenses		3,798
Marketing costs		1,375
Insurance		13,816
Repairs and maintenance		88,991
Independent public accountant costs		14,575
Miscellaneous		19,515
Depreciation		30,286
Total Operating Expenses	**$**	**373,786**
Operating Income (Loss)	**$**	**64,235**
Nonoperating Revenues (Expenses)		
Interest income	$	11,459
Interest expense		(127)
Total Nonoperating Revenues (Expenses)	**$**	**11,332**
Change in Net Position	**$**	**75,567**
Net Position – January 1	**$**	**881,998**
Net Position – December 31	**$**	**957,565**

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

Exhibit 9

Sibley County
Gaylord, Minnesota

Statement of Cash Flows
Sibley Estates Enterprise Fund
For the Year Ended December 31, 2025

Cash Flows from Operating Activities		
Receipts from customers	$	220,608
Receipts from government agencies		217,974
Payments to suppliers and vendors		(231,837)
Payments to and on behalf of employees		(99,201)
Net cash provided by (used in) operating activities	**$**	**107,544**
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	**$**	**(12,601)**
Cash Flows from Investing Activities		
Interest paid	$	(147)
Interest received on investments		11,459
Net cash provided by (used in) investing activities	**$**	**11,312**
Net Increase (Decrease) in Cash and Cash Equivalents	**$**	**106,255**
Cash and Cash Equivalents – January 1		**420,550**
Cash and Cash Equivalents – December 31	**$**	**526,805**
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position – Exhibit 7		
Cash and temporary investments	$	394,255
Tenant deposits held in trust		17,550
Restricted deposits		115,000
Total Cash and Cash Equivalents – December 31	**$**	**526,805**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	**$**	**64,235**
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	$	30,286
(Increase) decrease in accounts receivable		970
(Increase) decrease in prepaid items		(373)
Increase (decrease) in accounts payable		10,146
Increase (decrease) in due to other governments		2,689
Increase (decrease) in security deposits payable		(409)
Total adjustments	**$**	**43,309**
Net Cash Provided by (Used in) Operating Activities	**$**	**107,544**
Noncash Investing, Capital, and Financing Activities		
Capital assets acquired on account	$	5,720

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

Fiduciary Funds

Exhibit 10

Sibley County
Gaylord, Minnesota

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2025

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Assets		
Cash and pooled investments	$ 44,025	$ 499,700
Due from other governments	-	28,272
Accounts receivable	-	203,197
Taxes receivable for other governments	-	296,698
Special assessments receivable for other governments	-	337,920
Total Assets	**$ 44,025**	**$ 1,365,787**
Liabilities		
Due to others	$ -	$ 2,021
Due to other governments	-	358,256
Total Liabilities	**$ -**	**$ 360,277**
Deferred Inflows of Resources		
Prepaid taxes	**$ -**	**$ 66,239**
Net Position		
Restricted for individuals, organizations, and other governments	**$ 44,025**	**$ 939,271**

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

Exhibit 11

Sibley County
Gaylord, Minnesota

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2025

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Additions		
Contributions from individuals	$ 422,987	$ 532,613
Interest earnings	20	4,867
Property tax collections for other governments	-	19,969,260
Fees collected for the state	-	3,868,242
Payments from the state	-	116,223
Refunds collected for other entities	-	1,230
Payments from other entities	-	211,063
Miscellaneous	-	15,034
Total Additions	**$ 423,007**	**$ 24,718,532**
Deductions		
Beneficiary payments to individuals	$ 417,381	$ 19,003
Payments of property taxes to other governments	-	19,948,605
Payments to the state	-	4,331,733
Administrative expenses	-	83,306
Payments to other entities	-	275,113
Total Deductions	**$ 417,381**	**$ 24,657,760**
Change in Net Position	**$ 5,626**	**$ 60,772**
Net Position – January 1	**38,399**	**878,499**
Net Position – December 31	**$ 44,025**	**$ 939,271**

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, 2025. 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.

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 fund, 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.

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, 2025. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value (NAV). 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 NAV 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 2025 were $1,622,988.

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 2020 through 2025 and noncurrent special assessments payable in 2026 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.

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	35-75
Infrastructure	10-50
Machinery, furniture, and equipment	5-20
Right-to-use machinery, furniture, and equipment and software subscriptions	4-5
Improvements other than buildings	4-50

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.

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 asset, 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 personnel 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.

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 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.

Note 2 – Stewardship, Compliance, and Accountability

Deficit Fund Balance – Ditch Special Revenue Fund

The Ditch Special Revenue Fund has a deficit fund balance of $2,497,877. 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

Count of Individual Ditches	Amount
28 ditches with positive fund balances	$ 643,548
38 ditches with deficit fund balances	(3,141,425)
Total Fund Balance	$ (2,497,877)

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, 2025

Basic Financial Statement Accounts	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and pooled investments	$ 35,270,134	$ 394,255	$ 543,725	$ 36,208,114
Tenant deposits held in trust	-	17,550	-	17,550
Restricted deposits	-	115,000	-	115,000
Petty cash and change funds	3,975	-	-	3,975
Investments	95,000	-	-	95,000
Total	$ 35,369,109	$ 526,805	$ 543,725	$ 36,439,639

Cash and Investments	Amount
Deposits	$ 1,780,931
Petty cash and change funds	3,975
Investments	34,654,733
Total	$ 36,439,639

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.

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, 2025, 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.

At December 31, 2025, the County had the following recurring fair value measurements.

Recurring Fair Value Measurements as of December 31, 2025

Debt Securities Investments by Fair Value Type	December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. agencies	$ 988,701	$ -	$ 988,701	$ -
Negotiable certificates of deposit	17,042,722	-	17,042,722	-
Total Investments Included in the Fair Value Hierarchy	$ 18,031,423	$ -	$ 18,031,423	$ -

Investments measured at the Net Asset Value (NAV)	December 31, 2025
MAGIC Portfolio	$ 16,623,310

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.

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, 2025, the County had the following investments with specified maturity dates:

Investment Maturity Dates as of December 31, 2025

Investment Type	Carrying (Fair) Value	Maturity Dates 0-1 Year	Maturity Dates Over 1 Year
U.S. agencies*	$ 988,701	$ 495,583	$ 493,118
Negotiable certificates of deposit	17,042,722	6,253,212	10,789,510
Total	$ 18,031,423	$ 6,748,795	$ 11,282,628

*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, 2025, is as follows:

Credit Risk of Investments as of December 31, 2025

Moody's Rating	Fair Value
Aa1	$ 988,701

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, 2025, the County's investments were not subject to custodial credit risk.

Concentration of Credit Risk

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

Receivables

Receivables as of December 31, 2025, for the County are as follows:

Governmental Activities' Receivables as of December 31, 2025

Receivables – Governmental Activities	Receivable	Less: Allowance for Uncollectible Accounts	Net Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes – delinquent	$ 168,971	$ -	$ 168,971	$ -
Special assessments – delinquent	24,924	-	24,924	-
Special assessments – noncurrent	6,015,220	-	6,015,220	3,468,672
Accounts receivable	759,382	(23,780)	735,602	-
Accrued interest receivable	963,383	-	963,383	-
Due from other governments	6,889,301	-	6,889,301	-
Loans receivable	69,644	-	69,644	52,729
Total Governmental Activities	$ 14,890,825	$ (23,780)	$ 14,867,045	$ 3,521,401

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

Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

Governmental Activities

Changes in Capital Assets for the Year Ended December 31, 2025

Capital Assets – Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	$ 1,877,087	$ -	$ -	$ 1,877,087
Construction in progress	19,414,227	8,730,049	(3,893,452)	24,250,824
Total capital assets not depreciated	$ 21,291,314	$ 8,730,049	$ (3,893,452)	$ 26,127,911
Capital assets depreciated and amortized				
Infrastructure	$ 103,155,808	$ 11,326,540	$ -	$ 114,482,348
Buildings and building improvements	14,949,035	143,359	-	15,092,394
Machinery, furniture, and equipment	11,055,171	543,312	(230,609)	11,367,874
Improvements other than buildings	447,290	-	-	447,290
Lease equipment	103,934	-	-	103,934
Software subscriptions	41,745	207,035	-	248,780
Total capital assets depreciated and amortized	$ 129,752,983	$ 12,220,246	$ (230,609)	$ 141,742,620
Less: accumulated depreciation and amortization for				
Infrastructure	$ 42,713,775	$ 3,893,601	$ -	$ 46,607,376
Buildings and building improvements	6,492,523	412,136	-	6,904,659
Machinery, furniture, and equipment	6,652,022	759,604	(218,154)	7,193,472
Improvements other than buildings	82,567	21,853	-	104,420
Lease equipment	32,917	20,787	-	53,704
Software subscriptions	16,698	60,108	-	76,806
Total accumulated depreciation and amortization	$ 55,990,502	$ 5,168,089	$ (218,154)	$ 60,940,437
Total capital assets depreciated and amortized, net	$ 73,762,481	$ 7,052,157	$ (12,455)	$ 80,802,183
Total Capital Assets, Net	$ 95,053,795	$ 15,782,206	$ (3,905,907)	$ 106,930,094

Business-Type Activities

Changes in Capital Assets for the Year Ended December 31, 2025

Capital Assets – Business-Type Activities	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	1,777,825	18,321	-	1,796,146
Machinery, furniture, and equipment	161,707	-	(30,586)	131,121
Total capital assets depreciated	$ 2,054,698	$ 18,321	$ (30,586)	$ 2,042,433
Less: accumulated depreciation	1,591,937	30,286	(30,586)	1,591,637
Total capital assets depreciated, net	$ 462,761	$ (11,965)	$ -	$ 450,796
Total Capital Assets, Net	$ 486,261	$ (11,965)	$ -	$ 474,296

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 – Depreciation and Amortization	Amount
General government	$ 494,824
Public safety	251,716
Highways and streets, including depreciation of infrastructure assets	4,402,135
Human services	3,536
Culture and recreation	7,871
Conservation of natural resources	8,007
Total – Governmental Activities	$ 5,168,089

Business-Type Activities – Depreciation	Amount
Housing and redevelopment	$ 30,286

Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2025, is as follows:

Due To/From Other Funds

Due To/From Other Funds as of December 31, 2025

Receivable Fund	Payable Fund	Amount
General Fund	Public Health and Human Services Special Revenue Fund	$ 8,253
General Fund	Ditch Special Revenue Fund	2,392,452
Total due to General Fund		$ 2,400,705
Public Works Special Revenue Fund	General Fund	$ 17,967
Public Health and Human Services Special Revenue Fund	General Fund	$ 3,227
Public Health and Human Services Special Revenue Fund	Public Works Special Revenue Fund	39
Public Health and Human Services Special Revenue Fund	Ditch Special Revenue Fund	24
Total due to Public Health and Human Services Special Revenue Fund		$ 3,290
Capital Projects Fund	Ditch Special Revenue Fund	$ 1,000,000
Total Due To/From Other Funds		$ 3,421,962

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
Federal Lands Permanent Fund	General Fund	$ 16,862	County PILT

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.

Contract Commitments

The County has active contract commitments as of December 31, 2025. The commitments include the following:

Active Construction Projects and Other Commitments as of December 31, 2025

Project	Spent-to-Date	Remaining Commitment
Public Works Special Revenue Fund Highway projects	$ 20,297,202	$ 723,315

Long-Term Debt

Long-Term Debt Payable as of December 31, 2025
General Obligation Bonds

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2025
2017 G.O. Capital Improvement Bonds	2038	$15,000-$360,000	2.00-3.25	$ 5,085,000	$ 3,965,000

Long-Term Debt Payable as of December 31, 2025
General Obligation Special Assessments Bonds

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2025
2017 G.O. Bonds County Ditch 29	2038	$35,000-$70,000	2.00-3.25	$ 1,090,000	$ 770,000
2017 G.O. Bonds County Ditch 39	2037	$5,000-$10,000	2.00-3.25	130,000	95,000
2017 G.O. Bonds Joint Ditch 32 SM	2032	$5,000-$10,000	2.00-3.00	85,000	50,000
2017 G.O. Bonds Joint Ditch 18 SM Repair	2038	$10,000-$20,000	2.00-3.25	330,000	230,000
Total General Obligation Special Assessment Bonds				$ 1,635,000	$ 1,145,000

Long-Term Debt Payable as of December 31, 2025
Minnesota Department of Agriculture Loans

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2025
Ag Best Management Loan Program (AgBMP)	2037	$1,629-$101,572	-	$ 2,037,477	$ 1,388,736

Debt Service Requirements

Debt service requirements at December 31, 2025, were as follows:

Debt Service Requirements as of December 31, 2025

Year Ending December 31	General Obligation Bonds Principal	General Obligation Bonds Interest	General Obligation Special Assessment Bonds Principal	General Obligation Special Assessment Bonds Interest
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	285,000	83,106	85,000	23,919
2031-2035	1,555,000	285,331	465,000	79,887
2036-2038	1,050,000	51,413	285,000	13,612
Total	$ 3,965,000	$ 824,638	$ 1,145,000	$ 234,125

Debt Service Requirements as of December 31, 2025

Year Ending December 31	AgBMP Loans Principal	AgBMP Loans Interest
2026	$ 184,946	$ -
2027	200,282	-
2028	186,677	-
2029	175,731	-
2030	161,217	-
2031-2035	457,911	-
2036-2037	21,972	-
Total	$ 1,388,736	$ -

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, 2025

Year Ending December 31	Principal	Interest
2026	$ 21,048	$ 1,164
2027	21,610	601
2028	11,021	85
Total Lease Payments	$ 53,679	$ 1,850

Software Subscriptions

The County has entered into various agreements to finance software subscriptions. The agreement terms are four to 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 General Fund and Capital Projects Fund.

Future Minimum Software Subscription Obligations and Present Value of Minimum Software Subscription Payments as of December 31, 2025

Year Ending December 31	Principal	Interest
2026	$ 59,021	$ 4,551
2027	60,579	2,992
2028	52,417	1,391
Total Software Subscription Payments	$ 172,017	$ 8,934

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2025, was as follows:

Changes in Long-Term Liabilities for the Year Ended December 31, 2025

Governmental Activities Long-Term Liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	$ 4,220,000	$ -	$ (255,000)	$ 3,965,000	$ 260,000
Add: Unamortized premium	74,267	-	(5,690)	68,577	-
General obligation special assessment bonds	1,220,000	-	(75,000)	1,145,000	75,000
Add: Unamortized premium	28,445	-	(2,179)	26,266	-
Total bonds payable	$ 5,542,712	$ -	$ (337,869)	$ 5,204,843	$ 335,000
AgBMP loans	1,319,868	336,978	(268,110)	1,388,736	184,946
Compensated absences	1,814,541	118,892*	-	1,933,433	522,027
Leases	74,179	-	(20,500)	53,679	21,048
Software subscription liability	27,837	207,035	(62,855)	172,017	59,021
Total Governmental Activities Long-Term Liabilities	$ 8,779,137	$ 662,905	$ (689,334)	$ 8,752,708	$ 1,122,042

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

Deferred Inflows of Resources – Unavailable Revenue

Deferred inflows of resources – unavailable revenue as of December 31, 2025, for the County’s governmental funds are as follows:

Governmental Funds Deferred Inflows of Resources – Unavailable Revenue as of December 31, 2025

Deferred Inflows of Resources – Unavailable Revenue	Amount
Delinquent property taxes	$ 168,971
Special assessments receivable, delinquent and noncurrent	5,928,429
Highway allotments that do not provide current financial resources	5,322,598
Grants	562,420
Charges for services	515,502
Miscellaneous	15,757
Interest	69,402
Total Unavailable Revenue	$ 12,583,079

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 2025, the benefit payments for the implicit rate subsidy were determined by an actuarial study to be $9,171.

As of the January 1, 2025, actuarial valuation, the following participants were covered by the benefit terms:

Employees Covered by the OPEB Benefit Terms
As of the January 1, 2025, Actuarial Valuation

Type of Participant Covered by the OPEB Benefit Terms	Number of Participants
Retirees or beneficiaries currently receiving benefits	-
Active employee plan participants	171
Total	171

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.

Total OPEB Liability

The County's total OPEB liability of $512,074 was determined by an actuarial valuation as of January 1, 2025, which was measured as of January 1, 2025. The OPEB liability is liquidated through the General Fund and other governmental funds that have personnel services.

The total OPEB liability in the fiscal year-end December 31, 2025, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- The current year inflation rate is 2.50 percent.
- The salary increases are graded by service years and contract group ranging from 11.50 percent for one year of service (11.75 percent for public safety) to 3.00 percent for 28 or more years of service (3.00 percent for public safety).
- The health care cost trend rate is 6.50 percent, decreasing to 5.00 percent over six years and then to 4.00 percent over the next 48 years.
- The current year discount rate is 4.20 percent, which is a change from the prior year rate of 4.00 percent. 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, 2025

Total OPEB Changes for the Year	Amount
Balance at December 31, 2024	$ 561,395
Service cost	$ 50,510
Interest	24,108
Assumption changes	(56,373)
Differences between expected and actual experience	(48,955)
Benefit payments	(18,611)
Net change	$ (49,321)
Balance at December 31, 2025	$ 512,074

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, 2025

Changes in Discount Rate	Discount Rate	Total OPEB Liability
1% Decrease	3.20%	$ 555,762
Current	4.20%	512,074
1% Increase	5.20%	471,406

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, 2025

Changes in Health Care Trend Rate	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.50% Decreasing to 3.00%	$ 451,964
Current	6.50% Decreasing to 4.00%	512,074
1% Increase	7.50% Decreasing to 5.00%	583,003

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

For the year ended December 31, 2025, the County recognized OPEB expense of $6,858. 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, 2025

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 4,971	$ 93,809
Difference between actual and expected results	-	154,224
Contributions made subsequent to the measurement date	9,171	-
Total	$ 14,142	$ 248,033

The $9,171 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Schedule of Amortization of Deferred Outflows and Inflows of Resources Related to OPEB as of December 31, 2025

Year Ended December 31	OPEB Expense Amount
2026	$ (56,270)
2027	(61,236)
2028	(54,006)
2029	(54,002)
2030	(17,548)

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2025:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The retirement, withdrawal, and salary increase rates for non-police were updated to reflect the latest experience study.
- The discount rate was changed from 4.00 percent to 4.20 percent.

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.

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 2025 annual increase was 1.25 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 2025 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 earned before July 1, 2025, and 2.20 percent of average salary for years of service earned on or after July 1, 2025.

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 66. For Police and Fire Plan and Correctional Plan 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. Correctional Plan member and employer contribution rates increased 1.00 percent and 1.50 percent, respectively, on July 1, 2025.

Member and Employer Required Contribution Rates

Pension Plan	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	6.83%	10.25%

Employer Contributions for the Year Ended December 31, 2025

Pension Plan	Contribution
General Employees Plan	$ 750,681
Police and Fire Plan	296,704
Correctional Plan	90,232

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

Pension Costs

General Employees Plan

At December 31, 2025, the County reported a liability of $3,575,395 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2025, 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, 2024, through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2025, the County's proportion was 0.1079 percent. It was 0.1094 percent measured as of June 30, 2024. The County recognized pension expense of ($178,265) for its proportionate share of the General Employees Plan's pension expense.

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 ($13,229) as grant revenue and pension expense for its proportionate share of the State of Minnesota's 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, 2025

Total General Employees Plan Net Pension Liability Associated with the County	Amount
The County's proportionate share of the net pension liability	$ 3,575,395
State of Minnesota's proportionate share of the net pension liability associated with the County	86,250
Total	$ 3,661,645

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, 2025

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 340,658	$ -
Changes in actuarial assumptions	86,146	822,686
Difference between projected and actual investment earnings	-	1,422,683
Changes in proportion	27,324	70,879
Contributions paid to PERA subsequent to the measurement date	375,451	-
Total	$ 829,579	$ 2,316,248

The $375,451 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, 2026. 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, 2025

Year Ended December 31	Pension Expense Amount
2026	$ (413,038)
2027	(682,087)
2028	(512,818)
2029	(254,177)

Police and Fire Plan

At December 31, 2025, the County reported a liability of $1,258,298 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2025, 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, 2024, through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2025, the County's proportion was 0.1074 percent. It was 0.1119 percent measured as of June 30, 2024. The County recognized pension expense of $409,996 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota contributed $18 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2025. The contribution consisted of $9 million in direct state aid that meets the definition of a special funding situation and $9 million in supplemental state aid that does not meet the definition of a special funding situation.

Legislation requires the State of Minnesota to pay direct state aid of $9 million on October 1. The direct state aid payment will increase by $17.7 million, which began on October 1, 2025. Thereafter, by October 1 of each year, the state will pay $26.7 million to the Police and Fire Fund until the fund is 110 percent funded for a minimum of three consecutive years. The County recognized an additional $11,440 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

Legislation also 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 100 percent funded for three consecutive years. The County recognized $9,665 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.

Police and Fire Plan
Employer's Share of the Net Pension Liability and the State's Related Liability
As of December 31, 2025

Total Police and Fire Plan Net Pension Liability Associated with the County	Amount
The County's proportionate share of the net pension liability	$ 1,258,298
State of Minnesota's proportionate share of the net pension liability associated with the County	43,619
Total	$ 1,301,917

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, 2025

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 581,374	$ -
Changes in actuarial assumptions	954,194	1,576,595
Difference between projected and actual investment earnings	-	561,596
Changes in proportion	262,147	71,488
Contributions paid to PERA subsequent to the measurement date	151,471	-
Total	$ 1,949,186	$ 2,209,679

The $151,471 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, 2026. 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, 2025

Year Ended December 31	Pension Expense Amount
2026	$ 371,531
2027	(219,554)
2028	(583,948)
2029	(70)
2030	20,077

Correctional Plan

At December 31, 2025, the County reported an asset of $232,821 for its proportionate share of the Correctional Plan's net pension asset. The net pension asset was measured as of June 30, 2025, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The County's proportion of the net pension asset was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024, through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2025, the County's proportion was 0.3520 percent. It was 0.3622 percent measured as of June 30, 2024. The County recognized pension expense of ($315,580) for its proportionate share of the Correctional Plan's pension expense.

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, 2025

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 40,279	$ -
Changes in actuarial assumptions	-	152,671
Difference between projected and actual investment earnings	-	194,826
Changes in proportion	5,996	10,540
Contributions paid to PERA subsequent to the measurement date	47,852	-
Total	$ 94,127	$ 358,037

The $47,852 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, 2026. 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, 2025

Year Ended December 31	Pension Expense Amount
2026	$ (40,751)
2027	(163,441)
2028	(73,833)
2029	(33,737)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2025, was ($83,849).

Actuarial Assumptions

The total pension liability in the June 30, 2025, 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, 2025

Actuarial Assumptions	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 1.50 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, 2025, valuations were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 29, 2023. The experience study for the Police and Fire Plan and Correctional Plan was dated July 31, 2024. 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 2025, which remains consistent with 2024. 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 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 2025:

General Employees Plan

- The combined service annuity loading factors increased from 15 percent to 19 percent for vested terminated members and from 3.00 percent to 44 percent for non-vested, terminated members.

- The assumed post-retirement benefit increase changed from 1.25 percent to 1.50 percent.

- The post-retirement benefit increase formula changed to 100 percent of the Social Security annual increase, between 1.00 percent and 1.75 percent, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85 percent for the last two consecutive annual valuations or is less than 80 percent in the most recent actuarial valuation, the maximum is reduced to 1.50 percent. Previously, the benefit increase was 50 percent of the Social Security annual increase, between 1.00 percent and 1.50 percent.

- The 1.00 percent additional employer contribution is eliminated when the plan reaches 98 percent funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100 percent funded status.

Police and Fire Plan

- Assumed rates of salary increases were reduced slightly.

- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.

- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued to use the Pub-2010 Public Safety Mortality table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70 percent to 65 percent.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33 percent to 13 percent for vested, terminated members and from 2.00 percent to 38 percent for non-vested, terminated members.
- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026, benefit increase changed from 1.00 percent to 3.00 percent; subsequent January 1 increases will be 1.00 percent.
- The threshold to end the $9 million annual state aid contribution changed from the earlier of July 1, 2048, or 90 percent funded for both PERA Police and Fire and State Patrol Retirement Fund for three consecutive years to 100 percent funded for both PERA Police and Fire and State Patrol Retirement Fund for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional $9 million annual state aid contribution changed from the earlier of July 1, 2048, or 100 percent funded for a minimum of three consecutive years to 110 percent funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional $17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025, through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

Correctional Plan

- Assumed rates of salary increases were reduced slightly and changed to service-based (vs. age-based).
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and reduced (early) retirements.
- Assumed rates of withdrawal were changed from age-based rates after three years of service to service-based for all years; the new rates result in an increase in predicted terminations for males and females.
- Minor changes were made to assumed rates of disability retirements.

- Continued to use the Pub-2010 Public Safety Mortality table, with no adjustments.
- Minor changes were made to the assumed percent married, beneficiary age difference, and form of payment assumptions for future retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load was changed from 35 percent to 9.00 percent for vested, terminated members, and from 1.00 percent to 119 percent for non-vested, terminated members.
- The benefit payable to a member who qualifies for a duty disability benefit was changed to 47.50 percent of average salary plus, for each year of service in excess of 25 years, 1.90 percent for each year of allowable service before July 1, 2025, and 2.20 percent for each year of allowable service beginning after June 30, 2025.
- Actuarial equivalent factors were updated to reflect changes in assumptions.

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, 2025

Change in Discount Rate	General Employees Plan Discount Rate	General Employees Plan Net Pension Liability (Asset)	Police and Fire Plan Discount Rate	Police and Fire Plan Net Pension Liability (Asset)	Correctional Plan Discount Rate	Correctional Plan Net Pension Liability (Asset)
1% Decrease	6.00%	$ 8,684,072	6.00%	$ 3,297,008	6.00%	$ 551,273
Current	7.00%	3,575,395	7.00%	1,258,298	7.00%	(232,821)
1% Increase	8.00%	(568,893)	8.00%	(415,804)	8.00%	(857,114)

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.

Defined Contribution Plan

Five 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. For the year ended December 31, 2025, the total employee and employer contributions were each $9,449, which represents five percent of covered payroll.

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 Powers Enterprise, 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 $1,000,000 per claim in 2025 and 2026. 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 Powers Enterprise 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 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.

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 2025. At December 31, 2025, the outstanding MinnPACE loans to be collected by the County are $254,957.

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 2025.

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 contributed $3,821 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 2025.

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

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, 2025, was $4,510,807. 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, 6380 West Frontage Road, Medford, Minnesota 55049.

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 2025.

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.

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 $73,976 in 2025. 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 $2,760 to the joint powers entity.

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 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 2025.

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 2025.

Required Supplementary Information

Exhibit A-1

Sibley County
Gaylord, Minnesota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 8,702,610	$ 8,702,610	$ 8,595,995	$ (106,615)
Special assessments	135,600	135,600	138,516	2,916
Licenses and permits	55,135	55,135	54,498	(637)
Intergovernmental	1,529,679	1,529,679	1,814,752	285,073
Settlements	-	-	53,038	53,038
Charges for services	960,553	960,553	1,024,152	63,599
Fines and forfeits	5,212	5,212	3,834	(1,378)
Gifts and contributions	3,000	3,000	1,529	(1,471)
Investment earnings	950,000	950,000	1,622,988	672,988
Miscellaneous	268,460	268,460	288,893	20,433
Total Revenues	**$ 12,610,249**	**$ 12,610,249**	**$ 13,598,195**	**$ 987,946**
Expenditures				
Current				
General government				
County commissioners	$ 311,130	$ 311,130	$ 315,491	$ (4,361)
Court administrator	8,000	8,000	11,423	(3,423)
Juvenile restitution	100	100	286	(186)
District court	119,100	119,100	179,487	(60,387)
Law library	17,436	17,436	15,565	1,871
County auditor	592,062	592,062	518,698	73,364
Deputy registrar	253,417	253,417	272,537	(19,120)
Audit services	93,250	93,250	82,418	10,832
Data processing information services	1,101,468	1,101,468	1,146,726	(45,258)
Elections/voter registration	100,360	100,360	111,631	(11,271)
County administrator	861,095	861,095	908,627	(47,532)
County attorney	639,458	639,458	628,308	11,150
County attorney forfeitures	10,196	10,196	-	10,196
County recorder	391,772	391,772	384,731	7,041
County surveyor	43,000	43,000	48,099	(5,099)
Assessor	700,866	700,866	743,658	(42,792)
Planning and zoning	136,718	136,718	135,250	1,468
Recorder's technology	34,153	34,153	34,942	(789)
Land records compliance	8,000	8,000	61,350	(53,350)
Courthouse building	135,847	135,847	109,795	26,052
Building custodians	240,542	240,542	222,746	17,796
Other County buildings	2,068	2,068	621	1,447
Jail building	67,440	67,440	74,014	(6,574)
Service center building	70,948	70,948	48,507	22,441
Barclay property purchase	1,515	1,515	449	1,066
Sheriff storage garage	2,650	2,650	2,094	556
Sibley Estates East and West	7,000	7,000	151,966	(144,966)
County Connections building	6,426	6,426	4,626	1,800
Veterans service officer	220,766	220,766	219,961	805
Public transit	50,000	50,000	-	50,000
Fleet car	26,000	26,000	29,768	(3,768)
Shoreland ordinance	2,700	2,700	229	2,471
Non-departmental	10,065	10,065	2,708	7,357
Total general government	**$ 6,265,548**	**$ 6,265,548**	**$ 6,466,711**	**$ (201,163)**

The notes to the required supplementary information are an integral part of this schedule.

Sibley County
Gaylord, Minnesota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Expenditures				
Current (Continued)				
Public safety				
County sheriff	$ 2,147,750	$ 2,147,750	$ 2,229,554	$ (81,804)
Enhanced 911 system	153,264	153,264	187,969	(34,705)
Drug task force	144,143	144,143	130,970	13,173
Prisoner board/County jail	1,678,123	1,678,123	1,788,128	(110,005)
Conceal and carry	15,653	15,653	20,564	(4,911)
Tobacco ordinance	-	-	162	(162)
Medical examiner	40,206	40,206	41,048	(842)
Probation officer	299,509	299,509	201,047	98,462
Sentence to serve	77,628	77,628	68,455	9,173
Emergency management	77,763	77,763	89,569	(11,806)
Total public safety	**$ 4,634,039**	**$ 4,634,039**	**$ 4,757,466**	**$ (123,427)**
Sanitation				
SCORE solid waste	$ 234,040	$ 234,040	$ 236,542	$ (2,502)
County landfill	673	673	324	349
Total sanitation	**$ 234,713**	**$ 234,713**	**$ 236,866**	**$ (2,153)**
Culture and recreation				
Historical society	$ 15,000	$ 15,000	$ 15,000	$ -
Sibley County Library System	391,962	391,962	395,420	(3,458)
County parks	154,100	154,100	120,356	33,744
County seat trail	38,000	38,000	26,512	11,488
Tourism	742	742	742	-
Total culture and recreation	**$ 599,804**	**$ 599,804**	**$ 558,030**	**$ 41,774**
Conservation of natural resources				
Soil and water conservation	$ 193,624	$ 193,624	$ 183,375	$ 10,249
Extension	196,776	196,776	149,276	47,500
Agriculture ditch inspector	336,651	336,651	370,734	(34,083)
County fair	25,000	25,000	25,000	-
Aquatic invasive species	61,882	61,882	91,725	(29,843)
Total conservation of natural resources	**$ 813,933**	**$ 813,933**	**$ 820,110**	**$ (6,177)**
Economic development				
Housing and Redevelopment Authority	$ 380	$ 380	$ -	$ 380
Minnesota Valley Action Council	7,034	7,034	7,034	-
Economic Development Commission	64,192	64,192	94,973	(30,781)
Total economic development	**$ 71,606**	**$ 71,606**	**$ 102,007**	**$ (30,401)**

The notes to the required supplementary information are an integral part of this schedule.

Exhibit A-1
(Continued)

Sibley County
Gaylord, Minnesota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Expenditures (Continued)				
Capital outlay				
General government	$ 26,000	$ 26,000	$ 44,184	$ (18,184)
Public safety	-	-	31,519	(31,519)
Culture and recreation	500	500	911	(411)
Conservation of natural resources	500	500	-	500
Total capital outlay	**$ 27,000**	**$ 27,000**	**$ 76,614**	**$ (49,614)**
Debt service				
Principal	$ -	$ -	$ 74,310	$ (74,310)
Interest	-	-	1,711	(1,711)
Total debt service	**$ -**	**$ -**	**$ 76,021**	**$ (76,021)**
Total Expenditures	**$ 12,646,643**	**$ 12,646,643**	**$ 13,093,825**	**$ (447,182)**
Excess of Revenues Over (Under) Expenditures	**$ (36,394)**	**$ (36,394)**	**$ 504,370**	**$ 540,764**
Other Financing Sources (Uses)				
Transfers in	$ -	$ -	$ 16,862	$ 16,862
Software subscriptions issued	-	-	207,035	207,035
Total Other Financing Sources (Uses)	**$ -**	**$ -**	**$ 223,897**	**$ 223,897**
Net Change in Fund Balance	**$ (36,394)**	**$ (36,394)**	**$ 728,267**	**$ 764,661**
Fund Balance – January 1	**9,647,945**	**9,647,945**	**9,647,945**	**-**
Fund Balance – December 31	**$ 9,611,551**	**$ 9,611,551**	**$ 10,376,212**	**$ 764,661**

The notes to the required supplementary information are an integral part of this schedule.

Exhibit A-2

Sibley County
Gaylord, Minnesota

Budgetary Comparison Schedule
Public Works Special Revenue Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 4,418,889	$ 4,418,889	$ 4,336,391	$ (82,498)
Intergovernmental	19,489,969	19,489,969	20,744,559	1,254,590
Charges for services	140,000	140,000	183,657	43,657
Miscellaneous	125,800	125,800	158,075	32,275
Total Revenues	**$ 24,174,658**	**$ 24,174,658**	**$ 25,422,682**	**$ 1,248,024**
Expenditures				
Current				
Highways and streets				
Maintenance	$ 4,404,463	$ 4,404,463	$ 3,719,538	$ 684,925
Construction	19,052,885	19,052,885	16,685,159	2,367,726
Equipment maintenance and shops	1,166,486	1,166,486	1,000,597	165,889
Administration	496,824	496,824	511,971	(15,147)
Township allotments	42,000	42,000	45,857	(3,857)
Total highways and streets	**$ 25,162,658**	**$ 25,162,658**	**$ 21,963,122**	**$ 3,199,536**
Intergovernmental				
Highways and streets	440,000	440,000	508,277	(68,277)
Capital outlay				
Highways and streets	22,000	22,000	40,280	(18,280)
Total Expenditures	**$ 25,624,658**	**$ 25,624,658**	**$ 22,511,679**	**$ 3,112,979**
Excess of Revenues Over (Under) Expenditures	**$ (1,450,000)**	**$ (1,450,000)**	**$ 2,911,003**	**$ 4,361,003**
Other Financing Sources (Uses)				
Transfers in	$ 465,000	$ 465,000	$ -	$ (465,000)
Transfers out	(360,000)	(360,000)	-	360,000
Total Other Financing Sources (Uses)	**$ 105,000**	**$ 105,000**	**$ -**	**$ (105,000)**
Net Change in Fund Balance	**$ (1,345,000)**	**$ (1,345,000)**	**$ 2,911,003**	**$ 4,256,003**
Fund Balance – January 1	**12,675,645**	**12,675,645**	**12,675,645**	**-**
Increase (decrease) in inventories	**-**	**-**	**(75,158)**	**(75,158)**
Fund Balance – December 31	**$ 11,330,645**	**$ 11,330,645**	**$ 15,511,490**	**$ 4,180,845**

The notes to the required supplementary information are an integral part of this schedule.

Exhibit A-3

Sibley County
Gaylord, Minnesota

Budgetary Comparison Schedule
Public Health and Human Services Special Revenue Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 3,908,214	$ 3,908,214	$ 3,829,108	$ (79,106)
Intergovernmental	4,607,515	4,607,515	4,594,666	(12,849)
Charges for services	508,786	508,786	564,304	55,518
Gifts and contributions	-	-	16	16
Miscellaneous	310,474	310,474	331,770	21,296
Total Revenues	**$ 9,334,989**	**$ 9,334,989**	**$ 9,319,864**	**$ (15,125)**
Expenditures				
Current				
Human services				
Income maintenance	$ 2,262,948	$ 2,262,948	$ 2,132,707	$ 130,241
Social services	5,736,260	5,736,260	5,674,773	61,487
Miscellaneous social service programs	7,000	7,000	3,486	3,514
Total human services	**$ 8,006,208**	**$ 8,006,208**	**$ 7,810,966**	**$ 195,242**
Health				
Public health nurse	1,557,932	1,557,932	1,266,644	291,288
Total Expenditures	**$ 9,564,140**	**$ 9,564,140**	**$ 9,077,610**	**$ 486,530**
Net Change in Fund Balance	**$ (229,151)**	**$ (229,151)**	**$ 242,254**	**$ 471,405**
Fund Balance – January 1	**5,312,334**	**5,312,334**	**5,312,334**	**-**
Fund Balance – December 31	**$ 5,083,183**	**$ 5,083,183**	**$ 5,554,588**	**$ 471,405**

The notes to the required supplementary information are an integral part of this schedule.

Exhibit A-4

Sibley County
Gaylord, Minnesota

Schedule of Changes in Total OPEB Liability and Related Ratios
Other Postemployment Benefits
December 31, 2025

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	$ 50,510	$ 51,200	$ 49,709	$ 79,328
Interest	24,108	21,774	15,008	14,227
Differences between expected and actual experience	(48,955)	-	(186,354)	-
Changes of assumption or other inputs	(56,373)	-	(68,792)	-
Benefit payments	(18,611)	(9,354)	(24,851)	(24,881)
Net change in total OPEB liability	**$ (49,321)**	**$ 63,620**	**$ (215,280)**	**$ 68,674**
Total OPEB Liability – Beginning	**561,395**	**497,775**	**713,055**	**644,381**
Total OPEB Liability – Ending	**$ 512,074**	**$ 561,395**	**$ 497,775**	**$ 713,055**
Covered-employee payroll	$ 11,727,643	$ 10,939,001	$ 10,620,399	$ 10,045,307
Total OPEB liability (asset) as a percentage of covered-employee payroll	4.37%	5.13%	4.69%	7.10%

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 77,017	$ 57,866	$ 48,477	$ 47,312
Interest	20,018	22,266	20,316	18,785
Differences between expected and actual experience	(24,301)	-	63,160	-
Changes of assumption or other inputs	(26,339)	34,809	(143,634)	-
Benefit payments	(30,304)	(29,198)	(25,677)	(16,141)
Net change in total OPEB liability	**$ 16,091**	**$ 85,743**	**$ (37,358)**	**$ 49,956**
Total OPEB Liability – Beginning	**628,290**	**542,547**	**579,905**	**529,949**
Total OPEB Liability – Ending	**$ 644,381**	**$ 628,290**	**$ 542,547**	**$ 579,905**
Covered-employee payroll	$ 9,752,725	$ 8,299,172	$ 8,057,449	$ 7,995,844
Total OPEB liability (asset) as a percentage of covered-employee payroll	6.61%	7.57%	6.73%	7.25%

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

Exhibit A-5

Sibley County
Gaylord, Minnesota

Schedule of Proportionate Share of Net Pension Liability
PERA General Employees Retirement Plan
December 31, 2025

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 (%)
2025	0.1079	$ 3,575,395	$ 86,250	$ 3,661,645	$ 9,770,829	36.59	90.78
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

The measurement date for each year is June 30.

Exhibit A-6

Sibley County
Gaylord, Minnesota

Schedule of Contributions
PERA General Employees Retirement Plan
December 31, 2025

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c) (%)
2025	$ 750,681	$ 750,681	$ -	$ 10,009,064	7.50
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

The County's year-end is December 31.

Exhibit A-7

Sibley County
Gaylord, Minnesota

Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Police and Fire Plan
December 31, 2025

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 (%)
2025	0.1074	$ 1,258,298	$ 43,619	$ 1,301,917	$ 1,629,891	77.20	91.78
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

The measurement date for each year is June 30.
N/A – Not Applicable

Exhibit A-8

Sibley County
Gaylord, Minnesota

Schedule of Contributions
PERA Public Employees Police and Fire Plan
December 31, 2025

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c) (%)
2025	$ 296,704	$ 296,704	$ -	$ 1,676,289	17.70
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

The County's year-end is December 31.

The notes to the required supplementary information are an integral part of this schedule.

Sibley County
Gaylord, Minnesota

Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Local Government Correctional Service Retirement Plan
December 31, 2025

Measurement Date	Employer's Proportion of the Net Pension Liability/Asset (%)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b) (%)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (%)
2025	0.3520	$ (232,821)	$ 961,960	(24.20)	105.18
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

The measurement date for each year is June 30.

Exhibit A-10

Sibley County
Gaylord, Minnesota

Schedule of Contributions
PERA Public Employees Local Government Correctional Service Retirement Plan
December 31, 2025

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c) (%)
2025	$ 90,232	$ 90,232	$ -	$ 951,198	9.49
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

The County's year-end is December 31.

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, Public Health and Human Services Special Revenue Fund, and the Debt Service 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 – Excess of Expenditures Over Appropriations

The following fund had expenditures in excess of budget for the year ended December 31, 2025:

Excess of Expenditures Over Budget

Fund	Expenditures	Budget	Excess
General Fund	$ 13,093,825	$ 12,646,643	$ 447,182

Note 3 – 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 4 – Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes in actuarial assumptions occurred:

<u>2025</u>

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The retirement, withdrawal, and salary increase rates for non-police were updated to reflect the latest experience study.
- The discount rate was changed from 4.00 percent to 4.20 percent.

<u>2024</u>

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

<u>2023</u>

- 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.

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 5 – 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

2025

- The combined service annuity loading factors increased from 15 percent to 19 percent for vested terminated members and from 3.00 percent to 44 percent for non-vested, terminated members.

- The assumed post-retirement benefit increase changed from 1.25 percent to 1.50 percent.

- The post-retirement benefit increase formula changed to 100 percent of the Social Security annual increase, between 1.00 percent and 1.75 percent, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85 percent for the last two consecutive annual valuations or is less than 80 percent in the most recent actuarial valuation, the maximum is reduced to 1.50 percent. Previously, the benefit increase was 50 percent of the Social Security annual increase, between 1.00 percent and 1.50 percent.

- The 1.00 percent additional employer contribution is eliminated when the plan reaches 98 percent funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100 percent funded status.

2024

- 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.

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.
- 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.

- 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.

Public Employees Police and Fire Plan

2025

- Assumed rates of salary increases were reduced slightly.

- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.

- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.

- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.

- Continued to use the Pub-2010 Public Safety Mortality table with rates adjusted to better fit observed experience.

- Percent married assumption for female retirees lowered from 70 percent to 65 percent.

- Minor changes were made to form of payment assumptions for retirees.

- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33 percent to 13 percent for vested, terminated members and from 2.00 percent to 38 percent for non-vested, terminated members.
- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026, benefit increase changed from 1.00 percent to 3.00 percent; subsequent January 1 increases will be 1.00 percent.
- The threshold to end the $9 million annual state aid contribution changed from the earlier of July 1, 2048, or 90 percent funded for both PERA Police and Fire and State Patrol Retirement Fund for three consecutive years to 100 percent funded for both PERA Police and Fire and State Patrol Retirement Fund for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional $9 million annual state aid contribution changed from the earlier of July 1, 2048, or 100 percent funded for a minimum of three consecutive years to 110 percent funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional $17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025, through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

<u>2024</u>

- 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).

<u>2023</u>

- 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.

- 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.

<u>2019</u>

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

<u>2018</u>

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

<u>2017</u>

- 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.

Public Employees Local Government Correctional Service Retirement Plan

2025

- Assumed rates of salary increases were reduced slightly and changed to service-based (vs. age-based).
- Assumed rates of retirement were adjusted resulting in an overall increase in unreduced (full) retirements and reduced (early) retirements.
- Assumed rates of withdrawal were changed from age-based rates after three years of service to service-based for all years; the new rates result in an increase in predicted terminations for males and females.
- Minor changes were made to assumed rates of disability retirements.
- Continued to use the Pub-2010 Public Safety Mortality table, with no adjustments.
- Minor changes were made to the assumed percent married, beneficiary age difference, and form of payment assumptions for future retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load was changed from 35 percent to 9.00 percent for vested, terminated members, and from 1.00 percent to 119 percent for non-vested, terminated members.
- The benefit payable to a member who qualifies for a duty disability benefit was changed to 47.50 percent of average salary plus, for each year of service in excess of 25 years, 1.90 percent for each year of allowable service before July 1, 2025, and 2.20 percent for each year of allowable service beginning after June 30, 2025.
- Actuarial equivalent factors were updated to reflect changes in assumptions.

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 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.

<u>2020</u>

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

<u>2019</u>

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

<u>2018</u>

- 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 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

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.

Exhibit B-1

Sibley County
Gaylord, Minnesota

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Revolving Loan Special Revenue	Sub-Surface Sewage Treatment System Loans Special Revenue	Total Special Revenue Funds	Debt Service Fund	Federal Lands Permanent Fund	Total Nonmajor Governmental Funds (Exhibit 3)
Assets						
Cash and pooled investments	$ 220,118	$ 716,384	$ 936,502	$ 679,026	$ 271,427	$ 1,886,955
Investments	-	25,000	25,000	-	-	25,000
Taxes receivable – delinquent	-	-	-	3,863	-	3,863
Special assessments receivable – delinquent	-	10,195	10,195	-	-	10,195
Special assessments receivable – noncurrent	-	1,171,579	1,171,579	-	-	1,171,579
Loans receivable	69,644	-	69,644	-	-	69,644
Total Assets	**$ 289,762**	**$ 1,923,158**	**$ 2,212,920**	**$ 682,889**	**$ 271,427**	**$ 3,167,236**
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	$ -	$ 27,384	$ 27,384	$ 550	$ -	$ 27,934
Unearned revenue	-	41,301	41,301	-	-	41,301
Total Liabilities	**$ -**	**$ 68,685**	**$ 68,685**	**$ 550**	**$ -**	**$ 69,235**
Deferred Inflows of Resources						
Unavailable revenue	$ -	$ 1,181,774	$ 1,181,774	$ 3,863	$ -	$ 1,185,637
Prepaid property taxes	-	-	-	1,298	-	1,298
Total Deferred Inflows of Resources	**$ -**	**$ 1,181,774**	**$ 1,181,774**	**$ 5,161**	**$ -**	**$ 1,186,935**
Fund Balances						
Nonspendable						
Loan security	$ -	$ 25,000	$ 25,000	$ -	$ -	$ 25,000
Federal lands	-	-	-	-	271,427	271,427
Restricted						
Economic development loans	289,762	-	289,762	-	-	289,762
Sub-surface sewage treatment systems	-	647,699	647,699	-	-	647,699
Debt service	-	-	-	677,178	-	677,178
Total Fund Balances	**$ 289,762**	**$ 672,699**	**$ 962,461**	**$ 677,178**	**$ 271,427**	**$ 1,911,066**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 289,762**	**$ 1,923,158**	**$ 2,212,920**	**$ 682,889**	**$ 271,427**	**$ 3,167,236**

Exhibit B-2

Sibley County
Gaylord, Minnesota

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Revolving Loan Special Revenue	Sub-Surface Sewage Treatment System Loans Special Revenue	Total Special Revenue Funds	Debt Service Fund	Federal Lands Permanent Fund	Total Nonmajor Governmental Funds (Exhibit 5)
Revenues						
Taxes	$ -	$ -	$ -	$ 381,000	$ -	$ 381,000
Special assessments	-	283,512	283,512	-	-	283,512
Intergovernmental	-	87,665	87,665	7,243	8,211	103,119
Investment earnings	1,597	-	1,597	-	8,651	10,248
Total Revenues	**$ 1,597**	**$ 371,177**	**$ 372,774**	**$ 388,243**	**$ 16,862**	**$ 777,879**
Expenditures						
Current						
Sanitation	$ -	$ 424,642	$ 424,642	$ -	$ -	$ 424,642
Debt service						
Principal	-	268,110	268,110	255,000	-	523,110
Interest	-	-	-	116,500	-	116,500
Administrative charges	-	-	-	649	-	649
Total Expenditures	**$ -**	**$ 692,752**	**$ 692,752**	**$ 372,149**	**$ -**	**$ 1,064,901**
Excess of Revenues Over (Under) Expenditures	**$ 1,597**	**$ (321,575)**	**$ (319,978)**	**$ 16,094**	**$ 16,862**	**$ (287,022)**
Other Financing Sources (Uses)						
Transfers out	$ -	$ -	$ -	$ -	$ (16,862)	$ (16,862)
Loans issued	-	336,978	336,978	-	-	336,978
Total Other Financing Sources (Uses)	**$ -**	**$ 336,978**	**$ 336,978**	**$ -**	**$ (16,862)**	**$ 320,116**
Net Change in Fund Balance	**$ 1,597**	**$ 15,403**	**$ 17,000**	**$ 16,094**	**$ -**	**$ 33,094**
Fund Balance – January 1	**288,165**	**657,296**	**945,461**	**661,084**	**271,427**	**1,877,972**
Fund Balance – December 31	**$ 289,762**	**$ 672,699**	**$ 962,461**	**$ 677,178**	**$ 271,427**	**$ 1,911,066**

Exhibit B-3

Sibley County
Gaylord, Minnesota

Budgetary Comparison Schedule
Debt Service Fund

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 390,075	$ 390,075	$ 381,000	$ (9,075)
Intergovernmental	-	-	7,243	7,243
Total Revenues	**$ 390,075**	**$ 390,075**	**$ 388,243**	**$ (1,832)**
Expenditures				
Debt service				
Principal	$ 267,750	$ 267,750	$ 255,000	$ 12,750
Interest	122,325	122,325	116,500	5,825
Administrative charges	-	-	649	(649)
Total Expenditures	**$ 390,075**	**$ 390,075**	**$ 372,149**	**$ 17,926**
Net Change in Fund Balance	**$ -**	**$ -**	**$ 16,094**	**$ 16,094**
Fund Balance – January 1	**661,084**	**661,084**	**661,084**	**-**
Fund Balance – December 31	**$ 661,084**	**$ 661,084**	**$ 677,178**	**$ 16,094**

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.

Exhibit C-1

Sibley County
Gaylord, Minnesota

Combining Statement of Fiduciary Net Position
Fiduciary Funds – Custodial Funds
December 31, 2025

	Sibley County Children's Collaborative	State Revenue
Assets		
Cash and pooled investments	$ 120,794	$ 39,576
Due from other governments	28,272	-
Accounts receivable	-	10,910
Taxes receivable for other governments	-	-
Special assessments receivable for other governments	-	-
Total Assets	**$ 149,066**	**$ 50,486**
Liabilities		
Due to others	$ -	$ 1,102
Due to other governments	7,013	1,510
Total Liabilities	**$ 7,013**	**$ 2,612**
Deferred Inflows of Resources		
Prepaid taxes	**$ -**	**$ -**
Net Position		
Restricted for individuals, organizations, and other governments	**$ 142,053**	**$ 47,874**

Taxes and Penalties	Estate Recoveries	Jail Canteen	Licensing Accounts	Forfeited Tax	Total Custodial Funds
$ 220,787	$ -	$ 83,917	$ 32,314	$ 2,312	$ 499,700
-	-	-	-	-	28,272
-	192,287	-	-	-	203,197
296,698	-	-	-	-	296,698
337,920	-	-	-	-	337,920
$ 855,405	**$ 192,287**	**$ 83,917**	**$ 32,314**	**$ 2,312**	**$ 1,365,787**
$ -	$ -	$ 919	$ -	$ -	$ 2,021
157,446	192,287	-	-	-	358,256
$ 157,446	**$ 192,287**	**$ 919**	**$ -**	**$ -**	**$ 360,277**
$ 66,239	**$ -**	**$ -**	**$ -**	**$ -**	**$ 66,239**
$ 631,720	**$ -**	**$ 82,998**	**$ 32,314**	**$ 2,312**	**$ 939,271**

Exhibit C-2

Sibley County
Gaylord, Minnesota

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds – Custodial Funds
For the Year Ended December 31, 2025

	Sibley County Children's Collaborative	State Revenue	Taxes and Penalties
Additions			
Contributions from individuals	$ -	$ 11,563	$ -
Interest earnings	4,867	-	-
Property tax collections for other governments	-	-	19,969,260
Fees collected for the state	-	688,750	-
Payments from the state	102,119	-	14,104
Refunds collected for other entities	-	-	-
Payments from other entities	-	-	-
Miscellaneous	15,034	-	-
Total Additions	**$ 122,020**	**$ 700,313**	**$ 19,983,364**
Deductions			
Beneficiary payments to individuals	$ -	$ -	$ -
Payments of property taxes to other governments	-	-	19,948,605
Payments to the state	-	715,677	-
Administrative expenses	-	-	-
Payments to other entities	82,066	-	2,917
Total Deductions	**$ 82,066**	**$ 715,677**	**$ 19,951,522**
Change in Net Position	**$ 39,954**	**$ (15,364)**	**$ 31,842**
Net Position – January 1	**102,099**	**63,238**	**599,878**
Net Position – December 31	**$ 142,053**	**$ 47,874**	**$ 631,720**

Estate Recoveries		Writs of Execution		Jail Canteen		Licensing Accounts		Forfeited Tax		Total Custodial Funds
$	435,302	$	4,643	$	-	$	81,105	$	-	$	532,613
	-		-		-		-		-		4,867
	-		-		-		-		-		19,969,260
	-		-		-		3,179,492		-		3,868,242
	-		-		-		-		-		116,223
	-		-		-		-		1,230		1,230
	-		-		113,649		-		97,414		211,063
	-		-		-		-		-		15,034
$	**435,302**	**$**	**4,643**	**$**	**113,649**	**$**	**3,260,597**	**$**	**98,644**	**$**	**24,718,532**
$	-	$	-	$	19,003	$	-	$	-	$	19,003
	-		-		-		-		-		19,948,605
	435,302		-		-		3,180,754		-		4,331,733
	-		35		-		82,771		500		83,306
	-		4,608		87,604		10		97,908		275,113
$	**435,302**	**$**	**4,643**	**$**	**106,607**	**$**	**3,263,535**	**$**	**98,408**	**$**	**24,657,760**
$	**-**	**$**	**-**	**$**	**7,042**	**$**	**(2,938)**	**$**	**236**	**$**	**60,772**
	-		**-**		**75,956**		**35,252**		**2,076**		**878,499**
$	**-**	**$**	**-**	**$**	**82,998**	**$**	**32,314**	**$**	**2,312**	**$**	**939,271**

Schedules

Exhibit D-1

Sibley County
Gaylord, Minnesota

Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2025

	Governmental Funds	Enterprise Fund	Total
Appropriations and Shared Revenue			
State			
Highway users tax	$ 8,342,740	$ -	$ 8,342,740
Market value credit	336,936	-	336,936
PERA aid	55,596	-	55,596
Disparity reduction aid	54,618	-	54,618
County program aid	828,246	-	828,246
Local option disaster credit	1,178	-	1,178
Police aid	228,665	-	228,665
Cannabis aid	5,454	-	5,454
Enhanced 911	161,761	-	161,761
Petroleum tax relief	1,983	-	1,983
Statewide affordable housing aid	38,867	-	38,867
Local homeless prevention aid	60,929	-	60,929
SCORE	86,705	-	86,705
Aquatic invasive species prevention aid	61,150	-	61,150
Riparian protection aid	108,444	-	108,444
Total appropriations and shared revenue	**$ 10,373,272**	**$ -**	**$ 10,373,272**
Reimbursement for Services			
State			
Minnesota Department of			
Human Services	$ 913,722	$ -	$ 913,722
Transportation	11,678	-	11,678
Total reimbursement for services	**$ 925,400**	**$ -**	**$ 925,400**
Payments			
State			
Payments in lieu of taxes	$ 28,964	$ -	$ 28,964
Local			
Other contributions	234,747	-	234,747
Total payments	**$ 263,711**	**$ -**	**$ 263,711**
Grants			
State			
Minnesota Department/Office of			
Children, Youth, and Families	$ 284,348	$ -	$ 284,348
Corrections	63,456	-	63,456
Health	200,027	-	200,027
Human Services	815,304	-	815,304
Natural Resources	1,551,854	-	1,551,854
Public Safety	58,468	-	58,468
Transportation	6,833,699	-	6,833,699
Veterans Affairs	7,500	-	7,500
Peace Officer Standards and Training Board	15,911	-	15,911
Pollution Control Agency	108,865	-	108,865
Supreme Court	8,000	-	8,000
Water and Soil Resources Board	31,753	-	31,753
Total state	**$ 9,979,185**	**$ -**	**$ 9,979,185**

Exhibit D-1

(Continued)

Sibley County
Gaylord, Minnesota

Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2025

	Governmental Funds	Enterprise Fund	Total
Grants (Continued)			
Federal			
Department of			
Agriculture	$ 372,335	$ -	$ 372,335
Housing and Urban Development	-	217,974	217,974
Transportation	3,737,301	-	3,737,301
Health and Human Services	1,621,898	-	1,621,898
Homeland Security	37,652	-	37,652
Total federal	**$ 5,769,186**	**$ 217,974**	**$ 5,987,160**
Total state and federal grants	**$ 15,748,371**	**$ 217,974**	**$ 15,966,345**
Total Intergovernmental Revenue	**$ 27,310,754**	**$ 217,974**	**$ 27,528,728**

Exhibit D-2

Sibley County
Gaylord, Minnesota

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Agriculture			
Passed Through Meeker-McLeod-Sibley Community Health Services			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	16162MN004W1003	$ 49,577
Passed Through Minnesota Department of Human Services			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	252MN101S2514	180,677
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	252MN101S2520	4,352
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	252MN127Q7503	69,806
(Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 $314,157)			
Passed Through Minnesota Department of Children, Youth, and Families			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	252MN101S2514	56,090
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	252MN101S2520	497
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	252MN127Q7503	2,735
(Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 $314,157)			
Total U.S. Department of Agriculture			**$ 363,734**
U.S. Department of Housing and Urban Development			
Passed Through Minnesota Housing Finance Agency			
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	MN46-8023-001	**$ 217,974**
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction	20.205	00072	$ 3,848,641
Passed Through Minnesota Department of Public Safety			
Highway Safety Cluster			
State and Community Highway Safety	20.600	F-ENFRC25-2025-SIBLEYSD	4,533
Total U.S. Department of Transportation			**$ 3,853,174**

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Sibley County
Gaylord, Minnesota

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Health and Human Services			
Passed Through Meeker-McLeod-Sibley Community Health Services			
Medical Reserve Corps Small Grant Program	93.008	HITEP210046	$ 5,185
Public Health Emergency Preparedness	93.069	NU90TU000040	10,296
Early Hearing Detection and Intervention	93.251	H61MC00035	225
Temporary Assistance for Needy Families	93.558	2501MNTANF	15,092
(Total Temporary Assistance for Needy Families 93.558 $147,718)			
Medicaid Cluster			
Grants to States for Medicaid	93.778	2505MN5ADM	6,486
(Total Grants to States for Medicaid 93.778 $860,786)			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	S 2B08TIO10027-18	4,964
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	Not Provided	14,658
Cooperative Agreements for Diabetes Control Programs	93.988	NU58DP007407	16,683
Maternal and Child Health Services Block Grant to the States	93.994	B04MC28107	18,112
Passed Through Minnesota Department of Human Services			
Title IV-E Prevention Program	93.472	2501MNPSGP	2,038
(Total Title IV-E Prevention Program 93.472 $5,271)			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2501MNFPSS	3,980
Temporary Assistance for Needy Families	93.558	2501MNTANF	132,626
(Total Temporary Assistance for Needy Families 93.558 $147,718)			
Child Support Services	93.563	2501MNSCSS	239,768
Child Support Services	93.563	2501MNICSS	37,986
(Total Child Support Services 93.563 $349,534)			
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2501MNRCMA	1,080
CCDF Cluster			
Child Care and Development Block Grant	93.575	2501MNCCDF	7,319
Community-Based Child Abuse Prevention Grants	93.590	2402MNBCAP	5,809
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2401MNCWSS	1,876
Foster Care Title IV-E	93.658	2501MNFOST	87,859
(Total Foster Care Title IV-E 93.658 $160,065)			
Social Services Block Grant	93.667	2501MNSOSR	79,210
(Total Social Services Block Grant 93.667 $95,049)			
Children's Health Insurance Program	93.767	2505MN5021	142
Medicaid Cluster			
Grants to States for Medicaid	93.778	2505MN5ADM	847,894
Grants to States for Medicaid	93.778	2505MN5MAP	6,406
(Total Grants to States for Medicaid 93.778 $860,786)			
Passed Through Minnesota Department of Children, Youth, and Families			
Title IV-E Prevention Program	93.472	2501MNPSGP	3,233
(Total Title IV-E Prevention Program 93.472 $5,271)			
Child Support Services	93.563	2501MNSCSS	61,918
Child Support Services	93.563	2501MNICSS	9,862
(Total Child Support Services 93.563 $349,534)			
Foster Care Title IV-E	93.658	2501MNFOST	72,206
(Total Foster Care Title IV-E 93.658 $160,065)			
Social Services Block Grant	93.667	2501MNSOSR	15,839
(Total Social Services Block Grant 93.667 $95,049)			
Total U.S. Department of Health and Human Services			**$ 1,708,752**

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Sibley County
Gaylord, Minnesota

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers		Expenditures
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4797	$	14,430
Emergency Management Performance Grants	97.042	F-EMPG-2021-SIBLEYCO-4180		23,222
Total U.S. Department of Homeland Security			**$**	**37,652**
Total Federal Awards			**$**	**6,181,286**

The County did not pass any federal awards through to subrecipients during the year ended December 31, 2025.

Totals by Cluster		
Total expenditures for SNAP Cluster	$	314,157
Total expenditures for Housing Voucher Cluster		217,974
Total expenditures for Highway Safety Cluster		4,533
Total expenditures for Medicaid Cluster		860,786
Total expenditures for CCDF Cluster		7,319

Sibley County
Gaylord, Minnesota

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2025

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 award activity of Sibley County under programs of the federal government for the year ended December 31, 2025. 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 modified accrual basis of accounting for federal awards recorded in governmental funds and on the full accrual basis for federal awards in proprietary funds, with recognition criteria following Uniform Guidance. Such expenditures are recognized following the cost principles contained in 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 de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

Reconciliation to Schedule of Intergovernmental Revenue

Reconciling Items	Amount
Federal grant revenue per Schedule of Intergovernmental Revenue	$ 5,987,160
Grants received more than 60 days after year-end, considered unavailable revenue in 2025	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children (Assistance Listing Number 10.557)	5,626
Highway Planning and Construction (Assistance Listing Number 20.205)	115,873
Medical Reserve Corps Small Grant Program (Assistance Listing Number 93.008)	408
Title IV-E Prevention Program (Assistance Listing Number 93.472)	337
MaryLee Allen Promoting Safe and Stable Families Program (Assistance Listing Number 93.556)	526
Temporary Assistance for Needy Families (Assistance Listing Number 93.558)	39,455
Community-Based Child Abuse Prevention Grants (Assistance Listing Number 93.590)	1,624
Stephanie Tubbs Jones Child Welfare Services Program (Assistance Listing Number 93.645)	938
Foster Care Title IV-E (Assistance Listing Number 93.658)	8,905
Grants to States for Medicaid (Assistance Listing Number 93.778)	41,119
Unavailable revenue in 2024, recognized as revenue in 2025	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children (Assistance Listing Number 10.557)	(14,227)
MaryLee Allen Promoting Safe and Stable Families Program (Assistance Listing Number 93.556)	(521)
Refugee and Entrant Assistance State/Replacement Designee Administered Programs (Assistance Listing Number 93.566)	(341)
Stephanie Tubbs Jones Child Welfare Services Program (Assistance Listing Number 93.645)	(929)
Foster Care Title IV-E (Assistance Listing Number 93.658)	(4,667)
Expenditures per Schedule of Expenditures of Federal Awards	$ 6,181,286

Management and Compliance Section

STATE OF MINNESOTA

Julie Blaha
State Auditor

Office of the State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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

Board of County Commissioners
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, 2025, 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 28, 2026. 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 joint venture.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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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, 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, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

Other Items

Included in the Schedule of Findings and Questioned Costs is a management practice comment. We believe this recommendation and information to be of benefit to the County and it is reported for that purpose.

Sibley County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Sibley County's response to the finding 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/Lisa Young

Lisa Young, CPA
Deputy State Auditor

August 28, 2026

STATE OF MINNESOTA

Julie Blaha
State Auditor

Office of the State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of County Commissioners
Sibley County
Gaylord, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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, 2025. 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.

In our opinion, Sibley County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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 opinion 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.

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

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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.

Report on Internal Control Over Compliance

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

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

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

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

/s/Julie Blaha	*/s/Lisa Young*
Julie Blaha State Auditor	Lisa Young, CPA Deputy State Auditor

August 28, 2026

Sibley County
Gaylord, Minnesota

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

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? **No**
- 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? **No**
- Significant deficiencies identified? **None reported**

Type of auditor's report issued on compliance for the major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **No**

Identification of the major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $1,000,000.

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

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – Other Findings and Recommendations

2025-001 **Deficit Fund Balance – Ditch Special Revenue Fund**
Prior Year Finding Number: N/A
Year of Finding Origination: 2025
Type of Finding: Management Practice

Criteria: Each County fund should be maintained with a positive fund balance to ensure financial obligations can be met.

Condition: As of December 31, 2025, the Ditch Special Revenue Fund had a deficit fund balance of $2,497,877. Ditch systems with deficit balances have been loaned cash from the General Fund to finance system costs. These loans will be paid back with interest at the established annual assessment interest rate of four percent.

Context: As of December 31, 2025, 38 of the 66 individual ditch systems accounted for in the Ditch Special Revenue Fund had deficit fund balances totaling $3,141,425.

Effect: A negative fund balance indicates that measures may need to be taken to ensure that ditch systems can meet financial obligations.

Cause: The County indicated its general practice is to approve ditch assessments after costs are incurred and projects are completed, noting that negative fund balances can occur until the related assessments are levied and collected.

Recommendation: We recommend the County continue to monitor the balance of the Ditch Special Revenue Fund and eliminate deficits by approving necessary special assessments as soon as practical for each individual ditch system.

View of Responsible Official: Acknowledge

Sibley County Minnesota

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

SIBLEY COUNTY AUDITOR-TREASURER

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(507) 237-4070 • sibleycounty.gov

Representation of Sibley County
Gaylord, Minnesota

Corrective Action Plan
For the Year Ended December 31, 2025

Finding Number: 2025-001
Finding Title: Deficit Fund Balance – Ditch Special Revenue Fund

Name of Contact Person Responsible for Corrective Action:

Jennie Radloff, Auditor-Treasurer

Corrective Action Planned:

The County acknowledges the finding and agrees with the recommendation. The County has implemented early detection and monitoring of individual ditch system balances to identify negative or declining balances and determine when additional assessments may be needed.

The County has also implemented multi-year assessments for ditch systems with significant costs or deficits. Many ditch owners have elected to prepay these assessments to avoid the associated interest, resulting in a substantial reduction in the overall Ditch Special Revenue Fund deficit. Based on current assessment activity and collection patterns, the County reasonably expects to recover the existing deficit within approximately three years.

The County will continue to monitor individual ditch system balances and recommend special assessments as appropriate and as soon as practical to address existing deficits and reduce the likelihood of significant future deficits.

Anticipated Completion Date:

December 31, 2028

Jennie Radloff Auditor-Treasurer

Charlene Pelletier Assistant Auditor

Tara Ernst Assistant Treasurer

Kelly Nelson Finance & Accounting Manager

Stephanie Schulte Elections Coordinator

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

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Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2025

Finding Number: 2024-001
Year of Finding Origination: 2024
Finding Title: Material Audit Adjustments

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

Summary of Corrective Action Previously Reported: 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 5th 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.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2024-002
Year of Finding Origination: 2024
Finding Title: Eligibility - METS
Program: 93.778 Grants to States for Medicaid

Summary of 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.

Summary of Corrective Action Previously Reported: 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.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2024-003
Year of Finding Origination: 2022
Finding Title: Eligibility - MAXIS

Jennie Radloff Auditor-Treasurer
Charlene Pelletier Assistant Auditor
Tara Ernst Assistant Treasurer
Kelly Nelson Finance & Accounting Manager
Stephanie Schulte Elections Coordinator

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Program: 93.778 Grants to States for Medicaid

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 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.

Summary of Corrective Action Previously Reported:

- 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.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2024-004
Year of Finding Origination: 2024
Finding Title: Publication of County Board Minutes

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

Summary of Corrective Action Previously Reported: 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.

Status: Fully Corrected. Corrective action was taken.