Nicollet County
Saint Peter, 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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Nicollet County
Saint Peter, Minnesota

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Nicollet County
Saint Peter, Minnesota

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Introductory Section

Nicollet County
Saint Peter, Minnesota

Organization
December 31, 2025

Office	Name	Term Expires
Commissioners		
1st District	Marie Dranttel*	January 2027
2nd District	Nicole Helget	January 2029
3rd District	Jack Kolars	January 2027
4th District	Mark Dehen	January 2029
5th District	Kurt Zins	January 2027
Officers Elected		
Attorney	Michelle Zehnder Fischer	January 2027
County Judge	Paul Gunderson	January 2027
County Judge	Stefanie Menning	January 2029
Sheriff	David Lange	January 2027
Officers Appointed		
Administrator	Mandy Landkamer	Indefinite
Assessor	Shana Jackson	December 2028
Community Corrections Director	Richard Molitor	Indefinite
Coroner	Dr. Kelly Mills	December 2026
Court Administrator	Carol Weikle	Indefinite
Extension Director	Christy Kallevig	Indefinite
Facilities Maintenance Director	Cody Johnson	Indefinite
Finance Director	Heather McCormick	Indefinite
Health and Human Services Director	Cassandra Sassenberg	Indefinite
Human Resources Director	Bridget Flier	Indefinite
Property and Public Services Director	Jaci Kopet	Indefinite
Public Works Director	Seth Greenwood	May 2029
Surveyor	Bolton & Menk	Indefinite
Technologies Director	Jason Dragvold	Indefinite
Veterans Service Officer	Nathan Tish	October 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
Nicollet County
Saint Peter, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nicollet 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, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Nicollet 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

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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, the Road and Bridge Special Revenue Fund, and the 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 Nicollet County's basic financial statements. The Budgetary Comparison Schedule – Building Capital Projects Fund, Budgetary Comparison Schedule – Debt Service Fund, combining fiduciary funds 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 10, 2026, on our consideration of Nicollet 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 Nicollet 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 Nicollet County's internal control over financial reporting and compliance.

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Lisa Young

Lisa Young, CPA
Deputy State Auditor

August 10, 2026

Management's Discussion and Analysis

Nicollet County
Saint Peter, Minnesota

Management's Discussion and Analysis
December 31, 2025
(Unaudited)

As management of Nicollet County, we offer readers of the Nicollet County financial statements this narrative overview and analysis of the financial activities of Nicollet County for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements following this section. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- The assets and deferred outflows of resources of Nicollet County exceeded its liabilities and deferred inflows of resources by $195,144,885 at the close of 2025. Of this amount, $40,123,740 (unrestricted net position) may be used to meet Nicollet County's ongoing obligations to citizens and creditors.

- At the close of 2025, Nicollet County's governmental funds reported combined ending fund balances of $61,130,754, an increase of $5,461,534 in comparison with the prior year, after restatement. Of the total fund balance, $21,904,389 is available for spending at the County's discretion and is noted as unassigned fund balance.

- At the close of 2025, the unassigned fund balance for the General Fund was $25,255,298, or 106.4 percent, of total General Fund expenditures.

- Nicollet County's total bonds payable decreased by $1,980,000. There were payments of $145,000 to G.O. Drainage Bonds, Series 2018A; $830,000 to G.O. Capital Improvement Bonds, Series 2018B; and $1,005,000 to G.O. Capital Improvement Refunding Bonds, Series 2020A.

Overview of the Financial Statements

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to Nicollet County's basic financial statements. The County's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The statement of net position presents information on all of Nicollet County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Nicollet County is improving or deteriorating.

The statement of activities 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (uncollected taxes and earned but unused vacation leave).

The County's government-wide financial statements report functions of the County principally supported by taxes and intergovernmental revenues. The governmental activities of Nicollet County include general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development.

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

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Nicollet County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Nicollet 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 short-term financing decisions. Both the governmental fund balance sheet and the governmental fund 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 functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, County fund level 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.

  Nicollet County reports seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road and Bridge Special Revenue Fund, the Health and Human Services Special Revenue Fund, the Revolving Loan Special Revenue Fund, the Ditch Special Revenue Fund, the Building Capital Projects Fund, and the Debt Service Fund, all of which are considered to be major funds. Governmental fund financial statements are on Exhibits 3 through 6.

- Proprietary funds—Nicollet County maintains one proprietary fund. The Self-Insurance Internal Service Fund is used to account for the accumulation of resources for, and the payment of, insurance costs of the self-insurance program. Because the Self-Insurance Internal Service Fund benefits the governmental function, it has been included within the governmental activities column on the government-wide financial statements. Proprietary fund financial statements are on Exhibits 7 through 9.

- Fiduciary funds—Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, or other funds. The County maintains two types of fiduciary funds: one private-purpose trust fund and several custodial funds. The private-purpose trust fund is used to account for collection and distribution of social security funds with the County acting as a representative payee for individuals. Separate custodial funds are used to account for property tax revenues for other jurisdictions and charges and fees revenues for other state and local governments. Other custodial funds include Community Health Service, Tri-County Solid Waste, Family Services Collaborative, Women's Foundation of Minnesota, and Jail/Sheriff Activities. Private-purpose and custodial funds do not involve measurement of results of operations and are not reflected in the government-wide financial statements because those resources are not available to support the County's programs. Fiduciary funds are on Exhibits 10, 11, C-1, and C-2.

Notes to the Financial Statements

The notes to the financial statements provide additional information essential to a full understanding of the data provided.

Other Information

In addition to the basic financial statements and notes, this report also presents certain required supplementary information concerning Nicollet County's changes in its other postemployment benefits liability (Exhibit A-4) and schedules of the proportionate share of net pension liability and schedules of contributions (Exhibits A-5 to A-10). In addition, the County also provides supplementary information on intergovernmental revenue and expenditures of federal awards (Exhibits D-1 and D-2).

Nicollet County adopts an annual appropriated budget for the General Fund, the Road and Bridge Special Revenue Fund, the Health and Human Services Special Revenue Fund, the Building Capital Projects Fund, and the Debt Service Fund. Budgetary comparison schedules have been provided for these major funds to demonstrate compliance with these budgets (Exhibits A-1, A-2, A-3, B-1, and B-2).

Government-Wide Financial Analysis

Over time, net position serves as a useful indicator of the County's financial position. Nicollet County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $195,144,885 at the close of 2025. The largest portion of Nicollet County's net position (69.3 percent) reflects its investment in capital assets (land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. However, it should be noted that these assets are not available for future spending.

Governmental Net Position

Condensed Statement of Net Position	2024	2025
Assets		
Current and other assets	$ 73,063,680	$ 80,067,590
Capital assets, net	138,042,508*	140,724,843
Total Assets	$211,106,188*	$ 220,792,433
Deferred Outflows of Resources	$ 4,172,980	$ 3,639,315
Liabilities		
Long-term liabilities outstanding	$ 21,435,657*	$ 19,208,934
Other liabilities	4,418,244	2,763,407
Total Liabilities	$ 25,853,901*	$ 21,972,341
Deferred Inflows of Resources	$ 8,765,470	$ 7,314,522
Net Position		
Net investment in capital assets	$129,332,190*	$ 135,242,899
Restricted	14,832,566	19,778,246
Unrestricted	36,495,041	40,123,740
Total Net Position	$180,659,797*	$ 195,144,885

*Amounts restated for correction of an error. See Note 1 in the notes to the financial statements.

The unrestricted net position amount of $40,123,740 as of December 31, 2025, may be used to meet the County's ongoing obligations to citizens and creditors.

Governmental Activities

Nicollet County's activities increased net position by $13,854,005, or 7.6 percent, over the 2024 net position, after restatement. The following table summarizes the changes in net position for 2025.

Changes in Governmental Net Position

Condensed Statement of Activities	2024	2025
Revenues		
Program revenues		
Fees, charges, and others	$ 8,144,965	$ 5,907,334
Operating grants and contributions	17,365,696	18,411,131
Capital grants and contributions	2,944,122	945,100
General revenues		
Property taxes	26,636,463	27,421,078
Other	13,186,847	8,739,301
Total Revenues	$ 68,278,093	$ 61,423,944
Expenses		
General government	$ 12,288,576*	$ 12,072,794
Public safety	9,156,179*	8,785,885
Highways and streets	6,886,336	6,865,924
Sanitation	442,719	413,950
Human services	15,021,013*	15,265,118
Health	1,592,677	1,993,701
Culture and recreation	405,366	367,423
Conservation of natural resources	4,653,674	1,567,154
Economic development	1,747,309	177,372
Interest	24,909	60,618
Total Expenses	$ 52,218,758*	$ 47,569,939
Increase in Net Position	$ 16,059,335	$ 13,854,005
Net Position – January 1, as restated	164,600,462	181,290,880**
Net Position – December 31	$ 180,659,797	$ 195,144,885

*Amounts restated for correction of an error. See Note 1 in the notes to the financial statements.
**Amount restated for a government merger. See Note 1 in the notes to the financial statements.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance 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, the County's governmental funds reported combined ending fund balances of $61,130,754, an increase of $5,461,534 in comparison with the prior year, after restatement. A portion of this amount ($43,658,054) constitutes assigned and unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is restricted, committed, or nonspendable to indicate that it is not available for new spending because it has already been committed for various reasons.

The General Fund is the chief operating fund of Nicollet County. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was $25,255,298, while total fund balance was $31,045,237. As a measure of the General Fund's liquidity, it may be useful to compare the assigned and unassigned fund balance to total fund expenditures. The assigned and unassigned fund balance represents 106.4 percent of total General Fund expenditures, while total fund balance represents 130.8 percent of that same amount. In 2025, the fund balance amount in the General Fund increased by $2,490,205, after restatement. Some attributing factors were increases in investment earnings and underspending of capital projects and purchases.

The Road and Bridge Special Revenue Fund's fund balance increased by $1,887,783 in 2025. Some attributing factors were the timing of state aid and federal awarded projects impacting revenues and expenses and reduced expenses due to staff vacancies.

The Health and Human Services Special Revenue Fund's fund balance decreased by $97,647 in 2025, after restatement.

The Revolving Loan Special Revenue Fund's fund balance increased by $58,158 in 2025.

The Ditch Special Revenue Fund had a negative fund balance of $1,677,631 at year-end 2025. Total fund balance increased by $895,840 in 2025 impacted by ditch project litigation, judicial ditches, and assessment payments. This fund is continually monitored and reviewed for potential future bond debt. The County charges quarterly interest to each negative drainage system balance in accordance with Minn. Stat. § 103E.655.

The Building Capital Projects Fund was created in 2025 and its fund balance increased by $987,605 in 2025.

The Debt Service Fund's restricted fund balance decreased by $760,410 in 2025.

General Fund Budgetary Highlights

In total, there were no budget changes for expenditures or revenue in 2025.

The actual expenditures were below budgeted expenditures by $1,264,300. The actual revenues exceeded budget revenues by $2,958,055. Other Financing Sources (Uses) exceeded budget by $784,350. Significant variances during the current year included the following:

- Investment earnings exceeded budget by $2,095,409.
- Capital outlay expenditures were under budget by $1,418,323 due to a delayed capital project and building project.
- Leases and Software Subscriptions issued exceeded budget by $784,832.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2025, was $140,724,843 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, equipment, and infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was 1.9 percent, after restatement.

Capital Assets
(Net of Accumulated Depreciation and Amortization)

Capital Assets	2024	2025
Land	$ 6,369,400	$ 6,404,800
Construction in progress	4,661,383	1,092,023
Land improvements	564,068	516,332
Buildings	21,607,147	21,134,142
Machinery and equipment	3,061,605	2,613,812
Infrastructure	100,868,079	107,539,637
Lease equipment	278,880*	576,424
Software subscriptions	631,946*	847,673
Totals	$138,042,508	$ 140,724,843

*Amounts restated for correction of an error. See Note 1 in the notes to the financial statements.

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

Long-Term Debt

At the end of the current fiscal year, the County had total bonded debt outstanding of $5,225,000, which is backed by the full faith and credit of the government.

Outstanding Debt

Debt	2024	2025
General obligation bonds	$ 7,205,000	$ 5,225,000

The County's debt related to general obligation bonds decreased by $1,980,000 (27.5 percent) during the fiscal year. The primary reason for the decrease is due to debt payments made by the Debt Service Fund.

Nicollet County's bond rating is "Aa2" from Moody's.

Minnesota statutes limit the amount of net debt to three percent of the market value of taxable property in the County. As of the end of 2025, Nicollet County is below the three percent debt limit imposed by state statutes.

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

Economic Factors and Next Year's Budgets

- Nicollet County's unemployment rate was 3.5 percent as of the end of 2025. This is slightly below the statewide rate of 4.3 percent. (Source: Minnesota Department of Employment and Economic Development, Unemployment Statistics – LAUS Data.)

- Nicollet County's population remains steady at 34,637. Agricultural tillable land values decreased approximately five percent, while other agricultural land and building values remained stable. Residential values increased throughout most of the County. Commercial and industrial values also increased, with adjustments varying by property type, location, and local market conditions.

At the end of 2025, Nicollet County set its 2026 revenue and expenditure budgets.

Requests for Information

This annual financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Nicollet County Finance Department, Nicollet County Courthouse, 501 South Minnesota Avenue, Saint Peter, Minnesota 56082.

Basic Financial Statements

Government-Wide Financial Statements

Exhibit 1

Nicollet County
Saint Peter, Minnesota

Statement of Net Position
Governmental Activities
December 31, 2025

		Governmental Activities
Assets		
Cash and pooled investments	$	62,470,913
Petty cash and change funds		4,170
Taxes receivable - delinquent		345,331
Special assessment receivable		
Delinquent		25,106
Noncurrent		4,201,305
Accounts receivable		688,537
Accrued interest receivable		283,477
Due from other governments		10,943,472
Inventories		431,731
Prepaid items		402,456
Capital assets		
Non-depreciable or amortizable		7,496,823
Depreciable or amortizable – net of accumulated depreciation and amortization		133,228,020
Net pension asset		271,092
Total Assets	**$**	**220,792,433**
Deferred Outflows of Resources		
Deferred other postemployment benefits outflows	$	93,641
Deferred pension outflows		3,545,674
Total Deferred Outflows of Resources	**$**	**3,639,315**
Liabilities		
Accounts payable	$	674,005
Claims payable		8,388
Salaries payable		1,660,086
Contracts payable		73,314
Due to other governments		274,127
Accrued interest payable		29,823
Unearned revenue		43,664
Long-term liabilities		
Due within one year		4,383,157
Due in more than one year		5,848,385
Other postemployment benefits liability		
Due within one year		86,133
Due in more than one year		1,113,664
Net pension liability		7,777,595
Total Liabilities	**$**	**21,972,341**
Deferred Inflows of Resources		
Deferred charge on refunding	$	148,386
Deferred other postemployment benefits inflows		364,365
Deferred pension inflows		6,801,771
Total Deferred Inflows of Resources	**$**	**7,314,522**

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

Nicollet County
Saint Peter, Minnesota

Statement of Net Position
Governmental Activities
December 31, 2025

		Governmental Activities
Net Position		
Net investment in capital assets	$	135,242,899
Restricted for		
General government		1,023,773
Public safety		1,534,649
Highways and streets		10,698,508
Human services		228,093
Conservation of natural resources		2,268,774
Opioid remediation activities		173,715
Capital projects		987,605
Debt service		2,863,129
Unrestricted		40,123,740
Total Net Position	**$**	**195,144,885**

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

Exhibit 2

Nicollet County
Saint Peter, Minnesota

Statement of Activities

For the Year Ended December 31, 2025

		Program Revenues			
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs					
Governmental activities					
General government	$ 12,072,794	$ 1,114,870	$ 1,002,954	$ -	$ (9,954,970)
Public safety	8,785,885	475,326	1,378,577	-	(6,931,982)
Highways and streets	6,865,924	104,990	7,103,035	945,100	1,287,201
Sanitation	413,950	392,789	118,690	-	97,529
Human services	15,265,118	1,866,215	7,542,897	-	(5,856,006)
Health	1,993,701	130,788	1,254,112	-	(608,801)
Culture and recreation	367,423	-	-	-	(367,423)
Conservation of natural resources	1,567,154	1,822,356	-	-	255,202
Economic development	177,372	-	10,866	-	(166,506)
Interest	60,618	-	-	-	(60,618)
Total governmental activities	**$ 47,569,939**	**$ 5,907,334**	**$ 18,411,131**	**$ 945,100**	**$ (22,306,374)**

General Revenues	
Property taxes	$ 27,421,078
Mortgage registry and deed tax	44,366
Wheelage tax	589,452
Gravel tax	66,012
Transportation sales tax	2,215,622
Payments in lieu of tax	67,185
Grants and contributions not restricted to specific programs	2,806,499
Unrestricted investment earnings	2,571,764
Miscellaneous	378,401
Total general revenues	**$ 36,160,379**
Change in net position	**$ 13,854,005**
Net Position – January 1, as previously reported	180,602,821
Restatement (Note 1)	688,059
Net Position – January 1, as restated	**$ 181,290,880**
Net Position – December 31	**$ 195,144,885**

Fund Financial Statements

Governmental Funds

Exhibit 3

Nicollet County
Saint Peter, Minnesota

Balance Sheet
Governmental Funds
December 31, 2025

	General	Road and Bridge Special Revenue	Health and Human Services Special Revenue
Assets			
Cash and pooled investments	$ 29,128,867	$ 13,909,861	$ 12,411,925
Petty cash and change funds	3,520	100	550
Taxes receivable - delinquent	201,314	31,177	85,513
Special assessments receivable			
Delinquent	5,914	-	-
Noncurrent	-	-	-
Accounts receivable	120,937	19,630	547,970
Accrued interest receivable	283,477	-	-
Due from other funds	148,859	701	16,210
Due from other governments	225,626	8,722,330	1,575,451
Prepaid items	392,599	5,975	3,882
Inventories	-	431,731	-
Advance to other funds	2,139,645	-	-
Total Assets	**$ 32,650,758**	**$ 23,121,505**	**$ 14,641,501**
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	$ 292,604	$ 183,354	$ 191,347
Salaries payable	849,757	135,897	667,268
Contracts payable	-	73,314	-
Due to other funds	16,210	-	106,986
Due to other governments	123,857	4,419	94,515
Unearned revenue	43,664	-	-
Advance from other funds	-	-	-
Total Liabilities	**$ 1,326,092**	**$ 396,984**	**$ 1,060,116**
Deferred Inflows of Resources			
Unavailable revenue	**$ 279,429**	**$ 8,243,670**	**$ 748,961**

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

Revolving Loan Special Revenue	Ditch Special Revenue	Building Capital Projects	Debt Service	Total
$ 580,541	$ -	$ 985,309	$ 2,876,026	$ 59,892,529
-	-	-	-	4,170
-	-	7,942	19,385	345,331
7,117	12,075	-	-	25,106
392,443	3,808,862	-	-	4,201,305
-	-	-	-	688,537
-	-	-	-	283,477
-	-	-	-	165,770
-	420,065	-	-	10,943,472
-	-	-	-	402,456
-	-	-	-	431,731
-	-	-	-	2,139,645
$ 980,101	**$ 4,241,002**	**$ 993,251**	**$ 2,895,411**	**$ 79,523,529**
$ -	$ 6,700	$ -	$ -	$ 674,005
-	7,164	-	-	1,660,086
-	-	-	-	73,314
-	42,574	-	-	165,770
-	51,336	-	-	274,127
-	-	-	-	43,664
-	2,139,645	-	-	2,139,645
$ -	**$ 2,247,419**	**$ -**	**$ -**	**$ 5,030,611**
$ 396,558	**$ 3,671,214**	**$ 5,646**	**$ 16,686**	**$ 13,362,164**

Exhibit 3
(Continued)

Nicollet County
Saint Peter, Minnesota

Balance Sheet
Governmental Funds
December 31, 2025

		General		Road and Bridge Special Revenue		Health and Human Services Special Revenue
Liabilities, Deferred Inflows of Resources, and Fund Balances (Continued)						
Fund Balances						
Nonspendable						
Inventories	$	-	$	431,731	$	-
Prepaid Items		392,599		5,975		3,882
Advance to other funds		2,139,645		-		-
Restricted						
Law library		75,532		-		-
Recorder's equipment		240,286		-		-
Enhanced 911 system		879,774		-		-
Snowmobile grant		2,136		-		-
Handgun permit fees - carry program administration		332,532		-		-
Boat and water safety		8,771		-		-
Offroad highway grant		1,070		-		-
Sheriff's contingency		4,852		-		-
Sheriff - prostitution law enforcement, training, and education		2,971		-		-
Sheriff - K-9		20,218		-		-
Forfeited sheriff property		11,233		-		-
Forfeited attorney property		60,409		-		-
Attorney – prostitution prosecution, training, and education		1,235		-		-
Veteran van		11,369		-		-
Aquatic invasive species program		451,754		-		-
Land reclamation		195,522		-		-
Riparian project		183,188		-		-
Transportation - sales tax		-		2,683,222		-
Transportation - wheelage tax		-		330,166		-
Child protection services		-		-		15,898
Statewide affordable housing		-		-		212,195
Opioid remediation		-		-		173,715
Debt service		-		-		-
ISTS loans		-		-		-
Ditch maintenance and repairs		-		-		-
County buildings		-		-		-
Committed to						
Insurance premiums		774,843		153,868		636,724
Transportation		-		1,359,110		-
Assigned for						
Highways and streets		-		9,516,779		-
Human services		-		-		11,790,010
Septic/sewer loans		-		-		-
Unassigned		25,255,298		-		-
Total Fund Balances	**$**	**31,045,237**	**$**	**14,480,851**	**$**	**12,832,424**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$**	**32,650,758**	**$**	**23,121,505**	**$**	**14,641,501**

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

Revolving Loan Special Revenue	Ditch Special Revenue	Building Capital Projects	Debt Service	Total
$ -	$ -	$ -	$ -	$ 431,731
-	-	-	-	402,456
-	-	-	-	2,139,645
-	-	-	-	75,532
-	-	-	-	240,286
-	-	-	-	879,774
-	-	-	-	2,136
-	-	-	-	332,532
-	-	-	-	8,771
-	-	-	-	1,070
-	-	-	-	4,852
-	-	-	-	2,971
-	-	-	-	20,218
-	-	-	-	11,233
-	-	-	-	60,409
-	-	-	-	1,235
-	-	-	-	11,369
-	-	-	-	451,754
-	-	-	-	195,522
-	-	-	-	183,188
-	-	-	-	2,683,222
-	-	-	-	330,166
-	-	-	-	15,898
-	-	-	-	212,195
-	-	-	-	173,715
-	-	-	2,878,725	2,878,725
136,667	-	-	-	136,667
-	1,673,278	-	-	1,673,278
-	-	987,605	-	987,605
-	-	-	-	1,565,435
-	-	-	-	1,359,110
-	-	-	-	9,516,779
-	-	-	-	11,790,010
446,876	-	-	-	446,876
-	(3,350,909)	-	-	21,904,389
$ 583,543	**$ (1,677,631)**	**$ 987,605**	**$ 2,878,725**	**$ 61,130,754**
$ 980,101	**$ 4,241,002**	**$ 993,251**	**$ 2,895,411**	**$ 79,523,529**

Exhibit 4

Nicollet County
Saint Peter, 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)	**$**	**61,130,754**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	$	140,724,843
Net pension assets are not financial resources and, therefore, are not reported in the governmental funds.	$	271,092
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources - unavailable revenue in the government funds.	$	13,362,164
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to other postemployment benefits not recognized in the governmental funds.		
Deferred outflows related to other postemployment benefits	$	93,641
Deferred inflows related to other postemployment benefits		(364,365)
Deferred outflows and inflows related to other postemployment benefits not reported in governmental funds	$	(270,724)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions not recognized in the governmental funds.		
Deferred outflows related to pensions	$	3,545,674
Deferred inflows related to pensions		(6,801,771)
Deferred outflows and inflows related to pensions not reported in governmental funds	$	(3,256,097)
Governmental funds do not report a liability for accrued interest on long-term liabilities until due and payable.	$	(29,823)
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	$	(5,225,000)
Unamortized premium on bonds payable		(28,475)
Loans payable		(502,189)
Leases payable		(454,659)
Software subscriptions liability		(724,012)
Compensated absences payable		(3,297,207)
Other postemployment benefits liability		(1,199,797)
Net pension liability		(7,777,595)
Long-term liabilities not reported in the governmental funds	$	(19,208,934)
Deferred inflows of resources resulting from the difference between the carrying value and reacquisition price of refunded debt are not recognized in the governmental funds.	$	(148,386)
The Internal Services Fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the statement of net position.	$	2,569,996
Net Position of Governmental Activities (Exhibit 1)	**$**	**195,144,885**

Exhibit 5

Nicollet County
Saint Peter, Minnesota

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

	General	Road and Bridge Special Revenue	Health and Human Services Special Revenue
Revenues			
Taxes	$ 15,864,146	$ 5,509,180	$ 6,870,979
Special assessments	324,172	-	-
Licenses and permits	108,633	-	-
Intergovernmental	4,770,126	6,163,253	8,897,648
Settlements	-	-	34,843
Charges for services	824,727	69,588	1,758,047
Fines and forfeits	7,835	-	-
Gifts and contributions	27,985	1,460	3,423
Investment earnings	2,495,809	-	16,210
Miscellaneous	1,018,975	35,402	79,279
Total Revenues	**$ 25,442,408**	**$ 11,778,883**	**$ 17,660,429**
Expenditures			
Current			
General government	$ 11,795,074	$ -	$ -
Public safety	9,432,747	-	-
Highways and streets	-	8,681,051	-
Sanitation	380,511	-	-
Human services	-	-	15,796,466
Health	-	-	2,036,895
Culture and recreation	134,063	117,214	-
Conservation of natural resources	484,235	12,178	-
Economic development	177,372	-	-
Intergovernmental			
Highways and streets	-	312,801	-
Culture and recreation	120,088	-	-
Capital outlay			
General government	613,275	-	-
Public safety	18,706	-	-
Highways and streets	-	605,971	-
Health	-	-	303
Debt service			
Principal	542,020	-	17,681
Interest	39,462	-	6,421
Interest on interfund loans	-	-	-
Administrative charges	-	-	-
Total Expenditures	**$ 23,737,553**	**$ 9,729,215**	**$ 17,857,766**
Excess of Revenues Over (Under) Expenditures	**$ 1,704,855**	**$ 2,049,668**	**$ (197,337)**

Revolving Loan Special Revenue		Ditch Special Revenue		Building Capital Projects		Debt Service		Total
$	-	$	-	$	987,605	$	1,106,685	$ 30,338,595
	83,219		2,161,320		-		-	2,568,711
	-		-		-		-	108,633
	-		-		-		20,848	19,851,875
	-		-		-		-	34,843
	-		-		-		-	2,652,362
	-		-		-		-	7,835
	-		-		-		-	32,868
	-		-		-		-	2,512,019
	-		-		-		-	1,133,656
$	**83,219**	**$**	**2,161,320**	**$**	**987,605**	**$**	**1,127,533**	**$ 59,241,397**
$	-	$	-	$	-	$	-	$ 11,795,074
	-		-		-		-	9,432,747
	-		-		-		-	8,681,051
	32,149		-		-		-	412,660
	-		-		-		-	15,796,466
	-		-		-		-	2,036,895
	-		-		-		-	251,277
	-		918,530		-		-	1,414,943
	-		-		-		-	177,372
	-		-		-		-	312,801
	-		-		-		-	120,088
	-		-		-		-	613,275
	-		-		-		-	18,706
	-		-		-		-	605,971
	-		-		-		-	303
	23,083		145,000		-		1,835,000	2,562,784
	1,461		36,210		-		52,393	135,947
	-		165,740		-		-	165,740
	-		-		-		550	550
$	**56,693**	**$**	**1,265,480**	**$**	**-**	**$**	**1,887,943**	**$ 54,534,650**
$	**26,526**	**$**	**895,840**	**$**	**987,605**	**$**	**(760,410)**	**$ 4,706,747**

Nicollet County
Saint Peter, Minnesota

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

	General	Road and Bridge Special Revenue	Health and Human Services Special Revenue
Other Financing Sources (Uses)			
Transfers in	$ 518	$ -	$ -
Transfers out	-	-	-
Loans issued	-	-	-
Leases issued	198,352	-	99,690
Software subscriptions issued	586,480	-	-
Total Other Financing Sources (Uses)	**$ 785,350**	**$ -**	**$ 99,690**
Net Change in Fund Balance	**$ 2,490,205**	**$ 2,049,668**	**$ (97,647)**
Fund Balances – January 1, as previously reported	$ 28,155,032	$ 12,593,068	$ 12,698,988
Restatement (Note 1)	400,000	-	231,083
Fund Balances – January 1, as restated	**$ 28,555,032**	**$ 12,593,068**	**$ 12,930,071**
Increase (decrease) in inventories	**-**	**(161,885)**	**-**
Fund Balances – December 31	**$ 31,045,237**	**$ 14,480,851**	**$ 12,832,424**

Revolving Loan Special Revenue	Ditch Special Revenue	Building Capital Projects	Debt Service	Total
$ -	$ -	$ -	$ -	$ 518
(518)	-	-	-	(518)
32,150	-	-	-	32,150
-	-	-	-	298,042
-	-	-	-	586,480
$ 31,632	**$ -**	**$ -**	**$ -**	**$ 916,672**
$ 58,158	**$ 895,840**	**$ 987,605**	**$ (760,410)**	**$ 5,623,419**
$ 525,385	$ (2,573,471)	$ -	$ 3,639,135	$ 55,038,137
-	-	-	-	631,083
$ 525,385	**$ (2,573,471)**	**$ -**	**$ 3,639,135**	**$ 55,669,220**
-	**-**	**-**	**-**	**(161,885)**
$ 583,543	**$ (1,677,631)**	**$ 987,605**	**$ 2,878,725**	**$ 61,130,754**

Nicollet County
Saint Peter, Minnesota

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

Net change in fund balance – total governmental funds (Exhibit 5)	**$**	**5,623,419**
Amounts reported for governmental activities in the statement of activities are different because:		
In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in revenue deferred as unavailable.		
Deferrred Inflows of Resources – unavailable revenue – December 31	$	13,362,164
Deferrred Inflows of Resources – unavailable revenue – January 1		(11,106,455)
Total adjustment to revenue in the government-wide statements for current and prior year unavailable revenue	**$**	**2,255,709**
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.		
Expenditures for general capital assets and infrastructure	$	8,366,872
Current year depreciation and amortization		(5,684,537)
Total adjustment to the government-wide statements for current year capital asset activity	**$**	**2,682,335**
Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, 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 deferred and amortized over the life of the debt in the statement of activities.		
Proceeds of new debt - loans issued	$	(32,150)
Principal repayments		2,003,083
Amortization of premium on bonds		24,483
Total adjustment to the government-wide statements for current year long-term debt activity	**$**	**1,995,416**
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.		
Leases issued	$	(298,042)
Principal payments on leases		130,098
Software subscriptions issued		(586,480)
Principal payments on software subscriptions		429,603
Total adjustment to the government-wide statements for financing right-to-use assets	**$**	**(324,821)**

Nicollet County
Saint Peter, Minnesota

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

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

Change in inventories	$	(161,885)
Change in deferred other postemployment benefits outflows		(22,721)
Change in deferred pension outflows		(510,944)
Change in accrued interest payable		14,300
Change in compensated absences payable		(378,853)
Change in other postemployment benefits liability		(66,469)
Change in net pension asset		271,092
Change in net pension liability		1,001,450
Change in deferred charge on refunding		37,096
Change in deferred other postemployment benefits inflows		125,217
Change in deferred pension inflows		1,288,635
Total adjustment to the government-wide statements for other activities not reported in governmental funds	**$**	**1,596,918**
The net income (loss) of the Internal Service Fund is reported with governmental activities	**$**	**25,029**
Change in Net Position of Governmental Activities (Exhibit 2)	**$**	**13,854,005**

Self-Insurance Internal Service Fund

Exhibit 7

Nicollet County
Saint Peter, Minnesota

Statement of Net Position
Self-Insurance Internal Service Fund
December 31, 2025

	Governmental Activities
Assets	
Cash and pooled investments	$ 2,578,384
Liabilities	
Claims payable	8,388
Net Position	
Unrestricted	**$ 2,569,996**

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

Exhibit 8

Nicollet County
Saint Peter, Minnesota

Statement of Revenues, Expenses, and Changes in Net Position
Self-Insurance Internal Service Fund
For the Year Ended December 31, 2025

		Governmental Activities
Operating Revenues		
Charges for services	$	346,246
Operating Expenses		
Cost of service		321,217
Change in net position	**$**	**25,029**
Net Position – January 1		**2,544,967**
Net Position – December 31	**$**	**2,569,996**

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

Exhibit 9

Nicollet County
Saint Peter, Minnesota

Statement of Cash Flows
Self-Insurance Internal Service Fund
For the Year Ended December 31, 2025

	Governmental Activities
Cash Flows From Operating Activities	
Receipts from customers and users	$ 346,246
Payments to service providers	(318,813)
Net Increase (Decrease) in Cash and Cash Equivalents	**$ 27,433**
Cash and Cash Equivalents at January 1	**2,550,951**
Cash and Cash Equivalents at December 31	**$ 2,578,384**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating income (loss)	**$ 25,029**
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Increase (decrease) in claims payable	2,404
Net Cash Provided by (Used in) Operating Activities	**$ 27,433**

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

Fiduciary Funds

Exhibit 10

Nicollet County
Saint Peter, Minnesota

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2025

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Assets		
Cash and pooled investments	$ 31,969	$ 2,372,189
Due from other governments	-	129,088
Taxes receivable for other governments	-	563,766
Accounts receivable	-	36,151
Total Assets	**$ 31,969**	**$ 3,101,194**
Liabilities		
Due to others	$ -	$ 7,736
Due to other governments	-	1,559,539
Total Liabilities	**$ -**	**$ 1,567,275**
Deferred Inflows of Resources		
Prepaid taxes	**$ -**	**$ 242,977**
Net Position		
Restricted for individuals, organizations, and other governments	**$ 31,969**	**$ 1,290,942**

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

Exhibit 11

Nicollet County
Saint Peter, 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	$ 277,033	$ 304,142
Interest earnings	-	759
Property tax collections for other governments	-	41,195,850
Licenses and fees collected for the state	-	5,012,720
Payments from the state	-	467,493
Payments from other entities	-	349,084
Total Additions	**$ 277,033**	**$ 47,330,048**
Deductions		
Beneficiary payments to individuals	$ 294,080	$ 17,403
Payments of property taxes to other governments	-	41,235,943
Payments to the state	-	5,286,943
Administrative expenses	-	184,045
Payments to other entities	-	829,538
Total Deductions	**$ 294,080**	**$ 47,553,872**
Change in Net Position	**$ (17,047)**	**$ (223,824)**
Net Position – January 1, as previously reported	$ 49,016	$ 1,745,848
Restatement (Note 1)	-	(231,082)
Net Position - January 1, as restated	**$ 49,016**	**$ 1,514,766**
Net Position – December 31	**$ 31,969**	**$ 1,290,942**

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

Note 1 – Summary of Significant Accounting Policies

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

Financial Reporting Entity

Nicollet County was established March 5, 1853, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator serves as the clerk of the Board of Commissioners but has no vote.

Joint Ventures and Jointly-Governed Organizations

The County participates in joint ventures described in Note 5. The County also participates in several jointly-governed organizations described in Note 5.

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.

In the government-wide statement of net position, the governmental activities are reported on a full accrual accounting basis with an economic resource focus, 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, and (3) unrestricted. The County first utilizes restricted resources to finance qualifying activities.

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

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 is used to account for all financial resources of the general government, except those accounted for in another fund.

The Road and Bridge Special Revenue Fund is used to account for 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 Health and Human Services Special Revenue Fund is used to account for restricted revenue sources from the federal, state, and other oversight agencies, as well as assigned property tax revenues from the County to be used for economic assistance and community social services programs.

The Revolving Loan Special Revenue Fund is used to account for restricted and assigned special assessment revenue for the financial transactions resulting from loans for the repair or replacement of septic systems and water wells.

The Ditch Special Revenue Fund is used to account for the cost of constructing and maintaining an agricultural drainage ditch system. Financing is provided by special assessments levied against benefited property.

The Building Capital Projects Fund is used to account for County building project costs.

The Debt Service Fund is used to account for property tax revenues for the payment of principal, interest, and related costs of County debt.

Additionally, the County reports the following funds:

The Internal Service Fund is used to account for the accumulation of resources for, and the payment of, insurance costs of the self-insurance program.

The Social Welfare Private-Purpose Trust Fund accounts for funds held in trust that Nicollet County is holding 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, 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. Nicollet 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. Shared revenues are generally recognized in the period the appropriation goes into effect. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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. Proceeds of long-term debt 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

Cash and Cash Equivalents

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

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Finance Director for the purpose of increasing earnings through investment activities. 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 and mutual funds, 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. Pooled investment earnings for 2025 were $2,495,809.

Nicollet 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.

Receivables and Payables

Activities between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds."

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due May 15 and the second half payment due October 15. 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.

No allowance for uncollectible receivables have been provided because such amounts are not expected to be material.

Inventories and Prepaid Items

All inventories are valued using a weighted average method. Inventory in the Road and Bridge Special Revenue Fund consists of expendable supplies held for consumption. The cost of individual inventory items is recorded as an expenditure at the time the item is purchased. Inventories at the government-wide level are reported as expenses when consumed.

Inventories, as reported in the fund financial statements, are equally offset by nonspendable fund balance, which indicates that they do not constitute available spendable resources.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure/expense when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads and bridges), and right-to-use assets acquired under leasing and software subscription agreements, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 ($100,000 for infrastructure) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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.

Capital assets of the County 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	25 to 40
Land improvements	20 to 30
Infrastructure	50 to 75
Machinery and equipment	5 to 15
Software subscriptions	2 to 5

Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability for compensated absences is reported in the government-wide financial statements. The leave consists of vacation leave and sick leave 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 consists of an amount based on a trend analysis of current usage of vacation and sick leave. The noncurrent portion consists of the remaining amount of vacation and sick leave.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. 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 other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. 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 a consumption of net assets that applies to a future period(s) and so 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, they 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 so will not be recognized as an inflow of resources (revenue) until that time. 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, OPEB, and charges on bond refunding. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position. Prepaid property taxes represent the tax collections collected prior to year-end that are 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 amounts were levied. These amounts are reported in the statement of fiduciary net position.

Pension Plan

For purposes of measuring the net pension asset, 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:

<u>Net investment in capital assets</u> – 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.

<u>Restricted net position</u> – 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.

<u>Unrestricted net position</u> – the amount of net position that does not meet the definition of restricted or net investment in capital assets.

Classification of Fund Balances

The County's fund balance policy established a minimum unassigned fund balance equal to 35 percent of total General Fund expenditures. In the event the unassigned fund balance drops below the established minimum level, the County Board will develop a plan to replenish the fund balance to the established level.

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

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

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

Committed – amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board. 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 that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Finance Director, who has been delegated that authority by Board resolution.

Unassigned – the residual classification for the General Fund; it 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.

The 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.

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.

Restatement of Beginning Net Position and Fund Balance for a Government Merger

Brown-Nicollet Community Health Service dissolved effective January 1, 2025. The Nicollet County January 1, 2025, fund balance and net position of the impacted reporting units are described below to report the activity related to the dissolution of Brown-Nicollet Community Health Services. The impacted accounts in each reporting unit are cash and fund balance or net position.

Restatement for a Government Merger

Government Merger	General Fund	Health and Human Service Special Revenue Fund	Governmental Activities	Community Health Service Custodial Fund
Fund balance/net position, January 1, 2025, as previously reported	$ 28,155,032	$ 12,698,988	$ 164,600,462	$ 466,276
Amount restated due to merger	400,000	231,083	631,083	(231,082)
Fund balance/net position, January 1, 2025, as restated	$ 28,555,032	$ 12,930,071	$ 165,231,545	$ 235,194

Correction of an Error

Capital Assets, Lease Equipment, and Software Subscriptions

The January 1, 2025, net position of governmental activities was restated by $56,976 to record lease equipment and software subscriptions obtained by the County prior to 2025. This includes adjustments to beginning lease equipment of $278,880 and software subscriptions of $631,946, beginning lease liability of $286,715, and beginning software subscriptions liability of $567,135.

Note 2 – Stewardship, Compliance, and Accountability

Deficit Fund Balance

The Ditch Special Revenue Fund has a deficit fund balance of $1,677,631. This deficit will be eliminated by special assessments. The following is a summary of the individual ditch systems:

Individual Ditch System Fund Balance

Count of Individual Ditches	Amount
37 ditches with positive fund balances	$ 1,673,278
48 ditches with deficit fund balances	(3,350,909)
Total Fund Balance	$ (1,677,631)

Note 3 – Detailed Notes

Assets

Deposits and Investments

The County's total cash and investments are reported as 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 Funds	Internal Service Fund	Fiduciary Funds	Total
Cash and pooled investments	$ 59,892,529	$ 2,578,384	$ 2,404,158	$ 64,875,071
Petty cash and change funds	4,170	-	-	4,170
Total	$ 59,896,699	$ 2,578,384	$ 2,404,158	$ 64,879,241

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. It is the County's policy to minimize deposit custodial credit risk by obtaining collateral or bond for all uninsured deposits. As of December 31, 2025, none of the County's deposits were exposed to custodial credit risk.

Investments

The County may invest in the following types of investments authorized by Minn. Stat. §§ 118A.04 and 118.05:

(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.

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 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
Negotiable certificates of deposit	$ 3,931,676	$ 245,088	$ 3,686,588
Federal Home Loan Bank*	2,738,249	2,738,249	-
Total	$ 6,669,925	$ 2,983,337	$ 3,686,588

*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. It is the County's policy to invest only in securities that meet the ratings requirements set by state statute. Investments in negotiable certificates of deposit and the MAGIC Fund held by the County are unrated. The County's other exposure to credit risk as of December 31, 2025, is as follows:

Credit Risk of Investments

Moody's Rating	Fair Value
Aa1	$ 2,738,249

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. It is the County's policy to minimize investment custodial credit risk by permitting brokers to hold County investments only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage available. Securities purchased in excess of available SIPC coverage are transferred to an approved third-party custodian. At December 31, 2025, none of the County's investments were subject to custodial credit risk.

Concentration of Credit Risk

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

Concentration of Credit Risk of Investments

Issuer	Fair Value
Federal Home Loan Bank	$ 2,738,249

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)
Federal Home Loan Bank	$ 2,738,249	$ -	$ 2,738,249	$ -
Negotiable certificates of deposit	3,931,676	-	3,931,676	-
Total Investments Included in the Fair Value Hierarchy	$ 6,669,925	$ -	$ 6,669,925	$ -

Investments Measured at the NAV		December 31, 2025
MAGIC Portfolio	$	28,268,021
MAGIC Term		12,250,000
Total Investments Measured at the NAV	$	40,518,021

Debt securities classified in Level 2 are valued using a yield-based matrix system based on the securities' relationship to benchmark quoted prices.

MAGIC is a local government investment pool which is quoted at a NAV. The County invests in this pool for the purpose of the joint investment of the County's money with those of other counties to enhance the investment earnings accruing to each member. The MAGIC Fund currently consists of the MAGIC Portfolio and the MAGIC Term Series.

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.

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

Receivables

Governmental Activities' Receivables as of December 31, 2025

Receivables		Total Receivables		Amounts Not Scheduled for Collection During the Subsequent Year
Governmental activities				
Taxes – delinquent	$	345,331	$	-
Special assessments – delinquent		25,106		-
Special assessments – noncurrent		4,201,305		3,133,841
Accounts		688,537		-
Accrued Interest		283,477		-
Due from other governments		10,943,472		-
Total	$	16,487,228	$	3,133,841

Capital Assets

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

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

Capital Assets	Beginning Balance, as Restated*	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	$ 6,369,400	$ 35,400	$ -	$ 6,404,800
Construction in progress	4,661,383	650,045	(4,219,405)	1,092,023
Total capital assets not depreciated	$ 11,030,783	$ 685,445	$ (4,219,405)	$ 7,496,823
Capital assets depreciated and amortized				
Buildings	$ 36,517,274	$ 556,938	$ -	$ 37,074,212
Land improvements	1,256,250	-	-	1,256,250
Machinery and equipment	13,971,913	333,418	(152,194)	14,153,137
Infrastructure	149,510,477	9,794,847	-	159,305,324
Lease equipment	278,880	485,566	-	764,446
Software subscriptions	631,946	730,063	-	1,362,009
Total capital assets depreciated and amortized	$ 202,166,740	$ 11,900,832	$ (152,194)	$ 213,915,378
Less: accumulated depreciation and amortization for				
Buildings	$ 14,910,127	$ 1,029,943	$ -	$ 15,940,070
Land improvements	692,182	47,736	-	739,918
Machinery and equipment	10,910,308	781,211	(152,194)	11,539,325
Infrastructure	48,642,398	3,123,289	-	51,765,687
Lease equipment	-	188,022	-	188,022
Software subscriptions	-	514,336	-	514,336
Total accumulated depreciation	$ 75,155,015	$ 5,684,537	$ (152,194)	$ 80,687,358
Total capital assets depreciated, net	$ 127,011,725	$ 6,216,295	$ -	$ 133,228,020
Governmental Activities Capital Assets, Net	$ 138,042,508	$ 6,901,740	$ (4,219,405)	$ 140,724,843

*See Correction of an Error in Note 1.

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	Amount
General government	$ 1,431,674
Public safety	361,108
Highways and streets, including depreciation of infrastructure assets	3,739,314
Sanitation	1,290
Human services	150,740
Culture and recreation	411
Total Depreciation and Amortization Expense	$ 5,684,537

Interfund Receivables, Payables, and Transfers

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	Purpose
General Fund	Health and Human Services Special Revenue Fund	$ 106,986	Utilities and services
General Fund	Ditch Special Revenue Fund	41,873	Interest
Total due to General Fund		$ 148,859	
Road and Bridge Special Revenue Fund	Ditch Special Revenue Fund	701	Fuel
Health and Human Services Special Revenue Fund	General Fund	16,210	Interest
Total Due To/From Other Funds		$ 165,770	

The outstanding balances between funds result from the time lag between the dates the interfund goods and services were provided and reimbursable expenditures occurred, and when transactions are recorded in the accounting system and when the funds are repaid. All balances are expected to be liquidated in the subsequent year.

Advances To/From Other Funds

Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Ditch Special Revenue Fund	$ 2,139,645

The advance to the Ditch Special Revenue Fund is to provide working capital to ditch systems with low reserves and current operating costs in excess of its revenues. This balance will be paid from future ditch special assessments.

Interfund Transfers

Transfers To/From Other Funds

Transfer In	Transfer Out	Amount	Purpose
General Fund	Revolving Loan Special Revenue Fund	$ 518	Special assessment interest earnings

Liabilities and Deferred Inflows of Resources

Long-Term Debt

Bonds

Bonds Payable as of December 31, 2025

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2025
General obligation bonds					
2018A G.O. Ditch Bonds	2033	$125,000-$155,000	3.00-3.10	$ 2,155,000	$ 1,130,000
2020A G.O. Capital Improvement Plan Refunding Bonds	2029	$1,000,000-$1,040,000	0.35-1.10	7,100,000	4,095,000
Total general obligation bonds				$ 9,255,000	$ 5,225,000
Plus: unamortized premium					28,475
Total General Obligation Bonds, Net					$ 5,253,475

Capital improvement refunding bonds are being retired by the Debt Service Fund. Drainage bonds are being retired by the Ditch Special Revenue Fund.

Loans Payable

The County entered into loan agreements with the Minnesota Pollution Control Agency for the purpose of funding Clean Water Partnership projects and the Minnesota Department of Agriculture for the purpose of providing funding for the repair or replacement of failing septic systems and water wells. The loans are secured by special assessments.

Loans Payable as of December 31, 2025

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2025
2014 Rush River Watershed	2027	$4,032	2.00	$ 72,764	$ 15,733
2015 Middle Minnesota Watershed	2028	$8,240	2.00	148,692	39,991
Agricultural Best Management Practices (AgBMP) Loan Program	2036	$980-$34,561	-	669,768	446,465
Total Loans Payable				$ 891,224	$ 502,189

Payments on the loans are made by the Revolving Loan Special Revenue Fund.

Debt Service Requirements

Debt Service Requirements as of December 31, 2025

Year Ending December 31	General Obligation Bonds Principal	General Obligation Bonds Interest	Loans Payable Principal	Loans Payable Interest
2026	$ 1,155,000	$ 65,755	$ 51,578	$ 997
2027	1,165,000	53,535	89,536	524
2028	1,170,000	39,725	75,652	82
2029	1,180,000	24,605	66,156	-
2030	140,000	14,685	58,779	-
2031-2035	415,000	18,863	157,667	-
2036	-	-	2,821	-
Total	$ 5,225,000	$ 217,168	$ 502,189	$ 1,603

Leases

The County entered into lease agreements as lessee for financing copier and vehicle leases for various departments. The lease terms are three to 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 and Health and Human Services Special Revenue Fund.

Future Minimum Lease Obligation and Present Value of Minimum Lease Payments
As of December 31, 2025

Year Ending December 31	Principal	Interest
2026	$ 156,410	$ 29,278
2027	144,777	17,888
2028	80,918	8,704
2029	48,755	3,849
2030	23,577	698
2031	222	3
Total Lease Payments	$ 454,659	$ 60,420

Software Subscriptions

The County entered into various agreements to finance software subscriptions. The agreement terms are two 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.

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

Year Ending December 31	Principal	Interest
2026	$ 430,430	$ 18,673
2027	270,704	7,056
2028	22,878	173
Total Software Subscription Payments	$ 724,012	$ 25,902

Changes in Long-Term Liabilities

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

Long-Term Liabilities	Beginning Balance, as Restated**	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	$ 7,205,000	$ -	$ (1,980,000)	$ 5,225,000	$ 1,155,000
Plus: unamortized premiums	52,958	-	(24,483)	28,475	-
Total bonds payable	$ 7,257,958	$ -	$ (2,004,483)	$ 5,253,475	$ 1,155,000
Loans payable	493,122	32,150	(23,083)	502,189	51,578
Compensated absences	2,918,354	378,853*	-	3,297,207	2,589,739
Leases	286,715	298,042	(130,098)	454,659	156,410
Software subscriptions	567,135	586,480	(429,603)	724,012	430,430
Total Long-Term Liabilities	$ 11,523,284	$ 1,295,525	$ (2,587,267)	$ 10,231,542	$ 4,383,157

*The change in the compensated absences liability is presented as a net change.
**See Correction of an Error in Note 1.

Deferred Inflows of Resources

Governmental Funds Deferred Inflows of Resources as of December 31, 2025

Unavailable Revenue	Deferred Inflows of Resources
Taxes and special assessments, delinquent and noncurrent	$ 4,352,839
Highway allotments	7,861,470
Grants	679,438
Charges for services	356,673
Interest	110,828
Miscellaneous	916
Total Governmental Funds	$ 13,362,164

Construction Commitments

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

Project Description	Spent-to-Date	Remaining Commitment
Governmental Activities		
Highway projects	$ 1,897,563	$ 27,338

Other Postemployment Benefits (OPEB)

Plan Description

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

Nicollet County provides postemployment health care benefits for elected officials. Elected County officials and their dependents are eligible for the benefit for a number of years equal to 25 percent of the retiree's years in elected office, with a maximum of five years. The County pays 100 percent of health premiums for them and their families. The County's regular health benefit provider underwrites the retirees' policies. Retirees may not convert the benefit into an in-lieu-of-payment to secure coverage under independent plans. As of December 31, 2025, one retiree was receiving the premium-coverage benefit. The County finances the plan on a pay-as-you-go basis. For the year ended December 31, 2025, the County recognized $3,192 of expenditures for this benefit. A separate, audited GAAP-basis postemployment plan report is not issued.

The County also provides health insurance benefits for eligible retired employees and their spouses. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. This postemployment benefit is funded on a pay-as-you-go basis, usually paying retiree benefits out of the General Fund. As of January 1, 2024, there were eight retirees receiving health benefits from the County's health plan. For 2025, the benefit payments for the implicit rate subsidy were determined by an actuarial study to be $35,928. A separate, audited GAAP-basis postemployment plan report is not issued.

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.

As of the January 1, 2024, actuarial valuation, the following employees were covered by the benefit terms:

Employees Covered by the OPEB Benefit Terms
As of the January 1, 2024, Actuarial Valuation

Type of Participant Covered by the OPEB Benefit Terms	Number of Participants
Inactive employees or beneficiaries currently receiving benefit payments	10
Active plan participants	260
Total	270

Total OPEB Liability

The County's total OPEB liability of $1,199,797 was determined by an actuarial valuation as of January 1, 2024, which was rolled forward to a measurement date of January 1, 2025. The OPEB liability is liquidated through funds that have personal 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 inflation rate is 2.50 percent.
- The salary increases are graded by service years ranging from 10.25 percent for one year of service to 3.00 percent for 27 or more years of service.
- The health care cost trend is 6.25 percent, decreasing to 5.00 over five years and then 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 3.70 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	Total OPEB Liability
Balance at December 31, 2024	$ 1,133,328
Service cost	$ 103,279
Interest	44,924
Changes in assumptions	(36,413)
Benefit payments	(45,321)
Net change	$ 66,469
Balance at December 31, 2025	$ 1,199,797

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

Change in Discount Rate	Discount Rate	Total OPEB Liability
1% Decrease	3.20%	$ 1,289,363
Current	4.20%	1,199,797
1% Increase	5.20%	1,116,470

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 Cost Trend Rates as of December 31, 2025

Change in Health Care Trend Rate	Health Care Cost Trend Rate	Total OPEB Liability
1% Decrease	5.25% Decreasing to 4.00%	$ 1,072,434
Current	6.25% Decreasing to 5.00%	1,199,797
1% Increase	7.25% Decreasing to 6.00%	1,349,544

OPEB Expense and 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 $3,093. 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
Differences between expected and actual experience	$ -	$ 191,228
Changes in actuarial assumptions	54,521	173,137
Contributions made subsequent to the measurement date	39,120	-
Total	$ 93,641	$ 364,365

The $39,120 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	$ (136,743)
2027	(56,040)
2028	(65,390)
2029	(33,518)
2030	(12,952)
Thereafter	(5,201)

Changes in Actuarial Assumptions

The following change in actuarial assumptions occurred in 2025:

- The discount rate was changed from 3.70 percent to 4.20 percent.

Pension Plans

Defined Benefit Pension Plans

Plan Description

All full-time and certain part-time employees of Nicollet 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 Nicollet 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	$ 1,384,029
Police and Fire Plan	320,739
Correctional Plan	105,461

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 $6,457,401 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 0.1949 percent. It was 0.1919 percent measured as of June 30, 2024. The County recognized pension expense of ($114,407) 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 ($23,894) 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	$ 6,457,401
State of Minnesota's proportionate share of the net pension liability associated with the County	155,773
Total	$ 6,613,174

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	$ 615,249	$ -
Changes in actuarial assumptions	155,586	1,485,826
Difference between projected and actual investment earnings	-	2,569,461
Changes in proportion	108,589	-
Contributions paid to PERA subsequent to the measurement date	705,395	-
Total	$ 1,584,819	$ 4,055,287

The $705,395 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	$ (673,933)
2027	(1,173,498)
2028	(869,431)
2029	(459,001)

Police and Fire Plan

At December 31, 2025, the County reported a liability of $1,320,194 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 0.1127 percent. It was 0.1184 percent measured as of June 30, 2024. The County's recognized pension expense of $314,655 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 $12,002 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 $10,141 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	$	1,320,194
State of Minnesota's proportionate share of the net pension liability associated with the County		45,764
Total	$	1,365,958

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	$	609,972	$	-
Changes in actuarial assumptions		1,001,130		1,654,148
Difference between projected and actual investment earnings		-		589,221
Changes in proportion		72,467		93,683
Contributions paid to PERA subsequent to the measurement date		159,573		-
Total	$	1,843,142	$	2,337,052

The $159,573 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	$ 315,952
2027	(290,761)
2028	(655,443)
2029	(41,373)
2030	18,142

Correctional Plan

At December 31, 2025, the County reported an asset of $271,092 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 0.4098 percent. It was 0.4145 percent measured as of June 30, 2024. The County recognized pension expense of ($442,003) 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	$ 46,901	$ -
Changes in actuarial assumptions	-	177,766
Difference between projected and actual investment earnings	-	226,851
Changes in proportion	14,829	4,815
Contributions paid to PERA subsequent to the measurement date	55,983	-
Total	$ 117,713	$ 409,432

The $55,983 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	$ (35,878)
2027	(186,573)
2028	(85,967)
2029	(39,284)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2025, was ($241,755).

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%	$ 15,684,011	6.00%	$ 3,459,188	6.00%	$ 641,891
Current	7.00%	6,457,401	7.00%	1,320,194	7.00%	(271,092)
1% Increase	8.00%	(1,027,458)	8.00%	(436,258)	8.00%	(998,006)

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 Nicollet 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 $11,035, 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. 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. The County has entered into a joint powers agreement with other Minnesota municipalities to form the South Central Service Cooperative to establish, procure, and administer group employee health benefits. The County self-insures for employee dental coverage. 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. Nicollet County became a participating member effective January 1, 2022.

The County established a limited risk management program for dental coverage in 1992. Premiums are paid into the Self-Insurance Internal Service Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. There is a maximum claim limit of $1,000 per person per year for the dental plan.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

Changes in Unpaid Claims
As of December 31, 2025

Unpaid Claims	2025	2024
Unpaid claims, January 1	$ 5,984	$ 9,453
Incurred claims (including IBNRs)	283,870	280,893
Claims payments	(281,466)	(284,362)
Unpaid Claims, December 31	$ 8,388	$ 5,984

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 County.

Joint Ventures

Minnesota River Valley Drug Task Force

The Minnesota River Valley Drug Task Force was established through a joint powers agreement, pursuant to Minn. Stat. § 471.59, to provide a comprehensive and multi-jurisdictional effort to reduce felony-level criminal activity through the coordination of the law enforcement agencies.

The joint powers are Blue Earth, Martin, Nicollet, and Watonwan Counties and the Cities of Fairmont, Madelia, Mankato, North Mankato, Saint James, and Saint Peter. Control of the Task Force is vested in a Board of Directors composed of the Sheriff or Chief of Police of each of the members, or his or her designee, and one prosecuting attorney. Blue Earth County is the fiscal agent for the Task Force. Funding is provided by grants and matching contributions from participating members. Nicollet County contributed $16,275 to the Task Force in 2025. Current financial statements are not available.

Nicollet County Family Services Collaborative

The Nicollet County Family Services Collaborative was established in 1998 through a joint powers agreement, pursuant to Minn. Stat. § 471.59. The Collaborative includes Nicollet County, Saint Peter Public Schools, Nicollet Public Schools, and the Minnesota Valley Action Council. The purpose of the Collaborative is to enhance family strengths and support through service coordination and access to informal communication.

Control of the Collaborative is vested in a five-member governing board consisting of one County Commissioner, one school board member from Saint Peter and Nicollet Public Schools, one board member from the Minnesota Valley Action Council, and one parent representative. Nicollet County acts as the fiscal agent for the Collaborative and accounts for it as a custodial fund. Funding is provided by state and federal grants and contributions from participating members. Nicollet County contributed $7,500 to the Collaborative in 2025. Current financial statements are not available.

South Central Minnesota Regional Emergency Communications Board

The South Central Minnesota Regional 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 2025, Nicollet County contributed $1,650 to the Board. Financial information can be obtained at the Blue Earth County Justice Center, 401 Carver Road, Mankato, Minnesota 56002.

South Central Transit

Nicollet County entered into a joint powers agreement with Blue Earth and Le Sueur Counties creating and operating South Central Transit, pursuant to Minn. Stat. § 471.59 and a joint powers agreement, effective July 1, 2017. Management of South Central Transit is vested in a Joint Powers Board consisting of one member appointed by each County Board of Commissioners. The primary purpose of South Central Transit is to provide centralized planning and transit services in the participating counties.

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.

For 2025, Nicollet County contributed $17,000 to South Central Transit. Financial information can be obtained from Vine Faith in Action, 421 East Hickory Street, Mankato, Minnesota 56001.

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, Sibley, 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 composed of one voting member and one alternate member from each participating county. The goal of the Board is to develop and maintain a quality workforce for South Central Minnesota.

Nicollet 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.

Tri-County Solid Waste

Nicollet 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 from each Board of 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. Nicollet County contributed $124,250 in 2025. Nicollet County is the fiscal agent. Current financial statements are not available.

Jointly-Governed Organizations

Sentencing to Service

Nicollet County, in conjunction with other local governments, participates in the State of Minnesota's Sentencing to Service (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations and initiative funds, as well as the Minnesota Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program. Although Nicollet County has no operational or financial control over the STS program, Nicollet County budgets for a percentage of this program. The STS program ended during 2025.

Joint Airport Zoning Board

The Joint Airport Zoning Board was established by joint action of Blue Earth, Le Sueur, and Nicollet Counties and the Cities of Mankato and Saint Peter and has representation from each entity on the Board. The purpose of the Board is to create an ordinance to prevent the creation or establishment of airport hazards and to ensure public safety. Nicollet County's responsibility does not extend beyond making the appointments to the Board.

Mankato/North Mankato Area Planning Organization

The Mankato/North Mankato Area Planning Organization's (MAPO) general purpose is to meet and maintain a continuing, cooperative, and comprehensive metropolitan transportation planning process. MAPO membership is composed of Blue Earth County, Nicollet County, and various cities and townships within the two counties. Nicollet County appoints one local elected official to the Board. During the year, Nicollet County did not contribute any funding to MAPO.

Minnesota Counties Computer Cooperative

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created the Minnesota Counties Computer Cooperative (MCCC) to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. During the year, Nicollet County expended $333,313 to the MCCC.

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, Nicollet County made $4,920 in payments to the joint powers entity.

South Central Community Based Initiative Joint Powers Board

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 10, 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 Joint Powers Board of the South Central Community Based Initiative is comprised of one representative appointed by Blue Earth, Brown, Faribault, Freeborn, Le Sueur, Martin, Nicollet, Rice, Sibley, and Watonwan Counties. During the year, Nicollet County contributed $10,000 to the Joint Powers Board.

South Central Minnesota Emergency Medical Services Joint Powers Board

The South Central Minnesota Emergency Medical Services (SCEMS) Joint Powers Board consists of Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watonwan Counties. The purpose of the SCEMS Joint Powers Board 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 SCEMS Joint Powers Board. During the year, Nicollet County made payments of $2,500 to the SCEMS Joint Powers Board.

South Central Service Cooperative

The South Central Service Cooperative (SCSC) is one of nine regional agencies called service cooperatives, established in 1976 by Minn. Stat. § 123A.21. The SCSC specializes in providing insurance services. Health insurance pools are formed by groups who band together to leverage economies of scale to lower costs and achieve claim cost stability. The SCSC manages the pools, manages premium collection, conducts carrier proposals every four years, and negotiates stop loss and administrative costs which are approximately 20 percent lower than the commercial market. These pools are governed by state law and an elected board of directors and consist of public employers who maintain a Joint Powers Agreement with the Service Cooperative. During the year, Nicollet County contributed $1,060 to the SCSC.

Region One – Southeast Minnesota Homeland Security Emergency Management Organization

The Region One – Southeast 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. There are 16 counties participating, with one member from each entity being represented on the Organization's Joint Powers Board. Nicollet County's responsibility does not extend beyond making this appointment. During the year, Nicollet County contributed $1,000 to the Organization.

Other Information

Agricultural Best Management Loan Program

The County has entered into an agreement with the Minnesota Department of Agriculture and a local lending institution to jointly administer a loan program to individuals to implement projects that prevent or mitigate non-point source water pollution. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement.

Required Supplementary Information

Exhibit A-1

Nicollet County
Saint Peter, 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	$ 15,891,033	$ 15,891,033	$ 15,864,146	$ (26,887)
Special assessments	300,000	300,000	324,172	24,172
Licenses and permits	87,037	87,037	108,633	21,596
Intergovernmental	4,250,227	4,250,227	4,770,126	519,899
Charges for services	737,959	737,959	824,727	86,768
Fines and forfeits	15,000	15,000	7,835	(7,165)
Gifts and contributions	2,500	2,500	27,985	25,485
Investment earnings	400,400	400,400	2,495,809	2,095,409
Miscellaneous	800,197	800,197	1,018,975	218,778
Total Revenues	**$ 22,484,353**	**$ 22,484,353**	**$ 25,442,408**	**$ 2,958,055**
Expenditures				
Current				
General government				
Commissioners	$ 358,723	$ 358,723	$ 372,210	$ (13,487)
Courts	52,000	52,000	41,714	10,286
Courts – CHIPS/TPR	87,000	87,000	76,320	10,680
Law Library	30,000	30,000	25,733	4,267
County Administrator	453,540	453,540	450,854	2,686
Finance	610,249	610,249	609,744	505
Public services	916,774	916,774	890,513	26,261
Accounting and auditing	85,250	85,250	90,209	(4,959)
Property assessment	827,629	827,629	845,080	(17,451)
Human resources	308,013	308,013	233,955	74,058
Office of technologies	2,581,627	2,581,627	2,503,770	77,857
Elections	48,300	48,300	16,604	31,696
Other general government	1,278,332	1,132,332	800,617	331,715
County attorney	1,717,265	1,717,265	1,606,174	111,091
County attorney – forfeited property proceeds	-	-	4,635	(4,635)
Recorder/abstractor	299,093	299,093	280,304	18,789
Recorder – future equipment	210,000	210,000	287,371	(77,371)
Surveyor	10,000	10,000	-	10,000
Telephone	144,200	144,200	177,710	(33,510)
Courthouse operations	972,742	972,742	1,013,011	(40,269)
North Mankato County office building	34,500	34,500	36,732	(2,232)
Health and human services building	51,000	51,000	62,291	(11,291)
Adult mental health services building	13,600	13,600	6,830	6,770
Veterans service	377,366	377,366	364,429	12,937
Property services	1,117,515	1,117,515	998,264	119,251
Gravel tax reclamation	20,000	20,000	-	20,000
Total general government	**$ 12,604,718**	**$ 12,458,718**	**$ 11,795,074**	**$ 663,644**

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

Nicollet County
Saint Peter, 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				
Sheriff	$ 3,327,294	$ 3,327,294	$ 3,505,886	$ (178,592)
Boat and water safety	2,167	2,167	20,599	(18,432)
Sheriff's contingency fund	1,000	1,000	1,138	(138)
Prisoner commissions account	36,000	36,000	33,970	2,030
Sheriff – snowmobile safety enforcement	1,849	1,849	1,758	91
Enhanced 911 system	124,632	124,632	123,281	1,351
Sheriff – forfeited property proceeds	1,000	1,000	438	562
Sheriff – offroad highway grant	3,942	3,942	3,920	22
Gun permits	37,037	37,037	37,323	(286)
Coroner	45,000	45,000	65,509	(20,509)
Dispatcher center	1,236,133	1,236,133	1,175,704	60,429
Corrections	1,743,576	1,743,576	1,825,653	(82,077)
Probation department	2,222,394	2,302,394	2,305,435	(3,041)
Nicollet County truancy	174,395	174,395	185,969	(11,574)
Emergency services	150,975	150,975	146,164	4,811
Total public safety	**$ 9,107,394**	**$ 9,187,394**	**$ 9,432,747**	**$ (245,353)**
Sanitation				
Solid waste management	**$ 317,800**	**$ 317,800**	**$ 380,511**	**$ (62,711)**
Culture and recreation				
Historical society	$ 125,554	$ 125,554	$ 124,736	$ 818
Transit	17,266	17,266	9,327	7,939
Total culture and recreation	**$ 142,820**	**$ 142,820**	**$ 134,063**	**$ 8,757**
Conservation of natural resources				
Agricultural society	$ 50,000	$ 50,000	$ 50,000	$ -
County extension	221,191	221,191	161,720	59,471
Soil and water conservation district	270,000	270,000	271,815	(1,815)
Tri-county fair	700	700	700	-
Total conservation of natural resources	**$ 541,891**	**$ 541,891**	**$ 484,235**	**$ 57,656**
Economic development				
Economic development	**$ 116,838**	**$ 182,838**	**$ 177,372**	**$ 5,466**
Intergovernmental				
Culture and recreation – regional library	**$ 120,088**	**$ 120,088**	**$ 120,088**	**$ -**

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

Exhibit A-1
(Continued)

Nicollet County
Saint Peter, 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	$ 1,840,000	$ 1,840,000	$ 613,275	$ 1,226,725
Public safety	210,304	210,304	18,706	191,598
Total capital outlay	**$ 2,050,304**	**$ 2,050,304**	**$ 631,981**	**$ 1,418,323**
Debt service				
Principal	$ -	$ -	$ 542,020	$ (542,020)
Interest	-	-	39,462	(39,462)
Total debt service	**$ -**	**$ -**	**$ 581,482**	**$ (581,482)**
Total Expenditures	**$ 25,001,853**	**$ 25,001,853**	**$ 23,737,553**	**$ 1,264,300**
Excess of Revenues Over (Under) Expenditures	**$ (2,517,500)**	**$ (2,517,500)**	**$ 1,704,855**	**$ 4,222,355**
Other Financing Sources (Uses)				
Transfers in	$ 1,000	$ 1,000	$ 518	$ (482)
Leases issued	-	-	198,352	198,352
Software subscriptions issued	-	-	586,480	586,480
Total Other Financing Sources (Uses)	**$ 1,000**	**$ 1,000**	**$ 785,350**	**$ 784,350**
Net Change in Fund Balance	**$ (2,516,500)**	**$ (2,516,500)**	**$ 2,490,205**	**$ 5,006,705**
Fund Balance – January 1, as previously reported	$ 28,155,032	$ 28,155,032	$ 28,155,032	$ -
Restatement (Note 1)	400,000	400,000	400,000	-
Fund Balance – January 1, as restated	**$ 28,555,032**	**$ 28,555,032**	**$ 28,555,032**	**$ -**
Fund Balance – December 31	**$ 26,038,532**	**$ 26,038,532**	**$ 31,045,237**	**$ 5,006,705**

Exhibit A-2

Nicollet County
Saint Peter, Minnesota

Budgetary Comparison Schedule
Road and Bridge Special Revenue Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 5,231,643	$ 5,231,643	$ 5,509,180	$ 277,537
Intergovernmental	6,734,215	6,734,215	6,163,253	(570,962)
Charges for services	51,000	51,000	69,588	18,588
Gifts and contributions	-	-	1,460	1,460
Miscellaneous	19,861	19,861	35,402	15,541
Total Revenues	**$ 12,036,719**	**$ 12,036,719**	**$ 11,778,883**	**$ (257,836)**
Expenditures				
Current				
Highways and streets				
Administration	$ 575,142	$ 575,142	$ 593,089	$ (17,947)
Maintenance	2,403,204	2,403,204	1,888,876	514,328
Construction	7,307,433	7,307,433	5,512,451	1,794,982
Equipment and maintenance shops	858,844	858,844	686,635	172,209
Total highways and streets	**$ 11,144,623**	**$ 11,144,623**	**$ 8,681,051**	**$ 2,463,572**
Culture and recreation				
Parks	122,370	122,370	117,214	5,156
Conservation of natural resources				
Agricultural inspection	14,000	14,000	12,178	1,822
Intergovernmental				
Highways and streets	263,730	263,730	312,801	(49,071)
Capital outlay				
Highways and streets	596,500	596,500	605,971	(9,471)
Total Expenditures	**$ 12,141,223**	**$ 12,141,223**	**$ 9,729,215**	**$ 2,412,008**
Net Change in Fund Balance	**$ (104,504)**	**$ (104,504)**	**$ 2,049,668**	**$ 2,154,172**
Fund Balance – January 1	**12,593,068**	**12,593,068**	**12,593,068**	**-**
Increase (decrease) in inventories	**-**	**-**	**(161,885)**	**(161,885)**
Fund Balance – December 31	**$ 12,488,564**	**$ 12,488,564**	**$ 14,480,851**	**$ 1,992,287**

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

Exhibit A-3

Nicollet County
Saint Peter, Minnesota

Budgetary Comparison Schedule
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	$ 6,866,816	$ 6,866,816	$ 6,870,979	$ 4,163
Intergovernmental	8,920,603	8,920,603	8,897,648	(22,955)
Settlements	-	-	34,843	34,843
Charges for services	1,685,432	1,685,432	1,758,047	72,615
Gifts and contributions	-	-	3,423	3,423
Investment earnings	-	-	16,210	16,210
Miscellaneous	27,109	27,109	79,279	52,170
Total Revenues	**$ 17,499,960**	**$ 17,499,960**	**$ 17,660,429**	**$ 160,469**
Expenditures				
Current				
Human services				
Income maintenance	$ 4,568,223	$ 4,568,223	$ 4,402,373	$ 165,850
Social services	11,166,956	11,166,956	11,330,965	(164,009)
Local affordable housing	-	-	63,128	(63,128)
Total human services	**$ 15,735,179**	**$ 15,735,179**	**$ 15,796,466**	**$ (61,287)**
Health				
Public health	**$ 1,925,407**	**$ 1,925,407**	**$ 2,036,895**	**$ (111,488)**
Capital outlay				
Health	**$ -**	**$ -**	**$ 303**	**$ (303)**
Debt service				
Principal	$ -	$ -	$ 17,681	$ (17,681)
Interest	-	-	6,421	(6,421)
Total debt service	**$ -**	**$ -**	**$ 24,102**	**$ (24,102)**
Total Expenditures	**$ 17,660,586**	**$ 17,660,586**	**$ 17,857,766**	**$ (197,180)**
Excess of Revenues Over (Under) Expenditures	**$ (160,626)**	**$ (160,626)**	**$ (197,337)**	**$ (36,711)**
Other Financing Sources (Uses)				
Leases issued	-	-	99,690	99,690
Net Change in Fund Balance	**$ (160,626)**	**$ (160,626)**	**$ (97,647)**	**$ 62,979**
Fund Balance – January 1, as previously reported	$ 12,698,988	$ 12,698,988	$ 12,698,988	$ -
Restatement (Note 1)	231,083	231,083	231,083	-
Fund Balance – January 1, as restated	**$ 12,930,071**	**$ 12,930,071**	**$ 12,930,071**	**$ -**
Fund Balance – December 31	**$ 12,769,445**	**$ 12,769,445**	**$ 12,832,424**	**$ 62,979**

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

Exhibit A-4

Nicollet County
Saint Peter, 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	$ 103,279	$ 107,391	$ 83,879	$ 109,463
Interest	44,924	47,132	25,215	29,562
Differences between expected and actual experience	-	(104,401)	-	(203,776)
Changes of assumption or other inputs	(36,413)	50,139	(143,960)	(19,320)
Benefit payments	(45,321)	(74,940)	(67,643)	(147,371)
Plan changes	-	-	-	-
Net change in total OPEB liability	**$ 66,469**	**$ 25,321**	**$ (102,509)**	**$ (231,442)**
Total OPEB Liability – Beginning	**1,133,328**	**1,108,007**	**1,210,516**	**1,441,958**
Total OPEB Liability – Ending	**$ 1,199,797**	**$ 1,133,328**	**$ 1,108,007**	**$ 1,210,516**
Covered-employee payroll	$ 19,436,526	$ 18,870,415	$ 16,833,711	$ 16,343,409
Total OPEB liability (asset) as a percentage of covered-employee payroll	6.17%	6.01%	6.58%	7.41%

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 135,570	$ 115,317	$ 121,701	$ 123,006
Interest	40,830	72,604	57,628	55,706
Differences between expected and actual experience	-	(205,293)	-	-
Changes of assumption or other inputs	65,493	(359,718)	(58,543)	-
Benefit payments	(143,581)	(147,803)	(99,355)	(138,690)
Plan changes	-	-	173,238	-
Net change in total OPEB liability	**$ 98,312**	**$ (524,893)**	**$ 194,669**	**$ 40,022**
Total OPEB Liability – Beginning	**1,343,646**	**1,868,539**	**1,673,870**	**1,633,848**
Total OPEB Liability – Ending	**$ 1,441,958**	**$ 1,343,646**	**$ 1,868,539**	**$ 1,673,870**
Covered-employee payroll	$ 16,005,663	$ 15,501,853	$ 15,117,641	$ 14,677,321
Total OPEB liability (asset) as a percentage of covered-employee payroll	9.01%	8.67%	12.36%	11.40%

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

Exhibit A-5

Nicollet County
Saint Peter, 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 Nicollet 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	0.1949	$ 6,457,401	$ 155,773	$ 6,613,174	$ 17,647,973	36.59	90.78
2024	0.1919	7,094,987	183,462	7,278,449	16,242,869	43.68	89.08
2023	0.1900	10,624,587	292,792	10,917,379	15,105,550	70.34	83.10
2022	0.1896	15,016,383	440,049	15,456,432	14,203,925	105.72	76.67
2021	0.1905	8,135,203	248,484	8,383,687	13,714,673	59.32	87.00
2020	0.1836	11,007,659	339,442	11,347,101	13,087,693	84.11	79.06
2019	0.1787	9,879,923	307,096	10,187,019	12,645,748	78.13	80.23
2018	0.1767	9,802,592	321,606	10,124,198	11,872,565	82.57	79.53
2017	0.1828	11,669,831	146,771	11,816,602	11,780,825	99.06	75.90
2016	0.1758	14,271,629	191,768	14,463,397	10,905,593	130.87	68.91

The measurement date for each year is June 30.

Exhibit A-6

Nicollet County
Saint Peter, 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	$ 1,384,029	$ 1,384,029	$ -	$ 18,453,719	7.50
2024	1,269,896	1,269,896	-	16,931,965	7.50
2023	1,173,830	1,173,830	-	15,651,066	7.50
2022	1,092,073	1,092,073	-	14,560,961	7.50
2021	1,047,324	1,047,324	-	13,964,301	7.50
2020	1,009,529	1,009,529	-	13,460,381	7.50
2019	961,391	961,391	-	12,818,992	7.50
2018	927,814	927,814	-	12,370,831	7.50
2017	857,833	857,833	-	11,441,779	7.50
2016	839,582	839,582	-	11,194,407	7.50

The County's year-end is December 31.

Exhibit A-7

Nicollet County
Saint Peter, 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 Nicollet 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	0.1127	$ 1,320,194	$ 45,764	$ 1,365,958	$ 1,710,068	77.20	91.78
2024	0.1184	1,557,725	59,380	1,617,105	1,639,576	95.01	90.17
2023	0.1146	1,978,993	79,704	2,058,697	1,504,441	131.54	86.47
2022	0.1161	5,052,213	220,760	5,272,973	1,410,568	358.17	70.53
2021	0.1110	856,802	38,523	895,325	1,311,468	65.33	93.66
2020	0.1095	1,443,327	34,008	1,477,335	1,236,125	116.76	87.19
2019	0.1141	1,214,710	N/A	1,214,710	1,203,996	100.89	89.26
2018	0.1112	1,185,277	N/A	1,185,277	1,172,282	101.11	88.84
2017	0.1040	1,404,124	N/A	1,404,124	1,064,520	131.90	85.43
2016	0.0990	3,973,042	N/A	3,973,042	956,843	415.22	63.88

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

Exhibit A-8

Nicollet County
Saint Peter, 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	$ 320,739	$ 320,739	$ -	$ 1,812,085	17.70
2024	286,464	286,464	-	1,618,444	17.70
2023	275,875	275,875	-	1,558,612	17.70
2022	264,328	264,328	-	1,493,378	17.70
2021	238,814	238,814	-	1,349,232	17.70
2020	222,134	222,134	-	1,254,996	17.70
2019	207,612	207,612	-	1,224,850	16.95
2018	191,067	191,067	-	1,179,429	16.20
2017	180,891	180,891	-	1,116,609	16.20
2016	157,379	157,379	-	971,478	16.20

The County's year-end is December 31.

Exhibit A-9

Nicollet County
Saint Peter, 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	0.4098	$ (271,092)	$ 1,120,084	(24.20)	105.18
2024	0.4145	126,333	1,052,270	12.01	97.54
2023	0.3818	172,593	895,328	19.28	95.94
2022	0.4066	1,351,538	893,223	151.31	74.58
2021	0.3886	(63,839)	859,161	(7.43)	101.61
2020	0.3915	106,230	851,994	12.47	96.67
2019	0.3910	54,134	834,041	6.49	98.17
2018	0.4171	68,600	851,894	8.05	97.64
2017	0.4300	1,225,504	867,982	141.19	67.89
2016	0.4200	1,534,319	792,043	193.72	58.16

The measurement date for each year is June 30.

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

Exhibit A-10

Nicollet County
Saint Peter, 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	$ 105,461	$ 105,461	$ -	$ 1,111,640	9.49
2024	95,509	95,509	-	1,091,529	8.75
2023	84,269	84,269	-	963,073	8.75
2022	78,816	78,816	-	900,762	8.75
2021	76,749	76,749	-	877,136	8.75
2020	74,482	74,482	-	851,213	8.75
2019	73,844	73,844	-	843,935	8.75
2018	74,130	74,130	-	847,195	8.75
2017	72,279	72,279	-	826,051	8.75
2016	70,912	70,912	-	810,424	8.75

The County's year-end is December 31.

Notes to the Required Supplementary Information
For the Year Ended December 31, 2025

Note 1 – Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Road and Bridge Special Revenue Fund, Health and Human Services Special Revenue Fund, Building Capital Projects Fund, and the Debt Service Fund. The County Board does not approve budgets for the Ditch and the Revolving Loan major special revenue funds. All annual appropriations lapse at year-end.

On or before mid-August of each year, all departments submit requests for appropriations to the County Finance Director so that a budget can be prepared. Before September 15, the proposed budget is presented to the County Board for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. Additional appropriations up to $10,000 require approval of the County Administrator; anything over $10,000 requires approval of the County Board. The legal level of budgetary control, the level at which expenditures may not legally exceed appropriations, is the fund level.

During the year, the Board amended the budgets.

Note 2 – Excess of Expenditures Over Budget

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

Excess of Expenditures Over Budget

Fund	Expenditures	Budget	Excess
Health and Human Services Special Revenue Fund	$ 17,857,766	$ 17,660,586	$ 197,180

Note 3 – Other Postemployment Benefits Funded Status

Assets have not been accumulated in a trust that meets the criteria in paragraph four of Governmental Accounting Standards Board 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 discount rate was changed from 3.70 percent to 4.20 percent.

2024

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

2023

- 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

- 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-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The salary increase rates were updated to reflect the latest experience study.
- The retirement and withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50 percent to 2.00 percent.
- These changes decreased the liability $19,524.

2021

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

2020

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.80 percent to 2.90 percent.
- For employees not eligible for any direct subsidized payment, the assumed percentage of future retirees electing coverage changed from 75 percent to 50 percent.

2019

- The discount rate used changed from 3.30 percent to 3.80 percent.

2018

- The discount rate used changed from 3.50 percent to 3.30 percent.

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.

- The mortality table was updated from the RP-2014 White Collar Mortality tables with MP-2015 Generational Improvement Scale (with blue collar adjustment for police and fire personnel) to the RP-2014 White Collar Mortality tables with MP-2017 Generational Improvement Scale (with blue collar adjustment for police and fire personnel).

- The retirement and withdrawal tables for all employees were updated.

- Claim costs were developed by age adjusting the premium information from Nicollet County. As of January 1, 2016, actual claims and enrollment experience was used.

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.

<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-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.

<u>2017</u>

- 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.

<u>2016</u>

- 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

<u>2025</u>

- 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).

2023

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

2022

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

2021

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

- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.

- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.

- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020

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

2019

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

2018

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

- Post-retirement benefit increases changed to 1.00 percent for all years with no trigger.

- An end date of July 1, 2048, was added to the existing $9.0 million state contribution. Additionally, annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.

- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

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

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.

- The assumed rates of retirement were changed, resulting in fewer retirements.

- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested members.

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.

- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

- The assumed percentage of married female members was decreased from 65 percent to 60 percent.

- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

- The assumed percentage of female members electing joint and survivor annuities was increased.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.

- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

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.

2020

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

2019

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

2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.

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

<u>2017</u>

- 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.

<u>2016</u>

- 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

Governmental Funds

Exhibit B-1

Nicollet County
Saint Peter, Minnesota

Budgetary Comparison Schedule
Building Capital Projects Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 1,000,000	$ 1,000,000	$ 987,605	$ (12,395)
Net Change in Fund Balance	**$ 1,000,000**	**$ 1,000,000**	**$ 987,605**	**$ (12,395)**
Fund Balance – January 1	-	-	-	-
Fund Balance – December 31	**$ 1,000,000**	**$ 1,000,000**	**$ 987,605**	**$ (12,395)**

Exhibit B-2

Nicollet County
Saint Peter, 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	$ 1,100,802	$ 1,100,802	$ 1,106,685	$ 5,883
Intergovernmental	-	-	20,848	20,848
Total Revenues	**$ 1,100,802**	**$ 1,100,802**	**$ 1,127,533**	**$ 26,731**
Expenditures				
Debt service				
Principal	$ 1,010,000	$ 1,835,000	$ 1,835,000	$ -
Interest	37,430	52,392	52,393	(1)
Administrative charges	1,000	1,000	550	450
Total Expenditures	**$ 1,048,430**	**$ 1,888,392**	**$ 1,887,943**	**$ 449**
Net Change in Fund Balance	**$ 52,372**	**$ (787,590)**	**$ (760,410)**	**$ 27,180**
Fund Balance – January 1	**3,639,135**	**3,639,135**	**3,639,135**	**-**
Fund Balance – December 31	**$ 3,691,507**	**$ 2,851,545**	**$ 2,878,725**	**$ 27,180**

Nicollet County
Saint Peter, Minnesota

Fiduciary Funds

Custodial Funds

Settlement Custodial Fund – accounts for all taxes and penalties collected and the distribution of the taxes.

State Revenue Custodial Fund – accounts for collections for and disbursements to the State of Minnesota.

State Recoveries Custodial Fund – accounts for the State of Minnesota's share of recovery funds collected from human services program participants.

Women's Foundation of Minnesota Custodial Fund – accounts for the collections and disbursements of the restricted grant funds received from the Women's Foundation of Minnesota for use by local law enforcement.

Community Health Service Custodial Fund – accounts for collections and disbursements for community health services.

Tri-County Solid Waste Custodial Fund – accounts for collections and disbursements for the Tri-County Solid Waste joint venture.

Family Services Collaborative Custodial Fund – accounts for collections and disbursements for the Family Services Collaborative.

Jail/Sheriff Activities Custodial Fund – accounts for collections and disbursements for inmates and civil process activity.

Exhibit C-1

Nicollet County
Saint Peter, Minnesota

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

	Settlement	State Revenue	State Recoveries	Women's Foundation of Minnesota
Assets				
Cash and pooled investments	$ 1,181,891	$ 334,385	$ 75,467	$ 7,007
Due from other governments	-	-	-	-
Taxes receivable for other governments	563,766	-	-	-
Accounts receivable	-	34,558	1,593	-
Total Assets	**$ 1,745,657**	**$ 368,943**	**$ 77,060**	**$ 7,007**
Liabilities				
Due to others	$ -	$ -	$ -	$ -
Due to other governments	938,914	334,385	54,957	-
Total Liabilities	**$ 938,914**	**$ 334,385**	**$ 54,957**	**$ -**
Deferred Inflows of Resources				
Prepaid taxes	**$ 242,977**	**$ -**	**$ -**	**$ -**
Net Position				
Restricted for individuals, organizations, and other governments	**$ 563,766**	**$ 34,558**	**$ 22,103**	**$ 7,007**

Community Health Service		Tri-County Solid Waste		Family Services Collaborative		Total Custodial Funds	
$	231,083	$	239,306	$	303,050	$	2,372,189
	-		129,088		-		129,088
	-		-		-		563,766
	-		-		-		36,151
$	**231,083**	**$**	**368,394**	**$**	**303,050**	**$**	**3,101,194**
$	-	$	7,736	$	-	$	7,736
	231,083		200		-		1,559,539
$	**231,083**	**$**	**7,936**	**$**	**-**	**$**	**1,567,275**
$	**-**	**$**	**-**	**$**	**-**	**$**	**242,977**
$	**-**	**$**	**360,458**	**$**	**303,050**	**$**	**1,290,942**

Exhibit C-2

Nicollet County
Saint Peter, Minnesota

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

	Settlement	State Revenue	State Recoveries	Women's Foundation of Minnesota
Additions				
Contributions from individuals	$ -	$ -	$ 285,521	$ -
Interest earnings	-	-	-	-
Property tax collections for other governments	41,195,850		-	-
Licenses and fees collected for the state	-	5,012,720	-	-
Payments from the state	-	-	-	-
Payments from other entities	-	-	-	-
Total Additions	**$ 41,195,850**	**$ 5,012,720**	**$ 285,521**	**$ -**
Deductions				
Beneficiary payments to individuals	$ -	$ -	$ -	$ -
Payments of property taxes to other governments	41,235,943	-	-	-
Payments to the state	-	5,011,369	275,574	-
Administrative expenses	-	-	-	-
Payments to other entities	-	-	-	-
Total Deductions	**$ 41,235,943**	**$ 5,011,369**	**$ 275,574**	**$ -**
Change in Net Position	**$ (40,093)**	**$ 1,351**	**$ 9,947**	**$ -**
Net Position – January 1, as previously reported	$ 603,859	$ 33,207	$ 12,156	$ 7,007
Restatement (Note 1)	-	-	-	-
Net Position - January 1, as restated	**$ 603,859**	**$ 33,207**	**$ 12,156**	**$ 7,007**
Net Position – December 31	**$ 563,766**	**$ 34,558**	**$ 22,103**	**$ 7,007**

Community Health Service	Tri-County Solid Waste	Family Services Collaborative	Jail/Sheriff Activities	Total Custodial Funds
$ -	$ -	$ -	$ 18,621	$ 304,142
539	-	220	-	759
-	-	-	-	41,195,850
-	-	-	-	5,012,720
266,095	-	201,398	-	467,493
-	324,608	16,205	8,271	349,084
$ 266,634	**$ 324,608**	**$ 217,823**	**$ 26,892**	**$ 47,330,048**
$ -	$ -	$ -	$ 17,403	$ 17,403
-	-	-	-	41,235,943
-	-	-	-	5,286,943
13,800	169,704	541	-	184,045
488,028	142,682	189,339	9,489	829,538
$ 501,828	**$ 312,386**	**$ 189,880**	**$ 26,892**	**$ 47,553,872**
$ (235,194)	**$ 12,222**	**$ 27,943**	**$ -**	**$ (223,824)**
$ 466,276	$ 348,236	$ 275,107	$ -	$ 1,745,848
(231,082)	-	-	-	(231,082)
$ 235,194	**$ 348,236**	**$ 275,107**	**$ -**	**$ 1,514,766**
$ -	**$ 360,458**	**$ 303,050**	**$ -**	**$ 1,290,942**

Other Schedules

Exhibit D-1

Nicollet County
Saint Peter, Minnesota

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

		Governmental Funds
Appropriations and Shared Revenue		
State		
Highway users tax	$	4,947,161
County program aid		2,458,481
PERA aid		71,411
Disparity reduction aid		11,619
Police aid		209,033
Cannabis aid		5,454
Enhanced 911		224,616
Market value credit		255,694
SCORE		118,690
Aquatic invasive species prevention aid		69,009
Riparian protection aid		77,002
Statewide affordable housing aid		46,446
Local homeless prevention aid		65,133
Total appropriations and shared revenue	**$**	**8,559,749**
Payments		
State		
Payments in lieu of taxes	**$**	**1,049,641**
Payments		
State		
Payments in lieu of taxes	$	67,185
Local		
Other contributions		7,500
Total payments	**$**	**74,685**
Grants		
State		
Minnesota Department/Board of/Office of		
Children, Youth, and Families	$	565,970
Corrections		866,544
Health		688,521
Human Services		2,035,916
Natural Resources		18,824
Public Safety		42,489
Secretary of State		22,337
Transportation		85,626
Veterans Affairs		10,000
Water and Soil Resources		193,622
Pollution Control Agency		67,984
Total state	**$**	**4,597,833**

Exhibit D-1
(Continued)

Nicollet County
Saint Peter, Minnesota

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

	Governmental Funds
Grants (Continued)	
Federal	
Department of	
Agriculture	$ 632,635
Justice	57,512
Transportation	749,456
Health and Human Services	3,977,486
Homeland Security	152,878
Total federal	**$ 5,569,967**
Total state and federal grants	**$ 10,167,800**
Total Intergovernmental Revenue	**$ 19,851,875**

Exhibit D-2

Nicollet County
Saint Peter, 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 Minnesota Department of Health			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	252MN004W1003	$ 134,389
Passed Through Minnesota Department of Human Services			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	252MN101S2514	373,186
(Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 $498,246)			
Passed Through Minnesota Department of Children, Youth, and Families			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	252MN101S2514	125,060
(Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 $498,246)			
Total U.S. Department of Agriculture			**$ 632,635**
U.S. Department of Justice			
Passed Through Minnesota Department of Public Safety			
Crime Victim Assistance	16.575	A-CVS-2024-NICCAO-047	**$ 57,512**
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction	20.205	00052	**$ 987,939**
U.S. Department of Health and Human Services			
Direct			
Drug-Free Communities Support Program Grants	93.276		$ 138,288
Passed Through Minnesota Department of Health			
Public Health Emergency Preparedness	93.069	NU90TU000040	44,260
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000508	16,989
Temporary Assistance for Needy Families	93.558	2501MNTANF	12,412
(Total Temporary Assistance for Needy Families 93.558 $382,160)			
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	NE11OE000048	92,024
Maternal and Child Health Services Block Grant to the States	93.994	B04MC28107	37,739
Passed Through Minnesota Department of Human Services			
Title IV-E Prevention Program	93.472	2501MNPSGP	6,249
(Total Title IV-E Prevention Program 93.472 $10,731)			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2401MNFPSS	6,322
Temporary Assistance for Needy Families	93.558	2501MNTANF	369,748
(Total Temporary Assistance for Needy Families 93.558 $382,160)			
Child Support Services	93.563	2501MNICSS	74,661
Child Support Services	93.563	2501MNSCSS	711,605
(Total Child Support Services 93.563 $1,028,113)			

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

Exhibit D-2
(Continued)

Nicollet County
Saint Peter, 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 (Continued)			
Passed Through Minnesota Department of Human Services (Continued)			
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2501MNRCMA	2,227
CCDF Cluster			
Child Care and Development Block Grant	93.575	G2501MNCCDF	22,075
Community-Based Child Abuse Prevention Grants	93.590	G-2402MNBCAP	11,145
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2501MNCWSS	1,717
Foster Care Title IV-E	93.658	2501MNFOST	274,095
(Total Foster Care Title IV-E 93.658 $531,617)			
Social Services Block Grant	93.667	G-2501MNSOSR	130,280
(Total Social Services Block Grant 93.667 $156,331)			
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-2501MNCILP	629
Children's Health Insurance Program	93.767	2505MN5021	274
Medicaid Cluster			
Grants to States for Medicaid	93.778	2505MN5ADM	1,763,311
Grants to States for Medicaid	93.778	2505MN5MAP	7,788
(Total Grants to States for Medicaid 93.778 $1,771,099)			
Passed Through Minnesota Department of Children, Youth, and Families			
Title IV-E Prevention Program	93.472	2501MNPSGP	4,482
(Total Title IV-E Prevention Program 93.472 $10,731)			
Child Support Services	93.563	2501MNICSS	22,127
Child Support Services	93.563	2501MNSCSS	219,720
(Total Child Support Services 93.563 $1,028,113)			
Foster Care Title IV-E	93.658	2501MNFOST	257,522
(Total Foster Care Title IV-E 93.658 $531,617)			
Social Services Block Grant	93.667	G-2501MNSOSR	26,051
(Total Social Services Block Grant 93.667 $156,331)			
Total U.S. Department of Health and Human Services			**$ 4,253,740**
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety			
Boating Safety Financial Assistance	97.012	R29G70CGBLA24	$ 8,999
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-05-MN-4797	1,286
Emergency Management Performance Grants	97.042	F-EMPG-2023-NICOLLCO-4427	24,580
Total U.S. Department of Homeland Security			**$ 34,865**
Total Federal Awards			**$ 5,966,691**

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	$ 498,246
Total expenditures for CCDF Cluster	22,075
Total expenditures for Medicaid Cluster	1,771,099

Nicollet County
Saint Peter, 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 Nicollet 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 Nicollet 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 Nicollet County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Nicollet County.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting 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

Nicollet County has elected not to 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	$ 5,569,967
Grants received more than 60 days after year-end, considered unavailable revenue in 2025	
Highway Planning and Construction (Assistance Listing Number 20.205)	238,483
Temporary Assistance for Needy Families (Assistance Listing Number 93.558)	103,476
Foster Care Title IV-E (Assistance Listing Number 93.658)	80,538
Grants to States for Medicaid (Assistance Listing Number. 93.778)	92,240
Unavailable revenue in 2024, recognized as revenue in 2025	
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Assistance Listing Number 97.036)	(118,013)
Expenditures per Schedule of Expenditures of Federal Awards	$ 5,966,691

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
Nicollet County
Saint Peter, 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, each major fund, and the aggregate remaining fund information of Nicollet 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 10, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nicollet 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nicollet 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

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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 Nicollet 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.

Nicollet County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Nicollet 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 10, 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
Nicollet County
Saint Peter, Minnesota

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Nicollet 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 Nicollet County's major federal programs for the year ended December 31, 2025. Nicollet County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on Medicaid Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Nicollet County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Medicaid Cluster for the year ended December 31, 2025.

Unmodified Opinion on the Other Major Federal Program

In our opinion, Nicollet County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2025.

Basis for Qualified and Unmodified Opinions

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

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

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Matters Giving Rise to Qualified Opinion on Medicaid Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, Nicollet County did not comply with requirements regarding Assistance Listing Number 93.778 Medicaid Cluster as described in finding number 2025-001 for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Nicollet 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 Nicollet County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Nicollet 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.

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

Report on Internal Control Over Compliance

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

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 to be a material weakness.

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

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

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

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Lisa Young

Lisa Young, CPA
Deputy State Auditor

August 10, 2026

Nicollet County
Saint Peter, 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? **Yes**
- Significant deficiencies identified? **None reported**

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

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

Identification of the major federal programs:

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

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

Nicollet 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

2025-001 <u>**Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting**</u>
Prior Year Finding Number: N/A
Year of Finding Origination: 2025
Type of Finding: Internal Control Over Compliance and Compliance
Severity of Deficiency: Material Weakness and Modified Opinion

Federal Agency: U.S. Department of Health and Human Services
Program: 93.778 Grants to States for Medicaid
Award Number and Year: 2505MN5ADM; 2025

Pass-Through Agency: Minnesota Department of Human Services

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

Administrative program costs are submitted to the Minnesota Department of Human Services (DHS) on a quarterly basis through the DHS Income Maintenance report (DHS-2550) and DHS Social Service Fund Report (DHS-2556) for the Grants to States for Medicaid program. DHS provides reporting instructions, including information regarding eligible and ineligible costs.

Condition: The following exceptions were noted in expenditures tested:

- One timesheet tested included payroll costs that were incorrectly reported as Income Maintenance Random Moments Time Studies participants payroll expense.

- One timesheet tested included payroll costs that were incorrectly reported as Social Service Time Studies (SSTS) participants payroll expense.

In addition, the following exceptions were noted in the first and third quarter DHS reports tested:

- Payroll expenditures of $16,135 were reported twice in the first quarter DHS-2550 report.

- SSTS direct federal expenses were overstated by $14,373.

Questioned Costs: $37,548. $7,040 known questioned costs were determined based on exceptions noted from a sample of transactions tested, and $30,508 known questioned costs were determined based on the exceptions noted in the DHS-2550 and DHS-2556 reports tested.

Context: DHS relies on accurate identification and reporting of program costs to ensure grant funds paid to the County are for allowable federal program activities and costs and provide detailed information necessary for maintaining proper oversight over federal programs.

Total Grants to States for Medicaid expenditures reported on the Schedule of Expenditures of Federal Awards (SEFA) are $1,771,099, consisting of 3,945 transactions. The sample of 40 transactions totaled $176,432. The reporting population consisted of four quarterly DHS-2550 and four quarterly DHS-2556 reports. The sample was two quarterly DHS-2550 and two quarterly DHS-2556 reports. The sample sizes were based on the guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits.*

Effect: Errors in the identification and reporting of costs on the quarterly reports can impair DHS' ability to provide required oversight over federal programs and result in the County receiving either more or less federal funds than justified based on the actual underlying activity.

Cause: The County's controls over the identification of allowable activities and costs and preparation and review of quarterly reports were not sufficient to identify these errors.

Recommendation: We recommend the County implement controls to ensure activities allowed or allowable costs are appropriately identified and accurately reported to DHS in accordance with federal program guidance and DHS instructions. We also recommend the County correct and resubmit reports submitted with unallowable activities or costs, costs allocated incorrectly, or activity reported incorrectly.

View of Responsible Official: Acknowledge

Section IV – Other Findings and Recommendations

2025-002 **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 $1,677,631. Ditch systems with deficit balances have been advanced cash from the General Fund to finance system costs. These advances will be paid back with interest at the established annual assessment interest rate of four percent.

Context: As of December 31, 2025, 48 of the 85 individual ditch systems accounted for in the Ditch Special Revenue Fund had deficit fund balances totaling $3,350,909.

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

Representation of Nicollet County
Saint Peter, Minnesota

Corrective Action Plan

For the Year Ended December 31, 2025

Finding Number: 2025-001
Finding Title: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting
Program: 93.778 Grants to States for Medicaid

Name of Contact Person Responsible for Corrective Action:
Cassandra Sassenberg

Corrective Action Planned:
At Quarter End, the Fiscal Supervisor and/or Fiscal Coordinator will request specific employee payroll information from payroll staff. Payroll staff will provide a UKG general ledger system report showing account breakouts of the allocation, rather than solely a summary total spreadsheet to allow for review by employee, account code, and time study participation status. For employees included on the participant list, only the portion of salary charged to account 11.420 will remain on Line A1 of the DHS-2550 report. Any portion charged to accounts 11.430 or 11.440 will be removed from Line A1 and reported as an administrative cost on Line E1. If an employee is not included on the participant list, the employee's full salary, including any amount charged to account 11.420, will be reported as an administrative cost on Line E1. This process will ensure that only eligible participant payroll remains on Line A1 and prevent payroll costs from being removed from Line A1 in excess of the amount required.

Anticipated Completion Date:
12/31/2026

Finding Number: 2025-002
Finding Title: Deficit Fund Balance – Ditch Special Revenue Fund

Name of Contact Person Responsible for Corrective Action:
Jaci Kopet, Public Services Manager
Nicollet County Property & Public Services

Corrective Action Planned:
Nicollet County is committed to maintaining the long-term financial stability of its county drainage systems by ensuring that sufficient repair and maintenance funds are available to address both planned and unexpected expenditures. Because each drainage system operates as a separate financial entity for the benefit of the property owners within that watershed, the County will continue to evaluate each system independently and manage its finances in accordance with Minnesota Statutes Chapter 103E.

As part of its annual levy process, the Drainage Authority will review the financial condition of each drainage system, including available cash balances, anticipated maintenance needs, outstanding obligations, and historical expenditures. This review will be used to determine whether a repair and maintenance assessment is necessary to provide adequate funding for future operations.

Nicollet County will continue to monitor fund balances throughout the year and assess landowners when appropriate to improve the financial condition of individual systems. The County will also continue to utilize the authority provided under Minnesota Statutes §103E.735 to establish and maintain reasonable repair and maintenance reserves within the statutory limits.

Through these ongoing financial reviews and annual assessment process, Nicollet County intends to strengthen the financial position of its drainage systems.

Anticipated Completion Date:
12/31/2026

Representation of Nicollet County
Saint Peter, Minnesota

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2025

Finding Number: 2024-001
Year of Finding Origination: 2024
Finding Title: Suspension and Debarment
Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Summary of Condition: For two of three covered transactions tested, the County could not provide documentation to demonstrate verification that the vendors were not suspended or debarred prior to entering into the transaction.

Summary of Corrective Action Previously Reported: Finance Director (Heather McCormick) will share the audit finding with Department Head staff, ensuring buyers understand CFR (Code of Federal Regulations) purchasing requirements along with the Nicollet County Federal Grant or Award Procurement Policy.

Technologies Director (Jason Dragvold) will update internal technology purchasing processes to ensure suspension and debarment procedures (2 CFR § 180.300) are completed for future federal purchases.

Facilities Director (Cody Johnson) will update internal facilities purchasing processes to ensure suspension and debarment procedures (2 CFR § 180.300) are completed for future federal purchases and within contracts when necessary.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2024-002
Year of Finding Origination: 2024
Finding Title: Eligibility
Program: 93.778 Medical Assistance Program

Summary of Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by Nicollet 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:

- One participant's Social Security number was not verified.
- One case file did not have documentation to support the participant's income.

Summary of Corrective Action Previously Reported: The supervisor for this program area conducts internal audits on two health care cases per quarter for each Maxis health care worker. Through these audits and additional casework observations, it was identified in 2024 that the staff member responsible for both errors required further training and support. In response, a coaching plan was developed to address the identified errors and provide targeted training aimed at improving accuracy in ongoing case processing. Upon completion of the coaching plan, the employee’s caseload was adjusted to include fewer, less complex case types. The supervisor continues to audit two cases per quarter for each team member to monitor and support the ongoing quality of work.

Status: Fully Corrected. Corrective action was taken.