

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Sibley County
(Including the Sibley County Library System)
Gaylord, Minnesota

Year Ended December 31, 2022

Description of the Office of the State Auditor

The Office of the State Auditor (OSA) helps ensure financial integrity and accountability in local government financial activities. The OSA is the constitutional office that oversees more than \$40 billion in annual financial activity by local governments and approximately \$20 billion of federal funding financial activity.

The OSA performs around 90 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office maintains the following seven divisions:

- **Audit Practice:** Helps ensure fiscal integrity by conducting financial and compliance audits of local governments and the federal compliance audit of the State of Minnesota.
- **Constitution:** Connects with the public via external communication, media relations, legislative coordination, and public engagements for the State Auditor.

This division also supports the State Auditor's service on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, the Minnesota Historical Society, and the Rural Finance Authority Board.

- **Government Information:** Collects, analyzes, and shares local government financial data to assist in policy and spending decisions; administers and supports financial tools including the Small Cities and Towns Accounting System (CTAS) software and infrastructure comparison tools.
- **Legal/Special Investigations:** Provides legal analysis and counsel to the OSA and responds to outside inquiries about Minnesota local law relevant to local government finances; investigates local government financial records in response to specific allegations of theft, embezzlement, or unlawful use of public funds or property.
- **Operations:** Ensures the office runs efficiently by providing fiscal management and technology support to the office.
- **Pension:** Analyzes investment, financial, and actuarial reporting for Minnesota's local public pension plans and monitors pension plan operations.
- **Tax Increment Financing (TIF):** Promotes compliance and accountability in local governments' use of tax increment financing through education, reporting, and compliance reviews.

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www.osa.state.mn.us

Sibley County
(Including the Sibley County Library System)
Gaylord, Minnesota

Year Ended December 31, 2022



Office of the State Auditor

Audit Practice Division
Office of the State Auditor
State of Minnesota

Sibley County Gaylord, Minnesota

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Introductory Section

Sibley County Gaylord, Minnesota

Organization December 31, 2022

Office	Name	Term Expires
Commissioners		
1st District	Bobbie Harder	January 2023
2nd District	Christian Lilienthal*	January 2027
3rd District	Peter Koch	January 2023
4th District	Joy Cohrs	January 2023
5th District	Steve Saxton	January 2027
Officers		
Elected		
Attorney	Donald Lannoye	January 2027
Auditor-Treasurer	Marilee Peterson	January 2027
Recorder	Kathy Dietz	January 2027
Registrar of Titles	Kathy Dietz	January 2027
Sheriff	Pat Nienaber	January 2027
Appointed		
Administrator	John Glisczinski	Indefinite
Assessor	Laura Hacker	December 2024
Court Administrator	Karen Messner (State)	Indefinite
Court Services Director	Sean McMonagle (State)	Indefinite
Emergency Management Manager	Andrew Hayden	Indefinite
Examiner of Titles	Ross Arneson	Indefinite
Extension Educator	Emma Severns	Indefinite
Human Resources Manager	Jodi Coleman	Indefinite
Information Technology Manager	Alan Cole	Indefinite
Medical Examiner	A. Quinn Strobl, MD	December 2024
Public Health and Human Services Director	Klea Rettmann	Indefinite
Public Works Director	Timothy Becker	April 2025
Surveyor	Luke Kranz	December 2024
Veterans Service Officer	Lisa Klenk	August 2024

*Chair

Financial Section



Independent Auditor's Report

Board of County Commissioners
Sibley County
Gaylord, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sibley County, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sibley County as of December 31, 2022, and the respective changes in financial position, and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Sibley Estates of Sibley County for the year ended December 31, 2022, which represent the amounts shown as the business-type activities and the major proprietary fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Sibley Estates of Sibley County, is based solely on the report of the other auditors. In addition, we did not audit the financial statements of the South Country Health Alliance (SCHA) for the year ended December 31, 2022, in which Sibley County has an equity interest. The SCHA is a joint venture discussed in Note 5 to the financial statements. The County's investment in the SCHA, \$3,788,738, represents 3.0 percent and 3.6 percent, respectively, of the assets and net position of the governmental activities. The financial statements of the SCHA, which were prepared in accordance with financial reporting provisions permitted by the Minnesota Department of Health, were audited by other auditors whose report has been furnished to us. We have applied procedures on the conversion adjustments to the financial statements of the SCHA, which conform the financial reporting of the investment in joint venture to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amount included as an investment in joint venture, prior to these conversion adjustments, is based solely on the report of the other auditors. The financial statements of the SCHA were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sibley County's basic financial statements. The combining nonmajor funds and fiduciary funds financial statements, Budgetary Comparison Schedule for the Debt Service Fund, Sibley County Library System component unit 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated September 6, 2023, on our consideration of Sibley County's and the Sibley County Library System component unit's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sibley County's and the Sibley County Library System component unit's internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sibley County's and the Sibley County Library System component unit's internal control over financial reporting and compliance. The financial statements of the SCHA joint venture were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the SCHA.

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

September 6, 2023

Management's Discussion and Analysis

Sibley County Gaylord, Minnesota

Management's Discussion and Analysis December 31, 2022 (Unaudited)

The financial management of Sibley County offers the readers of Sibley County's financial statements this narrative overview and analysis of the financial activity of Sibley County for the year ended December 31, 2022. We encourage our readers to consider the information presented here in conjunction with additional information that we have provided in our notes to the financial statements.

Financial Highlights

- Sibley County's governmental activities' total net position is \$103,805,622, of which \$74,119,863 is the net investment in capital assets, and \$10,271,613 is restricted for specific purposes.
- Business-type activities' total net position is \$837,114, of which \$449,211 is the net investment in capital assets, and \$85,465 is restricted for housing and redevelopment.
- Governmental activities' total net position increased by \$2,927,612 in 2022. The net position of the County's business-type activities decreased by \$42,423.
- At the close of 2022, the unassigned fund balance for the General Fund was \$5,946,058, or 53.0 percent, of the total General Fund expenditures. This amount will be available for 2023 budgeting purposes.
- The net cost of governmental activities in 2022 increased by \$2,055,283 from the previous year, raising the total to \$15,131,017. The net cost of governmental activities was funded by general revenues totaling \$18,058,629.

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

- **Governmental activities**—Most of the County's basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities.
- **Business-type activities**—The County charges a fee to customers to help it cover all or most of the cost of the services it provides. The activities of Sibley Estates are reported here.
- **Component units**—The County includes a separate legal entity in its report. The Sibley County Library System is reported in a separate column. Although legally separate, this "component unit" is important because the County is financially accountable.

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

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

Table I
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 45,516,245	\$ 42,560,134	\$ 420,232	\$ 433,844	\$ 45,936,477	\$ 42,993,978
Capital assets	78,920,478	79,029,436	449,211	476,463	79,369,689	79,505,899
Total Assets	\$ 124,436,723	\$ 121,589,570	\$ 869,443	\$ 910,307	\$ 125,306,166	\$ 122,499,877
Deferred Outflows of Resources	\$ 6,505,833	\$ 5,277,509	\$ -	\$ -	\$ 6,505,833	\$ 5,277,509
Liabilities						
Long-term liabilities	\$ 23,960,977	\$ 15,808,097	\$ -	\$ -	\$ 23,960,977	\$ 15,808,097
Other liabilities	2,683,924	3,580,365	32,329	30,770	2,716,253	3,611,135
Total Liabilities	\$ 26,644,901	\$ 19,388,462	\$ 32,329	\$ 30,770	\$ 26,677,230	\$ 19,419,232
Deferred Inflows of Resources	\$ 492,033	\$ 6,600,607	\$ -	\$ -	\$ 492,033	\$ 6,600,607
Net Position						
Net investment in capital assets	\$ 74,119,863	\$ 73,739,764	\$ 449,211	\$ 476,463	\$ 74,569,074	\$ 74,216,227
Restricted	10,271,613	8,384,610	85,465	76,933	10,357,078	8,461,543
Unrestricted	19,414,146	18,753,636	302,438	326,141	19,716,584	19,079,777
Total Net Position	\$ 103,805,622	\$ 100,878,010	\$ 837,114	\$ 879,537	\$ 104,642,736	\$ 101,757,547

The net position of the County's governmental activities increased by 2.90 percent (\$2,927,612) from 2021 to 2022. Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—changed from \$18,753,636 at December 31, 2021, to \$19,414,146 at the end of this year. Net position of the business-type activities decreased \$42,423 (or 4.82 percent) for 2022.

Table II
Change in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Fees, charges, fines, and other	\$ 7,568,655	\$ 6,096,521	\$ 195,168	\$ 181,270	\$ 7,763,823	\$ 6,277,791
Operating grants and contributions	11,237,581	10,775,297	179,975	171,422	11,417,556	10,946,719
Capital grants and contributions	116,175	1,129,969	-	-	116,175	1,129,969
General revenues						
Property taxes	15,971,274	15,492,168	-	-	15,971,274	15,492,168
Gravel taxes	106,637	103,121	-	-	106,637	103,121
Wheelage taxes	172,530	177,536	-	-	172,530	177,536
Payments in lieu of tax	63,917	53,815	-	-	63,917	53,815
Grants and contributions not restricted to specific programs	1,176,118	3,983,078	-	-	1,176,118	3,983,078
Investment earnings	183,491	171,861	3,614	538	187,105	172,399
Miscellaneous and other	384,662	391,333	-	-	384,662	391,333
Total Revenues	\$ 36,981,040	\$ 38,374,699	\$ 378,757	\$ 353,230	\$ 37,359,797	\$ 38,727,929
Expenses						
General government	\$ 6,053,789	\$ 5,958,256	\$ -	\$ -	\$ 6,053,789	\$ 5,958,256
Public safety	4,750,714	3,449,368	-	-	4,750,714	3,449,368
Highways and streets	8,946,833	7,448,959	-	-	8,946,833	7,448,959
Sanitation	526,432	594,957	-	-	526,432	594,957
Human services	5,275,483	5,902,735	-	-	5,275,483	5,902,735
Health	1,194,910	1,068,001	-	-	1,194,910	1,068,001
Culture and recreation	483,956	561,791	-	-	483,956	561,791
Conservation of natural resources	6,174,087	5,231,299	-	-	6,174,087	5,231,299
Economic development	270,347	557,777	-	-	270,347	557,777
Interest	376,877	304,378	-	-	376,877	304,378
Sibley Estates	-	-	421,180	419,548	421,180	419,548
Total Expenses	\$ 34,053,428	\$ 31,077,521	\$ 421,180	\$ 419,548	\$ 34,474,608	\$ 31,497,069
Changes in Net Position	\$ 2,927,612	\$ 7,297,178	(42,423)	(66,318)	\$ 2,885,189	\$ 7,230,860
Net Position – January 1	100,878,010	93,580,832	879,537	945,855	101,757,547	94,526,687
Net Position – December 31	\$ 103,805,622	\$ 100,878,010	\$ 837,114	\$ 879,537	\$ 104,642,736	\$ 101,757,547

The County's expenses for governmental activities increased \$2,975,907 from 2021.

Governmental Activities

As shown in the Statement of Activities (Exhibit 2), the amount that taxpayers ultimately financed for these activities through County taxes and non-program revenues was \$15,131,017 because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with operating or capital grants and contributions.

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

Table III
Governmental Activities

	Total Cost of Services		Net Cost (Revenue) of Services	
	2022	2021	2022	2021
Expenses				
General government	\$ 6,053,789	\$ 5,958,256	\$ 4,951,906	\$ 4,976,105
Public safety	4,750,714	3,449,368	4,203,312	2,934,233
Highways and streets	8,946,833	7,448,959	1,624,547	578,665
Sanitation	526,432	594,957	(56,349)	(43,227)
Human services	5,275,483	5,902,735	1,808,226	1,484,580
Health	1,194,910	1,068,001	735,043	490,424
Culture and recreation	483,956	561,791	442,093	520,191
Conservation of natural resources	6,174,087	5,231,299	864,009	1,395,051
Economic development	270,347	557,777	181,353	435,334
Interest	376,877	304,378	376,877	304,378
Total Expenses	\$ 34,053,428	\$ 31,077,521	\$ 15,131,017	\$ 13,075,734

The County's Funds

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

As of the end of the current fiscal year, Sibley County's governmental funds reported a combined ending fund balance of \$29,178,148. This is a decrease of \$62,690 in comparison to the prior fiscal year. Of the \$29,178,148 total fund balances, \$20,982,848 constitutes unrestricted fund balances, which are available for spending at the government's discretion or represents the deficit balance in the Ditch Special Revenue Fund.

The General Fund is the chief operating fund for Sibley County. At the end of the fiscal year, unrestricted fund balance (committed, assigned, and unassigned) of the General Fund was \$6,488,612 (or 74.1 percent of the total General Fund's fund balance). As a measure of the General Fund's liquidity, it may be useful to compare the unrestricted fund balance to total expenditures. The unrestricted fund balance represents 57.8 percent of total General Fund expenditures. In 2022, the fund balance amount in the General Fund decreased \$855,217. This decrease is mostly due to transferring out excess fund balance to the Capital Projects Fund.

The Public Works Special Revenue Fund had a total fund balance of \$12,391,549 at the end of 2022. This is an increase of \$1,260,184. This increase was due to more highway and bridge, equipment and maintenance revenues than anticipated and less expenses in these same areas. The Public Health and Human Services Special Revenue Fund had a total fund balance of \$5,734,775 at the end of the current fiscal year. This is an increase of \$158,339 that can primarily be attributed to less than anticipated expenses and more than anticipated revenues combined with a transfer out to the Capital Projects Fund. The Ditch Special Revenue Fund had a negative fund balance of \$4,942,223, which is a decrease of \$1,419,210 from the prior year. The fund had an increase in expenditures due to ditch redeterminations and additional ditch projects that were completed but not assessed to land owners. The Capital Projects Fund ended 2022 with a fund balance of \$5,508,432. This is an increase of \$755,439. The increase is mostly due to transferring in excess funds from the General Fund and Public Health and Human Services Special Revenue Fund.

General Fund Budgetary Highlights

No budget amendments were made for 2022. The actual revenues were \$187,096 more than the budgeted revenues, and actual expenditures were greater than expected by \$602,934. Actual revenue exceeded budgeted revenue due to unbudgeted settlements. Actual expenditures exceeded budgeted expenditures due mostly to unbudgeted public safety, conservation of natural resources, and economic development.

Capital Assets and Debt Administration

Capital Assets

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

Table IV
Capital Assets at Year-End
(Net of Depreciation)

	2022	2021
Governmental Activities		
Land	\$ 1,812,677	\$ 1,792,784
Construction in progress	3,739,375	4,508,780
Infrastructure	59,695,500	59,024,513
Buildings and building improvements	8,974,090	9,078,328
Machinery, furniture, and equipment	4,414,287	4,321,874
Improvements other than buildings	284,549	303,157
Total	<u>\$ 78,920,478</u>	<u>\$ 79,029,436</u>
Business-Type Activities	<u>\$ 449,211</u>	<u>\$ 476,463</u>

The County's investment in capital assets for its governmental activities as of December 31, 2022, was \$78,920,478 (net of accumulated depreciation). This investment in capital assets includes a broad range of capital assets including, but not limited to, land, buildings, highways and streets, furniture, and equipment. The County's investment in capital assets for its governmental activities decreased by 0.1 percent, or \$108,958.

The County's investment in capital assets for its business-type activities decreased by \$27,252 in the current year from \$476,463 in 2021, to \$449,211 in 2022.

Long-Term Debt

At the end of the current fiscal year, the County had total outstanding debt of \$6,195,000, versus \$6,605,000 last year—a decrease of \$410,000, or 6.2 percent—as shown in Table V. The decrease is due to scheduled debt payments.

Table V
Outstanding Debt at Year-End

	2022	2021
General obligation bonds	\$ 4,715,000	\$ 4,950,000
General obligation special assessment bonds	1,480,000	1,655,000
Total	<u>\$ 6,195,000</u>	<u>\$ 6,605,000</u>

The County maintains a general obligation bond rating of "Aa3". This rating is assigned by national rating agencies. The state limits the amount of net debt counties can issue to three percent of the total taxable market value of all

property. In 2022, the taxable market value was \$3,292,384,044 and, in 2021, the amount was \$3,214,228,727. The County's outstanding net debt of \$6,195,000 is significantly below the state-imposed limit of \$96,426,862.

Economic Factors and Next Year's Budgets and Rates

The County's elected and appointed officials considered many factors when setting the fiscal year 2023 budget and the tax rates and fees that will be charged for government services.

- State aid from the State of Minnesota for 2023 (\$628,897) is down 0.1 percent compared to 2022 (\$629,712).
- For fiscal year 2023, Sibley County's total taxable market value is \$3,955,709,863. This is an increase of \$663,325,819, or 20.1 percent, from the 2022 total taxable market value of \$3,292,384,044. This increase is a result of the County Sales Ratio Study conducted by the Sibley County Assessor's Office. These studies are used to update market values on a yearly basis and are based on actual land transactions in the County from year to year.
- The unemployment rate for Sibley County as of June 2023 is 3.7 percent. Sibley County's unemployment rate is higher than the state unemployment rate of 2.9 percent. The unemployment rate is up from last year when Sibley County's rate was 1.7 percent, which was 0.5 percentage points lower than the state average of 2.2 percent.
- On December 27, 2022, the Sibley County Board of Commissioners approved the 2023 budget for \$53,638,288. The 2023 total levy is \$17,043,899, and the total net tax levy was \$16,415,003 (reduced by County Program Aid). This was an increase from the 2022 total net tax levy of \$16,882,116. The 2023 budget includes a 1.0 percent overall property tax increase.

Contacting the County's Financial Management

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

Basic Financial Statements

Government-Wide Financial Statements

**Sibley County
Gaylord, Minnesota**

Exhibit 1

**Statement of Net Position
December 31, 2022**

	Primary Government			Sibley County Library System Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
Cash and pooled investments	\$ 28,321,862	\$ 312,987	\$ 28,634,849	\$ 189,156
Tenant deposits held in trust	-	14,727	14,727	-
Restricted deposits	-	84,044	84,044	-
Petty cash and change funds	6,125	300	6,425	-
Investments	25,000	-	25,000	-
Taxes receivable – delinquent	151,328	-	151,328	-
Special assessments receivable – delinquent	25,450	-	25,450	-
Special assessments receivable – noncurrent	5,314,099	-	5,314,099	-
Accounts receivable – net	949,189	7,460	956,649	-
Accrued interest receivable	225,679	-	225,679	-
Due from other governments	5,239,911	-	5,239,911	8,251
Loans receivable	112,488	-	112,488	-
Inventories	1,087,737	-	1,087,737	-
Prepaid items	268,639	714	269,353	-
Investment in joint venture	3,788,738	-	3,788,738	-
Capital assets				
Non-depreciable	5,552,052	23,500	5,575,552	-
Depreciable – net of accumulated depreciation	73,368,426	425,711	73,794,137	-
Total Assets	\$ 124,436,723	\$ 869,443	\$ 125,306,166	\$ 197,407
<u>Deferred Outflows of Resources</u>				
Deferred other postemployment benefits outflows	\$ 71,809	\$ -	\$ 71,809	\$ -
Deferred pension outflows	6,434,024	-	6,434,024	-
Total Deferred Outflows of Resources	\$ 6,505,833	\$ -	\$ 6,505,833	\$ -

**Sibley County
Gaylord, Minnesota**

**Exhibit 1
(Continued)**

**Statement of Net Position
December 31, 2022**

	Primary Government			Sibley County Library System Component Unit
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 1,023,614	\$ 15,957	\$ 1,039,571	\$ 808
Salaries payable	704,869	-	704,869	-
Retainage payable	27	-	27	-
Due to other governments	768,988	2,253	771,241	196,599
Accrued interest payable	59,560	813	60,373	-
Unearned revenue	126,866	-	126,866	-
Security deposits payable	-	13,306	13,306	-
Compensated absences payable	468,601	-	468,601	-
General obligation bonds payable	245,000	-	245,000	-
General obligation special assessment bonds payable	185,000	-	185,000	-
MnPCA loans payable	19,213	-	19,213	-
AgBMP loans payable	179,564	-	179,564	-
Noncurrent liabilities				
Compensated absences payable	1,266,959	-	1,266,959	-
General obligation bonds payable – net	4,555,615	-	4,555,615	-
General obligation special assessment bonds payable – net	1,327,793	-	1,327,793	-
AgBMP loans payable	1,171,938	-	1,171,938	-
Other postemployment benefits liability	713,055	-	713,055	-
Net pension liability	13,828,239	-	13,828,239	-
Total Liabilities	\$ 26,644,901	\$ 32,329	\$ 26,677,230	\$ 197,407
Deferred Inflows of Resources				
Prepaid property taxes	\$ 137,706	\$ -	\$ 137,706	\$ -
Deferred other postemployment benefits inflows	97,724	-	97,724	-
Deferred pension inflows	256,603	-	256,603	-
Total Deferred Inflows of Resources	\$ 492,033	\$ -	\$ 492,033	\$ -
Net Position				
Net investment in capital assets	\$ 74,119,863	\$ 449,211	\$ 74,569,074	\$ -
Restricted for				
General government	429,748	-	429,748	-
Public safety	1,313,513	-	1,313,513	-
Highways and streets	5,673,235	-	5,673,235	-
Sanitation	328,852	-	328,852	-
Culture and recreation	36,785	-	36,785	-
Conservation of natural resources	1,378,796	-	1,378,796	-
Economic development	286,697	-	286,697	-
Housing and redevelopment	-	85,465	85,465	-
Debt service	589,642	-	589,642	-
Permanent fund principal – nonexpendable	130,417	-	130,417	-
Opioid remediation activities	103,928	-	103,928	-
Unrestricted	19,414,146	302,438	19,716,584	-
Total Net Position	\$ 103,805,622	\$ 837,114	\$ 104,642,736	\$ -

**Sibley County
Gaylord, Minnesota**

**Statement of Activities
For the Year Ended December 31, 2022**

		Program Revenues	
		Fees, Charges, Fines, and Other	Operating Grants and Contributions
	Expenses		
Functions/Programs			
Primary government			
Governmental activities			
General government	\$ 6,053,789	\$ 913,053	\$ 165,177
Public safety	4,750,714	145,045	402,357
Highways and streets	8,946,833	239,755	7,057,371
Sanitation	526,432	481,984	72,440
Human services	5,275,483	707,393	2,759,864
Health	1,194,910	111,031	348,836
Culture and recreation	483,956	-	2,858
Conservation of natural resources	6,174,087	4,882,000	428,078
Economic development	270,347	88,394	600
Interest	376,877	-	-
Total governmental activities	\$ 34,053,428	\$ 7,568,655	\$ 11,237,581
Business-type activities			
Sibley Estates	421,180	195,168	179,975
Total Primary Government	\$ 34,474,608	\$ 7,763,823	\$ 11,417,556
Component Unit			
Sibley County Library System	<u>\$ 533,510</u>	<u>\$ 51,474</u>	<u>\$ 549,191</u>

General Revenues

Property taxes
Gravel taxes
Wheelage taxes
Payments in lieu of tax
Grants and contributions not restricted to specific programs
Investment earnings
Miscellaneous

Total general revenues

Change in net position before special item

Special item - transfer of library operations to participating cities

Change in net position after special item

Net Position – January 1

Net Position – December 31

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			Sibley County Library System Component Unit
	Governmental Activities	Business-Type Activities	Total	
\$ 23,653	\$ (4,951,906)	\$ -	\$ (4,951,906)	
-	(4,203,312)	-	(4,203,312)	
25,160	(1,624,547)	-	(1,624,547)	
28,357	56,349	-	56,349	
-	(1,808,226)	-	(1,808,226)	
-	(735,043)	-	(735,043)	
39,005	(442,093)	-	(442,093)	
-	(864,009)	-	(864,009)	
-	(181,353)	-	(181,353)	
-	(376,877)	-	(376,877)	
\$ 116,175	\$ (15,131,017)	\$ -	\$ (15,131,017)	
-	-	(46,037)	(46,037)	
\$ 116,175	\$ (15,131,017)	\$ (46,037)	\$ (15,177,054)	
\$ -				\$ 67,155
	\$ 15,971,274	\$ -	\$ 15,971,274	\$ -
	106,637	-	106,637	-
	172,530	-	172,530	-
	63,917	-	63,917	-
	1,176,118	-	1,176,118	-
	183,491	3,614	187,105	-
	384,662	-	384,662	-
	\$ 18,058,629	\$ 3,614	\$ 18,062,243	\$ -
	\$ 2,927,612	\$ (42,423)	\$ 2,885,189	\$ 67,155
	-	-	-	(8,527)
	\$ -	\$ -	\$ -	\$ 58,628
	100,878,010	879,537	101,757,547	(58,628)
	\$ 103,805,622	\$ 837,114	\$ 104,642,736	\$ -

Fund Financial Statements

Governmental Funds

**Sibley County
Gaylord, Minnesota**

**Balance Sheet
Governmental Funds
December 31, 2022**

	<u>General</u>	<u>Public Works</u>
<u>Assets</u>		
Cash and pooled investments	\$ 5,917,365	\$ 11,703,969
Petty cash and change funds	5,875	-
Investments	-	-
Taxes receivable – delinquent	69,075	41,771
Special assessments receivable		
Delinquent	4,138	-
Noncurrent	-	-
Accounts receivable – net	237,120	107,360
Accrued interest receivable	225,679	-
Due from other funds	3,098,971	15,807
Due from other governments	81,266	4,005,367
Loans receivable	-	-
Advance to other funds	63,548	-
Inventories	-	1,087,737
Prepaid items	181,441	22,245
Total Assets	<u>\$ 9,884,478</u>	<u>\$ 16,984,256</u>
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 147,079	\$ 286,632
Salaries payable	334,242	116,342
Retainage payable	-	27
Due to other funds	15,807	44,505
Due to other governments	311,706	72,509
Unearned revenue	119,777	-
Advance from other funds	-	-
Total Liabilities	<u>\$ 928,611</u>	<u>\$ 520,015</u>
 Deferred Inflows of Resources		
Unavailable revenue	\$ 129,007	\$ 4,033,623
Prepaid property taxes	66,411	39,069
Total Deferred Inflows of Resources	<u>\$ 195,418</u>	<u>\$ 4,072,692</u>

Exhibit 3

Public Health and Human Services	Ditch	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 5,556,984	\$ 1,044,599	\$ 2,510,932	\$ 1,588,013	\$ 28,321,862
250	-	-	-	6,125
-	-	-	25,000	25,000
36,793	-	-	3,689	151,328
-	7,998	-	13,314	25,450
-	4,164,710	-	1,149,389	5,314,099
604,709	-	-	-	949,189
-	-	-	-	225,679
-	44,505	3,000,000	-	6,159,283
539,979	518,378	-	94,921	5,239,911
-	-	-	112,488	112,488
-	-	-	-	63,548
-	-	-	-	1,087,737
64,953	-	-	-	268,639
\$ 6,803,668	\$ 5,780,190	\$ 5,510,932	\$ 2,986,814	\$ 47,950,338
\$ 121,982	\$ 464,986	\$ 2,500	\$ 435	\$ 1,023,614
254,285	-	-	-	704,869
-	-	-	-	27
3,981	6,094,990	-	-	6,159,283
196,390	167,418	-	20,965	768,988
-	-	-	7,089	126,866
-	-	-	63,548	63,548
\$ 576,638	\$ 6,727,394	\$ 2,500	\$ 92,037	\$ 8,847,195
\$ 463,248	\$ 3,995,019	\$ -	\$ 1,166,392	\$ 9,787,289
29,007	-	-	3,219	137,706
\$ 492,255	\$ 3,995,019	\$ -	\$ 1,169,611	\$ 9,924,995

**Sibley County
Gaylord, Minnesota**

**Balance Sheet
Governmental Funds
December 31, 2022**

	<u>General</u>	<u>Public Works</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances (Continued)</u>		
Fund Balances		
Nonspendable for		
Prepaid items	\$ 181,441	\$ 22,245
Inventories	-	1,087,737
Loan security	-	-
Federal lands	-	-
Restricted for		
Juvenile fines	20,590	-
Law library	22,823	-
Attorney's forfeited property	15,618	-
Recorder's equipment purchases	149,557	-
Land records technology	204,743	-
E-911	1,101,448	-
Park improvements	36,785	-
Aquatic invasive species program	61,836	-
Riparian protection	144,586	-
Shoreland grant	16,417	-
Conceal and carry program	212,065	-
Opioid remediation activities	103,928	-
Highway maintenance and construction	-	1,857,535
Land restoration – gravel tax	-	309,054
Ditch maintenance and construction	-	-
Economic development loans	-	-
Sub-surface sewage treatment systems	-	-
Conservation projects	-	-
Debt service	-	-
Committed for		
Tobacco ordinance	19,590	-
County parks	61,245	-
Alcohol enforcement and education	12,097	-
Solid waste	449,622	-
Projects, technology, and equipment purchases	-	-
Assigned to		
Public works	-	9,114,978
Public health and human services	-	-
Unassigned	5,946,058	-
Total Fund Balances	\$ 8,760,449	\$ 12,391,549
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,884,478	\$ 16,984,256

Exhibit 3*(Continued)*

Public Health and Human Services	Ditch	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 64,953	\$ -	\$ -	\$ -	\$ 268,639
-	-	-	-	1,087,737
-	-	-	25,000	25,000
-	-	-	130,417	130,417
-	-	-	-	20,590
-	-	-	-	22,823
-	-	-	-	15,618
-	-	-	-	149,557
-	-	-	-	204,743
-	-	-	-	1,101,448
-	-	-	-	36,785
-	-	-	-	61,836
-	-	-	-	144,586
-	-	-	-	16,417
-	-	-	-	212,065
-	-	-	-	103,928
-	-	-	-	1,857,535
-	-	-	-	309,054
-	856,773	-	-	856,773
-	-	-	286,697	286,697
-	-	-	536,889	536,889
-	-	-	113,538	113,538
-	-	-	632,625	632,625
-	-	-	-	19,590
-	-	-	-	61,245
-	-	-	-	12,097
-	-	-	-	449,622
-	-	5,508,432	-	5,508,432
-	-	-	-	9,114,978
5,669,822	-	-	-	5,669,822
-	(5,798,996)	-	-	147,062
\$ 5,734,775	\$ (4,942,223)	\$ 5,508,432	\$ 1,725,166	\$ 29,178,148
\$ 6,803,668	\$ 5,780,190	\$ 5,510,932	\$ 2,986,814	\$ 47,950,338

**Sibley County
Gaylord, Minnesota**

Exhibit 4

**Reconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position—Governmental Activities
December 31, 2022**

Fund balance – total governmental funds (Exhibit 3)		\$ 29,178,148
Amounts reported for governmental activities in the statement of net position are different because:		
Investments in joint ventures are reported in governmental activities and are not financial resources and, therefore, are not reported in the governmental funds.		3,788,738
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		78,920,478
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.		9,787,289
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to other postemployment benefits that are not recognized in the governmental funds.		
Deferred outflows related to other postemployment benefits	\$ 71,809	
Deferred inflows related to other postemployment benefits	<u>(97,724)</u>	(25,915)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.		
Deferred outflows related to pensions	\$ 6,434,024	
Deferred inflows related to pensions	<u>(256,603)</u>	6,177,421
Governmental funds do not report a liability for accrued interest on long-term liabilities until due and payable.		(59,560)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds payable	\$ (4,800,615)	
General obligation special assessment bonds payable	(1,512,793)	
MnPCA loans payable	(19,213)	
AgBMP loans payable	(1,351,502)	
Compensated absences	(1,735,560)	
Other postemployment benefits liability	(713,055)	
Net pension liability	<u>(13,828,239)</u>	<u>(23,960,977)</u>
Net Position of Governmental Activities (Exhibit 1)		<u>\$ 103,805,622</u>

**Sibley County
Gaylord, Minnesota**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022**

	<u>General</u>	<u>Public Works</u>
Revenues		
Taxes	\$ 7,337,570	\$ 4,741,328
Special assessments	219,328	-
Licenses and permits	49,994	-
Intergovernmental	1,672,407	4,573,608
Settlements	207,856	-
Charges for services	930,886	204,674
Fines and forfeits	9,519	-
Gifts and contributions	3,458	-
Investment earnings	155,227	-
Miscellaneous	318,104	158,325
Total Revenues	\$ 10,904,349	\$ 9,677,935
Expenditures		
Current		
General government	\$ 5,496,301	\$ -
Public safety	3,889,580	-
Highways and streets	-	7,948,105
Sanitation	229,367	-
Human services	-	-
Health	-	-
Culture and recreation	475,549	-
Conservation of natural resources	721,112	-
Economic development	185,036	-
Intergovernmental		
Highways and streets	-	534,114
Economic development	83,774	-
Capital outlay		
General government	50,319	-
Public safety	89,660	-
Highways and streets	-	46,937
Culture and recreation	4,316	-
Debt service		
Principal	-	-
Interest	-	-
Administrative charges	-	-
Total Expenditures	\$ 11,225,014	\$ 8,529,156
Excess of Revenues Over (Under) Expenditures	\$ (320,665)	\$ 1,148,779
Other Financing Sources (Uses)		
Transfers in	\$ -	\$ -
Transfers out	(534,552)	-
Loans issued	-	-
Total Other Financing Sources (Uses)	\$ (534,552)	\$ -

Exhibit 5

Public Health and Human Services	Ditch	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 3,779,766	\$ -	\$ -	\$ 369,444	\$ 16,228,108
-	4,308,778	-	317,035	4,845,141
-	-	-	-	49,994
4,097,085	-	-	172,947	10,516,047
-	-	-	-	207,856
435,692	-	-	-	1,571,252
-	-	-	-	9,519
-	-	-	-	3,458
-	754	-	5,469	161,450
383,482	8,188	-	-	868,099
\$ 8,696,025	\$ 4,317,720	\$ -	\$ 864,895	\$ 34,460,924
\$ -	\$ -	\$ -	\$ -	\$ 5,496,301
-	-	-	-	3,889,580
-	-	-	-	7,948,105
-	-	-	297,065	526,432
6,415,321	-	-	-	6,415,321
1,127,112	-	-	-	1,127,112
-	-	-	-	475,549
-	5,307,020	-	118,066	6,146,198
-	-	-	-	185,036
-	-	-	-	534,114
-	-	-	-	83,774
-	-	208,364	-	258,683
-	-	124,334	-	213,994
-	-	441,668	-	488,605
-	-	-	-	4,316
-	175,000	-	527,724	702,724
-	254,019	-	132,005	386,024
-	891	-	969	1,860
\$ 7,542,433	\$ 5,736,930	\$ 774,366	\$ 1,075,829	\$ 34,883,728
\$ 1,153,592	\$ (1,419,210)	\$ (774,366)	\$ (210,934)	\$ (422,804)
\$ -	\$ -	\$ 1,529,805	\$ -	\$ 1,529,805
(995,253)	-	-	-	(1,529,805)
-	-	-	248,709	248,709
\$ (995,253)	\$ -	\$ 1,529,805	\$ 248,709	\$ 248,709

**Sibley County
Gaylord, Minnesota**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022**

	<u>General</u>	<u>Public Works</u>
Net Change in Fund Balances	\$ (855,217)	\$ 1,148,779
Fund Balances – January 1	9,615,666	11,131,365
Increase (decrease) in inventories	<u>-</u>	<u>111,405</u>
Fund Balances – December 31	<u>\$ 8,760,449</u>	<u>\$ 12,391,549</u>

Exhibit 5
(Continued)

Public Health and Human Services	Ditch	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 158,339	\$ (1,419,210)	\$ 755,439	\$ 37,775	\$ (174,095)
5,576,436	(3,523,013)	4,752,993	1,687,391	29,240,838
-	-	-	-	111,405
<u>\$ 5,734,775</u>	<u>\$ (4,942,223)</u>	<u>\$ 5,508,432</u>	<u>\$ 1,725,166</u>	<u>\$ 29,178,148</u>

**Sibley County
Gaylord, Minnesota**

Exhibit 6

**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, 2022**

Net change in fund balances – total governmental funds (Exhibit 5)	\$	(174,095)
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Amounts reported for governmental activities in the statement of activities are different because:

In the funds, distributions of joint venture equity interest are reported as revenue. In the statement of net position, an asset is reported for the equity interest, and distributions, increases, and decreases in joint venture equity are reported in the statement of activities. The adjustment is the increase or decrease in equity in the joint venture.		1,436,413
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In the funds, under the modified accrual basis, receivables not available for expenditure are unavailable. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in unavailable revenue.

Unavailable revenue – December 31	\$ 9,787,289	
Unavailable revenue – January 1	(7,313,695)	2,473,594

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 expense. Also, in the statement of activities, the gain or loss on the sale or disposal of assets is reported; whereas, in the governmental funds, the proceeds from sales is reported. The difference is the net book value of assets sold or disposed.

Expenditures for general capital assets	\$ 3,932,243	
Current year depreciation	(3,995,113)	
Net book value of assets sold or disposed	(46,088)	(108,958)

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

Proceeds of new debt – AgBMP loans issued	\$ (248,709)	
Repayment of debt principal	702,724	
Amortization of premiums on bonds	7,848	461,863

**Sibley County
Gaylord, Minnesota**

Exhibit 6
(Continued)

**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, 2022**

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

Change in inventories	\$	111,405	
Change in deferred other postemployment benefits outflows		(14,026)	
Change in deferred pension outflows		1,242,350	
Change in accrued interest payable		3,159	
Change in compensated absences		(93,195)	
Change in other postemployment benefits liability		(68,674)	
Change in net pension asset		(48,545)	
Change in net pension liability		(8,452,874)	
Change in deferred other postemployment benefits inflows		27,755	
Change in deferred pension inflows		<u>6,131,440</u>	<u>(1,161,205)</u>
Change in Net Position of Governmental Activities (Exhibit 2)			<u><u>\$ 2,927,612</u></u>

Proprietary Fund

**Sibley County
Gaylord, Minnesota**

Exhibit 7

**Statement of Fund Net Position
Sibley Estates Enterprise Fund
December 31, 2022**

Assets

Current assets

Cash and temporary investments	\$ 312,987
Tenant deposits held in trust	14,727
Restricted deposits	84,044
Petty cash and change funds	300
Accounts receivable	7,460
Prepaid items	714

Total current assets	<u>\$ 420,232</u>
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Noncurrent assets

Capital assets	
Non-depreciable	\$ 23,500
Depreciable – net of accumulated depreciation	425,711

Total noncurrent assets	<u>\$ 449,211</u>
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Total Assets	<u>\$ 869,443</u>
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Liabilities

Current liabilities

Accounts payable	\$ 15,957
Due to other governments	2,253
Accrued interest payable	813
Security deposits payable	13,306

Total Liabilities	<u>\$ 32,329</u>
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Net Position

Investment in capital assets	\$ 449,211
Restricted for housing and redevelopment	85,465
Unrestricted	302,438

Total Net Position	<u>\$ 837,114</u>
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**Sibley County
Gaylord, Minnesota**

Exhibit 8

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Sibley Estates Enterprise Fund
For the Year Ended December 31, 2022**

Operating Revenues	
Rents	\$ 186,157
Intergovernmental – federal	179,975
Miscellaneous	9,011
Total Operating Revenues	\$ 375,143
Operating Expenses	
Professional services	\$ 103,892
Telephone	4,537
Utilities	55,911
Taxes and licenses	2,973
Marketing costs	1,931
Insurance	12,045
Repairs and maintenance	180,852
Independent public accountant costs	8,200
Miscellaneous	23,530
Depreciation	27,252
Total Operating Expenses	\$ 421,123
Operating Income (Loss)	\$ (45,980)
Nonoperating Revenues (Expenses)	
Interest income	\$ 3,614
Interest expense	(57)
Total Nonoperating Revenues (Expenses)	\$ 3,557
Change in Net Position	\$ (42,423)
Net Position – January 1	879,537
Net Position – December 31	\$ 837,114

**Sibley County
Gaylord, Minnesota**

Exhibit 9

**Statement of Cash Flows
Sibley Estates Enterprise Fund
For the Year Ended December 31, 2022**

Cash Flows from Operating Activities	
Receipts from customers	\$ 190,429
Receipts from government agencies	179,975
Payments to suppliers and vendors	(320,879)
Other cash receipts	64
Payments to and on behalf of employees	<u>(72,408)</u>
Net cash provided by (used in) operating activities	<u>\$ (22,819)</u>
Cash Flows from Investing Activities	
Interest paid	\$ (101)
Interest received on investments	<u>3,614</u>
Net cash provided by (used in) investing activities	<u>\$ 3,513</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (19,306)
Cash and Cash Equivalents, January 1	<u>431,364</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 412,058</u></u>
Reconciliation of Cash and Cash Equivalents to the Statement of Fund Net Position – Exhibit 7	
Cash and temporary investments	\$ 312,987
Tenant deposits held in trust	14,727
Restricted deposits	84,044
Petty cash and change funds	<u>300</u>
Total Cash and Cash Equivalents – December 31	<u><u>\$ 412,058</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	<u>\$ (45,980)</u>
Other income related to operations	<u>\$ 64</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 27,252
(Increase) decrease in accounts receivable	(5,569)
(Increase) decrease in prepaid items	(189)
Increase (decrease) in accounts payable	330
Increase (decrease) in due to other governments	244
Increase (decrease) in accrued liabilities	199
Increase (decrease) in security deposits payable	<u>830</u>
Total adjustments	<u>\$ 23,097</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (22,819)</u></u>

Fiduciary Funds

**Sibley County
Gaylord, Minnesota**

Exhibit 10

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
<u>Assets</u>		
Cash and pooled investments	\$ 41,494	\$ 380,264
Taxes receivable for other governments	-	319,382
Special assessments receivable for other governments	-	101,802
Accounts receivable	-	79,766
Total Assets	\$ 41,494	\$ 881,214
<u>Liabilities</u>		
Due to others	\$ -	\$ 13,702
Due to other governments	-	209,320
Total Liabilities	\$ -	\$ 223,022
<u>Deferred Inflows of Resources</u>		
Prepaid taxes	\$ -	\$ 89,158
<u>Net Position</u>		
Restricted for individuals, organizations, and other governments	\$ 41,494	\$ 569,034

**Sibley County
Gaylord, Minnesota**

Exhibit 11

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2022**

	<u>Social Welfare Private-Purpose Trust Fund</u>	<u>Custodial Funds</u>
<u>Additions</u>		
Contributions from individuals	\$ 420,406	\$ 652,786
Interest earnings	18	500
Property tax collections for other governments	-	16,806,527
Fees collected for the state	-	3,234,496
Payments from the state	-	110,950
Refunds collected for other entities	-	31
Payments from other entities	-	125,070
Miscellaneous	-	23,197
Total Additions	<u>\$ 420,424</u>	<u>\$ 20,953,557</u>
<u>Deductions</u>		
Beneficiary payments to individuals	\$ 427,035	\$ 4,021
Payments of property tax to other governments	-	16,660,108
Payments to the state	-	3,552,817
Administrative expense	-	36,404
Payments to other entities	-	513,617
Total Deductions	<u>\$ 427,035</u>	<u>\$ 20,766,967</u>
Change in Net Position	<u>\$ (6,611)</u>	<u>\$ 186,590</u>
Net Position – January 1	<u>48,105</u>	<u>382,444</u>
Net Position – December 31	<u><u>\$ 41,494</u></u>	<u><u>\$ 569,034</u></u>

Sibley County Gaylord, Minnesota

Notes to the Financial Statements As of and for the Year Ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2022. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

Financial Reporting Entity

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

Discretely Presented Component Unit

While part of the reporting entity, discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. Sibley County has one discretely presented component unit. In 2022, the Board of County Commissioners adopted a motion to abolish the Sibley County Library System. See additional information in the special item note disclosures.

Component Units of the County		
Component Unit	Component Unit Included in Reporting Entity Because	Separate Financial Statements
Sibley County Library System	The Sibley County Library System is a financial burden to Sibley County.	Separate financial statements are not prepared.

Joint Ventures and Jointly-Governed Organizations

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

Basic Financial Statements

Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the County and its component unit. These statements include the financial activities of the

Sibley County Gaylord, Minnesota

overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

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

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

Fund Financial Statements

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

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

The County reports the following major governmental funds:

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

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

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

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

Sibley County Gaylord, Minnesota

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

The County reports the following major enterprise fund:

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

Additionally, the County reports the following fund types:

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2022. A market approach is used to value all investments other than external

Sibley County Gaylord, Minnesota

investment pools and mutual funds, which are measured at the net asset value. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund.

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

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

Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2022 were \$161,450.

Receivables and Payables

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

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

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

Special assessments receivable consist of delinquent special assessments payable in the years 2016 through 2022 and noncurrent special assessments payable in 2023 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments receivable.

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

Capital Assets

The County's capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in

Sibley County Gaylord, Minnesota

excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (entry price) on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Estimated Useful Lives of Capital Assets

Assets	Years
Buildings and building improvements	35-75
Infrastructure	25-75
Machinery, furniture, and equipment	3-15
Improvements other than buildings	15-20

Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated Paid Time Off (PTO) leave balances. The liability is calculated using the vesting method, in which leave amounts for all employees who currently are eligible to receive termination payments and other employees who are expected to be eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee retirements and resignations. The current portion is calculated as 27 percent of the total liability. The compensated absences liability is liquidated by funds that have personal services.

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The County reports deferred outflows of resources only under the full accrual

Sibley County Gaylord, Minnesota

basis of accounting associated with pension plans and other postemployment benefits (OPEB) and, accordingly, are reported only in the statement of net position.

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

Pension Plan

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

Unearned Revenue

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

Classification of Net Position

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

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

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

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

Sibley County

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Classification of Fund Balances

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

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

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

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

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

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

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

Sibley County has adopted a minimum fund balance policy for the General Fund, Public Works Special Revenue Fund, and Public Health and Human Services Special Revenue Fund. The policy requires that the combined unrestricted fund balance of the General Fund, Public Works Special Revenue Fund, and Public Health and Human Services Special Revenue Fund maintain a minimum fund balance at year-end of 35 percent of the subsequent year’s combined expenditure budget. The County does not have a minimum fund balance policy for its other funds.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; and disclosure of

Sibley County

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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.

Special Item

The Sibley County Board of Commissioners adopted a motion to abolish the Sibley County Library Board as of the end of fiscal year 2022. The County transferred the library operations to the Cities of Arlington, Gaylord, Gibbon, Henderson, and Winthrop effective December 31, 2022.

Transfer of Operations

Cash	\$	208,983
Fund Balance		208,983
Deferred pension outflows		84,701
Net pension liability		261,361
Deferred pension inflows		23,796
Net position		8,527

Revenues

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, revenues for nonexchange transactions are recognized based on the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs. The modified accrual basis of accounting is used by all governmental fund types. Under this basis, revenue is not recognized in the financial statements unless it is available to finance current expenditures.

Imposed Nonexchange Transactions

Imposed nonexchange transactions result from assessments by governments on non-governmental entities and individuals. Property taxes, fines and penalties, and property forfeitures are imposed nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes were levied. Fines and penalties and property forfeitures are recognized in the period received.

Intergovernmental

Government-mandated nonexchange transactions occur when a government at one level provides resources to a government at another level and requires that government to use them for a specific purpose. The provider government establishes purpose restrictions and also may establish time requirements. Federal and state grants mandating the County perform particular programs are government-mandated nonexchange transactions. Revenues are recognized when eligibility and time requirements are met, usually when the corresponding expenditure is incurred.

Sibley County

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Voluntary nonexchange transactions result from legislative or contractual agreements, such as grants, entitlements, appropriations, and donations. The provider may establish purpose restrictions or eligibility requirements. Revenues are recognized in the year to which they apply according to the statute or contract. Gifts and contributions from individuals are also considered voluntary nonexchange transactions and are generally recognized when received.

Tax credits paid by the state are included in intergovernmental revenues and are recognized as revenue in the fiscal year that they become available. Subject to the availability criterion, state-aid highway allotments or unallotments for highway maintenance and construction are recognized as revenue in the year of allotment.

Exchange Transactions

Special assessments levied against benefitting properties are recognized when levied. Other revenues, such as licenses and permits, charges for services, and investment income, are recognized as revenue when earned.

Note 2 – Stewardship, Compliance, and Accountability

Deficit Fund Balance – Ditch Special Revenue Fund

The Ditch Special Revenue Fund has a deficit fund balance of \$4,942,223. The deficit will be eliminated with future special assessment levies against benefitted properties. The following is a summary of the individual ditch systems:

Individual Ditch System Fund Balance

33 ditches with positive fund balances	\$ 856,773
47 ditches with deficit fund balances	<u>(5,798,996)</u>
Total Fund Balance	<u>\$ (4,942,223)</u>

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Note 3 – Detailed Notes

Assets

Deposits and Investments

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

**Reconciliation of the County's Total Cash and Investments to the Basic
Financial Statements as of December 31, 2022**

Governmental activities	
Cash and pooled investments	\$ 28,321,862
Petty cash and change funds	6,125
Investments	25,000
Business-type activities	
Cash and temporary investments	312,987
Tenant deposits held in trust	14,727
Restricted deposits	84,044
Petty cash and change funds	300
Fiduciary funds	
Private-purpose trust funds	
Cash and pooled investments	41,494
Custodial funds	
Cash and pooled investments	380,264
Sibley County Library System component unit	
Cash and pooled investments	189,156
Total Cash and Investments	<u>\$ 29,375,959</u>
Deposits	\$ 2,631,193
Petty cash and change funds	6,425
Investments	<u>26,738,341</u>
Total	<u>\$ 29,375,959</u>

Deposits

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

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

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Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County's policy regarding custodial credit risk for deposits is to obtain collateral or bond to cover any uninsured portion of the County's deposits and to comply with state law. As of December 31, 2022, Sibley County's deposits were not exposed to custodial credit risk.

Investments

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

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

Fair Value Measurement

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

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

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At December 31, 2022, the County had the following recurring fair value measurements.

Recurring Fair Value Measurements as of December 31, 2022

	December 31, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. agencies	\$ 2,084,803	\$ -	\$ 2,084,803	\$ -
Negotiable certificates of deposit	14,468,604	-	14,468,604	-
Total Investments Included in the Fair Value Hierarchy	<u>\$ 16,553,407</u>	<u>\$ -</u>	<u>\$ 16,553,407</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	\$ 9,491,719			
Money Market Mutual Fund	<u>693,215</u>			
Total Investments Measured at the NAV	<u>\$ 10,184,934</u>			

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

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

The money market mutual fund value is published at NAV per share. The County invests in this money market account for short-term holdings. Shares are available to be redeemed upon proper notice without restriction or limitation.

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

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.

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Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. It is the County's policy to minimize its exposure to interest rate risk by (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby, avoiding the need to sell securities in the open market; and (2) investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the County's cash requirements. At December 31, 2022, the County had the following investments with specified maturity dates:

Cash and Investments and Information Relating to Potential Investment Risk as of December 31, 2022

	Carrying (Fair) Value	Maturity Dates	
		0-1 Year	Over 1 Year
U.S. government securities*	\$ 2,084,803	\$ 247,240	\$ 1,837,563
Negotiable certificates of deposit	14,468,604	6,542,233	7,926,371
MAGIC Portfolio	9,491,719	9,491,719	-
Money Market Mutual Fund	693,215	693,215	-
Total	\$ 26,738,341	\$ 16,974,407	\$ 9,763,934

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

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. While the County does not have a policy on credit risk, it invests only in securities that meet the ratings requirements set by state statute. Investments in negotiable certificates of deposit and the MAGIC Portfolio are unrated. The County's other exposure to credit risk as of December 31, 2022, is as follows:

Credit Risk of Investments

Moody's Rating	Fair Value
Aaa	\$ 2,084,803
Aaa-mf	693,215
Total	<u>\$ 2,778,018</u>

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County's investment policy is to minimize investment custodial credit risk by permitting brokers that obtained investments for the County to hold them only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage available. Securities purchased that exceed available SIPC coverage shall be transferred to the County's custodian. As of December 31, 2022, the County's investments were not subject to custodial credit risk.

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Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy to diversify its investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. At December 31, 2022, all County investments with a single issuer represented less than five percent of the County's total investment portfolio.

Receivables

Receivables as of December 31, 2022, for the County are as follows:

Governmental Activities' Receivables as of December 31, 2022

	Receivable	Less: Allowance for Uncollectible Accounts	Net Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities				
Taxes – delinquent	\$ 151,328	\$ -	\$ 151,328	\$ -
Special assessments – delinquent	25,450	-	25,450	-
Special assessments – noncurrent	5,314,099	-	5,314,099	3,508,495
Accounts receivable	1,004,038	54,849	949,189	-
Accrued interest receivable	225,679	-	225,679	-
Due from other governments	5,239,911	-	5,239,911	-
Loans receivable	112,488	-	112,488	67,714
Total Governmental Activities	<u>\$ 12,072,993</u>	<u>\$ 54,849</u>	<u>\$ 12,018,144</u>	<u>\$ 3,576,209</u>

Loans receivable represents the unpaid principal portions of loans made by the County through its Revolving Loan Fund. Principal and interest received by the County on these loans are recognized, at the fund level, in the period in which they are collected.

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Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

Governmental Activities

Changes in Capital Assets for the Year Ended December 31, 2022

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,792,784	\$ 19,893	\$ -	\$ 1,812,677
Construction in progress	4,508,780	2,655,364	3,424,769	3,739,375
Total capital assets not depreciated	\$ 6,301,564	\$ 2,675,257	\$ 3,424,769	\$ 5,552,052
Capital assets depreciated				
Infrastructure	\$ 92,447,643	\$ 3,547,726	\$ -	\$ 95,995,369
Buildings and building improvements	14,391,412	289,870	-	14,681,282
Machinery, furniture, and equipment	9,710,298	844,159	428,823	10,125,634
Improvements other than buildings	323,408	-	-	323,408
Total capital assets depreciated	\$ 116,872,761	\$ 4,681,755	\$ 428,823	\$ 121,125,693
Less: accumulated depreciation for				
Infrastructure	\$ 33,423,130	\$ 2,876,739	\$ -	\$ 36,299,869
Buildings and building improvements	5,313,084	394,108	-	5,707,192
Machinery, furniture, and equipment	5,388,424	705,658	382,735	5,711,347
Improvements other than buildings	20,251	18,608	-	38,859
Total accumulated depreciation	\$ 44,144,889	\$ 3,995,113	\$ 382,735	\$ 47,757,267
Total capital assets depreciated, net	\$ 72,727,872	\$ 686,642	\$ 46,088	\$ 73,368,426
Total Capital Assets, Net	\$ 79,029,436	\$ 3,361,899	\$ 3,470,857	\$ 78,920,478

Business-Type Activities

Changes in Capital Assets for the Year Ended December 31, 2022

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 23,500	\$ -	\$ -	\$ 23,500
Capital assets depreciated				
Improvements other than buildings	\$ 58,536	\$ -	\$ -	\$ 58,536
Buildings and improvements	1,736,535	-	-	1,736,535
Machinery, furniture, and equipment	161,707	-	-	161,707
Total capital assets depreciated	\$ 1,956,778	\$ -	\$ -	\$ 1,956,778
Less: accumulated depreciation	1,503,815	27,252	-	1,531,067
Total capital assets depreciated, net	\$ 452,963	\$ (27,252)	\$ -	\$ 425,711
Total Capital Assets, Net	\$ 476,463	\$ (27,252)	\$ -	\$ 449,211

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

Depreciation Expense Charged to Functions/Programs

Governmental Activities	
General government	\$ 405,479
Public safety	234,104
Highways and streets, including depreciation of infrastructure assets	3,337,521
Human services	5,699
Culture and recreation	8,219
Conservation of natural resources	4,091
Total Depreciation Expense – Governmental Activities	\$ 3,995,113
Business-Type Activities	
Housing and redevelopment	\$ 27,252

Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2022, is as follows:

Due To/From Other Funds

Due To/From Other Funds as of December 31, 2022

Receivable Fund	Payable Fund	Amount
General Fund	Public Health and Human Services Special Revenue Fund	\$ 3,981
	Ditch Special Revenue Fund	3,094,990
Total due to General Fund		\$ 3,098,971
Public Works Special Revenue Fund	General Fund	15,807
Ditch Special Revenue Fund	Public Works Special Revenue Fund	44,505
Capital Projects Fund	Ditch Special Revenue Fund	3,000,000
Total Due To/From Other Funds		\$ 6,159,283

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

Advance To/From Other Funds

Advance To/From Other Funds as of December 31, 2022

Receivable Fund	Payable Fund	Amount
General Fund	Water Projects Special Revenue Fund	\$ 63,548

The advance from the General Fund was due to the Water Projects Special Revenue Fund overdrawing cash from the pooled cash and investments.

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Interfund Transfers

Transfers To/From Other Funds			
Transfers Out	Transfers In	Amount	Purpose
General Fund	Capital Projects Fund	\$ 534,552	Capital outlay
Public Health and Human Services Special Revenue Fund	Capital Projects Fund	995,253	Capital outlay
Total Due To/From Other Funds		<u>\$ 1,529,805</u>	

Liabilities

Security Deposits Payable

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

Contract Commitments

The County has active contract commitments as of December 31, 2022. The commitments include the following:

Active Construction Projects and Other Commitments as of December 31, 2022

	Spent-to-Date	Remaining Commitment
Public Works Special Revenue Fund		
Highway projects	\$ 2,718	\$ 1,166,278

Sibley County Gaylord, Minnesota

Long-Term Debt

Long-Term Debt Payable as of December 31, 2022

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2022
General obligation bonds					
2017 G.O. Capital Improvement Bonds	2038	\$245,000-\$360,000	2.00-3.25	\$ 5,085,000	\$ 4,715,000
General obligation special assessment bonds					
2012 G.O. Special Assessment Refunding Bonds	2023	\$50,000	2.35	\$ 645,000	\$ 50,000
2017 G.O. Bonds County Ditch 29	2038	\$50,000-\$70,000	2.00-3.25	1,090,000	920,000
2017 G.O. Bonds County Ditch 39	2037	\$5,000-\$10,000	2.00-3.25	130,000	110,000
2017 G.O. Bonds Joint Ditch 32 SM	2032	\$5,000-\$10,000	2.00-3.00	85,000	65,000
2017 G.O. Bonds Joint Ditch 18 SM Redetermination	2023	\$60,000	2.00	275,000	60,000
2017 G.O. Bonds Joint Ditch 18 SM Repair	2038	\$15,000-\$20,000	2.00-3.25	330,000	275,000
Total General Obligation Special Assessment Bonds				\$ 2,555,000	\$ 1,480,000
Minnesota Pollution Control Agency (MnPCA) loans					
Middle Minnesota II	2023	\$2,419	2.00	\$ 43,657	\$ 4,767
Bevens Silver Creek	2023	\$7,332	2.00	132,304	14,446
Total MnPCA Loans				\$ 175,961	\$ 19,213
Minnesota Department of Agriculture loans					
Ag Best Management Loan Program (AgBMP)	2034	\$2,186-\$96,141	-	\$ 2,902,336	\$ 1,351,502

Debt Service Requirements

Debt service requirements at December 31, 2022, were as follows:

Debt Service Requirements as of December 31, 2022

Year Ending December 31	General Obligation Bonds		General Obligation Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 245,000	\$ 126,500	\$ 185,000	\$ 37,788
2024	250,000	121,550	75,000	35,100
2025	255,000	116,500	75,000	33,600
2026	260,000	111,025	75,000	32,006
2027	265,000	104,788	75,000	30,225
2028-2032	1,430,000	413,788	435,000	118,681
2033-2037	1,650,000	189,188	470,000	51,750
2038	360,000	5,850	90,000	1,463
Total	\$ 4,715,000	\$ 1,189,189	\$ 1,480,000	\$ 340,613

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Debt Service Requirements as of December 31, 2022

Year Ending December 31	MnPCA Loans		AgBMP Loans	
	Principal	Interest	Principal	Interest
2023	\$ 19,213	\$ 289	\$ 179,564	\$ -
2024	-	-	185,350	-
2025	-	-	177,902	-
2026	-	-	168,941	-
2027	-	-	154,695	-
2028-2032	-	-	460,961	-
2033-2034	-	-	24,089	-
Total	\$ 19,213	\$ 289	\$ 1,351,502	\$ -

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

Changes in Long-Term Liabilities for the Year Ended December 31, 2022

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities long-term liabilities					
Bonds payable					
General obligation bonds	\$ 4,950,000	\$ -	\$ 235,000	\$ 4,715,000	\$ 245,000
Add: Unamortized premium	91,290	-	5,675	85,615	-
General obligation special assessment bonds	1,655,000	-	175,000	1,480,000	185,000
Add: Unamortized premium	34,966	-	2,173	32,793	-
Total bonds payable	\$ 6,731,256	\$ -	\$ 417,848	\$ 6,313,408	\$ 430,000
MnPCA loans	40,569	-	21,356	19,213	19,213
AgBMP loans	1,374,161	248,709	271,368	1,351,502	179,564
Compensated absences	1,642,365	1,132,825	1,039,630	1,735,560	468,601
Total Governmental Activities Long-Term Liabilities	\$ 9,788,351	\$ 1,381,534	\$ 1,750,202	\$ 9,419,683	\$ 1,097,378

Deferred Inflows of Resources

Deferred inflows of resources as of December 31, 2022, for the County's governmental funds are as follows:

Governmental Funds Deferred Inflows of Resources as of December 31, 2022

	Deferred Inflows of Resources
Unavailable revenue	
Delinquent property taxes	\$ 151,328
Special assessments receivable, delinquent and noncurrent	5,080,294
Highway allotments that do not provide current financial resources	3,991,852
Grants	150,370
Charges for services	377,209
Accrued interest	36,236
Total Governmental Funds	\$ 9,787,289

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Other Postemployment Benefits (OPEB)

Plan Description

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

The plan offers County medical insurance coverage for eligible retired employees and their spouses. Retirees pay 100 percent of the blended active/retiree premium rate, in accordance with Minn. Stat. § 471.61, subd. 2b. By participating, the retirees, whose cost is statistically higher than the group average, are receiving an implicit rate "subsidy." The implicit rate subsidy amount was determined by an actuarial study to be \$24,851 for 2022.

As of the January 1, 2022, actuarial valuation, the following participants were covered by the benefit terms:

Employees Covered by the OPEB Benefit Terms As of the January 1, 2022, Actuarial Valuation

Retirees or beneficiaries currently receiving benefits	4
Active employee plan participants	173
Total	177

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

Total OPEB Liability

The County's total OPEB liability of \$713,055 was determined by an actuarial valuation as of January 1, 2021, which was rolled forward to a measurement date of January 1, 2022. The OPEB liability is liquidated through the General Fund and other governmental funds that have personal services.

The total OPEB liability in the fiscal year-end December 31, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

OPEB Actuarial Assumptions and Other Inputs

Inflation	2.00 percent
Salary increases	Graded by service years and contract group ranging from 10.25 percent for one year of service (12.25 percent for public safety) to 3.00 percent for 27 or more years of service (3.25 percent for public safety)
Health care cost trend	6.25 percent, grading to 5.00 percent over six years and then 4.00 percent over the next 48 years

The current year discount rate is 2.00 percent, which is no change from the prior year rate. For the current valuation, the discount rate is based on the estimated yield of 20-year AA-rated municipal bonds.

Mortality rates are based on the Pub-2010 Public Retirement Plans Headcount Weighted Mortality tables (General, Safety) with MP-2020 Generational Improvement Scale.

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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, 2022

	Total OPEB Liability
Balance at December 31, 2021	\$ 644,381
Changes for the year	
Service cost	\$ 79,328
Interest	14,227
Benefit payments	(24,881)
Net change	\$ 68,674
Balance at December 31, 2022	\$ 713,055

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, 2022

	Discount Rate	Total OPEB Liability
1% Decrease	1.00%	\$ 768,299
Current	2.00%	713,055
1% Increase	3.00%	660,704

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

Sensitivity of the Total OPEB Liability to Changes in the Health Care Trend Rates as of December 31, 2022

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.25% Decreasing to 4.00%	\$ 623,417
Current	6.25% Decreasing to 5.00%	713,055
1% Increase	7.25% Decreasing to 6.00%	820,493

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

For the year ended December 31, 2022, the County recognized OPEB expense of \$79,796. The County reported

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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, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 19,890	\$ 80,367
Difference between actual and expected results	27,068	17,357
Contributions made subsequent to the measurement date	24,851	-
Total	<u>\$ 71,809</u>	<u>\$ 97,724</u>

The \$24,851 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, 2023. 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, 2022

Year Ended December 31	OPEB Expense Amount
2023	\$ (13,759)
2024	(13,759)
2025	(13,754)
2026	(2,264)
2027	(7,230)

Changes in Actuarial Assumptions

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

Pension Plans

Defined Benefit Pension Plans

Plan Description

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

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with

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

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, 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 for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years and increasing five percent for each year of service until fully vested after 20 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 maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

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 maximum of 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. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before

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the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

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

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

Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. Rates did not change from 2021.

Member and Employer Required Contribution Rates

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

Employer Contributions for the Year Ended December 31, 2022

General Employees Plan	\$ 627,646
Police and Fire Plan	214,121
Correctional Plan	67,472

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

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[Pension Costs](#)

General Employees Plan

At December 31, 2022, the County reported a liability of \$8,609,076 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 0.1087 percent. It was 0.1106 percent measured as of June 30, 2021. The County recognized pension expense of \$1,292,704 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. The County recognized an additional \$37,718 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, 2022

The County's proportionate share of the net pension liability	\$ 8,609,076
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>252,422</u>
Total	<u><u>\$ 8,861,498</u></u>

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

General Employees Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 71,909	\$ 93,089
Changes in actuarial assumptions	1,981,418	33,565
Difference between projected and actual investment earnings	78,170	-
Changes in proportion	226,409	60,854
Contributions paid to PERA subsequent to the measurement date	<u>315,595</u>	<u>-</u>
Total	<u><u>\$ 2,673,501</u></u>	<u><u>\$ 187,508</u></u>

The \$315,595 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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General Employees Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2022

Year Ended December 31	Pension Expense Amount
2023	\$ 853,904
2024	851,734
2025	(313,803)
2026	778,563

Police and Fire Plan

At December 31, 2022, the County reported a liability of \$4,208,002 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 0.0967 percent. It was 0.0845 percent measured as of June 30, 2021. The County recognized pension expense of \$469,923 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed \$18 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2022. 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 each year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional \$35,649 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

Police and Fire Plan Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2022

The County's proportionate share of the net pension liability	\$ 4,208,002
State of Minnesota's proportionate share of the net pension liability associated with the County	183,784
Total	<u>\$ 4,391,786</u>

Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized \$8,703 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan.

The County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and

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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, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 242,315	\$ -
Changes in actuarial assumptions	2,366,330	20,652
Difference between projected and actual investment earnings	181,991	-
Changes in proportion	135,988	13,251
Contributions paid to PERA subsequent to the measurement date	110,809	-
Total	<u>\$ 3,037,433</u>	<u>\$ 33,903</u>

The \$110,809 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, 2023. 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, 2022

Year Ended December 31	Pension Expense Amount
2023	\$ 565,793
2024	570,475
2025	524,493
2026	866,151
2027	365,809

Correctional Plan

At December 31, 2022, the County reported a liability of \$1,011,161 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 0.3042 percent. It was 0.2955 percent measured as of June 30, 2021. The County recognized pension expense of \$356,312 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:

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Correctional Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 32,797
Changes in actuarial assumptions	648,891	1,442
Difference between projected and actual investment earnings	36,048	-
Changes in proportion	1,250	953
Contributions paid to PERA subsequent to the measurement date	36,901	-
Total	<u>\$ 723,090</u>	<u>\$ 35,192</u>

The \$36,901 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, 2023. 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, 2022

Year Ended December 31	Pension Expense Amount
2023	\$ 221,492
2024	230,638
2025	117,634
2026	81,233

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2022, was \$2,118,939.

Actuarial Assumptions

The total pension liability in the June 30, 2022, 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, 2022

	General Employees Fund	Police and Fire Fund	Correctional Fund
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	6.50%	6.50%	6.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and

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disabilitants were based on the Pub-2010 General Employee Mortality table for the General Employees Plan and the Pub-2010 Public Safety Employee Mortality tables for the Police and Fire and the Correctional Plans, with slight adjustments. Cost-of-living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan and 2.00 percent for the Correctional Plan per year through December 31, 2054, and 1.50 percent per year thereafter. 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, 2022, valuations were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. The experience study for the Police and Fire Plan was dated July 14, 2020. The experience study for the Correctional Plan was dated July 10, 2020. For all plans, a review of inflation and investment assumptions dated July 12, 2022, was utilized.

The long-term expected rate of return on pension plan investments is 6.50 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 equities	33.50%	5.10%
International equities	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 6.50 percent for the General Employees Plan in 2022, which remained consistent with 2021. 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 was 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.

In the Police and Fire Plan and Correctional Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060, and June 30, 2061, respectively. Beginning in fiscal year ended June 30, 2061, for the Police and Fire Plan and June 30, 2062, for the Correctional Plan, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent, based on the weekly rate closest to but not later than the measurement date of the Fidelity 20-Year Municipal GO AA Index. An equivalent single discount rate of 5.40 percent for the Police and Fire Plan and 5.42 percent for the Correctional Plan was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.50 percent applied to all years of

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projected benefits to the point of asset depletion and 3.69 percent thereafter.

Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2022:

General Employees Plan

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

Police and Fire Plan

- 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.

Correctional Plan

- 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.

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, 2022

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	5.50%	\$ 13,598,486	4.40%	\$ 6,368,271	4.42%	\$ 1,781,109
Current	6.50%	8,609,076	5.40%	4,208,002	5.42%	1,011,161
1% Increase	7.50%	4,516,989	6.40%	2,461,554	6.42%	405,809

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.

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Defined Contribution Plan

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

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

**Total Contributions by Dollar Amount and
Percentage of Covered Payroll Made by the Employer
For the Year Ended December 31, 2022**

	Employee		Employer	
Contribution amount	\$	8,750	\$	8,750
Percentage of covered payroll		5.00%		5.00%

Note 4 – Risk Management

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

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2022 and 2023. 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.

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

Note 5 – Summary of Significant Contingencies and Other Items

Contingent Liabilities

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

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

In 1993, the South Central Minnesota Multi-County Housing and Redevelopment Authority issued \$20,315,000 of revenue bonds to construct housing units in Sibley County and four surrounding counties. The Authority has since defaulted on these bonds. In 2000, the counties entered into a settlement agreement where each of the counties will approve a special tax levy on behalf of the Authority from 2001 through 2024 to cover the operating deficits based on each county's proportionate share of the housing units constructed. Sibley County's proportionate share of the operating deficit for 2022 is \$150,199. The proportionate shares of the counties may change for the years 2023 through 2024 if there are changes in the taxable market value over the 2001 taxable market value.

Joint Ventures

Meeker-McLeod-Sibley Community Health Services Board

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

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

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

McLeod and Sibley Joint Power Enterprise

The McLeod and Sibley Counties Joint Powers Enterprise was established in 2020 under the authority of Minn.

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

Sibley County Children's Collaborative

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

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

Sibley County is the fiscal agent of the Collaborative. Sibley County has no operational or financial control over the Collaborative. During the year, the County contributed \$1,000 to the Collaborative.

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

South Central Emergency Communications Board

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

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

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

South Central Workforce Service Area Joint Powers Board

In June 2012, the County entered into a joint powers agreement with Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Waseca, and Watonwan Counties, creating the South Central Workforce Service Area Joint Powers Board. The agreement is authorized by Minn. Stat. § 471.59. The Board is comprised of one voting member and one alternate member for each participating county. The goal of the Board is to develop and

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maintain a quality workforce for South Central Minnesota. Sibley County did not make any payments to this organization in 2021.

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

South Country Health Alliance

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

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

Each member county has an explicit and measurable right to its share of the total capital surplus of the SCHA. Gains and losses are allocated annually to all members based on the percentage of their utilization. Sibley County's equity interest in the SCHA at December 31, 2022, was \$3,788,738. The equity interest is reported as an investment in joint venture on the County's government-wide statement of net position. Changes in equity are included in the County's government-wide statement of activities as human services program expenses or revenues.

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

Trailblazer Transit Board

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

Financing is primarily provided from state and federal grants. Member counties are committed to providing the local match necessary to meet the requirements for state and federal funding. During the year, Sibley County contributed \$54,000 to the Board.

Current financial statements can be obtained with a one-day notice from the administrative office at Trailblazer

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Transit, Gary Ludwig, Director, 207 – 11th Street West, Glencoe, Minnesota 55336.

Tri-County Solid Waste

Sibley County entered into a joint powers agreement to create and operate Tri-County Solid Waste, pursuant to the Waste Management Act, Minn. Stat. § 471.59, and a joint powers agreement, effective November 3, 1987. Management of Tri-County Solid Waste is vested in the Tri-County Solid Waste Joint Powers Board, which consists of six representatives, two representatives from each Board of County Commissioners from Le Sueur, Nicollet, and Sibley Counties. The primary function of Tri-County Solid Waste is to coordinate solid waste management programs, excluding the collection and disposal of solid waste, within the multi-county area. Emphasis is placed on planning, recycling, hazardous waste, problem materials, and education.

One-half of the financing is provided by appropriations from the three counties based on the ratio of their population to the total population of the member counties, and one-half is provided by an equal appropriation from the three counties. Sibley County contributed \$86,237 in 2022. Sibley County is the fiscal agent. Current financial statements are not available.

Jointly-Governed Organizations

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

Region Five – Southwest Minnesota Homeland Security Emergency Management Organization

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

Minnesota Criminal Justice Data Communications Network

The Minnesota Criminal Justice Data Communications Network joint powers agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, Sibley County contributed \$2,440 to the joint powers entity.

Sentencing to Service

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

Sibley County

Gaylord, Minnesota

South Central Community-Based Initiative

The South Central Community-Based Initiative Joint Powers Board was established pursuant to Minn. Stat. §§ 471.59 and 245.4661 and a joint powers agreement effective June 20, 2008. The purpose of this joint powers agreement is to provide services to persons with mental illness in the most clinically-appropriate, person-centered, least restrictive, and cost-effective ways. The focus is on improved access and outcomes for persons with mental illness as a result of the collaboration between state-operated services programs and community-based treatment. The membership of the Board is comprised of one representative appointed by Blue Earth, Brown, Faribault, Freeborn, Le Sueur, Martin, Nicollet, Rice, Sibley, and Watonwan Counties. Sibley County did not contribute to the South Central Community-Based Initiative in 2022.

South Central Emergency Medical Service

The South Central Emergency Medical Service (SCEMS) Joint Powers Board consists of Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watonwan Counties. The purpose of the SCEMS is to ensure quality patient care is available throughout the nine-county area by maximizing the response capabilities of emergency medical personnel and to promote public education on injury prevention and appropriate response during a medical emergency. Each county appoints one member to the Joint Powers Board. Sibley County did not contribute to the SCEMS in 2022.

Southwest Minnesota Immunization Information Connection

The Southwest Minnesota Immunization Information Connection (SW-MIIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. Sibley County did not contribute to the SW-MIIC during 2022.

Property Assessed Clean Energy (MinnPACE) Loan Program

The County has entered into an agreement with the Saint Paul Port Authority to facilitate the implementation and administration of the MinnPACE loan program. Through this program, qualifying commercial building owners within the County can receive loans from the Port Authority for the purpose of financing energy efficiency and conservation building improvement projects. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement. By participating, the County has agreed to: (1) levy assessments against the related properties in accordance with the loan agreements between the Port Authority and property owners, (2) collect scheduled assessment payments, and (3) transfer all collections to the Port Authority. The County has met those responsibilities for 2022.

Opioid Settlement Funds

Sibley County is a participating government in the opioid settlement with pharmaceutical manufacturers, distributors, and pharmacy chains. The County is expected to receive \$896,430 over the next 18 years. The majority of the funds are intended for opioid abatement. The *Minnesota Opioids State-Subdivision Memorandum of Agreement* (MOA) identifies the requirements for Minnesota governments participating in the settlement. The County has combined the Opioid Settlement Fund with the General Fund for its financial statements. Funds are restricted until expended. The MOA requires that the County recognize the settlement revenues when the annual

Sibley County Gaylord, Minnesota

distribution is made to the participating governments. Therefore, the County does not record a receivable for the settlement. For the year ended December 21, 2022, the County received \$103,928 as part of the settlement.

Note 6 – Sibley County Library System Component Unit Disclosures

Summary of Significant Accounting Policies

In addition to those identified in Note 1, the County's discretely presented component unit has the following significant accounting policies.

Reporting Entity

The Sibley County Library System is an organization formed by the County to provide library services to Sibley County. It has branch libraries in five cities: Arlington, Gaylord, Gibbon, Henderson, and Winthrop. The Library Board consists of seven members, one member from each of the five cities, one Sibley County Commissioner, and one at-large representative from Sibley County. Sibley County is required by Minnesota statutes to provide financial support to the Sibley County Library System, which it does by means of an appropriation each year.

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

Basis of Presentation and Basis of Accounting

The Sibley County Library System does not prepare separate financial statements. The Sibley County Library System presents its one fund as a governmental fund.

The Sibley County Library System's General Fund is accounted for on the modified accrual basis of accounting.

Detailed Notes

Assets

Deposits

The Sibley County Library System is authorized by Minn. Stat. § 118A.02 to designate depositories for public funds. All Sibley County Library System deposits are required by Minn. Stat. § 118A.03 to be protected by 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 that is 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 that is not owned or controlled by the financial institution furnishing the collateral.

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Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the Sibley County Library System's deposits may not be returned to it. The Sibley County Library System follows the County's policy regarding custodial credit risk for deposits, which is to obtain collateral or bond to cover any uninsured portion of deposits and to comply with state law. As of December 31, 2022, the Sibley County Library System's deposits were not exposed to custodial credit risk.

Liabilities

Changes in Long-Term Liabilities

Changes in Long-Term Liabilities for the Year Ended December 31, 2022

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term liabilities					
Compensated absences	\$ 31,467	\$ -	\$ 31,467	\$ -	\$ -

Risk Management

The Sibley County Library System is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the Sibley County Library System carries commercial insurance. To manage these risks, the Sibley County Library System has entered into a joint powers agreement with Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The Sibley County Library System is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The Sibley County Library System does not offer employee health or dental benefits. For other risk, the Sibley County Library System carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2022 and 2023. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the Sibley County Library System in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining, and the Sibley County Library System 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 Sibley County Library System in a method and amount to be determined by MCIT.

The Sibley County Library System had coverage with MCIT through December 31, 2022, when coverage expired with the transfer of library operations to the Cities of Arlington, Gaylord, Gibbon, Henderson, and Winthrop.

Required Supplementary Information

**Sibley County
Gaylord, Minnesota**

Exhibit A-1

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 7,449,076	\$ 7,449,076	\$ 7,337,570	\$ (111,506)
Special assessments	132,400	132,400	219,328	86,928
Licenses and permits	59,215	59,215	49,994	(9,221)
Intergovernmental	1,440,085	1,440,085	1,672,407	232,322
Settlements	-	-	207,856	207,856
Charges for services	960,771	960,771	930,886	(29,885)
Fines and forfeits	13,662	13,662	9,519	(4,143)
Gifts and contributions	2,000	2,000	3,458	1,458
Investment earnings	368,440	368,440	155,227	(213,213)
Miscellaneous	291,604	291,604	318,104	26,500
Total Revenues	\$ 10,717,253	\$ 10,717,253	\$ 10,904,349	\$ 187,096
Expenditures				
Current				
General government				
County commissioners	\$ 307,717	\$ 307,717	\$ 295,572	\$ 12,145
Court administrator	9,620	9,620	9,192	428
Juvenile restitution	1,000	1,000	-	1,000
District court	116,500	116,500	135,633	(19,133)
Law library	20,000	20,000	11,849	8,151
County auditor	496,116	496,116	500,150	(4,034)
Deputy registrar	233,445	233,445	209,640	23,805
Audit services	87,224	87,224	82,725	4,499
Data processing information services	799,508	799,508	757,058	42,450
Elections/voter registration	185,326	185,326	261,918	(76,592)
County administrator	719,299	719,299	879,862	(160,563)
County attorney	524,726	524,726	505,423	19,303
County attorney forfeitures	10,196	10,196	1,168	9,028
County recorder	322,792	322,792	319,415	3,377
County surveyor	35,200	35,200	32,500	2,700
Assessor	565,977	565,977	579,933	(13,956)
Planning and zoning	124,079	124,079	111,545	12,534
Recorder's technology	28,200	28,200	28,236	(36)
Land records compliance	7,500	7,500	7,913	(413)
Courthouse building	80,455	80,455	147,940	(67,485)
Building custodians	200,703	200,703	185,941	14,762
Other County buildings	1,878	1,878	1,213	665
Jail building	61,906	61,906	75,142	(13,236)
Sibley County service center building	69,498	69,498	110,939	(41,441)
Sibley County sheriff storage garage	1,797	1,797	3,135	(1,338)
Sibley Estates East and West	7,000	7,000	-	7,000
County Connections building	-	-	6,724	(6,724)
Veterans service officer	142,301	142,301	147,292	(4,991)
Public transit	54,000	54,000	54,000	-
Fleet car	25,020	25,020	20,538	4,482
Shoreland ordinance	2,700	2,700	240	2,460
Non-departmental	16,500	16,500	13,465	3,035
Total general government	\$ 5,258,183	\$ 5,258,183	\$ 5,496,301	\$ (238,118)

**Sibley County
Gaylord, Minnesota**

Exhibit A-1
(Continued)

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Expenditures				
Current (Continued)				
Public safety				
County sheriff	\$ 1,549,506	\$ 1,549,506	\$ 1,608,192	\$ (58,686)
Alcohol enforcement and education	-	-	3,735	(3,735)
Enhanced 911 system	103,700	103,700	104,479	(779)
Drug task force	108,744	108,744	122,503	(13,759)
Prisoner board/County jail	1,512,537	1,512,537	1,576,113	(63,576)
Conceal and carry	23,694	23,694	7,099	16,595
Medical examiner	36,804	36,804	36,804	-
Probation officer	281,639	281,639	282,653	(1,014)
Sentence to serve	76,352	76,352	76,351	1
Emergency management	56,141	56,141	71,651	(15,510)
South Central Minnesota Regional Radio Board	1,500	1,500	-	1,500
Total public safety	\$ 3,750,617	\$ 3,750,617	\$ 3,889,580	\$ (138,963)
Sanitation				
SCORE solid waste	\$ 194,020	\$ 194,020	\$ 226,649	\$ (32,629)
County landfill	893	893	2,718	(1,825)
Total sanitation	\$ 194,913	\$ 194,913	\$ 229,367	\$ (34,454)
Culture and recreation				
Historical society	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Sibley County Library System	376,198	376,198	376,198	-
County parks	28,400	28,400	45,346	(16,946)
County seat trail	37,000	37,000	39,005	(2,005)
Total culture and recreation	\$ 456,598	\$ 456,598	\$ 475,549	\$ (18,951)
Conservation of natural resources				
Soil and water conservation	\$ 151,668	\$ 151,668	\$ 177,826	\$ (26,158)
Extension	172,239	172,239	158,479	13,760
Agriculture ditch inspector	270,288	270,288	298,232	(27,944)
County fair	25,000	25,000	25,000	-
Aquatic invasive species	-	-	61,575	(61,575)
Total conservation of natural resources	\$ 619,195	\$ 619,195	\$ 721,112	\$ (101,917)
Economic development				
Housing and Redevelopment Authority	\$ 150,549	\$ 150,549	\$ 152,576	\$ (2,027)
Minnesota Valley Action Council	-	-	7,034	(7,034)
Economic Development Commission	49,625	49,625	25,426	24,199
Total economic development	\$ 200,174	\$ 200,174	\$ 185,036	\$ 15,138

**Sibley County
Gaylord, Minnesota**

Exhibit A-1
(Continued)

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Expenditures (Continued)				
Intergovernmental				
Economic development	\$ -	\$ -	\$ 83,774	\$ (83,774)
Capital outlay				
General government	\$ 92,900	\$ 92,900	\$ 50,319	\$ 42,581
Public safety	29,000	29,000	89,660	(60,660)
Culture and recreation	500	500	4,316	(3,816)
Conservation of natural resources	20,000	20,000	-	20,000
Total capital outlay	\$ 142,400	\$ 142,400	\$ 144,295	\$ (1,895)
Total Expenditures	\$ 10,622,080	\$ 10,622,080	\$ 11,225,014	\$ (602,934)
Excess of Revenues Over (Under)				
Expenditures	\$ 95,173	\$ 95,173	\$ (320,665)	\$ (415,838)
Other Financing Sources (Uses)				
Transfers out	(61,575)	(61,575)	(534,552)	(472,977)
Net Change in Fund Balance	\$ 33,598	\$ 33,598	\$ (855,217)	\$ (888,815)
Fund Balance – January 1	9,615,666	9,615,666	9,615,666	-
Fund Balance – December 31	\$ 9,649,264	\$ 9,649,264	\$ 8,760,449	\$ (888,815)

**Sibley County
Gaylord, Minnesota**

Exhibit A-2

**Budgetary Comparison Schedule
Public Works Special Revenue Fund
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 4,856,622	\$ 4,856,622	\$ 4,741,328	\$ (115,294)
Intergovernmental	21,949,842	21,949,842	4,573,608	(17,376,234)
Charges for services	105,000	105,000	204,674	99,674
Miscellaneous	100,800	100,800	158,325	57,525
Total Revenues	\$ 27,012,264	\$ 27,012,264	\$ 9,677,935	\$ (17,334,329)
Expenditures				
Current				
Highways and streets				
Maintenance	\$ 3,181,082	\$ 3,181,082	\$ 3,217,954	\$ (36,872)
Construction	22,792,632	22,792,632	3,320,108	19,472,524
Equipment maintenance and shops	927,242	927,242	988,051	(60,809)
Administration	393,308	393,308	377,634	15,674
Township allotments	40,000	40,000	44,358	(4,358)
Total highways and streets	\$ 27,334,264	\$ 27,334,264	\$ 7,948,105	\$ 19,386,159
Intergovernmental				
Highways and streets	380,000	380,000	534,114	(154,114)
Capital outlay				
Highways and streets	18,000	18,000	46,937	(28,937)
Total Expenditures	\$ 27,732,264	\$ 27,732,264	\$ 8,529,156	\$ 19,203,108
Excess of Revenues Over (Under)				
Expenditures	\$ (720,000)	\$ (720,000)	\$ 1,148,779	\$ 1,868,779
Other Financing Sources (Uses)				
Transfers in	\$ 400,000	\$ 400,000	\$ -	\$ (400,000)
Transfers out	(455,000)	(455,000)	-	455,000
Total Other Financing Sources (Uses)	\$ (55,000)	\$ (55,000)	\$ -	\$ 55,000
Net Change in Fund Balance	\$ (775,000)	\$ (775,000)	\$ 1,148,779	\$ 1,923,779
Fund Balance – January 1	11,131,365	11,131,365	11,131,365	-
Increase (decrease) in inventories	-	-	111,405	111,405
Fund Balance – December 31	\$ 10,356,365	\$ 10,356,365	\$ 12,391,549	\$ 2,035,184

**Sibley County
Gaylord, Minnesota**

Exhibit A-3

**Budgetary Comparison Schedule
Public Health and Human Services Special Revenue Fund
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 3,862,788	\$ 3,862,788	\$ 3,779,766	\$ (83,022)
Intergovernmental	3,690,542	3,690,542	4,097,085	406,543
Charges for services	387,663	387,663	435,692	48,029
Miscellaneous	222,799	222,799	383,482	160,683
Total Revenues	\$ 8,163,792	\$ 8,163,792	\$ 8,696,025	\$ 532,233
Expenditures				
Current				
Human services				
Income maintenance	\$ 1,840,812	\$ 1,840,812	\$ 1,787,796	\$ 53,016
Social services	5,130,405	5,130,405	4,612,385	518,020
Miscellaneous social service programs	16,507	16,507	15,140	1,367
Total human services	\$ 6,987,724	\$ 6,987,724	\$ 6,415,321	\$ 572,403
Health				
Public health nurse	1,176,068	1,176,068	1,127,112	48,956
Total Expenditures	\$ 8,163,792	\$ 8,163,792	\$ 7,542,433	\$ 621,359
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 1,153,592	\$ 1,153,592
Other Financing Sources (Uses)				
Transfers out	-	-	(995,253)	(995,253)
Net Change in Fund Balance	\$ -	\$ -	\$ 158,339	\$ 158,339
Fund Balance – January 1	5,576,436	5,576,436	5,576,436	-
Fund Balance – December 31	\$ 5,576,436	\$ 5,576,436	\$ 5,734,775	\$ 158,339

**Sibley County
Gaylord, Minnesota**

Exhibit A-4

**Schedule of Changes in Total OPEB Liability and Related Ratios
Other Postemployment Benefits
December 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 79,328	\$ 77,017	\$ 57,866	\$ 48,477	\$ 47,312
Interest	14,227	20,018	22,266	20,316	18,785
Differences between expected and actual experience	-	(24,301)	-	63,160	-
Changes of assumption or other inputs	-	(26,339)	34,809	(143,634)	-
Benefit payments	<u>(24,881)</u>	<u>(30,304)</u>	<u>(29,198)</u>	<u>(25,677)</u>	<u>(16,141)</u>
Net change in total OPEB liability	\$ 68,674	\$ 16,091	\$ 85,743	\$ (37,358)	\$ 49,956
Total OPEB Liability – Beginning	<u>644,381</u>	<u>628,290</u>	<u>542,547</u>	<u>579,905</u>	<u>529,949</u>
Total OPEB Liability – Ending	<u>\$ 713,055</u>	<u>\$ 644,381</u>	<u>\$ 628,290</u>	<u>\$ 542,547</u>	<u>\$ 579,905</u>
 Covered-employee payroll	 \$ 10,045,307	 \$ 9,752,725	 \$ 8,299,172	 \$ 8,057,449	 \$ 7,995,844
 Total OPEB liability (asset) as a percentage of covered-employee payroll	 7.10%	 6.61%	 7.57%	 6.73%	 7.25%

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

**Sibley County
Gaylord, Minnesota**

Exhibit A-5

**Schedule of Proportionate Share of Net Pension Liability
PERA General Employees Retirement Plan
December 31, 2022**

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

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

The measurement date for each year is June 30.

N/A – Not Applicable

**Sibley County
Gaylord, Minnesota**

Exhibit A-6

**Schedule of Contributions
PERA General Employees Retirement Plan
December 31, 2022**

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)
2022	\$ 627,646	\$ 627,646	\$ -	\$ 8,368,612	7.50 %
2021	601,535	601,535	-	8,020,464	7.50
2020	577,163	577,163	-	7,695,381	7.50
2019	539,853	539,853	-	7,198,039	7.50
2018	513,409	513,409	-	6,846,445	7.50
2017	491,539	491,539	-	6,553,854	7.50
2016	479,622	479,622	-	6,394,957	7.50
2015	455,148	455,148	-	6,069,024	7.50

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

**Sibley County
Gaylord, Minnesota**

Exhibit A-7

**Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Police and Fire Plan
December 31, 2022**

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

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

The measurement date for each year is June 30.

N/A – Not Applicable

**Sibley County
Gaylord, Minnesota**

Exhibit A-8

**Schedule of Contributions
PERA Public Employees Police and Fire Plan
December 31, 2022**

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)
2022	\$ 214,121	\$ 214,121	\$ -	\$ 1,209,725	17.70 %
2021	191,444	191,444	-	1,081,606	17.70
2020	167,233	167,233	-	944,816	17.70
2019	142,816	142,816	-	842,571	16.95
2018	129,212	129,212	-	797,606	16.20
2017	128,446	128,446	-	792,876	16.20
2016	124,191	124,191	-	766,611	16.20
2015	110,069	110,069	-	679,436	16.20

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

**Sibley County
Gaylord, Minnesota**

Exhibit A-9

**Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Local Government Correctional Service Retirement Plan
December 31, 2022**

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
2022	0.3042 %	\$ 1,011,161	\$ 691,496	146.23 %	74.58 %
2021	0.2955	(48,545)	632,944	(7.67)	101.61
2020	0.2918	79,177	639,226	12.39	96.67
2019	0.2702	37,409	570,626	6.56	98.17
2018	0.2415	39,720	480,324	8.27	97.64
2017	0.2300	655,502	467,262	140.29	67.89
2016	0.2000	730,628	385,659	189.45	58.16
2015	0.2400	37,104	423,611	8.76	96.95

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.

**Sibley County
Gaylord, Minnesota**

Exhibit A-10

**Schedule of Contributions
PERA Public Employees Local Government Correctional Service Retirement Plan
December 31, 2022**

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)
2022	\$ 67,472	\$ 67,472	\$ -	\$ 771,103	8.75 %
2021	57,651	57,651	-	658,869	8.75
2020	57,114	57,114	-	652,732	8.75
2019	52,576	52,576	-	600,873	8.75
2018	47,621	47,621	-	544,235	8.75
2017	38,771	38,771	-	443,093	8.75
2016	37,078	37,078	-	423,745	8.75
2015	34,698	34,698	-	396,549	8.75

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

Sibley County Gaylord, Minnesota

Notes to the Required Supplementary Information For the Year Ended December 31, 2022

Note 1 – Budget Information

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

Note 2 – Excess of Expenditures Over Appropriations

The following fund had expenditures in excess of appropriations (the legal level of budgetary control) for the year ended December 31, 2022:

Excess of Expenditures Over Appropriations as of December 31, 2022				
Fund	Expenditures	Final Budget	Excess	
General Fund	\$ 11,225,014	\$ 10,622,080	\$ 602,934	

Note 3 – Other Postemployment Benefits Funded Status

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

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

The following changes in actuarial assumptions occurred:

2022

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

2021

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

Sibley County Gaylord, Minnesota

2020

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

2019

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

2018

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

Note 5 – Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

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

General Employees Retirement Plan

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.

Sibley County Gaylord, Minnesota

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

2019

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

2018

- The mortality projection scale was changed from Scale MP-2015 to Scale MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Sibley County Gaylord, Minnesota

- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost-of-living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

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

2016

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

Public Employees Police and Fire Plan

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.

Sibley County Gaylord, Minnesota

- 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.

Sibley County Gaylord, Minnesota

- 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.

Sibley County Gaylord, Minnesota

Public Employees Local Government Correctional Service Retirement Plan

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.

Sibley County Gaylord, Minnesota

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.

2017

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

2016

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.

Sibley County Gaylord, Minnesota

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

Supplementary Information

Sibley County Gaylord, Minnesota

Nonmajor Funds

Nonmajor Special Revenue Funds

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

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

Water Projects – To account for the administration of the water quality and flowage of the High Island Creek, Rush River, and Bevens Silver Creek Watershed Districts, which make up the Lower Minnesota River Watershed/One Watershed One Plan.

Nonmajor Debt Service Fund

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

Nonmajor Permanent Fund

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

**Sibley County
Gaylord, Minnesota**

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022**

		<u>Special</u>
	<u>Revolving Loan</u>	<u>Sub-Surface Sewage Treatment System Loans</u>
<u>Assets</u>		
Cash and pooled investments	\$ 174,209	\$ 555,008
Investments	-	25,000
Taxes receivable – delinquent	-	-
Special assessments receivable		
Delinquent	-	13,314
Noncurrent	-	1,149,389
Due from other governments	-	-
Loans receivable	112,488	-
	<u>112,488</u>	<u>-</u>
Total Assets	<u>\$ 286,697</u>	<u>\$ 1,742,711</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ -	\$ -
Due to other governments	-	11,030
Unearned revenue	-	7,089
Advance from other funds	-	-
	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 18,119</u>
Deferred Inflows of Resources		
Unavailable revenue	\$ -	\$ 1,162,703
Prepaid property taxes	-	-
	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 1,162,703</u>
Fund Balances		
Nonspendable for		
Loan security	\$ -	\$ 25,000
Federal lands	-	-
Restricted for		
Economic development loans	286,697	-
Sub-surface sewage treatment systems	-	536,889
Conservation projects	-	-
Debt service	-	-
	<u>-</u>	<u>-</u>
Total Fund Balances	<u>\$ 286,697</u>	<u>\$ 561,889</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 286,697</u>	<u>\$ 1,742,711</u>

Exhibit B-1

Revenue Funds		Debt Service Fund	Permanent Fund Federal Lands	Total Nonmajor Governmental Funds (Exhibit 3)
Water Projects	Total			
\$ -	\$ 729,217	\$ 636,279	\$ 222,517	\$ 1,588,013
-	25,000	-	-	25,000
-	-	3,689	-	3,689
-	13,314	-	-	13,314
-	1,149,389	-	-	1,149,389
94,921	94,921	-	-	94,921
-	112,488	-	-	112,488
\$ 94,921	\$ 2,124,329	\$ 639,968	\$ 222,517	\$ 2,986,814
\$ -	\$ -	\$ 435	\$ -	\$ 435
9,935	20,965	-	-	20,965
-	7,089	-	-	7,089
63,548	63,548	-	-	63,548
\$ 73,483	\$ 91,602	\$ 435	\$ -	\$ 92,037
\$ -	\$ 1,162,703	\$ 3,689	\$ -	\$ 1,166,392
-	-	3,219	-	3,219
\$ -	\$ 1,162,703	\$ 6,908	\$ -	\$ 1,169,611
\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000
-	-	-	130,417	130,417
-	286,697	-	-	286,697
-	536,889	-	-	536,889
21,438	21,438	-	92,100	113,538
-	-	632,625	-	632,625
\$ 21,438	\$ 870,024	\$ 632,625	\$ 222,517	\$ 1,725,166
\$ 94,921	\$ 2,124,329	\$ 639,968	\$ 222,517	\$ 2,986,814

**Sibley County
Gaylord, Minnesota**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2022**

		<u>Special</u>
	<u>Revolving Loan</u>	<u>Sub-Surface Sewage Treatment System Loans</u>
Revenues		
Taxes	\$ -	\$ -
Special assessments	-	317,035
Intergovernmental	-	28,357
Investment earnings	2,242	-
	<u>2,242</u>	<u>-</u>
Total Revenues	<u>\$ 2,242</u>	<u>\$ 345,392</u>
Expenditures		
Current		
Sanitation	\$ -	\$ 297,065
Conservation of natural resources	-	-
Debt service		
Principal	-	292,724
Interest	-	705
Administrative charges	-	-
	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 590,494</u>
Excess of Revenues Over (Under) Expenditures	\$ 2,242	\$ (245,102)
Other Financing Sources (Uses)		
Loans issued	-	248,709
	<u>-</u>	<u>248,709</u>
Net Change in Fund Balances	\$ 2,242	\$ 3,607
Fund Balances – January 1	<u>284,455</u>	<u>558,282</u>
Fund Balances – December 31	<u>\$ 286,697</u>	<u>\$ 561,889</u>

Revenue Funds		Debt Service Fund	Permanent Fund Federal Lands		Total Nonmajor Governmental Funds (Exhibit 5)
Water Projects	Total				
\$ -	\$ -	\$ 369,444	\$ -	\$ 369,444	
-	317,035	-	-	317,035	
127,459	155,816	8,313	8,818	172,947	
-	2,242	-	3,227	5,469	
\$ 127,459	\$ 475,093	\$ 377,757	\$ 12,045	\$ 864,895	
\$ -	\$ 297,065	\$ -	\$ -	\$ 297,065	
106,021	106,021	-	12,045	118,066	
-	292,724	235,000	-	527,724	
-	705	131,300	-	132,005	
-	-	969	-	969	
\$ 106,021	\$ 696,515	\$ 367,269	\$ 12,045	\$ 1,075,829	
\$ 21,438	\$ (221,422)	\$ 10,488	\$ -	\$ (210,934)	
-	248,709	-	-	248,709	
\$ 21,438	\$ 27,287	\$ 10,488	\$ -	\$ 37,775	
-	842,737	622,137	222,517	1,687,391	
\$ 21,438	\$ 870,024	\$ 632,625	\$ 222,517	\$ 1,725,166	

**Sibley County
Gaylord, Minnesota**

Exhibit B-3

**Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 378,485	\$ 378,485	\$ 369,444	\$ (9,041)
Intergovernmental	-	-	8,313	8,313
Total Revenues	\$ 378,485	\$ 378,485	\$ 377,757	\$ (728)
Expenditures				
Debt service				
Principal	\$ 246,750	\$ 246,750	\$ 235,000	\$ 11,750
Interest	131,300	131,300	131,300	-
Administrative charges	435	435	969	(534)
Total Expenditures	\$ 378,485	\$ 378,485	\$ 367,269	\$ 11,216
Net Change in Fund Balance	\$ -	\$ -	\$ 10,488	\$ 10,488
Fund Balance – January 1	622,137	622,137	622,137	-
Fund Balance – December 31	\$ 622,137	\$ 622,137	\$ 632,625	\$ 10,488

Sibley County Gaylord, Minnesota

Fiduciary Funds

Custodial Funds

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

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

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

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

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

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

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

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

**Sibley County
Gaylord, Minnesota**

**Combining Statement of Fiduciary Net Position
Fiduciary Funds – Custodial Funds
December 31, 2022**

	Sibley County Children's Collaborative	State Revenue	Taxes and Penalties
<u>Assets</u>			
Cash and pooled investments	\$ 32,646	\$ 41,584	\$ 216,710
Taxes receivable for other governments	-	-	319,382
Special assessments receivable for other governments	-	-	101,802
Accounts receivable	500	179	-
Total Assets	<u>\$ 33,146</u>	<u>\$ 41,763</u>	<u>\$ 637,894</u>
<u>Liabilities</u>			
Due to others	\$ 9,268	\$ 1,163	\$ -
Due to other governments	-	1,354	127,552
Total Liabilities	<u>\$ 9,268</u>	<u>\$ 2,517</u>	<u>\$ 127,552</u>
<u>Deferred Inflows of Resources</u>			
Prepaid taxes	\$ -	\$ -	\$ 89,158
<u>Net Position</u>			
Restricted for individuals, organizations, and other governments	<u>\$ 23,878</u>	<u>\$ 39,246</u>	<u>\$ 421,184</u>

Exhibit C-1

Estate Recoveries	Writs of Execution	Jail Canteen	Licensing Accounts	Forfeited Tax	Total Custodial Funds
\$ -	\$ 516	\$ 55,726	\$ 29,921	\$ 3,161	\$ 380,264
-	-	-	-	-	319,382
-	-	-	-	-	101,802
<u>79,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,766</u>
\$ 79,087	\$ 516	\$ 55,726	\$ 29,921	\$ 3,161	\$ 881,214
\$ -	\$ -	\$ 2,029	\$ -	\$ 1,242	\$ 13,702
<u>79,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,327</u>	<u>209,320</u>
\$ 79,087	\$ -	\$ 2,029	\$ -	\$ 2,569	\$ 223,022
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,158</u>
<u>\$ -</u>	<u>\$ 516</u>	<u>\$ 53,697</u>	<u>\$ 29,921</u>	<u>\$ 592</u>	<u>\$ 569,034</u>

**Sibley County
Gaylord, Minnesota**

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds – Custodial Funds
For the Year Ended December 31, 2022**

	Sibley County Children's Collaborative	State Revenue	Taxes and Penalties
<u>Additions</u>			
Contributions from individuals	\$ -	\$ 11,194	\$ -
Interest earnings	500	-	-
Property tax collections for other governments	-	-	16,806,527
Fees collected for the state	-	708,618	-
Payments from the state	44,522	-	66,428
Refunds collected for other entities	-	-	-
Payments from other entities	-	-	-
Miscellaneous	23,197	-	-
Total Additions	\$ 68,219	\$ 719,812	\$ 16,872,955
<u>Deductions</u>			
Beneficiary payments to individuals	\$ -	\$ -	\$ -
Payments of property tax to other governments	-	-	16,660,108
Payments to the state	-	765,518	-
Administrative expense	-	-	-
Payments to other entities	61,011	-	-
Total Deductions	\$ 61,011	\$ 765,518	\$ 16,660,108
Change in Net Position	\$ 7,208	\$ (45,706)	\$ 212,847
Net Position – January 1	16,670	84,952	208,337
Net Position – December 31	\$ 23,878	\$ 39,246	\$ 421,184

Exhibit C-2

<u>Estate Recoveries</u>	<u>Writs of Execution</u>	<u>Jail Canteen</u>	<u>Licensing Accounts</u>	<u>Forfeited Tax</u>	<u>Total Custodial Funds</u>
\$ 235,190	\$ 338,049	\$ -	\$ 68,353	\$ -	\$ 652,786
-	-	-	-	-	500
-	-	-	-	-	16,806,527
-	-	-	2,525,878	-	3,234,496
-	-	-	-	-	110,950
-	-	-	-	31	31
-	-	115,011	-	10,059	125,070
-	-	-	-	-	23,197
<u>\$ 235,190</u>	<u>\$ 338,049</u>	<u>\$ 115,011</u>	<u>\$ 2,594,231</u>	<u>\$ 10,090</u>	<u>\$ 20,953,557</u>
\$ -	\$ -	\$ 4,021	\$ -	\$ -	\$ 4,021
-	-	-	-	-	16,660,108
235,190	-	-	2,552,109	-	3,552,817
-	807	-	35,542	55	36,404
-	339,340	103,809	14	9,443	513,617
<u>\$ 235,190</u>	<u>\$ 340,147</u>	<u>\$ 107,830</u>	<u>\$ 2,587,665</u>	<u>\$ 9,498</u>	<u>\$ 20,766,967</u>
\$ -	\$ (2,098)	\$ 7,181	\$ 6,566	\$ 592	\$ 186,590
-	2,614	46,516	23,355	-	382,444
<u>\$ -</u>	<u>\$ 516</u>	<u>\$ 53,697</u>	<u>\$ 29,921</u>	<u>\$ 592</u>	<u>\$ 569,034</u>

Sibley County Library System Component Unit

**Sibley County
Gaylord, Minnesota**

Exhibit D-1

**General Fund Balance Sheet and Statement of Net Position
Sibley County Library System Component Unit
December 31, 2022**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
<u>Assets</u>			
Current assets			
Cash and pooled investments	\$ 189,156	\$ -	\$ 189,156
Due from other governments	<u>8,251</u>	<u>-</u>	<u>8,251</u>
Total Assets	<u>\$ 197,407</u>	<u>\$ -</u>	<u>\$ 197,407</u>
<u>Liabilities</u>			
Liabilities			
Current liabilities			
Accounts payable	\$ 808	\$ -	\$ 808
Due to other governments	<u>196,599</u>	<u>-</u>	<u>196,599</u>
Total Liabilities	<u>\$ 197,407</u>	<u>\$ -</u>	<u>\$ 197,407</u>

**Sibley County
Gaylord, Minnesota**

Exhibit D-2

**General Fund Statement of Revenues, Expenditures,
and Changes in Fund Balance and Statement of Activities
Sibley County Library System Component Unit
For the Year Ended December 31, 2022**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
Revenues			
Intergovernmental	\$ 533,109	\$ 618	\$ 533,727
Charges for services	4,260	-	4,260
Gifts and contributions	15,464	-	15,464
Miscellaneous	47,214	-	47,214
Total Revenues	\$ 600,047	\$ 618	\$ 600,665
Expenditures/Expenses			
Current			
Culture and recreation			
County library	548,521	(15,011)	533,510
Excess of Revenues Over (Under) Expenditures/Expenses	\$ 51,526	\$ 15,629	\$ 67,155
Special Item			
Transfer of library operations to participating cities	(208,983)	200,456	(8,527)
Net Change in Fund Balance/Net Position	\$ (157,457)	\$ 216,085	\$ 58,628
Fund Balance/Net Position – January 1	157,457	(216,085)	(58,628)
Fund Balance/Net Position – December 31	\$ -	\$ -	\$ -
Reconciliation of the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities			
Net Change in Fund Balance			\$ (157,457)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.			
Change in compensated absences payable			31,467
Change in net pension liability			158,007
Change in deferred pension outflows			(119,905)
Change in deferred pension inflows			146,516
Change in Net Position of Governmental Activities			\$ 58,628

Schedules

**Sibley County
Gaylord, Minnesota**

Exhibit E-1

**Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2022**

	Governmental Funds	Enterprise Fund	Total Primary Government	Component Unit
Appropriations and Shared Revenue				
State				
Highway users tax	\$ 4,380,605	\$ -	\$ 4,380,605	\$ -
Market value credit	360,278	-	360,278	-
PERA aid	81,219	-	81,219	-
Disparity reduction aid	55,091	-	55,091	-
County program aid	629,716	-	629,716	-
Police aid	145,238	-	145,238	-
Enhanced 911	174,316	-	174,316	-
Petroleum tax relief	2,542	-	2,542	-
SCORE	72,440	-	72,440	-
Aquatic invasive species prevention aid	61,575	-	61,575	-
Riparian protection aid	108,111	-	108,111	-
Total appropriations and shared revenue	\$ 6,071,131	\$ -	\$ 6,071,131	\$ -
Reimbursement for Services				
State				
Minnesota Department of Human Services	\$ 982,361	\$ -	\$ 982,361	\$ -
Payments				
Local				
Local contributions	\$ 21,431	\$ -	\$ 21,431	\$ 533,109
Payments in lieu of taxes	63,917	-	63,917	-
Total payments	\$ 85,348	\$ -	\$ 85,348	\$ 533,109
Grants				
State				
Minnesota Department/Office of				
Secretary of State	\$ 23,653	\$ -	\$ 23,653	\$ -
Health	91,263	-	91,263	-
Natural Resources	44,830	-	44,830	-
Human Services	1,028,680	-	1,028,680	-
Veterans Affairs	7,500	-	7,500	-
Corrections	40,891	-	40,891	-
Peace Officer Standards and Training Board	16,237	-	16,237	-
Water and Soil Resources Board	158,226	-	158,226	-
Supreme Court	2,990	-	2,990	-
Pollution Control Agency	46,957	-	46,957	-
Total state	\$ 1,461,227	\$ -	\$ 1,461,227	\$ -

**Sibley County
Gaylord, Minnesota**

Exhibit E-1
(Continued)

**Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2022**

	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Grants (Continued)				
Federal				
Department of				
Agriculture	\$ 303,050	\$ -	\$ 303,050	\$ -
Housing and Urban Development	-	179,975	179,975	-
Transportation	24,127	-	24,127	-
Education	2,100	-	2,100	-
Health and Human Services	1,540,293	-	1,540,293	-
Homeland Security	18,850	-	18,850	-
Election Assistance Commission	27,560	-	27,560	-
Total federal	<u>\$ 1,915,980</u>	<u>\$ 179,975</u>	<u>\$ 2,095,955</u>	<u>\$ -</u>
Total state and federal grants	<u>\$ 3,377,207</u>	<u>\$ 179,975</u>	<u>\$ 3,557,182</u>	<u>\$ -</u>
Total Intergovernmental Revenue	<u><u>\$ 10,516,047</u></u>	<u><u>\$ 179,975</u></u>	<u><u>\$ 10,696,022</u></u>	<u><u>\$ 533,109</u></u>

**Sibley County
Gaylord, Minnesota**

Exhibit E-2

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Agriculture			
Passed Through Meeker-McLeod-Sibley Community Health Services Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	16162MN004W1003	\$ 73,206
Passed Through Minnesota Department of Human Services SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	222MN101S2514	202,690
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	222MN101S2520	1,122
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	222MN127Q7503	26,032
(Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$229,844)			
Total U.S. Department of Agriculture			\$ 303,050
U.S. Department of Housing and Urban Development			
Passed Through Minnesota Housing Finance Agency Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	MN46-8023-001	\$ 179,975
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	00072	\$ 24,127
U.S. Department of Education			
Passed Through Meeker-McLeod-Sibley Community Health Services Special Education – Grants for Infants and Families	84.181	H181A150029	\$ 2,100
U.S. Election Assistance Commission			
Passed Through Office of the Minnesota Secretary of State 2018 HAVA Election Security Grants	90.404	Not Provided	\$ 27,560

**Sibley County
Gaylord, Minnesota**

Exhibit E-2
(Continued)

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Health and Human Services			
Passed Through Meeker-McLeod-Sibley Community Health Services			
Early Hearing Detection and Intervention	93.251	H61MC00035	\$ 225
Immunization Cooperative Agreements	93.268	H23IP000737	11,428
COVID-19 – Immunization Cooperative Agreements (Total Immunization Cooperative Agreements 93.268 \$83,234)	93.268	Not Provided	71,806
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Not Provided	8,099
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$159,567)	93.558	2201MNTANF	19,097
Medicaid Cluster			
Medical Assistance Program (Total Medical Assistance Program 93.778 \$677,036)	93.778	2205MN5ADM	24,436
Block Grants for Prevention and Treatment of Substance Abuse	93.959	S 2B08TIO10027-18	2,973
Maternal and Child Health Services Block Grant to the States	93.994	B04MC28107	16,927
Passed Through Minnesota Department of Human Services			
Promoting Safe and Stable Families	93.556	2101MNFPS	2,598
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$159,567)	93.558	2201MNTANF	140,470
Child Support Enforcement	93.563	2201MNCES	239,677
Child Support Enforcement (Total Child Support Enforcement 93.563 \$315,376)	93.563	2201MNCSES	75,699
Refugee and Entrant Assistance – State Administered Programs CCDF Cluster	93.566	2201MNRMA	319
Child Care and Development Block Grant	93.575	2201MNCDF	5,405
Community-Based Child Abuse Prevention Grants	93.590	2102MNBCAP	4,142
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2101MNCWSS	2,365
Foster Care – Title IV-E	93.658	2201MNFOS	53,161
Social Services Block Grant	93.667	2201MNSOSR	98,925
Child Abuse and Neglect State Grants	93.669	2101MNNCAN	5,994
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2201MNCILP	1,750
Children's Health Insurance Program	93.767	2205MN5021	1,621
Medicaid Cluster			
Medical Assistance Program	93.778	2205MN5ADM	644,370
Medical Assistance Program (Total Medical Assistance Program 93.778 \$677,036)	93.778	2205MN5MAP	8,230
Total U.S. Department of Health and Human Services			\$ 1,439,717

**Sibley County
Gaylord, Minnesota**

Exhibit E-2
(Continued)

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety Emergency Management Performance Grants	97.042	Not Provided	\$ <u>18,850</u>
Total Federal Awards			\$ <u>1,995,379</u>
Totals by Cluster			
Total expenditures for SNAP Cluster			\$ 229,844
Total expenditures for Housing Voucher Cluster			179,975
Total expenditures for Highway Planning and Construction Cluster			24,127
Total expenditures for Medicaid Cluster			677,036
Total expenditures for CCDF Cluster			5,405

The County did not pass any federal awards through to subrecipients during the year ended December 31, 2022.

Sibley County Gaylord, Minnesota

Notes to the Schedule of Expenditures of Federal Awards As of and for the Year Ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

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

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Sibley County under programs of the federal government for the year ended December 31, 2022. 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 presents only a selected portion of the operations of Sibley County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Sibley County.

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

Note 2 – De Minimis Cost Rate

Sibley County has elected to not use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 2,095,955
Unavailable in 2021, recognized as revenue in 2022	
COVID-19 – Immunization Cooperative Agreements (AL No. 93.268)	(30,396)
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (AL No. 93.323)	(33,420)
Temporary Assistance for Needy Families (AL No. 93.558)	(36,760)
Expenditures per Schedule of Expenditures of Federal Awards	\$ 1,995,379

Management and Compliance Section

Sibley County



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

Independent Auditor's Report

Board of County Commissioners
Sibley County
Gaylord, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sibley County, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 6, 2023. Our report includes a reference to other auditors who audited the financial statements of the Sibley Estates of Sibley County and the South Country Health Alliance joint venture, as described in our report on Sibley County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the South Country Health Alliance were not audited in accordance with *Government Auditing Standards*. This report does not include the results of our audit testing of the Sibley County Library System component unit's internal control over financial reporting or compliance and other matters that are reported on separately within the Management and Compliance Section.

Report on Internal Control Over Financial Reporting

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

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

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

deficiencies may exist that were not identified. We identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Minnesota Legal Compliance

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

Sibley County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Sibley County's response to the internal control finding identified in our audit and described in the accompanying 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 it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, 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

September 6, 2023

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor



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

Independent Auditor's Report

Board of County Commissioners
Sibley County
Gaylord, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sibley County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Sibley County's major federal programs for the year ended December 31, 2022. Sibley County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Sibley County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sibley 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 Sibley 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 Sibley County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 2022-002 to be a significant deficiency.

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

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

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

/s/Julie Blaha

Julie Blaha
State Auditor

September 6, 2023

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Sibley County Gaylord, Minnesota

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

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

Federal Awards

Internal control over the major federal programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

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

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

Identification of major federal programs:

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

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

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

Section II – Financial Statement Findings

2022-001 Audit Adjustment

Prior Year Finding Number: 2021-001

Repeat Finding Since: 2011

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

Criteria: A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or a combination of deficiencies, in internal control such that there is a

Sibley County Gaylord, Minnesota

reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis.

Condition: A material audit adjustment was identified that resulted in significant changes to the County's financial statements.

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

Effect: The Ditch Special Revenue Fund required an adjustment of \$303,760 to increase special assessment revenue and reduce deferred inflows of resources – unavailable revenue for special assessments received within the period of availability that were recorded as unavailable revenue rather than special assessment revenue. The audit adjustment was reviewed and approved by management and is reflected in the financial statements.

Cause: This activity was overlooked by staff when financial statement information was prepared.

Recommendation: We recommend the County review internal controls currently in place and design and implement procedures to improve internal controls over financial reporting which will prevent, or detect and correct, misstatements in the financial statements.

View of Responsible Official: Concur.

Section III – Federal Award Findings and Questioned Costs

2022-002 Eligibility

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

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

Program: 93.778 Medical Assistance Program

Award Number and Year: 2205MN5ADM; 2022

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.

Condition: The Minnesota Department of Human Services (DHS) maintains the computer system, MAXIS, which is used by Sibley County to support the eligibility determination process. In the case files reviewed for eligibility, not all documentation was available or updated to support participant eligibility. In a sample of 40 MAXIS case files tested, four case files included outdated vehicle information.

Questioned Costs: None.

Sibley County Gaylord, Minnesota

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

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

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

Cause: Program personnel entering case data into MAXIS reviewed the support but did not enter or update the information in the system or was not required to verify or correspond to a recertification or renewal as it was not required during the pandemic.

Recommendation: We recommend Sibley County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations exists and is properly updated in MAXIS.

View of Responsible Official: Concur.



Sibley County Auditor-Treasurer

Marilee Peterson

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507-237-4070
marileep@sibleycounty.gov

Division E-mails:

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Finance@sibleycounty.gov
PropertyTax@sibleycounty.gov
SCTreasurer@sibleycounty.gov

**Representation of Sibley County
Gaylord, Minnesota**

Corrective Action Plan
For the Year Ended December 31, 2022

Finding Number: 2022-001

Finding Title: Audit Adjustment

Name of Contact Person Responsible for Corrective Action:

Marilee Peterson, Sibley County Auditor-Treasurer

Corrective Action Planned:

When we receive prepaid ditch assessments by due date of January 5th for multi-year assessment notices sent out the previous year, we will record as revenue in our accrual period. This has been added to the Audit Checklist. Reimbursements received during the 60 day accrual period, will be manually accrued (reversing entry) as reimbursements Due From other Governments (DFG), crediting #6281 and debiting #1261. Prepaid Assessments for the current year will not be accrued.

Anticipated Completion Date:

For the year ending December 31, 2023

Finding Number: 2022-002

Finding Title: Eligibility

Program: 93.778 Medical Assistance Program

Name of Contact Person Responsible for Corrective Action:

John Stepien - Financial Assistance Supervisor

Corrective Action Planned:

Ongoing communication with agency Eligibility staff will occur regularly. Unit meetings are planned and will be held twice per month with Health Care as a standing agenda item. The importance of updating MAXIS with reported information will be discussed at these meetings. DHS also provides County and Tribal nations with regular update meetings which agency staff will be encouraged to watch every other Wednesday. In addition, the HCE-PIX meetings are specifically directed toward health care and the updates that were made to policy and procedure. These meetings occur between 2 to 5 times per month and the information shared will also be a topic of discussion during our semimonthly unit meetings. During the unwinding period of the Public Health emergency DHS has sent out several bulletins with policy updates and the procedures these new policies require along with agency responsibilities. Communicating these changes regularly will aide in the appropriate and accurate determination of Health Care eligibility.

Anticipated Completion Date:

July 01, 2023 and ongoing.

• **Tara Ernst**
Assistant Treasurer

• **Charlene Pelletier**
Assistant Auditor

• **Kelly Nelson**
Finance & Accounting
Manager

• **Annie Willmsen**
Auditor-Treasurer
Technician

• **Jennie Radloff**
Elections Coordinator



Sibley County Auditor-Treasurer

Marilee Peterson

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Representation of Sibley County Gaylord, Minnesota

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2022

Finding Number: 2021-001

Year of Finding Origination: 2011

Finding Title: Audit Adjustments

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

Summary of Corrective Action Previously Reported: Ref 2021 OSA13. When we receive prepaid ditch assessments by due date of January 5th for multi-year assessment notices sent out the previous year, we will record as revenue in our accrual period. This has been added to the Audit Checklist.

Ref 2021 OSA16 & OSA17. Cross-county ditch billings will generally be receipted into expenditures #6281. These are not revenues, they are reimbursements for shared expenditures.

Reimbursements received during the 60-day accrual period, will be manually accrued (reversing entry) as reimbursements Due From other Governments (DFG), crediting #6281 and debiting #1261.

Reimbursements received after the 60-day accrual period will be receipted as Miscellaneous Revenue #5830 and manually accrued (reversing entry) crediting #2230 Unavailable Revenue and debiting #1261. Whoever prepares the billings and receipts for cross-county ditch billings (generally Charlene) will work with the Accountant (generally Kelly) to prepare the correct journal entry. This has been added to the Audit Checklist.

Status: Partially Corrected. A journal entry was done for the reimbursements as described above, with one exception. All payments within the 60 day window were entered, whether they should be accrued or not. Additional care will be taken to get an accurate entry.

Corrective action taken was not significantly different than the action previously reported.

• **Tara Ernst**

Assistant Treasurer

• **Charlene Pelletier**

Assistant Auditor

• **Kelly Nelson**

Finance & Accounting
Manager

• **Annie Willmsen**

Auditor-Treasurer
Technician

• **Jennie Radloff**

Elections Coordinator

Sibley County Library System Component Unit



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

Independent Auditor's Report

Board of County Commissioners
Sibley County
Gaylord, Minnesota

We have audited, in accordance with 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 Sibley County, Minnesota, which include as Supplementary Information, the financial statements of the Sibley County Library System, a discretely presented component unit, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sibley County Library System'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sibley County Library System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sibley County Library System's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Recommendations as item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the Sibley County Library System failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, 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 Sibley County Library System's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Sibley County Library System's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Sibley County Library System's response to the internal control finding identified in our audit and described in the accompanying Corrective Action Plan. The Sibley County Library System's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the Sibley County Library System'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 Sibley County Library System'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

September 6, 2023

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Sibley County Library System Gaylord, Minnesota

Schedule of Findings and Recommendations For the Year Ended December 31, 2022

Financial Statement Findings

2022-001 Audit Adjustment

Prior Year Finding Number: 2021-001

Repeat Finding Since: 2021

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

Criteria: A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

Context: The Sibley County Library System is a component unit of Sibley County, and the financial information is prepared by County staff. Sibley County's inability to detect significant misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustments were found in the audit; however, independent external auditors cannot be considered part of the County's internal control.

Effect: In the aggregate, adjustments of \$106,878, \$72,785, \$60,404, \$235,293, and \$208,983 were necessary to decrease assets, liabilities, revenues, expenditures, and the special item, respectively, in the Sibley County Library System's trial balances. The adjustments were reviewed and approved by management and are reflected in the financial statements.

Cause: This activity was overlooked by staff when financial statement information was prepared.

Recommendation: We recommend the County review internal controls currently in place and design and implement procedures to improve internal controls over financial reporting which will prevent, or detect and correct, misstatements in the financial statements.

View of Responsible Official: Concur.



**Representation of Sibley County
Gaylord, Minnesota**

Corrective Action Plan
For the Year Ended December 31, 2022

Finding Number: 2022-001

Prior Year Finding Number: 2021-001

Finding Title: Audit Adjustment

Name of Contact Person Responsible for Corrective Action:

Marilee Peterson, Sibley County Auditor-Treasurer

Corrective Action Planned:

No corrective action plan. Libraries will no longer be part of the Sibley County audit process beginning in 2023.

Anticipated Completion Date:

None.



**Representation of Sibley County Library System
Gaylord, Minnesota**

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2022

Finding Number: 2021-001

Year of Finding Origination: 2021

Finding Title: Audit Adjustments

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

Summary of Corrective Action Previously Reported: No corrective action plan. Libraries will no longer be part of the Sibley County audit process beginning in 2023.

Status: Not Corrected. No corrective action plan. Libraries will no longer be part of the Sibley County audit process beginning in 2023.

Corrective action taken was not significantly different than the action previously reported.