Financial Statements
December 31, 2025 and 2024

Minnesota Counties Intergovernmental Trust

eidebailly.com

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Minnesota Counties Intergovernmental Trust (the Trust or MCIT), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Trust, as of December 31, 2025 and 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

eidebailly.com
4310 17th Ave. S. • P.O. Box 2545 • Fargo, ND 58108-2545 • T 701.239.8500 • F 701.239.8600 • EOE

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the claims development information on page 45 and the schedule of employer's share of net pension liability and schedule of employer's contributions on page 47 be presented to supplement the basic financial statements. Such information, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information identified in the table of contents on pages 41 through 44 and the schedules of cumulative claims incurred and paid as well as the average percentage payout by year on pages 32 through 33 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Fargo, North Dakota
June 22, 2026

The management of the Minnesota Counties Intergovernmental Trust (MCIT or the Trust) presents the following narrative overview and analysis of the Trust's financial activities for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with the audited financial statements which begin on page 13.

Financial Highlights

- Member contributions increased 17.4% in 2025, from $48.9 million in 2024 to $57.4 million in 2025.
- Total paid claims increased from $24.0 million in 2024 to $29.7 million in 2025.
- Financial year 2025 net income before dividends paid to members increased from $10.9 million in 2024 to $21.4 million.
- Dividends paid to members in 2025 totaled $1.5 million, compared to $3.5 million paid in 2024.
- Net position increased by $19.9 million in 2025 to a total of $87.5 million from $67.6 million in 2024.

Using This Annual Report

This annual report consists of a series of combined fund financial statements. The Balance Sheet, or Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position (on pages 13-15) provide information about the activities of the Trust as a whole and present a longer-term view of the Trust's finances in a way that is intended to help readers evaluate the fiscal well-being of the Trust. These statements include all assets and liabilities of the Trust on an accrual basis of accounting. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

The Statement of Cash Flows (on page 16) discloses the source and distribution of cash during the year. The Notes to Financial Statements section (beginning on page 17) provides additional information that is essential to a full understanding of the data provided in the financial statements.

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

The Trust as a Whole

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

Table 1
Net Position
(in millions)

	2025	2024
Current and other assets	$168.3	$151.0
Capital assets	$87.5	$8.0
Deferred outflow of resources related to pension	$0.4	$0.4
Total assets and deferred outflows of resources	**$176.2**	**$159.4**
Unpaid claims liabilities	$80.2	$81.1
Special compensation fund liability	$2.9	$2.9
Other liabilities	$3.3	$4.9
Net pension liability	$1.5	$1.6
Total liabilities	**$87.8**	**$90.5**
Deferred inflows of resources related to pension	$1.0	$1.3
Net position:		
Invested in capital assets	$7.5	$8.0
Designated net position	$67.3	$52.4
Undesignated net position	$12.7	$7.3
Total net position	**$87.5**	**$67.6**

The Trust's combined net position increased 28.5% in 2025; from $67.6 million in 2024 to $87.5 million (refer to Table 1), mainly due to favorable returns on investment securities. The cash and investment portfolio increased by $17.4 million from $147.7 million in 2024 to $165.1 million in 2025. The increase in the net position is largely driven by an increase in member contributions and favorable investment market conditions.

Table 2
Change in Net Position
(in millions)

	2025	**2024**
Operating revenue	$48.7	$39.9
Non-operating revenue (loss)	$12.1	$6.2
Total revenues	**$60.8**	**$46.1**
Claims liability expense	$30.7	$25.0
Special compensation fund	$0.4	$0.9
Service provider fee	$1.0	$0.9
General administration	$7.3	$8.5
Total expenses	**$39.4**	**$35.2**
Income (Loss) before dividends to members:	$21.4	**$10.9**
Dividends to members	($1.5)	($3.5)
Change in net position:	**$19.9**	**$7.4**
Total net position, beginning of year	$67.6	**$60.2**
Total net position, end of year	**$87.5**	**$67.6**

Total revenue increased from $46.1 million in 2024 to $60.8 million in 2025 driven by a 21.8% ($8.8M) increase in operating revenues and 96.8% ($5.96M) increase in non-operating revenues which is mainly composed of realized and unrealized investment income.

Total expenses increased by $4.2 million from $35.2 million in 2024 to $39.4 million in 2025 mainly due to 22.6% increase in claims liability expenses. (Refer to Table 2).

The change in operating revenue is driven largely by changes in aggregate coverage contribution rates as well as members' exposure base for both divisions. Workers' compensation had a 4.0% aggregate increase in rates, and property casualty experienced an 11.2% aggregate increase in rates. For property casualty, the effective rate increases reflect inflation in property values, increased budgets, and increases in county auto fleets, employee counts and new construction. Our inflation index factor for property alone increased property exposure by about 6.6%.

Non-operating revenue, comprising primarily of investment income (loss), increased by $5.96 million from $6.2 million in 2024 to $12.1 million in 2025. Net investment income increased 11.4% from $4.65 million in 2024 to $5.2 million in 2025. Net unrealized gains on investments increased from $1.10 million in 2024 to $6.50 million in 2025 representing an unrealized gain of $5.40 million.

Other income making up the balance of non-operating revenue consisted mainly of rent income from tenants leasing space within MCIT's building. Other income increased marginally from $412,743 in 2024, to $440,190 in 2025, an increase of $27,447.

In 2025, the MCIT Board of Directors returned a dividend to members. The Board only declares dividends when determined to be "actuarially sound" and "fiscally prudent." Given performance of MCIT's portfolio combined with aggressive risk control efforts by members, strong claims management, and acting upon information provided by the MCIT actuary, the Board returned $1.5 million in dividends in November 2025. Since 1991, MCIT has returned over $380 million in dividends to members. Dividends remain a reflection of the favorable past performance of the Trust.

Overall, Trust expenses totaled $39.4 million in 2025 compared to $35.2 million in 2024, an increase of $4.2 million or 12.0%. Paid claims, the largest component of expense, increased by $5.7 million or 22.6% from $25.0 million in 2024 from $30.7 million in 2025.

Service provider fee costs totaled $1.0 million in 2025 compared to $0.9 million in 2024. This category of expense is composed of fees paid to service providers such as AllOne Health for EAP services, access for all MCIT members to the Minnesota Safety Council services, AMC sponsorship fee, financial audit, actuarial services and claims software support. Reinsurance premiums decreased by $0.3 million for 2025, or 2.4%, compared to 2024.

General administration expenses decreased from $8.5 million in 2024 to $7.3 million in 2025, a decrease of 13.4% or $1.12 million. This category of expenses includes costs required to equip and operate the Trust such as personnel and office/building facility costs. It also includes the costs of risk control services, MCIT sponsored training sessions and workshops, and special projects such as sponsorship of the PATROL program, on-site defensive driving classes and Correctional Officer Standardized Training. Various program audits, legal services for other than claim-related issues, and MCIT Board of Directors administration costs are other items included in this expense category.

Claim payments made in 2025 totaled $19.2 million for property casualty and $10.5 million for workers' compensation. Combined claim payments were 17.1 % above projection; $29.7 million actually paid compared to $25.4 million budgeted. Operational expenses (i.e. personnel, facility maintenance, equipment and supplies) were $6.5M compared to a budget of $7.3M, a 10.8% savings against budget.

Activity by Division

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

Table 3
Activity by Division
(in thousands)

	Workers' Compensation		Property and Casualty	
December 31,	Revenues	Expenses	Revenues	Expenses
2025	$24,355	$14,820	$35,979	$24,039
2024	$21,049	$17,779	$24,697	$16,559
2023	$20,858	$16,837	$25,654	$22,803
2022	($5,047)	$15,224	$14,661	$23,695
2021	$26,246	$12,137	$18,592	$19,232
2020	$87,461	$76,798	$119,189	$106,328
Total	$24,355	$14,820	$35,979	$24,039

Factors affecting the Trust's revenues and expenses include: 1) fluctuations in the frequency and severity of claims; 2) effectiveness of MCIT's risk management and loss control activities to help members mitigate losses;3) performance of the investment portfolio; and 4) a conservative program budget that exhibits fiscal restraint in the use of member contributions and tax dollars.

Workers' Compensation Division

Revenues of the Trust's Workers' Compensation Division (see Table 3) increased by 15.7% to $24.4 million in 2025 from $21.1 million in 2024. The main reason for the 12.3% increase in revenues reported for workers' compensation in 2025 results from the $2.2 million in operating revenue arising from member contributions. Expenses decreased by 16.6% during the same period from $17.8 million in 2024 to $14.8 million in 2025.

Factors producing these fluctuations in revenue and expenses include paid loss and reserves adjustments and favorable economic conditions affecting the market value of investments.

Claims paid by the Workers' Compensation Division totaled $12.0 million in 2024 compared to $10.2 million in 2025. Reserves as determined by MCIT actuaries at year-end decreased from $55.95 million in 2024 to $55.2 million in 2025. The Trust's claims team identifies relevant factors when considering reserves. Reserves are set at an amount equal to the adjuster's best estimate of the ultimate cost of the claim, given the known facts. All claims are periodically reviewed, and reserves are adjusted, when necessary, to incorporate any new information on the status of the claim.

New indemnity claims in 2025 increased to 266 from 238 claims reported in 2024. New PTSD claims increased from 13 in 2024 to 20 in 2025.

Payments to the Special Compensation Fund (SCF) during 2025 totaled $539,717 compared to $592,973 in 2024, a decrease of 9.0%. This is based on a percentage of indemnity payments made during the previous claim year. Reserves for the associated SCF liability, an estimate of the Trust's future assessments, decreased by $78,011 in 2025, compared to an increase of $257,951 in 2024. The SCF liability reserves adjusted to $2.79 million at the end of 2025, compared to $2.87 million at the end of 2024.

MCIT's workers' compensation 2024 payroll exposure base generated $20.6 million in annual contributions in 2025 up from $18.1 million generated in 2024. Reinsurance premium for the Trust's Workers' Compensation Division decreased to $1.1 million in 2025, compared to $1.9 million in 2024. In 2025, the MCIT board of directors increased the workers' compensation reinsurance retention from $500,000 per claim to a higher level of $1M. The higher retention attracts a lower premium, hence the saving on reinsurance by $373,304. Workers' Compensation Reinsurance Association (WCRA) charges premiums based on actuarial projections of the number of catastrophic injuries that are likely to occur in Minnesota's workforce each year, together with estimates of the costs of these catastrophic injuries. Total administration costs for the Workers' Compensation Division decreased by 18.4%, from $4.4 million in 2024 to $3.6 million in 2025.

Dividends remitted to members in 2025 from the Workers' Compensation Division totaled $1.5 million, compared to $3.5 million returned in 2024. Dividends are declared by the Trust's Board of Directors when determined to be actuarily sound and fiscally prudent.

Property and Casualty Division

Revenues of the Trust's Property and Casualty division (see Table 3) increased by 45.2% to $35.98 million in 2025 from $24.70 million in 2024. Expenses increased by 45.2%; from $16.56 million in 2024 to $24.04 million in 2025. Factors attributable to these fluctuations in revenue and expenses include an increase in member exposures, an aggregate rate increase, claim reserves adjustments, and favorable economic conditions affecting the market value of investments.

Claims paid net of recoveries in 2025 under the Property Casualty Division totaled $19.2 million compared to net claims paid of $13.8 million in 2024. Reserves as determined by MCIT actuaries at year-end decreased marginally to $25.0 million in 2025 from $25.2 million in 2024. Claims activity is driven by property and auto-related claims, law enforcement and jail operations liability claims, and civil rights claims.

New claims reported increased from 1,853 in 2024 to 1,961 in 2025. Property-related claims saw an increase in total costs in 2025 to $7.38 million compared to $3.63 million the year prior. Auto-related losses, the second largest category of claims reported losses of $5.96 million in 2025 compared to $3.20 million reported in 2024.

Property casualty members' contributions increased from $30.8 million in 2024 to $36.8 million in 2025, which represented an increase of 19.2% mainly due to changes in property values, increased budgets, and increases in county auto fleets, employee counts and new construction.

Administration costs for the Property and Casualty Division remained stable at $3.6 million in 2024 and 2025.

For the years 2022 through 2025, no dividends were remitted to members from the Property Casualty Division. Dividends are declared by the Trust's Board of Directors when determined to be actuarially sound and fiscally prudent.

Capital Asset and Debt Administration

Capital Assets

At the end of 2025, the Trust's capital assets net valuation decreased from $8.0 million to $7.5 million, net of depreciation, consisting of land, building, and equipment for the MCIT Service Center. This amount represents a net decrease (including additions and disposals) of $0.5 million, or 6.6%, from the previous year mainly due to changes in recognition of software subscription assets as per GASB96.

The Trust had no long-term debt related to capital assets outstanding as of December 31, 2025.

Factors that May Influence Future Budgets and Rates

MCIT's Board continues its long-term membership continuity. Resources are made available to provide suitable training and conference attendance opportunities for all Board members as they work to continue to build their knowledge and expertise to benefit MCIT and its members. The MCIT board and its constituent committees are actively involved in monitoring and supervising the trust's operations and financial performance.

In late 2025 MCIT's Executive Director retired after nearly four years in the position. New leadership bringing fifteen years of MCIT program experience is in place as of October 2025. MCIT staff maintain strong public sector experience in addition to strong risk management, loss control, underwriting and insurance experience. The Board continues to prioritize providing support to staff and has made resources available to ensure that appropriate training is available as new leaders and team members are added to the staff compliment.

The Minnesota Legislature expanded the investment types available for public entity investment in 2024. Throughout 2025 the MCIT Board, acting on the Investment Committee's recommendation, authorized staff to invest $16.5 million in risk assets as a strategy to diversify the Trust's investment portfolio. Additionally, the Board authorized staff to segregate the investment portfolio of fixed income and non-risk assets into two separate portfolios for the Workers' Compensation and the Property Casualty divisions, designed to better manage risk, increase potential returns and achieve better alignment between financial returns and loss management.

The Trust continuously seeks to stabilize its financial health, manage risks, increase capacity to provide coverage and underwrite policies for its members through strategies such as investment in equities and financial assets, and securing multi-line reinsurance for risk management and liability limitation. MCIT strategically seeks to ensure its members have adequate coverage limits to safely secure their operations and resources, while taking necessary steps to ensure no single claim can threaten the Trust's viability and sustainability. Reinsurance allows MCIT to manage risk and expand capacity and protection against catastrophic losses.

Law enforcement liability claims continue to be an area of focus for the program. Losses in these areas contribute to increased coverage contributions and program reinsurance rates. MCIT’s mitigation efforts continue aimed at reducing exposure on several fronts including a partnership with a lead defense attorney assisting members as a resource in jail operations, a healthy partnership with the Minnesota Sheriff’s Association, and continued support of PATROL (Peace officer Accredited Training OnLine), a collaborative law enforcement training program with the League of Minnesota Cities with subscriptions issued to 74 MCIT members covering over 2,200 member officers. MCIT also offered its second jail camera grant program in 2025 awarding over $74,000 to four qualifying members to implement or augment their jail camera programs including the use of body worn cameras. To date, eight members have participated in this grant program as they work to improve staff and inmate safety and strengthen their ability to reduce liability and better manage jail risks. Finally, MCIT has renewed and broadened its contract into 2026 with a data analytics firm analyzing MCIT’s law enforcement claims experience, working directly with members to collaboratively identify and train jail operations on risk management best practices.

Recent changes in legislation around PTSD claims for law enforcement officers initially resulted in positive frequency results for MCIT but the positive results were not sustained in 2025. Moreover, the recent legislation did not positively impact on the financial stability of PTSD claims as expected. The increase in allowable contingency fees now available to plaintiffs’ attorneys coupled with PERA not offsetting its disability benefits for workers’ compensation benefits received provide little incentive for plaintiffs’ counsel to pursue early case resolution. We anticipate this trend continuing but MCIT staff will continue monitoring the effects of the legislation on our program.

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

MCIT has made great strides working with members to better understand cyber exposures and how to effectively manage the risks. An MCIT risk-management consultant largely dedicated to this discipline is available for consultation and has aggressively trained in various cyber subjects including the claims process and coverage. MCIT’s cyber coverage provider since 2023 exited the market at the end of 2025 bringing their high-deductible program to a close. The MCIT Board of Directors chose to self-insure that coverage structure into 2026 until an alternative program is identified and rolled out to the membership mid-term. All coverage limits, sub limits and deductibles under the prior coverage program remain in place in the self-insured structure. MCIT continues to adjudicate claims using MCIT staff with the assistance of strong national experts guiding and facilitating investigation, mitigation, recovery, and response. Cybersecurity challenges continue as key operational concerns for local government members, and MCIT’s Board is committed to building important partnerships with other local government entities, and work to strengthen MCIT’s outreach and communication on this important risk area.

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

Contacting the Trust's Financial Management

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

	2025	2024
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	$ 21,406,123	$ 23,346,877
Investments	26,973,971	13,016,063
Member contributions and other receivables	470,250	1,310,512
Lease receivable	839,477	820,161
Investment income due and accrued	1,277,142	1,043,839
Prepaid expenses	231,059	121,262
Total current assets	51,198,022	39,658,714
Noncurrent Assets		
Investments	116,303,507	111,109,277
Restricted investment securities- CRL	855,030	264,248
Capital assets, net	7,449,144	7,975,064
Total noncurrent assets	124,607,681	119,348,589
Deferred Outflows of Resources		
Pension related deferred outflows	412,434	388,453
Total assets and deferred outflows of resources	$ 176,218,137	$ 159,395,756

	2025	2024
Current Liabilities		
Current portion of unpaid claim liabilities	$ 18,349,060	$ 18,907,481
Current portion of special compensation fund assessment	410,638	443,080
Deferred lease revenue	839,477	820,161
Accounts payable and accrued liabilities	2,460,576	4,098,090
Total current liabilities	22,059,751	24,268,812
Noncurrent Liabilities		
Unpaid claim liabilities, net of current portion		
Claim reserves reported	19,648,610	20,967,678
Claim reserves incurred but not reported	42,220,221	41,239,017
Special compensation fund assessment, net of current portion	2,381,529	2,427,098
Net pension liability	1,501,664	1,637,111
Total noncurrent liabilities	65,752,024	66,270,904
Total liabilities	87,811,775	90,539,716
Deferred Inflows of Resources		
Pension related deferred inflows	959,151	1,263,981
Net Position		
Net Investment in Capital Assets	7,449,144	7,975,064
Unrestricted		
Designated net position	67,275,336	52,366,106
Undesignated net position	12,722,731	7,250,889
Total net position	87,447,211	67,592,059
Total liabilities, deferred inflows of resources, and net position	$ 176,218,137	$ 159,395,756

	2025	2024
Operating Revenues		
Member contributions earned	$ 57,393,319	$ 48,903,602
Ceded reinsurance premiums	(8,734,439)	(8,953,005)
Total operating revenues	48,658,880	39,950,597
Operating Expenses		
Incurred claim liability expenses		
Net increase (decrease) in reserves	(896,286)	1,004,373
Paid claims	31,566,746	24,005,707
Special compensation fund		
Net increase (decrease) in reserves	(78,011)	257,951
Paid claims	539,717	592,973
Service provider fee	960,163	878,606
General administration	7,112,776	8,199,987
Total operating expenses	39,205,105	34,939,597
Gain from Operations	9,453,775	5,011,000
Non-Operating Revenues		
Net investment income	5,181,065	4,651,210
Net unrealized gain on investments	6,498,622	1,095,996
Other income	221,690	143,580
Net non-operating revenues	11,901,377	5,890,786
Income Before Dividends to Members	21,355,152	10,901,786
Dividends to members	(1,500,000)	(3,500,000)
Change in Net Position	19,855,152	7,401,786
Total Net Position, Beginning of Year	67,592,059	60,190,273
Total Net Position, End of Year	$ 87,447,211	$ 67,592,059
Undesignated Net Position, Beginning of Year	$ 7,250,889	$ 5,178,941
Change in net investment in capital assets	525,920	(2,004,952)
Change in designated position	(14,909,230)	(3,324,886)
Change in net position	19,855,152	7,401,786
Undesignated Net Position, End of Year	12,722,731	7,250,889
Designated position	67,275,336	52,366,106
Net investment in capital assets	7,449,144	7,975,064
	$ 87,447,211	$ 67,592,059

	2025	2024
Operating Activities		
Receipts from members	$ 58,233,581	$ 48,403,445
Reinsurance premiums paid	(8,734,439)	(8,953,005)
General and administrative expenses paid	(9,698,527)	(6,525,785)
Claims paid	(32,106,462)	(24,598,682)
Net Cash from Operating Activities	7,694,153	8,325,973
Capital and Related Financing Activities		
Dividends paid	(1,500,000)	(3,500,000)
Principal payments on leases	-	(19,775)
Cash paid for interest on leases	-	(1,229)
Principal payments on subscriptions	(289,438)	(330,400)
Cash paid for interest on subscriptions	(48,186)	(7,663)
Cash received on lease receivables	382,252	364,106
Purchases of capital assets	(337,992)	(1,749,782)
Other	221,690	143,580
Net Cash used for Capital and Related Financing Activities	(1,571,674)	(5,101,163)
Investing Activities		
Purchases of investments	(67,896,104)	(10,372,957)
Proceeds from sales and maturities of investments	54,651,806	19,694,569
Investment income received	5,181,065	4,651,210
Net Cash from (used for) Investing Activities	(8,063,233)	13,972,822
Net Change in Cash and Cash Equivalents	(1,940,754)	17,197,632
Cash and Cash Equivalents, Beginning of Year	23,346,877	6,149,245
Cash and Cash Equivalents, End of Year	$ 21,406,123	$ 23,346,877

	2025	2024
Reconciliation of Operating Income to Net Cash from Operating Activities		
Gain from operations	$ 9,453,775	$ 5,011,000
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation expense	819,284	418,128
Changes in assets, deferred outflows, liabilities, and deferred inflows		
Member contributions and other receivables	840,262	(498,937)
Deferred Outflows of Resources	(23,981)	387,838
Investment income due and accrued	(233,303)	(98,817)
Prepaid expenses	(109,797)	(25,131)
Unpaid claim liabilities	(896,285)	1,004,371
Special compensation fund assessment	(78,011)	257,951
Accounts payable and accrued liabilities	(1,637,514)	2,561,645
Member deposits	-	(1,220)
Net pension liability	(135,447)	(868,055)
Deferred Inflows of Resources	(304,830)	177,200
Net Cash from Operating Activities	$ 7,694,153	$ 8,325,973

Note 1 - Principal Activity

Principal Business Activity

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

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

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

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

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

At December 31, 2025, the Trust members include 81 out of 87 Minnesota counties, 84 soil and water conservation districts, and 319 other related organizations. At December 31, 2024, the Trust members include 81 out of 87 Minnesota counties, 84 soil and water conservation districts, and 316 other related organizations.

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

During the years ended 2025 and 2024, workers' compensation and property and casualty claims administration, underwriting services, facility management, IT support, program management, financial information education, and administrative work were performed by the Trust.

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

Note 2 - Summary of Significant Accounting Policies

Summary of Significant Accounting Policies

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

Reporting Entity

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

Financial Statements – Fund Financial Statements

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

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

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

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

Basis of Accounting

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

Cash and Cash Equivalents

For purposes of the statement of net position and statement of cash flows, the Trust considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Trust's cash and cash equivalents are concentrated with two financial institutions. Deposits of cash in excess of FDIC limits were properly collateralized as of December 31, 2025 and 2024.

Investment Securities

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

Capital Assets

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

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2025 and 2024.

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

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

Long-Term Obligations

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

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

Lease Receivables

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

Deferred Outflows of Resources

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

Unpaid Claim Liabilities

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

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

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

Deferred Inflows of Resources

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

Member Contributions

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

Reinsurance

The Trust uses reinsurance to reduce its exposure on catastrophic losses. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Trust as direct insurer of the risks reinsured. The Trust does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. There was approximately $4,811,276 and $4,768,698 recovered from reinsurers in 2025 and 2024.

Dividends to Members/Return of Members' Contributions

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

The Board declared dividends of $1,500,000 and $3,500,000 in the years ended December 31, 2025 and 2024. There were no dividends payable at December 31, 2025 and 2024.

Use of Estimates

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

Risks and Uncertainties

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

Income Taxes

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

Pensions

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

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

Subsequent Events

The Trust has evaluated subsequent events through June 22, 2026, the date which the financial statements were available to be issued.

Note 3 - Cash and Investments

The Trust's cash and cash equivalents are entirely insured by the FDIC or collateralized. The Trust invests funds not required for immediate use as authorized by Minnesota statutes, as follows:

- Direct obligations or obligations guaranteed by the United States of America or its agencies.
- Federal agency issues not directly guaranteed by the United States of America Government.
- Shares in mutual funds investing exclusively in United States of America Government and agency issues.
- Obligations of the State of Minnesota or Minnesota municipalities. Obligations of other states and municipalities meeting the Minnesota statute requirements.
- Bankers' acceptances of United States of America banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States of America corporations or their Canadian subsidiaries, of the highest quality and maturing in 270 days or less.
- Interest-bearing deposits.
- Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000; a primary reporting dealer in U.S. Government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- Investments in certain risk-based assets through Vanguard and the Minnesota State Board of Investment, as authorized under Minnesota Statute Section 118 and approved by the Board.

The amortized cost and estimated fair value of investment securities at December 31, 2025, is as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 129,897,225	$ 624,895	$ (7,553,440)	$ 122,968,680
Equity securities	16,528,068	3,780,730	-	20,308,798
	$ 146,425,293	$ 4,405,625	$ (7,553,440)	$ 143,277,478

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

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

The amortized cost and estimated fair value of debt securities at December 31, 2025, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 27,353,500	$26,973,971
Due after one year through five years	30,393,930	29,936,304
Due after five years through ten years	27,478,697	27,002,744
Due after ten years	44,671,098	39,055,661
Total	$ 129,897,225	$ 122,968,680

Losses of $568,294 and $566,290 were realized on sales of investment securities in 2025 and 2024.

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

During 2021, the Trust invested $464,563 with County Reinsurance, Limited (CRL) which will be held for the duration of the participation in the reinsurance pool. As such this investment is presented as restricted on the statement of net position at its fair value of $855,030 and $264,248 at December 31, 2025 and 2024. At the time that the Trust leaves the pool, the investment will be refunded at the fair value of the investment.

Note 4 - Capital Assets

Capital assets at December 31, 2025 and 2024, consist of the following:

	2025	2024
Capital assets, being depreciated		
Land and improvements	$ 1,466,113	$ 1,466,113
Building	9,129,242	7,214,166
Furniture and fixtures	928,929	834,679
Computers and equipment	1,781,812	1,781,812
Construction in progress	-	1,671,334
	13,306,096	12,968,104
Less accumulated depreciation	(6,564,457)	(6,080,776)
Total capital assets	6,741,639	6,887,328
Right to use subscription IT assets	943,340	1,903,179
Less accumulated amortization	235,835	815,443
Total right to use assets	707,505	1,087,736
Total capital assets, net	$ 7,449,144	$ 7,975,064

Depreciation and amortization expense related to the Trust's property and equipment was $483,681 and $418,128 for the years ended December 31, 2025 and 2024.

Note 5 - Leases

Lessee Activities

The Trust has entered into various lease agreements for equipment for various lengths of time. The leases terminate at various dates through September 2025. The Trust utilizes discount rates ranging from 3.59% to 3.71%, consistent with the Trust's rates available at lease inception or lease implementation for arrangements with similar terms. There were no remaining obligations associated with these leases as of December 31, 2025.

Lessor Activities

The Trust has accrued a receivable for five building leases. The remaining receivable and deferred revenue for these leases was $839,477 and $820,161 for the years ended December 31, 2025 and 2024. Interest revenue recognized on these leases was $0 for the years ended December 31, 2025 and 2024. Principal receipts of $164,708 and $158,716 were recognized during the years ended December 31, 2025 and 2024. Final receipt is expected in fiscal year 2030.

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

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

A summary of the changes in subscription IT liabilities during the years ended December 31, 2025 and 2024, is as follows:

	Balance January 1, 2025	Additions	Retirements	Balance December 31, 2025	Due Within One Year
Subscription IT Liabilities	$ 1,087,736	$ -	$ (360,780)	$ 726,956	$ 308,050

	Balance January 1, 2024	Additions	Retirements	Balance December 31, 2024	Due Within One Year
Subscription IT Liabilities	$ 387,355	$ 1,087,736	$ (387,355)	$ 1,087,736	$ 326,724

Remaining principal and interest payments on subscriptions are as follows:

Years Ending December 31,	Principal	Interest
2026	$ 308,050	$ 44,075
2027	331,964	20,161
2028	86,942	1,089
	$ 726,956	$ 65,325

Note 7 - Reinsurance Ceded

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

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

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

	2025	2024
For the years ended December 31,		
Ceded loss and loss adjustment expenses	$ 4,380,184	$ 4,502,187
Reinsurance premiums ceded	8,734,439	8,953,005
As of December 31,		
Estimated unpaid losses and loss adjustment expenses recoverable from re-insurers	1,836,000	-

Note 8 - Unpaid Claim Liabilities

The Trust establishes liabilities for both reported and unreported insured events, which include estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities, excluding SCF assessment, during the year ended December 31, 2025:

	Workers' Compensation	Property and Casualty	Total
Unpaid claims and claim adjustment expenses at beginning of the year, net of reinsurance recoverable of $0	$ 55,949,369	$ 25,164,807	$ 81,114,176
Incurred claims, net of reinsurance			
Provision for insured events of the current year	9,684,055	21,804,811	31,488,866
Increase (decrease) in provision for insured events of prior years	517,967	(1,336,373)	(818,406)
Total incurred claims and claim adjustment expenses	10,202,022	20,468,438	30,670,460
Payments			
Claims and claim adjustment expenses attributable to insured events of the current year	7,513,555	7,129,713	14,643,268
Claims and claim adjustment expenses attributable to insured events of the prior years	3,424,518	13,498,960	16,923,478
Total payments	10,938,073	20,628,673	31,566,746
Total unpaid claims and claim adjustment expenses at end of the year, net of reinsurance recoverable of $1,836,000	$ 55,213,319	$ 25,004,572	$ 80,217,891

The change in the provision for insured events of prior years and loss adjustment expenses of prior years during the year ended December 31, 2025, is primarily due to unanticipated favorable development on losses incurred during prior years and the corresponding change in the actuarial estimates of ultimate liabilities for incurred claims from those years.

The following represents changes in those aggregate liabilities, excluding SCF assessment, during the year ended December 31, 2024:

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

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

A reconciliation to amounts presented on the statements of net position for 2025 and 2024 are as follows:

	2025	2024
Current portion of unpaid claim liabilities	$ 18,349,060	$ 18,907,481
Claim reserves reported	19,648,610	20,967,678
Claim reserves incurred but not reported	42,220,221	41,239,017
Total	$ 80,217,891	$ 81,114,176

The following tables provide incurred claims and expense as well as cumulative paid claims, net of reinsurance, for the prior ten accident years for the Workers' Compensation and Property and Casualty Divisions. In addition, as of the most recent reporting period, the total of incurred but not reported (IBNR) reserves plus expected development on reported claims and the cumulative number of reported claims are presented separately by division. The information about incurred and paid claims development for the years ended December 31, 2016, to December 31, 2025, is presented as supplementary information.

Incurred Claims and Allocated Loss Adjustment Expenses, Net of Reinsurance
Workers' Compensation for the Years Ended December 31,

Loss Year	* 2016	* 2017	* 2018	* 2019	* 2020	* 2021	* 2022	* 2023	* 2024	2025	IBNR Reserves December 31, 2025	* Cumulative Number of Reported Claims
2016*	$ 11,106,002	$ 10,762,688	$ 10,252,368	$ 9,602,316	$ 9,567,429	$ 9,666,687	$ 9,531,009	$ 9,425,291	$ 9,342,665	$ 9,267,894	$ 1,037,322	1,000
2017*		11,160,565	11,628,714	10,574,407	9,718,723	9,384,825	9,115,960	8,949,296	9,025,097	8,840,558	1,108,068	1,054
2018*			13,237,686	12,119,615	12,047,320	11,825,246	11,389,470	11,580,817	11,504,494	11,272,224	1,399,780	1,156
2019*				11,426,409	10,547,879	10,113,072	9,750,878	9,603,762	9,606,663	9,735,912	1,368,912	1,128
2020*					10,865,486	10,575,601	10,844,197	10,903,604	10,676,383	10,777,254	1,614,051	995
2021*						11,139,373	11,555,945	11,850,227	11,594,711	11,135,766	1,914,195	1,222
2022*							13,435,897	12,996,476	13,776,178	13,730,785	2,356,768	1,305
2023*								13,405,323	14,280,578	13,467,545	3,172,950	974
2024*									11,602,560	9,986,178	3,896,583	878
2025										13,448,623	6,860,969	935
									Total	$ 111,662,739	$ 24,729,598	
									For Years Prior to 2016		12,461,492	

Cumulative Paid claims and Allocated Loss Adjustment Expenses, Net of Reinsurance
Workers' Compensation for the Years Ended December 31,

Loss Year	* 2016	* 2017	* 2018	* 2019	* 2020	* 2021	* 2022	* 2023	* 2024	2025
2016*	$ 2,311,616	$ 4,663,891	$ 5,792,552	$ 6,715,063	$ 7,153,309	$ 7,534,577	$ 7,784,373	$ 7,947,737	$ 8,077,720	$ 8,097,960
2017*		2,513,877	5,171,671	6,624,711	7,330,898	7,370,158	7,442,563	7,508,129	7,614,227	7,703,728
2018*			2,660,319	5,929,521	7,504,655	8,596,073	8,547,967	9,149,680	9,691,291	9,755,393
2019*				2,655,470	5,071,730	6,327,089	7,087,254	7,532,077	7,840,036	8,201,619
2020*					2,160,133	4,662,561	6,935,864	8,067,483	8,461,881	8,847,896
2021*						2,278,780	5,022,875	7,285,181	8,240,176	8,688,640
2022*							2,873,987	6,379,595	8,644,057	9,906,491
2023*								3,697,971	6,695,224	8,915,887
2024*									2,323,206	4,220,970
2025										3,514,247
									Total	$ 77,852,831
							All outstanding liabilities before 2016			$ 15,207,481
							Liabilities for claims and claim adjustment expenses			$ 49,017,388

* Supplementary Information Unaudited

Incurred Claims and Allocated Loss Adjustment Expenses, Net of Reinsurance
Property and Casualty for the Years Ended December 31,

Loss Year	* 2016	* 2017	* 2018	* 2019	* 2020	* 2021	* 2022	* 2023	* 2024	2025	IBNR Reserves December 31, 2025	* Cumulative Number of Reported Claims
2016*	$11,727,530	##########	$12,746,846	$ 12,890,035	$ 13,437,984	$ 12,992,974	$ 9,887,102	$ 9,751,562	$ 9,718,568	$ 9,924,653	$ 19,981	885
2017*		12,240,251	12,887,146	13,508,710	14,160,818	14,577,944	12,992,974	12,993,943	12,989,640	12,989,462	7,088	1,054
2018*			12,921,240	12,827,445	13,484,487	13,785,617	14,577,944	13,983,182	13,992,346	13,970,105	4,067	1,056
2019*				12,700,663	14,026,646	15,499,461	13,785,617	14,036,147	14,306,869	13,048,997	18,926	1,260
2020*					12,318,866	11,104,908	15,499,461	15,668,546	15,640,225	14,846,600	129,639	1,027
2021*						17,284,321	11,104,908	10,834,715	10,576,946	9,818,104	229,079	1,037
2022*							17,284,321	16,409,139	16,027,090	16,166,913	542,070	1,315
2023*								17,353,828	16,593,565	14,901,440	1,132,425	1,254
2024*									17,302,759	17,382,477	2,625,212	1,233
2025										23,417,267	5,683,294	1,317
									Total	$ 146,466,018	$ 10,391,781	

Cumulative Paid claims and Allocated Loss Adjustment Expenses, Net of Reinsurance
Property and Casualty for the Years Ended December 31,

Loss Year	* 2016	* 2017	* 2018	* 2019	* 2020	* 2021	* 2022	* 2023	* 2024	2025
2016*	$ 4,095,224	$ 6,951,958	$ 8,858,747	$ 8,795,452	$ 9,480,319	$ 9,732,437	$ 9,539,760	$ 9,691,260	$ 9,693,380	$ 9,714,202
2017*		5,852,407	10,031,663	10,586,509	11,530,010	12,079,664	12,589,241	12,880,598	12,904,184	12,944,664
2018*			5,731,679	9,007,818	11,016,082	12,258,113	13,401,670	13,844,811	13,910,897	13,966,039
2019*				6,044,720	10,071,030	10,985,242	11,411,220	11,866,303	12,401,809	12,886,229
2020*					5,674,135	9,495,975	10,512,848	12,831,933	13,894,864	14,141,409
2021*						4,381,039	6,546,241	8,624,798	9,184,911	9,308,996
2022*							7,943,640	10,662,954	13,074,061	13,732,834
2023*								7,057,931	10,895,836	11,861,602
2024*									7,399,566	11,578,043
2025										12,647,585
									Total	$ 122,781,603
									All outstanding liabilities before 2016	$ -
									Liabilities for claims and claim adjustment expenses	$ 23,684,417

* Supplementary Information Unaudited

The following information includes information about the average historical claims as of December 31, 2025:

	Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance									
	*	*	*	*	*	*	*	*	*	*
Years	1	2	3	4	5	6	7	8	9	10
Workers' compensation	12.6%	9.1%	7.0%	5.9%	5.0%	4.3%	3.9%	3.5%	3.3%	3.1%
Property and casualty	46.1%	23.5%	14.6%	7.7%	4.2%	2.1%	0.9%	0.7%	0.2%	0.0%

* Supplementary Information Unaudited

The reconciliation of the net incurred and paid claims development tables above to the reserve for claims and claims expense on the balance sheet as of December 31, 2025 and 2024, is as follows:

	December 31, 2025	December 31, 2024
Net outstanding liabilities		
Workers' Compensation	$ 49,403,388	$ 49,745,215
Property and Casualty	25,134,417	23,788,501
Total liabilities for unpaid claims and claim adjustment expenses	74,537,805	73,533,716
Reinsurance recoverable on unpaid claims		
Workers' Compensation	386,000	-
Property and Casualty	1,450,000	-
Total reinsurance recoverable on unpaid claims	1,836,000	-
Unallocated claims adjustment expense		
Workers' Compensation	6,195,931	6,204,153
Property and Casualty	1,320,155	1,376,307
Total unallocated claims adjustment expense	7,516,086	7,580,460
Total gross liability for unpaid claims and claims adjustment expense	$ 80,217,891	$ 81,114,176

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

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

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

To supplement the multiplicative methods for the most recent five accident (report) years, the Bornhuetter-Ferguson method is used, whereby ultimate loss and allocated loss adjustment expense is estimated by taking the sum of loss and allocated loss adjustment expense paid (or reported) to-date and an expected amount unpaid (or unreported). This latter quantity is derived by using the selected loss development pattern to determine an expected percentage of ultimate still unpaid (or unreported) as of the valuation date, times an expected “a-priori” level of loss and allocated loss adjustment expense, which is simply earned premium times the a-priori loss and allocated loss adjustment expense for the Property and Casualty Division and exposures times the a-priori pure premium, which is based upon modified insurance industry data for the Workers’ Compensation Division. There were no other changes in actuarial methodologies noted in the calculation of the reserves during 2025.

Note 9 - Special Compensation Fund Assessment (SCF)

The Minnesota Department of Labor and Industry levies an assessment against all insurers and self-insurers paying workers’ compensation benefits in Minnesota to fund workers’ compensation programs. Most of the assessment dollars go to funding the supplementary and second-injury benefit programs. The assessment also pays the operating expenses of the workers’ compensation divisions of the Department of Labor and Industry, the Office of Administrative Hearings, and the Workers’ Compensation Court of Appeals. The Trust’s assessment rate was 11.87% and 11.87% of indemnity payments made for 2025 and 2024.

The accrued liability for SCF assessments at December 31, 2025 and 2024, was $2,792,167 and $2,870,178. This represents management’s best estimate of the Trust’s future liability. However, the amounts of future assessments may be affected by factors which are impossible to accurately forecast, such as the possible future bankruptcies of large self-insurers, the timing and amounts of increases or decreases in the assessment rate which the Workers’ Compensation Division is required to implement, and legislative decisions to add or remove financial responsibilities from the fund, or to provide other sources of funding to the SCF.

Note 10 - Defined Benefit Pension Plans – Statewide

A. Plan Description

The Trust participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes, Chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes, Chapter 356 defines the plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than $425 in a month, unless the employee meets exclusion criteria.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

C. Contributions

Minnesota Statutes chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the Trust was required to contribute 7.50% for General Plan members. The Trust's contributions to the General Employees Fund for the years ended December 31, 2025 and 2024, were $316,163 and $267,196. The Trust's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

At December 31, 2025 and 2024, the Trust reported a liability of $1,501,664 and $1,637,111, respectively, for its proportionate share of the General Employees Fund's net pension liability. The Trust's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Trust totaled $36,225 and $42,332 at December 31, 2025 and 2024, respectively.

	2025	2024
Trust's proportionate share of the net pension liability	$ 1,501,664	$ 1,637,111
State of Minnesota's proportionate share of the net pension liability associated with the Trust	36,225	42,332
Total	$ 1,537,889	$ 1,679,443

The net pension liability was measured as of June 30, 2025 and 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Trust's proportion of the net pension liability was based on the Trust's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, and July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2025, the Trust's proportionate share was 0.0453%, which was an increase of 0.0010% from its proportion measured as of June 30, 2024. At June 30, 2024, the Organization's proportionate share was 0.0443%, which was a decrease of 0.0005% from its proportion measured as of June 30, 2023.

For the years ended June 30, 2025 and 2024, the Trust recognized pension expense of $(457,008) and $(301,881) for its proportionate share of the General Employees Plan's pension expense. In addition, the Trust recognized an additional $7,250 and $1,135 as other income for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

At December 31, 2025, the Trust reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 143,076	$ -	$ 154,107	$ -
Changes in actuarial assumptions	-	597,527	7,743	624,903
Difference between projected and actual investment earnings	36,181	345,528	-	548,714
Changes in proportion	73,454	16,096	75,240	90,364
Contributions paid to PERA subsequent to the measurement date	159,723	-	151,361	-
	$ 412,434	$ 959,151	$ 388,451	$ 1,263,981

The $159,723 reported as deferred outflows of resources as of December 31, 2025, related to pensions resulting from the Trust's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended December 31,	Amount
2026	$ (132,871)
2027	(275,866)
2028	(190,962)
2029	(106,740)

E. Long-Term Expected Return on Investments

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

Inflation is assumed to be 2.25%. Benefit increases after retirement are assumed to be 1.50%. Salary growth assumptions range in annual increments from 11.5% after one year of service to 3% after 27 years of service. Mortality rates are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

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

The following changes in actuarial assumptions and plan provisions occurred in 2025:

Changes in actuarial assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in plan provisions:

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2025 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents the Trust's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Trust's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
December 31, 2025			
GERF discount rate	6.00%	7.00%	8.00%
The Trust's proportional share of the GERF net pension liability	$ 3,647,307	$ 1,501,664	$ (238,935)
December 31, 2024			
GERF discount rate	6.00%	7.00%	8.00%
The Trust's proportional share of the GERF net pension liability	$ 3,575,714	$ 1,637,111	$ 42,433

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

Note 11 - Risk Management

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

Supplementary Information
December 31, 2025 and 2024

Minnesota Counties Intergovernmental Trust

	Workers' Compensation	Property and Casualty	Building Repair	GASB 68 (Pension)	Eliminations	Total
Assets						
Current Assets						
Cash and cash equivalents	$ 2,571,681	$ 18,641,325	$ 193,117	$ -	$ -	$ 21,406,123
Investment securities	16,184,383	10,789,588	-	-	-	26,973,971
Member contributions and other receivables	411,848	58,402	-	-	-	470,250
Lease receivable	-	-	839,477	-	-	839,477
Investment income due and accrued	751,699	525,443	-	-	-	1,277,142
Prepaid expenses	87,126	143,933	-	-	-	231,059
Total current assets	20,006,737	30,158,691	1,032,594	-	-	51,198,022
Noncurrent Assets						
Investment securities	70,295,122	46,008,385	-	-	-	116,303,507
Investment securities- CRL	-	855,030	-	-	-	855,030
Intercompany receivable	9,332,905	-	-	-	9,332,905	-
Capital assets, net	2,748,420	2,342,965	2,357,759	-	-	7,449,144
Total noncurrent assets	82,376,447	49,206,380	2,357,759	-	9,332,905	124,607,681
Deferred Outflow of Resources						
Pension related deferred outflows	-	-	-	412,434	-	412,434
Total assets and deferred outflows of resources	$ 102,383,184	$ 79,365,071	$ 3,390,353	$ 412,434	$ 9,332,905	$ 176,218,137
Liabilities						
Current Liabilities						
Current portion of unpaid claim liabilities	$ 7,768,164	$ 10,580,896	$ -	$ -	$ -	$ 18,349,060
Current portion of special compensation fund assessment	410,638	-	-	-	-	410,638
Deferred lease revenue	-	-	839,477	-	-	839,477
Accounts payable and accrued liabilities	1,293,922	1,111,147	55,507	-	-	2,460,576
Total current liabilities	9,472,724	11,692,043	894,984	-	-	22,059,751
Noncurrent Liabilities						
Unpaid claim liabilities, net of current portion						
Claim reserves reported	11,427,046	8,221,564	-	-	-	19,648,610
Claim reserves incurred but not reported	36,018,109	6,202,112	-	-	-	42,220,221
Special compensation fund assessment, net of current portion	2,381,529	-	-	-	-	2,381,529
Intercompany payable	2,000,062	4,037,015	2,690,930	604,898	9,332,905	-
Net pension liability	-	-	-	1,501,664	-	1,501,664
Total noncurrent liabilities	51,826,746	18,460,691	2,690,930	2,106,562	9,332,905	65,752,024
Total liabilities	61,299,470	30,152,734	3,585,914	2,106,562	9,332,905	87,811,775
Deferred Inflows of Resources						
Pension related deferred inflows	-	-	-	959,151	-	959,151
Net Position						
Net investment in capital assets	2,748,420	2,342,965	2,357,759	-	-	7,449,144
Unrestricted						
Designated net position	26,550,000	38,836,400	1,888,936	-	-	67,275,336
Undesignated net position	11,785,294	8,032,972	(4,442,256)	(2,653,279)	-	12,722,731
Total net position	41,083,714	49,212,337	(195,561)	(2,653,279)	-	87,447,211
Total liabilities, deferred inflows of resources, and net position	$ 102,383,184	$ 79,365,071	$ 3,390,353	$ 412,434	$ 9,332,905	$ 176,218,137

	Workers' Compensation	Property and Casualty	Building Repair	GASB 68 (Pension)	Eliminations	Total
Assets						
Current Assets						
Cash and cash equivalents	$ 8,616,611	$ 14,708,055	$ 22,211	$ -	$ -	$ 23,346,877
Investment securities	7,809,638	5,206,425	-	-	-	13,016,063
Member contributions and other receivables	492,192	818,320	-	-	-	1,310,512
Lease receivable	-	-	820,161	-	-	820,161
Investment income due and accrued	591,181	452,658	-	-	-	1,043,839
Prepaid expenses	72,757	48,505	-	-	-	121,262
Total current assets	17,582,379	21,233,963	842,372	-	-	39,658,714
Noncurrent Assets						
Investment securities	66,824,115	44,285,162	-	-	-	111,109,277
Investment securities- CRL	-	264,248	-	-	-	264,248
Intercompany receivable	8,159,445	-	-	-	8,159,445	-
Capital assets, net	3,060,191	2,550,813	2,364,060	-	-	7,975,064
Total noncurrent assets	78,043,751	47,100,223	2,364,060	-	8,159,445	119,348,589
Deferred Outflow of Resources						
Pension related deferred outflows	-	-	-	388,453	-	388,453
Total assets and deferred outflows of resources	$ 95,626,130	$ 68,334,186	$ 3,206,432	$ 388,453	$ 8,159,445	$ 159,395,756
Liabilities						
Current Liabilities						
Current portion of unpaid claim liabilities	$ 8,270,787	$ 10,636,694	$ -	$ -	$ -	$ 18,907,481
Current portion of special compensation fund assessment	443,080	-	-	-	-	443,080
Deferred lease revenue	-	-	820,161	-	-	820,161
Accounts payable and accrued liabilities	2,198,801	1,652,521	246,768	-	-	4,098,090
Total current liabilities	10,912,668	12,289,215	1,066,929	-	-	24,268,812
Noncurrent Liabilities						
Unpaid claim liabilities, net of current portion						
Claim reserves reported	12,498,665	8,469,013	-	-	-	20,967,678
Claim reserves incurred but not reported	35,179,917	6,059,100	-	-	-	41,239,017
Special compensation fund assessment, net of current portion	2,427,098	-	-	-	-	2,427,098
Intercompany payable	1,472,105	4,376,543	1,705,899	604,898	8,159,445	-
Net pension liability	-	-	-	1,637,111	-	1,637,111
Total noncurrent liabilities	51,577,785	18,904,656	1,705,899	2,242,009	8,159,445	66,270,904
Total liabilities	62,490,453	31,193,871	2,772,828	2,242,009	8,159,445	90,539,716
Deferred Inflows of Resources						
Pension related deferred inflows	-	-	-	1,263,981	-	1,263,981
Net Position						
Net investment in capital assets	3,060,191	2,550,813	2,364,060	-	-	7,975,064
Unrestricted						
Designated net position	24,100,000	26,754,155	1,511,951	-	-	52,366,106
Undesignated net position	5,975,486	7,835,347	(3,442,407)	(3,117,537)	-	7,250,889
Total net position	33,135,677	37,140,315	433,604	(3,117,537)	-	67,592,059
Total liabilities, deferred inflows of resources, and net position	$ 95,626,130	$ 68,334,186	$ 3,206,432	$ 388,453	$ 8,159,445	$ 159,395,756

	Workers' Compensation	Property and Casualty	Building Repair	GASB 68 (Pension)	Total
Operating Revenues					
Member contributions earned	$ 20,641,841	$ 36,751,478	$ -	$ -	$ 57,393,319
Ceded reinsurance premiums	(679,342)	(8,055,097)	-	-	(8,734,439)
Total operating revenues	19,962,499	28,696,381	-	-	48,658,880
Operating Expenses					
Incurred claim liability expenses					
Net increase in reserves	(736,051)	(160,235)	-	-	(896,286)
Paid claims	10,938,073	20,628,673	-	-	31,566,746
Special compensation fund					
Net decrease in reserves	(78,011)	-	-	-	(78,011)
Paid claims	539,717	-	-	-	539,717
Service provider fee	591,432	368,731	-	-	960,163
General administration	3,684,523	3,091,961	793,300	(457,008)	7,112,776
Total operating expenses	14,939,683	23,929,130	793,300	(457,008)	39,205,105
Gain (Loss) from Operations	5,022,816	4,767,251	(793,300)	457,008	9,453,775
Non-Operating Revenues					
Net investment income	2,097,099	3,083,966	-	-	5,181,065
Net unrealized gains on investments	2,298,627	4,199,995	-	-	6,498,622
Other income	29,495	20,810	164,135	7,250	221,690
Net non-operating revenues	4,425,221	7,304,771	164,135	7,250	11,901,377
Income (Loss) Before Dividends to Members	9,448,037	12,072,022	(629,165)	464,258	21,355,152
Dividends to members	(1,500,000)	-	-	-	(1,500,000)
Change in Net Position	7,948,037	12,072,022	(629,165)	464,258	19,855,152
Total Net Position, Beginning of Year	33,135,678	37,140,314	433,604	(3,117,537)	67,592,059
Total Net Position, End of Year	$ 41,083,715	$ 49,212,336	$ (195,561)	$ (2,653,279)	$ 87,447,211
Undesignated Net Position, Beginning of Year	$ 5,975,486	$ 7,835,347	$ (3,442,407)	$ (3,117,537)	$ 7,250,889
Change in net investment in capital assets	311,771	207,848	6,301	-	525,920
Change in designated position	(2,450,000)	(12,082,245)	(376,985)	-	(14,909,230)
Change in net position	7,948,037	12,072,022	(629,165)	464,258	19,855,152
Undesignated Net Position, End of Year	11,785,294	8,032,972	(4,442,256)	(2,653,279)	12,722,731
Designated position	26,550,000	38,836,400	1,888,936	-	67,275,336
Net investment in capital assets	2,748,420	2,342,965	2,357,759	-	7,449,144
	$ 41,083,714	$ 49,212,337	$ (195,561)	$ (2,653,279)	$ 87,447,211

	Workers' Compensation	Property and Casualty	Building Repair	GASB 68 (Pension)	Total
Operating Revenues					
Member contributions earned	$ 18,060,914	$ 30,842,688	$ -	$ -	$ 48,903,602
Ceded reinsurance premiums	(1,052,646)	(7,900,359)	-	-	(8,953,005)
Total operating revenues	17,008,268	22,942,329	-	-	39,950,597
Operating Expenses					
Incurred claim liability expenses					
Net increase in reserves	1,773,649	(769,276)	-	-	1,004,373
Paid claims	10,242,603	13,763,104	-	-	24,005,707
Special compensation fund					
Net decrease in reserves	257,951	-	-	-	257,951
Paid claims	592,973	-	-	-	592,973
Service provider fee	544,556	334,050	-	-	878,606
General administration	4,192,642	3,110,487	594,977	301,881	8,199,987
Total operating expenses	17,604,374	16,438,365	594,977	301,881	34,939,597
Gain (Loss) from Operations	(596,106)	6,503,964	(594,977)	(301,881)	5,011,000
Non-Operating Revenues					
Net investment income	2,332,293	2,318,917	-	-	4,651,210
Net unrealized gains on investments	1,678,730	(582,734)	-	-	1,095,996
Other income	29,802	18,597	95,181	-	143,580
Net non-operating revenues	4,040,825	1,754,780	95,181	-	5,890,786
Income (Loss) Before Dividends to Members	3,444,719	8,258,744	(499,796)	(301,881)	10,901,786
Dividends to members	(3,500,000)	-	-	-	(3,500,000)
Change in Net Position	(55,281)	8,258,744	(499,796)	(301,881)	7,401,786
Total Net Position, Beginning of Year	33,190,959	28,881,570	933,400	(2,815,656)	60,190,273
Total Net Position, End of Year	$ 33,135,678	$ 37,140,314	$ 433,604	$ (3,117,537)	$ 67,592,059
Undesignated Net Position, Beginning of Year	$ 8,055,859	$ 1,643,907	$ (1,705,169)	$ (2,815,656)	$ 5,178,941
Change in net investment in capital assets	(325,092)	(206,399)	(1,473,461)	-	(2,004,952)
Change in designated position	(1,700,000)	(1,860,905)	236,019	-	(3,324,886)
Change in net position	(55,281)	8,258,744	(499,796)	(301,881)	7,401,786
Undesignated Net Position, End of Year	5,975,486	7,835,347	(3,442,407)	(3,117,537)	7,250,889
Designated position	24,100,000	26,754,155	1,511,951	-	52,366,106
Net investment in capital assets	3,060,191	2,550,813	2,364,060	-	7,975,064
	$ 33,135,677	$ 37,140,315	$ 433,604	$ (3,117,537)	$ 67,592,059

Required Supplementary Information
December 31, 2025

Minnesota Counties Intergovernmental Trust

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

1. This line shows the total of each year's net earned contributions and net investment income.

2. This line shows each year's other operating costs of the Trust including overhead and claims expense not allocable to individual claims.

3. This line shows incurred claims and allocated claim adjustment expenses (both paid and unpaid) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called coverage year).

4. This section shows the cumulative amounts paid as of the end of successive years for each coverage year.

5. This section shows how each coverage year's cumulative incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, re-evaluation of existing information on known claims, as well as emergence of new claims not previously known.

6. This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is more or less than originally estimated.

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

	2018	2019	2020	2021	2022	2023	2024	2025
(1) Net earned contributions and net investment income	$36,010,056	$45,020,886	$50,406,834	$38,436,507	$26,433,517	$53,564,874	$54,650,808	$ 69,073,006
(2) Unallocated expenses	903,913	950,964	983,081	1,010,920	1,010,920	788,002	878,606	960,163
(3) Estimated incurred claims and expense, end of coverage year	25,477,937	24,347,649	23,566,149	23,458,240	27,693,082	26,870,646	26,619,719	31,488,866
(4) Paid (cumulative) as of								
End of coverage year	8,391,998	8,700,190	7,834,268	6,659,819	10,817,627	10,755,902	9,722,772	14,643,268
One year later	14,937,339	15,142,760	14,158,536	11,569,116	17,042,549	17,591,060	15,799,013	
Two years later	18,520,737	17,312,331	17,448,712	11,498,785	21,718,118	20,777,489		
Three years later	20,854,186	18,498,474	20,899,416	17,425,087	23,639,325			
Four years later	21,949,637	19,398,380	22,356,745	17,997,636				
Five years later	22,994,491	20,241,845	22,989,305					
Six years later	23,602,188	21,087,848						
Seven years later	23,721,432							
(5) Re-estimated incurred claims and expense								
End of coverage year	26,158,926	24,127,072	23,184,352	28,423,694	30,720,218	30,759,151	28,905,319	31,488,866
One year later	24,947,060	24,574,525	21,680,509	22,660,853	29,405,615	30,874,143	27,368,655	
Two years later	25,531,807	25,612,533	26,343,658	22,684,942	29,803,268	28,368,985		
Three years later	25,610,863	23,536,495	26,572,150	22,171,657	29,897,698			
Four years later	25,967,414	23,639,909	26,316,608	20,953,870				
Five years later	25,563,999	23,913,532	25,623,854					
Six years later	25,496,840	22,784,909						
Seven years later	25,242,329							
(6) Decrease (increase) in estimated incurred claims and expense from end of coverage year	235,608	1,562,740	(2,057,705)	2,504,370	(2,204,616)	(1,498,339)	(748,936)	-

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

Pension Plan	Measurement Date	Employer's Proportion Share (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	The State's Proportionate Share of the Net Pension Liability Associated with MCIT (b)	Employer's Proportionate Share of the Net Pension Liability (NPL) and the State's Proportionate Share of the NPL Associated With MCIT (a+b)	Employer's Covered-Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERA	6/30/2016	0.0385%	$ 3,126,009	$ 40,301	$ 3,166,310	$ 2,387,663	132.61%	68.91%
PERA	6/30/2017	0.0421%	2,687,636	33,791	2,721,427	2,711,980	100.35%	75.90%
PERA	6/30/2018	0.0475%	2,635,105	86,334	2,721,439	3,188,902	85.34%	79.53%
PERA	6/30/2019	0.0505%	2,792,032	86,830	2,878,862	3,576,024	80.50%	80.23%
PERA	6/30/2020	0.0510%	3,057,683	94,337	3,152,020	3,503,320	89.97%	79.06%
PERA	6/30/2021	0.0494%	2,108,601	64,412	2,174,013	3,553,871	61.17%	87.00%
PERA	6/30/2022	0.0429%	3,397,693	99,480	3,497,173	3,382,902	103.38%	76.67%
PERA	6/30/2023	0.0448%	2,505,166	69,006	2,574,172	3,387,209	76.00%	83.10%
PERA	6/30/2024	0.0443%	1,637,111	42,332	1,679,443	3,656,255	45.93%	89.08%
PERA	6/30/2025	0.0453%	1,501,664	36,225	1,537,889	4,103,361	37.48%	90.80%

Schedule of Employer's Contributions
Last Ten Fiscal Years

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
PERA	12/31/2016	$ 179,074	$ 179,074	$ -	$ 2,389,000	7.50%
PERA	12/31/2017	203,390	203,390	-	2,711,000	7.50%
PERA	12/31/2018	239,283	239,283	-	3,190,000	7.50%
PERA	12/31/2019	268,201	268,201	-	3,575,000	7.50%
PERA	12/31/2020	272,960	272,960	-	3,640,000	7.50%
PERA	12/31/2021	266,541	266,541	-	3,554,000	7.50%
PERA	12/31/2022	240,850	240,850	-	3,211,804	7.50%
PERA	12/31/2023	267,196	267,196	-	3,562,613	7.50%
PERA	12/31/2024	281,201	281,201	-	3,749,896	7.50%
PERA	12/31/2025	307,707	307,707	-	4,103,361	7.50%