

# **LE SUEUR COUNTY**

Le Center, Minnesota

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

# LE SUEUR COUNTY

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## INDEPENDENT AUDITORS' REPORT

To the County Board of Commissioners  
Le Sueur County  
Le Center, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Le Sueur County, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Le Sueur County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing and Redevelopment Authority of Le Sueur County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Housing and Redevelopment Authority of Le Sueur County, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to Le Sueur County's preparation and fair presentation of the financial statements 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 Le Sueur County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Le Sueur County, Minnesota, as of December 31, 2018 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Le Sueur County's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019 on our consideration of Le Sueur County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Le Sueur County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Le Sueur County's internal control over financial reporting and compliance.

*Baker Tilly Virchow Krause, LLP*

Minneapolis, Minnesota  
September 30, 2019

# LE SUEUR COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As of and for the Year Ended December 31, 2018

As management of Le Sueur County, we offer readers of the Le Sueur County Financial Statements this narrative overview and analysis of the financial activities of Le Sueur County for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements following this section. All amounts, unless otherwise indicated, are expressed in whole dollars.

### **Financial Highlights**

The assets and deferred outflows of resources of Le Sueur County exceeded its liabilities and deferred inflows of resources at the close of 2018 by \$105,551,965. Of this amount, \$5,934,219 (unrestricted net position) may be used to meet Le Sueur County's ongoing obligations to citizens and creditors.

Le Sueur County's total net position increased by \$17,414,003 in 2018.

At the close of 2018, Le Sueur County's governmental funds reported combined ending fund balances of \$29,308,489. Of this amount, \$2,191,527 is available for spending at the County's discretion and is noted as unassigned fund balance.

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

This discussion and analysis are intended to serve as an introduction to Le Sueur County's basic financial statements. Le Sueur County's basic financial statements are comprised of three components: 1) Government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements list the functions of Le Sueur County that are principally supported by taxes and intergovernmental revenues. The governmental activities of Le Sueur County include general government, public safety, highways and streets, sanitation, health and human services, culture, recreation and education, and conservation and development. There are no business-type activities within Le Sueur County's financial structure that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements include not only Le Sueur County itself (the primary government), but also the legally separate Housing and Redevelopment Authority of Le Sueur County (HRA). The HRA, although legally separate, functions for all practical purposes as an integral part of Le Sueur County, and therefore has been included in the government-wide financial statements. A copy of the HRA audit may be obtained from the Minnesota Valley Action Council, 706 North Victory Drive, Mankato, MN 56001.

A summary of the government-wide financial statements can be found on Exhibits 1 and 2.

### **Fund financial statements**

A “*fund*” is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Le Sueur County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Le Sueur County can be divided into two categories: governmental funds and fiduciary funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the county’s short-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Le Sueur County reports six major funds and three non-major funds. The major funds are: General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, County Ditch Special Revenue Fund, Debt Service Fund and a Capital Projects Fund. The non-major funds are: Gravel Tax Special Revenue Fund, Victim Witness Special Revenue Fund, and an Environmental Health Fund

*Fiduciary funds.* Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, or other funds. Le Sueur County’s fiduciary funds consist of five agency funds and two private-purpose Trust Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In addition, the Agency funds are not reflected in the government-wide financial statements because those resources are not available to support the County’s programs.

### **Notes to the Financial Statements**

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided.

### **Other Information**

In addition to the basic financial statements and notes, Le Sueur County also provides supplementary information including Le Sueur County’s combining fund financial statements and intergovernmental revenues.

Le Sueur County adopts an annual appropriated budget for its general fund, select special revenue funds, and the debt service fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

### **Government-wide Financial Analysis**

Over time, net position serves as a useful indicator of the county's financial position. Le Sueur County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$105,551,965 at the close of 2018. The largest portion of Le Sueur County's net position (81.9%) reflects its investment in capital assets (e.g., land, buildings, equipment), less any related debt used to acquire those assets that is still outstanding. However, it should be noted that these assets are not available for future spending.

#### **(EXHIBIT 1)**

#### **Le Sueur County's Governmental Net Position**

	<b>2018</b>	<b>2017</b>
Current and other assets	\$ 38,618,403	\$ 33,777,449
Capital assets	122,332,871	99,643,814
Total assets	<u>160,951,274</u>	<u>133,421,263</u>
Long-term liabilities outstanding	46,905,698	42,115,647
Other liabilities	6,423,777	4,094,896
Total liabilities	<u>53,329,475</u>	<u>46,210,543</u>
Deferred outflows of resources	4,488,897	6,353,445
Deferred inflows of resources	<u>6,558,731</u>	<u>5,426,203</u>
Net position:		
Net investment in capital assets	86,412,754	80,937,923
Restricted	13,204,992	4,641,629
Unrestricted	5,934,219	2,558,410
Total net position	<u>\$ 105,551,965</u>	<u>\$ 88,137,962</u>

## Governmental Activities

The table below summarizes the changes in net position for 2018 and 2017.

### (EXHIBIT 2)

#### Changes in Le Sueur County's Governmental Net Position

	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 3,764,645	\$ 3,593,304
Operating grants and contributions	10,133,094	7,537,295
Capital grants and contributions	14,228,048	3,866,667
General revenues:		
Property taxes	19,583,575	18,124,486
Other	3,030,195	2,908,061
Total revenues	<u>50,739,557</u>	<u>36,029,813</u>
Expenses:		
General government	6,196,441	7,089,557
Public safety	5,264,220	5,787,410
Highways and streets	6,511,757	11,360,624
Sanitation	673,938	1,075,316
Health and human services	11,464,599	9,632,879
Culture, recreation and education	582,907	552,920
Conservation and development	1,598,643	2,190,909
Interest and fiscal charges	1,033,049	691,958
Total expenses	<u>33,325,554</u>	<u>38,381,573</u>
Change in net position	17,414,003	(2,351,760)
Net position – January 1	88,137,962	90,489,722
Net position – December 31	<u>\$ 105,551,965</u>	<u>\$ 88,137,962</u>

Exhibit 4 2017 Revenues by Source

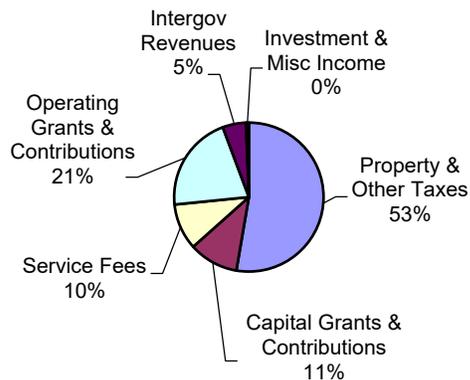
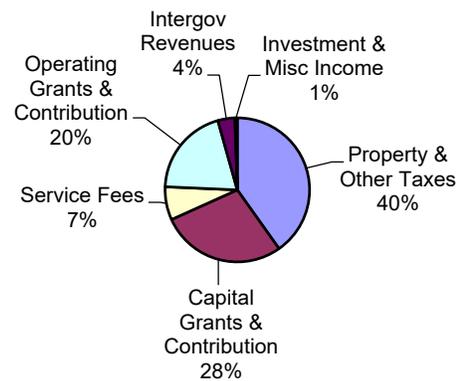
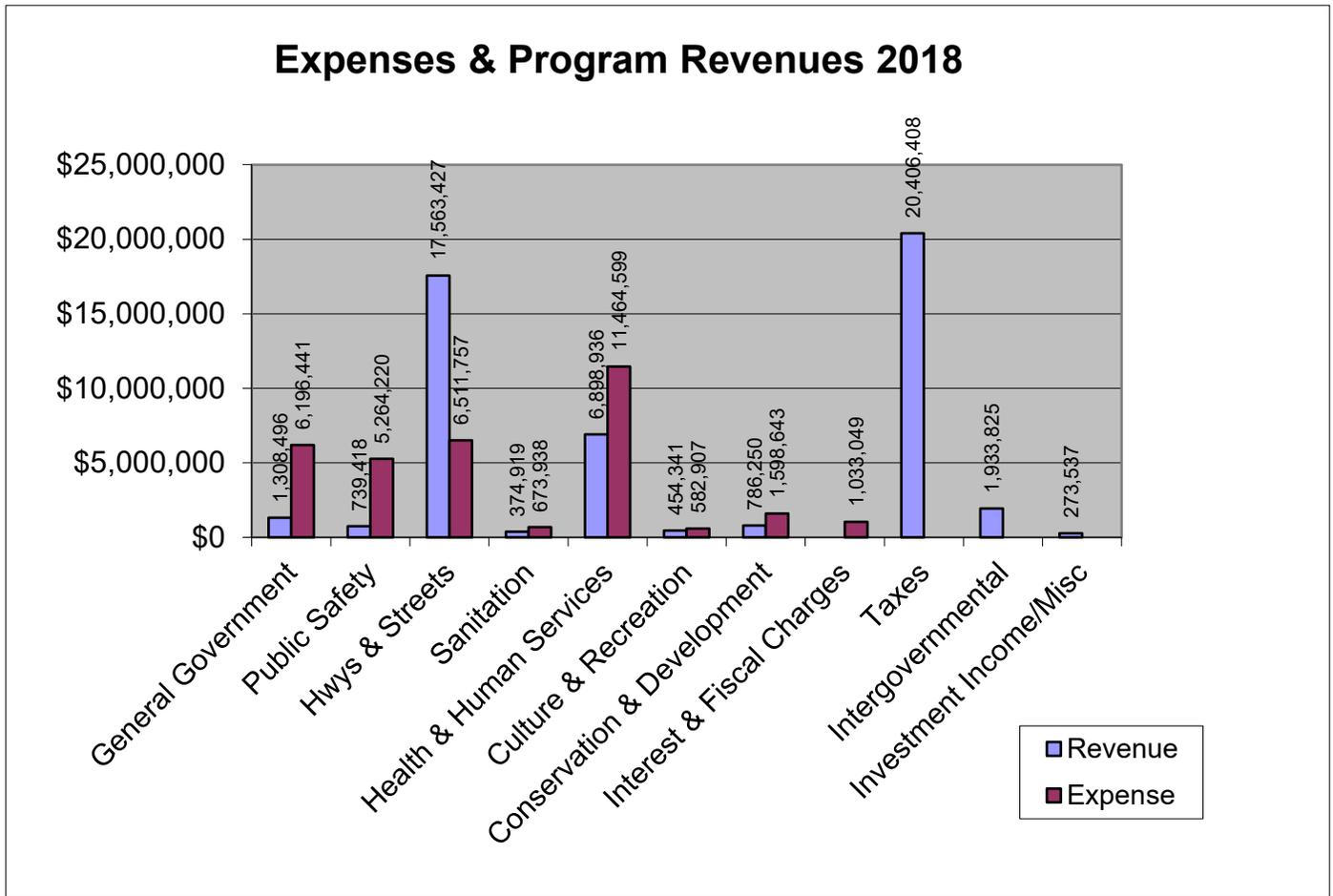


Exhibit 3 2018 Revenues by Source

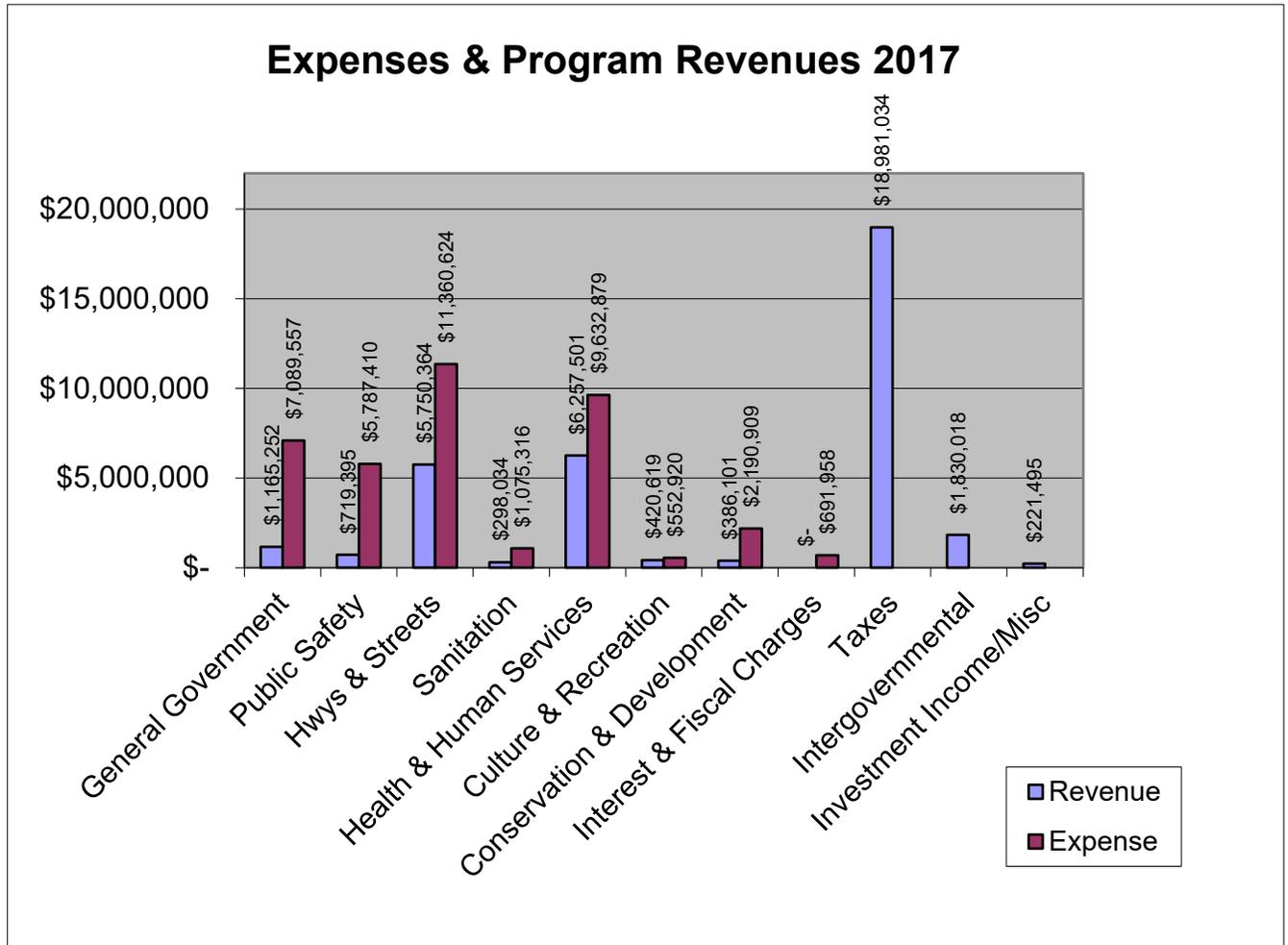


The most notable increase from 2017 is in the capital grants and contributions. The county received \$9.5 million of turnback funding from the State of Minnesota in 2018 related to the release of Trunk Highway 112.

(EXHIBIT 5)



(EXHIBIT 6)



## Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$29,308,489. Of this amount, \$14,046,103 constitutes unrestricted, spendable fund balance, which is available for spending at the county's discretion. The remainder of fund balance is nonspendable or restricted to indicate this it is not available for new spending because it has already been restricted for various reasons.

The six major operating funds of Le Sueur County for 2018 are the General Fund, Road & Bridge Fund, Human Services Fund, County Ditch Fund, Debt Service Fund and Capital Projects Fund. At the end of the current fiscal year, these funds showed the following balances:

	Assigned/Unassigned Fund Balance	Total Fund Balance
General	\$5,076,200	\$7,056,024
Road & Bridge	3,034,810	11,669,881
Human Services	6,064,850	6,064,850
County Ditch	-1,316,305	-1,316,305
Capital Projects	-676,868	-676,868
Debt Service	---	3,319,141

As a measure of the liquidity of these funds, a comparison of unrestricted, spendable fund balance and total fund balance to total fund expenditures yields the following percentages:

	Liquidity - Unrestricted, Spendable Funds	Liquidity - Total Fund Balance
General	35.6%	49.5%
Road & Bridge	32.5%	125%
Human Services	68.5%	68.5%
County Ditch	-	-
Debt Service	-	50.3%

### **Budgetary Highlights**

The Le Sueur County Board may amend/revise the county budgets. These revisions fall into one of three categories: new information regarding original budget estimates, greater than anticipated revenues or costs, and final agreement reached on employee contracts.

In Le Sueur County's General Fund, the actual revenues and other financing sources were \$293,251 over budget. Actual expenditures and other financing uses were \$372,596 under budget.

Revenues are over budget due to an increase in intergovernmental revenues. Expenditures are under budget primarily due to the public safety function, specifically jail wages and benefits.

### **Capital Asset and Debt Administration**

*Capital Assets.* The County's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$122,332,871 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land, buildings, equipment, and infrastructure. The construction on the Justice Center was a major capital asset event in 2018.

#### **Le Sueur County's Governmental Capital Assets (Net of Depreciation)**

	<u>2018</u>	<u>2017</u>
Land	\$ 5,172,319	\$ 5,172,319
Construction in Progress	26,671,213	4,512,130
Land Improvements	102,349	104,831
Building and Improvements	3,646,266	2,572,275
Machinery, Furniture & Equipment	3,539,009	3,499,990
Infrastructure	<u>83,201,715</u>	<u>83,782,269</u>
	<u>\$ 122,332,871</u>	<u>\$ 99,643,814</u>

An additional \$20 million was spent on the new Justice Center in 2018, bringing the total construction in progress for the project to \$22 million.

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

*Long-term debt.* At the end of the current fiscal year, the County had total bonded debt outstanding of \$34,750,000, which is backed by the full faith and credit of the government.

#### **Le Sueur County's Governmental Outstanding Debt**

	<u>2018</u>	<u>2017</u>
General Obligation Bonds	<u>\$ 34,750,000</u>	<u>\$ 27,495,000</u>

Le Sueur County's debt increased by \$7,255,000 during 2018. The primary reason was that Le Sueur County issued new bonds totaling \$13,835,000, of which the primary reason was for the building of the Justice Center (\$9,745,000) and the remainder refunded existing debt.

Le Sueur County's bond rating is "AA" from Standard & Poor's.

Minnesota statutes limit the amount of debt that a county may levy to 3% of its total market value. As of the end of 2018, Le Sueur County was well below the 3% debt limit imposed by state statutes.

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

### **Economic Factors & New Years Budgets and Rates**

The County's officials and staff considered many factors when setting the fiscal year 2018 budget, tax rates, and fees that will be charged.

Le Sueur County continues to see residential growth. The County's population has increased gradually since the 2010 census. The County's total taxable net tax capacity increased by 2.6% in 2018 and 5.4% in 2019. As a result of the population increase, we are experiencing an increased demand for services particularly in police protection, land use policy, road construction, and road maintenance.

Property tax reforms at the state level significantly impacted government aid payments made to the County over the past several years. The County Program Aid of \$1,142,910 has decreased by \$679,824 since the original 2003 certified amount of \$1,822,734 for similar state aids before the state made major cuts. Also, added is the impact of numerous unfunded mandates.

Le Sueur County's unemployment rate was 5.5% at the end of 2018. This is above the 3.2% statewide rate.

On December 18, 2018 the Le Sueur County Board of Commissioners approved the 2019 budget for \$73,550,812. This was an increase from 2018. The 2019 levy is \$20,716,550, which is a 6.9% increase over 2018.

### **Audit / Request for Information**

Minnesota Statutes 6.48 requires an annual examination of books of accounts, financial records, and transactions of all County functions by the Office of the State Auditor and/or a private accounting firm. When complete, the report will be available for inspection upon request at the County Finance Director's Office during normal working hours. You may also request additional information by U.S. Mail at the following address: Office of the Le Sueur County Finance Director, Le Sueur County Courthouse, 88 South Park Avenue, Le Center, MN 56057.

# LE SUEUR COUNTY

## STATEMENT OF NET POSITION As of December 31, 2018

	Primary Government	Component Unit
	Governmental Activities	Housing and Redevelopment Authority
<b>ASSETS</b>		
Cash and investments	\$ 33,345,442	\$ 50,538
Taxes receivable	302,274	-
Special assessments receivable	610,153	-
Accounts receivable (net)	445,753	-
Notes receivable	711,143	-
Loans receivable (net)	-	23,093
Interest receivable	164,755	-
Due from other governments	1,747,997	-
Materials and supplies	547,310	-
Restricted cash and investments	743,576	-
Capital Assets		
Construction in progress	26,671,213	-
Land	5,172,319	-
Other capital assets, net of depreciation	90,489,339	-
Total Assets	160,951,274	73,631
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related amounts	4,488,897	-
<b>LIABILITIES</b>		
Accounts payable	5,087,417	1,067
Accrued liabilities	859,995	-
Due to other governments	476,365	-
Noncurrent Liabilities		
Due within one year	3,163,277	-
Due in more than one year	43,742,421	-
Total Liabilities	53,329,475	1,067
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unearned revenues	359,945	-
Pension related amounts	6,198,786	-
Total Deferred Inflows of Resources	6,558,731	-
<b>NET POSITION</b>		
Net investment in capital assets	86,412,754	-
Restricted for		
Recorder equipment	318,168	-
Public safety	522,751	-
Highways and streets	8,032,351	-
Future septic loans	885,465	-
Culture and recreation	140,051	-
Reclamation/conservation	442,885	-
Debt service	2,863,321	-
Housing assistance payments	-	5,706
Economic development	-	66,858
Unrestricted	5,934,219	-
<b>TOTAL NET POSITION</b>	<b>\$ 105,551,965</b>	<b>\$ 72,564</b>

See accompanying notes to financial statements.

**LE SUEUR COUNTY**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit HRA
<b>Primary Government</b>						
<b>Governmental Activities</b>						
General government	\$ 6,196,441	\$ 1,003,919	\$ 254,411	\$ 50,166	\$ (4,887,945)	\$ -
Public safety	5,264,220	389,857	349,561	-	(4,524,802)	-
Highways and streets	6,511,757	336,109	3,345,012	13,882,306	11,051,670	-
Sanitation	673,938	51,907	323,012	-	(299,019)	-
Health and human services	11,464,599	1,415,547	5,483,389	-	(4,565,663)	-
Culture, recreation, and education	582,907	454,341	-	-	(128,566)	-
Conservation and development	1,598,643	112,965	377,709	295,576	(812,393)	-
Interest and fiscal charges	1,033,049	-	-	-	(1,033,049)	-
<b>Total Primary Government</b>	<b>\$ 33,325,554</b>	<b>\$ 3,764,645</b>	<b>\$ 10,133,094</b>	<b>\$ 14,228,048</b>	<b>(5,199,767)</b>	<b>-</b>
<b>Component Unit</b>						
Housing and Redevelopment Authority (HRA)	\$ 484,362	\$ -	\$ 490,025	\$ -	-	5,663
<b>General Revenues</b>						
<b>Taxes</b>						
Property taxes, levied for general purposes					16,529,622	-
Property taxes, levied for debt service					3,053,953	-
Other taxes					682,906	-
Payments in lieu of taxes					139,927	-
Intergovernmental revenues not restricted to specific programs					1,933,825	-
Investment income					273,537	36
<b>Total General Revenues</b>					<b>22,613,770</b>	<b>36</b>
<b>Change in Net Position</b>					<b>17,414,003</b>	<b>5,699</b>
NET POSITION - Beginning of Year					<b>88,137,962</b>	<b>66,865</b>
<b>NET POSITION - END OF YEAR</b>					<b>\$ 105,551,965</b>	<b>\$ 72,564</b>

See accompanying notes to financial statements.

**LE SUEUR COUNTY**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2018

	General Fund	Special Revenue		
		Road and Bridge	Human Services	County Ditch
<b>ASSETS</b>				
Cash and investments	\$ 6,344,149	\$ 12,383,251	\$ 6,244,863	\$ -
Receivables				
Taxes	146,065	38,857	56,598	-
Special assessments	-	-	-	602,493
Accounts, net	156,198	57,194	230,422	245
Notes	-	-	-	-
Interest	164,755	-	-	-
Due from other governments	309,934	790,235	619,926	7,033
Advances to other funds	1,234,454	-	-	-
Materials and supplies	-	547,310	-	-
Restricted cash and investments				
Construction account	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 8,355,555</b>	<b>\$ 13,816,847</b>	<b>\$ 7,151,809</b>	<b>\$ 609,771</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 350,664	\$ 953,350	\$ 599,608	\$ 68,024
Accrued liabilities	245,098	49,297	96,284	-
Due to other governments	276,860	140,105	-	14,073
Advances from other funds	-	-	-	1,234,454
Total Liabilities	<u>872,622</u>	<u>1,142,752</u>	<u>695,892</u>	<u>1,316,551</u>
Deferred Inflows of Resources				
Unearned revenues	-	219,412	-	-
Unavailable revenues	426,909	784,802	391,067	609,525
Total Deferred Inflows of Resources	<u>426,909</u>	<u>1,004,214</u>	<u>391,067</u>	<u>609,525</u>
Fund Balances				
Nonspendable	998,854	547,310	-	-
Restricted	980,970	8,087,761	-	-
Assigned	891,500	3,034,810	6,064,850	-
Unassigned (deficit)	4,184,700	-	-	(1,316,305)
Total Fund Balances (Deficit)	<u>7,056,024</u>	<u>11,669,881</u>	<u>6,064,850</u>	<u>(1,316,305)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 8,355,555</b>	<b>\$ 13,816,847</b>	<b>\$ 7,151,809</b>	<b>\$ 609,771</b>

See accompanying notes to financial statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,305,746	\$ 1,591,995	\$ 3,475,438	\$ 33,345,442
40,281	-	20,473	302,274
-	-	7,660	610,153
1,682	-	12	445,753
-	-	711,143	711,143
-	-	-	164,755
-	-	20,869	1,747,997
-	-	-	1,234,454
-	-	-	547,310
-	743,576	-	743,576
<u>\$ 3,347,709</u>	<u>\$ 2,335,571</u>	<u>\$ 4,235,595</u>	<u>\$ 39,852,857</u>
\$ -	\$ 3,012,439	\$ 103,332	\$ 5,087,417
-	-	13,496	404,175
-	-	45,327	476,365
-	-	-	1,234,454
-	3,012,439	162,155	7,202,411
-	-	140,533	359,945
28,568	-	741,141	2,982,012
28,568	-	881,674	3,341,957
-	-	-	1,546,164
3,319,141	-	1,328,350	13,716,222
-	-	1,863,416	11,854,576
-	(676,868)	-	2,191,527
3,319,141	(676,868)	3,191,766	29,308,489
<u>\$ 3,347,709</u>	<u>\$ 2,335,571</u>	<u>\$ 4,235,595</u>	<u>\$ 39,852,857</u>

See accompanying notes to financial statements.

**LE SUEUR COUNTY**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
As of December 31, 2018**

---

Total fund balance - governmental funds		\$ 29,308,489
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in government activities are not financial resources and, therefore, are not reported in the fund statements. See Note III.D.		122,332,871
Revenues that are not available to pay current liabilities are reported as unavailable revenue in the fund financial statements and are recognized as revenue when earned in the government-wide financial statements. See Note III.B.		2,982,012
The net pension liability does not relate to current financial resources and is not reported in the fund statements		(9,467,632)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the fund statement:		4,488,897
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the fund statement:		(6,198,786)
Long-term liabilities, including bond and notes payable, are not due in the current period and, therefore, are not reported in the fund statements. Long-term liabilities at year end consist of:		
General obligation debt	(34,750,000)	
Debt premium	(947,670)	
Accrued interest on general obligation debt	(455,820)	
Compensated absence:	(1,740,396)	(37,893,886)
		<u>(37,893,886)</u>
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIE</b>		<b>\$ <u>105,551,965</u></b>

See accompanying notes to financial statements.

## LE SUEUR COUNTY

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	General Fund	Special Revenue		
		Road and Bridge	Human Services	County Ditch
<b>REVENUES</b>				
Taxes	\$ 9,879,388	\$ 3,003,431	\$ 3,515,727	\$ -
Special assessments	-	-	-	406,233
Intergovernmental	2,234,020	16,332,343	4,616,920	-
Licenses and permits	211,367	-	-	-
Charges for services	2,380,908	202,801	158,559	-
Investment income	168,076	5,726	-	-
Miscellaneous	121,918	120,295	404,939	2,676
Total Revenues	<u>14,995,677</u>	<u>19,664,596</u>	<u>8,696,145</u>	<u>408,909</u>
<b>EXPENDITURES</b>				
Current				
General government	6,037,250	-	-	-
Public safety	4,715,830	-	-	-
Highways and streets	-	7,843,544	-	-
Sanitation	-	-	-	-
Health and human services	2,383,451	-	8,849,548	-
Culture, recreation, and education	566,099	-	-	-
Conservation and development	220,374	-	-	541,018
Capital Outlay	321,436	676,637	-	-
Debt Service				
Principal	-	720,000	-	-
Interest and fiscal charges	-	96,930	-	-
Total Expenditures	<u>14,244,440</u>	<u>9,337,111</u>	<u>8,849,548</u>	<u>541,018</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>751,237</u>	<u>10,327,485</u>	<u>(153,403)</u>	<u>(132,109)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	-	-
Refunding long-term debt issued	-	-	-	-
Premium on debt issued	-	-	-	-
Transfers in	126,163	-	-	-
Transfers out	(833,214)	-	-	-
Total Other Financing Sources (Uses)	<u>(707,051)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	44,186	10,327,485	(153,403)	(132,109)
FUND BALANCES (DEFICIT) - Beginning of Year	7,011,838	1,348,330	6,218,253	(1,184,196)
Change in reserve for materials and supplies	-	(5,934)	-	-
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 7,056,024</u>	<u>\$ 11,669,881</u>	<u>\$ 6,064,850</u>	<u>\$ (1,316,305)</u>

See accompanying notes to financial statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,048,568	\$ 104	\$ 360,868	\$ 19,808,086
-	-	327,409	733,642
58,901	-	782,295	24,024,479
-	-	150,264	361,631
-	-	18,003	2,760,271
60,123	-	-	233,925
-	560	79,509	729,897
<u>3,167,592</u>	<u>664</u>	<u>1,718,348</u>	<u>48,651,931</u>
-	2,377	306,609	6,346,236
-	-	99,090	4,814,920
-	-	-	7,843,544
-	-	666,611	666,611
-	-	16,981	11,249,980
-	-	-	566,099
-	-	332,999	1,094,391
-	19,777,665	-	20,775,738
5,860,000	-	-	6,580,000
<u>734,925</u>	<u>169,806</u>	<u>-</u>	<u>1,001,661</u>
<u>6,594,925</u>	<u>19,949,848</u>	<u>1,422,290</u>	<u>60,939,180</u>
<u>(3,427,333)</u>	<u>(19,949,184)</u>	<u>296,058</u>	<u>(12,287,249)</u>
-	9,745,000	-	9,745,000
4,090,000	-	-	4,090,000
165,874	182,830	-	348,704
280,006	816,082	17,132	1,239,383
-	(280,006)	(126,163)	(1,239,383)
<u>4,535,880</u>	<u>10,463,906</u>	<u>(109,031)</u>	<u>14,183,704</u>
1,108,547	(9,485,278)	187,027	1,896,455
2,210,594	8,808,410	3,004,739	27,417,968
-	-	-	(5,934)
<u>\$ 3,319,141</u>	<u>\$ (676,868)</u>	<u>\$ 3,191,766</u>	<u>\$ 29,308,489</u>

See accompanying notes to financial statements.

**LE SUEUR COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2018

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Net change in fund balances - total governmental funds	\$ 1,896,455
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The following differ in their presentation in the two statements:

Capital outlay is capitalized in the government-wide statements	20,775,738
Some capital outlay is not capitalized in the government-wide statements	(53,041)
Highway construction capitalized in the government-wide statements	3,958,239
Some other functional expenses are capitalized in the government-wide statements	171,564
Contributed capital assets are reported as revenues in the government-wide statements	1,190,506
Depreciation is reported in the government-wide statements	(3,341,523)
Loss on disposal of capital assets is reported in the government-wide statements	(12,426)

Taxes and other receivables that are not available to pay current liabilities are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. \$2,466,675 recognized as revenue on the fund statements was recognized in the government-wide statement in prior years. \$2,982,012 is reported as unavailable revenue in the fund statements but recongnized as revenue in the government-wide statements in the current year.	515,337
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Issuing debt provides current financial resources in the governmental funds, but the repayment of debt consumes current financial resources in the governmental funds.	
Debt issued	(13,835,000)
Principal payments	6,580,000

Bond premiums are reported as revenue in the fund financial statements, but are capitalized in the government-wide statements and amortized over the life of the related debt.	(348,704)
--	-----------

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the fund financial statements. The following did not require the use of current financial resources:	
Change in compensated absences	(141,590)
Change in accrued interest expense	(134,197)
Amortization of debt discounts and premiums	102,808
Net pension liability (and pension related deferred outflows/inflows of resources)	95,771

The change in materials and supplies is reported as a change in fund balance in the fund financial statements, but is a change in expense in the government-wide statements.	<u>(5,934)</u>
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 17,414,003</u></b>
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**LE SUEUR COUNTY**

STATEMENT OF NET POSITION -  
FIDUCIARY FUNDS  
As of December 31, 2018

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	Private-Purpose Trusts	Agency Funds
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and investments	\$ 76,436	\$ 1,563,082
Total Assets	<u>76,436</u>	<u>1,563,082</u>
<b>LIABILITIES</b>		
Accounts payable	-	6,773
Deposits	-	4,467
Due to other governments	<u>-</u>	<u>1,551,842</u>
Total Liabilities	<u>-</u>	<u>1,563,082</u>
<b>NET POSITION HELD IN TRUST</b>	<u>\$ 76,436</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**LE SUEUR COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUND

For the Year Ended December 31, 2018

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	<u>Private-Purpose Trusts</u>
<b>ADDITIONS</b>	
Interest	\$ 18
<b>DEDUCTIONS</b>	
Payments in accordance with trust agreements	<u>16</u>
<b>Change in Net Position</b>	2
NET POSITION HELD IN TRUST - Beginning of Year	<u>76,434</u>
<b>NET POSITION HELD IN TRUST - END OF YEAR</b>	<u>\$ 76,436</u>

See accompanying notes to financial statements.

# LE SUEUR COUNTY

## INDEX TO NOTES TO THE FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of Le Sueur County, Minnesota (the “County”) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### **A. REPORTING ENTITY**

Le Sueur County was established March 5, 1853, and is an organized county having the powers, duties, and privileges granted counties by Minn. Statute ch. 373. The County is governed by a five-member board of commissioners elected from districts within the County. The board is organized with a chair and vice chair elected at the annual meeting in January of each year.

The report includes all of the funds of the County. The reporting entity for the County consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity’s financials statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization’s governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization’s governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organization should also be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Component units are reported using one or two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **A. REPORTING ENTITY (cont.)**

##### ***Discretely Presented Component Unit***

###### *Housing and Redevelopment Authority*

The government-wide statements include the Housing and Redevelopment Authority of Le Sueur County (HRA) as a component unit. The HRA is a legally separate organization. The Board of County Commissioners appoints the board of the HRA. In addition, the Board of County Commissioners can hire, reassign, or dismiss persons responsible for the day-to-day operations of the HRA. As a component unit, the HRA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended September 30, 2018. Separately issued financial statements of the HRA may be obtained from the Minnesota Valley Action Council at 706 North Victory Drive, Mankato, Minnesota, 56001. See Note III.H.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. All of Le Sueur County's activities are considered governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Le Sueur County does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### ***Fund Financial Statements***

Financial statements of the County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental fund statements. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of Le Sueur County or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10% of the corresponding total for all governmental funds.
- b. In addition, any other governmental fund that Le Sueur County believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Le Sueur County reports the following major governmental funds:

General Fund – accounts for Le Sueur County’s primary operating activities. It is used to account for all financial resources except those accounted for and reported in another fund.

Road and Bridge Special Revenue Fund – used to account for and report grants and local revenues legally restricted or committed to the construction and maintenance of County roads, highways, and bridges.

Human Services Special Revenue Fund – used to account for and report grants and local revenues legally restricted, committed or assigned to economic assistance and community social services programs.

County Ditch Special Revenue Fund – used to account for and report the grants and local revenues legally restricted or committed to supporting expenditures for the maintenance of the County ditch system.

Debt Service Fund – used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payments of general long term debt principal, interest, and related costs.

Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

Le Sueur County reports the following nonmajor governmental funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are legally restricted, committed or assigned to expenditures for specified purposes (other than debt service or capital projects).

Victim Witness  
Gravel Tax  
Environmental Health

In addition, Le Sueur County reports the following fund types:

Private-Purpose Trust Funds – used to account for and report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments.

Cemetery Perpetual Care  
U.S. Fish and Wildlife

Agency Funds – used to account for and report assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Agency	Family Services Collaborative
Taxes and Penalties	Sheriff
Social Welfare	

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

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***

##### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded as receivables in the year levied. They are recognized as revenues when collected in the current year and in the first 60 days of the succeeding year.

Intergovernmental aids and grants are recognized as revenues in the period Le Sueur County is entitled to the resources and the amounts are available. Amounts owed to the County which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Fiduciary fund financial statements (other than agency funds) are reported using the economic resources management focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

##### ***All Financial Statements***

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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY***

##### ***1. Deposits and Investments***

Minnesota statutes authorize the County board to designate a depository for public funds and to invest in certificates of deposit. Minnesota statutes require that all deposits be covered by insurance, surety bond, or collateral.

Investments are limited to:

- > Bonds, notes, bills, mortgages, and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by Congress, except mortgage-backed securities defined as “high risk” by Minnesota statutes;
- > Mutual fund through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- > State and local securities that meet specified bond ratings by a national rating service;
- > Banker’s acceptances of United States banks;
- > Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less; and
- > Repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts, with certain restrictions.

Le Sueur County has adopted an investment policy. That policy limits allowable investments to securities issued by the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Association, the Federal Home Loan Bank, brokered jumbo CD’s covered by FDIC, repurchase agreements, and the MAGIC fund. The policy also requires that County deposits in bank CD’s will have a maturity of not more than five years.

Custodial credit risk is not specifically addressed in the County’s investment policy. The County follows state statutes related to this risk.

Credit risk is addressed through the investment restrictions detailed above. The policy also states that the County may request a rating from bidders; high bidders may be denied the investment based on that rating.

The policy addresses concentration of credit risk by stating that the Treasurer shall make investments with the consideration of diversification to limit risk.

The policy addresses interest rate risk by stating that the Treasurer shall schedule the maturity of investment securities to coincide with the payment of property tax settlements and other bill paying dates.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **1. Deposits and Investments (cont.)**

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III.A. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments funds is allocated to the general fund per Minn. Stat § 385.07. Other funds received investment earning based on other state statutes, grant agreements, contracts, and bond covenants. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Le Sueur County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to MN Statutes § 471.59. The County's MAGIC investment is reported at amortized cost. Financial information for the MAGIC Fund can be obtained online at <https://www.magicfund.org/forms-and-documents/>.

See Note III.A. for further information.

##### **2. Receivables**

The County levies and collects property taxes and special assessments for all governmental units within the County. Property tax collections and payments to other governmental units and County funds are accounted for in agency funds.

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

The County is required to distribute the collections to the various governmental units three times each year on a schedule prescribed in MN Statutes 276.

Accounts receivable have been shown net of an allowance for uncollectible accounts. No allowance for uncollectible delinquent taxes has been provided because of the County's demonstrated ability to recover any losses through the sale of the applicable property. The Human Services fund has recorded an allowance of \$834,427.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

It is the County's policy to record unavailable revenue for the net amount of the notes receivable balance. As notes are repaid, revenue is recognized. When new notes are made, expenditures are recorded. Interest received from note repayments is recognized as revenue when received in cash.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **3. Materials and Supplies**

Governmental fund materials and supplies, if material, are valued at cost based on the FIFO method using the consumption method of accounting for all items except signs and posts, gravel stockpiles, recycled blacktop, and pea rock, which are valued using the average cost method.

##### **4. Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

##### **5. Capital Assets**

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

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year and the following initial cost:

Machinery, Equipment and Vehicles	\$	5,000
Land Improvements		25,000
Building and Building Improvements		25,000
Roads and Bridges (Infrastructure)		50,000
Intangibles		500,000

All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Machinery, Equipment and Vehicles	5-20 Years
Land Improvements	20-30 Years
Buildings and Building Improvements	15-40 Years
Infrastructure	50-75 Years

###### **Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as expenditures of the governmental fund upon acquisition.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***6. Deferred Outflows of Resources***

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

##### ***7. Compensated Absences***

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2018 are determined on the basis of current salary rates and include salary related payments.

##### ***8. Other Post Employment Benefits***

The County does not offer any significant other post employment benefits.

##### ***9. Long-Term Obligations***

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, accrued compensated absences and the net pension liability.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures.

For the government-wide statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method, which approximates the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***10. Deferred Inflows of Resources***

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

##### ***11. Equity Classifications***

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

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding any unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources as they are needed.

###### ***Fund Statements***

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the County board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the County board that originally created the commitment.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **11. Equity Classifications (cont.)**

###### **Fund Statements (cont.)**

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The County board has adopted a financial policy authorizing the County Manager and Finance Director to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The County considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the County would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note III.G. for further information.

Fiduciary fund equity is classified as held in trust on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the County believes it is in compliance with all significant restrictions.

##### **12. Pension**

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

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### **NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **A. EXCESS EXPENDITURES OVER APPROPRIATIONS**

The following individual funds had 2018 expenditures and other financing uses in excess of appropriations:

Fund	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Over Budget
Road and Bridge	\$ 9,025,416	\$ 9,337,111	\$ 311,695
Human Services	7,457,006	8,849,548	1,392,542
Debt Service	2,280,023	6,594,925	4,314,902
Victim Witness	98,620	99,090	470

The County controls expenditures at the fund level. Some individual functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the County's year-end budget to actual report.

A budget has not been adopted for the County Ditch, Capital Projects or Gravel Tax funds.

#### **B. DEFICIT BALANCES**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2018, the following individual funds held a deficit balance:

Fund	Amount	Reason
County Ditch	\$ 1,316,305	Expenditures in excess of revenues
Capital Projects	676,868	Expenditures in excess of debt proceeds

Fund deficits are anticipated to be funded with future contributions, general tax revenues, special assessments or long-term debt.

## LE SUEUR COUNTY

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

#### **NOTE III – DETAILED NOTES ON ALL FUNDS**

##### **A. DEPOSITS AND INVESTMENTS**

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

The County's cash and investments at year end were comprised of the following:

	Carrying Value	Statement Balance	Associated Risks
Demand and time deposits	\$ 28,244,591	\$ 28,776,961	Custodial credit
US agencies	1,007,477	1,007,477	Custodial credit, credit, concentration of credit, interest rate
Negotiable CDs	4,466,468	4,466,468	Custodial credit, credit, concentration of credit, interest rate
Repurchase agreements	2,000,000	2,000,000	Custodial credit, credit, concentration of credit, interest rate
MAGIC	6,598	6,598	Credit, interest rate
Petty cash	3,402	-	N/A
Total Cash and Investments	\$ 35,728,536	\$ 36,257,504	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 33,345,442		
Restricted cash and investments	743,576		
Per statement of net position –			
Fiduciary Funds			
Private purpose trusts	76,436		
Agency funds	1,563,082		
Total Cash and Investments	\$ 35,728,536		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

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#### A. DEPOSITS AND INVESTMENTS (cont.)

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government). SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$250,000 may be in cash. Additionally, through Lexington Insurance Company, accounts have additional securities coverage of up to a firm aggregate of \$1 billion, including up to \$1.9 million for cash per client.

The County maintains collateral agreements with its banks. At December 31, 2018, the banks had pledged various government securities in the amount of \$23,329,262 to secure the County's deposits.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- > Quoted market prices
- > Matrix pricing models

Investment Type	December 31, 2018			Total
	Level 1	Level 2	Level 3	
US agencies	\$ -	\$ 1,007,477	\$ -	\$ 1,007,477
Negotiable CDs	-	4,466,468	-	4,466,468
Repurchase agreements	-	2,000,000	-	2,000,000
Totals	\$ -	\$ 7,473,945	\$ -	\$ 7,473,945

#### **Custodial Credit Risk**

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to the County.

As of December 31, 2018, the County had no deposits exposed to custodial credit risk.

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2018, the County had no investments exposed to custodial credit risk.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

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#### A. DEPOSITS AND INVESTMENTS (cont.)

##### **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2018, the County's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor Service
US Agencies – Federal Home Loan Mortgage Corporation	AA+	AAA
Repurchase agreements – Hibbing, MN GO	NR	Aa3

The County also had the following unrated investments:

- Minnesota Association of Governments Investing for Counties (MAGIC)
- Negotiable certificates of deposit
- Repurchase agreement – FNMA pool

##### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2018, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Wells Fargo Bank NA	Repurchase agreements / Negotiable CDs	5.35%
Federal Home Loan Mortgage Corporation	US Agencies	13.47%

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

#### A. DEPOSITS AND INVESTMENTS (cont.)

##### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2018, the County's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1 - 3	More than 3
US agencies	\$ 1,007,477	\$ -	\$ -	\$ 1,007,477
Negotiable CDs	4,466,468	1,907,019	2,134,060	425,389
Repurchase agreements	2,000,000	2,000,000	-	-
MAGIC	6,598	6,598	-	-
<b>Totals</b>	<b><u>\$ 7,480,543</u></b>	<b><u>\$ 3,913,617</u></b>	<b><u>\$ 2,134,060</u></b>	<b><u>\$ 1,432,866</u></b>

See Note I.D.1. for further information on deposit and investment policies.

#### B. RECEIVABLES

All receivables are expected to be collected within one year except for \$107,131 of interest in the general fund, \$613,552 of notes receivable in the environmental health fund, and \$366,893 of special assessments in the County ditch fund.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable	\$ -	\$ 207,912
Special assessments not yet due	-	610,153
Grants not received within 60 days of end of year	-	1,064,762
Accounts receivable not received within 60 days of end of year	-	223,287
Notes receivable	-	711,143
Interest receivable	-	164,755
Grants received in advance	359,945	-
<b>Total Unavailable/Unearned Revenue for Governmental Funds</b>	<b><u>\$ 359,945</u></b>	<b><u>\$ 2,982,012</u></b>

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

#### C. RESTRICTED ASSETS

The following represents the balance of the restricted assets:

Construction - Used to report proceeds of bond issuances that are restricted for use in construction.

#### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Construction in progress	\$ 4,512,130	\$ 23,292,402	\$ (1,133,319)	\$ 26,671,213
Land	5,172,319	-	-	5,172,319
Total Capital Assets Not Being Depreciated	\$ 9,684,449	\$ 23,292,402	\$ (1,133,319)	\$ 31,843,532
Other capital assets being depreciated				
Buildings and improvements	\$ 7,446,390	\$ 1,263,306	\$ -	\$ 8,709,696
Land improvements	150,404	-	-	150,404
Machinery, furniture, and equipment	13,209,622	947,110	(12,426)	14,144,306
Infrastructure	112,932,392	1,673,507	-	114,605,899
Total Other Capital Assets Being Depreciated	133,738,808	3,883,923	(12,426)	137,610,305
Less: Accumulated depreciation for				
Buildings and improvements	(4,874,115)	(189,315)	-	(5,063,430)
Land improvements	(45,573)	(2,482)	-	(48,055)
Machinery, furniture, and equipment	(9,709,632)	(895,665)	-	(10,605,297)
Infrastructure	(29,150,123)	(2,254,061)	-	(31,404,184)
Total Accumulated Depreciation	(43,779,443)	(3,341,523)	-	(47,120,966)
Total Other Capital Assets, Net of Depreciation	\$ 89,959,365	\$ 542,400	\$ (12,426)	\$ 90,489,339

Depreciation expense was charged to functions as follows:

General government	\$ 143,514
Public safety	548,779
Highway and streets, which includes the depreciation of infrastructure	2,600,482
Human services	18,706
Conservation and development	11,106
Culture, recreation and education	18,936
Total Governmental Activities Depreciation Expense	\$ 3,341,523

**LE SUEUR COUNTY**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

***E. INTERFUND ADVANCES AND TRANSFERS***

***Advances***

The general fund is advancing funds to the County ditch fund. The amount advanced is the net overdraft in pooled cash and investment accounts. No repayment schedule has been established.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount
General Fund	County Ditch	\$ 1,234,454
Total - Fund Financial Statements		<u>\$ 1,234,454</u>

No amounts are due within one year.

***Transfers***

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Capital Projects	General Fund	\$ 816,082	Fund portion of justice center project
Environmental Health	General Fund	17,132	2017 and 2018 water plan levies
Debt Service	Capital Projects	280,006	Transfer capitalized interest
General Fund	Environmental Health	<u>126,163</u>	Septic loan repayments
Total – Fund Financial Statements		<u>\$ 1,239,383</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## LE SUEUR COUNTY

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

#### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

#### **F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Bonds and Notes Payable</b>					
General obligation debt	\$ 27,495,000	\$ 13,835,000	\$ (6,580,000)	\$ 34,750,000	\$ 2,810,000
Premiums/(discounts)	701,774	348,704	(102,808)	947,670	-
Sub-totals	<u>28,196,774</u>	<u>14,183,704</u>	<u>(6,682,808)</u>	<u>35,697,670</u>	<u>2,810,000</u>
<b>Other Liabilities</b>					
Compensated absences	1,598,806	141,590	-	1,740,396	353,277
Net pension liability	12,320,067	325,460	(3,177,895)	9,467,632	-
Sub-totals	<u>13,918,873</u>	<u>467,050</u>	<u>(3,177,895)</u>	<u>11,208,028</u>	<u>353,277</u>
<b>Total Long-Term Liabilities</b>	<u>\$ 42,115,647</u>	<u>\$ 14,650,754</u>	<u>\$ (9,860,703)</u>	<u>\$ 46,905,698</u>	<u>\$ 3,163,277</u>

In accordance with Minnesota Statutes, net indebtedness of the County may not exceed 3% of the market value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2018, was \$121,640,319. General obligation debt outstanding at year end was \$34,750,000.

#### **General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the County. General obligation bonds will be retired by future property tax levies accumulated by the debt service fund and the road and bridge special revenue fund.

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-18
State-Aid Road Bonds	2009	2019	2.00-3.00%	\$ 2,600,000	\$ 260,000
Capital Improvement Bonds	2011	2022	0.50-2.75%	3,000,000	1,285,000
General Obligation Bonds	2015	2026	2.00%	9,625,000	7,845,000
General Obligation Bonds	2016	2026	2.00-2.10%	2,505,000	1,915,000
Capital Improvement Bonds	2017	2028	3.00%	2,390,000	2,390,000
General Obligation Jail Bonds	2017	2038	2.8-3.75%	7,220,000	7,220,000
Capital Improvement and Refunding Bonds	2018	2039	3.00%	8,910,000	8,910,000
General Obligation Jail Bonds	2018	2039	3.00-3.50%	4,925,000	<u>4,925,000</u>
<b>Total General Obligation Debt</b>					<u>\$ 34,750,000</u>

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

#### **F. LONG-TERM OBLIGATIONS** (cont.)

##### **General Obligation Debt** (cont.)

Debt service requirements to maturity are as follows:

	General Obligation Debt	
	Principal	Interest
2019	\$ 2,810,000	\$ 972,712
2020	3,100,000	834,805
2021	3,185,000	754,939
2022	3,280,000	671,964
2023	2,835,000	592,883
2024 – 2028	9,270,000	2,061,341
2029 – 2033	4,470,000	1,215,855
2034 – 2038	5,160,000	506,238
2039	640,000	10,411
Totals	\$ 34,750,000	\$ 7,621,148

##### **Other Debt Information**

Estimated payments of compensated absences and the net pension liability are not included in the debt service requirement schedules. The compensated absences liability and net pension liability attributable to governmental activities will be liquidated primarily by the general fund, human services fund and road and bridge fund for their proportionate shares.

##### **Current Refunding**

On February 15, 2018, the County issued \$4,090,000 in general obligation bonds with a coupon rate of 3.00% to refund \$4,185,000 of outstanding bonds with coupon rates of 4.00-4.30%. The net proceeds were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$4,785,143 from 2018 through 2024. The cash flow requirements on the 2018 refunding bonds are \$4,509,728 from 2018 through 2024. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$254,408.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

#### G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position includes the following:

Net investment in capital assets	
Construction in progress	\$ 26,671,213
Land	5,172,319
Other capital assets, net of accumulated depreciation	90,489,339
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(35,920,117)</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 86,412,754</u></u>

Governmental fund balances as of December 31, 2018, include the following items:

Fund Balances	General Fund	Road and Bridge	Human Services	County Ditch	Debt Service	Capital Projects	Nonmajor Funds	Totals
<b>Nonspendable:</b>								
Materials and supplies	\$ -	\$ 547,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 547,310
Long-term advances to other funds	998,854	-	-	-	-	-	-	998,854
<b>Restricted for:</b>								
Recorder's equipment	318,168	-	-	-	-	-	-	318,168
Sheriff's forfeiture	40,041	-	-	-	-	-	-	40,041
Sheriff's drug and alcohol contingency	2,000	-	-	-	-	-	-	2,000
E-911	480,710	-	-	-	-	-	-	480,710
Debt service	-	-	-	-	3,319,141	-	-	3,319,141
Parks	140,051	-	-	-	-	-	-	140,051
Capital projects	-	8,087,761	-	-	-	-	-	8,087,761
Future septic loans	-	-	-	-	-	-	885,465	885,465
Reclamation/conservation	-	-	-	-	-	-	442,885	442,885
<b>Assigned to:</b>								
2019 budget	891,500	-	-	-	-	-	-	891,500
Human services	-	-	6,064,850	-	-	-	-	6,064,850
Environmental health	-	-	-	-	-	-	1,841,079	1,841,079
Victim witness	-	-	-	-	-	-	22,337	22,337
Road and bridge	-	3,034,810	-	-	-	-	-	3,034,810
<b>Unassigned (deficit)</b>	<u>4,184,700</u>	<u>-</u>	<u>-</u>	<u>(1,316,305)</u>	<u>-</u>	<u>(676,868)</u>	<u>-</u>	<u>2,191,527</u>
 Total Fund Balances (Deficit)	 <u><u>\$ 7,056,024</u></u>	 <u><u>\$ 11,669,881</u></u>	 <u><u>\$ 6,064,850</u></u>	 <u><u>\$ (1,316,305)</u></u>	 <u><u>\$ 3,319,141</u></u>	 <u><u>\$ (676,868)</u></u>	 <u><u>\$ 3,191,766</u></u>	 <u><u>\$ 29,308,489</u></u>

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

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#### **H. COMPONENT UNIT**

This report contains the Housing and Redevelopment Authority of Le Sueur County (HRA), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements, which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Management Agreement

The HRA has entered into an agreement with the Minnesota Valley Action Council, Inc. (MVAC) to have MVAC manage all of the HRA's programs and act as its fiscal agent. Payment to MVAC for these services consists solely of the administrative fees allowed under the grant programs operated by the HRA. The HRA advances funds to MVAC as needed for disbursement under the programs.

b. Basis of Accounting and Measurement Focus

The HRA follows the full accrual basis of accounting and the economic resources measurement focus.

c. Deposits and Investments

The HRA's cash and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Demand and time deposits	\$50,538	\$50,538	Custodial credit risk

#### ***Custodial Credit Risk***

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the authority's deposits may not be returned to the authority.

The HRA does not have any deposits exposed to custodial credit risk.

d. Loans Receivable

The HRA issued a loan through the Community Development Block Grant program. The loan was issued without bearing interest and is secured by property in Kilkenney, Minnesota. Payments of \$25 are due monthly with principal due in full upon sale of the property. The balance of the loan at September 30, 2018 is \$21,809.

The HRA has also issued loans to renovate and remodel residential and business properties through the Small Cities Payment Loan Program. The balance of these notes at September 30, 2018 is \$2,597. These loans are deferred for 10 years, at which time the loan is forgiven if the original property owner is still residing at the improved property. The loans will be forgiven by 2018. These notes are unlikely to be collected and an allowance for doubtful accounts is recorded for the amount of \$2,597.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV – OTHER INFORMATION

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#### **A. EMPLOYEES' RETIREMENT SYSTEM**

##### ***Public Employees Retirement Association (PERA)***

**Plan Description.** The County participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

##### 1. General Employees Retirement Plan

All full-time and certain part-time employees of the County are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

##### 2. Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

##### 3. Local Government Correctional Plan

The Correctional Plan was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

**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.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV – OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *Public Employees Retirement Association (PERA) (cont.)*

##### **Benefits Provided.** (cont.)

###### 1. General Employees Plan Benefits

General Employees Plan 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 PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. General Employees Plan benefit recipients receive a future annual 1.0 percent increase. If the General Employees Plan is at least 90 percent funded for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

###### 2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. An annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV – OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *Public Employees Retirement Association (PERA)* (cont.)

##### **Benefits Provided.** (cont.)

###### 3. Correctional Plan Benefits

Benefits for Correctional Plan members first hired after June 30, 2010, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. The annuity accrual rate is 1.9 percent of average salary for each year of service in that plan. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Correctional Plan benefit recipients receive a future annual 2.5 percent increase. If the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

**Contributions.** Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

###### 1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2018 and the County was required to contribute 7.50 percent for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2018 were \$747,380. The County's contributions were equal to the required contributions as set by state statute.

###### 2. Police and Fire Fund Contributions

Plan members were required to contribute 10.80 percent of their annual covered salary and the County was required to contribute 16.20 percent of pay for members in fiscal year 2018. The County's contributions to the Police and Fire Fund for the year ended December 31, 2018 were \$264,520. The County's contributions were equal to the required contributions as set by state statute.

###### 3. Correctional Fund Contributions

Plan members were required to contribute 5.83 percent of their annual covered salary and the County was required to contribute 8.75 percent of pay for plan members in fiscal year 2018. The County's contributions to the Correctional Fund for the year ended December 31, 2018, were \$67,554. The County's contributions were equal to the required contributions as set by state statute.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV – OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *Public Employees Retirement Association (PERA) (cont.)*

##### **Pension Costs.**

##### 1. General Employees Fund Pension Costs

At December 31, 2018, the County reported a liability of \$7,833,197 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a deduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. 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 County totaled \$256,887. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018 the County's proportionate share was .1412 percent which was a decrease of .0058 percent from its proportion measured as of June 30, 2017.

County's proportionate share of the net pension liability	\$ 7,833,197
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>256,887</u>
Total	<u>\$ 8,090,084</u>

For the year ended December 31, 2018, the County recognized pension expense of \$885,833 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$59,906 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE IV – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### Public Employees Retirement Association (PERA) (cont.)

##### Pension Costs. (cont.)

At December 31, 2018, the County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

#### 1. General Employees Fund Pension Costs (cont.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economical experience	\$ 215,467	\$ 218,915
Changes in actuarial assumptions	717,002	904,889
Net collective difference between projected and actual investment earnings	-	891,388
Changes in proportion	495,721	277,702
Contributions paid to PERA subsequent to the measurement date	379,702	-
Totals	\$ 1,807,892	\$ 2,292,894

\$379,702 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount
2019	\$ 362,737
2020	(320,068)
2021	(743,880)
2022	(163,493)

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE IV – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### Public Employees Retirement Association (PERA) (cont.)

##### Pension Costs. (cont.)

##### 2. Police and Fire Fund Pension Costs

At December 31, 2018, the County reported a liability of \$1,577,528 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018 the County's proportionate was .1480 percent which was a decrease of .0040 percent from its proportion measured as of June 30, 2017. The County also recognized \$13,320 for the year ended December 31, 2018 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014, until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

For the year ended December 31, 2018, the County recognized pension expense of \$175,531 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2018, the County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economical experience	\$ 64,578	\$ 380,638
Changes in actuarial assumptions	1,921,504	2,383,665
Net collective difference between projected and actual investment earnings	-	350,725
Changes in proportion	187,282	59,967
Contributions paid to PERA subsequent to the measurement date	143,279	-
Totals	\$ 2,316,643	\$ 3,174,995

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV – OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *Public Employees Retirement Association (PERA)* (cont.)

#### *Pension Costs.* (cont.)

##### 2. Police and Fire Fund Pension Costs (cont.)

\$143,279 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>
2019	\$ (40,397)
2020	(113,152)
2021	(225,367)
2022	(608,516)
2023	(14,199)

##### 3. Correctional Plan Pension Costs

At December 31, 2018 the County reported a liability of \$56,907 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018 the County's proportion was .3460 percent which was an increase of .0360 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the County recognized pension expense of \$(64,361) for its proportionate share of the Correctional Plan's pension expense.

## LE SUEUR COUNTY

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

#### NOTE IV – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### Public Employees Retirement Association (PERA) (cont.)

#### Pension Costs. (cont.)

##### 3. Correctional Plan Pension Costs (cont.)

At December 31, 2018, the County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economical experience	\$ 2,945	\$ 5,450
Changes in actuarial assumptions	248,265	646,069
Net collective difference between projected and actual investment earnings	-	59,952
Changes in proportion	76,950	19,426
Contributions paid to PERA subsequent to the measurement date	36,202	-
Totals	\$ 364,362	\$ 730,897

\$36,202 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount
2019	\$ 29,508
2020	(229,176)
2021	(191,156)
2022	(11,913)

**Total Pension Expense.** The total pension expense for all plans recognized by the County for the year ended December 31, 2018 was \$1,056,909.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV – OTHER INFORMATION (cont.)

---

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *Public Employees Retirement Association (PERA)* (cont.)

#### **Actuarial Assumptions**

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50 percent per year
Active Member Payroll Growth	3.25 percent per year
Investment Rate of Return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan, 1.0 percent per year for the Police and Fire Plan, and 2.0 percent per year for the Correctional Plan.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent four-year experience study for Police and Fire Plan was completed in 2016. The five-year experience study for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2018:

#### **General Employees Fund**

##### *Changes in Actuarial Assumptions:*

- > The mortality projection scale was changed from MP-2015 to MP-2017.
- > The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

##### *Changes in Plan Provisions:*

- > The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- > Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018.
- > Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- > Contribution stabilizer provisions were repealed.
- > Post-retirement benefit increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90 percent funding ratio to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV – OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *Public Employees Retirement Association (PERA)* (cont.)

##### *Actuarial Assumptions* (cont.)

##### **General Employees Fund** (cont.)

###### *Changes in Plan Provisions:* (cont.)

- > For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- > Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

##### **Police and Fire Fund**

###### *Changes in Actuarial Assumptions:*

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

###### *Changes in Plan Provisions:*

- > Post-retirement benefit increases were changed to 1.0 percent for all years, with no trigger.
- > An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- > New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- > Member contributions were changed from 10.8 percent to 11.3 percent of pay, effective January 1, 2019 and 11.8 percent of pay, effective January 1, 2020.
- > Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- > Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018.
- > Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- > Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

##### **Correctional Fund**

###### *Changes in Actuarial Assumptions:*

- > The Single Discount Rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- > The mortality projection scale was changed from MP-2016 to MP-2017.
- > The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.

###### *Changes in Plan Provisions:*

- > The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- > Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018.
- > Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV – OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *Public Employees Retirement Association (PERA)* (cont.)

##### *Actuarial Assumptions* (cont.)

##### **Correctional Fund** (cont.)

###### *Changes in Plan Provisions:* (cont.)

- > Post-retirement benefit increases were changed from 2.5 percent per year with a provision to reduce to 1.0 percent if the funding status declines to a certain level, to 100 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 2.5 percent, beginning January 1, 2019. If the funding status declines to 85 percent for two consecutive years or 80 percent for one year, the maximum increase will be lowered to 1.5 percent.
- > Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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	Long-Term Real Rate of Return	Target Allocation
Domestic Stocks	5.10%	36%
International Stocks	5.30	17
Bonds	0.75	20
Alternative Assets	5.90	25
Cash	0.00	2

**Discount Rate.** The discount rate used to measure the total pension liability in 2018 was 7.50%. 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 of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were 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.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE IV – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *Public Employees Retirement Association (PERA)* (cont.)

**Pension Liability Sensitivity.** The following presents the County's proportionate share of the net pension liability (asset) for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability (asset) 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 to Discount Rate	Current Discount Rate	1% Increase to Discount Rate
County's proportionate share of the General Employees Fund net pension liability	\$12,729,948	\$7,833,197	\$3,791,069
County's proportionate share of the Police and Fire Fund net pension liability	3,382,318	1,577,528	85,041
County's proportionate share of the Correctional Fund net pension liability (asset)	487,023	56,907	(287,173)

**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](http://www.mnpera.org).

#### B. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT) to protect against liabilities from property and casualty and workers' compensation. The County purchases commercial insurance to cover all other risks. Settled claims have not exceeded coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

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

The workers' compensation division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claim liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per employee and \$1,500,000 per accident in 2018. Should workers' compensation liabilities of the MCIT workers' compensation division exceed its assets, MCIT may assess the County in a method and amount to be determined by MCIT.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV – OTHER INFORMATION (cont.)

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#### **C. COMMITMENTS AND CONTINGENCIES**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the County is party to various other pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the County attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The County has active construction projects as of December 31, 2018. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The County had open construction contracts in the amount of approximately \$8.9 million at December 31, 2018.

#### **D. JOINT VENTURES**

##### ***Tri-County Solid Waste***

Le Sueur, Nicollet, and Sibley counties have entered into a joint powers agreement to create and operate Tri-County Solid Waste. The primary purpose of the venture is to coordinate solid waste management programs within the tri-county area. Planning, recycling, hazardous waste, problem materials, and education are areas of focus.

The board of Tri-County Solid Waste is made up of two representatives from each of the participating members' Board of Commissioners. One-half of the financing for the venture is provided by an equal appropriation from the three counties and one-half is provided by appropriations from the counties based on population. Le Sueur County made payments totaling \$86,825 to Tri-County Solid Waste in 2018. The County believes that services will continue to be provided at similar rates in the future. Current financial statements are not available.

# LE SUEUR COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV – OTHER INFORMATION (cont.)

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#### ***E. JOINTLY GOVERNED ORGANIZATIONS***

Jointly governed organizations are a regional government or multi-government arrangement governed by representatives of each creating government. Participants do not retain an ongoing financial interest or responsibility. Le Sueur County, in conjunction with other local governments, has formed joint powers boards to provide a variety of services. The County appoints at least one member to the following organizations:

	2018 Payments
Family Services Collaborative	\$ -
South Central Workforce Council	-
Minnesota County Computer Cooperative	104,087
Waseca-LeSueur Regional Library	598,655
South Central Minnesota Regional Radio	-
Minnesota Rivers Board	-
U.S. Highway 169 Corridor Coalition	-
South Central Community Based Initiative	-
Criminal Justice Agency	-
South Central Workforce Service Area	-
South Central Regional Immtrack	7,053
Region I SE MN Emergency Managers Board	1,000
Cannon River Drug & Violent Offender Task Force	9,615
South Central Transit	23,224

#### ***F. TAX ABATEMENT***

The County has established a tax abatement program on three parcels of land for the purpose of promoting transportation infrastructure improvements within the US Highway 169 Le Sueur Hilltop Corridor. The abatement is authorized through a County Board resolution pursuant to MN Statutes 469.1812 through 469.1815. The County will collect and subsequently transfer the abated taxes to the City of Le Sueur; the amount will be calculated as 100% of the County's share of the ad valorem property taxes generated by the parcels. The abatement program shall not exceed 20 years and applies to the taxes payable from 2007 through 2026. Upon completion of the infrastructure improvements the County will terminate the abatement. The total abated for the year ended December 31, 2018 was \$64,954. The remaining commitment under this agreement is estimated at \$432,567.

#### ***G. SUBSEQUENT EVENTS***

On February 14, 2019, the County issued general obligation capital improvement bonds in the amount of \$12,635,000 with an interest rate of 3.00-5.00%. This amount will be used to fund a portion of the costs associated with the construction of the new justice center and the second phase of the County courthouse remodel.

## LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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### **NOTE IV – OTHER INFORMATION (cont.)**

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#### ***H. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS***

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*
- > Statement No. 91, *Conduit Debt Obligations*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

## LE SUEUR COUNTY

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - GENERAL FUND For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 10,306,544	\$ 9,879,388	\$ (427,156)
Special assessments	85,000	-	(85,000)
Intergovernmental	1,786,493	2,234,020	447,527
Licenses and permits	200,192	211,367	11,175
Charges for services	2,205,160	2,380,908	175,748
Investment income	185,200	168,076	(17,124)
Miscellaneous	60,000	121,918	61,918
Total Revenues	<u>14,828,589</u>	<u>14,995,677</u>	<u>167,088</u>
<b>EXPENDITURES</b>			
Current			
General government	5,994,696	6,037,250	(42,554)
Public safety	4,948,067	4,715,830	232,237
Health and human services	2,348,609	2,383,451	(34,842)
Culture, recreation, and education	547,542	566,099	(18,557)
Conservation and development	230,506	220,374	10,132
Capital Outlay	1,372,264	321,436	1,050,828
Total Expenditures	<u>15,441,684</u>	<u>14,244,440</u>	<u>1,197,244</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(613,095)</u>	<u>751,237</u>	<u>1,364,332</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	126,163	126,163
Transfers out	(8,566)	(833,214)	(824,648)
Total Other Financing Sources (Uses)	<u>(8,566)</u>	<u>(707,051)</u>	<u>(698,485)</u>
Net Change in Fund Balance	(621,661)	44,186	665,847
FUND BALANCE - Beginning of Year	<u>7,011,838</u>	<u>7,011,838</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,390,177</u>	<u>\$ 7,056,024</u>	<u>\$ 665,847</u>

See independent auditors' report and accompanying notes to required supplementary information.

## LE SUEUR COUNTY

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - ROAD AND BRIDGE For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,970,230	\$ 3,080,230	\$ 3,003,431	\$ (76,799)
Intergovernmental	20,462,815	16,403,685	16,332,343	(71,342)
Charges for services	235,000	235,000	202,801	(32,199)
Investment income	96,300	96,300	5,726	(90,574)
Miscellaneous	2,018,441	50,000	120,295	70,295
Total Revenues	<u>25,782,786</u>	<u>19,865,215</u>	<u>19,664,596</u>	<u>(200,619)</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Administration	681,339	561,339	563,508	(2,169)
Maintenance	2,645,048	2,495,048	2,289,423	205,625
Construction	20,251,684	3,299,314	3,949,897	(650,583)
Equipment maintenance and shop	858,415	858,415	1,040,716	(182,301)
Capital Outlay	522,000	987,000	676,637	310,363
Debt Service				
Principal	725,000	725,000	720,000	5,000
Interest and fiscal charges	99,300	99,300	96,930	2,370
Total Expenditures	<u>25,782,786</u>	<u>9,025,416</u>	<u>9,337,111</u>	<u>(311,695)</u>
Net Change in Fund Balance	-	10,839,799	10,327,485	(512,314)
FUND BALANCE - Beginning of Year	1,348,330	1,348,330	1,348,330	-
Change in reserve for inventory	-	-	(5,934)	(5,934)
FUND BALANCE - END OF YEAR	<u>\$ 1,348,330</u>	<u>\$ 12,188,129</u>	<u>\$ 11,669,881</u>	<u>\$ (518,248)</u>

See independent auditors' report and accompanying notes to required supplementary information.

## LE SUEUR COUNTY

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - HUMAN SERVICES For the Year Ended December 31, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Taxes	\$ 3,654,429	\$ 3,515,727	\$ (138,702)
Intergovernmental	3,435,837	4,616,920	1,181,083
Charges for services	136,740	158,559	21,819
Miscellaneous	<u>230,000</u>	<u>404,939</u>	<u>174,939</u>
Total Revenues	<u>7,457,006</u>	<u>8,696,145</u>	<u>1,239,139</u>
<b>EXPENDITURES</b>			
Current			
Human services			
Income maintenance	2,038,818	2,243,603	(204,785)
Social services	4,926,583	6,090,170	(1,163,587)
Child support	<u>491,605</u>	<u>515,775</u>	<u>(24,170)</u>
Total Expenditures	<u>7,457,006</u>	<u>8,849,548</u>	<u>(1,392,542)</u>
Net Change in Fund Balance	-	(153,403)	(153,403)
FUND BALANCE - Beginning of Year	<u>6,218,253</u>	<u>6,218,253</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,218,253</u>	<u>\$ 6,064,850</u>	<u>\$ (153,403)</u>

See independent auditors' report and accompanying notes to required supplementary information.

**LE SUEUR COUNTY**

SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
PERA GENERAL EMPLOYEES RETIREMENT FUND  
For the Year Ended December 31, 2018

County Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with County (b)	County's and State's Proportionate Share of the Net Pension Liability Associated with County (a+b)	County's Covered Payroll (c)	County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/18	6/30/18	0.1412%	\$ 7,833,197	\$ 256,887	\$ 8,090,084	\$ 9,619,190	84.10%	79.50%
12/31/17	6/30/17	0.1470%	9,384,383	117,963	9,502,346	9,416,618	100.91%	75.90%
12/31/16	6/30/16	0.1353%	10,985,689	143,512	11,129,201	8,337,243	133.49%	68.90%
12/31/15	6/30/15	0.1337%	6,929,028	n/a	6,929,028	7,853,841	88.22%	78.20%

SCHEDULE OF EMPLOYER CONTRIBUTIONS -  
PERA GENERAL EMPLOYEES RETIREMENT FUND  
For the Year Ended December 31, 2018

County Fiscal Year End Date	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
12/31/18	\$ 747,380	\$ 747,380	\$ -	\$ 9,965,056	7.50%
12/31/17	705,587	705,587	-	9,407,835	7.50%
12/31/16	652,735	652,735	-	8,703,123	7.50%
12/31/15	629,683	629,683	-	8,510,822	7.40%

See independent auditors' report and accompanying notes to required supplementary information.

**LE SUEUR COUNTY**

SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
PERA POLICE AND FIRE FUND  
For the Year Ended December 31, 2018

County Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability (a)	County's Covered Payroll (b)	County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/18	6/30/18	0.1480%	\$ 1,577,528	\$ 1,560,023	101.12%	88.80%
12/31/17	6/30/17	0.1520%	2,052,181	1,561,593	131.42%	85.40%
12/31/16	6/30/16	0.1450%	5,819,102	1,398,103	416.21%	63.90%
12/31/15	6/30/15	0.1470%	1,670,264	1,345,458	124.14%	86.60%

SCHEDULE OF EMPLOYER CONTRIBUTIONS -  
PERA POLICE AND FIRE FUND  
For the Year Ended December 31, 2018

County Fiscal Year End Date	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
12/31/18	\$ 264,520	\$ 264,520	\$ -	\$ 1,632,838	16.20%
12/31/17	253,611	253,611	-	1,565,500	16.20%
12/31/16	235,699	235,699	-	1,454,929	16.20%
12/31/15	227,205	227,205	-	1,402,501	16.20%

See independent auditors' report and accompanying notes to required supplementary information.

**LE SUEUR COUNTY**

SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
PERA CORRECTIONAL FUND  
For the Year Ended December 31, 2018

County Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability (a)	County's Covered Payroll (b)	County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/18	6/30/18	0.3460%	\$ 56,907	\$ 706,702	8.05%	97.60%
12/31/17	6/30/17	0.3100%	883,503	622,404	141.95%	67.90%
12/31/16	6/30/16	0.3200%	1,169,005	603,700	193.64%	58.20%
12/31/15	6/30/15	0.3500%	54,110	666,974	8.11%	96.90%

SCHEDULE OF EMPLOYER CONTRIBUTIONS -  
PERA CORRECTIONAL FUND  
For the Year Ended December 31, 2018

County Fiscal Year End Date	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
12/31/18	\$ 67,554	\$ 67,554	\$ -	\$ 772,050	8.75%
12/31/17	57,160	57,160	-	653,252	8.75%
12/31/16	50,145	50,145	-	573,080	8.75%
12/31/15	57,988	57,988	-	662,716	8.75%

See independent auditors' report and accompanying notes to required supplementary information.

# LE SUEUR COUNTY

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

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### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for governmental funds as described in Note I.C.

With the exception of the County Ditch, Capital Projects and Gravel Tax funds, a budget has been adopted for all major governmental funds and nonmajor special revenue funds.

The budgeted amounts presented include any amendments made. The appropriated budget is prepared by fund, function, and department. Transfers of appropriations within a department and between departments require approval of the County board.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the fund level of expenditure.

The major special revenue funds that experienced an overall excess of expenditures over appropriations during 2018 were Road and Bridge and Human Services. See Note II.A. for information on all funds with excess expenditures over appropriations.

### ***PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)***

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The County is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented. For purposes of these schedules, covered payroll is defined as "pensionable wages."

### ***Changes in Assumptions and Plan Provisions***

#### **General Employees Fund**

##### 2018 Changes

##### *Changes in Actuarial Assumptions:*

- > The mortality projection scale was changed from MP-2015 to MP-2017.
- > The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

##### *Changes in Plan Provisions:*

- > The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- > Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018.
- > Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- > Contribution stabilizer provisions were repealed.

See independent auditors' report.

# LE SUEUR COUNTY

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

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### ***PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)*** (cont.)

#### ***Changes in Assumptions and Plan Provisions*** (cont.)

##### **General Employees Fund** (cont.)

##### 2018 Changes (cont.)

###### *Changes in Plan Provisions* (cont.)

- > Post-retirement benefit increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90 percent funding ratio to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019.
- > For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- > Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

##### 2017 Changes

###### *Changes in Actuarial Assumptions:*

- > The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.00 percent for vested deferred member liability and 3.00 percent for non-vested deferred member liability.
- > The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

###### *Changes in Plan Provisions:*

- > The State's special funding contribution increased from \$6 million to \$16 million.

##### 2016 Changes

###### *Changes in Actuarial Assumptions:*

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

##### 2015 Changes

###### *Changes in Actuarial Assumptions:*

- > The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

# LE SUEUR COUNTY

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

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### ***PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)*** (cont.)

#### ***Changes in Assumptions and Plan Provisions*** (cont.)

##### **General Employees Fund** (cont.)

##### 2015 Changes (cont.)

###### *Changes in Plan Provisions:*

- > On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, is due September 2015.

##### **Police and Fire Fund**

##### 2018 Changes

###### *Changes in Actuarial Assumptions:*

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

###### *Changes in Plan Provisions:*

- > Post-retirement benefit increases were changed to 1.0 percent for all years, with no trigger.
- > An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- > New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- > Member contributions were changed from 10.8 percent to 11.3 percent of pay, effective January 1, 2019 and 11.8 percent of pay, effective January 1, 2020.
- > Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- > Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018.
- > Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- > Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

##### 2017 Changes

###### *Changes in Actuarial Assumptions:*

- > Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- > Assumed rates of retirement were changed, resulting in fewer retirements.
- > The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- > The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

See independent auditors' report.

# LE SUEUR COUNTY

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

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### ***PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)*** (cont.)

#### ***Changes in Assumptions and Plan Provisions*** (cont.)

##### **Police and Fire Fund** (cont.)

##### 2017 Changes (cont.)

###### *Changes in Actuarial Assumptions:* (cont.)

- > Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- > Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- > Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- > The assumed percentage of female members electing Joint and Survivor annuities was increased.
- > The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- > The Single Discount Rate was changed from 5.60 percent per annum to 7.50 percent per annum.

##### 2016 Changes

###### *Changes in Actuarial Assumptions:*

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

##### 2015 Changes

###### *Changes in Actuarial Assumptions:*

- > The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

###### *Changes in Plan Provisions:*

- > The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

# LE SUEUR COUNTY

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

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### ***PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)*** (cont.)

#### ***Changes in Assumptions and Plan Provisions*** (cont.)

##### **Correctional Fund**

##### 2018 Changes

###### *Changes in Actuarial Assumptions:*

- > The Single Discount Rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- > The mortality projection scale was changed from MP-2016 to MP-2017.
- > The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.

###### *Changes in Plan Provisions:*

- > The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- > Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018.
- > Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- > Post-retirement benefit increases were changed from 2.5 percent per year with a provision to reduce to 1.0 percent if the funding status declines to a certain level, to 100 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 2.5 percent, beginning January 1, 2019. If the funding status declines to 85 percent for two consecutive years or 80 percent for one year, the maximum increase will be lowered to 1.5 percent.
- > Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

##### 2017 Changes

###### *Changes in Actuarial Assumptions:*

- > The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- > The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 35 percent for vested members and 1 percent for non-vested members.
- > The Single Discount Rate was changed from 5.31 percent per annum to 5.96 percent per annum.

##### 2016 Changes

###### *Changes in Actuarial Assumptions:*

- > The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 5.31 percent.
- > The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

See independent auditors' report.

**SUPPLEMENTARY INFORMATION**

## LE SUEUR COUNTY

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - DEBT SERVICE For the Year Ended December 31, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Taxes	\$ 3,107,169	\$ 3,048,568	\$ (58,601)
Intergovernmental	-	58,901	58,901
Investment income	<u>4,000</u>	<u>60,123</u>	<u>56,123</u>
Total Revenues	<u>3,111,169</u>	<u>3,167,592</u>	<u>56,423</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal	1,675,000	5,860,000	(4,185,000)
Interest and fiscal charges	<u>605,023</u>	<u>734,925</u>	<u>(129,902)</u>
Total Expenditures	<u>2,280,023</u>	<u>6,594,925</u>	<u>(4,314,902)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>831,146</u>	<u>(3,427,333)</u>	<u>(4,258,479)</u>
<b>OTHER FINANCING SOURCES</b>			
Refunding long-term debt issued	-	4,090,000	4,090,000
Premium on debt issued	-	165,874	165,874
Transfer in	<u>-</u>	<u>280,006</u>	<u>280,006</u>
Total Other Financing Sources	<u>-</u>	<u>4,535,880</u>	<u>4,535,880</u>
Net Change in Fund Balance	831,146	1,108,547	277,401
FUND BALANCE - Beginning of Year	<u>2,210,594</u>	<u>2,210,594</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,041,740</u>	<u>\$ 3,319,141</u>	<u>\$ 277,401</u>

## LE SUEUR COUNTY

### NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

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#### Special Revenue Funds

Victim Witness Fund – Used to account for and report grants and local revenues legally restricted, committed or assigned to supporting expenditures for assistance provided to victims of crimes and to witnesses to crimes

Gravel Tax Fund – Used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for gravel pit restoration or other conservation projects.

Environmental Health Fund – Used to account for and report grants and local revenues legally restricted, committed or assigned to health, clean water partnership, recycling, and solid waste activities.

## LE SUEUR COUNTY

### COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2018

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Victim Witness	Gravel Tax	Environmental Health	
<b>ASSETS</b>				
Cash and investments	\$ 25,174	\$ 425,215	\$ 3,025,049	\$ 3,475,438
Receivables				
Taxes	277	17,670	2,526	20,473
Special assessments	-	-	7,660	7,660
Accounts	12	-	-	12
Notes	-	-	711,143	711,143
Due from other governments	20,869	-	-	20,869
 TOTAL ASSETS	\$ 46,332	\$ 442,885	\$ 3,746,378	\$ 4,235,595
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 103,332	\$ 103,332
Accrued liabilities	3,273	-	10,223	13,496
Due to other governments	-	-	45,327	45,327
Total Liabilities	3,273	-	158,882	162,155
Deferred Inflows of Resources				
Unearned revenues	-	-	140,533	140,533
Unavailable revenues	20,722	-	720,419	741,141
Total Deferred Inflows of Resources	20,722	-	860,952	881,674
Fund Balances				
Restricted	-	442,885	885,465	1,328,350
Assigned	22,337	-	1,841,079	1,863,416
Total Fund Balances	22,337	442,885	2,726,544	3,191,766
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 46,332	\$ 442,885	\$ 3,746,378	\$ 4,235,595

## LE SUEUR COUNTY

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2018

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Victim Witness	Gravel Tax	Environmental Health	
<b>REVENUES</b>				
Taxes	\$ 18,095	\$ 83,489	\$ 259,284	\$ 360,868
Special assessments	-	-	327,409	327,409
Intergovernmental	76,551	-	705,744	782,295
Licenses and permits	-	-	150,264	150,264
Charges for services	-	-	18,003	18,003
Miscellaneous	5,557	-	73,952	79,509
<b>Total Revenues</b>	<u>100,203</u>	<u>83,489</u>	<u>1,534,656</u>	<u>1,718,348</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	306,609	306,609
Public safety	99,090	-	-	99,090
Sanitation	-	-	666,611	666,611
Health and human services	-	-	16,981	16,981
Conservation and development	-	3,191	329,808	332,999
<b>Total Expenditures</b>	<u>99,090</u>	<u>3,191</u>	<u>1,320,009</u>	<u>1,422,290</u>
Excess of Revenues Over Expenditures	<u>1,113</u>	<u>80,298</u>	<u>214,647</u>	<u>296,058</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	17,132	17,132
Transfers out	-	-	(126,163)	(126,163)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(109,031)</u>	<u>(109,031)</u>
Net Change in Fund Balances	1,113	80,298	105,616	187,027
FUND BALANCES - Beginning of Year	<u>21,224</u>	<u>362,587</u>	<u>2,620,928</u>	<u>3,004,739</u>
FUND BALANCES - END OF YEAR	<u>\$ 22,337</u>	<u>\$ 442,885</u>	<u>\$ 2,726,544</u>	<u>\$ 3,191,766</u>

## LE SUEUR COUNTY

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - VICTIM WITNESS For the Year Ended December 31, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Taxes	\$ 18,420	\$ 18,095	\$ (325)
Intergovernmental	75,200	76,551	1,351
Miscellaneous	<u>5,000</u>	<u>5,557</u>	<u>557</u>
Total Revenues	<u>98,620</u>	<u>100,203</u>	<u>1,583</u>
<b>EXPENDITURES</b>			
Current			
Public safety	<u>98,620</u>	<u>99,090</u>	<u>(470)</u>
Net Change in Fund Balance	-	1,113	1,113
FUND BALANCE - Beginning of Year	<u>21,224</u>	<u>21,224</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 21,224</u>	<u>\$ 22,337</u>	<u>\$ 1,113</u>

## LE SUEUR COUNTY

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - ENVIRONMENTAL HEALTH For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 265,165	\$ 259,284	\$ (5,881)
Special assessments	229,000	327,409	98,409
Intergovernmental	4,392,155	705,744	(3,686,411)
Licenses and permits	103,000	150,264	47,264
Charges for services	10,000	18,003	8,003
Miscellaneous	22,500	73,952	51,452
Total Revenues	<u>5,021,820</u>	<u>1,534,656</u>	<u>(3,487,164)</u>
<b>EXPENDITURES</b>			
Current			
General government	298,147	306,609	(8,462)
Sanitation	4,740,014	666,611	4,073,403
Health and human services	17,200	16,981	219
Conservation and development	404,717	329,808	74,909
Total Expenditures	<u>5,460,078</u>	<u>1,320,009</u>	<u>4,140,069</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(438,258)</u>	<u>214,647</u>	<u>652,905</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	89,693	17,132	(72,561)
Transfer out	(80,343)	(126,163)	(45,820)
Total Other Financing Sources (Uses)	<u>9,350</u>	<u>(109,031)</u>	<u>(118,381)</u>
Net Change in Fund Balance	(428,908)	105,616	534,524
FUND BALANCE - Beginning of Year	<u>2,620,928</u>	<u>2,620,928</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,192,020</u>	<u>\$ 2,726,544</u>	<u>\$ 534,524</u>

## LE SUEUR COUNTY

### FIDUCIARY FUNDS For the Year Ended December 31, 2018

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#### Private Purpose Trust Funds

Cemetery Perpetual Care Fund – Used to account for and report funds held for cemetery associations.

U.S. Fish and Wildlife Funds – Used to account for and report funds from the U.S. Fish and Wildlife Service that will, through interest earning, offset the shortfall between the annual Fish and Wildlife Service shared revenue payment and the actual taxes on property purchased by the U.S. Fish and Wildlife Service.

#### Agency Funds

Agency – Used to account for and report all County collections and disbursements, other than taxes and penalties, on behalf of individuals, private organizations, or other governmental units.

Family Services Collaborative – Used to account for and report state funds disbursed through the Minnesota Department of Education and discretionary funds contributed by the Collaborative participants.

Taxes and Penalties – To account for and report property taxes and penalties collected and distributed to other governmental units and County funds.

Sheriff – Used to account for and report cash held by the Sheriff for inmates of the County jail and for cash collected by the sheriff and remitted to the County.

Social Welfare – Used to account for and report funds held by the County for clients in a representative payee capacity.

**LE SUEUR COUNTY**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
As of December 31, 2018

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	<u>Cemetery Perpetual Care</u>	<u>U.S. Fish and Wildlife</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 29,091	\$ 47,345	\$ 76,436
 NET POSITION HELD IN TRUST	<u>\$ 29,091</u>	<u>\$ 47,345</u>	<u>\$ 76,436</u>

## LE SUEUR COUNTY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
For the Year Ended December 31, 2018

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	Cemetery Perpetual Care	U.S. Fish and Wildlife	Total
<b>ADDITIONS</b>			
Interest	\$ 18	\$ -	\$ 18
<b>DEDUCTIONS</b>			
Payments in accordance with trust agreements	16	-	16
<b>Change in Net Position</b>	2	-	2
NET POSITION HELD IN TRUST - Beginning of Year	29,089	47,345	76,434
<b>NET POSITION HELD IN TRUST - END OF YEAR</b>	\$ 29,091	\$ 47,345	\$ 76,436

## LE SUEUR COUNTY

### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS As of December 31, 2018

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b><u>AGENCY</u></b>				
<b>ASSETS</b>				
Cash and investment	\$ 380,103	\$ 3,154,092	\$ 3,127,890	\$ 406,305
<b>LIABILITIES</b>				
Due to other governments	\$ 380,103	\$ 3,154,092	\$ 3,127,890	\$ 406,305
<b><u>FAMILY SERVICES COLLABORATIVE</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 97,877	\$ 99,009	\$ 44,444	\$ 152,442
<b>LIABILITIES</b>				
Due to other governments	\$ 97,877	\$ 99,009	\$ 44,444	\$ 152,442
<b><u>TAXES AND PENALTIES</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 2,253,757	\$ 47,627,678	\$ 48,888,340	\$ 993,095
<b>LIABILITIES</b>				
Deposits	\$ 1,306,342	\$ -	\$ 1,306,342	\$ -
Due to other funds	-	19,808,086	19,808,086	-
Due to other governments	947,415	27,819,592	27,773,912	993,095
Total Liabilities	\$ 2,253,757	\$ 47,627,678	\$ 48,888,340	\$ 993,095
<b><u>SHERIFF</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 10,661	\$ 318,476	\$ 319,822	\$ 9,315
<b>LIABILITIES</b>				
Accounts payable	\$ 6,452	\$ 54,004	\$ 53,683	\$ 6,773
Deposits	4,209	35,460	37,127	2,542
Total Liabilities	\$ 10,661	\$ 89,464	\$ 90,810	\$ 9,315
<b><u>SOCIAL WELFARE</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 15,127	\$ 40,531	\$ 53,733	\$ 1,925
<b>LIABILITIES</b>				
Deposits	\$ 15,127	\$ 40,531	\$ 53,733	\$ 1,925

## LE SUEUR COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND  
LIABILITIES - AGENCY FUNDS  
As of December 31, 2018

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	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and investments	<u>\$ 2,757,525</u>	<u>\$ 51,239,786</u>	<u>\$ 52,434,229</u>	<u>\$ 1,563,082</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 6,452	\$ 54,004	\$ 53,683	\$ 6,773
Deposits	1,325,678	75,991	1,397,202	4,467
Due to other funds	-	19,808,086	19,808,086	-
Due to other governments	<u>1,425,395</u>	<u>31,072,693</u>	<u>30,946,246</u>	<u>1,551,842</u>
Total Liabilities	<u>\$ 2,757,525</u>	<u>\$ 51,010,774</u>	<u>\$ 52,205,217</u>	<u>\$ 1,563,082</u>

# LE SUEUR COUNTY

## SCHEDULE OF INTERGOVERNMENTAL REVENUES For the Year Ended December 31, 2018

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### SHARED REVENUE

#### State

Highway users tax	\$ 15,714,598
Market value credit	297,328
County program aid	1,130,721
PERA rate reimbursement	71,222
Disparity reduction aid	79,445
Police aid	171,827
Enhanced 911	104,004
Total Shared Revenue	<u>17,569,145</u>

### REIMBURSEMENT FOR SERVICES

Local governments	42,000
Minnesota Department of Corrections	75,580
Minnesota Department of Human Services	<u>2,414,547</u>
Total Reimbursements for Services	<u>2,532,127</u>

### GRANTS

#### Minnesota Department/Board of

Revenue	237,307
Water and Soil Resources	351,433
Health	175,355
Pollution Control	33,370
Public Safety	20,592
Natural Resources	17,909
Veterans Affairs	10,000
Secretary of State	<u>128,778</u>
Total State Grants	<u>974,744</u>

#### United States Department of

Agriculture	323,956
Justice	172,863
Health and Human Services	2,261,395
Homeland Security	<u>50,321</u>
Total Federal Grants	<u>2,808,535</u>

### TOTAL GRANTS

3,783,279

### PAYMENTS IN LIEU OF TAXES

139,928

### TOTAL INTERGOVERNMENTAL REVENUE

\$ 24,024,479