

LE SUEUR COUNTY

Le Center, Minnesota

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

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 business-type 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, 2019, 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, a discretely presented component unit. 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Le Sueur County, Minnesota, as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2020 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 US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Minneapolis, Minnesota
September 30, 2020

LE SUEUR COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As of and for the Year Ended December 31, 2019

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, 2019. 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 2019 by \$135,710,967. Of this amount, \$2,211,155 (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 \$30,159,002 in 2019.

At the close of 2019, Le Sueur County's governmental funds reported combined ending fund balances of \$46,776,807. Of this amount, \$1,302,424 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. The business-type activities at the County include the West Jefferson Subordinate Sewer District.

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 three categories: governmental funds, proprietary funds and fiduciary funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 five major funds and four 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, and a Capital Projects Fund. The non-major funds are: Gravel Tax Special Revenue Fund, Victim Witness Special Revenue Fund, Environmental Health Special Revenue Fund, and a Debt Service Fund.

Proprietary funds. Proprietary funds maintained by Le Sueur County consist of one nonmajor enterprise fund. The County uses enterprise funds to account for activities that provide supplies and services to the general public. Proprietary fund statements provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements being on page 9 of this report.

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, the debt service fund and the capital projects 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 \$135,710,967 at the close of 2019. The largest portion of Le Sueur County's net position (73.2%) 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

	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 58,126,743	\$ 38,618,403
Capital assets	142,114,757	122,332,871
Total assets	<u>200,241,500</u>	<u>160,951,274</u>
Long-term liabilities outstanding	58,354,284	46,905,698
Other liabilities	5,348,268	6,423,777
Total liabilities	<u>63,702,552</u>	<u>53,329,475</u>
Deferred outflows of resources	3,075,185	4,488,897
Deferred inflows of resources	<u>4,681,540</u>	<u>6,558,731</u>
Net position:		
Net investment in capital assets	98,699,930	86,412,754
Restricted	34,131,303	13,204,992
Unrestricted	2,101,360	5,934,219
Total net position	<u>\$ 134,932,593</u>	<u>\$ 105,551,965</u>

Le Sueur County's Business-Type Net Position

During 2019, the County added a new business-type enterprise fund related to the West Jefferson Subordinate Sewer District. The District has only begun activities and during 2019 did not start sewer services. As a result of this there is no comparison to the prior year and very little activity in general. Some items to highlight include: Debt was issued in the amount of \$254,093, construction in progress totals \$1,169,695 and the total net position is \$778,374. Please refer to the financial statement schedules for more information.

Governmental Activities

The table below summarizes the changes in net position for 2019 and 2018.

(EXHIBIT 2)

Changes in Le Sueur County's Governmental Net Position

	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 4,515,232	\$ 3,764,645
Operating grants and contributions	10,060,424	10,133,094
Capital grants and contributions	29,963,080	14,228,048
General revenues:		
Property taxes	20,928,720	19,583,575
Other	3,624,753	3,030,195
Total revenues	<u>69,092,209</u>	<u>50,739,557</u>
Expenses:		
General government	6,854,221	6,196,441
Public safety	7,280,008	5,264,220
Highways and streets	8,889,775	6,511,757
Sanitation	473,785	673,938
Health and human services	12,049,340	11,464,599
Culture, recreation and education	654,629	582,907
Conservation and development	2,093,444	1,598,643
Interest and fiscal charges	1,416,379	1,033,049
Total expenses	<u>39,711,581</u>	<u>33,325,554</u>
Change in net position	29,380,628	17,414,003
Net position – January 1	105,551,965	88,137,962
Net position – December 31	<u>\$ 134,932,593</u>	<u>\$ 105,551,965</u>

Exhibit 4 2019 Revenues by Source

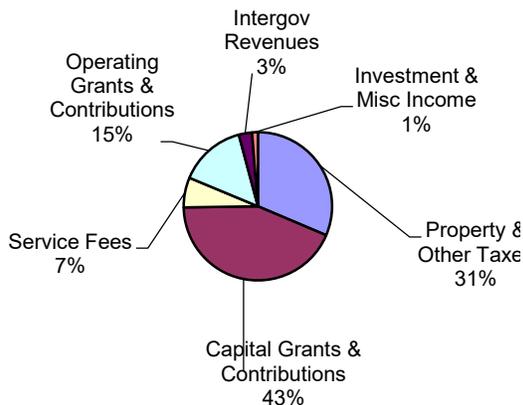
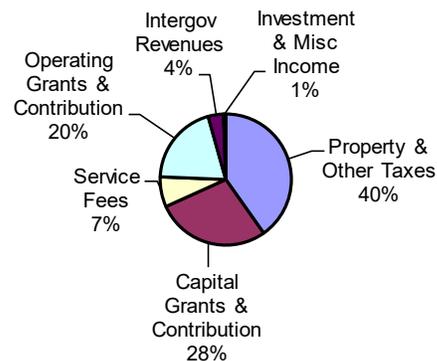


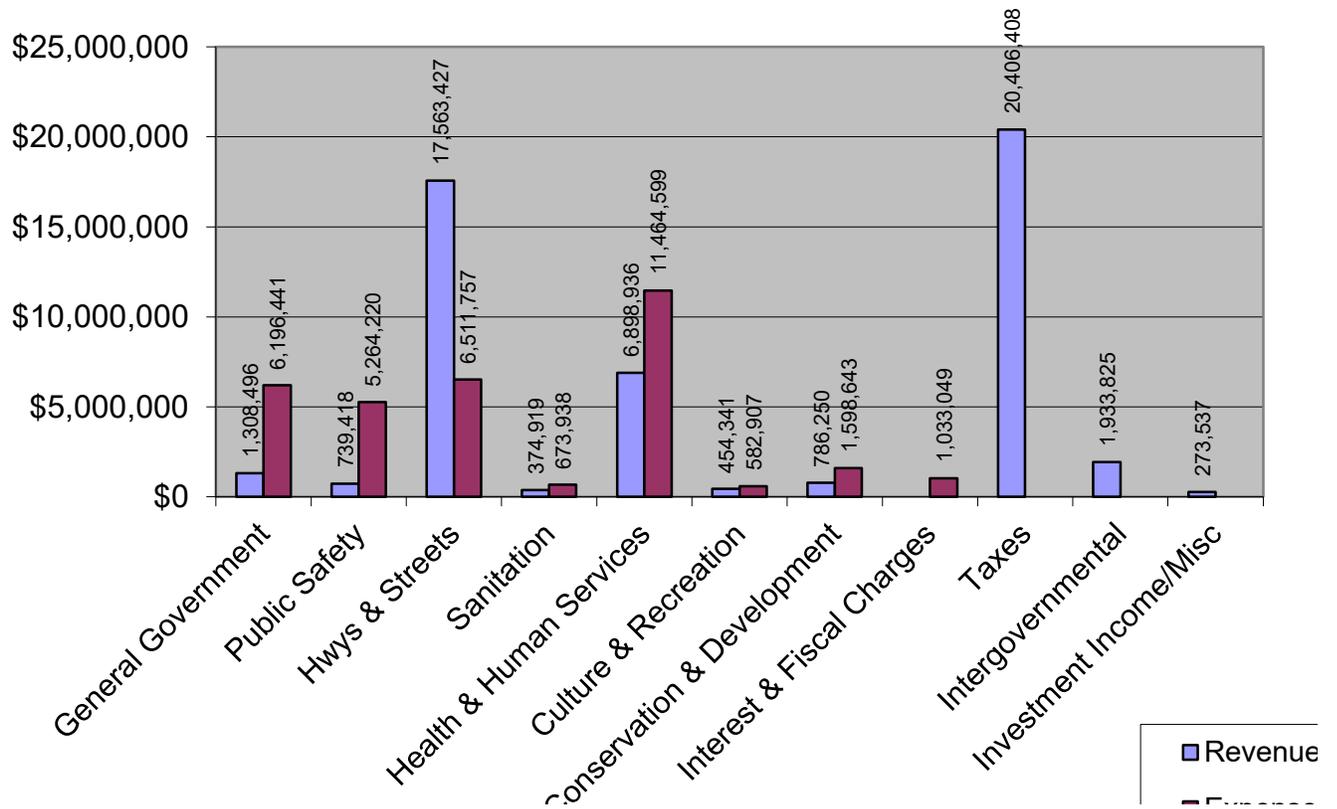
Exhibit 3 2018 Revenues by Source



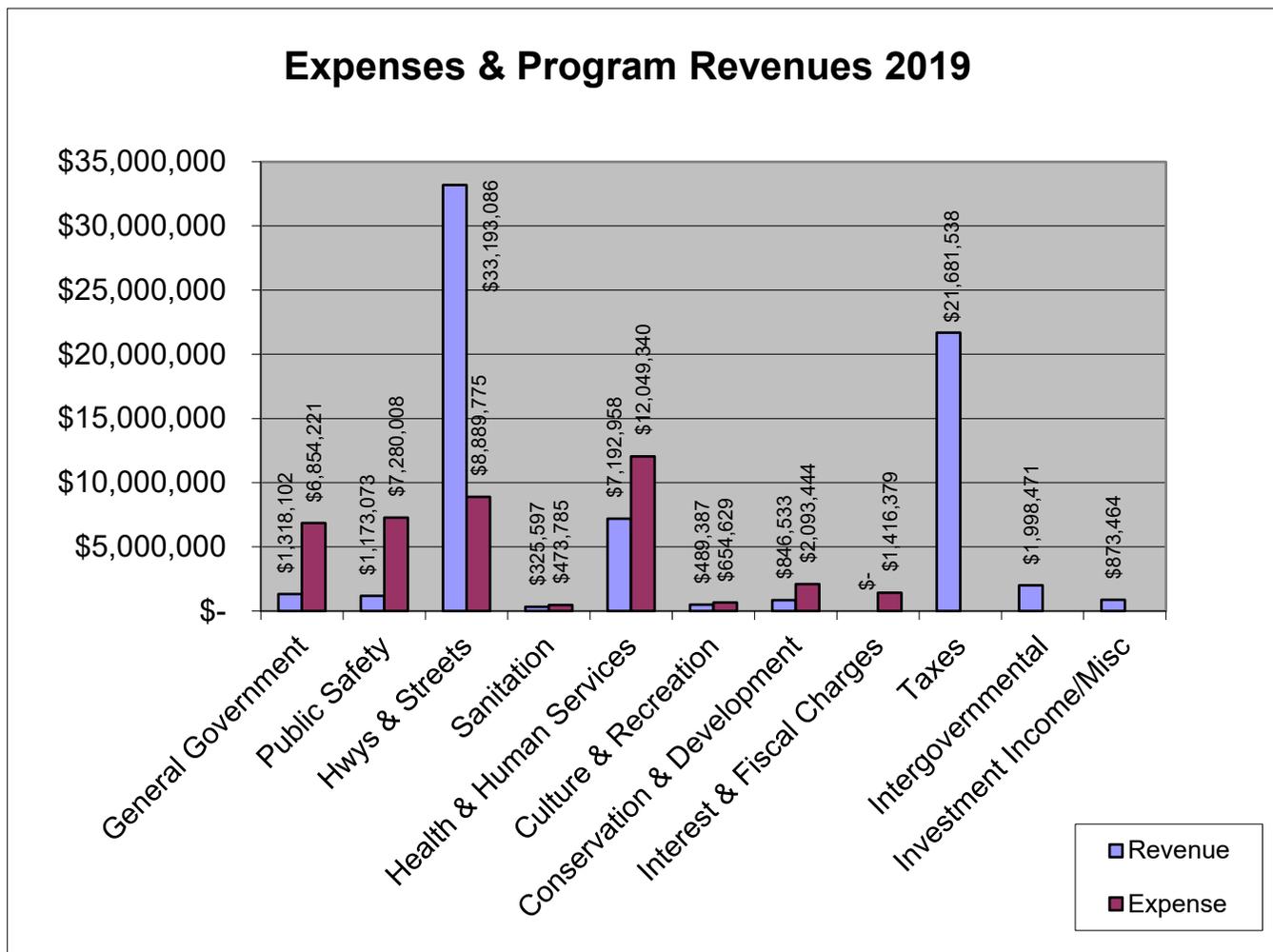
The most notable increase from 2018 is in the capital grants and contributions. The county received \$23.5 million of turnback funding from the State of Minnesota in 2019 related to the release of Trunk Highway 112.

(EXHIBIT 5)

Expenses & Program Revenues 2018



(EXHIBIT 6)



Changes in Le Sueur County’s Business-Type Net Position

During 2019, the County added a new business-type enterprise fund related to the West Jefferson Subordinate Sewer District. The District has only begun activities and during 2019 did not start sewer services. As a result of this there is no comparison to the prior year and very little activity in general. Some items to highlight include: Capital grants and contributions were \$817,582 and expenses totaled \$39,208 for 2019. Please refer to the financial statement schedules for more information.

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 \$46,776,807. Of this amount, \$9,131,183 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 five major operating funds of Le Sueur County for 2019 are the General Fund, Road & Bridge Fund, Human Services Fund, County Ditch 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	\$4,271,489	\$7,812,164
Road & Bridge	976,817	26,813,995
Human Services	5,930,572	5,930,572
County Ditch	-1,497,736	-1,497,736
Capital Projects	-1,264,824	1,557,893

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	26.9%	49.1%
Road & Bridge	5.3%	146%
Human Services	66.1%	66.1%
County Ditch	-	-

Proprietary Funds. The major enterprise fund, West Jefferson Subordinate Sewer District, had an ending net position of \$778,374. Of the total net position, \$109,795 was unrestricted.

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 \$2,376,656 over budget. Actual expenditures and other financing uses were \$724,254 over budget.

Revenues are over budget due to an increase in intergovernmental revenues as well as a large transfer in related to tipping fees. Other financing uses were over budget due a large transfer out to the capital projects fund.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities as of December 31, 2019, amounts to \$142,114,757 (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 2019 and was completed in September of this year.

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

	<u>2019</u>	<u>2018</u>
Land	\$ 5,322,319	\$ 5,172,319
Construction in Progress	8,671,165	26,671,213
Land Improvements	99,867	102,349
Building and Improvements	36,241,145	3,646,266
Machinery, Furniture & Equipment	4,159,167	3,539,009
Infrastructure	<u>87,621,094</u>	<u>83,201,715</u>
	<u>\$ 142,114,757</u>	<u>\$ 122,332,871</u>

An additional \$11 million was spent on the new Justice Center in 2019, bringing the total for the project to \$33 million.

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

Le Sueur County's Business-Type Capital Assets (Net of Depreciation)

	<u>2019</u>	<u>2018</u>
Construction in Progress	\$ 1,169,695	\$ -

The West Jefferson Subordinate Sewer District project in progress consists of a low-pressure sanitary sewer system with grinder pumps around West Jefferson Lake and a forcemain to the City of Cleveland for treatment.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$44,829,093 which is backed by the full faith and credit of the government.

Le Sueur County’s Governmental Activities Outstanding Debt

	<u>2019</u>	<u>2018</u>
General Obligation Debt	<u>\$ 44,575,000</u>	<u>\$ 34,750,000</u>

Le Sueur County’s governmental activities debt increased by \$9,825,000 during 2019. The primary reason was that Le Sueur County issued new bonds totaling \$12,635,000, of which the primary reason was for the building of the Justice Center (\$9,720,000) and the remainder for an upcoming Courthouse remodel.

Le Sueur County’s Business-Type Activities Outstanding Debt

	<u>2019</u>	<u>2018</u>
General Obligation Debt	<u>\$ 254,093</u>	<u>\$ -</u>

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 2019, 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 2019 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 5.4% in 2019 and 6.3% in 2020. 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 6.9% at the end of 2019. This is above the 3.7% statewide rate.

On December 17, 2019 the Le Sueur County Board of Commissioners approved the 2020 budget for \$67,935,799. This was a decrease from 2019. The 2020 levy is \$22,581,040, which is a 9% increase over 2019.

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, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Housing and Redevelopment Authority
ASSETS				
Cash and investments	\$ 47,246,986	\$ -	\$ 47,246,986	\$ 48,531
Taxes receivable	347,116	-	347,116	-
Special assessments receivable	779,312	-	779,312	-
Accounts receivable (net)	761,378	-	761,378	321
Notes receivable	615,045	-	615,045	-
Loans receivable (net)	-	-	-	21,809
Interest receivable	169,300	-	169,300	-
Due from other governments	5,144,524	158,088	5,302,612	-
Internal balances	47,720	(47,720)	-	-
Materials and supplies	593,135	-	593,135	-
Restricted cash and investments	2,422,227	-	2,422,227	-
Capital Assets				
Construction in progress	8,671,165	1,169,695	9,840,860	-
Land	5,322,319	-	5,322,319	-
Other capital assets, net of depreciation	128,121,273	-	128,121,273	-
Total Assets	<u>200,241,500</u>	<u>1,280,063</u>	<u>201,521,563</u>	<u>70,661</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	<u>3,075,185</u>	<u>-</u>	<u>3,075,185</u>	<u>-</u>
LIABILITIES				
Accounts payable	3,890,283	247,023	4,137,306	619
Accrued liabilities	1,024,219	573	1,024,792	-
Due to other governments	433,766	-	433,766	-
Noncurrent Liabilities				
Due within one year	3,482,619	1,136	3,483,755	-
Due in more than one year	<u>54,871,665</u>	<u>252,957</u>	<u>55,124,622</u>	<u>-</u>
Total Liabilities	<u>63,702,552</u>	<u>501,689</u>	<u>64,204,241</u>	<u>619</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	94,255	-	94,255	-
Pension related amounts	<u>4,587,285</u>	<u>-</u>	<u>4,587,285</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>4,681,540</u>	<u>-</u>	<u>4,681,540</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	98,699,930	668,579	99,368,509	-
Restricted for				
Recorder equipment	206,905	-	206,905	-
Public safety	607,668	-	607,668	-
Landfill abatement and risk mitigation	1,670,354	-	1,670,354	-
Highways and streets	26,641,895	-	26,641,895	-
Future septic loans	810,985	-	810,985	-
Culture and recreation	140,051	-	140,051	-
Reclamation/conservation	347,162	-	347,162	-
Debt service	3,706,283	-	3,706,283	-
Housing assistance payments	-	-	-	3,148
Economic development	-	-	-	66,894
Unrestricted	<u>2,101,360</u>	<u>109,795</u>	<u>2,211,155</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 134,932,593</u>	<u>\$ 778,374</u>	<u>\$ 135,710,967</u>	<u>\$ 70,042</u>

See accompanying notes to financial statements.

LE SUEUR COUNTY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit HRA
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Totals	
Primary Government								
Governmental Activities								
General government	\$ 6,854,221	\$ 1,078,921	\$ 239,181	\$ -	\$ (5,536,119)	\$ -	\$ (5,536,119)	\$ -
Public safety	7,280,008	473,113	350,678	349,282	(6,106,935)	-	(6,106,935)	-
Highways and streets	8,889,775	517,604	3,061,684	29,613,798	24,303,311	-	24,303,311	-
Sanitation	473,785	101,528	224,069	-	(148,188)	-	(148,188)	-
Health and human services	12,049,340	1,768,734	5,424,224	-	(4,856,382)	-	(4,856,382)	-
Culture, recreation, and education	654,629	469,643	19,744	-	(165,242)	-	(165,242)	-
Conservation and development	2,093,444	105,689	740,844	-	(1,246,911)	-	(1,246,911)	-
Interest and fiscal charges	1,416,379	-	-	-	(1,416,379)	-	(1,416,379)	-
Total Governmental Activities	<u>39,711,581</u>	<u>4,515,232</u>	<u>10,060,424</u>	<u>29,963,080</u>	<u>4,827,155</u>	<u>-</u>	<u>4,827,155</u>	<u>-</u>
Business-type Activities								
West Jefferson Subordinate Service District	<u>39,208</u>	<u>-</u>	<u>-</u>	<u>817,582</u>	<u>-</u>	<u>778,374</u>	<u>778,374</u>	<u>-</u>
Total Primary Government	<u>\$ 39,750,789</u>	<u>\$ 4,515,232</u>	<u>\$ 10,060,424</u>	<u>\$ 30,780,662</u>	<u>4,827,155</u>	<u>778,374</u>	<u>5,605,529</u>	<u>-</u>
Component Unit								
Housing and Redevelopment Authority (HRA)	<u>\$ 483,716</u>	<u>\$ -</u>	<u>\$ 481,158</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,558)</u>
General Revenues								
Taxes								
Property taxes, levied for general purposes					17,313,866	-	17,313,866	-
Property taxes, levied for debt service					3,614,854	-	3,614,854	-
Other taxes					592,343	-	592,343	-
Payments in lieu of taxes					160,475	-	160,475	-
Intergovernmental revenues not restricted to specific programs					1,998,471	-	1,998,471	-
Investment income					873,464	-	873,464	36
Total General Revenues					<u>24,553,473</u>	<u>-</u>	<u>24,553,473</u>	<u>36</u>
Change in Net Position					<u>29,380,628</u>	<u>778,374</u>	<u>30,159,002</u>	<u>(2,522)</u>
NET POSITION - Beginning of Year					<u>105,551,965</u>	<u>-</u>	<u>105,551,965</u>	<u>72,564</u>
NET POSITION - END OF YEAR					<u>\$ 134,932,593</u>	<u>\$ 778,374</u>	<u>\$ 135,710,967</u>	<u>\$ 70,042</u>

See accompanying notes to financial statements.

LE SUEUR COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General Fund	Special Revenue		
		Road and Bridge	Human Services	County Ditch
ASSETS				
Cash and investments	\$ 6,955,844	\$ 28,136,644	\$ 5,796,794	\$ -
Receivables				
Taxes	172,564	44,666	62,798	-
Special assessments	-	-	-	771,959
Accounts, net	264,899	22,547	438,432	34,791
Notes	-	-	-	-
Interest	169,300	-	-	-
Due from other governments	403,290	4,133,079	549,006	35,864
Due from other funds	47,720	-	-	-
Materials and supplies	-	593,135	-	-
Advances to other funds	1,255,158	-	-	-
Restricted cash and investments				
Construction account	-	-	-	-
TOTAL ASSETS	\$ 9,268,775	\$ 32,930,071	\$ 6,847,030	\$ 842,614
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 609,478	\$ 1,767,899	\$ 363,743	\$ 266,143
Accrued liabilities	263,085	50,249	115,128	-
Due to other governments	150,204	155,924	-	11,226
Advances from other funds	-	-	-	1,255,158
Total Liabilities	<u>1,022,767</u>	<u>1,974,072</u>	<u>478,871</u>	<u>1,532,527</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	433,844	4,142,004	437,587	807,823
Total Deferred Inflows of Resources	<u>433,844</u>	<u>4,142,004</u>	<u>437,587</u>	<u>807,823</u>
Fund Balances				
Nonspendable	915,697	593,135	-	-
Restricted	2,624,978	25,244,043	-	-
Assigned	206,505	976,817	5,930,572	-
Unassigned (deficit)	4,064,984	-	-	(1,497,736)
Total Fund Balances (Deficit)	<u>7,812,164</u>	<u>26,813,995</u>	<u>5,930,572</u>	<u>(1,497,736)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 9,268,775	\$ 32,930,071	\$ 6,847,030	\$ 842,614

<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 6,357,704	\$ 47,246,986
-	67,088	347,116
-	7,353	779,312
-	709	761,378
-	615,045	615,045
-	-	169,300
-	23,285	5,144,524
-	-	47,720
-	-	593,135
-	-	1,255,158
<u>2,422,227</u>	<u>-</u>	<u>2,422,227</u>
<u>\$ 2,422,227</u>	<u>\$ 7,071,184</u>	<u>\$ 59,381,901</u>
\$ 864,334	\$ 18,686	\$ 3,890,283
-	15,133	443,595
-	116,412	433,766
-	-	1,255,158
<u>864,334</u>	<u>150,231</u>	<u>6,022,802</u>
-	94,255	94,255
-	666,779	6,488,037
-	761,034	6,582,292
-	-	1,508,832
2,822,717	5,445,054	36,136,792
-	714,865	7,828,759
<u>(1,264,824)</u>	<u>-</u>	<u>1,302,424</u>
<u>1,557,893</u>	<u>6,159,919</u>	<u>46,776,807</u>
<u>\$ 2,422,227</u>	<u>\$ 7,071,184</u>	<u>\$ 59,381,901</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, 2019**

Total fund balance - governmental funds	\$ 46,776,807
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.	142,114,757
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.	6,488,037
The net pension liability does not relate to current financial resources and is not reported in the fund statements.	(10,001,245)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the fund statements.	3,075,185
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the fund statements.	(4,587,285)
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	(44,575,000)
Debt premium	(1,888,209)
Accrued interest on general obligation debt	(580,624)
Compensated absences	(1,889,830)
	<u>(48,933,663)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 134,932,593</u>

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, 2019

	Special Revenue			
	General Fund	Road and Bridge	Human Services	County Ditch
REVENUES				
Taxes	\$ 10,399,662	\$ 3,060,957	\$ 3,504,303	\$ -
Special assessments	-	-	-	629,728
Intergovernmental	2,246,184	29,626,026	4,626,532	-
Licenses and permits	213,504	-	-	-
Charges for services	2,655,547	105,191	137,513	86,456
Investment income	375,813	465,673	-	-
Miscellaneous	211,999	207,083	569,362	16,389
Total Revenues	16,102,709	33,464,930	8,837,710	732,573
EXPENDITURES				
Current				
General government	6,351,341	-	-	-
Public safety	5,597,054	-	-	-
Highways and streets	-	17,280,704	-	-
Sanitation	-	-	-	-
Health and human services	2,599,312	-	8,889,552	-
Culture, recreation, and education	636,897	-	-	-
Conservation and development	256,933	-	-	914,004
Capital Outlay	444,149	278,345	82,436	-
Debt Service				
Principal	-	725,000	-	-
Interest and fiscal charges	-	82,592	-	-
Total Expenditures	15,885,686	18,366,641	8,971,988	914,004
Excess (Deficiency) of Revenues Over Expenditures	217,023	15,098,289	(134,278)	(181,431)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Premium on debt issued	-	-	-	-
Transfers in	1,868,519	-	-	-
Transfers out	(1,329,402)	-	-	-
Total Other Financing Sources (Uses)	539,117	-	-	-
Net Change in Fund Balances	756,140	15,098,289	(134,278)	(181,431)
FUND BALANCES (DEFICIT) - Beginning of Year	7,056,024	11,669,881	6,064,850	(1,316,305)
Change in reserve for materials and supplies	-	45,825	-	-
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 7,812,164	\$ 26,813,995	\$ 5,930,572	\$ (1,497,736)

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 41	\$ 4,003,432	\$ 20,968,395
-	349,954	979,682
349,282	947,334	37,795,358
-	161,689	375,193
-	20,574	3,005,281
-	27,433	868,919
-	85,365	1,090,198
<u>349,323</u>	<u>5,595,781</u>	<u>65,083,026</u>
-	311,813	6,663,154
-	108,744	5,705,798
-	-	17,280,704
-	461,592	461,592
-	29,885	11,518,749
-	-	636,897
-	452,525	1,623,462
12,439,212	-	13,244,142
-	2,085,000	2,810,000
148,505	1,138,021	1,369,118
<u>12,587,717</u>	<u>4,587,580</u>	<u>61,313,616</u>
<u>(12,238,394)</u>	<u>1,008,201</u>	<u>3,769,410</u>
12,635,000	-	12,635,000
1,018,083	-	1,018,083
1,320,836	509,330	3,698,685
<u>(500,764)</u>	<u>(1,868,519)</u>	<u>(3,698,685)</u>
<u>14,473,155</u>	<u>(1,359,189)</u>	<u>13,653,083</u>
2,234,761	(350,988)	17,422,493
(676,868)	6,510,907	29,308,489
-	-	45,825
<u>\$ 1,557,893</u>	<u>\$ 6,159,919</u>	<u>\$ 46,776,807</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, 2019

Net change in fund balances - total governmental funds	\$ 17,422,493
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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	13,244,142
Some capital outlay is not capitalized in the government-wide statements	(553,371)
Highway construction capitalized in the government-wide statements	10,982,593
Some other functional expenses are capitalized in the government-wide statements	90,000
Depreciation is reported in the government-wide statements	(3,981,478)

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. \$2,982,012 recognized as revenue on the fund statements was recognized in the government-wide statement in prior years. \$6,488,037 is reported as unavailable revenue in the fund statements but recognized as revenue in the government-wide statements in the current year.

3,506,025

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	(12,635,000)
Principal payments	2,810,000

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.

(1,018,083)

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	(149,434)
Change in accrued interest expense	(124,806)
Amortization of debt discounts and premiums	77,546
Net pension liability (and pension related deferred outflows/inflows of resources)	(335,824)

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.

45,825

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 29,380,628

See accompanying notes to financial statements.

LE SUEUR COUNTY

STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2019

	Nonmajor <u>Enterprise Fund</u> West Jefferson Subordinate <u>Sewer District</u>
ASSETS	
Current Assets	
Due from other governments	\$ 158,088
Total Current Assets	<u>158,088</u>
Noncurrent Assets	
Capital Assets	
Construction in progress	1,169,695
Total Noncurrent Assets	<u>1,169,695</u>
Total Assets	<u>1,327,783</u>
LIABILITIES	
Current Liabilities	
Accounts payable	247,023
Accrued liabilities	573
Due to other funds	47,720
Current portion of general obligation debt	1,136
Total Current Liabilities	<u>296,452</u>
Noncurrent Liabilities	
Long-Term Debt	
General obligation debt	252,957
Total Noncurrent Liabilities	<u>252,957</u>
Total Liabilities	<u>549,409</u>
NET POSITION	
Net investment in capital assets	668,579
Unrestricted	<u>109,795</u>
TOTAL NET POSITION	<u>\$ 778,374</u>

See accompanying notes to financial statements.

LE SUEUR COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended December 31, 2019

	<u>Nonmajor Enterprise Fund West Jefferson Subordinate Sewer District</u>
OPERATING EXPENSES	
Operation and maintenance	\$ 38,635
Total Operating Expenses	<u>38,635</u>
Operating Income (Loss)	(38,635)
NONOPERATING EXPENSES	
Interest expense	<u>(573)</u>
Loss Before Contributions	(39,208)
CONTRIBUTIONS	
Capital contributions	<u>817,582</u>
Change in Net Position	778,374
NET POSITION – Beginning of Year	<u>-</u>
NET POSITION – END OF YEAR	<u>\$ 778,374</u>

See accompanying notes to financial statements.

LE SUEUR COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2019

	<u>Nonmajor Enterprise Fund West Jefferson Subordinate Sewer District</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash paid to suppliers for goods and services	\$ (38,635)
Net Cash Flows From Operating Activities	<u>(38,635)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Negative cash implicitly financed	<u>47,720</u>
Net Cash Flows From Noncapital Financing Activities	<u>47,720</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from issuance of long-term debt	254,093
Acquisition and construction of capital assets	(922,672)
Capital contributions received	<u>659,494</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(9,085)</u>
Net Change in Cash and Cash Equivalents	-
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES	
Capital assets acquired via accounts payable	<u>\$ 247,023</u>

See accompanying notes to financial statements.

LE SUEUR COUNTY

STATEMENT OF NET POSITION -
FIDUCIARY FUNDS
As of December 31, 2019

	Private-Purpose Trusts	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 76,439	\$ 1,499,038
Total Assets	<u>76,439</u>	<u>1,499,038</u>
LIABILITIES		
Accounts payable	-	4,654
Deposits	-	7,726
Due to other governments	-	1,486,658
Total Liabilities	<u>-</u>	<u>1,499,038</u>
NET POSITION HELD IN TRUST	<u>\$ 76,439</u>	<u>\$ -</u>

See accompanying notes to financial statements.

LE SUEUR COUNTY

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS**

For the Year Ended December 31, 2019

	<u>Private-Purpose Trusts</u>
ADDITIONS	
Interest	\$ 25
DEDUCTIONS	
Payments in accordance with trust agreements	<u>22</u>
Change in Net Position	3
NET POSITION HELD IN TRUST - Beginning of Year	<u>76,436</u>
NET POSITION HELD IN TRUST - END OF YEAR	<u><u>\$ 76,439</u></u>

See accompanying notes to financial statements.

LE SUEUR COUNTY

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LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2019

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, 2019. 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

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenue. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. 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.

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.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

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

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise 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.
- 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, other than enterprise projects.

Le Sueur County reports the following nonmajor governmental and enterprise 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

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

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, other than enterprise debt.

Enterprise Funds - used to account for and report any activity for which a fee is charged to external uses for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

West Jefferson Subordinate Service District (SSD)

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
Taxes and Penalties
Social Welfare

Family Services Collaborative
Sheriff

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

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. Unbilled receivables are recorded as revenues when services are provided.

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, 2019

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

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.

Proprietary and 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.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The West Jefferson SSD has not yet begun providing service. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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, 2019

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

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

1. Deposits and Investments

For purposes of the statement of cash flows, the County considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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, 2019

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.)

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 earnings 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 \$920,818.

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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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, 2019

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.)

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.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, and overhead.

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. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.)

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 and proprietary fund 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, 2019 are determined on the basis of current salary rates and include salary related payments.

8. Other Postemployment Benefits

The County does not offer any significant other postemployment benefits.

9. Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type 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. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund 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, 2019

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, 2019

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.)

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.

Proprietary fund equity is classified the same as in the government-wide statements.

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, 2019

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following individual funds had 2019 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
General Fund	\$ 16,490,834	\$ 17,215,088	\$ 724,254
Road and Bridge	17,764,921	18,366,641	601,720
Human Services	7,817,198	8,971,988	1,154,790
Capital Projects	10,833,430	13,088,481	2,255,051
Victim Witness	103,819	108,744	4,925
Debt Service	2,981,262	3,223,021	241,759

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 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, 2019, the following individual funds held a deficit balance:

Fund	Amount	Reason
County Ditch	\$ 1,497,736	Expenditures in excess of revenues

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, 2019

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	\$ 43,251,648	\$ 43,716,856	Custodial credit
U.S. agencies – implicitly guaranteed	564,953	564,953	Custodial credit, credit, concentration of credit, interest rate
Negotiable CDs	5,417,949	5,417,949	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	6,737	6,737	Credit, interest rate
Petty cash	3,403	-	N/A
Total Cash and Investments	\$ 51,244,690	\$ 51,706,495	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 47,246,986		
Restricted cash and investments	2,422,227		
Per statement of net position –			
Fiduciary Funds			
Private purpose trusts	76,439		
Agency funds	1,499,038		
Total Cash and Investments	\$ 51,244,690		

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, 2019

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

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 London Underwriters, 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, 2019, the banks had pledged various government securities in the amount of \$43,441,370 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, 2019			
	Level 1	Level 2	Level 3	Total
U.S. agencies – implicitly guaranteed	\$ -	\$ 564,953	\$ -	\$ 564,953
Negotiable CDs	-	5,417,949	-	5,417,949
Repurchase agreements	-	2,000,000	-	2,000,000
Totals	\$ -	\$ 7,982,902	\$ -	\$ 7,982,902

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, 2019, 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, 2019, 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, 2019

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

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, 2019, the County's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor Service
U.S. agencies – Federal Home Loan Mortgage Corporation	AA+	AAA

The County also had the following unrated investments:

- Minnesota Association of Governments Investing for Counties (MAGIC)
- Negotiable certificates of deposit
- Repurchase agreements – 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, 2019, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Mortgage Corporation	US agencies – implicitly guaranteed	7.07%
Wells Fargo Bank NA	Repurchase agreements / negotiable CDs	5.03%

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019, the County's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1 - 3	More than 3
U.S. agencies – implicitly guaranteed	\$ 564,953	\$ -	\$ -	\$ 564,953
Negotiable CDs	5,417,949	2,054,207	2,715,264	648,478
Repurchase agreements	2,000,000	2,000,000	-	-
MAGIC	6,747	6,747	-	-
Totals	<u>\$ 7,989,649</u>	<u>\$ 4,060,954</u>	<u>\$ 2,715,264</u>	<u>\$ 1,213,431</u>

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 \$109,677 of interest in the general fund, \$512,818 of notes receivable in the environmental health fund, \$432,497 of special assessments in the county ditch fund, and \$35,864 due from other governments 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	\$ -	\$ 261,969
Special assessments not yet due	-	779,312
Grants not received within 60 days of end of year	-	4,347,094
Accounts receivable not received within 60 days of end of year		315,317
Notes receivable	-	615,045
Interest receivable	-	169,300
Grants received in advance	94,255	-
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 94,255</u>	<u>\$ 6,488,037</u>

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Construction in progress	\$ 26,671,213	\$ 22,083,844	\$ (40,083,932)	\$ 8,671,165
Land	5,172,319	150,000	-	5,322,319
Total Capital Assets Not Being Depreciated	\$ 31,843,532	\$ 22,233,844	\$ (40,083,932)	\$ 13,993,444
Other capital assets being depreciated				
Buildings and improvements	\$ 8,709,696	\$ 33,085,869	\$ -	\$ 41,795,565
Land improvements	150,404	-	-	150,404
Machinery, furniture, and equipment	14,144,306	1,717,911	-	15,862,217
Infrastructure	114,605,899	6,809,632	-	121,415,531
Total Other Capital Assets Being Depreciated	137,610,305	41,613,412	-	179,223,717
Less: Accumulated depreciation for				
Buildings and improvements	(5,063,430)	(490,990)	-	(5,554,420)
Land improvements	(48,055)	(2,482)	-	(50,537)
Machinery, furniture, and equipment	(10,605,297)	(1,097,753)	-	(11,703,050)
Infrastructure	(31,404,184)	(2,390,253)	-	(33,794,437)
Total Accumulated Depreciation	(47,120,966)	(3,981,478)	-	(51,102,444)
Total Other Capital Assets, Net of Depreciation	\$ 90,489,339	\$ 37,631,934	\$ -	\$ 128,121,273

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 192,503
Public safety	946,206
Highway and streets, which includes the depreciation of infrastructure	2,808,321
Human services	10,031
Conservation and development	11,106
Culture, recreation and education	13,311
Total Governmental Activities Depreciation Expense	\$ 3,981,478

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

Business Type Activities	Beginning Balance	Additions	Deletions	Ending Balance
<u>West Jefferson SSD</u>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 1,169,695	\$ -	\$ 1,169,695
Total Capital Assets Not Being Depreciated	<u>\$ -</u>	<u>\$ 1,169,695</u>	<u>\$ -</u>	<u>\$ 1,169,695</u>

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General Fund	West Jefferson SSD	\$ 47,720
Subtotal - Fund Financial Statements		47,720
Less: Fund eliminations		-
Total – Government-Wide Statement of Net Position		<u>\$ 47,720</u>

All amounts are expected to be repaid within one year.

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	\$ 1,255,158
Total - Fund Financial Statements		<u>\$ 1,255,158</u>

No amounts are due within one year.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Capital Projects	General Fund	\$ 1,320,836	Fund portion of justice center project
Environmental Health	General Fund	8,566	2019 water plan levy
Debt Service	Capital Projects	500,764	Transfer capitalized interest
General Fund	Environmental Health	1,670,354	Tipping fees
General Fund	Environmental Health	198,165	Septic loan repayments
Total – Fund Financial Statements		<u>\$ 3,698,685</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, 2019

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 34,750,000	\$ 12,635,000	\$ (2,810,000)	\$ 44,575,000	\$ 3,100,000
Premiums/(discounts)	947,670	1,018,083	(77,544)	1,888,209	-
Sub-totals	<u>35,697,670</u>	<u>13,653,083</u>	<u>(2,887,544)</u>	<u>46,463,209</u>	<u>3,100,000</u>
Other Liabilities					
Compensated absences	1,740,396	149,434	-	1,889,830	382,619
Net pension liability	9,467,632	1,478,070	(944,457)	10,001,245	-
Total Other Liabilities	<u>11,208,028</u>	<u>1,627,504</u>	<u>(944,457)</u>	<u>11,891,075</u>	<u>382,619</u>
Total Governmental Activities Long- Term Liabilities	<u>\$ 46,905,698</u>	<u>\$ 15,280,587</u>	<u>\$ (3,832,001)</u>	<u>\$ 58,354,284</u>	<u>\$ 3,482,619</u>
Business Type Activities					
Bonds and Notes Payable					
General obligation debt from direct borrowings and direct placements	\$ -	\$ 254,093	\$ -	\$ 254,093	\$ 1,136
Total Business-type Activities Long- Term Liabilities	<u>\$ -</u>	<u>\$ 254,093</u>	<u>\$ -</u>	<u>\$ 254,093</u>	<u>\$ 1,136</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, 2019, was \$128,776,938. General obligation debt outstanding at year-end was \$44,829,093.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III – Detailed Notes on All Funds (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the County. General obligation bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund and the road and bridge special revenue fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Governmental Activities	Date of	Final	Interest	Original	Balance
General Obligation Debt	Issue	Maturity	Rates	Indebtedness	12-31-19
Capital Improvement Bonds	2011	2022	0.50-2.75%	\$ 3,000,000	\$ 975,000
General Obligation Bonds	2015	2026	2.00%	9,625,000	6,930,000
General Obligation Bonds	2016	2026	2.00-2.10%	2,505,000	1,605,000
Capital Improvement Bonds	2017	2028	3.00%	2,390,000	2,215,000
General Obligation Jail Bonds	2017	2038	2.8-3.75%	7,220,000	7,045,000
Capital Improvement and Refunding Bonds	2018	2039	3.00%	8,910,000	8,245,000
General Obligation Jail Bonds	2018	2039	3.00-3.50%	4,925,000	4,925,000
Capital Improvement Bonds	2019	2040	3.00-5.00%	12,635,000	12,635,000
Total Governmental Activities General Obligation Debt					<u>\$ 44,575,000</u>

Business-type Activities	Date of	Final	Interest	Original	Balance
General Obligation Debt	Issue	Maturity	Rates	Indebtedness	12-31-19
Clean Water State Revolving Fund Loan*	2019	2031	1.00%	\$ 254,093	<u>\$ 254,093</u>

During 2019, the County was authorized to issue \$1,218,136 of Clean Water State Revolving Fund Loan general obligation improvement notes. The original amount reported above has been issued as of December 31, 2019. The repayment schedule is for the amount issued.

* The debt noted is directly placed with a third party

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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:

	Governmental Activities General Obligation Debt	
	Principal	Interest
2020	\$ 3,100,000	\$ 1,354,330
2021	3,580,000	1,264,589
2022	3,700,000	1,161,239
2023	3,275,000	1,060,658
2024	3,150,000	966,858
2025 – 2029	10,105,000	3,681,079
2030 – 2034	7,965,000	2,241,851
2035 – 2039	8,810,000	892,346
2040	890,000	15,575
Totals	\$ 44,575,000	\$ 12,638,525

	Business-type Activities General Obligation Debt From Direct Borrowings And Direct Placements	
	Principal	Interest
2020	\$ 1,136	\$ 576
2021	22,240	614
2022	22,448	2,530
2023	22,656	2,307
2024	22,864	2,083
2025 – 2029	115,566	6,988
2030 – 2031	47,183	1,413
Totals	\$ 254,093	\$ 16,511

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.

The County's outstanding debt from direct borrowings and direct placements related to business-type activities of \$254,093 contain default provisions that could result in interest penalties, withholding of disbursements, an immediate demand for payment of the loan in full, or other remedies available at law.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

G. NET POSITION/FUND BALANCES

Governmental Activities

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

Net investment in capital assets	
Construction in progress	\$ 8,671,165
Land	5,322,319
Other capital assets, net of accumulated depreciation	128,121,273
Less: related debt outstanding (excluding unspent capital related debt proceeds)	<u>(43,414,827)</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 98,699,930</u></u>

Governmental Funds

Governmental fund balances as of December 31, 2019, include the following items:

Fund Balances	General Fund	Road and Bridge	Human Services	County Ditch	Capital Projects	Nonmajor Funds	Totals
Nonspendable:							
Materials and supplies	\$ -	\$ 593,135	\$ -	\$ -	\$ -	\$ -	\$ 593,135
Long-term advances to other funds	915,697	-	-	-	-	-	915,697
Restricted for:							
Recorder's equipment	206,905	-	-	-	-	-	206,905
Sheriff's forfeiture	39,544	-	-	-	-	-	39,544
Sheriff's drug and alcohol contingency	2,000	-	-	-	-	-	2,000
E-911	566,124	-	-	-	-	-	566,124
Landfill abatement and risk mitigation	1,670,354	-	-	-	-	-	1,670,354
Parks	140,051	-	-	-	-	-	140,051
Debt service	-	-	-	-	-	4,286,907	4,286,907
Capital projects	-	25,244,043	-	-	2,822,717	-	28,066,760
Future septic loans	-	-	-	-	-	810,985	810,985
Reclamation/conservation	-	-	-	-	-	347,162	347,162
Assigned to:							
2020 budget	206,505	-	-	-	-	-	206,505
Human services	-	-	5,930,572	-	-	-	5,930,572
Environmental health	-	-	-	-	-	678,306	678,306
Victim witness	-	-	-	-	-	36,559	36,559
Road and bridge	-	976,817	-	-	-	-	976,817
Unassigned (deficit)	<u>4,064,984</u>	<u>-</u>	<u>-</u>	<u>(1,497,736)</u>	<u>(1,264,824)</u>	<u>-</u>	<u>1,302,424</u>
 Total Fund Balances (Deficit)	 <u>\$ 7,812,164</u>	 <u>\$ 26,813,995</u>	 <u>\$ 5,930,572</u>	 <u>\$ (1,497,736)</u>	 <u>\$ 1,557,893</u>	 <u>\$ 6,159,919</u>	 <u>\$ 46,776,807</u>

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net investment in capital assets	
Construction in progress	\$ 1,169,695
Less: related debt and accounts payable outstanding	<u>(501,116)</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 668,579</u></u>

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:

	Carrying Value	Bank Balance	Associated Risks
Demand and time deposits	\$48,531	\$48,531	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.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

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 Kilkenny, 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, 2019 is \$21,809.

NOTE IV – OTHER INFORMATION

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

Unless qualified for one of the plans below, 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.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

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.

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.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

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.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

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.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 100 percent of the COLA announced by SSA, with a minimum increase of at least 1 percent and a maximum of 2.5 percent. If the plan's funding status declines to 85 percent or below for two consecutive years or 80 percent for one year, the maximum will be lowered from 2.5 percent to 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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 2019 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, 2019 were \$835,155. The County's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent on January 1, 2019. The County's contributions to the Police and Fire Fund for the year ended December 31, 2019 were \$297,873. 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 2019. The County's contributions to the Correctional Fund for the year ended December 31, 2019, were \$91,198. 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, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Pension Costs.

1. General Employees Fund Pension Costs

At December 31, 2019, the County reported a liability of \$8,210,232 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. 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 \$255,156. The net pension liability was measured as of June 30, 2019 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019 the County's proportionate share was .1485 percent which was an increase of .0073 percent from its proportion measured as of June 30, 2018.

County's proportionate share of the net pension liability	\$ 8,210,232
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>255,156</u>
Total	<u>\$ 8,465,388</u>

For the year ended December 31, 2019, the County recognized pension expense of \$1,198,571 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$19,109 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, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Pension Costs. (cont.)

At December 31, 2019, 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 economic experience	\$ 226,163	\$ -
Changes in actuarial assumptions	-	632,559
Net collective difference between projected and actual investment earnings	-	837,432
Changes in proportion	541,227	185,134
Contributions paid to PERA subsequent to the measurement date	416,352	-
Totals	\$ 1,183,742	\$ 1,655,125

\$416,352 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, 2020. 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
2020	\$ (211,242)
2021	(635,054)
2022	(54,667)
2023	13,228

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019, the County reported a liability of \$1,734,235 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019 the County's proportionate was .1629 percent which was an increase of .0149 percent from its proportion measured as of June 30, 2018. The County also recognized \$21,991 for the year ended December 31, 2019 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 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. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the County recognized pension expense of \$275,195 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2019, 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 economic experience	\$ 69,445	\$ 235,702
Changes in actuarial assumptions	1,281,003	1,817,400
Net collective difference between projected and actual investment earnings	-	338,117
Changes in proportion	272,811	45,379
Contributions paid to PERA subsequent to the measurement date	156,363	-
Totals	\$ 1,779,622	\$ 2,436,598

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 (cont.)

\$156,363 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, 2020. 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>
2020	\$ (82,428)
2021	(194,643)
2022	(577,792)
2023	16,523
2024	25,001

3. Correctional Plan Pension Costs

At December 31, 2019 the County reported a liability of \$56,778 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2019 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019 the County's proportion was .4101 percent which was an increase of .0641 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the County recognized pension expense of \$108,275 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, 2019

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, 2019, 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 economic experience	\$ 1,760	\$ 8,401
Changes in actuarial assumptions	-	420,407
Net collective difference between projected and actual investment earnings	-	57,621
Changes in proportion	59,207	9,133
Contributions paid to PERA subsequent to the measurement date	50,854	-
Totals	\$ 111,821	\$ 495,562

\$50,854 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, 2020. 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
2020	\$ (230,142)
2021	(192,122)
2022	(12,880)
2023	549

Total Pension Expense. The total pension expense for all plans recognized by the County for the year ended December 31, 2019 was \$1,582,041.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019, 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, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. 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 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- > The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution changed prospectively, requiring \$16 million due per year through 2031.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- > There have been no changes since the prior valuation

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Actuarial Assumptions (cont.)

Correctional Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- > There have been no changes since the prior valuation

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:

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
Domestic Equity	5.10%	35.5%
Private Markets	5.90	25.0
Fixed Income	0.75	20.0
International Equity	5.90	17.5
Cash Equivalents	0.00	2.0

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Actuarial Assumptions (cont.)

Discount Rate. The discount rate used to measure the total pension liability in 2019 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.

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	\$13,497,180	\$8,210,232	\$3,844,806
County's proportionate share of the Police and Fire Fund net pension liability	3,790,716	1,734,235	34
County's proportionate share of the Correctional Fund net pension liability (asset)	605,139	56,778	(382,000)

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.

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.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

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 2019. 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.

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, 2019. 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 \$13.6 million at December 31, 2019.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

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 \$102,349 to Tri-County Solid Waste in 2019. The County believes that services will continue to be provided at similar rates in the future. Current financial statements are not available.

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:

	2019 Payments
Family Services Collaborative	\$ -
South Central Workforce Council	
Minnesota County Computer Cooperative	188,884
Waseca-LeSueur Regional Library	638,138
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	8,158
Region I SE MN Emergency Managers Board	1,000
Cannon River Drug & Violent Offender Task Force	8,850
South Central Transit	8,785

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

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, 2019 was \$65,624. The remaining commitment under this agreement is estimated at \$366,943.

G. SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the County. As of the audit opinion date, the County's evaluation of the effects of these events is ongoing; however, based on current information we believe this situation will impact declines in revenues such as state aids.

The extent of the impact of COVID-19 on the County's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

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

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

- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests*
- > Statement No. 91, *Conduit Debt Obligations*
- > Statement No. 92, *Omnibus*
- > Statement No. 93, *Replacement of Interbank Offered Rates*
- > Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- > Statement No. 96, *Subscription-Based Information Technology Arrangements*
- > Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years.

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 10,837,539	\$ 10,837,539	\$ 10,399,662	\$ (437,877)
Special assessments	65,000	65,000	-	(65,000)
Intergovernmental	1,813,313	1,813,313	2,246,184	432,871
Licenses and permits	212,557	212,557	213,504	947
Charges for services	2,405,163	2,405,163	2,655,547	250,384
Investment income	200,200	200,200	375,813	175,613
Miscellaneous	60,800	60,800	211,999	151,199
Total Revenues	<u>15,594,572</u>	<u>15,594,572</u>	<u>16,102,709</u>	<u>508,137</u>
EXPENDITURES				
Current				
General government	6,446,027	6,471,027	6,351,341	119,686
Public safety	6,256,376	6,256,376	5,597,054	659,322
Health and human services	2,588,825	2,588,825	2,599,312	(10,487)
Culture, recreation, and education	563,281	563,281	636,897	(73,616)
Conservation and development	250,583	250,583	256,933	(6,350)
Capital Outlay	352,176	352,176	444,149	(91,973)
Total Expenditures	<u>16,457,268</u>	<u>16,482,268</u>	<u>15,885,686</u>	<u>596,582</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(862,696)</u>	<u>(887,696)</u>	<u>217,023</u>	<u>1,104,719</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,868,519	1,868,519
Transfers out	(8,566)	(8,566)	(1,329,402)	(1,320,836)
Total Other Financing Sources (Uses)	<u>(8,566)</u>	<u>(8,566)</u>	<u>539,117</u>	<u>547,683</u>
Net Change in Fund Balance	(871,262)	(896,262)	756,140	1,652,402
FUND BALANCE - Beginning of Year	<u>7,056,024</u>	<u>7,056,024</u>	<u>7,056,024</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,184,762</u>	<u>\$ 6,159,762</u>	<u>\$ 7,812,164</u>	<u>\$ 1,652,402</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,102,895	\$ 3,102,895	\$ 3,060,957	\$ (41,938)
Intergovernmental	8,293,196	8,023,196	29,626,026	21,602,830
Charges for services	115,000	115,000	105,191	(9,809)
Investment income	79,250	499,250	465,673	(33,577)
Miscellaneous	16,778,662	24,000,000	207,083	(23,792,917)
Total Revenues	<u>28,369,003</u>	<u>35,740,341</u>	<u>33,464,930</u>	<u>(2,275,411)</u>
EXPENDITURES				
Current				
Highways and streets				
Administration	683,871	613,871	605,026	8,845
Maintenance	2,767,475	2,892,475	2,915,927	(23,452)
Construction	22,612,191	12,201,109	12,610,972	(409,863)
Equipment maintenance and shop	930,216	930,216	1,148,779	(218,563)
Capital Outlay	568,000	320,000	278,345	41,655
Debt Service				
Principal	725,000	725,000	725,000	-
Interest and fiscal charges	82,250	82,250	82,592	(342)
Total Expenditures	<u>28,369,003</u>	<u>17,764,921</u>	<u>18,366,641</u>	<u>(601,720)</u>
Net Change in Fund Balance	-	17,975,420	15,098,289	(2,877,131)
FUND BALANCE - Beginning of Year	11,669,881	11,669,881	11,669,881	-
Change in reserve for inventory	-	-	45,825	45,825
FUND BALANCE - END OF YEAR	<u>\$ 11,669,881</u>	<u>\$ 29,645,301</u>	<u>\$ 26,813,995</u>	<u>\$ (2,831,306)</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, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 3,654,429	\$ 3,504,303	\$ (150,126)
Intergovernmental	3,795,003	4,626,532	831,529
Charges for services	136,766	137,513	747
Miscellaneous	<u>231,000</u>	<u>569,362</u>	<u>338,362</u>
Total Revenues	<u>7,817,198</u>	<u>8,837,710</u>	<u>1,020,512</u>
EXPENDITURES			
Current			
Human services			
Income maintenance	2,156,545	2,431,076	(274,531)
Social services	5,028,408	5,923,403	(894,995)
Child support	535,005	535,073	(68)
Capital Outlay	<u>97,240</u>	<u>82,436</u>	<u>14,804</u>
Total Expenditures	<u>7,817,198</u>	<u>8,971,988</u>	<u>(1,154,790)</u>
Net Change in Fund Balance	-	(134,278)	(134,278)
FUND BALANCE - Beginning of Year	<u>6,064,850</u>	<u>6,064,850</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,064,850</u>	<u>\$ 5,930,572</u>	<u>\$ (134,278)</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, 2019

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
12/31/19	6/30/19	0.1485%	\$ 8,210,232	\$ 255,156	\$ 8,465,388	\$ 10,646,731	79.51%	80.20%
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, 2019

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)
12/31/19	\$ 835,155	\$ 835,155	\$ -	\$ 11,135,394	7.50%
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, 2019

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
12/31/19	6/30/19	0.1629%	\$ 1,734,235	\$ 1,719,305	100.87%	89.30%
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, 2019

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)
12/31/19	\$ 297,873	\$ 297,873	\$ -	\$ 1,757,366	16.95%
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, 2019

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
12/31/19	6/30/19	0.4101%	\$ 56,778	\$ 874,816	6.49%	98.20%
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, 2019

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)
12/31/19	\$ 91,198	\$ 91,198	\$ -	\$ 1,042,263	8.75%
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, 2019

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 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 general fund and two major special revenue funds (road and bridge and human services) experienced an overall excess of expenditures over appropriations during 2019. 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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- > The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

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.

See independent auditors' report.

LE SUEUR COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) (cont.)

Changes in Assumptions and Plan Provisions (cont.)

General Employees Fund (cont.)

2018 Changes (cont.)

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.
- > 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 contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- > The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

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.

See independent auditors' report.

LE SUEUR COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) (cont.)

Changes in Assumptions and Plan Provisions (cont.)

General Employees Fund (cont.)

2016 Changes (cont.)

Changes in Plan Provisions

- > There have been no changes since the prior valuation.

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.

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

2019 Changes

Changes in Actuarial Assumptions

- > The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- > There have been no changes since the prior valuation.

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.

LE SUEUR COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) (cont.)

Changes in Assumptions and Plan Provisions (cont.)

Police and Fire Fund (cont.)

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.
- > 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.

Changes in Plan Provisions

- > There have been no changes since the prior valuation.

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.

Changes in Plan Provisions

- > There have been no changes since the prior valuation.

LE SUEUR COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) (cont.)

Changes in Assumptions and Plan Provisions (cont.)

Police and Fire Fund (cont.)

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.

Correctional Fund

2019 Changes

Changes in Actuarial Assumptions

- > The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- > There have been no changes since the prior valuation.

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.

LE SUEUR COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) (cont.)

Changes in Assumptions and Plan Provisions (cont.)

Correctional Fund (cont.)

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.

Changes in Plan Provisions

- > There have been no changes since the prior valuation.

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.

Changes in Plan Provisions

- > There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions:

- > There have been no changes since the prior valuation.

Changes in Plan Provisions

- > There have been no changes since the prior valuation.

SUPPLEMENTARY INFORMATION

LE SUEUR COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - CAPITAL PROJECTS For the Year Ended December 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ -	\$ 41	\$ 41
Intergovernmental	-	349,282	349,282
Total Revenues	<u>-</u>	<u>349,323</u>	<u>349,323</u>
EXPENDITURES			
Capital Outlay	10,833,430	12,439,212	(1,605,782)
Debt Service			
Interest and fiscal charges	-	148,505	(148,505)
Total Expenditures	<u>10,833,430</u>	<u>12,587,717</u>	<u>(1,754,287)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,833,430)</u>	<u>(12,238,394)</u>	<u>(1,404,964)</u>
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	10,000,000	12,635,000	2,635,000
Premium on debt issued	-	1,018,083	1,018,083
Transfer in	-	1,320,836	1,320,836
Transfer out	-	(500,764)	(500,764)
Total Other Financing Sources (Uses)	<u>10,000,000</u>	<u>14,473,155</u>	<u>4,473,155</u>
Net Change in Fund Balance	(833,430)	2,234,761	3,068,191
FUND BALANCE (DEFICIT) - Beginning of Year	<u>(676,868)</u>	<u>(676,868)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (1,510,298)</u>	<u>\$ 1,557,893</u>	<u>\$ 3,068,191</u>

LE SUEUR COUNTY

NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

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.

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.

LE SUEUR COUNTY

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Victim Witness	Gravel Tax	Environmental Health	Debt Service	
ASSETS					
Cash and investments	\$ 17,019	\$ 383,105	\$ 1,684,919	\$ 4,272,661	\$ 6,357,704
Receivables					
Taxes	367	7,907	4,186	54,628	67,088
Special assessments	-	-	7,353	-	7,353
Accounts	-	-	-	709	709
Notes	-	-	615,045	-	615,045
Due from other governments	22,103	-	1,182	-	23,285
	<u>39,489</u>	<u>391,012</u>	<u>2,312,685</u>	<u>4,327,998</u>	<u>7,071,184</u>
TOTAL ASSETS	\$ 39,489	\$ 391,012	\$ 2,312,685	\$ 4,327,998	\$ 7,071,184
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 9,850	\$ 8,836	\$ -	\$ 18,686
Accrued liabilities	2,650	-	12,483	-	15,133
Due to other governments	-	34,000	82,412	-	116,412
Total Liabilities	<u>2,650</u>	<u>43,850</u>	<u>103,731</u>	<u>-</u>	<u>150,231</u>
Deferred Inflows of Resources					
Unearned revenues	-	-	94,255	-	94,255
Unavailable revenues	280	-	625,408	41,091	666,779
Total Deferred Inflows of Resources	<u>280</u>	<u>-</u>	<u>719,663</u>	<u>41,091</u>	<u>761,034</u>
Fund Balances					
Restricted	-	347,162	810,985	4,286,907	5,445,054
Assigned	36,559	-	678,306	-	714,865
Total Fund Balances	<u>36,559</u>	<u>347,162</u>	<u>1,489,291</u>	<u>4,286,907</u>	<u>6,159,919</u>
	<u>39,489</u>	<u>391,012</u>	<u>2,312,685</u>	<u>4,327,998</u>	<u>7,071,184</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 39,489	\$ 391,012	\$ 2,312,685	\$ 4,327,998	\$ 7,071,184

LE SUEUR COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Special Revenue Funds			Debt Service	Total Nonmajor Governmental Funds
	Victim Witness	Gravel Tax	Environmental Health		
REVENUES					
Taxes	\$ 23,047	\$ 60,291	\$ 317,763	\$ 3,602,331	\$ 4,003,432
Special assessments	-	-	349,954	-	349,954
Intergovernmental	96,536	-	790,539	60,259	947,334
Licenses and permits	-	-	161,689	-	161,689
Charges for services	-	-	20,574	-	20,574
Investment income	-	-	-	27,433	27,433
Miscellaneous	3,383	-	81,982	-	85,365
Total Revenues	<u>122,966</u>	<u>60,291</u>	<u>1,722,501</u>	<u>3,690,023</u>	<u>5,595,781</u>
EXPENDITURES					
Current					
General government	-	-	311,813	-	311,813
Public safety	108,744	-	-	-	108,744
Sanitation	-	-	461,592	-	461,592
Health and human services	-	-	29,885	-	29,885
Conservation and development	-	156,014	296,511	-	452,525
Debt Service					
Principal	-	-	-	2,085,000	2,085,000
Interest and fiscal charges	-	-	-	1,138,021	1,138,021
Total Expenditures	<u>108,744</u>	<u>156,014</u>	<u>1,099,801</u>	<u>3,223,021</u>	<u>4,587,580</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>14,222</u>	<u>(95,723)</u>	<u>622,700</u>	<u>467,002</u>	<u>1,008,201</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	8,566	500,764	509,330
Transfers out	-	-	(1,868,519)	-	(1,868,519)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,859,953)</u>	<u>500,764</u>	<u>(1,359,189)</u>
Net Change in Fund Balances	14,222	(95,723)	(1,237,253)	967,766	(350,988)
FUND BALANCES - Beginning of Year	<u>22,337</u>	<u>442,885</u>	<u>2,726,544</u>	<u>3,319,141</u>	<u>6,510,907</u>
FUND BALANCES - END OF YEAR	<u>\$ 36,559</u>	<u>\$ 347,162</u>	<u>\$ 1,489,291</u>	<u>\$ 4,286,907</u>	<u>\$ 6,159,919</u>

LE SUEUR COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - VICTIM WITNESS For the Year Ended December 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 23,619	\$ 23,047	\$ (572)
Intergovernmental	75,200	96,536	21,336
Miscellaneous	<u>5,000</u>	<u>3,383</u>	<u>(1,617)</u>
Total Revenues	<u>103,819</u>	<u>122,966</u>	<u>19,147</u>
EXPENDITURES			
Current			
Public safety	<u>103,819</u>	<u>108,744</u>	<u>(4,925)</u>
Net Change in Fund Balance	-	14,222	14,222
FUND BALANCE - Beginning of Year	<u>22,337</u>	<u>22,337</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 22,337</u>	<u>\$ 36,559</u>	<u>\$ 14,222</u>

LE SUEUR COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - ENVIRONMENTAL HEALTH For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 324,529	\$ 317,763	\$ (6,766)
Special assessments	229,000	349,954	120,954
Intergovernmental	5,182,385	790,539	(4,391,846)
Licenses and permits	103,000	161,689	58,689
Charges for services	10,000	20,574	10,574
Miscellaneous	22,500	81,982	59,482
Total Revenues	<u>5,871,414</u>	<u>1,722,501</u>	<u>(4,148,913)</u>
EXPENDITURES			
Current			
General government	343,062	311,813	31,249
Sanitation	5,600,846	461,592	5,139,254
Health and human services	22,680	29,885	(7,205)
Conservation and development	344,939	296,511	48,428
Total Expenditures	<u>6,311,527</u>	<u>1,099,801</u>	<u>5,211,726</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(440,113)</u>	<u>622,700</u>	<u>1,062,813</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	102,362	8,566	(93,796)
Transfer out	(91,796)	(1,868,519)	(1,776,723)
Total Other Financing Sources (Uses)	<u>10,566</u>	<u>(1,859,953)</u>	<u>(1,870,519)</u>
Net Change in Fund Balance	(429,547)	(1,237,253)	(807,706)
FUND BALANCE - Beginning of Year	<u>2,726,544</u>	<u>2,726,544</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,296,997</u>	<u>\$ 1,489,291</u>	<u>\$ (807,706)</u>

LE SUEUR COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - DEBT SERVICE For the Year Ended December 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 3,676,339	\$ 3,602,331	\$ (74,008)
Intergovernmental	-	60,259	60,259
Investment income	44,000	27,433	(16,567)
Total Revenues	<u>3,720,339</u>	<u>3,690,023</u>	<u>(30,316)</u>
EXPENDITURES			
Debt Service			
Principal	2,085,000	2,085,000	-
Interest and fiscal charges	896,262	1,138,021	(241,759)
Total Expenditures	<u>2,981,262</u>	<u>3,223,021</u>	<u>(241,759)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>739,077</u>	<u>467,002</u>	<u>211,443</u>
OTHER FINANCING SOURCES			
Transfer in	-	500,764	500,764
Total Other Financing Sources	<u>-</u>	<u>500,764</u>	<u>500,764</u>
Net Change in Fund Balance	739,077	967,766	228,689
FUND BALANCE - Beginning of Year	<u>3,319,141</u>	<u>3,319,141</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,058,218</u>	<u>\$ 4,286,907</u>	<u>\$ 228,689</u>

LE SUEUR COUNTY

FIDUCIARY FUNDS For the Year Ended December 31, 2019

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, 2019

	<u>Cemetery Perpetual Care</u>	<u>U.S. Fish and Wildlife</u>	<u>Total</u>
ASSETS			
Cash and investments	<u>\$ 29,094</u>	<u>\$ 47,345</u>	<u>\$ 76,439</u>
 NET POSITION HELD IN TRUST	<u>\$ 29,094</u>	<u>\$ 47,345</u>	<u>\$ 76,439</u>

LE SUEUR COUNTY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
For the Year Ended December 31, 2019

	Cemetery Perpetual Care	U.S. Fish and Wildlife	Total
ADDITIONS			
Interest	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 25</u>
DEDUCTIONS			
Payments in accordance with trust agreements	<u>22</u>	<u>-</u>	<u>22</u>
Change in Net Position	3	-	3
NET POSITION HELD IN TRUST - Beginning of Year	<u>29,091</u>	<u>47,345</u>	<u>76,436</u>
NET POSITION HELD IN TRUST - END OF YEAR	<u>\$ 29,094</u>	<u>\$ 47,345</u>	<u>\$ 76,439</u>

LE SUEUR COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS As of December 31, 2019

	Balance January 1	Additions	Deductions	Balance December 31
<u>AGENCY</u>				
ASSETS				
Cash and investment	\$ 406,305	\$ 3,161,041	\$ 3,152,602	\$ 414,744
LIABILITIES				
Due to other governments	\$ 406,305	\$ 3,161,041	\$ 3,152,602	\$ 414,744
<u>FAMILY SERVICES COLLABORATIVE</u>				
ASSETS				
Cash and investments	\$ 152,442	\$ 104,627	\$ 51,382	\$ 205,687
LIABILITIES				
Due to other governments	\$ 152,442	\$ 104,627	\$ 51,382	\$ 205,687
<u>TAXES AND PENALTIES</u>				
ASSETS				
Cash and investments	\$ 993,095	\$ 51,527,608	\$ 51,654,476	\$ 866,227
LIABILITIES				
Deposits	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	20,968,395	20,968,395	-
Due to other governments	993,095	30,559,213	30,686,081	866,227
Total Liabilities	\$ 993,095	\$ 51,527,608	\$ 51,654,476	\$ 866,227
<u>SHERIFF</u>				
ASSETS				
Cash and investments	\$ 9,315	\$ 263,399	\$ 263,573	\$ 9,141
LIABILITIES				
Accounts payable	\$ 6,773	\$ 102,323	\$ 104,442	\$ 4,654
Deposits	2,542	72,560	70,615	4,487
Total Liabilities	\$ 9,315	\$ 174,883	\$ 175,057	\$ 9,141
<u>SOCIAL WELFARE</u>				
ASSETS				
Cash and investments	\$ 1,925	\$ 39,968	\$ 38,654	\$ 3,239
LIABILITIES				
Deposits	\$ 1,925	\$ 39,968	\$ 38,654	\$ 3,239

LE SUEUR COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS As of December 31, 2019

	<u>Balance December 31</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	<u>\$ 1,563,082</u>	<u>\$ 55,096,643</u>	<u>\$ 55,160,687</u>	<u>\$ 1,499,038</u>
LIABILITIES				
Accounts payable	\$ 6,773	\$ 102,323	\$ 104,442	\$ 4,654
Deposits	4,467	112,528	109,269	7,726
Due to other funds	-	20,968,395	20,968,395	-
Due to other governments	<u>1,551,842</u>	<u>33,824,881</u>	<u>33,890,065</u>	<u>1,486,658</u>
Total Liabilities	<u>\$ 1,563,082</u>	<u>\$ 55,008,127</u>	<u>\$ 55,072,171</u>	<u>\$ 1,499,038</u>

LE SUEUR COUNTY

SCHEDULE OF INTERGOVERNMENTAL REVENUES For the Year Ended December 31, 2019

SHARED REVENUE

State

Highway users tax	\$ 28,919,279
Market value credit	268,476
County program aid	1,142,910
PERA rate reimbursement	50,698
Disparity reduction aid	79,590
Police aid	183,191
Enhanced 911	104,004
Total Shared Revenue	<u>30,748,148</u>

REIMBURSEMENT FOR SERVICES

Local governments	84,951
Minnesota Department of Corrections	78,185
Minnesota Department of Human Services	2,470,543
Total Reimbursements for Services	<u>2,633,679</u>

GRANTS

Minnesota Department/Board of

Revenue	220,140
Water and Soil Resources	156,648
Health	194,718
Public Facilities Authority	313,999
Pollution Control	15,902
Public Safety	92,039
Corrections	20,393
Trial Court	372,869
Natural Resources	35,998
Veterans Affairs	10,000
Secretary of State	78,538
Total State Grants	<u>1,511,244</u>

United States Department of

Agriculture	419,362
Justice	60,353
Transportation	14,882
Health and Human Services	2,186,571
Homeland Security	60,644
Total Federal Grants	<u>2,741,812</u>

TOTAL GRANTS 4,253,056

PAYMENTS IN LIEU OF TAXES 160,475

TOTAL INTERGOVERNMENTAL REVENUE \$ 37,795,358