

RENVILLE COUNTY

Olivia, Minnesota

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

RENVILLE COUNTY

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INDEPENDENT AUDITORS' REPORT

To the County Board of Commissioners
Renville County
Olivia, 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 Renville County, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Renville 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 Hospital Enterprise Fund, which is a major fund. The Hospital Enterprise Fund, represents 90 percent, 88 percent and 96 percent, respectively, of the assets, net position and revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hospital Enterprise Fund, which is a major fund, 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 Renville 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 Renville 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 reports 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 Renville County, Minnesota as of December 31, 2018 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 and other auditors 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 Renville 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 13, 2019 on our consideration of Renville 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 Renville 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 Renville County's internal control over financial reporting and compliance.



Minneapolis, Minnesota
September 13, 2019

**RENVILLE COUNTY
OLIVIA, MINNESOTA**
(Unaudited)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal year ended December 31, 2018

Renville County's Management's Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the fiscal year ended December 31, 2018. Readers are encouraged to use this information in conjunction with the County's financial statements.

Financial Highlights

- Renville County's total net position was \$118,140,765 as of December 31, 2018. Of this total, \$28,055,058 was related to the County's business-type activities which includes the County Hospital and the County Solid Waste Fund.
- The County Hospital's total net position increased by \$4,484,027, the change in net position resulted primarily from strong operating income.
- The County Governmental Activities net position increased by \$3,777,208 and the total Governmental Funds' fund balance showed a decrease of \$847,753. The decrease in fund balance is mainly due to to ditch improvements that have yet to be bonded for.
- The County Governmental Funds combined ending fund balance totaled \$18,071,122, of this total the unassigned portion is (\$5,510,659). The negative balance of the unassigned portion of the fund balance is due to a temporary advance to the Ditch Special Revenue Fund for improvement projects. These improvements are due to be bonded for in 2019 to return the unassigned portion of the Governmental Funds to a positive balance.
- The bonds and notes payable of Renville County related to governmental activities decreased by \$1,474,764 to \$16,671,814 in 2018, primarily due to annual debt service payments.
- The County continues to hold a good financial position, with County Departments maximizing revenues, whenever possible, and monitoring expenditures closely.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. Renville County's basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. The report also contains other supplementary information.

There are two government-wide financial statements. The Statement of Net Position and the Statement of Activities are designed to provide information about the activities of the County as a whole for a longer-term perspective of the County's finances. Fund financial statements are used to maintain accounts that have been segregated for specific objectives or agreements. Fund financial statements are more detailed than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about the County's trustee or agent activities, which are external to the government.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities report information about the County as a whole to assist the reader in determining whether the County's financial condition has improved or declined during the current year. The accrual basis of accounting is used to prepare these statements and includes all assets and liabilities to make the reporting more similar to private-sector companies.

These two statements are used to show the changes in the County's net position. The difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, or the net position, is one measure of the County's financial position. Increases or decreases in the County's net position are indicators of whether its financial health is improving or deteriorating over time.

In the Statement of Net Position and the Statement of Activities, we divide the County into three kinds of activities:

- 1 Governmental activities – Most of the County's basic services are reported here, including general government, public safety, highway and streets, human services, health, environmental services, culture and recreation, and conservation. Property taxes and state and federal grants finance most of these activities.
- 2 Business-type activities – The County charges a fee to customers to help it cover all or most of the cost of services it provides. The County's hospital is reported here, along with the County's solid waste facility.
- 3 Component unit – The County includes one separate legal entity in its report. The Renville County Housing and Redevelopment Authority (HRA) is presented in a separate column. Although legally separate, this "component unit" is part of the total financial picture because the County is financially accountable for it. (See Notes to Financial Statements IV. F.) The Renville County HRA Financial Statements are issued separately and may be obtained from the Economic Development Coordinator at 105 South 5th Street, Suite 318, Olivia, MN 56277.

Fund Financial Statements

The fund financial statements are used to provide detailed information about the significant funds, not the County as a whole. Some funds are established to satisfy State law or by bond covenants. Other funds are established by the County to manage money for a particular purpose or to enable compliance in reporting for financial-related legal requirements. The County's three kinds of funds are; governmental funds, proprietary funds and fiduciary funds.

- 1 Governmental funds are used for primarily the same functions reported as governmental activities. The governmental fund financial statements are used to analyze resources available in the near-term to manage the government's near-term financial obligations. These funds are reported using the modified accrual basis of accounting. Governmental fund information assists the reader in determining whether there are enough financial resources to finance the County's programs in the near-term. The differences between governmental activities and governmental funds are illustrated on the reconciliations on pages 5 and 8.
- 2 Proprietary funds are used when the County charges customers for the services it provides. These fees can be charged to outside customers or to other units of the County. Renville County reports the activities of the Renville County Hospital and the Solid Waste Facility in a fund of this type. These financial statements provide more detail than the government-wide financial statements.
- 3 Fiduciary funds are used when the County holds resources for parties outside of Renville County. The government-wide statements do not include these funds because the resources cannot be used to finance the obligations of Renville County's programs or activities. Renville County is responsible for ensuring that these funds are used as intended. Fiduciary funds are accounted for in the same manner as business-type funds.

The County as a Whole

Renville County's net position as of December 31, 2018 was \$118,140,765. Approximately 69% or \$81,910,295, of the County's net position reflects the investment in capital assets, less any related outstanding debt used to acquire those assets. These capital assets are not available for future spending or to be used for liquidation of remaining debt.

	Renville County Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 26,361	\$ 29,717	\$ 41,866	\$ 34,963	\$ 68,227	\$ 64,680
Capital Assets	<u>95,595</u>	<u>90,682</u>	<u>23,883</u>	<u>26,208</u>	<u>119,478</u>	<u>116,890</u>
Total Assets	<u>121,956</u>	<u>120,399</u>	<u>65,749</u>	<u>61,171</u>	<u>187,705</u>	<u>181,570</u>
Deferred Outflows of Resources:						
	<u>2,877</u>	<u>4,484</u>	<u>1,535</u>	<u>2,454</u>	<u>4,413</u>	<u>6,938</u>
Liabilities:						
Long-term liabilities						
Outstanding	27,327	30,852	34,829	35,782	62,156	66,634
Other Liabilities	<u>2,660</u>	<u>3,950</u>	<u>1,919</u>	<u>1,355</u>	<u>4,579</u>	<u>5,305</u>
Total Liabilities	<u>29,987</u>	<u>34,802</u>	<u>36,748</u>	<u>37,137</u>	<u>66,735</u>	<u>71,939</u>
Deferred Inflows of Resources:						
	<u>4,761</u>	<u>3,773</u>	<u>2,481</u>	<u>2,557</u>	<u>7,242</u>	<u>6,330</u>
Net Position:						
Net Investment in Capital Assets	80,689	75,141	1,221	3,057	81,910	78,198
Restricted	3,197	3,007	1,133	1,859	4,330	4,866
Unrestricted	<u>6,200</u>	<u>8,160</u>	<u>25,701</u>	<u>19,015</u>	<u>31,901</u>	<u>27,175</u>
Total Net Position	<u>\$ 90,086</u>	<u>\$ 86,308</u>	<u>\$28,055</u>	<u>\$23,931</u>	<u>\$ 118,141</u>	<u>\$110,239</u>

The unrestricted net position amount of \$31,900,696 as of December 31, 2018, may be used to meet the County's ongoing cash and financial needs.

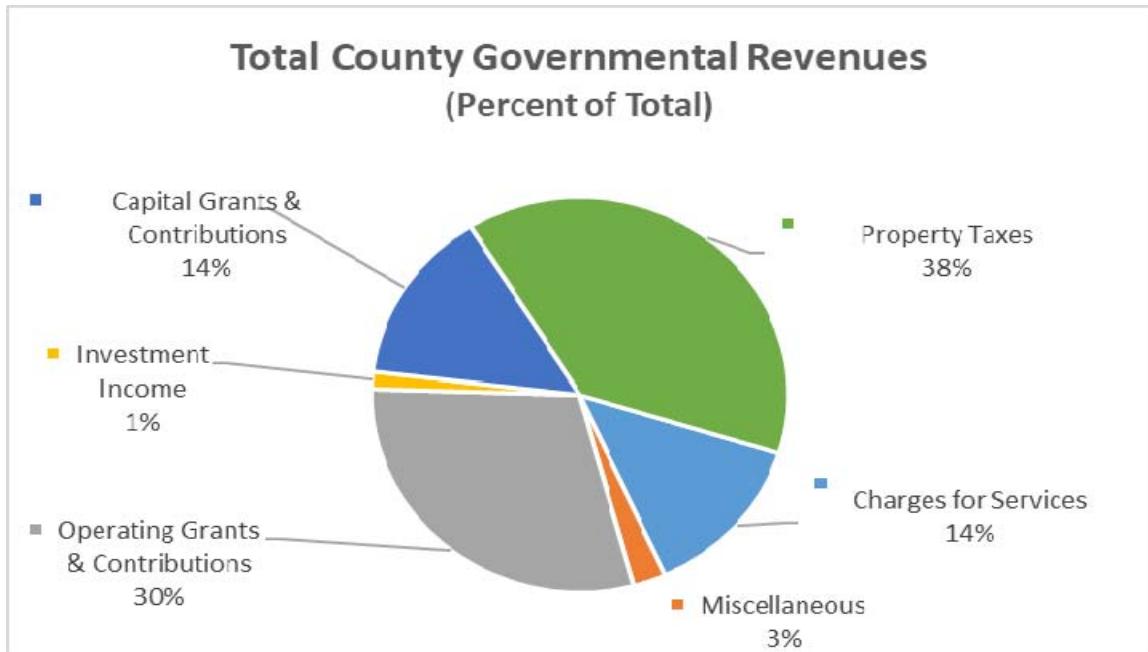
Governmental and Business-Type Activities

Renville County's governmental activities increased the County's net position during 2018 by \$3,777,208 which is approximately a 4.4% increase of the net position from January 1, 2018. (See Notes to the Financial Statements III. I.) The table below illustrates the components of this increase:

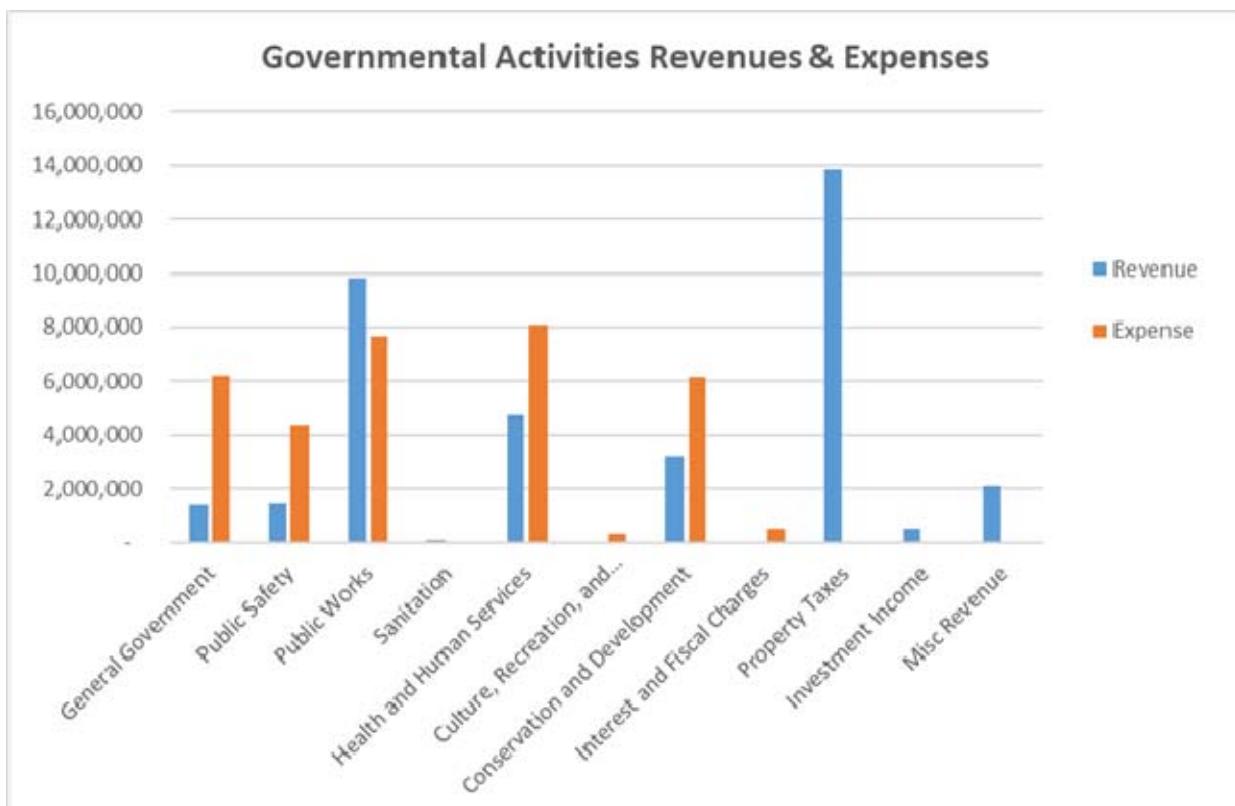
Renville County Changes in Net Position
(in thousands)

	Governmental <u>Activities</u>		Business Type <u>Activities</u>		Total Primary <u>Government</u>	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 5,278	\$ 5,750	\$ 33,820	\$ 30,412	\$ 39,098	\$ 36,162
Operating grants & contributions	10,242	9,049	184	145	10,426	9,194
Capital grants & contributions	5,155	3,460	-	250	5,155	3,710
General revenues:						
Property taxes	13,837	13,660	-	-	13,837	13,660
Other	2,587	3,173	488	1,828	3,075	5,001
Total Revenues	37,100	35,092	34,492	32,635	71,592	67,727
Expenses:						
General government	6,188	8,470	-	-	6,188	8,470
Public Safety	4,375	5,008	-	-	4,375	5,008
Highways	7,641	9,211	-	-	7,641	9,211
Sanitation	49	58	-	-	49	58
Health and Human Services	8,080	8,419	-	-	8,080	8,419
Solid Waste	-	-	1,733	1,561	1,733	1,561
Hospital	-	-	28,635	26,429	28,635	26,429
Culture & recreation	313	402	-	-	313	402
Conservation	6,158	6,459	-	-	6,158	6,459
Interest	518	424	-	-	518	424
Total Expenses	33,322	38,451	30,368	27,990	63,690	66,441
Change in Net Position	3,778	(3,359)	4,124	4,645	7,902	1,286
Net Position – January 1	86,308	89,667	23,931	19,286	110,239	108,953
Net Position – December 31	\$ 90,086	\$ 86,308	\$28,055	\$23,931	\$118,141	\$110,239

The graph below illustrates Renville County's total revenue for 2018 by category.



The following graph illustrates the revenue and expenses of each function of governmental activity.



For 2018, the Renville County Hospital, one of the business-type activities of the County, reported an increase in net position of \$4,484,027 to \$24,564,550, due to increased operating income and conservative spending practices.

Financial Analysis of the County's Major Funds

At the end of December 2018, Renville County's Governmental Funds reported combined ending fund balances of \$18,071,122, which was a decrease of \$847,753 compared to the prior year. The unassigned portion of the fund balance is negative due to the general revenue fund temporarily advancing funds to cover Ditch improvement projects that will be bonded for in 2019. The remaining portion of the fund balance is either non-spendable, restricted, committed or assigned for a variety of reasons, such as advances to other funds, inventory, debt covenants, grantors, laws, statutory regulations or open construction contracts.

The General Fund balance at the end of 2018 was \$10,785,365 and decreased by \$160,648 from the prior year. The unassigned General Fund balance at year-end of \$1,201,817 represents 10% of the total 2018 General Fund expenditures. The decrease in the unassigned balance from the prior year was primarily due to an advance from the General Fund to Ditch Fund of \$6,080,000 for ditch improvement projects.

The Road & Bridge Fund balance was \$4,024,960 at year-end. The ending fund balance, which includes reserve for inventories, showed an increase of \$1,470,559 at the end of 2018. This was primarily due to intergovernmental revenue and funding receivables. The inventory reserve portion decreased by \$84,706.

The Welfare Fund balance of \$4,447,309 represents 73% of the funds 2018 total expenditures. The ending fund balance increased by \$294,029 in 2018 primarily due to higher than anticipated intergovernmental revenues.

The Ditch Fund balance was negative \$6,712,476 at year-end. The negative ending fund balance was primarily due to large ditch repair projects, along with unavailable revenues and deferred special assessments to cover the costs of projects.

At year-end 2018, the Debt Service Fund balance of \$1,477,273 is classified as restricted. The decrease in fund balance, from the prior year, was \$36,325.

The Hospital Funds unrestricted portion of net position of \$22,885,376 represents 93% of the total net position of \$24,564,550. This is a 39% increase from the 2017 unrestricted portion of net position of \$16,446,917, due to an increase in cash operations.

The Solid Waste Funds unrestricted portion of net position increased to \$2,798,426, and represents an 81% of the total net position of \$3,473,820. This is a result of the landfill MSW portion closing at the end of 2018. Of the total net position, \$349,391 is restricted and the balance of \$326,003 represents the net investment in capital assets.

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$180,510 primarily due to intergovernmental revenues and special assessment repayments of septic loans both being higher than anticipated.

Actual expenditures were higher than anticipated by \$515,858, primarily to the septic loan program, additional broadband payments that carried over from 2017 and a \$175,000 contribution to join the Counties Providing Technology Joint Powers.

Capital Assets and Debt Administration

Capital Assets. Renville County's capital assets for its governmental activities at December 31, 2018 totaled \$95,595,190, net of accumulated depreciation. The County's investment in capital assets for governmental activities increased by \$4,912,713, or 5.4%, from 2017 due to completion of construction projects. The capital assets of the Renville County Hospital ended the year at \$23,557,869 net of accumulated depreciation, which is a decrease of 8.5% or \$2,192,486 from 2017, this was primarily due to depreciation expense. Investments in capital assets include land, buildings, equipment, infrastructure, and a breakdown of intangibles, such as easements and software.

Renville County's Governmental Capital Assets (Net of Depreciation)

	<u>2018</u>	<u>2017</u>
Land	\$ 580,820	\$ 580,820
Easements-intangibles	4,136,675	3,786,651
Infrastructure (Roads & Bridges)	71,782,533	67,900,129
Buildings	13,087,577	13,407,296
Improvements, other than bldgs.	660,660	623,800
Machinery & Equipment	2,893,400	2,754,374
Software-intangibles	127,070	148,574
Construction in Progress	<u>2,326,455</u>	<u>1,480,833</u>
Total	\$95,595,190	\$90,682,477

Additional information on the County's capital assets can be found in the notes to the financial statements (Note III, D).

Long Term Debt. At the end of the current fiscal year, the County had outstanding debt for governmental activities of \$16,671,814 for bonds and notes payable, which includes \$168,634 in unamortized bond premium. The outstanding debt for the County's Hospital was \$22,663,015 in Secured Rural American Bonds and Taxable Hospital Facilities Bonds at the end of 2018.

Renville County's Governmental Outstanding Debt

	<u>2018</u>	<u>2017</u>
General Obligation Bonds	\$15,065,000	\$16,500,000
General Obligation Capital Notes	<u>2,819,386</u>	<u>1,956,656</u>
Total	\$17,884,386	\$18,456,656

The County's debt related to general obligation bonds and notes decreased overall by \$572,270, due to annual debt service payments and new capital loans. In January of 2016 Moody's, a national rating agency, maintained Renville County's Bond rating at Aa2 on General Obligation Debt. The State limits the amount of net debt that the counties can issue to three percent of the market value of all taxable property in the County. The County's outstanding net debt is significantly below the \$133,121,203 State-imposed limit and was backed by the full faith and credit of the government. Additional information on the County's long-term debt can be found in the notes to the financial statements of this report (Note III, F).

Economic Factors and Next Year's Budgets

Many factors were considered when setting the fiscal year 2019 budget, tax rates, and fees that will be charged.

- Renville County's unemployment rate was 3.9% in 2018. This is higher than the statewide rate of 2.9% and lower than the national rate of 4.0%
- The Estimated Market Value of Taxable Property in the County decreased to \$4,637,923,400 in 2018, a 5.76% reduction from 2017. The tax capacity of residential property increased by 1.89% in 2018, while the tax capacity of agricultural property decreased by 7.27%
- Renville County receives a significant amount of state and federal funding. In 2018, total intergovernmental revenue was \$18,722,763, or 56% of governmental activities spending, in comparison, intergovernmental revenue totaled \$12,806,063 in 2017.

Requests for Information

This financial report is designed to provide the readers a general overview of Renville County's financial position. Questions concerning this report or requests for additional information should be addressed to the Renville County Administrator's Office, Renville County Government Services Center, 105 South 5th Street, Suite 315, Olivia, Minnesota 56277.

RENVILLE COUNTY

STATEMENT OF NET POSITION

As of December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Housing and Redevelopment Authority
ASSETS				
Cash and investments	\$ 17,551,842	\$ 30,351,973	\$ 47,903,815	\$ 727,462
Taxes receivable	161,060	-	161,060	1,747
Special assessments receivable	2,426,556	50,513	2,477,069	-
Notes receivable	1,061,176	-	1,061,176	626,333
Other receivables (net)	404,275	3,747,310	4,151,585	2,302
Due from other governmental units	4,303,912	1,200	4,305,112	5,754
Due from component unit - HRA/EDA	61,891	-	61,891	-
Internal balances	(16,207)	16,207	-	-
Prepaid items and inventories	406,643	1,135,648	1,542,291	14,887
Other assets	-	12,750	12,750	-
Restricted cash and investments	-	4,160,490	4,160,490	81,586
Equity interest in joint venture	-	2,388,897	2,388,897	-
Capital Assets				
Construction in progress	2,326,455	1,449	2,327,904	-
Intangibles	4,136,675	-	4,136,675	-
Land	580,820	1,340,287	1,921,107	70,500
Other capital assets, net of depreciation/amortization	88,551,240	22,542,136	111,093,376	341,506
Total Assets	<u>121,956,338</u>	<u>65,748,860</u>	<u>187,705,198</u>	<u>1,872,077</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	2,877,153	1,535,419	4,412,572	-
LIABILITIES				
Accounts payable	1,539,125	648,993	2,188,118	4,946
Accrued liabilities	813,963	1,252,321	2,066,284	6,817
Deposits	58,700	-	58,700	4,845
Due to other governments	248,554	17,525	266,079	-
Due to primary government - County	-	-	-	61,891
Noncurrent liabilities				
Due within one year	2,873,564	1,143,766	4,017,330	-
Due in more than one year	24,453,091	33,685,169	58,138,260	123,636
Total Liabilities	<u>29,986,997</u>	<u>36,747,774</u>	<u>66,734,771</u>	<u>202,135</u>
DEFERRED INFLOWS OF RESOURCES				
Grants received in advance of meeting time requirements	84,064	33,865	117,929	-
Pension related amounts	4,676,723	2,212,582	6,889,305	-
Other	-	235,000	235,000	-
Total Deferred Inflows of Resources	<u>4,760,787</u>	<u>2,481,447</u>	<u>7,242,234</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	80,689,438	1,220,857	81,910,295	288,370
Restricted for:				
Landfill	-	349,391	349,391	-
Debt service	1,366,715	784,320	2,151,035	-
Statutory and grant requirements	1,829,348	-	1,829,348	-
HRA/EDA revolving loan program	-	-	-	268,754
Unrestricted	<u>6,200,206</u>	<u>25,700,490</u>	<u>31,900,696</u>	<u>1,112,818</u>
TOTAL NET POSITION	<u>\$ 90,085,707</u>	<u>\$ 28,055,058</u>	<u>\$ 118,140,765</u>	<u>\$ 1,669,942</u>

See accompanying notes to financial statements.

RENVILLE COUNTY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
			Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit	
	Expenses	Charges for Services			Governmental Activities	Business-type Activities	Totals	
Governmental Activities								
General government	\$ 6,188,092	\$ 876,533	\$ 525,781	\$ -	\$ (4,785,778)	\$ -	\$ (4,785,778)	\$ -
Public safety	4,374,725	1,062,869	354,001	-	(2,957,855)	-	(2,957,855)	-
Public works	7,641,176	347,470	4,735,596	5,155,456	2,597,346	-	2,597,346	-
Sanitation	48,834	68,224	-	-	19,390	-	19,390	-
Health and human services	8,079,962	749,689	3,981,928	-	(3,348,345)	-	(3,348,345)	-
Culture, recreation, and education	312,960	38,369	4,406	-	(270,185)	-	(270,185)	-
Conservation and development	6,158,463	2,134,578	640,284	-	(3,383,601)	-	(3,383,601)	-
Interest and fiscal charges	517,704	-	-	-	(517,704)	-	(517,704)	-
Total Governmental Activities	<u>33,321,916</u>	<u>5,277,732</u>	<u>10,241,996</u>	<u>5,155,456</u>	<u>(12,646,732)</u>	<u>-</u>	<u>(12,646,732)</u>	<u>-</u>
Business-type Activities								
Hospital	28,634,743	32,567,428	115,665	-	-	4,048,350	4,048,350	-
Solid waste	1,733,158	1,252,705	68,427	-	-	(412,026)	(412,026)	-
Total Business-type Activities	<u>30,367,901</u>	<u>33,820,133</u>	<u>184,092</u>	<u>-</u>	<u>-</u>	<u>3,636,324</u>	<u>3,636,324</u>	<u>-</u>
Total Primary Government	<u>\$ 63,689,817</u>	<u>\$ 39,097,865</u>	<u>\$ 10,426,088</u>	<u>\$ 5,155,456</u>	<u>\$ (12,646,732)</u>	<u>3,636,324</u>	<u>(9,010,408)</u>	<u>-</u>
Component Unit								
Housing and Redevelopment Authority	<u>\$ 722,569</u>	<u>\$ 76,171</u>	<u>\$ 376,814</u>	<u>\$ 10,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(258,670)</u>
General Revenues								
Taxes								
Property taxes, levied for general purposes					6,504,615	-	6,504,615	-
Property taxes, levied for debt service					1,420,219	-	1,420,219	-
Property taxes, levied for human service activities					3,215,121	-	3,215,121	-
Property taxes, levied for capital projects					421,174	-	421,174	-
Property taxes, levied for road and bridge projects					2,196,964	-	2,196,964	-
Property taxes, levied for Housing and Redevelopment Authority					-	-	-	255,604
Penalties and interest					69,048	-	69,048	-
Other taxes					9,343	-	9,343	-
Intergovernmental revenues not restricted to specific programs					1,180,694	-	1,180,694	-
Investment income					493,840	503,616	997,456	10,930
Gain from joint venture					-	(15,607)	(15,607)	-
Miscellaneous					912,922	-	912,922	-
Total General Revenues					<u>16,423,940</u>	<u>488,009</u>	<u>16,911,949</u>	<u>266,534</u>
Change in Net Position								
NET POSITION - Beginning of Year					3,777,208	4,124,333	7,901,541	7,864
NET POSITION - END OF YEAR					<u>\$ 90,085,707</u>	<u>\$ 28,055,058</u>	<u>\$ 118,140,765</u>	<u>\$ 1,669,942</u>

See accompanying notes to financial statements.

RENVILLE COUNTY

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

	General Fund	Road and Bridge Special Revenue Fund	Welfare Special Revenue Fund
ASSETS			
Cash and investments	\$ 3,945,424	\$ 2,994,600	\$ 4,367,186
Receivables			
Taxes	78,620	23,697	31,324
Accounts	31,085	11,381	47,920
Special assessments	1,562,089	-	-
Notes	1,061,176	-	-
Interest	105,724	-	-
Due from Renville County HRA/EDA	61,891	-	-
Due from other governments	631,428	2,662,274	385,270
Loans	-	-	-
Due from other funds	4,650	41,427	-
Advances to other funds	6,086,000	-	-
Inventories and prepaid items	28,820	262,849	-
TOTAL ASSETS	\$ 13,596,907	\$ 5,996,228	\$ 4,831,700
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 189,096	\$ 474,956	\$ 127,525
Accrued liabilities	361,510	85,748	129,809
Deposits	10,000	-	-
Due to other governments	85,579	13,867	52,050
Due to other funds	22,813	-	4,243
Advances from other funds	-	-	-
Total Liabilities	668,998	574,571	313,627
Deferred Inflows of Resources			
Grants received in advance of meeting time requirements	56,337	-	-
Unavailable revenues	2,086,207	1,396,697	70,764
Total Deferred Inflows of Resources	2,142,544	1,396,697	70,764
Fund Balances (Deficit)			
Nonspendable	7,114,820	262,849	-
Restricted	1,626,934	-	-
Committed	628,693	3,762,111	4,447,309
Assigned	213,101	-	-
Unassigned (deficit)	1,201,817	-	-
Total Fund Balances (Deficit)	10,785,365	4,024,960	4,447,309
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,596,907	\$ 5,996,228	\$ 4,831,700

See accompanying notes to financial statements.

Ditch Special Revenue Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 37,958	\$ 1,477,273	\$ 4,037,950	\$ 16,860,391
-	15,720	11,699	161,060
145,062	-	61,242	296,690
813,355	35,908	15,204	2,426,556
-	-	-	1,061,176
-	-	-	105,724
-	-	-	61,891
464,808	-	160,132	4,303,912
-	-	-	-
-	-	-	46,077
-	-	-	6,086,000
-	-	1,190	292,859
<u>\$ 1,461,183</u>	<u>\$ 1,528,901</u>	<u>\$ 4,287,417</u>	<u>\$ 31,702,336</u>

\$ 710,194	\$ -	\$ 37,186	\$ 1,538,957
8,773	-	61,487	647,327
48,700	-	-	58,700
95,052	-	2,006	248,554
17,913	-	627	45,596
<u>6,080,000</u>	<u>-</u>	<u>6,000</u>	<u>6,086,000</u>
<u>6,960,632</u>	<u>-</u>	<u>107,306</u>	<u>8,625,134</u>

-	-	27,727	84,064
1,213,027	51,628	103,693	4,922,016
<u>1,213,027</u>	<u>51,628</u>	<u>131,420</u>	<u>5,006,080</u>

-	-	1,190	7,378,859
-	1,477,273	200,466	3,304,673
-	-	3,847,035	12,685,148
-	-	-	213,101
(6,712,476)	-	-	(5,510,659)
<u>(6,712,476)</u>	<u>1,477,273</u>	<u>4,048,691</u>	<u>18,071,122</u>

\$ 1,461,183 \$ 1,528,901 \$ 4,287,417 \$ 31,702,336

See accompanying notes to financial statements.

RENVILLE COUNTY

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

Total fund balance - governmental funds	\$ 18,071,122
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 IV.D.	95,595,190
Delinquent taxes, special assessments and certain accounts receivable 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.	4,922,016
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,877,153
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(4,676,723)
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	785,789
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 bonds payable	(15,065,000)
General obligation notes payable	(1,438,180)
AgBMP capital loan payable	(1,381,206)
Accrued interest on general obligation debt	(162,185)
Unamortized debt premium	(168,634)
Net pension liability	(7,771,022)
Vested employee benefits	(1,502,613) <u>(27,488,840)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$ <u>90,085,707</u>

See accompanying notes to financial statements.

RENVILLE COUNTY

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

For the Year Ended December 31, 2018

	General Fund	Road and Bridge Special Revenue Fund	Welfare Special Revenue Fund
REVENUES			
Taxes	\$ 6,588,697	\$ 2,011,242	\$ 2,537,581
Intergovernmental	1,819,153	12,427,156	3,140,210
Licenses and permits	50,761	-	-
Public charges for services	1,645,096	316,795	29,750
Special assessments	287,258	-	-
Investment income	301,097	60,166	61,747
Miscellaneous	391,473	13,174	686,425
Total Revenues	11,083,535	14,828,533	6,455,713
EXPENDITURES			
Current			
General government	5,994,562	-	-
Public safety	4,448,368	-	-
Public works	-	13,086,005	-
Sanitation	-	-	-
Health and human services	-	-	6,104,544
Culture, recreation, and education	355,989	-	-
Conservation and development	542,598	-	-
Debt Service			
Principal retirement	268,249	-	-
Interest and fiscal charges	21,477	-	-
Total Expenditures	11,631,243	13,086,005	6,104,544
Excess (deficiency) of revenues over expenditures	(547,708)	1,742,528	351,169
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	337,060	-	-
Transfers in	50,000	-	-
Transfers out	-	(187,263)	(57,140)
Total Other Financing Sources (Uses)	387,060	(187,263)	(57,140)
Net change in fund balance	(160,648)	1,555,265	294,029
Change in reserve for inventories	-	(84,706)	-
FUND BALANCES (DEFICIT) - Beginning of Year	10,946,013	2,554,401	4,153,280
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 10,785,365	\$ 4,024,960	\$ 4,447,309

See accompanying notes to financial statements.

Ditch Special Revenue Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 1,420,694	\$ 1,100,597	\$ 13,658,811
486,226	47,475	734,116	18,654,336
-	-	73,414	124,175
-	-	860,296	2,851,937
2,133,126	14,721	845	2,435,950
799	12,747	55,992	492,548
79,820	114,672	1,917	1,287,481
<u>2,699,971</u>	<u>1,610,309</u>	<u>2,827,177</u>	<u>39,505,238</u>
-	-	-	5,994,562
-	-	-	4,448,368
-	-	-	13,086,005
-	-	48,974	48,974
-	-	2,115,805	8,220,349
-	-	-	355,989
6,455,450	-	-	6,998,048
-	1,435,000	-	1,703,249
123,346	398,897	-	543,720
<u>6,578,796</u>	<u>1,833,897</u>	<u>2,164,779</u>	<u>41,399,264</u>
<u>(3,878,825)</u>	<u>(223,588)</u>	<u>662,398</u>	<u>(1,894,026)</u>
793,919	-	-	1,130,979
-	187,263	7,140	244,403
-	-	-	(244,403)
<u>793,919</u>	<u>187,263</u>	<u>7,140</u>	<u>1,130,979</u>
(3,084,906)	(36,325)	669,538	(763,047)
-	-	-	(84,706)
<u>(3,627,570)</u>	<u>1,513,598</u>	<u>3,379,153</u>	<u>18,918,875</u>
<u>\$ (6,712,476)</u>	<u>\$ 1,477,273</u>	<u>\$ 4,048,691</u>	<u>\$ 18,071,122</u>

See accompanying notes to financial statements.

RENVILLE COUNTY

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

Net change in fund balances - total governmental funds \$ (763,047)

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:

Current expenditures capitalized in the government-wide statements	9,101,694
Depreciation is reported in the government-wide statements	(4,146,445)
Net book value of assets disposed of	(42,536)

Delinquent taxes, special assessments and certain accounts receivable are reported as unavailable
revenue in the fund financial statements but are recognized as revenue when earned in the
government-wide financial statements. This is the amount recognized as revenue on the fund
statement that was recognized in the government-wide statement in prior years.

Taxes receivable	(9,590)
Special assessments	854,762
Due from other governments	(2,043,266)
Accounts receivable	(64,238)
Interest receivable	1,463
Notes receivable	(22,814)

Internal service funds are used by management to charge the costs of self insurance to individual
funds. The net revenue of certain activities of internal service funds is reported with governmental
activities. 80,884

Debt issued provides current financial resources to governmental funds,
but issuing debt increases long-term liabilities in the statement of net position.

Debt issued	(1,130,979)
Principal payments	1,703,249

The change in inventory is reported as a change in fund balance in the fund financial
statements, but is a reduction in expense in the government-wide statements. (84,706)

Governmental funds report the effect of debt premiums when debt is issued, where as these
amounts are reported as deferred inflows of resources and amortized in the statement of activities.

Debt premium	15,330
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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 governmental funds. These amounts are for the following:

Compensated absences	128,707
Accrued interest on debt	10,825
Net pension liability (and pension related deferred outflows/inflows of resources)	<u>187,915</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$	<u>3,777,208</u>
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RENVILLE COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2018

	Enterprise Funds			Governmental Activities -	
				Internal	Service Fund -
	Hospital	Solid Waste	Total	Health Insurance	
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 29,543,939	\$ 808,034	\$ 30,351,973	\$ 691,451	
Accounts receivable, net	3,740,576	6,734	3,747,310	1,861	
Special assessments receivable	-	50,513	50,513	-	
Prepaid items	347,950	33,865	381,815	113,784	
Inventories	753,833	-	753,833	-	
Due from other governments	-	1,200	1,200	-	
Total Current Assets	34,386,298	900,346	35,286,644	807,096	
NONCURRENT ASSETS					
Other assets	12,750	-	12,750	-	
Restricted cash and investments	814,040	3,346,450	4,160,490	-	
Equity interest in joint venture	317,544	2,071,353	2,388,897	-	
Capital assets					
Construction in progress	1,449	-	1,449	-	
Land	1,253,287	87,000	1,340,287		
Plant in service	36,080,788	2,479,662	38,560,450	-	
Accumulated depreciation	(13,777,655)	(2,240,659)	(16,018,314)	-	
Total Noncurrent Assets	24,702,203	5,743,806	30,446,009	-	
Total Assets	59,088,501	6,644,152	65,732,653	807,096	
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	1,511,544	23,875	1,535,419	-	
Total Deferred Outflows of Resources	1,511,544	23,875	1,535,419	-	
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	644,812	4,181	648,993	169	
Accrued expenses	584,777	7,567	592,344	4,450	
Estimated third-party payor settlements	659,977	-	659,977	-	
Current portion of compensated absences	637,618	4,359	641,977	-	
Current portion of long-term debt	501,789	-	501,789	-	
Due to other governments	-	17,525	17,525	-	
Due to other funds	-	481	481	-	
Total Current Liabilities	3,028,973	34,113	3,063,086	4,619	
NONCURRENT LIABILITIES					
Accrued compensated absences	368,727	6,539	375,266	-	
Landfill liability	-	2,997,059	2,997,059	-	
Net pension liability	8,060,648	90,970	8,151,618	-	
Long-term debt	22,161,226	-	22,161,226	-	
Total Noncurrent Liabilities	30,590,601	3,094,568	33,685,169	-	
Total Liabilities	33,619,574	3,128,681	36,748,255	4,619	
DEFERRED INFLOWS OF RESOURCES					
Grants received in advance	-	33,865	33,865	-	
Pension related amounts	2,180,921	31,661	2,212,582	-	
Other	235,000	-	235,000	-	
Total Deferred Inflows of Resources	2,415,921	65,526	2,481,447	-	
NET POSITION					
Net investment in capital assets	894,854	326,003	1,220,857	-	
Restricted for landfill	-	349,391	349,391	-	
Restricted for debt service	784,320	-	784,320	-	
Unrestricted	22,885,376	2,798,426	25,683,802	802,477	
TOTAL NET POSITION	\$ 24,564,550	\$ 3,473,820	\$ 28,038,370	\$ 802,477	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			16,688		
Net Position of Business-Type Activities			\$ 28,055,058		

See accompanying notes to financial statements.

RENVILLE COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2018

	Enterprise Funds			Governmental Activities -	
				Internal Service Fund - Health Insurance	
	Hospital	Solid Waste	Total		
OPERATING REVENUES					
Special assessments	\$ -	\$ 579,705	\$ 579,705	\$ -	-
Intergovernmental	-	68,427	68,427	-	-
Charges for service	30,214,146	667,725	30,881,871	1,098,481	
Other revenue	2,353,282	5,275	2,358,557	7,559	
Total Operating Revenues	32,567,428	1,321,132	33,888,560	1,106,040	
OPERATING EXPENSES					
Public works	-	1,578,441	1,578,441	-	-
Nursing services	7,322,516	-	7,322,516	-	-
Other professional services	11,922,154	-	11,922,154	-	-
General services	998,948	-	998,948	-	-
Dietary	452,877	-	452,877	-	-
Administrative and fiscal services	4,367,274	-	4,367,274	-	-
Depreciation	2,790,423	161,172	2,951,595	-	-
Claims/insurance expense	-	-	-	1,018,701	
Total Operating Expenses	27,854,192	1,739,613	29,593,805	1,018,701	
Operating Income (Loss)	4,713,236	(418,481)	4,294,755	87,339	
NONOPERATING REVENUES (EXPENSES)					
Investment income	435,677	67,939	503,616	-	-
Interest and fiscal charges	(655,693)	-	(655,693)	-	-
Noncapital contributions and grants	115,665	-	115,665	-	-
Loss from joint venture	-	(15,607)	(15,607)	-	-
Loss on disposal of capital assets	(124,858)	-	(124,858)	-	-
Total Nonoperating Revenue (Expenses)	(229,209)	52,332	(176,877)	-	
Change in Net Position	4,484,027	(366,149)	4,117,878	87,339	
NET POSITION – Beginning of Year	20,080,523	3,839,969	23,920,492	715,138	
NET POSITION – END OF YEAR	\$ 24,564,550	\$ 3,473,820	\$ 28,038,370	\$ 802,477	
CHANGE IN NET POSITION - Enterprise Funds					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			\$ 4,117,878		
Change in Net Position of Business-Type Activities			<u>6,455</u>		
			<u>\$ 4,124,333</u>		

See accompanying notes to financial statements.

RENVILLE COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Enterprise Funds			Governmental Activities -
				Internal
	Hospital	Solid Waste	Total	Service Fund - Health Insurance
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES				
Cash received from and on behalf of patients and residents	\$ 32,222,869	\$ -	\$ 32,222,869	\$ -
Cash received from customers	-	1,365,341	1,365,341	1,110,860
Cash paid to suppliers for goods and services	(14,206,207)	(932,270)	(15,138,477)	(1,133,235)
Cash paid to employees for services	(10,993,752)	(177,621)	(11,171,373)	-
Other receipts	2,535,269	-	2,535,269	-
Net Cash Flows From Operating Activities	<u>9,558,179</u>	<u>255,450</u>	<u>9,813,629</u>	<u>(22,375)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Noncapital contributions and grants	115,665	-	115,665	-
Net Cash Flows From Noncapital Financing Activities	<u>115,665</u>	<u>-</u>	<u>115,665</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Equity distribution from Joint Venture	57,864	-	57,864	-
Investment income	435,677	67,939	503,616	-
Net Cash Flows From Investing Activities	<u>493,541</u>	<u>67,939</u>	<u>561,480</u>	<u>-</u>
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(488,054)	-	(488,054)	-
Interest paid	(655,693)	-	(655,693)	-
Proceeds from sale of capital assets	10,000	-	10,000	-
Acquisition and construction of capital assets	(732,795)	(29,808)	(762,603)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(1,866,542)</u>	<u>(29,808)</u>	<u>(1,896,350)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	8,300,843	293,581	8,594,424	(22,375)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>22,057,136</u>	<u>3,860,903</u>	<u>25,918,039</u>	<u>713,826</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 30,357,979</u>	<u>\$ 4,154,484</u>	<u>\$ 34,512,463</u>	<u>\$ 691,451</u>

See accompanying notes to financial statements.

	Enterprise Funds			Governmental Activities -	
	Hospital	Solid Waste	Total	Internal	Service Fund - Self Insurance
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES					
Operating income	\$ 4,713,236	\$ (418,481)	\$ 4,294,755	\$ 87,339	
Adjustments to Reconcile Operating Income					
Net Cash Flows From Operating Activities					
Noncash items included in operating income					
Depreciation	2,790,423	161,172	2,951,595		-
Equity earnings in investment in joint venture	(129,065)	-	(129,065)		-
Provision for uncollectible accounts	552,098	-	552,098		-
Increase in landfill liability	-	525,575	525,575		-
Change in assets, liabilities and deferred outflows and inflows of resources					
Receivables	1,767,677	44,209	1,811,886	370	
Inventories	84,987	-	84,987		-
Prepaid items	(17,456)	-	(17,456)		(113,784)
Accounts payable	69,188	(4,156)	65,032		(750)
Due to other funds	-	(16,402)	(16,402)		-
Accrued expenses	(3,521)	-	(3,521)		4,450
Pension related deferrals and liabilities	(269,388)	(36,467)	(305,855)		-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 9,558,179	\$ 255,450	\$ 9,813,629	\$ (22,375)	
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION					
Cash and investments - statement of net position	\$ 29,543,939	\$ 808,034	\$ 30,351,973	\$ 691,451	
Restricted cash and investments	814,040	3,346,450	4,160,490		-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 30,357,979	\$ 4,154,484	\$ 34,512,463	\$ 691,451	
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES					
None.					

See accompanying notes to financial statements.

RENVILLE COUNTY

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2018

	Agency Fund Totals
ASSETS	
Cash and investments	\$ 1,286,332
Accounts receivable	93,200
Due from other governments	175,446
Inventories and prepaid items	<u>9,158</u>
TOTAL ASSETS	<u>\$ 1,564,136</u>
LIABILITIES	
Accounts payable	\$ 4,962
Due to other governments	<u>1,559,174</u>
TOTAL LIABILITIES	<u>\$ 1,564,136</u>

See accompanying notes to financial statements.

RENVILLE COUNTY

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RENVILLE COUNTY

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Renville County, Minnesota conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

The report includes all of the funds of the County. The reporting entity for the county consists of the primary government and its component unit. 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 financial 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 organizations 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.

Included within the reporting entity:

Renville County Housing and Redevelopment Authority

The government-wide financial statements include the Renville County Housing and Redevelopment Authority (HRA) as a component unit. The HRA is a legally separate organization. The board of the HRA is appointed by the County Board chair with the approval of the County Board. The sale of bonds or other obligations issued by the HRA must be approved by the Board of County Commissioners. As a component unit, the HRA's financial statements have been presented as a discrete column in the financial statements. The information is presented for the year ended December 31, 2018. Separately issued financial statements may be obtained from the Executive Director at 500 East DePue Avenue, Olivia, MN 56277. See Note IV.F.

RENVILLE COUNTY

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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 revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or 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. Renville 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 reporting entity 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 equity, revenues, and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary fund 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 Renville 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 fund 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 Renville County believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and 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.

RENVILLE COUNTY

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

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

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

Renville County reports the following major governmental funds:

General Fund – accounts for primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.

Road and Bridge Special Revenue Fund – accounts for and reports resources restricted or committed to supporting expenditures for construction, reconstruction, and maintenance of county state-aid highways, county highways, county bridges and work done for local municipalities.

Welfare Special Revenue Fund – accounts for and reports resources restricted or committed to supporting expenditures for social services and income maintenance.

Ditch Special Revenue Fund – accounts for and reports resources restricted or committed for the financing of construction and maintenance of drainage ditches.

Renville County reports the following major governmental funds: (cont.)

Debt Service Fund – accounts for and reports financial resources restricted, committed or assigned for the payment of principal and interest payments of the county's general obligation debt.

Renville County reports the following major enterprise funds:

Hospital Fund – accounts for and reports operations of the hospital.

Solid Waste Fund – accounts for and reports the operation of solid waste activities, including landfill and recycling. The fund also accounts for funds being accumulated for closure and post-closure care costs associated with the landfill.

Renville County reports the following nonmajor governmental funds:

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

Fuel Assistance Fund – accounts for and reports resources restricted or committed to the Low Income Home Energy Assistance Program grant provided by the federal government.

Public Health Nurse Fund – accounts for and reports resources restricted or committed to the county's public health programs.

Forfeited Tax Sale Fund – accounts for and reports collection and disbursement of forfeited tax sale proceeds.

Lake Allie Sewer – accounts for and reports resources restricted or committed for the operation, maintenance and management of the Lake Allie sewer system.

DNR Trust Fund – accounts for and reports the county's DNR trust fund monies.

RENVILLE COUNTY

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

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

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

Fund Financial Statements (cont.)

Capital Projects Funds – 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 equipment and/or major capital facilities.

General Capital Projects – accounts for and reports resources restricted, committed or assigned for the acquisition or construction of equipment and/or major capital facilities.

Renville County reports the following agency funds:

Agency Funds – used to account for and report assets held by the county as a trustee or agent for individuals, private organization, other governments, or other funds.

Mortgage Registry Tax Fund – accounts for and reports the collection and distribution to governments of mortgage registration tax.

Payroll Withholdings Fund – accounts for and reports the accumulation and disbursement of the employee and employer share of health and life insurance costs for each payroll period.

State Deed Tax Fund – accounts for and reports the collection and distribution of state deed tax to the state.

Taxes and Penalties Fund – accounts for and reports the collection of taxes and penalties and their distribution to the various governmental units.

Flexible Benefits Plan Fund – accounts for and reports flexible benefits withheld from payroll.

Redwood-Renville Regional Solid Waste Fund – accounts for and reports receipts and disbursements of the joint powers board.

Supporting Hands Fund – accounts for and reports the receipts and disbursements of the eighteen county Supporting Hands Nurse Family Partnership. Renville County is the billing agent for this partnership.

In addition, Renville County reports the following fund type:

Internal service funds are used to account for and report the goods or services provided by one department or agency to other departments or agencies of the county, or to other governmental units, on a cost-reimbursement basis. Renville County reports the health insurance fund, which accounts for the payment of the county's commercial policy and related administrative costs, as an internal service fund.

RENVILLE COUNTY

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

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

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.

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

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, Renville 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 Renville 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, 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 fund financial statements are reported using the economic resources measurement 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.

RENVILLE COUNTY

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

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

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

Fund Financial Statements (cont.)

The proprietary funds distinguish *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 principal operating revenues of the hospital enterprise fund are charges to patients for services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of 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.

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.
- > State and local securities that meet specified bond ratings by a national rating service.
- > 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.
- > Mutual fund through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments.
- > Banker's acceptances of United States banks.

RENVILLE COUNTY

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

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

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

1. Deposits and Investments (cont.)

The county has adopted an investment policy. That policy contains the following guidelines:

Custodial Credit Risk - The policy states the county will follow state statutes for collateralization of cash and investments.

Credit Risk - The investment policy states minimum ratings for various investment types. The policy does not address credit risk for U.S. Agency securities implicitly guaranteed.

Concentration of Credit Risk - The policy specifies maximum percentages allowed to be invested in various investment types.

Interest Rate Risk - The policy specifies that securities must have a final maturity of ten years or less from the date of purchase. It also specifies that the overall weighted average duration of the entire portfolio shall be less than seven years.

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. No investments are reported at amortized cost. 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 of accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Renville 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 MAGIC Fund is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Therefore, the fair value of the county's position in the pool is essentially the same as the value of the pool shares. Financial statements are available at www.magicfund.org.

See Note III.A. for further information.

2. Receivables

Taxes and Special Assessments

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 are accounted for in agency funds. Property taxes and special assessments are billed to individual property owners within the county annually, and for the most part, are due and payable in January but may be paid in two equal installments on or before May 15 and October 15 without penalty. 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.

RENVILLE COUNTY

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

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

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

2. Receivables (cont.)

Taxes and Special Assessments (cont.)

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

Hospital Fund Receivables

Patient receivables are reduced by an allowance for doubtful accounts. Patients are not required to provide collateral for services rendered. Payment for services is required upon receipt of an invoice, after payment by insurance, if any. In evaluating the collectability of patient accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has no yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balance due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. Accounts that are determined to be uncollectible are sent to a collection agency and written off at that time.

At December 31, 2018, the allowance for doubtful accounts for self-pay patients was approximately \$598,000. The increase in the allowance for doubtful accounts was the result of an increase in self pay accounts greater than 90 days which increased \$91,000 in 2018. The Hospital has not materially changed its charity care or uninsured discount policies during 2018. The Hospital does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors.

General

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."

RENVILLE COUNTY

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

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

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

2. Receivables (cont.)

General (cont.)

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

3. Inventories and Prepaid Items

Inventory in the Road and Bridge fund is valued at cost based on first-in, first-out and consists of supplies held for consumption. Reported inventories are offset by nonspendable fund balance in the fund financial statements to indicate they are not available, spendable resources.

Hospital enterprise fund supplies are stated at the lower of cost (first-in, first-out) or market and are expensed when used.

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Other Assets

Other assets reported in the business-type activities consist of the hospital's investment in Minnesota Rural Health Cooperative of \$12,750 as of December 31, 2018.

6. 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:

Land and Right of Way	\$ 1
Machinery, Equipment and Vehicles	5,000
Land Improvements	25,000
Building and Building Improvements	25,000
Roads and Bridges (Infrastructure)	25,000
Intangible Assets	50,000
All Hospital Capital Assets	5,000

RENVILLE COUNTY

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

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

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

6. Capital Assets (cont.)

Government –Wide Statements (cont.)

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 are recorded at original cost, which includes the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year.

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 is as follows:

Machinery, Equipment and Vehicles	5-30 Years
Land Improvements	10-20 Years
Buildings and Building Improvements	20-50 Years
Roads	25 Years
Bridges	50 Years
Intangible Assets	10-15 Years

Gifts of long-lived assets received by the Hospital, such as land, buildings, or equipment, are reported as additions to unrestricted net position, and are excluded from revenues in excess of expenses. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net position.

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.

7. 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.

RENVILLE COUNTY

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

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

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

8. Compensated Absences

Under terms of employment, employees are granted sick leave, vacation and compensatory time 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, sick leave and compensatory time will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2018 are determined on the basis of current salary rates and include salary related payments.

9. Other Post Employment Benefits

The county does not offer any significant post employment benefits.

10. 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 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) is 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 amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

11. 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.

RENVILLE COUNTY

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

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

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

12. 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 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

The county classifies governmental fund balance 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 required the same formal action of the County Board that originally created the commitment.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following: 1) The County Board or County Administrator, who has been delegated that authority by Board resolution. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.

RENVILLE COUNTY

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

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

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

12. Equity Classifications (cont.)

Fund Statements (cont.)

- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

The County Board has approved a minimum fund balance policy. The target is to maintain a General Fund unrestricted fund balance of not less than five months of operating expenditures at year end or 30 to 50 percent of the fund's operating revenues. As of December 31, 2018, the unrestricted fund balance for the General Fund was 18.4% of operating revenues and expenditures.

13. 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.

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general fund, certain special revenue funds, the debt service fund and the capital projects fund. Budgets have not been formally adopted for ditch, fuel assistance, Lake Allie sewer, forfeited tax sale and DNR Trust funds.

RENVILLE COUNTY

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

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

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

Fund	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Expenditures and Other Financing Uses
General Fund	\$ 11,112,985	\$ 11,631,243	\$ 518,258
Welfare Fund	6,003,098	6,161,684	158,586
Debt Service Fund	1,772,035	1,833,897	61,862

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

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. As of December 31, 2018, the following individual funds held a deficit balance:

Fund	Amount	Reason
Ditch Special Revenue Fund	\$ 6,712,476	Program costs exceed revenue

The Ditch Special Revenue Fund deficit is anticipated to be funded with future special assessments, charges for service, or transfers from other funds.

RENVILLE COUNTY

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

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 16,177,375	\$ 18,221,456	Custodial credit risk
U.S. treasuries	6,767,734	6,767,734	Custodial credit risk, Interest rate risk
U.S. agencies – explicitly guaranteed	11,709,379	11,709,379	Custodial credit risk, Interest rate risk
U.S. agencies – implicitly guaranteed	1,960,910	1,960,910	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Commercial paper	1,785,398	1,785,398	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
MAGIC	14,947,341	14,947,341	Credit risk, interest rate risk
Petty cash	2,500	-	N/A
Total Cash and Investments	<u>\$ 53,350,637</u>	<u>\$ 55,392,218</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 47,903,815		
Restricted cash and investments	4,160,490		
Per statement of assets and liabilities			
Agency funds	<u>1,286,332</u>		
Total Cash and Investments	<u>\$ 53,350,637</u>		

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.

The county maintains collateral agreements with its banks. At December 31, 2018, the banks had pledged various government securities in the amount of \$6,676,369 to secure the county's deposits.

RENVILLE COUNTY

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

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 for similar assets in active markets

Investment Type	December 31, 2018			
	Level 1	Level 2	Level 3	Total
U.S. agencies – explicitly guaranteed	\$ -	\$ 11,709,379	\$ -	\$ 11,709,379
U.S. agencies – implicitly guaranteed	-	1,960,910	-	1,960,910
Commercial paper	-	1,785,398	-	1,785,398
U.S. treasuries	-	6,767,734	-	6,767,734
Totals	\$ -	\$ 22,223,421	\$ -	\$ 22,223,421

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. The county does not have any 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. The county does not have any investments exposed to custodial credit risk.

Minnesota statutes require that all deposits with financial institutions must be bonded or collateralized in an amount equal to 110% of deposits in excess of FDIC coverage. As of December 31, 2018, all cash and investments held by Renville County were covered by insurance, surety bond or collateral as required by Minnesota statutes.

RENVILLE COUNTY

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2018, the county's investments were rated as follows:

Investment Type	Standard & Poor's
U.S. agencies - implicitly guaranteed - Agency Notes and Bonds	AA+
Commercial paper	A-1

The county also had investments in the following external pool which is not rated:

Minnesota Association for Governments Investing in Counties (MAGIC)

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. The county has a concentration of investments in Federal Home Loan Bank Global Notes of 5.3% as of December 31, 2018.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. As of December 31, 2018, the county's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. treasuries	\$ 6,767,734	2.52
U.S. agencies – explicitly guaranteed	11,709,379	5.71
U.S. agencies – implicitly guaranteed	1,960,910	0.16
Commercial paper	1,785,398	0.29
MAGIC	<u>14,947,341</u>	0.08
Total Fair Value	<u>\$ 37,170,762</u>	
Portfolio weighted average maturity		2.30

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

RENVILLE COUNTY

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

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

B. RECEIVABLES

Receivables as of December 31, 2018, for the county's governmental activities are as follows:

Fund	Net Receivables	Amounts Not Expected to Be Collected Within One Year
Governmental Activities		
Taxes	\$ 161,060	\$ 80,530
Special assessments	2,426,556	1,302,475
Notes receivable	1,061,176	1,061,176
Other receivables	404,275	-
Due from other governments	4,303,912	-
Due from component unit	<u>61,891</u>	<u>-</u>
 Total Governmental Activities	 <u>\$ 8,418,870</u>	 <u>\$ 2,444,181</u>

The estimated uncollectible accounts are \$598,000 for the hospital receivables. No allowance is considered necessary for the other funds.

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. Property taxes levied for the subsequent year are not earned and cannot be used 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:

	<u>Unearned</u>	<u>Unavailable</u>
Taxes receivable	\$ -	\$ 161,060
Due from other governments	-	2,195,600
Special assessments	-	2,426,556
Accrued interest	-	43,290
Accounts receivable	-	34,334
Grants received but not earned	84,064	-
Notes	<u>-</u>	<u>61,176</u>
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 84,064</u>	 <u>\$ 4,922,016</u>

RENVILLE COUNTY

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

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

B. RECEIVABLES (cont.)

Net Patient Service Revenue – Hospital Enterprise Fund

The hospital enterprise fund has agreements with third-party payors that provide for payments to the hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare – The Hospital is licensed as a Critical Access Hospital (CAH). The Hospital is reimbursed for most inpatient and outpatient services at allowable cost plus 1% with final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through the year ended December 31, 2015. Clinical services are reimbursed on a cost reimbursable basis or on a fixed fee schedule.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been processed by the Medicaid fiscal intermediary through December 31, 2016. Clinical services are paid on a fixed fee schedule.

Other Payors – The Hospital has also entered into payment agreements with certain commercial insurance carriers. The basis for payment to the Hospital under these agreements may include prospectively determined rates and discounts from established charges.

Uninsured Patients – The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for service provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for uncollectible accounts related to uninsured patients and residents in the period the services are provided.

Net patient service revenue from the Medicare and Medicaid programs accounted for approximately 46% and 20% of the Hospital's net patient service revenue for the year ended December 31, 2018. Revenue from Blue Cross accounted for approximately 14% for the year ended December 31, 2018.

RENVILLE COUNTY

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

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

B. RECEIVABLES (cont.)

Net Patient Service Revenue – Hospital Enterprise Fund (cont.)

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue increased by approximately \$177,000 for the year ended December 31, 2018, due to the removal of allowances previously estimated that are no longer necessary as a result of the final settlements.

The Centers for Medicare and Medicaid Services (CMS) has implemented a Recovery Audit Contractor (RAC) program under which claims subsequent to October 1, 2007, are reviewed by contractors for validity, accuracy, and proper documentation. A demonstration project completed in several other states resulted in the identification of potential overpayments, some being significant. If selected for audit, the potential exists that the Hospital may incur a liability for a claims overpayment at a future date. The Hospital is unable to determine if it will be audited and, if so, the extent of the liability of overpayments, if any. As the outcome of such potential reviews is unknown and cannot be reasonably estimated, it is the Hospital's policy to adjust revenue for deductions from overpayment amounts or additions from underpayment amounts determined under the RAC audits at the time a change in reimbursement is agreed upon between the Hospital and CMS.

The Hospital charges for service revenue of \$30,214,146 consist of \$49,547,181 of total patient service revenues reduced by \$736,784 of provision for uncollectible accounts and \$18,596,251 of contractual adjustments related to Medicare, Medicaid, commercial and other providers.

C. RESTRICTED ASSETS

The county makes annual contributions to a trust to finance closure and post-closure care of the county landfill. As of December 31, 2018, investments of \$3,346,450 are held for these purposes. See Note III.H.

The hospital enterprise fund has \$814,040 of restricted assets related to bond requirements.

RENVILLE COUNTY

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

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

D. CAPITAL ASSETS

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

Governmental Activities	<u>Beginning Balance</u>	<u>Additions/Transfers In</u>	<u>Deletions/Transfers Out</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Construction in progress	\$ 1,480,833	\$ 6,557,669	\$ 5,712,047	\$ 2,326,455
Intangibles – easements	3,786,651	350,024	-	4,136,675
Land	580,820	-	-	580,820
Total Capital Assets Not Being Depreciated	<u>\$ 5,848,304</u>	<u>\$ 6,907,693</u>	<u>\$ 5,712,047</u>	<u>\$ 7,043,950</u>
Capital assets being depreciated/amortized				
Buildings	\$ 18,019,054	\$ 8,585	\$ -	\$ 18,027,639
Intangibles – software	280,974	-	-	280,974
Land improvements	1,008,212	77,510	-	1,085,722
Machinery and equipment	10,774,335	667,934	457,337	10,984,932
Roads	101,938,230	6,297,316	-	108,235,546
Bridges	12,297,344	854,703	-	13,152,047
Total Capital Assets Being Depreciated/Amortized	<u>144,318,149</u>	<u>7,906,048</u>	<u>457,337</u>	<u>151,766,860</u>
Less: Accumulated depreciation/amortization for				
Buildings	(4,611,758)	(328,304)	-	(4,940,062)
Intangibles – software	(132,400)	(21,504)	-	(153,904)
Land improvements	(384,412)	(40,650)	-	(425,062)
Machinery and equipment	(8,019,961)	(486,372)	414,801	(8,091,532)
Roads	(41,649,978)	(3,038,154)	-	(44,688,132)
Bridges	(4,685,467)	(231,461)	-	(4,916,928)
Total Accumulated Depreciated/Amortized	<u>(59,483,976)</u>	<u>(4,146,445)</u>	<u>414,801</u>	<u>(63,215,620)</u>
Net Capital Assets Being Depreciated	<u>84,834,173</u>	<u>3,759,603</u>	<u>42,536</u>	<u>88,551,240</u>
Total Governmental Activities Capital Assets, Net of Depreciation/Amortization	<u>\$ 90,682,477</u>	<u>\$ 10,667,296</u>	<u>\$ 5,754,583</u>	<u>\$ 95,595,190</u>

RENVILLE COUNTY

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

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 351,606
Public safety	182,214
Public works, which includes the depreciation of roads and bridges	3,564,155
Health and human services	23,913
Culture, recreation and education	18,486
Conservation and development	<u>6,071</u>
 Total Governmental Activities Depreciation Expense	 <u>\$ 4,146,445</u>

Business-type Activities

	Beginning Balance	Additions/ Transfers In	Deletions/ Transfers Out	Ending Balance
Hospital				
Capital assets not being depreciated				
Construction in progress	\$ 80,665	\$ 1,449	\$ 80,665	\$ 1,449
Land	<u>1,253,287</u>	-	-	<u>1,253,287</u>
Total Capital Assets Not Being Depreciated	<u>1,333,952</u>	<u>1,449</u>	<u>80,665</u>	<u>1,254,736</u>
Capital assets being depreciated				
Land improvements	364,275	-	-	364,275
Building	22,096,962	5,741	-	22,102,703
Fixed equipment	291,422	-	-	291,422
Movable equipment	<u>12,875,829</u>	<u>806,270</u>	<u>359,711</u>	<u>13,322,388</u>
Total Capital Assets Being Depreciated	<u>35,628,488</u>	<u>812,011</u>	<u>359,711</u>	<u>36,080,788</u>
Less: Accumulated depreciation for				
Land improvements	(96,223)	(36,164)	-	(132,387)
Building	(3,739,700)	(1,473,933)	-	(5,213,633)
Fixed equipment	(100,591)	(43,777)	-	(144,368)
Movable equipment	<u>(7,275,571)</u>	<u>(1,236,549)</u>	<u>224,853</u>	<u>(8,287,267)</u>
Total Accumulated Depreciation	<u>(11,212,085)</u>	<u>(2,790,423)</u>	<u>224,853</u>	<u>(13,777,655)</u>
Net Hospital Capital Assets	<u>\$ 25,750,355</u>	<u>\$ (1,976,963)</u>	<u>\$ 215,523</u>	<u>\$ 23,557,869</u>

Depreciation expense of \$2,790,423 was charged to the hospital business-type activities.

RENVILLE COUNTY

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Solid Waste				
Capital assets not being depreciated				
Land	\$ 87,000	\$ _____	\$ _____	\$ 87,000
Total Capital Assets Not Being Depreciated	87,000	_____	_____	87,000
Capital assets being depreciated				
Land improvements	1,824,878	29,808	-	1,854,686
Building	172,969	-	-	172,969
Machinery and automobiles	452,007	-	-	452,007
Total Capital Assets Being Depreciated	2,449,854	29,808	-	2,479,662
Less: Accumulated depreciation for				
Land improvements	(1,582,401)	(153,760)	-	(1,736,161)
Building	(65,713)	(3,114)	-	(68,827)
Machinery and automobiles	(431,373)	(4,298)	-	(435,671)
Total Accumulated Depreciation	(2,079,487)	(161,172)	-	(2,240,659)
Net Solid Waste Capital Assets	<u>\$ 457,367</u>	<u>\$ (131,364)</u>	<u>\$ _____</u>	<u>\$ 326,003</u>
Capital Assets, net of Depreciation				
All Business-type Activities	<u>\$ 26,207,722</u>			<u>\$ 23,883,872</u>

Depreciation expense of \$161,172 was charged to the solid waste business-type activities.

RENVILLE COUNTY

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

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

E. INTERFUND 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	Welfare Fund	\$ 4,096
General Fund	Public Health	554
Road and Bridge Fund	Welfare Fund	147
Road and Bridge Fund	General Fund	22,813
Road and Bridge Fund	Ditch Fund	17,913
Road and Bridge Fund	Solid Waste	481
Road and Bridge Fund	Public Health	73
Subtotal – Fund Financial Statements		<u>46,077</u>
Less: Fund eliminations		(45,596)
Less: Interfund receivable created with internal service fund elimination		<u>(16,688)</u>
Total Internal Balances – Government-Wide Statement of Net Position		<u>\$ (16,207)</u>

All interfund receivables are expected to be repaid within one year.

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

Advances

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	Lake Allie Sewer Fund	\$ 6,000	\$ 5,000
General Fund	Ditch Fund	<u>6,080,000</u>	<u>6,080,000</u>
Subtotal – Fund financial statements		6,086,000	
Less: Fund eliminations		<u>(6,086,000)</u>	
Total Interfund Advances – Government-Wide Statement of Net Position		<u>\$ -</u>	

RENVILLE COUNTY

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

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

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

Advances (cont.)

The general fund has advanced funds to the Lake Allie sewer fund and the ditch fund. The amounts advanced were approved by the County Board and determined by cash needs in the funds. Lake Allie is repaying \$1,000 per year on the advance with 2% interest on the remaining balance through 2024. There is no repayment schedule set up for the advance to the ditch fund, however the general fund is charging 3% interest on the advances.

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Debt Service	Road and Bridges	\$ 187,263	Wheelage tax collected
Fuel Assistance	Welfare	7,140	Closing out fund
General Fund	Welfare	<u>50,000</u>	Funding for restorative justice department
Subtotal - Fund Financial Statements		244,403	
Less: Fund eliminations		<u>(244,403)</u>	
Total Transfers- Government-Wide Statement of Activities		\$ <u> </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.

RENVILLE COUNTY

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

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

F. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General obligation bonds	\$ 16,500,000	\$ -	\$ 1,435,000	\$ 15,065,000	\$ 1,465,000
General obligation notes payable	1,462,614	196,036	220,470	1,438,180	229,612
Plus: Unamortized bond premium	183,964	-	15,330	168,634	-
Subtotals	<u>18,146,578</u>	<u>196,036</u>	<u>1,670,800</u>	<u>16,671,814</u>	<u>1,694,612</u>
Other Liabilities					
AgBMP capital loans	494,042	934,943	47,779	1,381,206	127,750
Vested compensated absences	1,631,320	913,897	1,042,604	1,502,613	1,051,202
Net pension liability	10,579,566	173,198	2,981,742	7,771,022	-
Subtotals	<u>12,704,928</u>	<u>2,022,038</u>	<u>4,072,125</u>	<u>10,654,841</u>	<u>1,178,952</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 30,851,506</u>	<u>\$ 2,218,074</u>	<u>\$ 5,742,925</u>	<u>\$ 27,326,655</u>	<u>\$ 2,873,564</u>
BUSINESS-TYPE ACTIVITIES					
Mortgage Revenue Debt					
Secured Rural America bonds	\$ 4,527,511	\$ -	\$ 212,413	\$ 4,315,098	\$ 219,398
Taxable Hospital Facilities bonds	18,623,558	-	275,641	18,347,917	282,391
Subtotals	<u>23,151,069</u>	<u>-</u>	<u>488,054</u>	<u>22,663,015</u>	<u>501,789</u>
Other Liabilities					
Vested compensated absences	859,284	807,629	649,670	1,017,243	641,977
Landfill liability	2,471,484	525,575	-	2,997,059	-
Net pension liability	9,299,910	3,607,879	4,756,171	8,151,618	-
Subtotals	<u>12,630,678</u>	<u>4,941,083</u>	<u>5,405,841</u>	<u>12,165,920</u>	<u>641,977</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 35,781,747</u>	<u>\$ 4,941,083</u>	<u>\$ 5,893,895</u>	<u>\$ 34,828,935</u>	<u>\$ 1,143,766</u>

RENVILLE COUNTY

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

In accordance with Minnesota Statutes, net indebtedness of the county may not exceed 3% of the market value of taxable property within the county's jurisdiction. The debt limit as of December 31, 2018, was \$133,121,203. General obligation debt outstanding at year end was \$16,503,180.

General obligation debt payable for the county at December 31, 2018, consists of the following:

Governmental Activities General Obligation Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-18
Jail Refunding Bonds	2012	2027	2.00-2.70%	\$ 5,085,000	\$ 3,445,000
Capital Improvement Bonds	2013	2029	2.00-3.35%	9,735,000	7,555,000
Refunding Bonds	2014	2020	0.25-1.35%	1,425,000	490,000
Capital Improvement & Refunding Bonds	2016	2031	2.00-2.375%	4,105,000	3,575,000
Total Governmental Activities – General Obligation Bonds					<u>\$ 15,065,000</u>

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt	
	Principal	Interest
2019	\$ 1,465,000	\$ 364,680
2020	1,490,000	337,018
2021	1,275,000	307,168
2022	1,305,000	274,833
2023	1,340,000	241,198
2024 - 2028	6,720,000	656,230
2029 - 2031	1,470,000	37,039
Totals	<u>\$ 15,065,000</u>	<u>\$ 2,218,166</u>

RENVILLE COUNTY

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Notes payable for the county at December 31, 2018, consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-18</u>
<u>Governmental Activities</u>					
<u>Notes Payable</u>					
Note Payable	2006	2019	2%	\$ 236,920	\$ 25,870
Note Payable	2006	2020	2%	460,208	75,003
Note Payable	2007	2021	2%	260,144	69,967
Note Payable	2008	2021	2%	20,006	5,381
Note Payable	2009	2021	2%	18,073	6,049
Note Payable	2010	2023	2%	317,306	166,540
Note Payable	2011	2022	2%	152,557	64,687
Note Payable	2012	2024	2%	228,575	142,563
Note Payable	2012	2026	2%	101,258	82,585
Note Payable	2013	2024	2%	22,900	13,398
Note Payable	2013	2026	2%	318,806	260,017
Note Payable	2015	2027	2%	107,479*	107,479
Note Payable	2016	2029	2%	314,228**	314,228
Note Payable	2017	2029	2%	104,413***	104,413
Total Governmental Activities – Notes Payable					<u>\$ 1,438,180</u>

* Loan is authorized for up to \$400,000. The county has drawn \$107,479 as of December 31, 2018.

** Loan is authorized for up to \$400,000. The county has drawn \$314,228 as of December 31, 2018.

*** Loan is authorized for up to \$200,000. The county has drawn \$104,413 as of December 31, 2018.

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 229,612	\$ 19,248	
2020	220,551	22,947	
2021	183,702	18,769	
2022	169,616	15,243	
2023	156,034	11,918	
2024 – 2028	432,953	24,892	
2029	45,712	687	
Totals	\$ 1,438,180	\$ 113,704	

RENVILLE COUNTY

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Mortgage Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the hospital.

Mortgage Revenue debt payable for the county at December 31, 2018, consists of the following:

Business-type Activities Revenue Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-18
SRA Bonds Series 2014A and 2014B	2014	2044	6.31%	\$ 4,750,000	\$ 4,315,098
Taxable Bonds 2016A and 2016B	2016	2056	2.75%	19,000,000	18,347,917
Total Business-type Activities – Mortgage Revenue Bonds					\$ 22,663,015

Debt service requirements to maturity for the mortgage revenue bonds are as follows:

	Business-type Activities Mortgage Revenue Debt	
	Principal	Interest
2019	\$ 501,789	\$ 638,499
2020	516,882	623,406
2021	532,433	607,855
2022	548,454	591,834
2023	564,961	575,327
2024 – 2028	3,090,457	2,610,984
2029 – 2033	3,585,002	2,116,440
2034 – 2038	2,402,948	1,666,972
2039 – 2043	2,588,552	1,333,048
2044 – 2048	2,970,356	951,244
2049 – 2053	3,408,476	513,124
2054 – 2056	1,952,705	72,579
Totals	\$ 22,663,015	\$ 12,301,312

RENVILLE COUNTY

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

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

F. LONG-TERM OBLIGATIONS (cont.)

AgBMP Capital Loans

The county has entered into agreements with the Minnesota Department of Agriculture to provide loans to eligible farmers, rural landowners and agriculture supply businesses for projects that mitigate non-point source pollution and other adverse environmental impacts. The Department of Agriculture disburses funds to the county as the loans are issued and all funds provided to the county must be repaid, at no interest, to the Department of Agriculture.

Loans payable for the county at December 31, 2018, consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-18
<u>Governmental Activities</u>					
<u>Loans Payable</u>					
AgBMP Well Loan	2012	2029	N/A	\$ 587,287	\$ 587,287
AgBMP Ditch Loan	2018	2024	N/A	65,050	65,050
AgBMP Ditch Loan	2018	2024	N/A	25,517	25,517
AgBMP Ditch Loan	2018	2024	N/A	194,313	194,313
AgBMP Ditch Loan	2018	2024	N/A	94,563	94,563
AgBMP Ditch Loan	2018	2024	N/A	165,514	165,514
AgBMP Ditch Loan	2018	2024	N/A	177,066	177,066
AgBMP Ditch Loan	2018	2024	N/A	71,896	<u>71,896</u>
Total Governmental Activities – Loans Payable					<u>\$ 1,381,206</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Loans Payable</u>		
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 127,750	\$ -	-
2020	219,628	-	-
2021	226,283	-	-
2022	233,117	-	-
2023	233,044	-	-
2024 – 2028	332,657	-	-
2029	<u>8,727</u>	<u>-</u>	<u>-</u>
Totals	\$ 1,381,206	\$ -	-

RENVILLE COUNTY

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments of compensated absences and net pension liability are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

There are a number of limitations and restrictions contained in the general obligation bond agreements. The county believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

Under the terms of the series 2014A, 2014B, 2016A, and 2016B Bonds agreements, the hospital is required to maintain certain deposits with a trustee. Such deposits are reported as restricted cash and investments in the financial statements. The loan agreement also places limits on the incurrence of additional borrowings and requires that the hospital satisfy certain measures of financial performance. The bonds are collateralized by a mortgage on the hospital facility.

G. LEASE DISCLOSURES

Operating Lease – Lessor

Heartland Transit is leasing property from Renville County. The term of the lease is 20 years beginning January 1, 2007. Lease payments due to the county are \$23,180 per year. The agreement may be terminated by either party with six months' written notice. The leased property cost was \$107,798 and accumulated depreciation as of December 31, 2018 was \$22,633. As of January 1, 2015, this lease was replaced with a 13-year lease with Central Community Transit. Lease payments will remain at \$23,180 per year.

H. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,997,059 reported as landfill closure and postclosure care liability at December 31, 2018. The landfill has reached maximum capacity as of December 31, 2018 and is anticipated to close in 2019. The landfill closure and postclosure care liability is based on 2018 costs. Actual costs may be higher due to inflation, changes in technology, or changes in regulation.

The county is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The county is in compliance with these requirements, and, at December 31, 2018, investments of \$3,346,450 are held for these purposes. These are reported as restricted assets on the statement of net position. The county expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

RENVILLE COUNTY

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

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

I. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2018 includes the following:

Governmental Activities

Net Investment in capital assets	
Construction in progress	\$ 2,326,455
Intangible assets	4,136,675
Land	580,820
Other capital assets, net of accumulated depreciation	88,551,240
Less: capital related long-term debt outstanding	<u>(14,905,752)</u>
Total Net Investment in Capital Assets	<u>80,689,438</u>
Restricted	
Grant agreements	1,030,034
Enabling legislation – Lake Allie sewer	62,238
DNR trust	139,035
State statutes	598,041
General debt service	<u>1,366,715</u>
Total Restricted	<u>3,196,063</u>
Unrestricted	<u>6,200,206</u>
Total Governmental Activities Net Position	<u>\$ 90,085,707</u>

Long-term debt related to capital assets consists of \$3,392,981 of the 2012 GO Bonds, \$7,555,000 of the 2013 GO Capital Improvement Bonds, \$365,000 of 2014 GO Street Crossover Refunding Bonds, \$32,500 of the 2014 GO Bonds and \$3,560,271 of the 2017 Capital Improvement Bonds. The remainder of the 2005, 2012, and 2014 GO Bonds were expended on projects not capitalized.

Business-type Activities

Net Investment in capital assets	
Land	\$ 1,340,287
Construction in Progress	1,449
Other capital assets, net of accumulated depreciation	22,542,136
Less: Related long-term debt outstanding	<u>(22,663,015)</u>
Total Net Investment in Capital Assets	<u>1,220,857</u>
Restricted	
Landfill, net of liability	349,391
Debt service – hospital	784,320
Total Restricted	<u>1,133,711</u>
Unrestricted	<u>25,700,490</u>
Total Business-type Activities Net Position	<u>\$ 28,055,058</u>

RENVILLE COUNTY

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

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

I. NET POSITION/FUND BALANCES (cont.)

Governmental Activities Fund Balances

Governmental fund balances reported on the fund financial statements at December 31, 2018, include the following:

	General Fund	Road and Bridge	Welfare	Ditch	Debt Service Fund	Nonmajor Funds	Totals
Nonspendable:							
Inventories and prepaids	\$ 28,820	\$ 262,849	\$ -	\$ -	\$ -	\$ 1,190	\$ 292,859
Advances	6,086,000	-	-	-	-	-	6,086,000
Notes receivable	1,000,000	-	-	-	-	-	1,000,000
Restricted for:							
Lake Allie sewer	-	-	-	-	-	60,290	60,290
DNR trust	-	-	-	-	-	139,035	139,035
Statutory requirements	596,900	-	-	-	-	1,141	598,041
Debt service	-	-	-	-	1,477,273	-	1,477,273
Grant agreements	1,030,034	-	-	-	-	-	1,030,034
Committed to:							
Capital projects	-	-	-	-	-	960,022	960,022
Public health	-	-	-	-	-	2,647,279	2,647,279
Road and bridge	-	3,440,516	-	-	-	-	3,440,516
Human services	-	-	4,134,718	-	-	-	4,134,718
Compensated absences	628,693	321,595	312,591	-	-	239,734	1,502,613
Assigned to:							
Jail canteen	141,619	-	-	-	-	-	141,619
Veterans van purchase	21,539	-	-	-	-	-	21,539
2019 budget	49,943	-	-	-	-	-	49,943
Unassigned (Deficit):	1,201,817	-	-	(6,712,476)	-	-	(5,510,659)
Total Fund Balances	\$ 10,785,365	\$ 4,024,960	\$ 4,447,309	\$ (6,712,476)	\$ 1,477,273	\$ 4,048,691	\$ 18,071,122

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Public Employees Retirement Association (PERA)

General Information About the Pension Plan

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

1. General Employees Retirement Plan

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

2. Public Employees Police and Fire Plan

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

3. Local Government Correctional Plan

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

Benefits. 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.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

General Information About the Pension Plan (cont.)

1. General Employees Plan Benefits (cont.)

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

2. Police and Fire Plan Benefits

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

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

3. Correctional Plan Benefits

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

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

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

General Information About the Pension Plan (cont.)

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2018 and the county was required to contribute 7.50 percent for Coordinated Plan members. The county's contributions to the General Employees Fund for the year ended December 31, 2018, were \$1,405,421. The county's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Plan members were required to contribute 10.80 percent of their annual covered salary and the county was required to contribute 16.20 percent of pay for members in fiscal year 2018. The county's contributions to the Police and Fire Fund for the year ended December 31, 2018, were \$142,386. The county's contributions were equal to the required contributions as set by state statute.

3. Correctional Fund Contributions

Plan members were required to contribute 5.83 percent of their annual covered salary and the county was required to contribute 8.75 percent of pay for plan members in fiscal year 2018. The county's contributions to the Correctional Fund for the year ended December 31, 2018, were \$82,774. The county's contributions were equal to the required contributions as set by state statute.

Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2018, the county reported a liability of \$14,957,516 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 2018. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the county totaled \$504,612. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on the county's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the county's proportionate share was .26962187 percent which was a decrease of .001690 percent from its proportionate share measured as of June 30, 2017.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

General Information About the Pension Plan (cont.)

1. General Employees Fund Pension Costs (cont.)

County's proportionate share of the net pension liability	\$ 14,957,516
State of Minnesota's proportionate share of the net pension liability associated with the county	<u>504,612</u>
Total	<u>\$ 15,462,128</u>

For the year ended December 31, 2018, the county recognized pension expense of \$1,268,416 for its proportionate share of the General Employees Plan's pension expense. In addition, the county recognized an additional \$117,674 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.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 400,934	\$ 443,712
Changes in actuarial assumptions	1,455,352	1,695,952
Net collective difference between projected and actual investment earnings	-	1,512,934
Changes in proportion	178,078	427,215
Contributions paid to PERA subsequent to the measurement date	689,363	-
Total	<u>\$ 2,723,727</u>	<u>\$ 4,079,813</u>

RENVILLE COUNTY

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

EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

General Information About the Pension Plan (cont.)

1. General Employees Fund Pension Costs (cont.)

\$689,363 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	Pension	Expense	Amount
2019	\$	467,225	
2020		(941,536)	
2021		(1,258,949)	
2022		(312,189)	

2. Police and Fire Fund Pension Costs

At December 31, 2018, the county reported a liability of \$888,958 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on the county's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the county's proportionate share was .0834 percent which was a decrease of .0006 percent from its proportionate share measured as of June 30, 2017. The county also recognized \$7,506 for the year ended December 31, 2018 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014, until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

For the year ended December 31, 2018, the county recognized pension expense of \$91,209 for its proportionate share of the Police and Fire Plan's pension expense.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

General Information About the Pension Plan (cont.)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 35,979	\$ 217,773
Change of actuarial assumptions	1,099,895	1,317,863
Net collective difference between projected and actual investment earnings	-	188,754
Change in proportion	26,754	12,432
Contributions paid to PERA subsequent to the measurement date	<u>76,212</u>	<u>-</u>
 Total	 <u>\$ 1,238,840</u>	 <u>\$ 1,736,822</u>

\$76,212 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amounts</u>
2019	\$ (22,937)
2020	(64,508)
2021	(129,823)
2022	(352,643)
2023	(4,283)

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

General Information About the Pension Plan (cont.)

3. Correctional Plan Pension Costs

At December 31, 2018, the county reported a liability of \$76,166 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on the county's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the county's proportionate share was .4631 percent which was a decrease of .0369 percent from its proportionate share measured as of June 30, 2017.

For the year ended December 31, 2018, the county recognized pension expense of (\$91,940) for its proportionate share of the Correctional Plan's pension expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,990	\$ 8,790
Change of actuarial assumptions	372,399	892,865
Net collective difference between projected and actual investment earnings	-	91,368
Change in proportion	36,531	79,647
Contributions paid to PERA subsequent to the measurement date	<u>37,085</u>	<u>-</u>
Total	\$ 450,005	\$ 1,072,670

\$37,085 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amounts</u>
2019	\$ 33,807
2020	(354,384)
2021	(323,226)
2022	(15,947)

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

General Information About the Pension Plan (cont.)

Pension Costs (cont.)

3. Correctional Plan Pension Costs (cont.)

The total pension expense for all plans recognized by the county for the year ended December 31, 2018, was \$1,267,685.

Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

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

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

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

General Employees Fund

Changes in Actuarial Assumptions:

- > The mortality projection scale was changed from MP-2015 to MP-2017.
- > The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Actuarial Assumptions (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.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Actuarial Assumptions (cont.)

Correctional Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

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

Asset Class	Long-Term Real Rate of Return	Target Allocations
Domestic Stocks	5.10%	36%
International Stocks	5.30	17
Bonds	0.75	20
Alternative Assets	5.90	25
Cash	0.0	2

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Actuarial Assumptions (cont.)

Discount Rate. The discount rate used to measure the total pension liability in 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
County's proportionate share of the General Employees Fund net pension liability:	\$ 24,307,878	\$ 14,957,516	\$ 7,239,060
County's proportionate share of the Police and Fire Fund net pension liability:	1,905,982	888,958	47,922
County's proportionate share of the Correctional Fund net pension liability (asset):	651,850	76,166	(384,364)

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. All of these risks, except workers' compensation and liability insurance, are covered through the purchase of commercial insurance, with minimal deductibles. The county has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The county is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. Settled claims have not exceeded commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

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

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

C. COMMITMENTS AND CONTINGENCIES

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.

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 is 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.

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.

As of December 31, 2018, the county has commitments for road and bridge projects in progress and other contracts of approximately \$371,000.

The hospital has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1,000,000 per claim and an annual aggregate limit of \$5,000,000. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

The hospital is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretations, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulation, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services. Management believes that the hospital is in substantial compliance with current laws and regulations.

D. JOINT VENTURES

Central Community Transit (Kandiyohi Renville Transit Joint Powers)

In June 2014, the county entered into a joint powers agreement with Kandiyohi and Meeker Counties and the Cities of Litchfield and Willmar. The purpose of the Central Community Transit is to provide coordinated public transportation services. The Board consists of two representatives from each member organization. Renville County contributed \$20,000 to the project in 2018.

Current financial statements can be obtained from the Transit Director at: 1320 22nd Street SW, PO Box 186, Wilmar, MN 56201.

High Island Watershed Evaluation Project

In July 2007, the county entered into a joint powers agreement with Sibley and McLeod Counties and High Island Watershed District. The purpose of the High Island Watershed Evaluation Project is to promote water quality, improvements and management of the High Island Creek Watershed through collection of data, information sharing, education, coordination and related support to the members by assisting in the implementation and goal achievement of comprehensive water plans. The Board consists of one representative from each member organization. Federal and state funding is the primary revenue source for this program. Renville County contributed \$1,000 to the project in 2018.

Current financial statements can be obtained at: High Island Creek Clean Water Partnership, Sibley Soil & Water Conservation District, 112 5th Street, PO Box 161, Gaylord, MN 55334.

County-Based Purchasing

In March 1998, Renville County became a member of the Prime West Central County-Based Purchasing Initiative Joint Powers Board with Big Stone, Douglas, Grant, McLeod, Meeker, Pipestone, Pope, Stevens, and Traverse Counties. Renville County, in partnership with these nine counties, is organized to directly purchase health care services for county residents who are eligible for Medical Assistance and General Assistance Medical Care. County-based purchasing is the local control alternative favored for improved coordination of services to PMAP in complying with Minnesota Department of Health requirements as set forth in Minn. Stat. cbs. 62D and 62N. Funding from the state is the revenue source for this program.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

County-Based Purchasing (cont.)

Douglas County acts as fiscal agent for the Prime West Central County-Based Purchasing Initiative and reports the cash transactions as an investment trust fund on its financial statements. Complete financial information can be obtained from its administrative office at Prime West Health Systems, Douglas County Courthouse, 305 - 8th Avenue West, Alexandria, Minnesota 56308.

Southwest Minnesota Adult Mental Health Consortium Board

In November 1997, the county entered into a joint powers agreement with Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, McLeod, Meeker, Nobles, Pipestone, Redwood, Rock, Swift, and Yellow Medicine Counties; and Lincoln, Lyon, and Murray Counties represented by the Lincoln, Lyon, & Murray Human Services Board, creating and operating the Southwest Minnesota Adult Mental Health Consortium Board under the authority of Minn. Stat. § 471.59. The Board is headquartered in Windom, Minnesota, where Cottonwood County acts as fiscal host. The Board shall take actions and enter into such agreements as may be necessary to plan and develop within the Board's geographic jurisdiction, a system of care that will serve the needs of adults with serious and persistent mental illness; The governing board is composed of one board member from each of the participating counties. Financing is provided by state proceeds or appropriations for the development of the system of care.

The following is a summary of the Board's annual financial report for the year ended December 31, 2017:

Total assets	\$ 1,898,733
Total liabilities	362,847
Total net position	1,535,886
Total revenues	3,107,981
Total expenses	3,081,985
Net increase (decrease) in net position	25,996

The Board reported no long-term obligations at December 31, 2017. The 2017 financial information presented is the most current information available.

A complete financial report of the Southwest Minnesota Adult Mental Health Consortium Board can be obtained at Cottonwood County Family Services Agency, Windom, Minnesota 56101.

Crow River Organization of Water Board

In July 1999, the county entered into a joint powers agreement with Carver, Hennepin, Kandiyohi, McLeod, Meeker, Pope, Sibley, Stearns, and Wright Counties creating the Crow River Joint Powers Agreement. The agreement is authorized by Minn. Stat. §§ 103B.311 and 103B.315. The purpose of this agreement is the joint exercise of powers by the undersigned counties to promote the orderly water quality improvement and management of the Crow River Watershed through information sharing, education, coordination, and related support to the member counties by assisting in the implementation of goal achievement of comprehensive water plans which counties may develop and implement. Renville County contributed \$2,541 to the Crow River Organization in 2018.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Crow River Organization of Water Board (cont.)

The governing board is composed of one board member from each of the participating counties. Financing is provided by federal and state proceeds. Current financial statements can be obtained at: 311 Brighton Avenue, Suite C, Buffalo, MN 55313.

Brown-Lyon-Renville-Redwood Drug Task Force

The Brown-Lyon-Redwood Drug Task Force was established between Brown, Lyon, Renville and Redwood Counties and the Cities of New Ulm, Redwood Falls, and Marshall pursuant to Minn.Stat. Ch. 471.59. The Task Force was established to create a cooperative law enforcement effort that provides drug enforcement services for member organizations. The Task Force is governed by an Advisory Board consisting of one appointed member from each party. Fiscal agent responsibilities for the Task Force are with the City of New Ulm. During 2018, the county paid \$51,218 to the Task Force.

Financial statements can be obtained from: City of New Ulm, 100 North Broadway, New Ulm, MN 56073.

Supporting Hands Nurse Family Partnership

In December 2010, Renville County, along with 15 other counties, entered into the Supporting Hands Nurse Family Partnership joint powers agreement in order to fund family home visiting programs for children that meet the guidelines provided by the state. Renville County contributed \$32,213 to the Supporting Hands Nurse Family Partnership in 2018.

The governing board is composed of one representative from each of the participating counties. Upon termination of the joint powers agreement, assets of Supporting Hands Nurse Family Partnership will be divided among the participants as determined by the board.

The following is a summary of the Partnership's annual financial report for the year ended December 31, 2018:

Total assets & deferred outflows of resources	\$ 1,673,873
Total liabilities & deferred inflows of resources	1,047,079
Total net position	626,794
Total revenues	2,034,126
Total expenses	1,803,969
Net increase (decrease) in net position	230,157

The Partnership reported \$807,465 of long-term obligations (vested compensated absences and net pension obligations) at December 31, 2018.

A complete financial report of the Supporting Hands Nurse Family Partnership can be obtained at SHNFP – Renville County Public Health, 105 S. 5th Street, Suite 1194, Olivia, MN 56277.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Regional Library

Renville County, along with several cities and other counties, participates in the Pioneerland Library System in order to provide efficient and improved regional public library service. Renville County contributed \$109,475 to the regional library in 2018.

A complete financial report for the Pioneerland Library System can be obtained from its administrative offices at: 410 5th Street SW, PO Box 327, Willmar, MN 56201.

Waiver Alliance of Renville, McLeod and Meeker Counties (WARMM)

WARMM was established in October 2000, by a joint powers agreement between Renville County and two other counties. The agreement was made to develop a system of services to serve the needs of persons with developmental disabilities who are eligible for waivered services of the Medical Assistance program.

The Joint Powers Board consists of one member from each participating county. Upon dissolution of the joint powers agreement, the member counties shall share in the current liabilities and current financial assets of the organization based upon their percentage of contribution to the organization's budget.

Financial information for WARMM can be obtained from Renville County Human Services at: 105 S 5th Street, Suite 203H, Olivia, MN 56277

Southwest Minnesota Regional Radio Board

The Southwest Minnesota Regional Radio Board was established in August 2008, by joint power agreements between Renville County, twelve other counties, and two cities. The agreement was made to provide for regional administration of public safety radio communications.

The Joint Powers Board consists of one member from each participating governmental unit. Upon dissolution of the joint powers agreement, the member counties shall share in the current liabilities and current financial assets of the organization in direct proportion to their participation and contribution to the organization. Renville County contributed \$2,618 to Southwest Minnesota Regional Radio Board in 2018.

Financial information can be obtained from Lyon County Auditor/Treasurer at: 607 West Main Street, Marshall, MN 56258.

Redwood/Renville Joint Solid Waste Board

The Redwood/Renville County Joint Solid Waste Board ("RRRSWA") was established in 2012, by joint power agreements between Renville County and Redwood County. The agreement was made to facilitate development and operation of an integrated solid waste management system to protect public health and the environment; conserve resources through material recovery and transfer facilities; be in accord with the hierarchy established in Minnesota Statute 115A.02; minimize land filling; be cost effective; minimize potential liability of citizens; encourage responsibility by generators of waste; and allocate system costs equitably among those who benefit from it.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Redwood/Renville Joint Solid Waste Board (cont.)

The Joint Powers Board consists of three members from each participating governmental unit. Upon dissolution of the joint powers agreement, the remaining county may, in its discretion, purchase the withdrawing county's interest in real and personal property owned by the parties pursuant to the agreement. If the parties cannot agree, the matter shall be submitted to mandatory arbitration.

During 2013, Redwood County obtained \$2,040,000 of general obligation bonds for the joint solid waste facility. In the event that RRRSWA cannot make the annual bond payments, Redwood and Renville County will jointly be responsible to make the bond payments. Payments of principal and interest ranging from 2.0% to 3.0% are due 2014 through 2028. Any debt service payments made by the participants are not expected to be repaid by RRRSWA.

Renville County also provided a \$1,000,000 loan to RRRSWA in 2013. Annual interest on the loan is 0% and a repayment schedule have not been established.

Renville County has recorded an equity interest for its share of RRRSWA's net position. The following is a summary of the Board's annual financial report for the year ended December 31, 2018:

Total assets and deferred outflows of resources	\$ 8,581,009
Total liabilities and deferred inflows of resources	4,438,303
Total net position	4,142,706
Total revenues	2,199,202
Total expenses	2,230,417
Net increase (decrease) in net position	(31,215)

RRSWA reported \$4,039,078 of long-term obligations at December 31, 2018. Current financial statements can be obtained at: RRRSWA-Renville County 105 South 5th Street, Suite 315, Olivia, MN 56277.

Hawk Creek Watershed Project

The Hawk Creek Watershed Project board was established in December 2012, by joint power agreements between Renville County, Chippewa County, and Kandiyohi County. The agreement was made to establish a Board of Directors to organize, govern, train, equip and maintain an evaluation project to promote water quality, improvement, and management of the Hawk Creek Watershed through collection of data, information sharing, education, coordination, and related support by assisting in implementation and goal achievement of comprehensive water plans. Renville County contributed \$5,000 to the Hawk Creek Watershed Project in 2018.

The Joint Powers Board consists of one member from each participating governmental unit. Upon dissolution, all property purchased or owned pursuant to this agreement shall be sold and the proceeds thereof, together with monies on hand, shall be distributed to the current Members. Such distributions of assets shall be made in proportion to the total contribution by the respective members over the entire duration of this Agreement. Federal and state funding is the primary revenue source for this program. Audited financial information is available at: Hawk Creek Watershed Project, Renville County Courthouse, Lower Level, 500 East Depue Avenue, Olivia, MN 56277.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Kandiyohi-Renville Joint Community Health Board

The Kandiyohi - Renville Community Health Board was established in January 2013 by joint power agreements between Renville County and Kandiyohi County. The agreement was made to establish a Community Health Board and delegate certain duties to Local Boards of Health to allow the residents of each county to enjoy more efficient local public health services and provide the foundation for a strong local public health system.

Current financial statements can be obtained at: Kandiyohi County Health & Human Services, 2200 23rd Street NE, Suite 1020, Willmar, MN 56201-6600

Central Minnesota Diagnostic, Inc.

During fiscal year 2013, the Hospital entered into an agreement with Central Minnesota Diagnostic, Inc. (CMDI), a non-profit corporation, which was formed by a consortium of area hospitals (all of which are unrelated to the Hospital) to provide certain agreed-upon shared services to hospitals who are members. CMDI provides the equipment for CT scan services for the hospital's patients under a clinical services agreement through May 2019. The Hospital billed and collected the revenue for these services to patients and reimbursed CMDI \$309,123 in 2018 for the use of the equipment. Accounts payable to CMDI for these services at December 31, 2018 amounted \$27,649.

Under the terms of the clinical services agreement, certain profits are allocated to the members of CMDI based on usage, and included as members' equity. Periodically, based on CMDI's discretion, distributions of members' equity are made to members. The Hospital held 0.87% of CMDI's members' equity as of December 31, 2018. During 2018, the hospital received \$57,864 in distributions from CMDI. A gain on investment in joint venture of \$129,065 for the year ended December 31, 2018 was recorded to other operating revenue.

Summarized financial information from financial statements of CMDI at December 31, 2018 and for the year then ended is presented below.

Total assets	\$ 47,088,276
Total liabilities	9,105,150
Total members' equity	37,983,126
Total revenues	39,390,987
Net income	10,889,483

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Putting All Communities Together for Families Collaborative

Putting All Communities Together for Families Collaborative (PACT) was established in 1996 by a joint powers agreement among Kandiyohi, Meeker, Renville, and Yellow Medicine Counties. Effective January 1, 2011, an additional joint powers agreement was entered into to add McLeod County as a fifth county partner to PACT. As a result, the name was changed from PACT 4 Families Collaborative to PACT for Families Collaborative. The joint powers agreements were established to provide coordinated services to children and families.

A county may withdraw from PACT by giving a 30-day written notice to PACT; however, the contribution will remain in the integrated fund for the implementation period. In the event of termination, any property acquired as a result of the agreement and any surplus monies on hand shall be distributed to the parties of this agreement in proportion to their contributions.

Management of PACT is vested in an Executive Board composed of nine members representing all counties. The Board includes an administrative representative of social services, public health services, community corrections, school districts, two parents (one parent of a child diagnosed with a serious emotional disturbance), and three members at large, one of whom is of a mental health background. The Board appoints a fiscal agent to handle and be responsible for safekeeping the funds of PACT. McLeod County Human Services has acted as fiscal agent for PACT since January 1, 2016. The county made \$23,695 in payments to the organization in 2018.

Financial statements can be obtained from: Kandiyohi County Health & Human Services Building, 2200 – 23rd Street NE, Suite 2030, Willmar, MN 56201.

Central Minnesota Jobs and Training Services, Inc.

Central Minnesota Jobs and Training Services, Inc., (CMJTS) is a nonprofit employment and training agency and partner in the Minnesota Work Force Center System. CMJTS is a joint venture established pursuant to Minn. Stat. Ch.268 and 471.59, consisting of 11 counties in central Minnesota, including Meeker, McLeod, Renville, Kandiyohi, Kanabec, Wright, Sherburne, Mille Lacs, Isanti, Chisago, and Pine Counties and is also a partner of Workforce Service Area 5.

CMJTS's mission is to match job seekers, youth, businesses, and those seeking training with the resources available to them. Funding is to be provided through block grants from the U.S. Department of Labor. One county commissioner from each participating county is appointed to the Joint Powers Board. The county made \$142,905 in payments to the organization in 2018.

Financial statements can be obtained from: Central MN Jobs & Training, 406 East 7th Street, PO Box 720, Monticello, MN 55362.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

E. JOINTLY-GOVERNED ORGANIZATIONS

Jointly governed organizations are a regional government or multi-governmental arrangements formed to provide a variety of services and are governed by representatives of each creating government. Participants do not retain an ongoing financial interest or responsibility. The county appoints at least one member to the following organizations:

Rural Minnesota Energy Board provides planning of energy and transmission services in rural Minnesota. The county made \$2,500 in payments to the Board in 2018.

The Renville and Sibley County Fiber Cooperative provides for analyzing and assessing communications delivery and service issues affecting the parties and region.

Minnesota Valley Regional Rail Authority's purpose is to preserve and improve local rail service for agriculture, industry and passenger traffic.

The Southwest and West Central Service Cooperative provides group employee benefits in Southwest and West Central Minnesota.

The Minnesota Criminal Justice Data Communications Network, which comprises the Minnesota Department of Public Safety (DPS), the Bureau of Criminal Apprehension (BCA), together with the Renville County Sheriff, Renville County Attorney and Renville County Probation provides the county with access to the State's criminal justice data communications network (CJDN), as well as other law enforcement tools for which the county is eligible.

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

The Southwest Minnesota Immunization Information Connection (SW-MIIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. The county did not contribute to the SW-MIIC during 2018.

Counties Providing Technology was established so that parties may jointly and cooperatively provide for the development, operation and maintenance of technology. The county made payments of \$175,000 to Counties Providing Technology in 2018.

RENVILLE COUNTY

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

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

F. COMPONENT UNIT

This report contains the Renville County Housing and Redevelopment Authority (HRA), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and the statement of activities.

Basis of Accounting/Measurement Focus

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

Deposits and Investments

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

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 618,095	\$ 619,508	Custodial credit risk Interest rate risk, custodial credit risk, credit risk, concentration of credit risk
Negotiable certificates of deposit	<u>190,953</u>	<u>190,953</u>	
Total Cash and Investments	<u>\$ 809,048</u>	<u>\$ 810,461</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 727,462		
Restricted cash and investments	<u>81,586</u>		
Total Cash and Investments	<u>\$ 809,048</u>		

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. The Authority maintains a collateral agreement with its bank. At December 31, 2018, the bank had pledged various governmental securities in the amount of \$590,503 to secure the Authority's deposits.

The Authority 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.

RENVILLE COUNTY

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

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

F. COMPONENT UNIT (cont.)

Deposits and Investments (cont.)

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

- > Quoted prices for similar assets in active markets

<u>Investment Type</u>	December 31, 2018			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Negotiable certificates of deposit	\$ _____ -	\$ 190,953	\$ _____ -	\$ 190,953
Totals	\$ _____ -	\$ 190,953	\$ _____ -	\$ 190,953

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 Authority does not have any 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 Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have any investments exposed to custodial credit risk.

Minnesota statutes require that all deposits with financial institutions must be bonded or collateralized in an amount equal to 110% of deposits in excess of FDIC coverage. As of December 31, 2018, the Authority met this requirement.

Credit Risk

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

As of December 31, 2018, the Authority had negotiable certificates of deposit which were not rated.

Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Negotiable certificates of deposit	\$ 190,953	.42

RENVILLE COUNTY

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

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

F. COMPONENT UNIT (cont.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. All of the Authority's negotiable certificates of deposit are invested in Bank of India New York.

Receivables

Other receivables consist of \$2,299 of rent due from tenants and \$3 of interest receivable. There is no allowance for doubtful accounts for the year ended December 31, 2018. All receivables are expected to be collected within one year, except for \$523,157 of notes receivable.

Capital Assets

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

	Beginning Balance	Increases	Deletions	Ending Balance
Capital assets not being depreciated				
Land	<u>\$ 70,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,500</u>
Capital assets being depreciated				
Property and equipment	<u>\$ 1,615,156</u>	<u>\$ 10,564</u>	<u>\$ 858</u>	<u>\$ 1,624,862</u>
Less: Accumulated depreciation for property and equipment				
	<u>(1,226,714)</u>	<u>(57,500)</u>	<u>858</u>	<u>(1,283,356)</u>
Total Capital Assets Being Depreciated, Net	<u>388,442</u>	<u>(46,936)</u>	<u>-</u>	<u>341,506</u>
Total Business-type Activities Capital Assets, Net	<u>\$ 458,942</u>	<u>\$ (46,936)</u>	<u>\$ -</u>	<u>\$ 412,006</u>
Depreciation expense activity by program:				
Public and Indian Housing (Low Rent)				\$ 55,444
Economic Development Authority				<u>2,056</u>
Total Depreciation Expense				<u>\$ 57,500</u>

RENVILLE COUNTY

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

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

F. COMPONENT UNIT (cont.)

Long-Term Obligations

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Loans payable	\$ 123,636	\$ -	\$ -	\$ 123,636	\$ -
Compensated absences	<u>487</u>	<u>-</u>	<u>487</u>	<u>-</u>	<u>-</u>
Business-type activities					
long-term liabilities	<u>\$ 124,123</u>	<u>\$ -</u>	<u>\$ 487</u>	<u>\$ 123,636</u>	<u>\$ -</u>

On April 22, 2016, the HRA issued an MHFA loan in the amount of \$123,636. The loan has a 0% interest rate and the loan will be forgiven on April 22, 2036 as long as the HRA complies with the terms and conditions of the loan agreement.

Net Position

Net position reported on the statement of net position at December 31, 2018 includes the following:

Invested in capital assets	
Land	\$ 70,500
Other capital assets, net of accumulated depreciation	341,506
Less: related long-term debt outstanding	<u>(123,636)</u>
Total Net Investment in Capital Assets	<u>288,370</u>
Restricted for	
Revolving loan program	<u>268,754</u>
Total Restricted	<u>268,754</u>
Unrestricted	<u>1,112,818</u>
Total Net Position	<u>\$ 1,669,942</u>

Risk Management

The HRA is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The HRA has purchased commercial insurance policies to handle any losses arising from various risks. There has been no significant reduction in insurance coverage from the previous year in any of the HRA's policies. In addition, there have been no settlements in excess of the HRA's insurance coverage in any of the prior three years.

RENVILLE COUNTY

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

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

F. COMPONENT UNIT (cont.)

Contingencies

The HRA has received federal 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 financial assistance received is subject to an audit pursuant to Uniform Guidance or audits by the grantor agency.

Related Parties

The HRA is staffed by employees of Renville County. All employee payroll and related benefit activities are the responsibility of Renville County. The county also provides certain administrative services for the HRA. The HRA reimburses the county on a semi-annual basis for these costs. Renville County also provides office space to the HRA at no charge. No estimate of cost for these services is included in the financial statements.

G. CONCENTRATION OF CREDIT RISK

The Hospital Enterprise Fund grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. As of December 31, 2018, 31% of hospital accounts receivable was due from Medicare, 13% was due from Medicaid, and 39% was due from Blue Cross.

H. TAX ABATEMENTS

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The county is disclosing individual abatement agreements over \$100,000. For 2018, none of the county's agreements were above this threshold. Total abatement of taxes for the year ended December 31, 2018 was approximately \$17,000.

I. SUBSEQUENT EVENT

Over the past year, the Hospital began exploring potential opportunities to align themselves with a larger health system due to the changing dynamics facing the health care industry. Subsequently to year-end, the Hospital sent a request for proposal to multiple health systems to explore the options of becoming affiliated with a larger health system. The request for proposals are non-binding and no further action has taken place as of the date of this report.

RENVILLE COUNTY

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

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

RENVILLE COUNTY

BUDGETARY COMPARISON SCHEDULE GENERAL FUND For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 6,754,380	\$ 6,754,380	\$ 6,588,697	\$ (165,683)
Intergovernmental	1,303,577	1,303,577	1,819,153	515,576
Licenses and permits	31,750	31,750	50,761	19,011
Public charges for services	2,196,118	2,232,118	1,645,096	(587,022)
Special assessments	-	-	287,258	287,258
Investment income	200,000	200,000	301,097	101,097
Miscellaneous	381,200	381,200	391,473	10,273
Total Revenues	10,867,025	10,903,025	11,083,535	180,510
EXPENDITURES				
Current				
General Government				
Commissioners	314,243	314,243	244,583	69,660
County administrator	175,792	175,792	203,798	(28,006)
Motor vehicle	199,260	199,260	179,646	19,614
County assessor	408,202	408,202	411,097	(2,895)
Elections	223,600	223,600	253,535	(29,935)
County attorney	564,728	564,728	566,681	(1,953)
Recorder	324,521	324,521	322,230	2,291
Environment and community development	335,032	335,032	326,957	8,075
Water planning	102,863	102,863	119,476	(16,613)
Custodian	236,376	236,376	245,098	(8,722)
Facility engineer	189,814	189,814	172,964	16,850
Veterans service	222,355	222,355	218,054	4,301
County auditor	340,990	340,990	328,839	12,151
Human resources	213,429	213,429	184,136	29,293
Finance	276,139	276,139	254,298	21,841
MIS	724,112	724,112	726,037	(1,925)
Appropriations	221,570	221,570	223,526	(1,956)
Other	539,138	539,138	1,013,607	(474,469)
Total General Government	5,612,164	5,612,164	5,994,562	(382,398)
Public Safety				
Sheriff	2,305,082	2,305,082	2,323,727	(18,645)
Jail	1,872,884	1,872,884	1,787,577	85,307
E911	88,581	88,581	81,051	7,530
Coroner	30,000	30,000	26,468	3,532
Probation	127,432	127,432	130,237	(2,805)
Correctional facilities	-	50,000	25,518	24,482
Emergency management	78,250	78,250	73,790	4,460
Total Public Safety	4,502,229	4,552,229	4,448,368	103,861

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

RENVILLE COUNTY

BUDGETARY COMPARISON SCHEDULE GENERAL FUND For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
EXPENDITURES (cont.)				
Current (cont.)				
Culture, Recreation, and Education				
Parks	\$ 366,447	\$ 366,447	\$ 216,801	\$ 149,646
Regional library	109,475	109,475	109,475	-
Law library	30,000	30,000	29,713	287
Total Culture, Recreation and Education	<u>505,922</u>	<u>505,922</u>	<u>355,989</u>	<u>149,933</u>
Conservation and Development				
County extension	114,039	114,039	103,311	10,728
Ag inspector	226,531	226,531	100,631	125,900
DNR shoreland grant	2,100	2,100	1,596	504
ISTS administration grant	-	-	337,060	(337,060)
Total Conservation and Development	<u>342,670</u>	<u>342,670</u>	<u>542,598</u>	<u>(199,928)</u>
Debt Service				
Principal retirement	100,000	100,000	268,249	(168,249)
Interest and fiscal charges	-	-	21,477	(21,477)
Total Debt Service	<u>100,000</u>	<u>100,000</u>	<u>289,726</u>	<u>(189,726)</u>
Total Expenditures	<u>11,062,985</u>	<u>11,112,985</u>	<u>11,631,243</u>	<u>(518,258)</u>
Excess (deficiency) of revenues over expenditures	<u>(195,960)</u>	<u>(209,960)</u>	<u>(547,708)</u>	<u>(337,748)</u>
OTHER FINANCING SOURCES				
Long-term debt issued	-	-	337,060	337,060
Transfers in	36,000	50,000	50,000	-
Total Other Financing Sources	<u>36,000</u>	<u>50,000</u>	<u>387,060</u>	<u>337,060</u>
Net change in fund balance	<u>(159,960)</u>	<u>(159,960)</u>	<u>(160,648)</u>	<u>(688)</u>
FUND BALANCE - Beginning of Year	<u>10,946,013</u>	<u>10,946,013</u>	<u>10,946,013</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 10,786,053</u>	<u>\$ 10,786,053</u>	<u>\$ 10,785,365</u>	<u>\$ (688)</u>

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

RENVILLE COUNTY

BUDGETARY COMPARISON SCHEDULE ROAD AND BRIDGE FUND For the Year Ended December 31, 2018

	Budgeted Amounts		Variance with
	Original and Final	Actual	Final Budget
REVENUES			
Taxes	\$ 2,076,635	\$ 2,011,242	\$ (65,393)
Intergovernmental	10,718,028	12,427,156	1,709,128
Public charges for services	152,500	316,795	164,295
Investment income	50,000	60,166	10,166
Miscellaneous	23,200	13,174	(10,026)
Total Revenues	13,020,363	14,828,533	1,808,170
EXPENDITURES			
Current			
Public works	13,600,363	13,086,005	514,358
Total Expenditures	13,600,363	13,086,005	514,358
Excess (deficiency) of revenues over expenditures	(580,000)	1,742,528	2,322,528
OTHER FINANCING USES			
Transfers out	(190,000)	(187,263)	2,737
Total Other Financing Uses	(190,000)	(187,263)	2,737
Net change in fund balance	(770,000)	1,555,265	2,325,265
Change in reserve for inventories	-	(84,706)	(84,706)
FUND BALANCE - Beginning of Year	2,554,401	2,554,401	-
FUND BALANCE - END OF YEAR	\$ 1,784,401	\$ 4,024,960	\$ 2,240,559

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

RENVILLE COUNTY

BUDGETARY COMPARISON SCHEDULE WELFARE FUND

For the Year Ended December 31, 2018

	Budgeted Amounts		Variance with	
	Original and Final	Actual	Final Budget	
REVENUES				
Taxes	\$ 2,619,063	\$ 2,537,581	\$ (81,482)	
Intergovernmental	2,787,876	3,140,210	352,334	
Public charges for services	32,000	29,750	(2,250)	
Investment income	21,000	61,747	40,747	
Miscellaneous	543,159	686,425	143,266	
Total Revenues	6,003,098	6,455,713	452,615	
EXPENDITURES				
Current				
Health and human services	6,003,098	6,104,544	(101,446)	
Total Expenditures	6,003,098	6,104,544	(101,446)	
Excess of revenues over expenditures	-	351,169	351,169	
OTHER FINANCING USES				
Transfers out	-	(57,140)	(57,140)	
Total Other Financing Uses	-	(57,140)	(57,140)	
Net change in fund balance	-	294,029	294,029	
FUND BALANCE - Beginning of Year	<u>4,153,280</u>	<u>4,153,280</u>	<u>-</u>	
FUND BALANCE - END OF YEAR	\$ 4,153,280	\$ 4,447,309	\$ 294,029	

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

RENVILLE COUNTY

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

County Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with County	County and State's Proportionate Share of the Net Pension Liability Associated with County	County's Covered Payroll (b)	County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the total Pension Liability
12/31/18	6/30/18	0.2696%	\$ 14,957,516	\$ 504,612	\$ 15,462,128	\$ 18,757,501	79.74%	75.90%
12/31/17	6/30/17	0.2713%	\$ 17,320,371	224,585	\$ 17,544,956	\$ 18,314,032	94.57%	75.90%
12/31/16	6/30/16	0.2798%	\$ 22,720,673	303,457	\$ 23,024,130	\$ 18,084,491	125.64%	68.90%
12/31/15	6/30/15	0.2815%	\$ 14,713,171	n/a	\$ 14,713,171	\$ 17,424,718	84.44%	78.20%

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

County Fiscal Year End Date	Contributions in Relation to the Statutorily Required				Contributions as a Percentage of Covered Payroll	
	Statutorily Required Contributions (a)	Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Payroll (b/d)	
12/31/18	\$ 1,407,671	\$ 1,407,671	\$ -	\$ 18,846,064	7.47%	
12/31/17	1,303,246	1,303,246	-	18,268,670	7.13%	
12/31/16	1,322,466	1,322,466	-	18,405,382	7.19%	
12/31/15	1,321,402	1,321,402	-	18,063,025	7.32%	

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

RENVILLE COUNTY

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

County Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with County	County and State's Proportionate Share of the Net Pension Liability Associated with County	County's Covered Payroll (b)	County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the total Pension Liability
12/31/18	6/30/18	0.0834%	\$ 888,958	\$ 7,506	\$ 896,464	\$ 916,659	96.98%	88.80%
12/31/17	6/30/17	0.0840%	1,134,100	7,560	1,141,660	866,382	130.90%	85.40%
12/31/16	6/30/16	0.0830%	3,330,934	7,470	3,338,404	781,170	426.40%	63.90%
12/31/15	6/30/15	0.0840%	954,437	n/a	954,437	765,488	124.68%	86.60%

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

County Fiscal Year End Date	Contributions in Relation to the Statutorily Required Contributions				Contributions as a Percentage of Covered Payroll	
	Statutorily Required Contributions (a)	Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	(b/d)	
12/31/18	\$ 146,293	\$ 146,293	\$ -	\$ 903,045	16.20%	
12/31/17	140,261	140,261	-	865,693	16.20%	
12/31/16	136,105	136,105	-	840,153	16.20%	
12/31/15	129,124	129,124	-	797,062	16.20%	

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

RENVILLE COUNTY

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

County Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability (a)	County's Covered Payroll (b)	County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the total Pension Liability
12/31/18	6/30/18	0.4631%	\$ 76,166	\$ 926,101	8.22%	97.60%
12/31/17	6/30/17	0.5000%	1,425,005	966,300	147.47%	67.90%
12/31/16	6/30/16	0.4800%	1,753,507	882,134	198.78%	58.20%
12/31/15	6/30/15	0.5000%	77,300	894,393	8.64%	96.90%

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

County Fiscal Year End Date	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)			Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
		Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)		
12/31/18	\$ 75,910	\$ 75,910	\$ -	\$ 867,550	8.75%	
12/31/17	86,231	86,231	-	985,498	8.75%	
12/31/16	79,983	79,983	-	914,092	8.75%	
12/31/15	80,696	80,696	-	922,239	8.75%	

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

RENVILLE COUNTY

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

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. Changes to the overall budget must be approved by board action. Appropriations lapse at year end unless specifically carried over. The general fund budget is adopted at the department level of expenditure. The remaining fund budgets are adopted at the fund level of expenditure.

See Note II. B for information on 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 Benefit Terms. There were no changes of benefit terms for any participating employer in the PERA.

Changes in Actuarial Assumptions and Plan Provisions:

General Employees Fund

Changes in Actuarial Assumptions:

- > The mortality projection scale was changed from MP-2015 to MP-2017.
- > The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Changes in Plan Provisions:

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

See independent auditors' report.

RENVILLE COUNTY

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Correctional Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

S U P L E M E N T A R Y I N F O R M A T I O N

RENVILLE COUNTY

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

	Special Revenue					Capital Projects		Total Nonmajor Funds
	Fuel Assistance	Public Health Nurse	Forfeited Tax Sale	Lake Allie Sewer	DNR Trust	General Capital Projects		
ASSETS								
Cash and investments	\$ -	\$ 2,877,414	\$ 1,141	\$ 60,338	\$ 139,035	\$ 960,022	\$ 4,037,950	
Taxes receivable	-	8,575	-	-	-	3,124	11,699	
Accounts receivable	-	50,752	-	10,490	-	-	61,242	
Special assessments receivable	-	13,256	-	1,948	-	-	15,204	
Due from other governments	-	160,132	-	-	-	-	160,132	
Inventories and prepaid items	-	1,190	-	-	-	-	1,190	
TOTAL ASSETS	\$ -	\$ 3,111,319	\$ 1,141	\$ 72,776	\$ 139,035	\$ 963,146	\$ 4,287,417	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ 33,328	\$ -	\$ 3,858	\$ -	\$ -	\$ 37,186	
Accrued liabilities	-	61,487	-	-	-	-	61,487	
Due to other governments	-	1,326	-	680	-	-	2,006	
Due to other funds	-	627	-	-	-	-	627	
Advances from other funds	-	-	-	6,000	-	-	6,000	
Total Liabilities	-	96,768	-	10,538	-	-	107,306	
Deferred Inflows of Resources								
Grants received in advance	-	27,727	-	-	-	-	27,727	
Unavailable revenues	-	98,621	-	1,948	-	3,124	103,693	
Total Deferred Inflows of Resources	-	126,348	-	1,948	-	3,124	131,420	
Fund Balances								
Nonspendable	-	1,190	-	-	-	-	1,190	
Restricted	-	-	1,141	60,290	139,035	-	200,466	
Committed	-	2,887,013	-	-	-	960,022	3,847,035	
Total Fund Balances	-	2,888,203	1,141	60,290	139,035	960,022	4,048,691	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ -	\$ 3,111,319	\$ 1,141	\$ 72,776	\$ 139,035	\$ 963,146	\$ 4,287,417	

RENVILLE COUNTY

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

	Special Revenue					Capital Projects		
	Fuel Assistance	Public Health Nurse	Forfeited Tax Sale	Lake Allie Sewer	DNR Trust	General Capital Projects	Totals	
REVENUES								
Taxes	\$ -	\$ 681,191	\$ -	\$ -	\$ -	\$ 419,406	\$ 1,100,597	
Intergovernmental	36,942	687,861	-	-	-	9,313	734,116	
Licenses and permits	-	73,414	-	-	-	-	73,414	
Public charges for services	-	792,105	-	68,191	-	-	860,296	
Special assessments	-	-	-	845	-	-	845	
Investment income	-	43,386	-	911	-	11,695	55,992	
Miscellaneous	-	1,917	-	-	-	-	1,917	
Total Revenues	36,942	2,279,874	-	69,947	-	440,414	2,827,177	
EXPENDITURES								
Current								
Sanitation	-	-	-	48,974	-	-	48,974	
Health and human services	42,138	2,073,667	-	-	-	-	2,115,805	
Total Expenditures	42,138	2,073,667	-	48,974	-	-	2,164,779	
Excess (deficiency) of revenues over expenditures	(5,196)	206,207	-	20,973	-	440,414	662,398	
OTHER FINANCING SOURCES								
Transfers in	7,140	-	-	-	-	-	7,140	
Total Other Financing Sources	7,140	-	-	-	-	-	7,140	
Net change in fund balance	1,944	206,207	-	20,973	-	440,414	669,538	
FUND BALANCES (DEFICIT) - Beginning of Year	(1,944)	2,681,996	1,141	39,317	139,035	519,608	3,379,153	
FUND BALANCES - END OF YEAR	\$ -	\$ 2,888,203	\$ 1,141	\$ 60,290	\$ 139,035	\$ 960,022	\$ 4,048,691	

RENVILLE COUNTY

BUDGETARY COMPARISON STATEMENT PUBLIC HEALTH NURSE FUND For the Year Ended December 31, 2018

	Budgeted Amounts	Variance with	
	Original and Final	Actual	Final Budget
REVENUES			
Taxes	\$ 703,013	\$ 681,191	(21,822)
Intergovernmental	656,239	687,861	31,622
Licenses and permits	64,000	73,414	9,414
Public charges for services	714,637	792,105	77,468
Interest income	15,002	43,386	28,384
Miscellaneous	-	1,917	1,917
Total Revenues	2,152,891	2,279,874	126,983
EXPENDITURES			
Current			
Health and human services	2,192,791	2,073,667	119,124
Total Expenditures	2,192,791	2,073,667	119,124
Net change in fund balance	(39,900)	206,207	246,107
FUND BALANCE - Beginning of Year	2,681,996	2,681,996	-
FUND BALANCE - END OF YEAR	\$ 2,642,096	\$ 2,888,203	\$ 246,107

RENVILLE COUNTY

BUDGETARY COMPARISON SCHEDULE GENERAL CAPITAL PROJECTS FUND For the Year Ended December 31, 2018

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 435,000	\$ 419,406	\$ (15,594)
Intergovernmental	-	9,313	9,313
Investment income	-	11,695	11,695
Total Revenues	<u>435,000</u>	<u>440,414</u>	<u>5,414</u>
EXPENDITURES			
Current			
Capital outlay	<u>435,000</u>	<u>-</u>	<u>435,000</u>
Total Expenditures	<u>435,000</u>	<u>-</u>	<u>435,000</u>
Net change in fund balance		<u>-</u>	<u>440,414</u>
FUND BALANCE - Beginning of Year	<u>519,608</u>	<u>519,608</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 519,608</u>	<u>\$ 960,022</u>	<u>\$ 440,414</u>

RENVILLE COUNTY

BUDGETARY COMPARISON SCHEDULE DEBT SERVICE FUND For the Year Ended December 31, 2018

	Budgeted Amounts	Variance with	
	Original and Final	Actual	Final Budget
REVENUES			
Taxes	\$ 1,467,363	\$ 1,420,694	(46,669)
Intergovernmental	-	47,475	47,475
Special assessments	-	14,721	14,721
Investment income	-	12,747	12,747
Miscellaneous	114,672	114,672	-
Total Revenues	1,582,035	1,610,309	28,274
EXPENDITURES			
Debt service			
Principal retirement	1,375,000	1,435,000	(60,000)
Interest and fiscal charges	397,035	398,897	(1,862)
Total Expenditures	1,772,035	1,833,897	(61,862)
Excess (deficiency) of revenues over expenditures	(190,000)	(223,588)	(33,588)
OTHER FINANCING SOURCES			
Transfers in	190,000	187,263	(2,737)
Total Other Financing Sources	190,000	187,263	(2,737)
Net change in fund balance	-	(36,325)	(36,325)
FUND BALANCE - Beginning of Year	1,513,598	1,513,598	-
FUND BALANCE - END OF YEAR	\$ 1,513,598	\$ 1,477,273	\$ (36,325)

RENVILLE COUNTY

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

	Mortgage Registry Fund	Payroll Withholdings Agency Fund	State Deed Tax Agency Fund	Taxes and Penalties Agency Fund	Flexible Benefits Plan Agency Fund	Redwood-Renville Regional Solid Waste Agency Fund	Supporting Hands Agency Fund	Total
ASSETS								
Cash and investments	\$ 2,686	\$ 26,919	\$ 31,723	\$ 351,287	\$ 4,962	\$ 7,284	\$ 861,471	\$ 1,286,332
Accounts receivable	-	-	-	-	-	-	93,200	93,200
Due from other governments	-	-	-	-	-	-	175,446	175,446
Inventories and prepaid items	-	-	-	-	-	-	9,158	9,158
TOTAL ASSETS	\$ 2,686	\$ 26,919	\$ 31,723	\$ 351,287	\$ 4,962	\$ 7,284	\$ 1,139,275	\$ 1,564,136
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,962	\$ -	\$ -	\$ 4,962
Due to other governments	2,686	26,919	31,723	351,287	-	7,284	1,139,275	1,559,174
TOTAL LIABILITIES	\$ 2,686	\$ 26,919	\$ 31,723	\$ 351,287	\$ 4,962	\$ 7,284	\$ 1,139,275	\$ 1,564,136

RENVILLE COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS For the Year Ended December 31, 2018

	Balance January 1	Additions	Deductions	Balance December 31
<u>MORTGAGE REGISTRY TAX</u>				
<u>Assets</u>				
Cash and investments	\$ 2,296	\$ 144,239	\$ (143,849)	\$ 2,686
<u>Liabilities</u>				
Due to other governments	\$ 2,296	\$ 178,763	\$ (178,373)	\$ 2,686
<u>PAYROLL WITHHOLDINGS</u>				
<u>Assets</u>				
Cash and investments	\$ 27,350	\$ 42,801	\$ (43,232)	\$ 26,919
<u>Liabilities</u>				
Due to other governments	\$ 27,350	\$ 42,801	\$ (43,232)	\$ 26,919
<u>STATE DEED TAX</u>				
<u>Assets</u>				
Cash and investments	\$ 34,620	\$ 282,465	\$ (285,362)	\$ 31,723
<u>Liabilities</u>				
Due to other governments	\$ 34,620	\$ 415,515	\$ (418,412)	\$ 31,723

RENVILLE COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS For the Year Ended December 31, 2018

	Balance January 1	Additions	Deductions	Balance December 31
<u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and investments	\$ 708,348	\$ 34,093,646	\$ (34,450,707)	\$ 351,287
<u>Liabilities</u>				
Due to other governments	\$ 708,348	\$ 34,093,646	\$ (34,450,707)	\$ 351,287
<u>FLEXIBLE BENEFITS PLAN</u>				
<u>Assets</u>				
Cash and investments	\$ 6,404	\$ 144,312	\$ (145,754)	\$ 4,962
<u>Liabilities</u>				
Accounts payable	\$ 6,404	\$ 181,371	\$ (182,813)	\$ 4,962
<u>REDWOOD-RENVILLE REGIONAL SOLID WASTE</u>				
<u>Assets</u>				
Cash and investments	\$ 3,638	\$ 2,245,535	\$ (2,241,889)	\$ 7,284
<u>Liabilities</u>				
Due to other governments	\$ 3,638	\$ 3,579,914	\$ (3,576,268)	\$ 7,284
<u>SUPPORTING HANDS</u>				
<u>Assets</u>				
Cash and investments	\$ 454,389	\$ 1,999,985	\$ (1,592,903)	\$ 861,471
Accounts receivable	92,778	93,244	(92,822)	93,200
Due from other governments	126,949	175,446	(126,949)	175,446
Inventories and prepaid items	11,295	9,158	(11,295)	9,158
Total Assets	\$ 685,411	\$ 2,277,833	\$ (1,823,969)	\$ 1,139,275
<u>Liabilities</u>				
Due to other governments	\$ 685,411	\$ 2,277,833	\$ (1,823,969)	\$ 1,139,275
Total Liabilities	\$ 685,411	\$ 2,277,833	\$ (1,823,969)	\$ 1,139,275

RENVILLE COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended December 31, 2018

<u>TOTAL</u>	Balance January 1	Additions	Deductions	Balance December 31
<u>Assets</u>				
Cash and investments				
Cash and investments	\$ 1,237,045	\$ 38,952,983	\$ (38,903,696)	\$ 1,286,332
Accounts receivable	92,778	93,244	(92,822)	93,200
Due from other governments	126,949	175,446	(126,949)	175,446
Inventories and prepaid items	<u>11,295</u>	<u>9,158</u>	<u>(11,295)</u>	<u>9,158</u>
Total Assets	<u>\$ 1,468,067</u>	<u>\$ 39,230,831</u>	<u>\$ (39,134,762)</u>	<u>\$ 1,564,136</u>
<u>Liabilities</u>				
Accounts payable				
Accounts payable	\$ 6,404	\$ 181,371	\$ (182,813)	\$ 4,962
Due to other governments	<u>1,461,663</u>	<u>40,588,472</u>	<u>(40,490,961)</u>	<u>1,559,174</u>
Total Liabilities	<u>\$ 1,468,067</u>	<u>\$ 40,769,843</u>	<u>\$ (40,673,774)</u>	<u>\$ 1,564,136</u>

RENVILLE COUNTY

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

	General Fund	Special Revenue Funds			
		Road and Bridge	Welfare	Ditch	Fuel Assistance
SHARED REVENUE					
State					
Highway Users Tax	\$ -	\$ 11,962,806	\$ -	\$ -	\$ -
Wheelage Tax	-	187,263	-	-	-
Aquatic Invasive Species Aid	18,645	-	-	-	-
County Program Aid (HACA)	345,234	108,027	136,245	-	-
Market Value Credit Aid	192,688	58,859	75,532	-	-
Disparity Aid	27,006	8,303	10,472	-	-
PERA State Aid	54,483	9,737	23,723	-	-
Police Aid	114,551	-	-	-	-
DNR - PILT	75,062	-	-	-	-
Local Performance Aid	2,056	-	-	-	-
Out of Home Placement Aid	-	-	14,466	-	-
Riparian Protection Aid	200,000	-	-	-	-
Total Shared Revenue	<u>1,029,725</u>	<u>12,334,995</u>	<u>260,438</u>	<u>-</u>	<u>-</u>
REIMBURSEMENT FOR SERVICES					
State					
Minnesota Department of Human Services	-	-	<u>470,279</u>	-	-
Federal					
Veterans Administration	-	-	-	-	-
GRANTS					
State					
Minnesota Department Of Human Services	3,757	-	<u>988,248</u>	-	-
Natural Resources	65,181	-	-	-	-
Corrections	20,299	-	-	-	-
Water and Soil Resources	45,464	-	-	-	-
Pollution Control	36,799	-	-	-	-
POST Peace Officers Board	13,399	-	-	-	-
Public Safety	111,295	<u>92,161</u>	-	<u>486,226</u>	-
Secretary of State	70,605	-	-	-	-
Trade & Economic Development	190,808	-	-	-	-
Veterans Affairs	10,000	-	-	-	-
Total State	<u>567,607</u>	<u>92,161</u>	<u>988,248</u>	<u>486,226</u>	<u>-</u>
Federal					
U.S. Department Of Agriculture	34,594	-	<u>139,810</u>	-	-
Education	-	-	-	-	-
Health and Human Services	87,441	-	<u>1,281,435</u>	-	<u>36,942</u>
Homeland Security	27,414	-	-	-	-
Justice	27,763	-	-	-	-
Transportation	44,609	-	-	-	-
Total Federal	<u>221,821</u>	<u>-</u>	<u>1,421,245</u>	<u>-</u>	<u>36,942</u>
Total Grants	<u>789,428</u>	<u>92,161</u>	<u>2,409,493</u>	<u>486,226</u>	<u>36,942</u>
TOTAL INTERGOVERNMENTAL REVENUE					
	<u>\$ 1,819,153</u>	<u>\$ 12,427,156</u>	<u>\$ 3,140,210</u>	<u>\$ 486,226</u>	<u>\$ 36,942</u>

Special Revenue	Enterprise Fund	General	Debt	Total
Public Health	Solid	Capital	Service	Primary
Nurse	Waste	Projects	Fund	Government
\$ -	\$ -	\$ -	\$ -	\$ 11,962,806
-	-	-	-	187,263
-	-	-	-	18,645
36,574	-	-	-	626,080
20,275	-	7,573	41,607	396,534
2,812	-	1,740	5,868	56,201
-	698	-	-	88,641
-	-	-	-	114,551
-	-	-	-	75,062
-	-	-	-	2,056
-	-	-	-	14,466
-	-	-	-	200,000
<u>59,661</u>	<u>698</u>	<u>9,313</u>	<u>47,475</u>	<u>13,742,305</u>
 35,348	 - -	 - -	 - -	 505,627
 38,267	 - -	 - -	 - -	 38,267
 249,680	 - -	 - -	 - -	 1,241,685
-	-	-	-	65,181
-	-	-	-	20,299
-	-	-	-	45,464
-	67,729	-	-	104,528
-	-	-	-	13,399
-	-	-	-	689,682
-	-	-	-	70,605
-	-	-	-	190,808
-	-	-	-	10,000
<u>249,680</u>	<u>67,729</u>	<u>-</u>	<u>-</u>	<u>2,451,651</u>
 79,931	 - -	 - -	 - -	 254,335
2,262	-	-	-	2,262
222,712	-	-	-	1,628,530
-	-	-	-	27,414
-	-	-	-	27,763
-	-	-	-	44,609
<u>304,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,984,913</u>
 554,585	 67,729	 - -	 - -	 4,436,564
 \$ 687,861	 \$ 68,427	 \$ 9,313	 \$ 47,475	 \$ 18,722,763