



RENVILLE COUNTY

Olivia, Minnesota

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

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, 2019, 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 91 percent, 92 percent and 97 percent, respectively, of the assets, net position and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hospital Enterprise 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.

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Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Renville County, Minnesota as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the 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 30, 2020 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.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is fluid and cursive, with "Baker Tilly" on the top line and "US, LLP" on the bottom line.

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

**RENVILLE COUNTY
OLIVIA, MINNESOTA**
(Unaudited)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal year ended December 31, 2019

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, 2019. Readers are encouraged to use this information in conjunction with the County's financial statements.

Financial Highlights

- Renville County's total net position was \$126,953,601 as of December 31, 2019. Of this total, \$30,802,916 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 \$3,708,906, the change in net position resulted primarily from strong operating income.
- The County Governmental Activities net position increased by \$6,064,978 and the total Governmental Funds' fund balance showed an increase of \$1,512,021. The increase in fund balance is mainly due to long term debt issued to cover prior ditch improvements.
- The County Governmental Funds combined ending fund balance totaled \$19,583,143, of this total the unassigned portion is \$1,305,812. The positive change in the balance of the unassigned portion of the fund is primarily due to the Ditch Special Revenue Fund repaying its loan to the General fund with bonding proceeds during 2019.
- The bonds and notes payable of Renville County related to governmental activities decreased by \$94,692 to \$16,577,122 in 2019 due to debt service payments offset by new bonding.
- 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, 2019 was \$126,953,601. Approximately 70% or \$89,458,262, 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	
	2019	2018	2019	2018	2019
Assets:					
Current and other assets	\$ 33,034	26,361	\$ 42,075	41,866	\$ 75,109
Capital Assets	<u>99,499</u>	<u>95,595</u>	<u>21,520</u>	<u>23,883</u>	<u>121,019</u>
Total Assets	<u>132,533</u>	<u>121,956</u>	<u>63,595</u>	<u>65,749</u>	<u>196,128</u>
Deferred Outflows of Resources:					
	<u>1,518</u>	<u>2,877</u>	<u>929</u>	<u>1,535</u>	<u>2,447</u>
Liabilities:					
Long-term liabilities					
Outstanding	28,666	27,327	30,358	34,829	59,024
Other Liabilities	<u>2,534</u>	<u>2,660</u>	<u>1,492</u>	<u>1,919</u>	<u>4,026</u>
Total Liabilities	<u>31,200</u>	<u>29,987</u>	<u>31,850</u>	<u>36,748</u>	<u>63,050</u>
Deferred Inflows of Resources:					
	<u>6,700</u>	<u>4,761</u>	<u>1,871</u>	<u>2,481</u>	<u>8,571</u>
Net Position:					
Net Investment in Capital Assets	86,004	80,689	3,454	1,221	89,458
Restricted	4,691	3,197	1,311	1,134	6,002
Unrestricted	<u>5,456</u>	<u>6,200</u>	<u>26,038</u>	<u>25,701</u>	<u>31,494</u>
Total Net Position	<u>\$ 96,151</u>	<u>\$ 90,086</u>	<u>\$ 30,803</u>	<u>\$ 28,055</u>	<u>\$ 126,954</u>
					<u>\$ 118,141</u>

The unrestricted net position amount of \$31,493,394 as of December 31, 2019, may be used to meet the County's ongoing cash and financial needs.

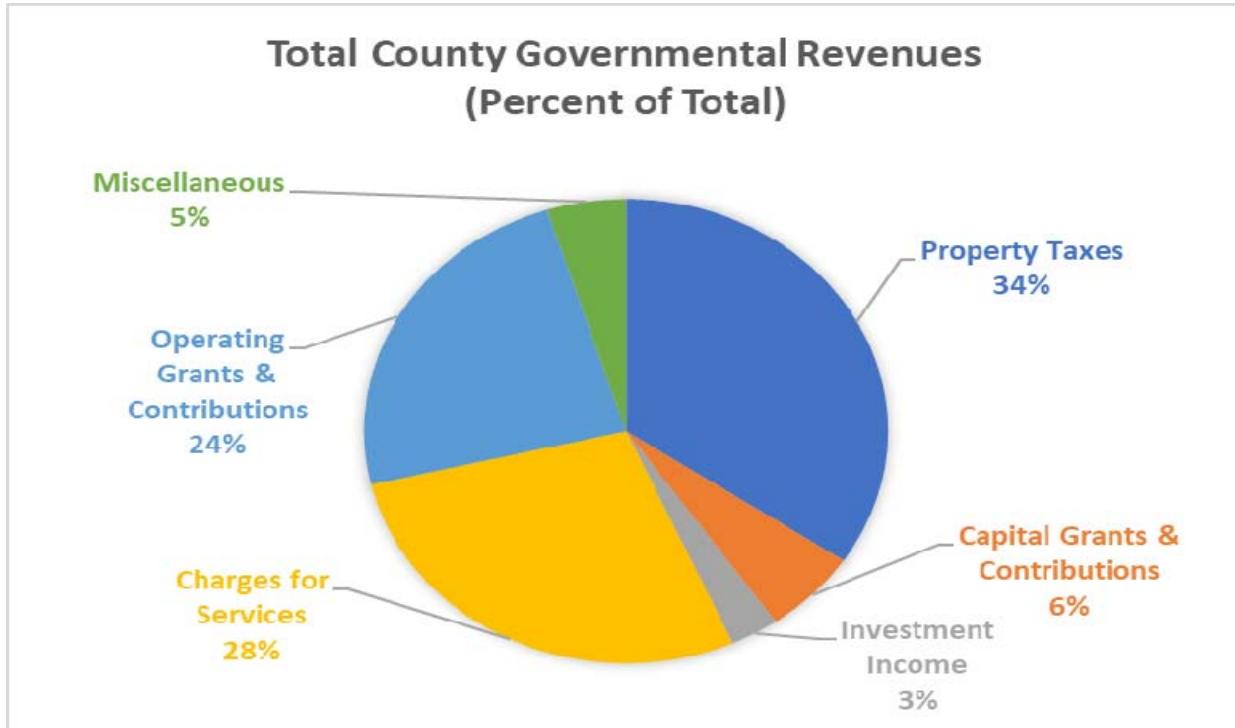
Governmental and Business-Type Activities

Renville County's governmental activities increased the County's net position during 2019 by \$6,064,978 which is approximately a 6.7% increase of the net position from January 1, 2019. (See Notes to the Financial Statements III. I.) The table below illustrates the components of this increase:

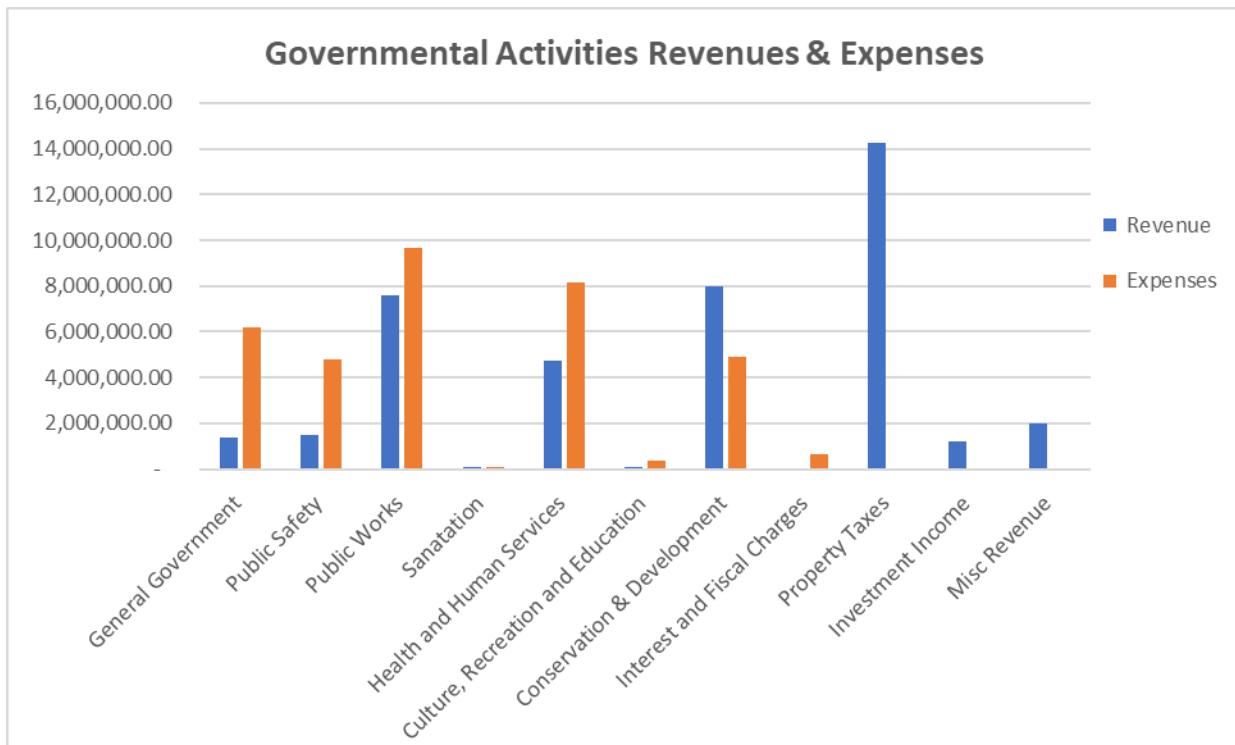
Renville County Changes in Net Position
(in thousands)

	Governmental Activities		Business Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 11,290	\$ 5,278	\$ 33,373	\$ 33,820	\$ 44,663	39,098
Operating grants & contributions	9,615	10,242	118	184	9,733	10,426
Capital grants & contributions	2,389	5,155	-	-	2,389	5,155
General revenues:						
Property taxes	14,258	13,837	-	-	14,258	13,837
Other	3,173	2,587	911	488	4,084	3,075
Total Revenues	40,725	37,100	34,402	34,492	75,127	71,592
Expenses:						
General government	6,180	6,188	-	-	6,180	6,188
Public Safety	4,768	4,375	-	-	4,768	4,375
Highways	9,639	7,641	-	-	9,639	7,641
Sanitation	61	49	-	-	61	49
Health and Human Services	8,140	8,080	-	-	8,140	8,080
Solid Waste	-	-	1,907	1,733	1,907	1,733
Hospital	-	-	29,747	28,635	29,747	28,635
Culture & recreation	352	313	-	-	352	313
Conservation	4,885	6,158	-	-	4,885	6,158
Interest	635	518	-	-	635	518
Total Expenses	34,660	33,322	31,654	30,368	66,314	63,690
Change in Net Position	<u>6,065</u>	<u>3,778</u>	<u>2,748</u>	<u>4,124</u>	<u>8,813</u>	<u>7,902</u>
Net Position – January 1	90,086	86,308	28,055	23,931	118,141	110,239
Net Position – December 31	<u>\$ 96,151</u>	<u>\$ 90,086</u>	<u>\$ 30,803</u>	<u>\$ 28,055</u>	<u>\$126,954</u>	<u>\$118,141</u>

The graph below illustrates Renville County's total revenue for 2019 by category.



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



For 2019, the Renville County Hospital, one of the business-type activities of the County, reported an increase in net position of \$3,708,906 to \$28,273,456, due to increased operating income and conservative spending practices.

Financial Analysis of the County's Major Funds

At the end of December 2019, Renville County's Governmental Funds reported combined ending fund balances of \$19,583,143, which was an increase of \$1,512,021 compared to the prior year. The unassigned portion of the fund balance is no longer negative at the end of 2019. This is due to bonds issued in 2019 for the Ditch improvement projects that had previously been completed. However, the General Fund continues to temporarily advance funds to cover the negative balance in the Ditch Fund until assessments are collected. 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 2019 was \$11,715,184 and increased by \$929,819 from the prior year. The unassigned General Fund balance at year-end of \$4,629,246 represents 39% of the total 2019 General Fund expenditures. The increase in the unassigned balance of the General Fund from the prior year was primarily due to the partial repayment of the advance from the Ditch Fund bond proceeds.

The Road & Bridge Fund balance was \$389,037 at year-end. The ending fund balance, which includes reserve for inventories, showed a decrease of \$3,635,923 at the end of 2019. This was primarily due to a large increase in grants received in advance of being earned. The inventory reserve portion decreased by \$16,654.

The Welfare Fund balance of \$4,664,321 represents 77% of the funds 2019 total expenditures. The ending fund balance increased by \$217,012 in 2019 partially due to higher than anticipated intergovernmental revenues and lower than anticipated expenditures.

The Ditch Fund balance was negative \$3,323,434 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 2019, the Debt Service Fund balance of \$1,442,727 is classified as restricted. The decrease in fund balance, from the prior year, was \$34,546.

The Hospital Funds unrestricted portion of net position of \$24,337,746 represents 86% of the total net position of \$28,273,456. This is a 6% increase from the 2018 unrestricted portion of net position of \$22,885,376, due to an increase in cash operations.

The Solid Waste Funds unrestricted portion of net position decreased to \$1,683,698 and represents 67% of the total net position of \$2,512,884. This decrease is a result of the landfill MSW portion closing at the end of 2018 and construction expenses of the cell closure in 2019. Of the total net position, \$526,431 is restricted and the balance of \$302,755 represents the net investment in capital assets.

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$1,475,981 primarily due to investment revenues and special assessment repayments of septic loans both being higher than anticipated.

Actual expenditures were higher than anticipated by \$896,897, this is partially due to an appropriation of a \$250,000 contribution to the Redwood Renville Regional Solid Waste Authority.

Capital Assets and Debt Administration

Capital Assets. Renville County's capital assets for its governmental activities at December 31, 2019 totaled \$99,499,387, net of accumulated depreciation. The County's investment in capital assets for governmental activities increased by \$5,314,679, or 6%, from 2018 due to completion of construction projects. The net investment in capital assets of the Renville County Hospital ended the year at \$3,151,390 net of accumulated depreciation, which is an increase of 350% or \$2,256,536 from 2018, this was primarily due to debt service payments. 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>2019</u>	<u>2018</u>
Land	\$ 580,820	\$ 580,820
Easements-intangibles	4,136,675	4,136,675
Infrastructure (Roads & Bridges)	68,813,037	71,782,533
Buildings	12,772,230	13,087,577
Improvements, other than bldgs.	619,915	660,660
Machinery & Equipment	3,423,451	2,893,400
Software-intangibles	105,566	127,070
Construction in Progress	<u>9,047,693</u>	<u>2,326,455</u>
Total	\$ 99,499,387	\$ 95,595,190

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 \$16,577,122 for bonds and notes payable, which includes \$153,304 in unamortized bond premium. The outstanding debt for the County's Hospital reduced to \$18,065,526 in Taxable Hospital Facilities Bonds at the end of 2019. The reduction was due to the Hospital paying off \$4,315,098 in Secured Rural American Bonds.

Renville County's Governmental Outstanding Debt

	<u>2019</u>	<u>2018</u>
General Obligation Bonds	\$15,110,000	\$15,065,000
General Obligation Capital Notes	<u>1,467,122</u>	<u>1,606,814</u>
Total	\$16,577,122	\$16,671,814

The County's debt related to general obligation bonds and notes decreased overall by \$94,692, 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 \$134,067,178 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 2020 budget, tax rates, and fees that will be charged.

- Renville County's average unemployment rate was 4.4% in 2019. This is higher than both the statewide rate of 3.0% and the national rate of 3.8%
- The Estimated Market Value of Taxable Property in the County increased to \$4,529,444,525 for 2019 payable 2020, a .52% increase from 2018. The tax capacity of residential property increased by 5.87% in 2019, while the tax capacity of agricultural property decreased by .12%.
- Renville County receives a significant amount of state and federal funding. In 2019, total intergovernmental revenue was \$13,514,488, or 39% of governmental activities spending, in comparison, intergovernmental revenue totaled \$18,722,763 in 2018.

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, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Housing and Redevelopment Authority and EDA
ASSETS				
Cash and investments	\$ 22,435,986	\$ 30,710,590	\$ 53,146,576	\$ 847,845
Taxes receivable	199,771	-	199,771	1,828
Special assessments receivable	5,431,284	47,683	5,478,967	-
Notes receivable	1,035,821	-	1,035,821	593,098
Other receivables (net)	305,226	3,612,134	3,917,360	4,949
Estimated third-party pay or settlements	-	225,000	225,000	-
Due from other governmental units	2,869,973	-	2,869,973	10,509
Internal balances	390,242	(390,242)	-	-
Prepaid items and inventories	365,423	1,002,898	1,368,321	12,379
Other assets	-	9,900	9,900	-
Restricted cash and investments	-	4,207,255	4,207,255	38,962
Equity interest in joint venture	-	2,650,314	2,650,314	-
Capital Assets				
Construction in progress	9,047,693	14,634	9,062,327	-
Intangibles	4,136,675	-	4,136,675	-
Land	580,820	1,331,191	1,912,011	62,530
Other capital assets, net of depreciation/amortization	85,734,199	20,173,846	105,908,045	299,564
Total Assets	<u>132,533,113</u>	<u>63,595,203</u>	<u>196,128,316</u>	<u>1,871,664</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	1,517,808	929,366	2,447,174	-
Total Deferred Outflows of Resources	<u>1,517,808</u>	<u>929,366</u>	<u>2,447,174</u>	<u>-</u>
LIABILITIES				
Accounts payable	1,361,215	843,955	2,205,170	13,316
Accrued liabilities and unearned revenues	768,042	633,069	1,401,111	8,082
Deposits	58,700	-	58,700	10,720
Due to other governments	347,006	15,417	362,423	-
Noncurrent liabilities				
Due within one year	3,002,679	895,812	3,898,491	1,156
Due in more than one year	25,662,902	29,462,021	55,124,923	124,054
Total Liabilities	<u>31,200,544</u>	<u>31,850,274</u>	<u>63,050,818</u>	<u>157,328</u>
DEFERRED INFLOWS OF RESOURCES				
Grants received in advance of meeting time requirements	3,168,112	34,846	3,202,958	-
Pension related amounts	3,531,580	1,631,533	5,163,113	-
Other	-	205,000	205,000	-
Total Deferred Inflows of Resources	<u>6,699,692</u>	<u>1,871,379</u>	<u>8,571,071</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	86,004,117	3,454,145	89,458,262	238,458
Restricted for:				
Landfill	-	526,431	526,431	-
Debt service	2,866,919	784,320	3,651,239	-
Statutory and grant requirements	1,824,275	-	1,824,275	-
HRA/EDA revolving loan program	-	-	-	191,281
Unrestricted	<u>5,455,374</u>	<u>26,038,020</u>	<u>31,493,394</u>	<u>1,284,597</u>
TOTAL NET POSITION	<u>\$ 96,150,685</u>	<u>\$ 30,802,916</u>	<u>\$ 126,953,601</u>	<u>\$ 1,714,336</u>

See accompanying notes to financial statements.

RENVILLE COUNTY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-type Activities	
Governmental Activities							
General government	\$ 6,179,661	\$ 933,191	\$ 428,837	\$ -	\$ (4,817,633)	\$ (4,817,633)	
Public safety	4,767,526	1,087,559	387,793	-	(3,292,174)	(3,292,174)	
Public works	9,638,815	667,040	4,524,827	2,388,425	(2,058,523)	(2,058,523)	
Sanitation	61,268	68,365	-	-	7,097	7,097	
Health and human services	8,139,577	785,108	3,933,291	-	(3,421,178)	(3,421,178)	
Culture, recreation, and education	352,356	42,537	62,717	-	(247,102)	(247,102)	
Conservation and development	4,884,735	7,706,508	276,951	-	3,098,724	3,098,724	
Interest and fiscal charges	635,435	-	-	-	(635,435)	(635,435)	
Total Governmental Activities	<u>34,659,373</u>	<u>11,290,308</u>	<u>9,614,416</u>	<u>2,388,425</u>	<u>(11,366,224)</u>	<u>(11,366,224)</u>	
Business-type Activities							
Hospital	29,746,961	32,720,429	50,449	-	-	\$ 3,023,917	3,023,917
Solid waste	1,907,468	652,354	67,912	-	-	(1,187,202)	(1,187,202)
Total Business-type Activities	<u>31,654,429</u>	<u>33,372,783</u>	<u>118,361</u>	<u>-</u>	<u>-</u>	<u>1,836,715</u>	<u>1,836,715</u>
Total Primary Government	<u>\$ 66,313,802</u>	<u>\$ 44,663,091</u>	<u>\$ 9,732,777</u>	<u>\$ 2,388,425</u>	<u>(11,366,224)</u>	<u>1,836,715</u>	<u>(9,529,509)</u>
Component Unit							
Housing and Redevelopment Authority and EDA	<u>\$ 786,523</u>	<u>\$ 71,722</u>	<u>\$ 430,583</u>	<u>\$ 37,521</u>	<u>-</u>	<u>-</u>	<u>\$ (246,697)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					6,698,149	-	6,698,149
Property taxes, levied for debt service					1,422,824	-	1,422,824
Property taxes, levied for human service activities					3,262,146	-	3,262,146
Property taxes, levied for capital projects					370,418	-	370,418
Property taxes, levied for road and bridge projects					2,440,321	-	2,440,321
Property taxes, levied for Housing and Redevelopment Authority and EDA					-	-	259,976
Penalties and interest					56,065	-	56,065
Other taxes					7,802	-	7,802
Intergovernmental revenues not restricted to specific programs					1,095,595	-	1,095,595
Investment income					1,209,161	773,272	1,982,433
Gain on disposal of capital assets					-	-	16,334
Gain from joint venture					-	137,871	137,871
Miscellaneous					868,721	-	868,721
Total General Revenues					<u>17,431,202</u>	<u>911,143</u>	<u>18,342,345</u>
Change in Net Position					6,064,978	2,747,858	8,812,836
NET POSITION - Beginning of Year					<u>90,085,707</u>	<u>28,055,058</u>	<u>118,140,765</u>
NET POSITION - END OF YEAR					<u>\$ 96,150,685</u>	<u>\$ 30,802,916</u>	<u>\$ 126,953,601</u>
							<u>\$ 1,714,336</u>

See accompanying notes to financial statements.

RENVILLE COUNTY

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2019

	General Fund	Road and Bridge Special Revenue Fund	Welfare Special Revenue Fund
ASSETS			
Cash and investments	\$ 6,981,058	\$ 3,384,420	\$ 4,694,430
Receivables			
Taxes	96,686	30,834	37,941
Accounts	34,228	22,799	55,547
Special assessments	1,632,212	-	-
Notes	1,035,821	-	-
Interest	136,471	-	-
Due from other governments	363,211	1,704,396	404,506
Due from other funds	410,880	39,068	-
Advances to other funds	3,505,000	-	-
Inventories and prepaid items	-	246,195	-
TOTAL ASSETS	\$ 14,195,567	\$ 5,427,712	\$ 5,192,424
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 252,122	\$ 668,171	\$ 189,060
Accrued liabilities	287,676	98,392	139,513
Deposits	10,000	-	-
Due to other governments	55,463	16,201	47,657
Due to other funds	14,300	-	4,304
Advances from other funds	-	-	-
Total Liabilities	619,561	782,764	380,534
Deferred Inflows of Resources			
Grants received in advance of meeting time requirements	-	3,152,823	-
Unavailable revenues	1,860,822	1,103,088	147,569
Total Deferred Inflows of Resources	1,860,822	4,255,911	147,569
Fund Balances (Deficit)			
Nonspendable	4,505,000	246,195	-
Restricted	1,524,379	-	-
Committed	607,626	142,842	4,664,321
Assigned	448,933	-	-
Unassigned (deficit)	4,629,246	-	-
Total Fund Balances (Deficit)	11,715,184	389,037	4,664,321
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,195,567	\$ 5,427,712	\$ 5,192,424

See accompanying notes to financial statements.

Ditch Special Revenue Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 526,713	\$ 1,442,727	\$ 4,713,477	\$ 21,742,825
-	19,857	14,453	199,771
-	-	56,138	168,712
2,225,176	1,559,670	14,226	5,431,284
-	-	-	1,035,821
-	-	-	136,471
222,844	-	175,016	2,869,973
-	-	-	449,948
-	-	-	3,505,000
-	-	-	246,195
<u>\$ 2,974,733</u>	<u>\$ 3,022,254</u>	<u>\$ 4,973,310</u>	<u>\$ 35,786,000</u>

\$ 231,796	\$ -	\$ 18,954	\$ 1,360,103
9,833	-	66,639	602,053
48,700	-	-	58,700
193,322	-	34,363	347,006
24,526	-	-	43,130
3,500,000	-	5,000	3,505,000
<u>4,008,177</u>	<u>-</u>	<u>124,956</u>	<u>5,915,992</u>

-	-	15,289	3,168,112
2,289,990	1,579,527	137,757	7,118,753
<u>2,289,990</u>	<u>1,579,527</u>	<u>153,046</u>	<u>10,286,865</u>

-	-	-	4,751,195
-	1,442,727	298,926	3,266,032
-	-	4,396,382	9,811,171
-	-	-	448,933
(3,323,434)	-	-	1,305,812
<u>(3,323,434)</u>	<u>1,442,727</u>	<u>4,695,308</u>	<u>19,583,143</u>

\$ 2,974,733 \$ 3,022,254 \$ 4,973,310 \$ 35,786,000

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, 2019

Total fund balance - governmental funds	\$ 19,583,143
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.	99,499,387
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.	
Property taxes receivable	199,771
Special assessments	5,431,284
Due from other governments	1,380,973
Notes receivable	35,821
Interest receivable	24,298
Accounts receivable	46,606
	7,118,753
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	1,517,808
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(3,531,580)
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.	784,090
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	(15,110,000)
General obligation notes payable	(1,313,818)
AGBMP capital loan payable	(2,939,162)
Accrued interest on general obligation debt	(155,335)
Unamortized debt premium	(153,304)
Net pension liability	(7,645,534)
Vested employee benefits	(1,503,763) (28,820,916)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$ 96,150,685

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, 2019

	General Fund	Road and Bridge Special Revenue Fund	Welfare Special Revenue Fund
REVENUES			
Taxes	\$ 6,743,950	\$ 2,248,878	\$ 2,583,717
Intergovernmental	1,574,755	7,703,240	2,986,166
Licenses and permits	141,335	-	-
Public charges for services	2,125,165	272,454	21,616
Special assessments	310,716	-	-
Investment income	943,503	92,585	88,958
Miscellaneous	528,498	19,962	604,494
Total Revenues	<u>12,367,922</u>	<u>10,337,119</u>	<u>6,284,951</u>
EXPENDITURES			
Current			
General government	5,697,957	-	-
Public safety	4,684,595	-	-
Public works	-	13,772,082	-
Sanitation	-	-	-
Health and human services	-	-	6,067,939
Culture, recreation, and education	369,249	-	-
Conservation and development	670,731	-	-
Capital Outlay	-	-	-
Debt Service			
Principal retirement	376,454	-	-
Interest and fiscal charges	39,795	-	-
Total Expenditures	<u>11,838,781</u>	<u>13,772,082</u>	<u>6,067,939</u>
Excess (deficiency) of revenues over expenditures	<u>529,141</u>	<u>(3,434,963)</u>	<u>217,012</u>
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	400,678	-	-
Transfers in	-	-	-
Transfers out	-	(184,306)	-
Total Other Financing Sources (Uses)	<u>400,678</u>	<u>(184,306)</u>	<u>-</u>
Net change in fund balance	929,819	(3,619,269)	217,012
Change in reserve for inventories	-	(16,654)	-
FUND BALANCES (DEFICIT) - Beginning of Year	<u>10,785,365</u>	<u>4,024,960</u>	<u>4,447,309</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 11,715,184</u>	<u>\$ 389,037</u>	<u>\$ 4,664,321</u>

See accompanying notes to financial statements.

Ditch Special Revenue Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 1,418,687	\$ 1,102,088	\$ 14,097,320
361,246	46,924	774,245	13,446,576
-	-	79,099	220,434
-	-	786,133	3,205,368
4,725,511	22,324	984	5,059,535
-	15,102	88,408	1,228,556
3,234	112,772	33,156	1,302,116
<u>5,089,991</u>	<u>1,615,809</u>	<u>2,864,113</u>	<u>38,559,905</u>
-	-	-	5,697,957
-	-	-	4,684,595
-	-	-	13,772,082
-	-	61,388	61,388
-	-	2,135,054	8,202,993
-	-	-	369,249
4,373,068	-	-	5,043,799
-	-	21,054	21,054
67,753	1,465,000	-	1,909,207
244,900	372,012	-	656,707
<u>4,685,721</u>	<u>1,837,012</u>	<u>2,217,496</u>	<u>40,419,031</u>
404,270	(221,203)	646,617	(1,859,126)
2,984,772	2,351	-	3,387,801
-	184,306	-	184,306
-	-	-	(184,306)
<u>2,984,772</u>	<u>186,657</u>	<u>-</u>	<u>3,387,801</u>
3,389,042	(34,546)	646,617	1,528,675
-	-	-	(16,654)
(6,712,476)	1,477,273	4,048,691	18,071,122
<u>\$ (3,323,434)</u>	<u>\$ 1,442,727</u>	<u>\$ 4,695,308</u>	<u>\$ 19,583,143</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, 2019

Net change in fund balances - total governmental funds	\$ 1,528,675
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The following differ in their presentation in the two statements:	
Capital outlay is reported as an expenditure in the fund financial statements but is	
Some items reported as capital outlay were not capitalized	21,054
Current expenditures capitalized in the government-wide statements	8,252,749
Depreciation is reported in the government-wide statements	(4,359,558)
Net book value of assets disposed of	(10,048)
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	38,711
Special assessments	3,004,729
Due from other governments	(814,628)
Due from other funds	-
Accounts receivable	12,272
Interest receivable	(18,992)
Notes receivable	(25,355)
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.	
	(1,699)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	
Debt issued	(3,387,801)
Principal payments	1,909,207
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.	
	(16,654)
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
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	(1,150)
Accrued interest on debt	6,850
Net pension liability (and pension related deferred outflows/inflows of resources)	<u>(88,714)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	
	<u>\$ 6,064,978</u>

See accompanying notes to financial statements.

RENVILLE COUNTY

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

	Enterprise Funds			Governmental Activities -	
				Internal	Service Fund -
	Hospital	Solid Waste	Total	Health Insurance	
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 30,710,590	\$ -	\$ 30,710,590	\$ 693,161	
Accounts receivable, net	3,608,767	3,367	3,612,134	43	
Special assessments receivable	-	47,683	47,683	-	
Estimated third-party pay or settlements	225,000	-	225,000	-	
Prepaid items	262,250	34,846	297,096	119,228	
Inventories	705,802	-	705,802	-	
Total Current Assets	35,512,409	85,896	35,598,305	812,432	
NONCURRENT ASSETS					
Other assets	9,900	-	9,900	-	
Restricted cash and investments	784,320	3,422,935	4,207,255	-	
Equity interest in joint venture	441,090	2,209,224	2,650,314	-	
Capital assets					
Construction in progress	14,634	-	14,634	-	
Land	1,244,191	87,000	1,331,191		
Plant in service	35,244,720	2,479,662	37,724,382	-	
Accumulated depreciation	(15,286,629)	(2,263,907)	(17,550,536)	-	
Total Noncurrent Assets	22,452,226	5,934,914	28,387,140	-	
Total Assets	57,964,635	6,020,810	63,985,445	812,432	
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	914,507	14,859	929,366	-	
Total Deferred Outflows of Resources	914,507	14,859	929,366	-	
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	780,243	63,712	843,955	1,112	
Accrued expenses	625,854	-	625,854	10,654	
Unearned revenues	7,215	-	7,215	-	
Current portion of compensated absences	605,543	-	605,543	-	
Current portion of long-term debt	290,269	-	290,269	-	
Due to other governments	-	15,417	15,417	-	
Due to other funds	-	406,818	406,818	-	
Total Current Liabilities	2,309,124	485,947	2,795,071	11,766	
NONCURRENT LIABILITIES					
Accrued compensated absences	396,359	-	396,359	-	
Landfill liability	-	2,896,504	2,896,504	-	
Net pension liability	8,315,279	78,622	8,393,901	-	
Long-term debt	17,775,257	-	17,775,257	-	
Total Noncurrent Liabilities	26,486,895	2,975,126	29,462,021	-	
Total Liabilities	28,796,019	3,461,073	32,257,092	11,766	
DEFERRED INFLOWS OF RESOURCES					
Grants received in advance	-	34,846	34,846	-	
Pension related amounts	1,604,667	26,866	1,631,533	-	
Other	205,000	-	205,000	-	
Total Deferred Inflows of Resources	1,809,667	61,712	1,871,379	-	
NET POSITION					
Net investment in capital assets	3,151,390	302,755	3,454,145	-	
Restricted for landfill	-	526,431	526,431	-	
Restricted for debt service	784,320	-	784,320	-	
Unrestricted	24,337,746	1,683,698	26,021,444	800,666	
TOTAL NET POSITION	\$ 28,273,456	\$ 2,512,884	\$ 30,786,340	\$ 800,666	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			16,576		
Net Position of Business-Type Activities			\$ 30,802,916		

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, 2019

	Enterprise Funds			Governmental Activities -	
				Internal Service Fund -	
	Hospital	Solid Waste	Total	Health Insurance	
OPERATING REVENUES					
Special assessments	\$ -	\$ 575,797	\$ 575,797	\$ -	-
Intergovernmental	-	67,912	67,912	-	-
Charges for service	29,559,472	76,233	29,635,705	1,084,106	
Other revenue	3,160,957	324	3,161,281	3,927	
Total Operating Revenues	32,720,429	720,266	33,440,695	1,088,033	
OPERATING EXPENSES					
Public works	-	1,884,108	1,884,108	-	-
Nursing services	7,364,042	-	7,364,042	-	-
Other professional services	12,440,144	-	12,440,144	-	-
General services	1,039,243	-	1,039,243	-	-
Dietary	467,335	-	467,335	-	-
Administrative and fiscal services	4,891,718	-	4,891,718	-	-
Depreciation	2,890,111	23,248	2,913,359	-	-
Claims/insurance expense	-	-	-	1,089,844	
Total Operating Expenses	29,092,593	1,907,356	30,999,949	1,089,844	
Operating Income (Loss)	3,627,836	(1,187,090)	2,440,746	(1,811)	
NONOPERATING REVENUES (EXPENSES)					
Investment income	684,989	88,283	773,272	-	-
Interest and fiscal charges	(645,272)	-	(645,272)	-	-
Noncapital contributions and grants	50,449	-	50,449	-	-
Gain from joint venture	-	137,871	137,871	-	-
Loss on disposal of capital assets	(9,096)	-	(9,096)	-	-
Total Nonoperating Revenue (Expenses)	81,070	226,154	307,224	-	
Change in Net Position	3,708,906	(960,936)	2,747,970	(1,811)	
NET POSITION – Beginning of Year	24,564,550	3,473,820	28,038,370	802,477	
NET POSITION – END OF YEAR	\$ 28,273,456	\$ 2,512,884	\$ 30,786,340	\$ 800,666	
CHANGE IN NET POSITION - Enterprise Funds					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			\$ 2,747,970		
Change in Net Position of Business-Type Activities			<u>(112)</u>		
			<u>\$ 2,747,858</u>		

See accompanying notes to financial statements.

RENVILLE COUNTY

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

	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	\$ 28,767,120	\$ -	\$ 28,767,120	\$ -
Cash received from customers	-	728,644	728,644	1,089,851
Cash paid to suppliers for goods and services	(11,226,466)	(1,516,616)	(12,743,082)	(1,088,141)
Cash paid to employees for services	(14,424,806)	(31,860)	(14,456,666)	-
Other receipts	2,994,813	-	2,994,813	-
Net Cash Flows From Operating Activities	6,110,661	(819,832)	5,290,829	1,710
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Noncapital contributions and grants	50,449	-	50,449	-
Net Cash Flows From Noncapital Financing Activities	50,449	-	50,449	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Equity distribution from Joint Venture	88,997	-	88,997	-
Investment income	687,839	88,283	776,122	-
Net Cash Flows From Investing Activities	776,836	88,283	865,119	-
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(4,597,489)	-	(4,597,489)	-
Interest paid	(645,272)	-	(645,272)	-
Proceeds from sale of capital assets	-	-	-	-
Acquisition and construction of capital assets	(558,254)	-	(558,254)	-
Net Cash Flows From Capital and Related Financing Activities	(5,801,015)	-	(5,801,015)	-
Net Increase in Cash and Cash Equivalents	1,136,931	(731,549)	405,382	1,710
CASH AND CASH EQUIVALENTS - Beginning of Year	30,357,979	4,154,484	34,512,463	691,451
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 31,494,910</u>	<u>\$ 3,422,935</u>	<u>\$ 34,917,845</u>	<u>\$ 693,161</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	\$ 3,627,836	\$ (1,187,090)	\$ 2,440,746	\$ (1,811)	
Adjustments to Reconcile Operating Income					
Net Cash Flows From Operating Activities					
Noncash items included in operating income					
Depreciation	2,890,111	23,248	2,913,359		-
Equity earnings in investment in joint venture	(212,543)	-	(212,543)		-
Provision for uncollectible accounts	789,690	-	789,690		-
Decrease in landfill liability	-	(100,555)	(100,555)		-
Change in assets, liabilities and deferred outflows and inflows of resources					
Receivables	(1,542,858)	7,397	(1,535,461)		1,818
Inventories	48,031	-	48,031		-
Prepaid items	85,700	(981)	84,719		(5,444)
Accounts payable	135,431	38,958	174,389		943
Due to other funds	-	406,337	406,337		-
Unearned revenue	7,215	981	8,196		-
Accrued expenses	36,634	-	36,634		6,204
Pension related deferrals and liabilities	245,414	(8,127)	237,287		-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 6,110,661	\$ (819,832)	\$ 5,290,829	\$ 1,710	
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION					
Cash and investments - statement of net position	\$ 30,710,590	\$ -	\$ 30,710,590	\$ 693,161	
Restricted cash and investments	784,320	3,422,935	4,207,255		-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 31,494,910	\$ 3,422,935	\$ 34,917,845	\$ 693,161	

NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES

None.

RENVILLE COUNTY

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2019

	Agency Fund Totals
ASSETS	
Cash and investments	\$ 1,583,584
Accounts receivable	59,493
Due from other governments	<u>152,413</u>
TOTAL ASSETS	<u>\$ 1,795,490</u>
LIABILITIES	
Accounts payable	\$ 10,086
Due to other governments	<u>1,785,404</u>
TOTAL LIABILITIES	<u>\$ 1,795,490</u>

RENVILLE COUNTY

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RENVILLE COUNTY

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of 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 three methods, discrete presentation, blending, or fiduciary. 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 and Economic Development Authority

The government-wide financial statements include the Renville County Housing and Redevelopment Authority and Economic Development 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, 2019. Separately issued financial statements may be obtained from the Executive Director at 105 South 5th St. Suite 318, Olivia, MN 56277. See Note IV.F.

RENVILLE COUNTY

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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, 2019

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

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

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.

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 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).

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, 2019

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, 2019

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, 2019

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, 2019

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

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

1. Deposits and Investments (cont.)

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, 2019

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, 2019, the allowance for doubtful accounts for self-pay patients was approximately \$766,000. The increase in the allowance for doubtful accounts was the result of an increase in self pay accounts greater than 90 days which increased \$310,000 in 2019. The Hospital has not materially changed its charity care or uninsured discount policies during 2019. 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, 2019

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

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

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 \$9,900 as of December 31, 2019.

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, 2019

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

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

6. 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, 2019

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

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

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, 2019 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, 2019

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

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

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, 2019

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

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

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, 2019, the unrestricted fund balance for the General Fund was 46% of operating revenues.

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.

RENVILLE COUNTY

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

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, Lake Allie sewer, forfeited tax sale and DNR Trust funds.

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

The following individual funds had 2019 expenditures and other financing uses in excess of appropriations:

Fund	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Expenditures and Other Financing Uses
General Fund	\$ 10,941,884	\$ 11,838,781	\$ 896,897
Road and Bridge Fund	13,436,626	13,956,388	519,762
Debt Service Fund	1,770,278	1,837,012	66,734

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, 2019, the following fund held a deficit balance:

Fund	Amount	Reason
Ditch Special Revenue Fund	\$ 3,323,434	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, 2019

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	\$ 25,018,303	\$ 26,457,877	Custodial credit risk
U.S. treasuries	3,574,088	3,574,088	Custodial credit risk, Interest rate risk
U.S. agencies – explicitly guaranteed	7,010,632	7,010,632	Custodial credit risk, Interest rate risk
U.S. agencies – implicitly guaranteed	459,441	459,441	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
MAGIC	22,872,301	22,872,301	Credit risk, interest rate risk
Petty cash	2,650	-	N/A
Total Cash and Investments	\$ 58,937,415	\$ 60,374,339	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 53,146,576		
Restricted cash and investments	4,207,255		
Per statement of assets and liabilities			
Agency funds	1,583,584		
Total Cash and Investments	\$ 58,937,415		

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, 2019, the banks had pledged various government securities in the amount of \$8,004,278 to secure the county's deposits.

RENVILLE COUNTY

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

The 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, 2019			
	Level 1	Level 2	Level 3	Total
U.S. agencies – explicitly guaranteed	\$ -	\$ 7,010,632	\$ -	\$ 7,010,632
U.S. agencies – implicitly guaranteed	-	459,441	-	459,441
U.S. treasuries	-	3,574,088	-	3,574,088
Totals	\$ -	\$ 11,044,161	\$ -	\$ 11,044,161

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, 2019, 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, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2019, the county's investments were rated as follows:

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

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 no concentrations of investments over 5% as of December 31, 2019.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. As of December 31, 2019, the county's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. treasuries	\$ 3,574,088	1.81
U.S. agencies – explicitly guaranteed	7,010,632	11.97
U.S. agencies – implicitly guaranteed	459,441	0.04
MAGIC	<u>22,872,301</u>	0.10
Total Fair Value	<u>\$ 33,916,462</u>	
Portfolio weighted average maturity		2.73

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, 2019

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

B. RECEIVABLES

Receivables as of December 31, 2019, for the county's governmental activities are as follows:

Fund	Net Receivables	Amounts Not Expected to Be Collected Within One Year
Governmental Activities		
Taxes	\$ 199,771	\$ 99,886
Special assessments	5,431,284	4,646,043
Notes receivable	1,035,821	1,035,821
Other receivables	305,226	-
Due from other governments	<u>2,869,973</u>	<u>-</u>
 Total Governmental Activities	 <u>\$ 9,842,075</u>	 <u>\$ 5,781,750</u>

The estimated uncollectible accounts are \$766,000 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	\$ -	\$ 199,771
Due from other governments	-	1,380,973
Special assessments	-	5,431,284
Accrued interest	-	24,298
Accounts receivable	-	46,606
Grants received but not earned	3,168,112	-
Notes	<u>-</u>	<u>35,821</u>
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 3,168,112</u>	 <u>\$ 7,118,753</u>

RENVILLE COUNTY

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

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 39% and 20% of the Hospital's net patient service revenue for the year ended December 31, 2019. Revenue from Blue Cross accounted for approximately 17% for the year ended December 31, 2019.

RENVILLE COUNTY

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

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 \$50,000 for the year ended December 31, 2019, 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 \$29,559,472 consist of \$49,618,340 of total patient service revenues reduced by \$789,690 of provision for uncollectible accounts and \$19,269,178 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, 2019, investments of \$3,422,935 are held for these purposes. See Note III.H.

The hospital enterprise fund has \$784,320 of restricted assets related to bond requirements.

RENVILLE COUNTY

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

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 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	\$ 2,326,455	\$ 7,587,024	\$ 865,786	\$ 9,047,693
Intangibles – easements	4,136,675	-	-	4,136,675
Land	580,820	-	-	580,820
Total Capital Assets Not Being Depreciated	<u>\$ 7,043,950</u>	<u>\$ 7,587,024</u>	<u>\$ 865,786</u>	<u>\$ 13,765,188</u>
Capital assets being depreciated/amortized				
Buildings	\$ 18,027,639	\$ 13,193	\$ -	\$ 18,040,832
Intangibles – software	280,974	-	-	280,974
Land improvements	1,085,722	-	-	1,085,722
Machinery and equipment	10,984,932	1,109,164	444,194	11,649,902
Roads	108,235,546	-	-	108,235,546
Bridges	13,152,047	430,208	17,751	13,564,504
Total Capital Assets Being Depreciated/Amortized	<u>151,766,860</u>	<u>1,552,565</u>	<u>461,945</u>	<u>152,857,480</u>
Less: Accumulated depreciation/amortization for				
Buildings	(4,940,062)	(328,540)	-	(5,268,602)
Intangibles – software	(153,904)	(21,504)	-	(175,408)
Land improvements	(425,062)	(40,745)	-	(465,807)
Machinery and equipment	(8,091,532)	(569,065)	434,146	(8,226,451)
Roads	(44,688,132)	(3,138,851)	-	(47,826,983)
Bridges	(4,916,928)	(260,853)	17,751	(5,160,030)
Total Accumulated Depreciated/Amortized	<u>(63,215,620)</u>	<u>(4,359,558)</u>	<u>451,897</u>	<u>(67,123,281)</u>
Net Capital Assets Being Depreciated	<u>88,551,240</u>	<u>(2,806,993)</u>	<u>10,048</u>	<u>85,734,199</u>
Total Governmental Activities Capital Assets, Net of Depreciation/Amortization	<u>\$ 95,595,190</u>	<u>\$ 4,780,031</u>	<u>\$ 875,834</u>	<u>\$ 99,499,387</u>

RENVILLE COUNTY

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

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 358,632
Public safety	200,744
Public works, which includes the depreciation of roads and bridges	3,748,987
Health and human services	23,722
Culture, recreation and education	19,523
Conservation and development	<u>7,950</u>
 Total Governmental Activities Depreciation Expense	 <u>\$ 4,359,558</u>

Business-type Activities

	Beginning Balance	Additions/ Transfers In	Deletions/ Transfers Out	Ending Balance
Hospital				
Capital assets not being depreciated				
Construction in progress	\$ 1,449	\$ 13,185	\$ -	\$ 14,634
Land	<u>1,253,287</u>	<u>-</u>	<u>9,096</u>	<u>1,244,191</u>
Total Capital Assets Not Being Depreciated	<u>1,254,736</u>	<u>13,185</u>	<u>9,096</u>	<u>1,258,825</u>
Capital assets being depreciated				
Land improvements	364,275	14,672	22,310	356,637
Building	22,102,703	10,264	-	22,112,967
Fixed equipment	291,422	-	-	291,422
Movable equipment	<u>13,322,388</u>	<u>520,133</u>	<u>1,358,827</u>	<u>12,483,694</u>
Total Capital Assets Being Depreciated	<u>36,080,788</u>	<u>545,069</u>	<u>1,381,137</u>	<u>35,244,720</u>
Less: Accumulated depreciation for				
Land improvements	(132,387)	(38,201)	22,309	(148,279)
Building	(5,213,633)	(1,474,340)	-	(6,687,973)
Fixed equipment	(144,368)	(43,778)	-	(188,146)
Movable equipment	<u>(8,287,267)</u>	<u>(1,333,792)</u>	<u>1,358,828</u>	<u>(8,262,231)</u>
Total Accumulated Depreciation	<u>(13,777,655)</u>	<u>(2,890,111)</u>	<u>1,381,137</u>	<u>(15,286,629)</u>
Net Hospital Capital Assets	<u>\$ 23,557,869</u>	<u>\$ (2,331,857)</u>	<u>\$ 9,096</u>	<u>\$ 21,216,916</u>

Depreciation expense of \$2,890,111 was charged to the hospital business-type activities.

RENVILLE COUNTY

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (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	1,854,686	- -	- -	1,854,686
Building	172,969	- -	- -	172,969
Machinery and automobiles	452,007	- -	- -	452,007
Total Capital Assets Being Depreciated	2,479,662	- -	- -	2,479,662
Less: Accumulated depreciation for				
Land improvements	(1,736,161)	(15,832)	- -	(1,751,993)
Building	(68,827)	(3,114)	- -	(71,941)
Machinery and automobiles	(435,671)	(4,302)	- -	(439,973)
Total Accumulated Depreciation	(2,240,659)	(23,248)	- -	(2,263,907)
Net Solid Waste Capital Assets	<u>\$ 326,003</u>	<u>\$ (23,248)</u>	<u>\$ -</u>	<u>\$ 302,755</u>
Capital Assets, net of Depreciation				
All Business-type Activities	<u>\$ 23,883,872</u>			<u>\$ 21,519,671</u>

Depreciation expense of \$23,248 was charged to the solid waste business-type activities.

RENVILLE COUNTY

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

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

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	\$ 4,249
General Fund	Solid Waste	406,631
Road and Bridge Fund	Welfare Fund	55
Road and Bridge Fund	General Fund	14,300
Road and Bridge Fund	Ditch Fund	24,526
Road and Bridge Fund	Solid Waste	187
Subtotal – Fund Financial Statements		<u>449,948</u>
Less: Fund eliminations		(43,130)
Less: Interfund receivable created with internal service fund elimination		<u>(16,576)</u>
Total Internal Balances – Government-Wide Statement of Net Position		<u>\$ (390,242)</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	\$ 5,000	\$ 4,000
General Fund	Ditch Fund	<u>3,500,000</u>	<u>3,500,000</u>
Subtotal – Fund financial statements		3,505,000	
Less: Fund eliminations		<u>(3,505,000)</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, 2019

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:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Debt Service	Road and Bridges	\$ 184,306	Wheelage tax collected
Subtotal - Fund Financial Statements		184,306	
Less: Fund eliminations		(184,306)	
Total Transfers- Government-Wide Statement of Activities		\$ _____ -	

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, 2019

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

F. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General obligation bonds	\$ 15,065,000	\$ 1,510,000	\$ 1,465,000	\$ 15,110,000	\$ 1,490,000
General obligation notes payable	1,438,180	100,536	224,898	1,313,818	229,633
Plus: Unamortized bond premium	168,634	-	15,330	153,304	-
Subtotals	<u>16,671,814</u>	<u>1,610,536</u>	<u>1,705,228</u>	<u>16,577,122</u>	<u>1,719,633</u>
Other Liabilities					
AgBMP capital loans	1,381,206	1,777,265	219,309	2,939,162	216,160
Vested compensated absences	1,502,613	1,250,907	1,249,757	1,503,763	1,066,886
Net pension liability	7,771,022	652,277	777,765	7,645,534	-
Subtotals	<u>10,654,841</u>	<u>3,680,449</u>	<u>2,246,831</u>	<u>12,088,459</u>	<u>1,283,046</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 27,326,655</u>	<u>\$ 5,290,985</u>	<u>\$ 3,952,059</u>	<u>\$ 28,665,581</u>	<u>\$ 3,002,679</u>
BUSINESS-TYPE ACTIVITIES					
Mortgage Revenue Debt					
Secured Rural America bonds	\$ 4,315,098	\$ -	\$ 4,315,098	\$ -	\$ -
Taxable Hospital Facilities bonds	18,347,917	-	282,391	18,065,526	290,269
Subtotals	<u>22,663,015</u>	<u>-</u>	<u>4,597,489</u>	<u>18,065,526</u>	<u>290,269</u>
Other Liabilities					
Vested compensated absences	1,017,243	601,100	616,441	1,001,902	605,543
Landfill liability	2,997,059	-	100,555	2,896,504	-
Net pension liability	8,151,618	4,025,876	3,783,593	8,393,901	-
Subtotals	<u>12,165,920</u>	<u>4,626,976</u>	<u>4,500,589</u>	<u>12,292,307</u>	<u>605,543</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 34,828,935</u>	<u>\$ 4,626,976</u>	<u>\$ 9,098,078</u>	<u>\$ 30,357,833</u>	<u>\$ 895,812</u>

RENVILLE COUNTY

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the county. General obligation bonds 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, 2019, was \$134,067,178. General obligation debt outstanding at year-end was \$16,423,818.

General obligation debt payable for the county at December 31, 2019, consists of the following:

Governmental Activities General Obligation Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-19
Jail Refunding Bonds	2012	2027	2.00-2.70%	\$ 5,085,000	\$ 3,095,000
Capital Improvement Bonds	2013	2029	2.00-3.35%	9,735,000	6,960,000
Refunding Bonds	2014	2020	0.25-1.35%	1,425,000	245,000
Capital Improvement & Refunding Bonds	2016	2031	2.00-2.375%	4,105,000	3,300,000
Drainage Bonds	2019	2035	2.00-2.20%	1,510,000	1,510,000
Total Governmental Activities – General Obligation Bonds					\$ 15,110,000

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt	
	Principal	Interest
2020	\$ 1,490,000	\$ 359,005
2021	1,375,000	336,968
2022	1,405,000	302,633
2023	1,440,000	266,998
2024	1,475,000	229,990
2025 – 2029	6,865,000	565,206
2030 – 2034	960,000	48,275
2035	100,000	1,100
Totals	\$ 15,110,000	\$ 2,110,175

RENVILLE COUNTY

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Notes payable for the county at December 31, 2019, consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-19</u>
<u>Governmental Activities</u>					
<u>Notes Payable</u>					
Note Payable	2006	2020	2%	\$ 460,208	\$ 25,250
Note Payable	2007	2021	2%	260,144	42,397
Note Payable	2008	2021	2%	20,006	3,260
Note Payable	2009	2021	2%	18,073	4,073
Note Payable	2010	2023	2%	317,306	134,545
Note Payable	2011	2022	2%	152,557	48,995
Note Payable	2012	2024	2%	228,575	119,969
Note Payable	2012	2026	2%	101,258	72,967
Note Payable	2013	2024	2%	22,900	11,070
Note Payable	2013	2026	2%	318,806	229,733
Note Payable	2015	2027	2%	112,229	107,132
Note Payable	2016	2029	2%	387,442	387,442
Note Payable	2017	2029	2%	126,985	<u>126,985</u>
Total Governmental Activities – Notes Payable					<u>\$ 1,313,818</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>	
	<u>Notes Payable</u>	<u>Principal</u>
2020	\$ 229,633	\$ 25,007
2021	192,967	20,646
2022	179,067	16,933
2023	165,676	13,419
2024	132,370	10,264
2025 – 2029	<u>414,105</u>	<u>20,053</u>
Totals	<u>\$ 1,313,818</u>	<u>\$ 106,322</u>

RENVILLE COUNTY

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

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

F. LONG-TERM OBLIGATIONS (cont.)

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, 2019, consists of the following:

Business-type Activities Revenue Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-19
Taxable Bonds 2016A and 2016B	2016	2056	2.75%	\$ 19,000,000	\$ <u>18,065,526</u>

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

	Business-type Activities Mortgage Revenue Debt	
	Principal	Interest
2020	\$ 290,269	\$ 494,051
2021	298,367	485,953
2022	306,691	477,629
2023	315,248	469,072
2024	324,043	460,277
2025 – 2029	1,760,971	2,160,629
2030 – 2034	2,020,709	1,900,891
2035 – 2039	2,318,758	1,602,842
2040 – 2044	2,660,769	1,260,831
2045 – 2049	3,053,225	868,375
2050 – 2054	3,503,568	418,032
2055 – 2056	1,212,908	28,055
Totals	\$ 18,065,526	\$ 10,626,637

RENVILLE COUNTY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

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 nonpoint 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, 2019, consists of the following:

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-19</u>
<u>Loans Payable</u>					
AgBMP Well Loan	2012	2030	N/A	\$ 887,429	\$ 735,873
AgBMP Ditch Loan	2018	2024	N/A	65,050	59,121
AgBMP Ditch Loan	2018	2024	N/A	25,517	23,135
AgBMP Ditch Loan	2018	2024	N/A	194,313	176,196
AgBMP Ditch Loan	2018	2024	N/A	94,563	91,926
AgBMP Ditch Loan	2018	2024	N/A	165,514	150,050
AgBMP Ditch Loan	2018	2024	N/A	177,066	160,545
AgBMP Ditch Loan	2018	2024	N/A	71,896	65,193
AgBMP Ditch Loan	2019	2025	N/A	204,928	204,928
AgBMP Ditch Loan	2019	2025	N/A	132,129	132,129
AgBMP Ditch Loan	2019	2025	N/A	436,105	436,105
AgBMP Ditch Loan	2019	2025	N/A	14,408	14,408
AgBMP Ditch Loan	2019	2025	N/A	59,183	59,183
AgBMP Ditch Loan	2019	2025	N/A	100,557	100,557
AgBMP Ditch Loan	2019	2025	N/A	256,687	256,687
AgBMP Ditch Loan	2019	2025	N/A	273,126	273,126
Total Governmental Activities – Loans Payable					\$ 2,939,162

Debt service requirements to maturity are as follows:

Years	Governmental Activities		
	Loans Payable		
	Principal	Interest	Amortization
2020	\$ 216,160	\$ -	-
2021	521,011	-	-
2022	548,909	-	-
2023	558,384	-	-
2024	489,633	-	-
2025 – 2029	586,870	-	-
2030	18,195	-	-
Totals	\$ 2,939,162	\$ -	-

RENVILLE COUNTY

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

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

F. LONG-TERM OBLIGATIONS (cont.)

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 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

Central Community Transit is leasing property from Renville County for \$23,180 per year. The term of the lease is 20 years beginning January 1, 2007. 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, 2019 was \$24,573. 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 \$2,896,504 reported as landfill closure and postclosure care liability at December 31, 2019. The municipal solid waste landfill reached maximum capacity as of December 31, 2018 and ceased accepting waste in 2019. The demolition debris landfill continues to accept waste. The landfill closure and postclosure care liability is based on 2019 costs. Actual costs may be higher due to inflation, changes in technology, or changes in regulation. As of December 31, 2019, the County has a remaining contract commitment of approximately \$504,000 for closure costs.

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, 2019, investments of \$3,422,935 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, 2019

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, 2019 includes the following:

Governmental Activities

Net Investment in capital assets	
Construction in progress	\$ 9,047,693
Intangible assets	4,136,675
Land	580,820
Other capital assets, net of accumulated depreciation	85,734,199
Less: capital related long-term debt outstanding	<u>(13,495,270)</u>
Total Net Investment in Capital Assets	<u>86,004,117</u>
Restricted	
Grant agreements	989,708
Enabling legislation – Lake Allie sewer	66,350
DNR trust	166,360
State statutes	601,857
General debt service	<u>2,866,919</u>
Total Restricted	<u>4,691,194</u>
Unrestricted	<u>5,455,374</u>
Total Governmental Activities Net Position	<u>\$ 96,150,685</u>

Long-term debt related to capital assets consists of \$3,048,266 of the 2012 GO Bonds, \$6,960,000 of the 2013 GO Capital Improvement Bonds, \$185,000 of 2014 GO Street Crossover Refunding Bonds, \$15,600 of the 2014 GO Bonds and \$3,286,404 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	\$ 1,331,191
Construction in progress	14,634
Other capital assets, net of accumulated depreciation	20,173,846
Less: Related long-term debt outstanding	<u>(18,065,526)</u>
Total Net Investment in Capital Assets	<u>3,454,145</u>
Restricted	
Landfill, net of liability	526,431
Debt service – hospital	<u>784,320</u>
Total Restricted	<u>1,310,751</u>
Unrestricted	<u>26,038,020</u>
Total Business-type Activities Net Position	<u>\$ 30,802,916</u>

RENVILLE COUNTY

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

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, 2019, include the following:

	General Fund	Road and Bridge	Welfare	Ditch	Debt Service Fund	Nonmajor Funds	Totals
Nonspendable:							
Inventories and prepaids	\$ -	\$ 246,195	\$ -	\$ -	\$ -	\$ -	\$ 246,195
Advances	3,505,000	-	-	-	-	-	3,505,000
Notes receivable	1,000,000	-	-	-	-	-	1,000,000
Subtotal	4,505,000	246,195	-	-	-	-	4,751,195
Restricted for:							
Lake Allie sewer	-	-	-	-	-	65,380	65,380
DNR trust	-	-	-	-	-	166,360	166,360
Statutory requirements	534,671	-	-	-	-	67,186	601,857
Debt service	-	-	-	-	1,442,727	-	1,442,727
Grant agreements	989,708	-	-	-	-	-	989,708
Subtotal	1,524,379	-	-	-	1,442,727	298,926	3,266,032
Committed to:							
Capital projects	-	-	-	-	-	1,340,966	1,340,966
Public health	-	-	-	-	-	2,816,572	2,816,572
Human services	-	-	4,340,151	-	-	-	4,340,151
Compensated absences	607,626	142,842	324,170	-	-	238,844	1,313,482
Subtotal	607,626	142,842	4,664,321	-	-	4,396,382	9,811,171
Assigned to:							
Jail canteen	251,933	-	-	-	-	-	251,933
Veterans van purchase	26,678	-	-	-	-	-	26,678
2020 budget	170,322	-	-	-	-	-	170,322
Subtotal	448,933	-	-	-	-	-	448,933
Unassigned (Deficit):	4,629,246	-	-	(3,323,434)	-	-	1,305,812
Total Fund Balances	\$ 11,715,184	\$ 389,037	\$ 4,664,321	\$ (3,323,434)	\$ 1,442,727	\$ 4,695,308	\$ 19,583,143

RENVILLE COUNTY

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

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.

All full-time and certain part-time employees of Renville County are covered by defined benefit pension plans administered by PERA.

1. General Employees Retirement 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, 2019

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.)

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

2. Police and Fire Plan Benefits

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

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

3. Correctional Plan Benefits

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

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

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

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 2019 and the county was required to contribute 7.50 percent for Coordinated Plan members. The county's contributions to the General Employees Fund for the year ended December 31, 2019, were \$1,470,005. The county's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent on January 1, 2019. The county's contributions to the Police and Fire Fund for the year ended December 31, 2019, were \$157,889. The county's contributions were equal to the required contributions as set by state statute.

3. Correctional Fund Contributions

Plan members were required to contribute 5.83 percent of their annual covered salary and the county was required to contribute 8.75 percent of pay for plan members in fiscal year 2019. The county's contributions to the Correctional Fund for the year ended December 31, 2019, were \$70,188. 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, 2019, the county reported a liability of \$15,026,029 for its proportionate share of the General Employees Fund's net pension liability. The county's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a nonemployer 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 \$480,479. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on the county's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the county's proportionate share was .27177859 percent, which was an increase of .002157 percent from its proportionate share measured as of June 30, 2018.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

General Information About the Pension Costs (cont.)

1. General Employees Fund Pension Costs (cont.)

County's proportionate share of the net pension liability	\$ 15,026,029
State of Minnesota's proportionate share of the net pension liability associated with the county	<u>480,479</u>
Total	<u>\$ 15,506,508</u>

For the year ended December 31, 2019, the county recognized pension expense of \$1,907,916 for its proportionate share of the General Employees Plan's pension expense. In addition, the county recognized an additional \$35,983 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, 2019, the county reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 421,137	\$ -
Changes in actuarial assumptions	-	1,198,853
Net collective difference between projected and actual investment earnings	-	1,545,381
Changes in proportion	310,630	349,951
Contributions paid to PERA subsequent to the measurement date	715,100	-
Total	<u>\$ 1,446,867</u>	<u>\$ 3,094,185</u>

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

General Information About the Pension Costs (cont.)

1. General Employees Fund Pension Costs (cont.)

\$715,100 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	Pension	Expense	Amount
2020	\$	(900,104)	
2021		(1,225,172)	
2022		(261,356)	
2023		24,214	

2. Police and Fire Fund Pension Costs

At December 31, 2019, the county reported a liability of \$961,335 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on the county's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the county's proportionate share was .0903 percent which was an increase of .0069 percent from its proportionate share measured as of June 30, 2018. The county also recognized \$12,190 for the year ended December 31, 2019 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, 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. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the county recognized pension expense of \$102,804 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, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

General Information About the Pension Costs (cont.)

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

At December 31, 2019, the county reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 38,644	\$ 134,862
Change of actuarial assumptions	733,263	1,004,859
Net collective difference between projected and actual investment earnings	-	185,703
Change in proportion	81,354	9,188
Contributions paid to PERA subsequent to the measurement date	<u>86,913</u>	<u>-</u>
 Total	 <u>\$ 940,174</u>	 <u>\$ 1,334,612</u>

\$86,913 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>
2020	\$ (49,892)
2021	(115,207)
2022	(338,027)
2023	10,332
2024	11,443

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Pension Costs (cont.)

3. Correctional Plan Pension Costs

At December 31, 2019, the county reported a liability of \$52,071 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on the county's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the county's proportionate share was .3761 percent which was a decrease of .0870 percent from its proportionate share measured as of June 30, 2018.

For the year ended December 31, 2019, the county recognized pension expense of \$104,227 for its proportionate share of the Correctional Plan's pension expense.

At December 31, 2019, the county reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,356	\$ 9,600
Change of actuarial assumptions	-	573,904
Net collective difference between projected and actual investment earnings	-	87,497
Change in proportion	18,265	63,315
Contributions paid to PERA subsequent to the measurement date	<u>39,512</u>	-
Total	<u>\$ 60,133</u>	<u>\$ 734,316</u>

\$39,512 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>
2020	\$ (361,265)
2021	(330,107)
2022	(22,827)
2023	504

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Pension Costs (cont.)

3. Correctional Plan Pension Costs (cont.)

The total pension expense for all plans recognized by the county for the year ended December 31, 2019, was \$2,114,947.

Actuarial Assumptions

The total pension liability in the June 30, 2019, 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, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. The five-year experience study for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Actuarial Assumptions (cont.)

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Correctional Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

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 Equity	5.10%	35.5%
Private Markets	5.90	25.0
Fixed Income	0.75	20.0
International Equity	5.90	17.5
Cash Equivalents	0.00	2.0

Discount Rate. The discount rate used to measure the total pension liability in 2019 was 7.50 percent. 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.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Actuarial Assumptions (cont.)

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:	\$ 24,701,983	\$ 15,026,029	\$ 7,036,606
County's proportionate share of the Police and Fire Fund net pension liability:	2,101,299	961,335	19
County's proportionate share of the Correctional Fund net pension liability (asset):	554,969	52,071	(350,330)

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, 2019

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 2019. 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, 2019, the county has commitments for road and bridge projects in progress and other contracts of approximately \$1,537,000.

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, 2019

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 \$20,500 to the project in 2019.

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.

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, 2019

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, 2019:

Total assets	\$ 1,596,274
Total liabilities	394,112
Total net position	1,202,162
Total revenues	3,303,647
Total expenses	3,558,197
Net increase (decrease) in net position	(254,550)

The Board reported no long-term obligations at December 31, 2019. The 2019 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 Jackson County Human Services, Fiscal Manager, 402 White Street, Jackson, MN 56143.

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 2019. At the end of 2019 Crow River Organization of Water Board voted to disband. Upon dissolving the board, Renville County received \$32,836 back in funds.

RENVILLE COUNTY

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

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 2019, the county paid \$51,736 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 \$26,989 to the Supporting Hands Nurse Family Partnership in 2019.

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, 2019:

Total assets & deferred outflows of resources	\$ 1,592,750
Total liabilities & deferred inflows of resources	1,018,560
Total net position	574,190
Total revenues	1,781,974
Total expenses	1,834,578
Net increase (decrease) in net position	(52,604)

The Partnership reported \$833,168 of long-term obligations (vested compensated absences and net pension obligations) at December 31, 2019.

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, 2019

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 2019.

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 2019.

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, 2019

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 contributed \$250,000 to the RRRSWA in 2019.

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, 2019:

Total assets and deferred outflows of resources	\$ 8,587,921
Total liabilities and deferred inflows of resources	4,169,473
Total net position	4,418,447
Total revenues	2,871,384
Total expenses	2,595,643
Net increase (decrease) in net position	275,741

RRSWA reported \$3,861,518 of long-term obligations at December 31, 2019. 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 2019 and also provided in-kind office space, network space and support.

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, 2019

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.

The Hospital entered into an agreement with Central Minnesota Diagnostic, Inc. (CMDI), a nonprofit 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. The Hospital billed and collected the revenue for these services to patients and reimbursed CMDI \$309,123 in 2019 for the use of the equipment. There were no accounts payable to CMDI for these services at December 31, 2019.

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 1.11% of CMDI's members' equity as of December 31, 2019. During 2019, the hospital received \$88,997 in distributions from CMDI. A gain on investment in joint venture of \$212,543 for the year ended December 31, 2019 was recorded to other operating revenue.

Summarized financial information from financial statements of CMDI at December 31, 2019 and for the year then ended is presented below.

Total assets	\$ 51,063,514
Total liabilities	9,680,766
Total members' equity	41,382,748
Total revenues	40,118,329
Net income	13,189,516

RENVILLE COUNTY

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

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 2019.

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 \$167,847 in payments to the organization in 2019.

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, 2019

NOTE IV – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Prime Health Joint Self-Insurance Pool

Prime Health Joint Self Insurance Pool (Prime Health) was established in 2017 by a joint powers agreement among Renville, Beltrami, Clearwater, Douglas, Meeker, Pipestone and Pope Counties. Prime Health was established to provide self-insurance arrangements of certain employee health benefits, and those arrangements constitute a self-insurance pool under Minnesota law, including Section 471.617 of the Minnesota Statutes and Chapter 2785 of the Minnesota Administrative Rules.

Counties Providing Technology

Counties Providing Technology (CPT) was established in 2018 by a joint powers agreement among 23 counties in Minnesota under Minn. Stat. 471.59. The Joint venture was established so that parties may jointly and cooperatively provide for the development, operation and maintenance of technology. The county made \$84,263 in service payments to Counties Providing Technology in 2019.

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 2019.

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

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 2019.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

F. COMPONENT UNIT

This report contains the Renville County Housing and Redevelopment Authority and Economic Development 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	\$ 249,447	\$ 212,006	Custodial credit risk Interest rate risk, custodial credit risk, credit risk, concentration of credit risk
Pooled cash and investments held by Renville County	441,785	441,785	Interest rate risk, custodial credit risk, credit risk, concentration of credit risk
Negotiable certificates of deposit	195,575	195,575	Interest rate risk, custodial credit risk, credit risk, concentration of credit risk
Total Cash and Investments	\$ 886,807	\$ 849,366	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 847,845		
Restricted cash and investments	38,962		
Total Cash and Investments	\$ 886,807		

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, 2019, the bank had pledged various governmental securities in the amount of \$589,569 to secure the Authority's deposits.

The HRA 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, 2019

NOTE IV – OTHER INFORMATION (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

Investment Type	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	\$ -	\$ 195,575	\$ -	\$ 195,575
Totals	\$ -	\$ 195,575	\$ -	\$ 195,575

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 HRA. The HRA 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 HRA 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, 2019, the HRA 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, 2019, 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, 2019, the HRA's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Negotiable certificates of deposit	\$ 195,575	0.42

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (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 Morgan Stanley Bank NA.

Receivables

Other receivables consist of \$4,949 of rent due from tenants. There is no allowance for doubtful accounts for the year ended December 31, 2019. All receivables are expected to be collected within one year, except for \$475,830 of notes receivable.

Capital Assets

Capital asset activity for the period ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 70,500	\$ -	\$ 7,970	\$ 62,530
Capital assets being depreciated				
Property and equipment	\$ 1,624,862	\$ 29,324	\$ 87,041	\$ 1,567,145
Less: Accumulated depreciation for property and equipment	(1,283,356)	(54,528)	70,303	(1,267,581)
Total Capital Assets Being Depreciated, Net	341,506	(25,204)	16,738	299,564
Total Business-type Activities Capital Assets, Net	\$ 412,006	\$ (25,204)	\$ 24,708	\$ 362,094
Depreciation expense activity by program:				
Public and Indian Housing (Low Rent)				\$ 53,451
Economic Development Authority				\$ 1,077
Total Depreciation Expense				\$ 54,528

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

F. COMPONENT UNIT (cont.)

Long-Term Obligations

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Loans payable	\$ 123,636	\$ -	\$ -	\$ 123,636	\$ -
Compensated absences	- -	1,574	- -	1,574	1,156
Business-type activities					
long-term liabilities	<u>\$ 123,636</u>	<u>\$ 1,574</u>	<u>\$ -</u>	<u>\$ 125,210</u>	<u>\$ 1,156</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, 2019 includes the following:

Invested in capital assets	
Land	\$ 62,530
Other capital assets, net of accumulated depreciation	299,564
Less: related long-term debt outstanding	(123,636)
Total Net Investment in Capital Assets	<u>238,458</u>
Restricted for	
Revolving loan program	191,281
Total Restricted	<u>191,281</u>
Unrestricted	<u>1,284,597</u>
Total Net Position	<u><u>\$ 1,714,336</u></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, 2019

NOTE IV – OTHER INFORMATION (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.

Economic Dependency

The HRA is economically dependent on annual contributions and grants from the U.S. Department of Housing and Urban Development (HUD). The HRA operates at a loss prior to receiving contributions and grant from HUD.

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, 2019, 33% of hospital accounts receivable was due from Medicare, 16% was due from Medicaid, and 12% 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 2019, none of the county's agreements were above this threshold. Total abatement of taxes for the year ended December 31, 2019 was approximately \$13,500.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

I. SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the County. As of the audit opinion date, the County's evaluation of the effects of these events is ongoing; however, based on current information the County believes this situation will impact various parts of its 2020 operations and financial results including but not limited to additional costs for emergency preparedness, information technology, disease control and containment, potential shortages of healthcare personnel, or loss of revenue due to reductions in certain revenue streams.

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

Renville County Hospital and Clinics has entered into an affiliation agreement with HealthPartners, effective on May 1, 2020, at which time the facility will begin doing business as Olivia Hospital & Clinic. The new 501c(3) will be a sole member model and retain the local balance sheet, employees and board of directors. The Board composition will consist of (5) community members, (2) Physicians, and (3) health system members. HealthPartners will retain reserve powers for Board appointments, borrowing and capital expenditures in excess of \$1 million and the strategic and operational plans. Olivia Hospital & Clinic will have the reserve powers of a Board supermajority requirement for changes in governing documents, merger, sale, lease, liquidation, joint ventures, or service line eliminations. In preparation for the affiliation, Olivia Hospital & Clinics adopted new Medical Staff Articles & Bylaws. The County of Renville will lease the current hospital properties to Olivia Hospital & Clinic and will retain the current USDA loan. HealthPartners will support county-wide investments in health, wellness, and service programming and facilities. Olivia Hospital & Clinic will assume all other assets, obligations, and liabilities.

On July 8, 2020, the county issued a general obligation promissory note in the amount of \$1,000,000, with an interest rate of 0%. This amount will be used for capital equipment and courthouse improvements related to a fiber optic project. Principal is due quarterly through April 1, 2030.

RENVILLE COUNTY

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

NOTE IV – OTHER INFORMATION (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*
- > Statement No. 91, *Conduit Debt Obligations*
- > Statement No. 92, *Omnibus*
- > Statement No. 93, *Replacement of Interbank Offered Rates*
- > Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

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

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

REQUIRED SUPPLEMENTARY INFORMATION

RENVILLE COUNTY

BUDGETARY COMPARISON SCHEDULE GENERAL FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual	
REVENUES			
Taxes	\$ 6,927,843	\$ 6,743,950	\$ (183,893)
Intergovernmental	1,240,117	1,574,755	334,638
Licenses and permits	34,100	141,335	107,235
Public charges for services	2,069,304	2,125,165	55,861
Special assessments	-	310,716	310,716
Investment income	200,000	943,503	743,503
Miscellaneous	420,577	528,498	107,921
Total Revenues	10,891,941	12,367,922	1,475,981
EXPENDITURES			
Current			
General Government			
Commissioners	264,583	272,154	(7,571)
County administrator	228,139	222,680	5,459
Motor vehicle	188,247	195,131	(6,884)
County assessor	437,523	420,372	17,151
Elections	33,820	31,820	2,000
County attorney	585,208	541,532	43,676
Recorder	286,175	275,255	10,920
Environment and community development	412,162	415,137	(2,975)
Water planning	36,208	39,021	(2,813)
Custodian	278,739	260,381	18,358
Facility engineer	220,780	208,686	12,094
Veterans service	248,975	233,584	15,391
County auditor	349,950	334,240	15,710
Human resources	203,521	164,018	39,503
Finance	260,312	261,853	(1,541)
MIS	731,748	734,308	(2,560)
Appropriations	232,386	481,613	(249,227)
Other	476,114	606,172	(130,058)
Total General Government	5,474,590	5,697,957	(223,367)
Public Safety			
Sheriff	2,408,618	2,495,652	(87,034)
Jail	1,907,729	1,709,053	198,676
E911	88,581	152,780	(64,199)
Coroner	26,000	20,855	5,145
Probation	132,922	140,768	(7,846)
Correctional facilities	88,735	80,794	7,941
Emergency management	92,849	84,693	8,156
Total Public Safety	4,745,434	4,684,595	60,839

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

RENVILLE COUNTY

BUDGETARY COMPARISON SCHEDULE GENERAL FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Variance with	
	<u>Original and Final</u>	<u>Actual</u>	<u>Final Budget</u>	
EXPENDITURES (cont.)				
Current (cont.)				
Culture, Recreation, and Education				
Parks	\$ 242,358	\$ 228,011	\$ 14,347	
Regional library	109,475	109,475	-	
Law library	30,000	31,763	(1,763)	
Total Culture, Recreation and Education	<u>381,833</u>	<u>369,249</u>	<u>12,584</u>	
Conservation and Development				
County extension	118,127	99,716	18,411	
Ag inspector	220,000	190,273	29,727	
DNR shoreland grant	1,900	1,587	313	
ISTS administration grant	-	379,155	(379,155)	
Total Conservation and Development	<u>340,027</u>	<u>670,731</u>	<u>(330,704)</u>	
Debt Service				
Principal retirement	-	376,454	(376,454)	
Interest and fiscal charges	-	39,795	(39,795)	
Total Debt Service	<u>-</u>	<u>416,249</u>	<u>(416,249)</u>	
Total Expenditures	<u>10,941,884</u>	<u>11,838,781</u>	<u>(896,897)</u>	
Excess (deficiency) of revenues over expenditures	<u>(49,943)</u>	<u>529,141</u>	<u>579,084</u>	
OTHER FINANCING SOURCES				
Long-term debt issued	-	400,678	400,678	
Total Other Financing Sources	<u>-</u>	<u>400,678</u>	<u>400,678</u>	
Net change in fund balance	<u>\$ (49,943)</u>	<u>929,819</u>	<u>\$ 979,762</u>	
FUND BALANCE - Beginning of Year		<u>10,785,365</u>		
FUND BALANCE - END OF YEAR		<u>\$ 11,715,184</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, 2019

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual	
REVENUES			
Taxes	\$ 2,326,756	\$ 2,248,878	\$ (77,878)
Intergovernmental	10,847,670	7,703,240	(3,144,430)
Public charges for services	189,000	272,454	83,454
Investment income	50,000	92,585	42,585
Miscellaneous	23,200	19,962	(3,238)
Total Revenues	13,436,626	10,337,119	(3,099,507)
EXPENDITURES			
Current			
Public works	13,246,626	13,772,082	(525,456)
Total Expenditures	13,246,626	13,772,082	(525,456)
Excess (deficiency) of revenues over expenditures	190,000	(3,434,963)	(3,624,963)
OTHER FINANCING USES			
Transfers out	(190,000)	(184,306)	5,694
Total Other Financing Uses	(190,000)	(184,306)	5,694
Net change in fund balance	\$ -	(3,619,269)	\$ (3,619,269)
Change in reserve for inventories		(16,654)	
FUND BALANCE - Beginning of Year		4,024,960	
FUND BALANCE - END OF YEAR	\$ 389,037		

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

RENVILLE COUNTY

BUDGETARY COMPARISON SCHEDULE WELFARE FUND

For the Year Ended December 31, 2019

	Budgeted Amounts		Variance with	
	Original and Final	Actual	Final Budget	
REVENUES				
Taxes	\$ 2,671,526	\$ 2,583,717	\$ (87,809)	
Intergovernmental	2,925,114	2,986,166	61,052	
Public charges for services	30,800	21,616	(9,184)	
Investment income	40,000	88,958	48,958	
Miscellaneous	549,099	604,494	55,395	
Total Revenues	6,216,539	6,284,951	68,412	
EXPENDITURES				
Current				
Health and human services	6,243,578	6,067,939	175,639	
Total Expenditures	6,243,578	6,067,939	175,639	
Net change in fund balance	\$ (27,039)	217,012	\$ 244,051	
FUND BALANCE - Beginning of Year		4,447,309		
FUND BALANCE - END OF YEAR		\$ 4,664,321		

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, 2019

County Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with County	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
12/31/19	6/30/19	0.2718%	\$ 15,026,029	\$ 480,479	\$ 15,506,508	\$ 19,415,420	77.39%	80.20%
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, 2019

County Fiscal Year End Date	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
12/31/19	\$ 1,470,004	\$ 1,470,004	\$ -	\$ 19,600,070	7.50%
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, 2019

County Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with County	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
12/31/19	6/30/19	0.0903%	\$ 961,335	\$ 12,190	\$ 973,525	\$ 952,313	100.95%	89.30%
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, 2019

County Fiscal Year End Date	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
12/31/19	\$ 168,589	\$ 168,589	\$ -	\$ 994,627	16.95%
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, 2019

County Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability (a)	County's Covered Payroll (b)	County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the total Pension Liability
12/31/19	6/30/19	0.3761%	\$ 52,071	\$ 850,025	6.13%	98.20%
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, 2019

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)		
12/31/19	\$ 72,615	\$ 72,615	\$ -	\$ 877,763	8.27%	
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, 2019

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

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions:

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

RENVILLE COUNTY

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

Public Employees Retirement Association (PERA) (cont.)

General Employees Fund (cont.)

2018 Changes (cont.)

Changes in Plan Provisions:

- > The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- > Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018.
- > Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- > Contribution stabilizer provisions were repealed.
- > Post-retirement benefit increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90 percent funding ratio to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019.
- > For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- > Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2016 Changes

Changes in Actuarial Assumptions:

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

RENVILLE COUNTY

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

Public Employees Retirement Association (PERA) (cont.)

General Employees Fund (cont.)

2016 Changes (cont.)

- > The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.
- > Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- > Post-retirement benefit increases were changed to 1.0 percent for all years, with no trigger.
- > An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- > New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- > Member contributions were changed from 10.8 percent to 11.3 percent of pay, effective January 1, 2019 and 11.8 percent of pay, effective January 1, 2020.

RENVILLE COUNTY

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

Public Employees Retirement Association (PERA) (cont.)

Police and Fire Fund (cont.)

2018 Changes (cont.)

Changes in Plan Provisions (cont.):

- > Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- > Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018.
- > Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- > Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions:

- > Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- > Assumed rates of retirement were changed, resulting in fewer retirements.
- > The Combined Service Annuity (CSA) load was 30 percent for vested and nonvested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for nonvested members.
- > The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- > Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- > Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- > Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- > The assumed percentage of female members electing Joint and Survivor annuities was increased.
- > The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- > The Single Discount Rate was changed from 5.60 percent per annum to 7.50 percent per annum.

RENVILLE COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2019

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) (cont.)

Police and Fire Fund (cont.)

2016 Changes

Changes in Actuarial Assumptions:

- > The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent thereafter to 1.00 percent per year for all future years.
- > The assumed investment return was changed from 7.90 percent to 7.50 percent.
- > The single discount rate changed from 7.90 percent to 5.60 percent.

Changes in Actuarial Assumptions:

- > The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Correctional Fund

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions:

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

RENVILLE COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2019

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) (cont.)

Correctional Fund (cont.)

2018 Changes (cont.)

Changes in Plan Provisions:

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

Changes in Plan Provisions:

- > Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions:

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

2016 Changes

Changes in Actuarial Assumptions:

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

S U P 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, 2019

	Special Revenue				Capital Projects		Total Nonmajor Funds
	Public Health Nurse	Forfeited Tax Sale	Lake Allie Sewer	DNR Trust	General Capital Projects		
ASSETS							
Cash and investments	\$ 3,073,640	\$ 67,186	\$ 63,210	\$ 166,360	\$ 1,343,081	\$ 4,713,477	
Taxes receivable	10,221	-	-	-	4,232	14,453	
Accounts receivable	45,648	-	10,490	-	-	56,138	
Special assessments receivable	13,256	-	970	-	-	14,226	
Due from other governments	<u>175,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,016</u>	
TOTAL ASSETS	<u>\$ 3,317,781</u>	<u>\$ 67,186</u>	<u>\$ 74,670</u>	<u>\$ 166,360</u>	<u>\$ 1,347,313</u>	<u>\$ 4,973,310</u>	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 13,519	\$ -	\$ 3,320	\$ -	\$ 2,115	\$ 18,954	
Accrued liabilities	66,639	-	-	-	-	66,639	
Due to other governments	34,363	-	-	-	-	34,363	
Advances from other funds	-	-	5,000	-	-	5,000	
Total Liabilities	<u>114,521</u>	<u>-</u>	<u>8,320</u>	<u>-</u>	<u>2,115</u>	<u>124,956</u>	
Deferred Inflows of Resources							
Grants received in advance	15,289	-	-	-	-	15,289	
Unavailable revenues	<u>132,555</u>	<u>-</u>	<u>970</u>	<u>-</u>	<u>4,232</u>	<u>137,757</u>	
Total Deferred Inflows of Resources	<u>147,844</u>	<u>-</u>	<u>970</u>	<u>-</u>	<u>4,232</u>	<u>153,046</u>	
Fund Balances							
Nonspendable	-	-	-	-	-	-	
Restricted	-	67,186	65,380	166,360	-	298,926	
Committed	<u>3,055,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,340,966</u>	<u>4,396,382</u>	
Total Fund Balances	<u>3,055,416</u>	<u>67,186</u>	<u>65,380</u>	<u>166,360</u>	<u>1,340,966</u>	<u>4,695,308</u>	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,317,781</u>	<u>\$ 67,186</u>	<u>\$ 74,670</u>	<u>\$ 166,360</u>	<u>\$ 1,347,313</u>	<u>\$ 4,973,310</u>	

RENVILLE COUNTY

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

	Special Revenue				Capital Projects		Totals
	Public Health Nurse	Forfeited Tax Sale	Lake Allie Sewer	DNR Trust	General Capital Projects		
REVENUES							
Taxes	\$ 670,166	\$ 62,612	\$ -	\$ -	\$ 369,310	\$ 1,102,088	
Intergovernmental	766,056	-	-	-	8,189	774,245	
Licenses and permits	79,099	-	-	-	-	79,099	
Public charges for services	722,120	-	64,013	-	-	786,133	
Special assessments	-	-	984	-	-	984	
Investment income	62,428	-	1,481	-	24,499	88,408	
Miscellaneous	2,398	3,433	-	27,325	-	33,156	
Total Revenues	<u>2,302,267</u>	<u>66,045</u>	<u>66,478</u>	<u>27,325</u>	<u>401,998</u>	<u>2,864,113</u>	
EXPENDITURES							
Current							
Sanitation	-	-	61,388	-	-	61,388	
Health and human services	2,135,054	-	-	-	-	2,135,054	
Capital Outlay	-	-	-	-	21,054	21,054	
Total Expenditures	<u>2,135,054</u>	<u>-</u>	<u>61,388</u>	<u>-</u>	<u>21,054</u>	<u>2,217,496</u>	
Net change in fund balance	167,213	66,045	5,090	27,325	380,944	646,617	
FUND BALANCES - Beginning of Year	<u>2,888,203</u>	<u>1,141</u>	<u>60,290</u>	<u>139,035</u>	<u>960,022</u>	<u>4,048,691</u>	
FUND BALANCES - END OF YEAR	<u>\$ 3,055,416</u>	<u>\$ 67,186</u>	<u>\$ 65,380</u>	<u>\$ 166,360</u>	<u>\$ 1,340,966</u>	<u>\$ 4,695,308</u>	

RENVILLE COUNTY

BUDGETARY COMPARISON STATEMENT PUBLIC HEALTH NURSE FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Variance with	
	Original and Final	Actual	Final Budget	
REVENUES				
Taxes	\$ 692,559	\$ 670,166	\$ (22,393)	
Intergovernmental	658,128	766,056	107,928	
Licenses and permits	72,400	79,099	6,699	
Public charges for services	737,577	722,120	(15,457)	
Interest income	31,999	62,428	30,429	
Miscellaneous	600	2,398	1,798	
Total Revenues	2,193,263	2,302,267	109,004	
EXPENDITURES				
Current				
Health and human services	2,219,509	2,135,054	84,455	
Total Expenditures	2,219,509	2,135,054	84,455	
Net change in fund balance	\$ (26,246)	167,213	\$ 193,459	
FUND BALANCE - Beginning of Year		2,888,203		
FUND BALANCE - END OF YEAR		\$ 3,055,416		

RENVILLE COUNTY

BUDGETARY COMPARISON SCHEDULE GENERAL CAPITAL PROJECTS FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual	
REVENUES			
Taxes	\$ 382,000	\$ 369,310	\$ (12,690)
Intergovernmental	-	8,189	8,189
Investment income	-	24,499	24,499
Total Revenues	<u>382,000</u>	<u>401,998</u>	<u>19,998</u>
EXPENDITURES			
Current			
Capital outlay	<u>382,000</u>	<u>21,054</u>	<u>360,946</u>
Total Expenditures	<u>382,000</u>	<u>21,054</u>	<u>360,946</u>
Net change in fund balance	<u>\$ -</u>	<u>380,944</u>	<u>\$ 380,944</u>
FUND BALANCE - Beginning of Year		<u>960,022</u>	
FUND BALANCE - END OF YEAR		<u>\$ 1,340,966</u>	

RENVILLE COUNTY

BUDGETARY COMPARISON SCHEDULE DEBT SERVICE FUND For the Year Ended December 31, 2019

	Budgeted Amounts	Variance with	
	Original and Final	Actual	Final Budget
REVENUES			
Taxes	\$ 1,467,506	\$ 1,418,687	\$ (48,819)
Intergovernmental	-	46,924	46,924
Special assessments	-	22,324	22,324
Investment income	-	15,102	15,102
Miscellaneous	112,772	112,772	-
Total Revenues	1,580,278	1,615,809	35,531
EXPENDITURES			
Debt service			
Principal retirement	1,400,000	1,465,000	(65,000)
Interest and fiscal charges	370,278	372,012	(1,734)
Total Expenditures	1,770,278	1,837,012	(66,734)
Excess (deficiency) of revenues over expenditures	(190,000)	(221,203)	(31,203)
OTHER FINANCING SOURCES			
Long-term debt issued	-	2,351	2,351
Transfers in	190,000	184,306	(5,694)
Total Other Financing Sources	190,000	186,657	(3,343)
Net change in fund balance	\$ -	(34,546)	\$ (34,546)
FUND BALANCE - Beginning of Year		1,477,273	
FUND BALANCE - END OF YEAR		\$ 1,442,727	

RENVILLE COUNTY

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

	Mortgage Registry Tax Agency 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	\$ 4,755	\$ 21,830	\$ 25,150	\$ 250,261	\$ 9,878	\$ 167,311	\$ 1,104,399	\$ 1,583,584
Accounts receivable	-	-	-	-	208	-	59,285	59,493
Due from other governments	-	-	-	-	-	-	152,413	152,413
TOTAL ASSETS	\$ 4,755	\$ 21,830	\$ 25,150	\$ 250,261	\$ 10,086	\$ 167,311	\$ 1,316,097	\$ 1,795,490
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 10,086	\$ -	\$ -	\$ 10,086
Due to other governments	4,755	21,830	25,150	250,261	-	167,311	1,316,097	1,785,404
TOTAL LIABILITIES	\$ 4,755	\$ 21,830	\$ 25,150	\$ 250,261	\$ 10,086	\$ 167,311	\$ 1,316,097	\$ 1,795,490

RENVILLE COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS For the Year Ended December 31, 2019

	Balance January 1	Additions	Deductions	Balance December 31
<u>MORTGAGE REGISTRY TAX</u>				
<u>Assets</u>				
Cash and investments	<u>\$ 2,686</u>	<u>\$ 169,340</u>	<u>\$ (167,271)</u>	<u>\$ 4,755</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 2,686</u>	<u>\$ 207,451</u>	<u>\$ (205,382)</u>	<u>\$ 4,755</u>
<u>PAYROLL WITHHOLDINGS</u>				
<u>Assets</u>				
Cash and investments	<u>\$ 26,919</u>	<u>\$ 103,402</u>	<u>\$ (108,491)</u>	<u>\$ 21,830</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 26,919</u>	<u>\$ 104,900</u>	<u>\$ (109,989)</u>	<u>\$ 21,830</u>
<u>STATE DEED TAX</u>				
<u>Assets</u>				
Cash and investments	<u>\$ 31,723</u>	<u>\$ 221,765</u>	<u>\$ (228,338)</u>	<u>\$ 25,150</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 31,723</u>	<u>\$ 335,075</u>	<u>\$ (341,648)</u>	<u>\$ 25,150</u>
<u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and investments	<u>\$ 351,287</u>	<u>\$ 37,074,401</u>	<u>\$ (37,175,427)</u>	<u>\$ 250,261</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 351,287</u>	<u>\$ 37,081,923</u>	<u>\$ (37,182,945)</u>	<u>\$ 250,261</u>

RENVILLE COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS For the Year Ended December 31, 2019

	Balance January 1	Additions	Deductions	Balance December 31
<u>FLEXIBLE BENEFITS PLAN</u>				
<u>Assets</u>				
Cash and investments	\$ 4,962	\$ 121,809	\$ (116,893)	\$ 9,878
Accounts receivable, net	\$ -	\$ 208	\$ -	\$ 208
TOTAL ASSETS	\$ 4,962	\$ 122,017	\$ (116,893)	\$ 10,086
<u>Liabilities</u>				
Accounts payable	\$ 4,962	\$ 163,331	\$ (158,207)	\$ 10,086
<u>REDWOOD-RENVILLE REGIONAL SOLID WASTE</u>				
<u>Assets</u>				
Cash and investments	\$ 7,284	\$ 2,830,579	\$ (2,670,552)	\$ 167,311
<u>Liabilities</u>				
Due to other governments	\$ 7,284	\$ 4,252,669	\$ (4,092,642)	\$ 167,311
<u>SUPPORTING HANDS</u>				
<u>Assets</u>				
Cash and investments	\$ 861,471	\$ 1,852,505	\$ (1,609,577)	\$ 1,104,399
Accounts receivable	\$ 93,200	\$ 59,285	\$ (93,200)	\$ 59,285
Due from other governments	\$ 175,446	\$ 152,413	\$ (175,446)	\$ 152,413
Inventories and prepaid items	\$ 9,158	\$ -	\$ (9,158)	\$ -
Total Assets	\$ 1,139,275	\$ 2,064,203	\$ (1,887,381)	\$ 1,316,097
<u>Liabilities</u>				
Due to other governments	\$ 1,139,275	\$ 2,064,203	\$ (1,887,381)	\$ 1,316,097
Total Liabilities	\$ 1,139,275	\$ 2,064,203	\$ (1,887,381)	\$ 1,316,097

RENVILLE COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS For the Year Ended December 31, 2019

<u>TOTAL</u>	<u>Balance</u>	<u>January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>	<u>December 31</u>
<u>Assets</u>						
Cash and investments						
Cash and investments	\$ 1,286,332	\$ 42,373,801	\$ (42,076,549)	\$ 1,583,584		
Accounts receivable	93,200	59,493	(93,200)	59,493		
Due from other governments	175,446	152,413	(175,446)	152,413		
Inventories and prepaid items	9,158	-	(9,158)	-		
Total Assets	<u>\$ 1,564,136</u>	<u>\$ 42,585,707</u>	<u>\$ (42,354,353)</u>	<u>\$ 1,795,490</u>		
<u>Liabilities</u>						
Accounts payable						
Accounts payable	\$ 4,962	\$ 163,331	\$ (158,207)	\$ 10,086		
Due to other governments	1,559,174	44,046,221	(43,819,987)	1,785,404		
Total Liabilities	<u>\$ 1,564,136</u>	<u>\$ 44,209,552</u>	<u>\$ (43,978,194)</u>	<u>\$ 1,795,490</u>		

RENVILLE COUNTY

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

	General Fund	Special Revenue Funds		
		Road and Bridge	Welfare	Ditch
SHARED REVENUE				
State				
Highway Users Tax	\$ -	\$ 7,324,056	\$ -	\$ -
Wheelage Tax	-	184,306	-	-
Aquatic Invasive Species Aid	18,637	-	-	-
County Program Aid (HACA)	344,288	117,670	135,106	-
Market Value Credit Aid	193,223	61,738	75,548	-
Disparity Aid	26,981	9,064	10,408	-
PERA State Aid	46,293	3,038	6,696	-
Police Aid	132,050	-	-	-
DNR - PILT	76,723	-	-	-
Local Performance Aid	2,054	-	-	-
Out of Home Placement Aid	-	-	13,347	-
Riparian Protection Aid	160,000	-	-	-
Total Shared Revenue	1,000,249	7,699,872	241,105	-
REIMBURSEMENT FOR SERVICES				
State				
Minnesota Department of Human Services	-	-	424,790	-
Federal				
Veterans Administration	-	-	-	-
GRANTS				
State				
Minnesota Department Of Human Services	-	-	1,068,286	-
Natural Resources	67,722	-	-	-
Corrections	18,960	-	-	-
Water and Soil Resources	44,087	-	-	-
Pollution Control	41,455	-	-	-
POST Peace Officers Board	13,918	-	-	-
Public Safety	132,156	-	-	156,794
Trade & Economic Development	72,538	-	-	-
Veterans Affairs	7,500	-	-	-
Total State	398,336	-	1,068,286	156,794
FEDERAL				
U.S. Department Of Agriculture	22,950	-	112,587	-
Education	-	-	-	-
Health and Human Services	87,115	-	1,139,398	-
Homeland Security	-	-	-	204,452
Justice	31,710	-	-	-
Transportation	34,395	3,368	-	-
Total Federal	176,170	3,368	1,251,985	204,452
Total Grants	574,506	3,368	2,320,271	361,246
TOTAL INTERGOVERNMENTAL REVENUE				
	\$ 1,574,755	\$ 7,703,240	\$ 2,986,166	\$ 361,246

<u>Special Revenue</u>	<u>Enterprise Fund</u>	<u>General</u>	<u>Debt</u>	<u>Total</u>
<u>Public Health</u>	<u>Solid</u>	<u>Capital</u>	<u>Service</u>	<u>Primary</u>
<u>Nurse</u>	<u>Waste</u>	<u>Projects</u>	<u>Fund</u>	<u>Government</u>
\$ -	\$ -	\$ -	\$ -	\$ 7,324,056
-	-	-	-	184,306
-	-	-	-	18,637
35,025	-	-	-	632,089
19,945	-	6,701	41,208	398,363
2,699	-	1,488	5,716	56,356
-	183	-	-	56,210
-	-	-	-	132,050
-	-	-	-	76,723
-	-	-	-	2,054
-	-	-	-	13,347
-	-	-	-	160,000
<u>57,669</u>	<u>183</u>	<u>8,189</u>	<u>46,924</u>	<u>9,054,191</u>
 72,811	 -	 -	 -	 497,601
<u>9,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,013</u>
 290,739	 -	 -	 -	 1,359,025
-	-	-	-	67,722
-	-	-	-	18,960
-	-	-	-	44,087
-	67,729	-	-	109,184
-	-	-	-	13,918
-	-	-	-	288,950
-	-	-	-	72,538
-	-	-	-	7,500
<u>290,739</u>	<u>67,729</u>	<u>-</u>	<u>-</u>	<u>1,981,884</u>
 97,143	 -	 -	 -	 232,680
1,154	-	-	-	1,154
237,527	-	-	-	1,464,040
-	-	-	-	204,452
-	-	-	-	31,710
-	-	-	-	37,763
<u>335,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,971,799</u>
 626,563	 67,729	 -	 -	 3,953,683
 <u>\$ 766,056</u>	 <u>\$ 67,912</u>	 <u>\$ 8,189</u>	 <u>\$ 46,924</u>	 <u>\$ 13,514,488</u>