

# **Renville County**

Financial Statements and  
Supplementary Information

December 31, 2022

# Renville County

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# Renville County

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## **Independent Auditors' Report**

To the County Board of Commissioners of  
Renville County

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 the Renville County (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the 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 the County as of December 31, 2022 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 1, the County adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

As discussed in Note 3 to the financial statements, net position as of December 30, 2021 has been restated to correct a material misstatement due to correction of an error. Our opinions are not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 January 16, 2024 on our consideration of the 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 the 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 the County's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
January 16, 2024

**RENVILLE COUNTY**  
**OLIVIA, MINNESOTA**  
**(Unaudited)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal year ended December 31, 2022**

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, 2022. Readers are encouraged to use this information in conjunction with the County's financial statements.

### **Financial Highlights**

- Renville County's total net position was \$115,237,003 as of December 31, 2022. Of this total, \$3,546,613 was related to the County's business-type activities which includes the County Solid Waste Fund.
- The County Governmental Activities net position increased by \$879,787 and the total Governmental Funds' fund balance showed a decrease of \$10,963,187. The decrease in fund balance is mainly due to an increase in public works and ditch expenditures.
- The County Governmental Funds combined ending fund balance totaled \$32,826,169. Of this total, the unassigned portion is \$2,649,012. The decrease in the balance of the unassigned portion of the fund is primarily due to an increase in advances to ditch and a decrease in special assessment revenue.
- The bonds and notes payable of Renville County related to governmental activities decreased from \$47,657,971 to \$46,944,948 in 2022.
- 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 4) The Renville County HRA Financial Statements are issued separately and may be obtained from the Economic Development Coordinator at 105 South 5<sup>th</sup> 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 4 and 6.
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 Solid Waste Facility in a fund of this type. These financial statements provide more detail than the government-wide financial statements.



- 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, 2022 was \$115,237,003. Approximately 75% or \$86,113,483 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.

	<b>Renville County Net Position</b>					
	<b>(in thousands)</b>					
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total Primary</b>	
	<b><u>Activities</u></b>		<b><u>Activities</u></b>		<b><u>Government</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Assets:						
Current and other assets	\$ 69,154	\$ 75,344	\$ 5,088	\$ 5,009	\$ 74,242	\$ 80,353
Capital Assets	<u>123,161</u>	<u>115,784</u>	<u>254</u>	<u>267</u>	<u>123,415</u>	<u>116,051</u>
Total Assets	<u>192,315</u>	<u>191,128</u>	<u>5,342</u>	<u>5,276</u>	<u>197,657</u>	<u>196,404</u>
Deferred Outflows of Resources:	<u>7,166</u>	<u>2,244</u>	<u>19</u>	<u>4</u>	<u>7,185</u>	<u>2,248</u>
Liabilities:						
Long-term liabilities Outstanding	65,285	57,439	1,753	1,803	67,038	59,242
Other Liabilities	<u>4,991</u>	<u>2,167</u>	<u>41</u>	<u>7</u>	<u>5,032</u>	<u>2,174</u>
Total Liabilities	<u>70,276</u>	<u>59,606</u>	<u>1,794</u>	<u>1,810</u>	<u>72,070</u>	<u>61,416</u>
Deferred Inflows of Resources:	<u>17,515</u>	<u>22,957</u>	<u>20</u>	<u>54</u>	<u>17,535</u>	<u>23,011</u>
Net Position:						
Net Investment in Capital Assets	85,860	84,074	253	267	86,113	84,341
Restricted	6,246	5,630	584	491	6,830	6,121
Unrestricted	<u>19,584</u>	<u>21,106</u>	<u>2,710</u>	<u>2,657</u>	<u>22,294</u>	<u>23,763</u>
Total Net Position	<u>\$111,690</u>	<u>\$ 110,810</u>	<u>\$ 3,547</u>	<u>\$ 3,415</u>	<u>\$ 115,237</u>	<u>\$ 114,225</u>

The unrestricted net position amount of \$22,294,126 as of December 31, 2022, may be used to meet the County's ongoing cash and financial needs.

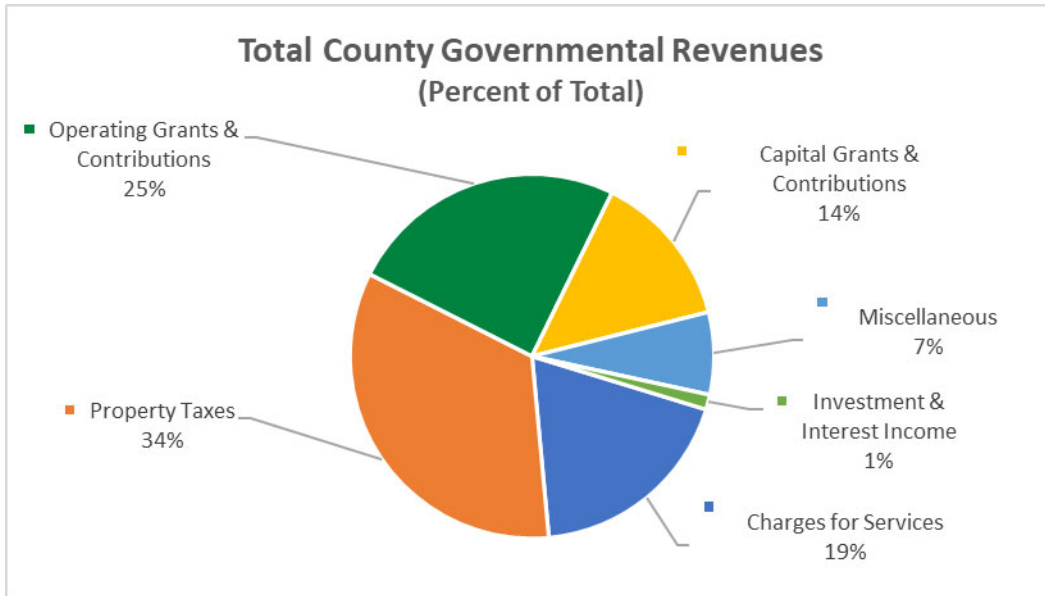
## Governmental and Business-Type Activities

Renville County's governmental activities increased the County's net position during 2022 by \$879,787 which is approximately a 1% increase of the net position from January 1, 2022. (See Notes to the Financial Statements 3.) The table below illustrates the components of this increase:

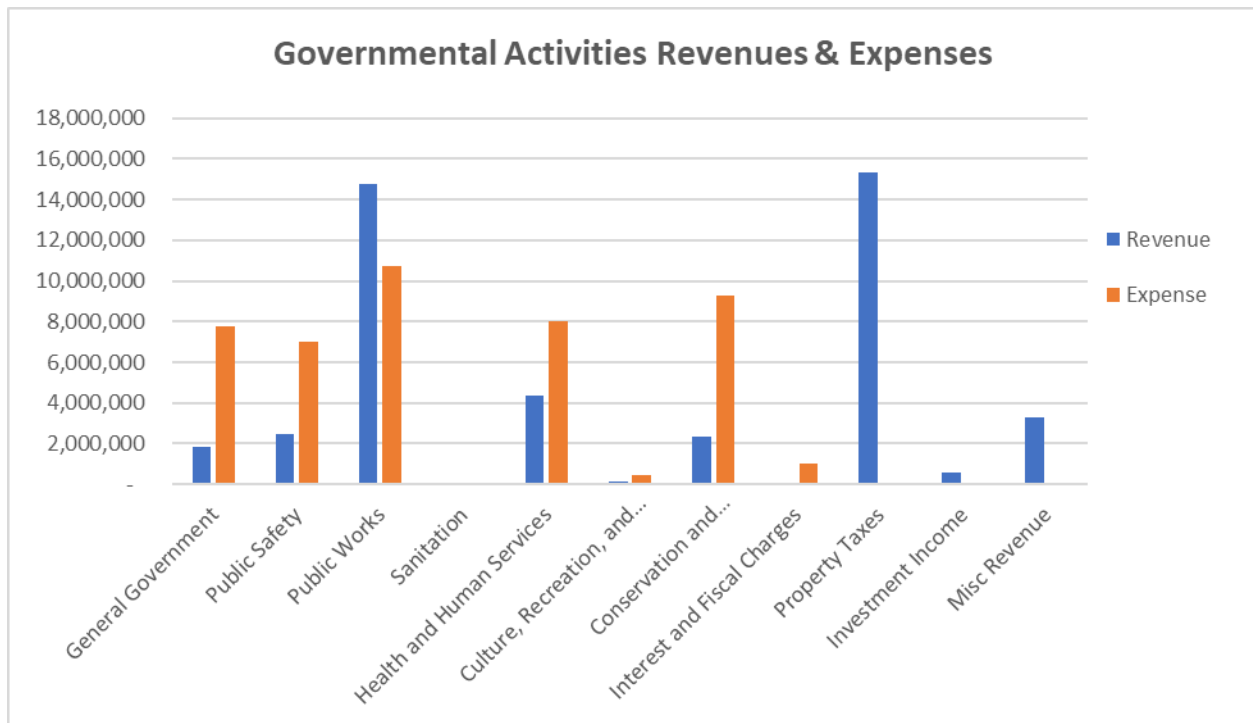
### Renville County Changes in Net Position (in thousands)

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program revenues:						
Charges for services	\$ 8,516	\$ 13,673	\$ 735	\$ 723	\$ 9,251	\$ 14,396
Operating grants & contributions	11,231	10,381	36	70	11,267	10,451
Capital grants & contributions	6,269	5,152	-	-	6,269	5,152
General revenues:						
Property taxes	15,362	14,966	-	-	15,362	14,966
Other	3,910	3,623	98	273	4,008	3,896
Total Revenues	45,288	47,795	869	1,066	46,157	48,861
Expenses:						
General government	7,794	7,698	-	-	7,794	7,698
Public Safety	7,010	4,917	-	-	7,010	4,917
Highways	10,728	10,794	-	-	10,728	10,794
Sanitation	92	94	-	-	92	94
Health and Human Services	8,011	8,170	-	-	8,011	8,170
Solid Waste	-	-	737	738	737	738
Hospital	-	-	-	-	-	-
Culture & recreation	460	403	-	-	460	403
Conservation	9,285	6,977	-	-	9,285	6,977
Interest	1,028	1,013	-	-	1,028	1,013
Special item	-	-	-	-	-	-
Total Expenses	44,408	40,066	737	738	45,145	40,804
Change in Net Position	880	7,729	132	328	1,012	8,057
Net Position – January 1	110,810	103,081	3,415	3,087	114,225	106,168
Net Position – December 31	<u>\$ 111,690</u>	<u>\$ 110,810</u>	<u>\$ 3,547</u>	<u>\$ 3,415</u>	<u>\$115,237</u>	<u>\$114,225</u>

The graph below illustrates Renville County's total revenue for 2022 by category.



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



## **Financial Analysis of the County's Major Funds**

At the end of December 2022, Renville County's Governmental Funds reported combined ending fund balances of \$32,826,169, which was a decrease in 10,794,286 compared to the prior year. The unassigned portion of the fund balance is positive at the end of 2022. 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 2022 was \$11,799,274 and decreased by \$586,128 from the prior year. The unassigned General Fund balance at year-end of \$5,160,211 represents 37% of the total 2022 General Fund expenditures. The decrease in the unassigned balance of the General Fund from the prior year was primarily due to increased advances to the Ditch Fund and an increase in grants received prior to meeting time requirements.

The Road & Bridge Fund balance was \$7,079,985 at year-end. The ending fund balance, which includes reserve for inventories, showed a decrease of \$9,604,621 at the end of 2022. This was primarily due to increased road projects and a decrease in intergovernmental revenue. The inventory reserve portion increased by \$168,901.

The Welfare Fund balance of \$5,382,569 represents 86% of the funds 2022 total expenditures. The ending fund balance increased by \$647,779 in 2022 partially due to higher than anticipated intergovernmental revenues and lower than anticipated expenditures.

The Ditch Fund balance was negative \$2,511,199 at year-end and decreased by \$2,226,801 from the prior year. This decrease was primarily due to a decrease in special assessment revenue during the year and an increase in expenditures.

At year-end 2022, the Debt Service Fund balance of \$3,647,093 is classified as restricted. The increase in fund balance, from the prior year, was \$616,479. The increase in fund balance is primarily due a decrease in debt service costs.

The Solid Waste Funds unrestricted portion of net position increased to \$2,690,344 and represents 76% of the total net position of \$3,527,348. Of the total net position, \$583,353 is restricted and the balance of \$253,651 represents the net investment in capital assets.

## **General Fund Budgetary Highlights**

Actual revenues was less than budgeted revenues by \$138,929 primarily due to intergovernmental revenues not meeting expectations and special assessment revenue not being budgeted.

Actual expenditures were higher than anticipated by \$408,877, this is partially due higher sheriff expenses.

## Capital Assets and Debt Administration

**Capital Assets.** Renville County's capital assets for its governmental activities at December 31, 2022 totaled \$123,161,313, net of accumulated depreciation. The County's investment in capital assets for governmental activities increased by \$7,377,262. 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>2022</u>	<u>2021</u>
Land	\$ 1,753,785	\$ 1,753,785
Easements-intangibles	4,752,887	4,369,804
Infrastructure (Roads & Bridges)	77,970,557	79,074,820
Buildings	23,375,947	24,893,378
Improvements, other than bldgs.	817,714	911,690
Machinery & Equipment	4,384,910	3,905,758
Software-intangibles	57,478	80,581
Construction in Progress	<u>10,048,035</u>	<u>794,235</u>
Total	<u>\$ 123,161,313</u>	<u>\$115,784,051</u>

Additional information on the County's capital assets can be found in the notes to the financial statements (Note 3).

**Long Term Debt.** At the end of the current fiscal year, the County had outstanding debt for governmental activities of \$48,944,948 for bonds and notes payable, which includes \$1,401,044 in unamortized bond premium.

### Renville County's Governmental Outstanding Debt

	<u>2022</u>	<u>2021</u>
General Obligation Bonds	\$25,276,044	\$26,590,079
Revenue Bonds	17,170,198	17,476,890
General Obligation Capital Notes	<u>4,498,706</u>	<u>3,591,002</u>
Total	<u>\$46,944,948</u>	<u>\$47,657,971</u>

The County's debt related to general obligation bonds and notes decreased overall by \$406,33. 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 \$160,337,422 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 3).

## **Economic Factors and Next Year's Budgets**

Many factors were considered when setting the fiscal year 2023 budget, tax rates, and fees that will be charged.

- Historic levels of inflation have resulted in the cost of providing governmental services to increase at faster rates than have been seen in many years. Significant cost increases are being experienced in all activities and departments.
- Renville County receives a significant amount of state and federal funding. In 2022, total intergovernmental revenue was \$13,915,173, which represents a 15% decrease from the prior year's total of \$16,407,927. This funding amounts to 31% of Renville County's governmental expenditures.

## **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 5<sup>th</sup> Street, Suite 315, Olivia, Minnesota 56277.

**Renville County**

Statement of Net Position

December 31, 2022

	Primary Government			Component
	Governmental Activities	Business- Type Activities	Total	Unit Housing and Redevelopment Authority and EDA
<b>Assets</b>				
Cash and investments	\$ 34,413,757	\$ 89,549	\$ 34,503,306	\$ 784,218
Taxes receivable	137,470	-	137,470	-
Special assessments receivable	5,394,520	71,369	5,465,889	-
Notes receivable	1,003,600	-	1,003,600	840,573
Lease receivable	17,170,198	-	17,170,198	-
Other receivables	316,412	1,581	317,993	7,952
Due from other governmental units	9,393,663	568	9,394,231	12,490
Internal balances	(19,265)	19,265	-	-
Prepaid items and inventories	559,312	-	559,312	12,847
Restricted cash and investments	784,320	2,304,831	3,089,151	31,085
Equity interest in joint venture	-	2,601,417	2,601,417	-
Capital assets:				
Construction in progress	10,048,035	-	10,048,035	-
Intangibles	4,752,887	-	4,752,887	-
Land	1,753,785	87,000	1,840,785	62,530
Other capital assets, net of depreciation/amortization	106,606,605	166,651	106,773,256	181,494
Total assets	<u>192,315,299</u>	<u>5,342,231</u>	<u>197,657,530</u>	<u>1,933,189</u>
<b>Deferred Outflows of Resources</b>				
Pension related amounts	7,165,716	18,767	7,184,483	-
Total deferred outflows of resources	<u>7,165,716</u>	<u>18,767</u>	<u>7,184,483</u>	<u>-</u>
<b>Liabilities</b>				
Accounts payable	1,433,604	4,190	1,437,794	7,085
Accrued liabilities	604,966	-	604,966	11,595
Unearned revenue	2,367,479	36,220	2,403,699	221
Deposits	464,871	-	464,871	6,230
Due to other governments	119,098	466	119,564	-
Noncurrent liabilities:				
Due within one year	3,790,511	-	3,790,511	8,923
Due in more than one year	61,494,862	1,753,495	63,248,357	127,177
Total liabilities	<u>70,275,391</u>	<u>1,794,371</u>	<u>72,069,762</u>	<u>161,231</u>
<b>Deferred Inflows of Resources</b>				
Pension related amounts	345,036	20,014	365,050	-
Unearned revenue recognized over lease term	17,170,198	-	17,170,198	-
Total deferred inflows of resources	<u>17,515,234</u>	<u>20,014</u>	<u>17,535,248</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	85,859,832	253,651	86,113,483	120,388
Restricted for:				
Landfill	-	583,353	583,353	-
Capital acquisition	-	-	-	-
Debt service	4,292,621	-	4,292,621	-
Statutory and grant requirements	1,835,883	-	1,835,883	-
Opioid settlement	117,537	-	117,537	-
HRA housing vouchers	-	-	-	16,354
HRA/EDA revolving loan program	-	-	-	467,720
Unrestricted	19,584,517	2,709,609	22,294,126	1,167,496
Total net position	<u>\$ 111,690,390</u>	<u>\$ 3,546,613</u>	<u>\$ 115,237,003</u>	<u>\$ 1,771,958</u>

See notes to financial statements

**Renville County**

Statement of Activities

Year Ended December 31, 2022

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
<b>Functions/Programs</b>							
Governmental activities:							
General government	\$ 7,793,910	\$ 909,342	\$ 913,865	\$ -	\$ (5,970,703)	\$ (5,970,703)	
Public safety	7,009,840	1,711,401	746,073	-	(4,552,366)	(4,552,366)	
Public works	10,728,244	3,068,384	5,440,098	6,269,205	4,049,443	4,049,443	
Sanitation	91,785	68,022	-	-	(23,763)	(23,763)	
Health and human services	8,010,555	507,751	3,881,370	-	(3,621,434)	(3,621,434)	
Culture, recreation and education	460,458	90,319	60,544	-	(309,595)	(309,595)	
Conservation and development	9,285,336	2,161,146	189,027	-	(6,935,163)	(6,935,163)	
Interest and fiscal charges	1,028,422	-	-	-	(1,028,422)	(1,028,422)	
Total governmental activities	44,408,550	8,516,365	11,230,977	6,269,205	(18,392,003)	(18,392,003)	
<b>Business-Type Activities</b>							
Solid waste	737,742	735,293	36,295	-	-	\$ 33,846	33,846
Total business-type activities	737,742	735,293	36,295	-	-	33,846	33,846
Total primary government	\$ 45,146,292	\$ 9,251,658	\$ 11,267,272	\$ 6,269,205	(18,392,003)	33,846	(18,358,157)
<b>Component Unit</b>							
Housing and redevelopment authority and EDA	\$ 954,487	\$ 105,463	\$ 543,078	\$ 1,388	-	(304,558)	(304,558) \$ (304,558)
<b>General Revenues</b>							
Taxes:							
Property taxes, levied for general purposes					7,477,873	-	7,477,873 -
Property taxes, levied for debt service					1,790,515	-	1,790,515 -
Property taxes, levied for human service activities					3,226,605	-	3,226,605 -
Property taxes, levied for capital projects					88,219	-	88,219 -
Property taxes, levied for road and bridge projects					2,778,527	-	2,778,527 -
Property taxes, levied for Housing and Redevelopment authority and EDA					-	-	- 263,373
Penalties and interest					52,903	-	52,903 -
Other taxes					21,850	-	21,850 -
Intergovernmental revenues not restricted to specific programs					1,516,133	-	1,516,133 -
Investment income					600,437	29,156	629,593 21,125
Gain on disposal of capital assets					-	-	- -
Gain from joint venture					-	68,594	68,594 -
Miscellaneous					1,718,728	-	1,718,728 -
Total general revenues					19,271,790	97,750	19,369,540 284,498
Change in net position					879,787	131,596	1,011,383 (20,060)
<b>Net Position, Beginning</b>					110,810,603	3,415,017	114,225,620 1,792,018
<b>Net Position, Ending</b>					\$ 111,690,390	\$ 3,546,613	\$ 115,237,003 \$ 1,771,958

See notes to financial statements



**Renville County**

Balance Sheet - Governmental Funds

December 31, 2022

	General Fund	Road and Bridge Special Revenue Fund	Welfare Special Revenue Fund	Ditch Special Revenue Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and investments	\$ 10,582,264	\$ 6,582,539	\$ 5,127,309	\$ 838,817	\$ 2,938,132	\$ 7,278,247	\$ 33,347,308
Restricted assets, cash and investments	-	-	-	-	784,320	-	784,320
Receivables:							
Taxes	66,974	23,531	24,367	-	15,894	6,704	137,470
Accounts	22,230	41,269	94,211	-	-	50,931	208,641
Special assessments	1,941,849	-	-	2,542,648	909,030	993	5,394,520
Notes	1,003,600	-	-	-	-	-	1,003,600
Interest	107,771	-	-	-	-	-	107,771
Lease	-	-	-	-	17,170,198	-	17,170,198
Due from other governments	674,667	7,949,627	437,118	168,518	-	163,733	9,393,663
Due from other funds	28,432	6,474	-	-	-	-	34,906
Advances to other funds	2,750,000	-	-	-	-	-	2,750,000
Inventories and prepaid items	3,897	554,600	-	-	-	815	559,312
<b>Total assets</b>	<b>\$ 17,181,684</b>	<b>\$ 15,158,040</b>	<b>\$ 5,683,005</b>	<b>\$ 3,549,983</b>	<b>\$ 21,817,574</b>	<b>\$ 7,501,423</b>	<b>\$ 70,891,709</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</b>							
<b>Liabilities</b>							
Accounts payable	\$ 275,496	\$ 770,390	\$ 99,850	\$ 270,321	\$ -	\$ 17,064	\$ 1,433,121
Accrued liabilities	164,488	59,568	70,462	4,240	-	26,813	325,571
Deposits	80,171	-	-	384,700	-	-	464,871
Due to other governments	12,553	18,413	24,075	62,998	-	1,059	119,098
Due to other funds	125	-	28,432	6,349	-	-	34,906
Unearned revenue	2,290,319	-	-	-	75,360	1,800	2,367,479
Advances from other funds	-	-	-	2,750,000	-	-	2,750,000
<b>Total liabilities</b>	<b>2,823,152</b>	<b>848,371</b>	<b>222,819</b>	<b>3,478,608</b>	<b>75,360</b>	<b>46,736</b>	<b>7,495,046</b>
<b>Deferred Inflows of Resources</b>							
Unearned revenues, leases	-	-	-	-	17,170,198	-	17,170,198
Unavailable revenues	2,559,258	7,229,684	77,617	2,582,574	924,923	26,240	13,400,296
<b>Total deferred inflows of resources</b>	<b>2,559,258</b>	<b>7,229,684</b>	<b>77,617</b>	<b>2,582,574</b>	<b>18,095,121</b>	<b>26,240</b>	<b>30,570,494</b>
<b>Fund Balances (Deficit)</b>							
Nonspendable	3,753,897	554,600	-	-	-	815	4,309,312
Restricted	1,615,399	4,522,440	-	-	3,647,093	337,028	10,121,960
Committed	527,026	2,002,945	5,382,569	-	-	7,090,604	15,003,144
Assigned	742,741	-	-	-	-	-	742,741
Unassigned (deficit)	5,160,211	-	-	(2,511,199)	-	-	2,649,012
<b>Total fund balances (deficit)</b>	<b>11,799,274</b>	<b>7,079,985</b>	<b>5,382,569</b>	<b>(2,511,199)</b>	<b>3,647,093</b>	<b>7,428,447</b>	<b>32,826,169</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 17,181,684</b>	<b>\$ 15,158,040</b>	<b>\$ 5,683,005</b>	<b>\$ 3,549,983</b>	<b>\$ 21,817,574</b>	<b>\$ 7,501,423</b>	<b>\$ 70,891,709</b>

See notes to financial statements

## Renville County

### Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

December 31, 2022

<b>Total Fund Balance, Governmental Funds</b>	<b>\$ 32,826,169</b>
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 3.	123,161,312
Some receivables that are not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note 3.	13,400,296
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	7,165,716
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(345,036)
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.	1,046,701
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	\$ (23,875,000)
General obligation notes payable	(4,498,706)
Revenue bonds payable	(17,170,198)
AgBMP capital loan payable	(1,795,062)
Accrued interest on general obligation debt	(279,395)
Unamortized debt premium	(1,401,044)
Net pension liability	(15,384,077)
Vested employee benefits	(1,161,286)
	<u>(65,564,768)</u>
<b>Total Net Position, Governmental Activities</b>	<b><u>\$ 111,690,390</u></b>

See notes to financial statements

**Renville County**

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
 Year Ended December 31, 2022

	General Fund	Road and Bridge Special Revenue Fund	Welfare Special Revenue Fund	Ditch Special Revenue Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 7,571,641	\$ 2,597,440	\$ 2,596,354	\$ -	\$ 1,797,197	\$ 787,400	\$ 15,350,032
Intergovernmental	2,468,902	7,271,390	3,352,755	6,202	54,684	724,945	13,878,878
Licenses and permits	39,108	-	-	-	-	89,119	128,227
Fines, forfeitures and penalties	2,132	-	-	-	-	-	2,132
Public charges for services	2,637,708	311,971	34,593	-	-	681,594	3,665,866
Special assessments	356,062	-	-	5,904,708	144,677	-	6,405,447
Investment income (loss)	(322,167)	142,939	56,284	78,743	31,890	83,070	70,759
Miscellaneous	512,877	25,515	764,704	22,965	1,016,242	124,226	2,466,529
<b>Total revenues</b>	<b>13,266,263</b>	<b>10,349,255</b>	<b>6,804,690</b>	<b>6,012,618</b>	<b>3,044,690</b>	<b>2,490,354</b>	<b>41,967,870</b>
<b>Expenditures</b>							
Current:							
General government	6,155,923	-	-	-	-	55,900	6,211,823
Public safety	6,453,822	-	-	-	-	-	6,453,822
Public works	-	19,972,015	-	-	-	-	19,972,015
Sanitation	-	-	-	-	-	91,785	91,785
Health and human services	-	-	6,243,476	-	-	1,884,163	8,127,639
Culture, recreation and education	488,499	-	-	-	-	-	488,499
Conservation and development	566,950	-	-	8,706,288	-	-	9,273,238
Debt service:							
Principal retirement	359,067	-	-	454,210	1,451,691	125,000	2,389,968
Interest and fiscal charges	16,933	-	-	30,004	1,163,082	-	1,210,019
<b>Total expenditures</b>	<b>14,041,194</b>	<b>19,972,015</b>	<b>6,243,476</b>	<b>9,190,502</b>	<b>2,614,773</b>	<b>2,156,848</b>	<b>54,218,808</b>
Excess (deficiency) of revenues over expenditures	(774,931)	(9,622,760)	561,214	(3,177,884)	429,917	333,506	(12,250,938)
<b>Other Financing Sources (Uses)</b>							
Debt issued	336,668	-	-	951,083	-	-	1,287,751
Transfers in	-	35,800	86,565	-	186,562	25,500	334,427
Transfers out	(147,865)	(186,562)	-	-	-	-	(334,427)
<b>Total other financing sources (uses)</b>	<b>188,803</b>	<b>(150,762)</b>	<b>86,565</b>	<b>951,083</b>	<b>186,562</b>	<b>25,500</b>	<b>1,287,751</b>
<b>Net change in fund balance</b>	<b>(586,128)</b>	<b>(9,773,522)</b>	<b>647,779</b>	<b>(2,226,801)</b>	<b>616,479</b>	<b>359,006</b>	<b>(10,963,187)</b>
Change in reserve for inventories	-	168,901	-	-	-	-	168,901
<b>Fund Balances (Deficit), Beginning</b>	<b>12,385,402</b>	<b>16,684,606</b>	<b>4,734,790</b>	<b>(284,398)</b>	<b>3,030,614</b>	<b>7,069,441</b>	<b>43,620,455</b>
<b>Fund Balances (Deficit), Ending</b>	<b>\$ 11,799,274</b>	<b>\$ 7,079,985</b>	<b>\$ 5,382,569</b>	<b>\$ (2,511,199)</b>	<b>\$ 3,647,093</b>	<b>\$ 7,428,447</b>	<b>\$ 32,826,169</b>

See 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  
Year Ended December 31, 2022

**Net Change in Fund Balances, Total Governmental Funds** \$ (10,963,187)

Amounts reported for governmental activities in the Statement of Activities  
are different because:

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

Current expenditures capitalized in the government-wide statements	13,631,826
Depreciation is reported in the government-wide statements	(6,237,838)
Net book value of assets disposed of	(16,727)

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. See Note 3.

3,464,339

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.

141,834

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

Debt issued	(1,287,751)
Principal payments	2,389,968

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.

168,901

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.

Amortization of debt premium

169,035

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	219,676
Accrued interest on debt	19,233
Net pension liability (and pension related deferred outflows/inflows of resources)	(819,522)

**Change in Net Position of Governmental Activities** \$ 879,787

**Renville County**

Statement of Net Position - Proprietary Funds

December 31, 2022

	<b>Enterprise Fund - Solid Waste</b>	<b>Governmental Activities Internal Service Fund - Health Insurance</b>
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 89,549	\$ 1,066,449
Accounts receivable	1,581	-
Special assessments receivable	71,369	-
Due from other governments	568	-
Total current assets	<u>163,067</u>	<u>1,066,449</u>
<b>Noncurrent Assets</b>		
Restricted cash and investments	2,304,831	-
Equity interest in joint venture	2,601,417	-
Capital assets:		
Land	87,000	-
Plant in service	2,269,662	-
Accumulated depreciation	<u>(2,103,011)</u>	<u>-</u>
Total noncurrent assets	<u>5,159,899</u>	<u>-</u>
Total assets	<u>5,322,966</u>	<u>1,066,449</u>
<b>Deferred Outflows of Resources</b>		
Pension related amounts	<u>18,767</u>	<u>-</u>
Total deferred outflows of resources	<u>18,767</u>	<u>-</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	4,190	483
Unearned revenues	36,220	-
Due to other governments	466	-
Total current liabilities	<u>40,876</u>	<u>483</u>
<b>Noncurrent Liabilities</b>		
Landfill liability	1,721,478	-
Net pension liability	<u>32,017</u>	<u>-</u>
Total noncurrent liabilities	<u>1,753,495</u>	<u>-</u>
Total liabilities	<u>1,794,371</u>	<u>483</u>
<b>Deferred Inflows of Resources</b>		
Pension related amounts	<u>20,014</u>	<u>-</u>
Total deferred inflows of resources	<u>20,014</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	253,651	-
Restricted for landfill	583,353	-
Unrestricted	<u>2,690,344</u>	<u>1,065,966</u>
Total net position	3,527,348	<u>\$ 1,065,966</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	<u>19,265</u>	
Net position of business-type activities	<u>\$ 3,546,613</u>	

See notes to financial statements

**Renville County**

## Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

Year Ended December 31, 2022

	<b>Enterprise Fund - Solid Waste</b>	<b>Governmental Activities Internal Service Fund - Health Insurance</b>
<b>Operating Revenues</b>		
Special assessments	\$ 600,408	\$ -
Intergovernmental	36,295	-
Charges for service	133,715	1,253,572
Other revenue	1,170	267
	<hr/>	<hr/>
Total operating revenues	771,588	1,253,839
	<hr/>	<hr/>
<b>Operating Expenses</b>		
Public works	725,808	-
Depreciation	13,096	-
Claims/insurance expense	-	1,110,843
	<hr/>	<hr/>
Total operating expenses	738,904	1,110,843
	<hr/>	<hr/>
Operating income	32,684	142,996
	<hr/>	<hr/>
<b>Nonoperating Revenues</b>		
Investment income	29,156	-
Gain from joint venture	68,594	-
	<hr/>	<hr/>
Total nonoperating revenue	97,750	-
	<hr/>	<hr/>
Change in net position	130,434	142,996
	<hr/>	<hr/>
<b>Net Position, Beginning</b>	3,396,914	922,970
	<hr/>	<hr/>
<b>Net Position, Ending</b>	\$ 3,527,348	\$ 1,065,966
	<hr/> <hr/>	<hr/> <hr/>
<b>Change in Net Position, Enterprise Funds</b>	\$ 130,434	
	<hr/>	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	1,162	
	<hr/>	
Change in net position of business-type activities	\$ 131,596	
	<hr/> <hr/>	

See notes to financial statements

## Renville County

### Statement of Cash Flows - Proprietary Funds

Year Ended December 31, 2022

	<b>Enterprise Fund - Solid Waste</b>	<b>Governmental Activities Internal Service Fund - Health Insurance</b>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 743,721	\$ 1,253,839
Cash paid to suppliers for goods and services	(708,888)	(890,728)
Cash paid to employees for services	(43,999)	-
Net cash flows from operating activities	<u>(9,166)</u>	<u>363,111</u>
<b>Cash Flows From Investing Activities</b>		
Investment income	<u>29,156</u>	<u>-</u>
Net cash flows from investing activities	<u>29,156</u>	<u>-</u>
Net increase in cash and cash equivalents	19,990	363,111
<b>Cash and Cash Equivalent, Beginning</b>	<u>2,374,390</u>	<u>703,338</u>
<b>Cash and Cash Equivalent, Ending</b>	<u>\$ 2,394,380</u>	<u>\$ 1,066,449</u>
<b>Reconciliation of Operating Income to Net Cash Flows From Operating Activities</b>		
Operating income	\$ 32,684	\$ 142,996
Adjustments to reconcile operating income:		
Net cash flows from operating activities:		
Noncash items included in operating income:		
Depreciation	13,096	-
Decrease in landfill liability	(63,894)	-
Change in assets, liabilities and deferred outflows and inflows of resources:		
Receivables	(27,867)	-
Prepaid items	37,860	222,055
Accounts payable	(2,692)	(1,940)
Pension related deferrals and liabilities	1,647	-
Net cash flows from operating activities	<u>\$ (9,166)</u>	<u>\$ 363,111</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</b>		
Cash and investments, statement of net position	\$ 89,549	\$ 1,066,449
Restricted cash and investments	<u>2,304,831</u>	<u>-</u>
Cash and cash equivalents, ending	<u>\$ 2,394,380</u>	<u>\$ 1,066,449</u>
<b>Noncash Capital, Investing and Financing Activities</b>		
None.		

See notes to financial statements

## Renville County

### Statement of Fiduciary Net Position - Custodial Funds

December 31, 2022

	<b>Total Custodial Funds</b>
<b>Assets</b>	
Cash and investments	\$ 3,575,165
Accounts receivable	153,077
Due from other governments	301,377
Prepaid items	9,269
	<hr/>
Total assets	4,038,888
<b>Liabilities</b>	
Accounts payable	211,020
Accrued liabilities	15,905
Due to other governments	244,367
	<hr/>
Total liabilities	471,292
<b>Deferred Inflows of Resources</b>	
Unearned revenues	72,440
	<hr/>
<b>Net Position</b>	
Restricted for:	
Individuals, organizations and other governments	602,073
Redwood-Renville Regional Solid Waste Authority	835,478
Supporting Hands Nurse Family Partnership	2,057,605
	<hr/>
Total net position	\$ 3,495,156
	<hr/> <hr/>

See notes to financial statements



## **Renville County**

### Statement of Changes in Fiduciary Net Position - Custodial Funds

Year Ended December 31, 2022

	<b>Total Custodial Funds</b>
<b>Additions</b>	
Property tax collections	\$ 37,989,911
Special assessments	1,200,206
Intergovernmental revenue	145,802
Grants and contributions	1,271,303
Fees for services collections	2,604,398
Penalties and interest	176,876
Miscellaneous income	50,930
	<hr/>
Total additions	43,439,426
	<hr/>
<b>Deductions</b>	
Property tax payments	37,906,538
Remittance of fees for services	825,792
Nursing services	1,748,814
Recycling services	2,264,382
Interest expenses	28,333
	<hr/>
Total deductions	42,773,859
	<hr/>
Change in fiduciary net position	665,567
	<hr/>
<b>Net Position, Beginning, as restated</b>	2,829,589
	<hr/>
<b>Net Position, Ending</b>	<u><u>\$ 3,495,156</u></u>

See notes to financial statements

# Renville County

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December 31, 2022

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# Renville County

Notes to Financial Statements  
December 31, 2022

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## 1. Summary of Significant Accounting Policies

The accounting policies of Renville County, Minnesota (the County) 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).

### 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 financials statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt 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, 2022. Separately issued financial statements may be obtained from the Executive Director at 105 South 5<sup>th</sup> St. Suite 318, Olivia, MN 56277. See Note 4.

## Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the County's leasing activities. This standard was implemented January 1, 2022.

### 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;
- 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; and
- 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.

## Renville County

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Notes to Financial Statements  
December 31, 2022

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 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 fund:

**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.

**Opioid Settlement Fund** - accounts for and reports resources restricted from the National Opioid Settlement Fund.

## Renville County

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Notes to Financial Statements  
December 31, 2022

**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 custodial funds:

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

**Mortgage Registration Fund** - accounts for and reports the collection and distribution to governments of mortgage registration tax.

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

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

**Supporting Hands Nurse Family Partnership 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.

### 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.

# Renville County

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Notes to Financial Statements  
December 31, 2022

## 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 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 and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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. 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.

## **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**

### **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.

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 3. 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**

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Notes to Financial Statements  
December 31, 2022

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](http://www.magicfund.org).

See Note 3 for further information.

### **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.

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.

#### **Lease Receivable**

The County is a lessor because it leases capital assets to other entities. As a lessor, the County reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The County continues to report and depreciate the capital assets being leased as capital assets of the primary government.

In conjunction with the disposal of the hospital enterprise fund operations on May 1, 2020, the County will receive payment on a lease as described in Note 3, payments to mirror the USDA revenue bonds. Monthly payments of \$65,360, including principal and interest at 2.75%, will be received.

#### **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.

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.

# Renville County

Notes to Financial Statements  
December 31, 2022

## 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.

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.

## 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.

## 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

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.

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

# Renville County

Notes to Financial Statements  
December 31, 2022

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## **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.

## **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.

## **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, 2022 are determined on the basis of current salary rates and include salary related payments.

## **Other Post-Employment Benefits**

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

## **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.

## **Deferred Inflows of Resources**

A deferred inflow of resources represents as 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.

## 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.
- 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.

# Renville County

Notes to Financial Statements  
December 31, 2022

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% of the fund's operating revenues. As of December 31, 2022, the unrestricted fund balance for the General Fund was 47% of operating revenues.

## 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.

## 2. Stewardship, Compliance and Accountability

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

### Excess Expenditures and Other Financing Uses Over Appropriations

The following individual funds had 2022 expenditures and other financing uses in excess of appropriations:

<u>Fund</u>	<u>Budgeted Expenditures and Other Financing Uses</u>	<u>Actual Expenditures and Other Financing Uses</u>	<u>Excess Expenditures and Other Financing Uses</u>
General fund	\$ 13,632,317	\$ 14,189,059	\$ 556,742

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.

### Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end. As of December 31, 2022, the following fund held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Ditch special revenue fund	\$ 2,511,199	Program costs exceed revenue
Mortgage registration fund	6,656	Fees remitted exceed collections

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

## Renville County

Notes to Financial Statements  
December 31, 2022

### 3. Detailed Notes on All Funds

#### Deposits and Investments

The County's cash and investments at for the year ended December 31, 2022, were comprised of the following:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 15,524,834	\$ 17,968,889	Custodial credit risk
U.S. treasuries	4,092,957	4,092,957	Custodial credit risk, interest rate risk
U.S. agencies, explicitly guaranteed	5,770,671	5,770,671	Custodial credit risk, interest rate risk
U.S. agencies, implicitly guaranteed	144,670	144,670	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Commercial paper	582,067	582,067	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
MAGIC	15,049,673	15,049,673	Credit risk, interest rate risk
Petty cash	2,750	-	N/A
	<u>\$ 41,167,622</u>	<u>\$ 43,608,927</u>	
Reconciliation to financial statements per statement of net position:			
Unrestricted cash and investments	\$ 34,503,306		
Restricted cash and investments	3,089,151		
Per statement of fiduciary net position	<u>3,575,165</u>		
	<u>\$ 41,167,622</u>		

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

The County maintains collateral agreements with its banks. At December 31, 2022, the banks had pledged various government securities in the amount of \$5,750,148 to secure the County's deposits.

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

## Renville County

Notes to Financial Statements  
December 31, 2022

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

- Quoted market prices for similar assets in active markets.

Investment Type	December 31, 2022			
	Level 1	Level 2	Level 3	Total
U.S. agencies, explicitly guaranteed	\$ -	\$ 5,770,671	\$ -	\$ 5,770,671
U.S. agencies, implicitly guaranteed	-	144,670	-	144,670
Commercial paper	-	582,067	-	582,067
U.S. treasuries	-	4,092,957	-	4,092,957
Total	\$ -	\$ 10,590,365	\$ -	\$ 10,590,365

### 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, 2022, all cash and investments held by Renville County were covered by insurance, surety bond or collateral as required by Minnesota statutes.

### 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, 2022, 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)

## Renville County

Notes to Financial Statements  
December 31, 2022

### 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, 2022.

### 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, 2022, the County's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. treasuries	\$ 4,092,957	1.97
U.S. agencies, explicitly guaranteed	5,770,671	8.02
U.S. agencies, implicitly guaranteed	144,670	0.98
Commercial paper	582,067	0.58
MAGIC	15,049,673	0.08
Total fair value	<u>\$ 25,640,038</u>	
Portfolio weighted average maturity		2.17

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

### Receivables

Receivables as of December 31, 2022, for the County's governmental activities are as follows:

<u>Fund</u>	<u>Net Receivables</u>	<u>Amounts Not Expected to be Collected Within One Year</u>
Governmental activities:		
Taxes	\$ 137,470	\$ 79,733
Special assessments	5,394,520	3,854,558
Notes receivable	1,003,600	1,000,000
Lease receivable	17,170,198	16,854,950
Other receivables	316,013	-
Due from other governments	9,393,663	-
Total government activities	<u>\$ 33,415,464</u>	<u>\$ 21,789,241</u>

No allowance is considered necessary.

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.



## Renville County

Notes to Financial Statements  
December 31, 2022

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	\$ -	\$ 137,470
Due from other governments	-	7,743,705
Special assessments	-	5,394,520
Accrued interest	-	77,248
Accounts receivable	-	43,753
Lease receivable earned over lease term	17,170,198	-
Grants received but not earned	2,367,479	-
Notes	-	3,600
	<u>                    </u>	<u>                    </u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 19,537,677</u>	<u>\$ 13,400,296</u>

### 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, 2022, investments of \$2,304,831 are held for these purposes. See Note 3.

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

# Renville County

Notes to Financial Statements  
December 31, 2022

## Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 794,235	\$ 13,091,866	\$ 3,838,066	\$ 10,048,035
Intangibles, easements	4,369,804	383,083	-	4,752,887
Land	1,753,785	-	-	1,753,785
	<u>6,917,824</u>	<u>13,474,949</u>	<u>3,838,066</u>	<u>16,554,707</u>
Total capital assets not being depreciated				
Capital assets being depreciated/amortized:				
Buildings	40,023,180	50,469	-	40,073,649
Intangibles, software	301,770	-	-	301,770
Land improvements	1,856,712	20,543	-	1,877,255
Machinery and equipment	12,668,844	1,219,826	495,603	13,393,067
Roads	120,537,210	1,522,886	-	122,060,096
Bridges	17,932,013	1,181,219	18,305	19,094,927
	<u>193,319,729</u>	<u>3,994,943</u>	<u>513,908</u>	<u>196,800,764</u>
Total capital assets being depreciated/amortized				
Less accumulated depreciation/amortization for:				
Buildings	(15,129,802)	(1,567,900)	-	(16,697,702)
Intangibles, software	(221,189)	(23,103)	-	(244,292)
Land improvements	(945,022)	(114,519)	-	(1,059,541)
Machinery and equipment	(8,763,086)	(723,948)	(478,876)	(9,008,158)
Roads	(53,931,480)	(3,450,155)	-	(57,381,635)
Bridges	(5,462,923)	(358,213)	(18,305)	(5,802,831)
	<u>(84,453,502)</u>	<u>(6,237,838)</u>	<u>(497,181)</u>	<u>(90,194,159)</u>
Total accumulated depreciated/amortized				
Net capital assets being depreciated	<u>108,866,227</u>	<u>(2,242,895)</u>	<u>16,727</u>	<u>106,606,605</u>
Total governmental activities capital assets, net of depreciation/amortization				
	<u>\$ 115,784,051</u>	<u>\$ 11,232,054</u>	<u>\$ 3,854,793</u>	<u>\$ 123,161,312</u>

## Renville County

Notes to Financial Statements  
December 31, 2022

Depreciation expense was charged to functions as follows:

### Governmental Activities

General government	\$ 1,687,160
Public safety	194,275
Public works, which includes the depreciation of roads and bridges	4,298,528
Health and human services	21,800
Culture, recreation and education	23,587
Conservation and development	12,488
	<u>12,488</u>

Total governmental activities depreciation expense	<u><u>\$ 6,237,838</u></u>
--	----------------------------

### Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Solid Waste</b>				
Capital assets not being depreciated:				
Land	\$ 87,000	\$ -	\$ -	\$ 87,000
Total capital assets not being depreciated	<u>87,000</u>	<u>-</u>	<u>-</u>	<u>87,000</u>
Capital assets being depreciated:				
Land improvements	1,854,686	-	-	1,854,686
Building	172,969	-	-	172,969
Machinery and automobiles	242,007	-	-	242,007
Total capital assets being depreciated	<u>2,269,662</u>	<u>-</u>	<u>-</u>	<u>2,269,662</u>
Less accumulated depreciation for:				
Land improvements	(1,774,646)	(9,982)	-	(1,784,628)
Building	(78,169)	(3,114)	-	(81,283)
Machinery and automobiles	(237,100)	-	-	(237,100)
Total accumulated depreciation	<u>(2,089,915)</u>	<u>(13,096)</u>	<u>-</u>	<u>(2,103,011)</u>
Net solid waste capital assets	<u>\$ 266,747</u>	<u>\$ (13,096)</u>	<u>\$ -</u>	<u>\$ 166,651</u>

Depreciation expense of \$13,096 was charged to the solid waste business-type activities.

# Renville County

Notes to Financial Statements  
December 31, 2022

## 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	\$ 28,432
Road and bridge fund	Ditch fund	6,349
Road and bridge fund	General fund	125
Subtotal, fund financial statements		34,906
Less fund eliminations		(34,906)
Less interfund receivable created with internal service fund elimination		(19,265)
Total internal balances, government-wide statement of net position		<u>\$ (19,265)</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	Ditch fund	\$ 2,750,000	\$ 2,750,000
Subtotal, fund financial statements		2,750,000	
Less fund eliminations		(2,750,000)	
Total interfund advances, government-wide statement of net position		<u>\$ -</u>	

The general fund has advanced funds to the ditch fund. The amounts advanced were approved by the County Board and determined by cash needs in the fund. 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.

# Renville County

Notes to Financial Statements  
December 31, 2022

## Transfers

The following is a schedule of interfund transfers:

Fund Transferred to	Fund Transferred From	Amount	Principal Purpose
Debt service	Road and bridge	\$ 186,562	Wheelage tax collected
Road and bridge	General fund	35,800	ARPA funds
Public health	General fund	25,500	ARPA funds
Welfare fund	General fund	86,565	ARPA funds
Subtotal, fund financial statements		334,427	
Less fund eliminations		(334,427)	
Total interfund advances, government-wide statement of net position		\$ -	

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.

## Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Government Activities</b>					
Bonds and notes payable:					
General obligation bonds	\$ 25,020,000	\$ -	\$ 1,145,000	\$ 23,875,000	\$ 1,855,000
General obligation notes payable*	3,591,002	1,211,772	304,068	4,498,706	240,676
Revenue bonds	17,476,890	-	306,692	17,170,198	315,248
Plus unamortized bond premium	1,570,079	-	169,035	1,401,044	-
Subtotal	47,657,971	1,211,772	1,924,795	46,944,948	2,410,924
Other liabilities:					
AgBMP capital loans*	2,353,291	75,980	634,209	1,795,062	462,573
Vested compensated absences	1,380,962	927,365	1,147,041	1,161,286	917,014
Net pension liability	6,046,394	9,337,683	-	15,384,077	-
Subtotal	9,780,647	10,341,028	1,781,250	18,340,425	1,379,587
Total governmental activities long-term liabilities	\$ 57,438,618	\$ 11,552,800	\$ 3,706,045	\$ 65,285,373	\$ 3,790,511
<b>Business-Type Activities</b>					
Other liabilities:					
Landfill liability	\$ 1,785,372	\$ -	\$ 63,894	\$ 1,721,478	\$ -
Net pension liability	18,027	13,990	-	32,017	-
Subtotal	1,803,399	13,990	63,894	1,753,495	-
Total business-type activities long-term liabilities	\$ 1,803,399	\$ 13,990	\$ 63,894	\$ 1,753,495	\$ -

\* Considered direct placement or direct borrowing

# Renville County

Notes to Financial Statements  
December 31, 2022

## 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, 2022, was \$160,337,422. General obligation debt outstanding at year-end was \$28,373,706.

General obligation debt payable for the County at December 31, 2022, consists of the following:

Governmental Activities General Obligation Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2022
Capital improvement and refunding bonds	2016	2031	2.00-2.375%	\$ 4,105,000	\$ 2,445,000
Drainage bonds	2019	2036	2.00-2.20%	1,510,000	1,310,000
Capital improvement bonds	2020	2041	2.0%	14,065,000	14,065,000
Refunding bonds	2020	2029	5.0%	6,810,000	<u>6,055,000</u>
Total governmental activities, general obligation bonds					<u>\$ 23,875,000</u>

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt	
	Principal	Interest
Years ending December 31:		
2023	\$ 1,855,000	\$ 630,575
2024	1,920,000	566,950
2025	1,990,000	500,550
2026	2,055,000	431,300
2027	2,110,000	359,500
2028-2032	6,325,000	1,081,425
2033-2037	4,205,000	549,800
2038-2041	<u>3,415,000</u>	<u>138,250</u>
Total	<u>\$ 23,875,000</u>	<u>\$ 4,258,350</u>

# Renville County

Notes to Financial Statements  
December 31, 2022

## Mortgage Revenue Debt

Governmental activities revenue bonds are payable only from revenues derived from payments of the hospital building lease receivable.

Mortgage Revenue debt payable for the County at December 31, 2022, consists of the following:

<b>Governmental Activities Revenue Bonds</b>	<b>Date of Issue</b>	<b>Final Maturity</b>	<b>Interest Rates</b>	<b>Original Indebtedness</b>	<b>Balance December 31, 2022</b>
Taxable bonds 2016A and 2016B	2016	2056	2.75 %	\$ 19,000,000	\$ 17,170,198

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

	<b>Business-Type Activities Mortgage Revenue Debt</b>	
	<b>Principal</b>	<b>Interest</b>
Years ending December 31:		
2023	\$ 315,248	\$ 469,072
2024	324,043	460,277
2025	333,083	451,237
2026	342,376	441,944
2027	351,928	432,392
2028-2032	1,912,507	2,009,093
2033-2037	2,194,597	1,727,003
2038-2042	2,518,294	1,403,306
2043-2047	2,889,736	1,031,864
2048-2052	3,315,965	605,636
2053-2056	2,672,421	137,182
Total	<u>\$ 17,170,198</u>	<u>\$ 9,169,006</u>

# Renville County

Notes to Financial Statements  
December 31, 2022

Notes payable for the County at December 31, 2022, consists of the following:

<b>Governmental Activities Notes Payable - Direct Borrowing</b>	<b>Date of Issue</b>	<b>Final Maturity</b>	<b>Interest Rates</b>	<b>Original Indebtedness</b>	<b>Balance December 31, 2022</b>
Note payable	2010	2023	2%	\$ 317,306	\$ 34,648
Note payable	2012	2024	2%	228,575	49,425
Note payable	2012	2026	2%	101,258	42,935
Note payable	2013	2024	2%	22,900	3,801
Note payable	2013	2026	2%	318,806	135,180
Note payable	2015	2027	2%	112,229	75,462
Note payable	2016	2029	2%	387,442	279,192
Note payable	2017	2029	2%	126,985	91,506
Note payable	2020	2030	0%	1,000,000	725,000
Note payable	2020	2031	0%	869,653 *	869,653
Note payable	2020	2028	0%	2,191,904 **	2,191,904
Total governmental activities, notes payable					<u>\$ 4,498,706</u>

\* Loan is authorized for up to \$900,000. The county has drawn \$869,653 as of December 31, 2022.

\*\* Loan is authorized for up to \$3,000,000. The county has drawn \$2,191,904 as of December 31, 2022.

The County has also been authorized for a loan up to \$700,000 at 0% interest. No draws were made as of December 31, 2022.

Debt service requirements to maturity are as follows:

	<b>Governmental Activities Notes Payable</b>	
	<b>Principal</b>	<b>Interest</b>
Years ending December 31:		
2023	\$ 240,676	\$ 13,419
2024	735,751	10,264
2025	776,646	7,743
2026	778,822	5,567
2027	734,253	3,580
2028-2031	1,232,558	3,162
Total	<u>\$ 4,498,706</u>	<u>\$ 43,735</u>

The above loans contain provisions that in an event of default, outstanding amounts become immediately due and payable.



# Renville County

Notes to Financial Statements  
December 31, 2022

## 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. If the County fails to repay these loans within six months of their due date, the Department may demand immediate and full repayment.

Loans payable for the County at December 31, 2022, consists of the following:

Governmental Activities Loans Payable Direct Borrowing	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2022
AgBMP well loan	2012	2033	N/A	\$ 1,097,349	\$ 818,330
AgBMP ditch loan	2018	2024	N/A	65,050	19,516
AgBMP ditch loan	2018	2024	N/A	25,517	7,654
AgBMP ditch loan	2018	2024	N/A	194,313	58,295
AgBMP ditch loan	2018	2024	N/A	94,563	28,370
AgBMP ditch loan	2018	2024	N/A	165,514	49,656
AgBMP ditch loan	2018	2024	N/A	177,066	53,118
AgBMP ditch loan	2018	2024	N/A	71,896	21,567
AgBMP ditch loan	2019	2025	N/A	204,928	102,463
AgBMP ditch loan	2019	2025	N/A	132,129	66,062
AgBMP ditch loan	2019	2025	N/A	436,105	218,055
AgBMP ditch loan	2019	2025	N/A	14,408	7,203
AgBMP ditch loan	2019	2025	N/A	59,183	29,593
AgBMP ditch loan	2019	2025	N/A	100,557	50,277
AgBMP ditch loan	2019	2025	N/A	256,687	128,342
AgBMP ditch loan	2019	2025	N/A	273,126	136,561
Total governmental activities, loans payable					<u>\$ 1,795,062</u>

Debt service requirements to maturity are as follows:

	Governmental Activities Loans Payable	
	Principal	Interest
Years ending December 31:		
2023	\$ 462,573	\$ -
2024	461,762	-
2025	268,115	-
2026	127,823	-
2027	125,231	-
2028-2032	343,719	-
2033	5,839	-
Total	<u>\$ 1,795,062</u>	<u>\$ -</u>

# Renville County

Notes to Financial Statements

December 31, 2022

## 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 County 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.

## Lease Disclosures

### Lessor - Lease Receivables

<u>Governmental Activities Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Receivable Balance December 31, 2022</u>
Hospital building	2016	2056	2.75 %	<u>\$ 17,170,198</u>
Total governmental activities				<u>\$ 17,170,198</u>

The County recognized \$306,691 of lease revenue during the fiscal year.

The County recognized \$477,629 of interest revenue during the fiscal year.

### 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 \$1,721,478 reported as landfill closure and postclosure care liability at December 31, 2022. 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 2020 costs. Actual costs may be higher due to inflation, changes in technology or changes in regulation. As of December 31, 2022, the County has a remaining contract commitment of approximately \$500,000 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, 2022, investments of \$2,304,831 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  
December 31, 2022

## Net Position/Fund Balances

Net position reported on the government wide statement of net position at December 31, 2022 includes the following:

### Governmental Activities

Net investment in capital assets:

Construction in progress	\$ 10,048,035
Intangible assets	4,752,887
Land	1,753,785
Other capital assets, net of accumulated depreciation	106,606,605
Less capital related long-term debt outstanding	(40,422,877)
Less premium on long-term debt outstanding	(1,401,044)
Plus unspent capital related bond proceeds	<u>4,522,441</u>
Total net investment in capital assets	<u>\$ 85,859,832</u>

Long-term debt related to capital assets consists of \$17,170,198 of the 2016 A & 2016 B Revenue Bonds, \$2,434,926 of the 2017 Capital Improvement Bonds, \$14,065,000 of the 2020 GO Capital Improvement Bonds, \$6,027,753 of the 2020 GO Refunding Bonds and \$725,000 of the Renville Sibley Coop Loan Promissory Note.

### Business-Type Activities

Net investment in capital assets:

Land	\$ 87,000
Other capital assets, net of accumulated depreciation	<u>166,651</u>
Total net investment in capital assets	<u>\$ 253,651</u>

## Restatement of Net Position

Net position has been restated to correct an error related to presentation of non-controlled assets and liabilities within the Custodial Funds. Beginning net position has been restated to reflect this change.

Custodial Fund Net Position - December 31, 2021 (as reported)	\$ 6,440,496
Less removal of capital assets (net)	(7,726,255)
Less removal of long-term debt	3,041,660
Less removal of pension and compensated absences	<u>1,073,688</u>
Custodial Fund Net Position - December 31, 2021 (as restated)	<u>\$ 2,829,589</u>
Net income of the prior year would have been increased by	<u>\$ 147,598</u>

# Renville County

Notes to Financial Statements  
December 31, 2022

## Governmental Activities Fund Balances

Governmental fund balances reported on the fund financial statements at December 31, 2022, include the following:

	General Fund	Road and Bridge	Welfare	Ditch	Debt Service Fund	Nonmajor Funds	Total
<b>Nonspendable:</b>							
Inventories and prepaids	\$ 3,897	\$ 554,600	\$ -	\$ -	\$ -	\$ 815	\$ 559,312
Advances	2,750,000	-	-	-	-	-	2,750,000
Notes receivable	1,000,000	-	-	-	-	-	1,000,000
Subtotal	<u>3,753,897</u>	<u>554,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>815</u>	<u>4,309,312</u>
<b>Restricted for:</b>							
Lake Allie sewer	-	-	-	-	-	49,698	49,698
DNR trust	-	-	-	-	-	166,360	166,360
Statutory requirements	611,381	-	-	-	-	-	611,381
Forfeited tax sale	-	-	-	-	-	3,433	3,433
Debt service	-	-	-	-	3,647,093	-	3,647,093
Bond proceeds	-	4,522,440	-	-	-	-	4,522,440
Grant agreements	1,004,018	-	-	-	-	-	1,004,018
Opioid settlement	-	-	-	-	-	117,537	117,537
Subtotal	<u>1,615,399</u>	<u>4,522,440</u>	<u>-</u>	<u>-</u>	<u>3,647,093</u>	<u>337,028</u>	<u>10,121,960</u>
<b>Committed to:</b>							
Capital projects	-	-	-	-	-	3,374,258	3,374,258
Public health	-	-	-	-	-	3,579,131	3,579,131
Human services	-	-	5,140,415	-	-	-	5,140,415
Road & bridge	-	1,748,053	-	-	-	-	1,748,053
Compensated absences	527,026	254,892	242,154	-	-	137,215	1,161,287
Subtotal	<u>527,026</u>	<u>2,002,945</u>	<u>5,382,569</u>	<u>-</u>	<u>-</u>	<u>7,090,604</u>	<u>15,003,144</u>
<b>Assigned to:</b>							
Jail canteen	218,093	-	-	-	-	-	218,093
Veterans van purchase	33,063	-	-	-	-	-	33,063
2023 budget	491,585	-	-	-	-	-	491,585
Subtotal	<u>742,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>742,741</u>
Unassigned (deficit)	5,160,211	-	-	(2,511,199)	-	-	2,649,012
Total fund balances	<u>\$ 11,799,274</u>	<u>\$ 7,079,985</u>	<u>\$ 5,382,569</u>	<u>\$ (2,511,199)</u>	<u>\$ 3,647,093</u>	<u>\$ 7,428,447</u>	<u>\$ 32,826,169</u>

## 4. Other Information

### 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.

###### General Employees Retirement Plan

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

###### 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.

###### Local Government Correctional Plan

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

###### Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

###### 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% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% 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

December 31, 2022

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

### **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% after five years up to 100% 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% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase will be fixed at 1%. 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. 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.

### **Correctional Plan Benefits**

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

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

### **Contributions**

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

# Renville County

Notes to Financial Statements  
December 31, 2022

## General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the County was required to contribute 7.50% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2022, were \$682,210. The County's contributions were equal to the required contributions as set by state statute.

## Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2022 and the County was required to contribute 17.70% for Police and Fire Plan members. The County's contributions to the Police and Fire Fund for the year ended December 31, 2022, were \$213,139. The County's contributions were equal to the required contributions as set by state statute.

## Correctional Fund Contributions

Correctional Plan members were required to contribute 5.83% of their annual covered salary in fiscal year 2022 and the County was required to contribute 8.75% for Correctional Plan members. The County's contributions to the Correctional Fund for the year ended December 31, 2022, were \$84,527. The County's contributions were equal to the required contributions as set by state statute.

## Pension Costs

### General Employees Fund Pension Costs

At December 31, 2022, the County reported a liability of \$9,610,073 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. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$282,808.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1217% at the end of the measurement period and 0.1239% for the beginning of the period.

County's proportionate share of the net pension liability	\$ 9,610,073
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>282,808</u>
Total	<u>\$ 9,892,881</u>

For the year ended December 31, 2022, the County recognized pension expense of \$890,139 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$42,189 as pension expense and grant revenue for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employee Fund.

## Renville County

Notes to Financial Statements  
December 31, 2022

At December 31, 2022, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 75,317	\$ 105,119
Changes in actuarial assumptions	65,923	24,436
Net collective difference between projected and actual investment earnings	2,544,592	-
Changes in proportion	3,552	155,694
Contributions paid to PERA subsequent to the measurement date	365,264	-
Total	<u>\$ 3,054,648</u>	<u>\$ 285,249</u>

The \$365,264 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, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Pension Expense Amount</b>
Years ending December 31:	
2023	\$ 509,066
2024	544,206
2025	432,135
2026	918,728

### Police and Fire Fund Pension Costs

At December 31, 2022, the County reported a liability of \$4,312,441 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.0991% at the end of the measurement period and 0.0940% for the beginning of the period.



## Renville County

### Notes to Financial Statements

December 31, 2022

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2022, the County recognized pension expense of \$415,598 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$36,568 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The County recognized \$8,919 for the year ended December 31, 2022 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.

County's proportionate share of the net pension liability	\$ 4,312,441
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>188,250</u>
Total	<u><u>\$ 4,500,691</u></u>

At December 31, 2022, 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	\$ 256,705	\$ -
Changes in actuarial assumptions	2,492,248	23,142
Net collective difference between projected and actual investment earnings	109,038	-
Changes in proportion	89,486	1,351
Contributions paid to PERA subsequent to the measurement date	<u>126,679</u>	<u>-</u>
Total	<u><u>\$ 3,074,156</u></u>	<u><u>\$ 24,493</u></u>

## Renville County

Notes to Financial Statements  
December 31, 2022

The \$126,679 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Pension Expense Amount</b>
Years ending December 31:	
2023	\$ 575,920
2024	577,031
2025	513,988
2026	890,683
2027	365,362

### Correctional Plan Pension Costs

At December 31, 2022, the County reported a liability of \$1,461,563 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.4397% at the end of the measurement period and 0.3885% for the beginning of the period.

For the year ended December 31, 2022, the County recognized pension expense of \$500,157 for its proportionate share of the Correctional Plan's pension expense.

At December 31, 2022, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ -	\$ 46,038
Changes in actuarial assumptions	911,449	1,981
Net collective difference between projected and actual investment earnings	91,581	-
Changes in proportion	859	7,289
Contributions paid to PERA subsequent to the measurement date	51,790	-
Total	<u>\$ 1,055,679</u>	<u>\$ 55,308</u>

## Renville County

### Notes to Financial Statements

December 31, 2022

The \$51,790 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Pension Expense Amount</b>
Years ending December 31:	
2023	\$ 420,150
2024	432,879
2025	(21,863)
2026	117,415

The total pension expense for all plans recognized by the County for the year ended December 31, 2022 was \$1,805,894.

### Long-Term Expected Return on Investment

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 weighing 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	33.5%	5.10%
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100%	

### Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan, 2.25% for the Police and Fire Plan and 2.25% for the Correctional Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 2% for the Correction Plan through December 31, 2054 and 1.5% thereafter. The Police and Fire Plan benefit increase is fixed at 1% per year and that increase was used in the valuation.

## Renville County

Notes to Financial Statements  
December 31, 2022

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Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0% at age 20 to 3.0% at age 60.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan and the Correctional Plans are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

### **General Employees Fund**

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

### **Police and Fire Fund**

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.40%.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

### **Correctional Fund**

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.42%.
- The benefit increase assumption was changed from 2.00% per annum to 2.00% per annum through December 31, 2054 and 1.5% per annum thereafter.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

## Renville County

Notes to Financial Statements

December 31, 2022

### Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.5%. 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 position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Fund and Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060 and June 30, 2061 respectively. Beginning in the fiscal year ended June 30, 2061 for the Police and Fire Fund and June 20, 2062 for the Correctional Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40% for the Police and Fire Fund and 5.42% for the Correctional Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.50% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

### 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:

	<u>1% Decrease to Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase to Discount Rate</u>
County's proportionate share of the General Employees Fund net pension liability	\$ 15,230,186	\$ 9,610,073	\$ 5,058,988
County's proportionate share of the Police and Fire Fund net pension liability (asset)	6,526,326	4,312,441	2,522,647
County's proportionate share of the Correctional Fund net pension liability (asset)	2,574,470	1,461,563	586,569

# Renville County

Notes to Financial Statements  
December 31, 2022

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## Pension Plan Fiduciary Net Position

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

## 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.

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 2022. 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.

## 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, 2022, the County has commitments for road and bridge projects in progress and other contracts of approximately \$8,600,000.

# Renville County

Notes to Financial Statements

December 31, 2022

## 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 \$17,500 to the project in 2022.

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

### 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.

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, MN 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 financial activities of the Board are accounted for by Des Moines Valley Health and Human Services as fiscal agent. 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, 2022:

Total assets	\$	1,609,912
Total liabilities		354,815
Total net position		1,255,097
Total revenues		2,702,096
Total expenses		2,788,761
Net increase (decrease) in net position		(86,665)

The Board reported no long-term obligations at December 31, 2022. The 2022 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: Fiscal Manager, 402 White Street, Jackson, MN 56143.

## Renville County

Notes to Financial Statements  
December 31, 2022

### **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 2022, the County paid \$59,874 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 \$19,235 to the Supporting Hands Nurse Family Partnership in 2022.

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 amount 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, 2022:

Total assets and deferred outflows of resources	\$	2,564,382
Total liabilities and deferred inflows of resources		1,331,572
Total net position		1,232,810
Total revenues		2,006,843
Total expenses		1,791,407
Net increase (decrease) in net position		215,436

The Partnership reported \$1,232,332 of long-term obligations (vested compensated absences and net pension obligations) at December 31, 2022.

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

### **Southwest Regional Solid Waste Commission**

Renville County has entered into a joint powers agreement with 11 other counties to create and operate the Southwest Regional Solid Waste Commission under the authority of Minn. Stat. § 471.59. The Commission was formed to exercise the County's authority and obligation pursuant to Minn. Stat. chs. 400 and 115A; to provide for the management of solid waste in the respective counties; and provide the greatest public service benefit possible for the entire contiguous 12-county area encompassed by the counties in planning, management, and implementation of methods to deal with solid waste in southwest Minnesota.

The governing board is composed of one Board member from each of the participating counties. Financing of the Commission's solid waste management program is through appropriations from the participating counties, grants and loans from the Minnesota Office of Waste Management, or from the sale of bonds or other obligations secured by revenues of the Commission. Administration and planning costs of the Commission are assessed to the counties on equal shares.



## **Renville County**

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Notes to Financial Statements  
December 31, 2022

The Commission is headquartered in Ivanhoe, Minnesota, where Lincoln County acts as fiscal host. A complete financial report of the Southwest Regional Solid Waste Commission can be obtained from the Lincoln County Auditor, 319 North Rebecca Street, PO Box 29, Ivanhoe, Minnesota 56142

### **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 \$113,898 to the regional library in 2022.

A complete financial report for the Pioneerland Library System can be obtained from its administrative offices at: 410 5<sup>th</sup> 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 waived 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 5<sup>th</sup> Street, Suite 203H, Olivia, MN 56277

### **Central MN River Watershed Partnership**

The Central MN River Watershed Partnership was established in 2022 by a joint powers agreement between the counties and the soil and water conservation districts of Chippewa, Kandiyohi and Renville. The Joint Powers Board consists of one member from each of the six participating governmental units. The purpose of the organization is to plan for and carry out water resource management programs in accordance with MN Statutes 103B and 103C. State funding is the primary revenue source for this program. Audited financial information is available at: Central MN Watershed Partnership, Renville County Courthouse, Lower Level, 500 East Depue Avenue, Olivia, MN 56277.

## Renville County

Notes to Financial Statements

December 31, 2022

### 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 2022.

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

### Redwood Renville Regional Solid Waste Authority

The Redwood Renville Regional Solid Waste Authority (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.

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

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

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

Renville County has recorded an equity interest for its share of RRRSWA's net position. The following is a summary of the Board's annual financial report for the year ended December 31, 2022:

Total assets and deferred outflows of resources	\$	8,638,582
Total liabilities and deferred inflows of resources		3,435,749
Total net position		5,202,833
Total revenues		2,475,894
Total expenses		2,338,706
Net increase (decrease) in net position		137,188

RRSWA reported \$3,127,842 of long-term obligations at December 31, 2022. Current financial statements can be obtained at: RRRSWA-Renville County 105 South 5<sup>th</sup> Street, Suite 315, Olivia, MN 56277.

## **Renville County**

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Notes to Financial Statements

December 31, 2022

### **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 \$3,500 to the Hawk Creek Watershed Project in 2022 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.

### **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 23<sup>rd</sup> Street NE, Suite 1020, Willmar, MN 56201-6600.

### **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 \$22,085 in payments to the organization in 2022.

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

## **Renville County**

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Notes to Financial Statements

December 31, 2022

### **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 \$155,142 in payments to the organization in 2022.

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

### **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. The County withdrew from this joint venture during 2022.

### **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 \$87,531 in service payments to Counties Providing Technology in 2022.

### **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 2022.

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.

## Renville County

Notes to Financial Statements

December 31, 2022

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 2022.

### 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/Masurement 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	\$ 374,763	\$ 543,824	Custodial credit risk
Pooled cash and investments held by Renville County	<u>440,540</u>	<u>401,655</u>	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
Total cash and investments	<u>\$ 815,303</u>	<u>\$ 945,479</u>	
Reconciliation to financial statements per statement of net position:			
Unrestricted cash and investments	\$ 784,218		
Restricted cash and investments	<u>31,085</u>		
Total cash and investments	<u>\$ 815,303</u>		

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

## **Renville County**

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Notes to Financial Statements  
December 31, 2022

At December 31, 2022, the bank had pledged various governmental securities in the amount of \$729,336 to secure the HRA's deposits.

### **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, 2022, 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.

### **Interest Rate Risk**

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

### **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.

### **Receivables**

Other receivables as December 31, 2022 consist of amounts due from. There is no allowance for doubtful accounts for the year ended December 31, 2022. All receivables are expected to be collected within one year except for \$651,986 of notes receivable.

## Renville County

Notes to Financial Statements  
December 31, 2022

### Capital Assets

Capital asset activity for the period ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 62,530	\$ -	\$ -	\$ 62,530
Capital assets being depreciated:				
Property and equipment	\$ 1,583,271	\$ 2,436	\$ -	\$ 1,585,707
Less accumulated depreciation for property and equipment	(1,360,226)	(43,987)	-	(1,404,213)
Total capital assets being depreciated, net	223,045	(41,551)		181,494
Total capital assets, net	\$ 285,575	\$ (41,551)	\$ -	\$ 244,024
Depreciation expense active by program:				
Public housing (low rent)				\$ 43,363
Economic development				624
Total depreciation expense				\$ 43,987

### Long-Term Obligations

Long-term obligations activity for the period ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Loans payable*	\$ 123,636	\$ -	\$ -	\$ 123,636	\$ -
Compensated absences	9,247	3,217	-	12,464	8,923
Business-type activities long-term liabilities	\$ 132,883	\$ 3,217	\$ -	\$ 136,100	\$ 8,923

\* Considered direct placement or direct borrowing

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.

## Renville County

Notes to Financial Statements  
December 31, 2022

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### Net Position

Net position reported on the statement of net position at December 31, 2022 includes the following:

Invested in capital assets:		
Land	\$	62,530
Other capital assets, net of accumulated depreciation		181,494
Less related long-term debt outstanding		<u>(123,636)</u>
Total net investment in capital assets	\$	<u>120,388</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.

### 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. 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.



## **Renville County**

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Notes to Financial Statements  
December 31, 2022

### **Effect of New Accounting Standards on Current Period Financial Statements**

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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  
Year Ended December 31, 2022

	<b>Budgeted Amounts Original and Final</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>			
Taxes	\$ 7,497,962	\$ 7,571,641	\$ 73,679
Intergovernmental	3,172,654	2,468,902	(703,752)
Licenses and permits	34,900	39,108	4,208
Fines, forfeitures and penalties	-	2,132	2,132
Public charges for services	2,007,199	2,637,708	630,509
Special assessments	-	356,062	356,062
Investment income (loss)	300,000	(322,167)	(622,167)
Miscellaneous	392,477	512,877	120,400
	<u>13,405,192</u>	<u>13,266,263</u>	<u>(138,929)</u>
Total revenues			
<b>Expenditures</b>			
Current:			
General government:			
Commissioners	277,744	293,017	(15,273)
County administrator	281,394	280,605	789
Motor vehicle	185,479	194,757	(9,278)
County assessor	469,447	454,727	14,720
Elections	113,488	78,899	34,589
County attorney	603,341	664,004	(60,663)
Recorder	297,415	385,904	(88,489)
Environment and community development	444,430	435,633	8,797
Water planning	22,825	26,966	(4,141)
Facility maintenance	459,235	480,142	(20,907)
Veterans service	179,704	181,131	(1,427)
County auditor	398,422	416,094	(17,672)
Human resources	131,109	166,668	(35,559)
Finance	372,201	299,373	72,828
MIS	838,507	812,756	25,751
Appropriations	234,500	235,735	(1,235)
Other	512,765	572,156	(59,391)
Emergency relief funding	1,412,889	177,356	1,235,533
	<u>7,234,895</u>	<u>6,155,923</u>	<u>1,078,972</u>
Total general government			
Public safety:			
Sheriff	2,915,517	3,446,327	(530,810)
Jail	1,953,241	2,106,769	(153,528)
E911	88,582	125,418	(36,836)
Coroner	26,000	34,300	(8,300)
Probation	286,760	356,288	(69,528)
Correctional facilities	154,734	94,663	60,071
Emergency management	216,991	290,057	(73,066)
	<u>5,641,825</u>	<u>6,453,822</u>	<u>(811,997)</u>
Total public safety			

See notes to required supplementary information

# Renville County

Budgetary Comparison Schedule - General Fund  
Year Ended December 31, 2022

	<b>Budgeted Amounts Original and Final</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
Culture, recreation and education:			
Parks	\$ 317,946	\$ 354,081	\$ (36,135)
Regional library	113,898	113,898	-
Law library	28,000	20,520	7,480
Total culture, recreation and education	<u>459,844</u>	<u>488,499</u>	<u>(28,655)</u>
Conservation and development:			
County extension	120,253	112,852	7,401
Ag inspector	174,000	116,149	57,851
DNR shoreland grant	1,500	1,281	219
ISTS administration grant	-	336,668	(336,668)
Total conservation and development	<u>295,753</u>	<u>566,950</u>	<u>(271,197)</u>
Debt service:			
Principal retirement	-	359,067	(359,067)
Interest and fiscal charges	-	16,933	(16,933)
Total debt service	<u>-</u>	<u>376,000</u>	<u>(376,000)</u>
Total expenditures	<u>13,632,317</u>	<u>14,041,194</u>	<u>(408,877)</u>
Excess (deficiency) of revenues over expenditures	<u>(227,125)</u>	<u>(774,931)</u>	<u>(547,806)</u>
<b>Other Financial Sources (Uses)</b>			
Debt issued	-	336,668	336,668
Transfers out	-	(147,865)	(147,865)
Total other financing sources (uses)	<u>-</u>	<u>188,803</u>	<u>188,803</u>
Net change in fund balance	<u>\$ (227,125)</u>	<u>(586,128)</u>	<u>\$ (359,003)</u>
<b>Fund Balance, Beginning</b>		<u>12,385,402</u>	
<b>Fund Balance, Ending</b>		<u>\$ 11,799,274</u>	

See notes to required supplementary information

## Renville County

Budgetary Comparison Schedule - Road and Bridge Fund  
Year Ended December 31, 2022

	<u>Budgeted Amounts Original and Final</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Taxes	\$ 2,593,062	\$ 2,597,440	\$ 4,378
Intergovernmental	8,309,676	7,271,390	(1,038,286)
Public charges for services	241,500	311,971	70,471
Investment income	60,000	142,939	82,939
Miscellaneous	33,200	25,515	(7,685)
Total revenues	<u>11,237,438</u>	<u>10,349,255</u>	<u>(888,183)</u>
<b>Expenditures</b>			
Current:			
Public works	<u>20,387,438</u>	<u>19,972,015</u>	<u>415,423</u>
Total expenditures	<u>20,387,438</u>	<u>19,972,015</u>	<u>415,423</u>
Excess (deficiency) of revenues over expenditures	<u>(9,150,000)</u>	<u>(9,622,760)</u>	<u>(472,760)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	35,800	35,800
Transfers out	<u>(190,000)</u>	<u>(186,562)</u>	<u>3,438</u>
Total other financing sources (uses)	<u>(190,000)</u>	<u>(150,762)</u>	<u>39,238</u>
Net change in fund balance	<u>\$ (9,340,000)</u>	<u>(9,773,522)</u>	<u>\$ (433,522)</u>
Change in reserve for inventories		168,901	
<b>Fund Balance, Beginning</b>		<u>16,684,606</u>	
<b>Fund Balance, Ending</b>		<u>\$ 7,079,985</u>	

See notes to required supplementary information

## Renville County

Budgetary Comparison Schedule - Welfare Fund  
Year Ended December 31, 2022

	<u>Budgeted Amounts Original and Final</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Taxes	\$ 2,591,668	\$ 2,596,354	\$ 4,686
Intergovernmental	3,250,667	3,352,755	102,088
Public charges for services	25,000	34,593	9,593
Investment income	61,900	56,284	(5,616)
Miscellaneous	612,190	764,704	152,514
Total revenues	<u>6,541,425</u>	<u>6,804,690</u>	<u>263,265</u>
<b>Expenditures</b>			
Current:			
Health and human services	<u>6,741,425</u>	<u>6,243,476</u>	<u>497,949</u>
Total expenditures	<u>6,741,425</u>	<u>6,243,476</u>	<u>497,949</u>
Excess of revenues over expenditures	(200,000)	561,214	761,214
<b>Other Financial Sources</b>			
Transfers in	<u>-</u>	<u>86,565</u>	<u>86,565</u>
Total other financing sources	<u>-</u>	<u>86,565</u>	<u>86,565</u>
Net change in fund balance	<u>\$ (200,000)</u>	647,779	<u>\$ 847,779</u>
<b>Fund Balance, Beginning</b>		<u>4,734,790</u>	
<b>Fund Balance, Ending</b>		<u>\$ 5,382,569</u>	

See notes to required supplementary information

## Renville County

Schedule of Employer's Proportionate Share of the Net Pension Liability -  
 PERA General Employees Retirement Fund  
 Year Ended December 31, 2022

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
12/31/22	6/30/22	0.1217 %	\$ 9,610,073	\$ 282,808	9,892,881	\$ 9,110,988	105.48 %	75.18 %
12/31/21	6/30/21	0.1250 %	5,338,841	163,030	5,501,871	8,998,934	59.33 %	85.04 %
12/31/20	6/30/20	0.1239 %	7,428,495	229,080	7,657,575	8,838,061	84.05 %	75.68 %
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  
 Year Ended December 31, 2022

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)
12/31/22	\$ 683,377	\$ 683,377	-	\$ 8,982,748	7.61 %
12/31/21	675,937	675,937	-	8,982,748	7.52 %
12/31/20	696,590	696,590	-	9,287,889	7.50 %
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 notes to required supplementary information

## Renville County

Schedule of Employer's Proportionate Share of the Net Pension Liability -  
PERA Correctional Fund  
Year Ended December 31, 2022

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 (Asset) (a)	County's Covered Payroll (b)	County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the total Pension Liability
12/31/22	06/30/22	0.4397 %	\$ 1,461,563	\$ 966,020	151.30 %	74.60 %
12/31/21	06/30/21	0.3885 %	(63,823)	858,916	7.43 %	101.60 %
12/31/20	06/30/20	0.4009 %	108,780	872,260	12.47 %	96.70 %
12/31/19	06/30/19	0.3761 %	52,071	850,025	6.13 %	98.20 %
12/31/18	06/30/18	0.4631 %	76,166	926,101	8.22 %	97.60 %
12/31/17	06/30/17	0.5000 %	1,425,005	966,300	147.47 %	67.90 %
12/31/16	06/30/16	0.4800 %	1,753,507	882,134	198.78 %	58.20 %
12/31/15	06/30/15	0.5000 %	77,300	894,393	8.64 %	96.90 %

Schedule of Employer Contributions -  
PERA Correctional Fund  
Year Ended December 31, 2022

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)
12/31/22	\$ 92,013	\$ 92,013	\$ -	\$ 1,051,572	8.75 %
12/31/21	78,466	78,466	-	896,754	8.75 %
12/31/20	77,804	77,804	-	889,184	8.75 %
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 notes to required supplementary information



## Renville County

Schedule of Employer's Proportionate Share of the Net Pension Liability -  
 PERA Police and Fire Fund  
 Year Ended December 31, 2022

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
12/31/22	06/30/22	0.0991%	\$ 4,312,441	\$ 188,520	\$ 4,500,961	\$ 1,204,177	358.12%	70.50%
12/31/21	06/30/21	0.0940%	725,580	32,611	758,191	1,110,381	65.35%	93.70%
12/31/20	06/30/20	0.0904%	1,191,569	28,093	1,219,662	1,020,628	116.75%	87.20%
12/31/19	06/30/19	0.0903%	961,335	12,190	973,525	952,313	100.95%	89.30%
12/31/18	06/30/18	0.0834%	888,958	7,506	896,464	916,659	96.98%	88.80%
12/31/17	06/30/17	0.0840%	1,134,100	7,560	1,141,660	866,382	130.90%	85.40%
12/31/16	06/30/16	0.0830%	3,330,934	7,470	3,338,404	781,170	426.40%	63.90%
12/31/15	06/30/15	0.0840%	954,437	n/a	954,437	765,488	124.68%	86.60%

Schedule of Employer Contributions -  
 PERA Police and Fire Fund  
 Year Ended December 31, 2022

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)
12/31/22	\$ 223,235	\$ 223,235	\$ -	\$ 1,261,216	17.70%
12/31/21	205,433	205,433	-	1,160,641	17.70%
12/31/20	197,580	197,580	-	1,116,270	17.70%
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 notes to required supplementary information

# Renville County

Notes to Required Supplementary Information  
Year Ended December 31, 2022

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## 1. 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. A formal budget for the ditch special revenue fund has not been adopted.

See Note 2 for information on funds with excess expenditures over appropriations.

## 2. 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

#### 2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

#### 2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

## Renville County

Notes to Required Supplementary Information  
Year Ended December 31, 2022

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### 2020 Changes

#### Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The morality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

#### Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

## Renville County

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Notes to Required Supplementary Information  
Year Ended December 31, 2022

### 2019 Changes

Changes in Actuarial Assumptions:

- The morality 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% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, 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% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, 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% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.00% for vested deferred member liability and 3.00% for nonvested deferred member liability.

## Renville County

Notes to Required Supplementary Information  
Year Ended December 31, 2022

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- The assumed post-retirement benefit increase rate was changed from 1.00% per year for all years to 1.00% per year through 2044 and 2.50% 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% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- 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% to 3.25% for payroll growth and 2.50% for inflation.

### Changes in Plan Provisions:

- There have been no changes since the prior valuation.

## 2015 Changes

### Changes in Actuarial Assumptions:

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

## Renville County

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Notes to Required Supplementary Information  
Year Ended December 31, 2022

### Police and Fire Fund

#### 2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% to 5.4%.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

#### 2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

## Renville County

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Notes to Required Supplementary Information  
Year Ended December 31, 2022

### 2020 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

### 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% 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% funding or July 1, 2048, if earlier.
- Member contributions were changed from 10.8% to 11.3% of pay, effective January 1, 2019 and 11.8% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

## Renville County

Notes to Required Supplementary Information  
Year Ended December 31, 2022

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### 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% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% 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% 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% to 60%.
- 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% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The Single Discount Rate was changed from 5.60% per annum to 7.50% per annum.

#### Changes in Plan Provisions:

- There have been no changes since the prior valuation.

### 2016 Changes

#### Changes in Actuarial Assumptions:

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



## Renville County

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Notes to Required Supplementary Information  
Year Ended December 31, 2022

### Changes in Actuarial Assumptions:

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

### Changes in Plan Provisions:

- There have been no changes since the prior valuation.

## 2015 Change

### Changes in Actuarial Assumptions:

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

### Changes in Plan Provisions:

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

## Correctional Fund

### 2022 Changes

#### Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.42%.
- The benefit increase assumption was changed from 2.00% per annum to 2.00% per annum through December 31, 2054 and 1.50% per annum thereafter.

#### Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

### 2021 Changes

#### Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.

## Renville County

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Notes to Required Supplementary Information  
Year Ended December 31, 2022

- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability lowered.
- Assumed percent married for active members was lowered from 85% to 75%.
- Minor changes to form of payment assumptions were applied.

### Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

## 2020 Changes

### Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

### Changes in Plan Provisions:

- There have been no changes since the prior valuation.

## 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 single discount rate was changed from 5.96% per annum to 7.50% per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.

## Renville County

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Notes to Required Supplementary Information  
Year Ended December 31, 2022

- The assumed post-retirement benefit increase was changed from 2.50% per year to 2.00% per year.

### Changes in Plan Provisions:

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

### 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% for vested and nonvested, deferred members. The CSA has been changed to 35% for vested members and 1% for nonvested members.
- The Single Discount Rate was changed from 5.31% per annum to 5.96% per annum.

### Changes in Plan Provisions:

- There have been no changes since the prior valuation.

## 2016 Changes

### Changes in Actuarial Assumptions:

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

## **Renville County**

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Notes to Required Supplementary Information  
Year Ended December 31, 2022

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

### **2015 Changes**

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**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  
December 31, 2022

	<b>Special Revenue</b>					<b>Capital Projects General Capital Projects</b>	<b>Total Nonmajor Funds</b>
	<b>Public Health Nurse</b>	<b>Forfeited Tax Sale</b>	<b>Lake Allie Sewer</b>	<b>DNR Trust</b>	<b>Opioid Settlement</b>		
<b>Assets</b>							
Cash and investments	\$ 3,566,662	\$ 3,433	\$ 49,997	\$ 166,360	\$ 117,537	\$ 3,374,258	\$ 7,278,247
Taxes receivable	6,023	-	-	-	-	681	6,704
Accounts receivable	39,818	-	11,113	-	-	-	50,931
Special assessments receivable	-	-	993	-	-	-	993
Due from other governments	163,733	-	-	-	-	-	163,733
Inventories and prepaid items	815	-	-	-	-	-	815
<b>Total assets</b>	<b>\$ 3,777,051</b>	<b>\$ 3,433</b>	<b>\$ 62,103</b>	<b>\$ 166,360</b>	<b>\$ 117,537</b>	<b>\$ 3,374,939</b>	<b>\$ 7,501,423</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 5,652	\$ -	\$ 11,412	\$ -	\$ -	\$ -	\$ 17,064
Accrued liabilities	26,813	-	-	-	-	-	26,813
Due to other governments	1,059	-	-	-	-	-	1,059
Unearned revenue	1,800	-	-	-	-	-	1,800
<b>Total liabilities</b>	<b>35,324</b>	<b>-</b>	<b>11,412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,736</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenues	24,566	-	993	-	-	681	26,240
<b>Total deferred inflows of resources</b>	<b>24,566</b>	<b>-</b>	<b>993</b>	<b>-</b>	<b>-</b>	<b>681</b>	<b>26,240</b>
<b>Fund Balances</b>							
Nonspendable	815	-	-	-	-	-	815
Restricted	-	3,433	49,698	166,360	117,537	-	337,028
Committed	3,716,346	-	-	-	-	3,374,258	7,090,604
<b>Total fund balances</b>	<b>3,717,161</b>	<b>3,433</b>	<b>49,698</b>	<b>166,360</b>	<b>117,537</b>	<b>3,374,258</b>	<b>7,428,447</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,777,051</b>	<b>\$ 3,433</b>	<b>\$ 62,103</b>	<b>\$ 166,360</b>	<b>\$ 117,537</b>	<b>\$ 3,374,939</b>	<b>\$ 7,501,423</b>

## Renville County

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Nonmajor Governmental Funds  
 Year Ended December 31, 2022

	Special Revenue					Capital Projects	Total
	Public Health Nurse	Forfeited Tax Sale	Lake Allie Sewer	DNR Trust	Opioid Settlement	General Capital Projects	
<b>Revenues</b>							
Taxes	\$ 633,254	\$ 56,582	\$ -	\$ -	\$ -	\$ 97,564	\$ 787,400
Intergovernmental	721,984	-	-	-	-	2,961	724,945
Licenses and permits	89,119	-	-	-	-	-	89,119
Public charges for services	611,028	2,544	68,022	-	-	-	681,594
Investment income	41,413	-	744	-	-	40,913	83,070
Miscellaneous	6,689	-	-	-	117,537	-	124,226
Total revenues	<u>2,103,487</u>	<u>59,126</u>	<u>68,766</u>	<u>-</u>	<u>117,537</u>	<u>141,438</u>	<u>2,490,354</u>
<b>Expenditures</b>							
Current:							
General government	-	55,900	-	-	-	-	55,900
Sanitation	-	-	91,785	-	-	-	91,785
Health and human services	1,884,163	-	-	-	-	-	1,884,163
Debt service:							
Principal retirement	-	-	-	-	-	125,000	125,000
Total expenditures	<u>1,884,163</u>	<u>55,900</u>	<u>91,785</u>	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>2,156,848</u>
Excess (deficiency) of revenues over expenditures	<u>219,324</u>	<u>3,226</u>	<u>(23,019)</u>	<u>-</u>	<u>117,537</u>	<u>16,438</u>	<u>333,506</u>
<b>Other Financing Sources</b>							
Transfers in	<u>25,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,500</u>
Total other financing sources	<u>25,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,500</u>
Net change in fund balance	244,824	3,226	(23,019)	-	117,537	16,438	359,006
<b>Fund Balances, Beginning</b>	<u>3,472,337</u>	<u>207</u>	<u>72,717</u>	<u>166,360</u>	<u>-</u>	<u>3,357,820</u>	<u>7,069,441</u>
<b>Fund Balances, Ending</b>	<u>\$ 3,717,161</u>	<u>\$ 3,433</u>	<u>\$ 49,698</u>	<u>\$ 166,360</u>	<u>\$ 117,537</u>	<u>\$ 3,374,258</u>	<u>\$ 7,428,447</u>

## Renville County

### Budgetary Comparison Statement - Public Health Nurse Fund

Year Ended December 31, 2022

	<b>Budgeted Amounts Original and Final</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>			
Taxes	\$ 632,005	\$ 633,254	\$ 1,249
Intergovernmental	625,008	721,984	96,976
Licenses and permits	67,700	89,119	21,419
Public charges for services	605,160	611,028	5,868
Interest income	45,000	41,413	(3,587)
Miscellaneous	1,500	6,689	5,189
Total revenues	<u>1,976,373</u>	<u>2,103,487</u>	<u>127,114</u>
<b>Expenditures</b>			
Current:			
Health and human services	<u>2,161,373</u>	<u>1,884,163</u>	<u>277,210</u>
Total expenditures	<u>2,161,373</u>	<u>1,884,163</u>	<u>277,210</u>
<b>Other Financial Sources</b>			
Transfer in	<u>-</u>	<u>25,500</u>	<u>25,500</u>
Total other financial sources	<u>-</u>	<u>25,500</u>	<u>25,500</u>
Net change in fund balance	<u>\$ (185,000)</u>	<u>244,824</u>	<u>\$ 429,824</u>
<b>Fund Balance, Beginning</b>		<u>3,472,337</u>	
<b>Fund Balance, Ending</b>		<u>\$ 3,717,161</u>	



## Renville County

Budgetary Comparison Schedule - General Capital Projects Fund  
Year Ended December 31, 2022

	<b>Budgeted Amounts Original and Final</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>			
Taxes	\$ 97,141	\$ 97,564	\$ 423
Intergovernmental	2,859	2,961	102
Investment income	-	40,913	40,913
	<u>100,000</u>	<u>141,438</u>	<u>41,438</u>
Total revenues			
	<u>100,000</u>	<u>141,438</u>	<u>41,438</u>
<b>Expenditures</b>			
Capital outlay	50,000	-	50,000
Debt service, principal	100,000	125,000	(25,000)
	<u>150,000</u>	<u>125,000</u>	<u>25,000</u>
Total expenditures			
	<u>150,000</u>	<u>125,000</u>	<u>25,000</u>
Net change in fund balance	<u>\$ (50,000)</u>	16,438	<u>\$ 66,438</u>
<b>Fund Balance, Beginning</b>		<u>3,357,820</u>	
<b>Fund Balance, Ending</b>		<u>\$ 3,374,258</u>	

## Renville County

Budgetary Comparison Schedule - Debt Service Fund  
Year Ended December 31, 2022

	<b>Budgeted Amounts Original and Final</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>			
Taxes	\$ 1,797,036	\$ 1,797,197	\$ 161
Intergovernmental	52,892	54,684	1,792
Special assessments	128,300	144,677	16,377
Investment income	-	31,890	31,890
Miscellaneous	1,016,242	1,016,242	-
Total revenues	<u>2,994,470</u>	<u>3,044,690</u>	<u>50,220</u>
<b>Expenditures</b>			
Debt service:			
Principal retirement	1,451,691	1,451,691	-
interest and fiscal charges	<u>1,732,779</u>	<u>1,163,082</u>	<u>569,697</u>
Total expenditures	<u>3,184,470</u>	<u>2,614,773</u>	<u>569,697</u>
Excess (deficiency) of revenues over expenditures	<u>(190,000)</u>	<u>429,917</u>	<u>619,917</u>
<b>Other Financing Sources</b>			
Transfers in	<u>190,000</u>	<u>186,562</u>	<u>(3,438)</u>
Total other financing sources	<u>190,000</u>	<u>186,562</u>	<u>(3,438)</u>
Net change in fund balance	<u>\$ -</u>	<u>616,479</u>	<u>\$ 616,479</u>
<b>Fund Balance, Beginning</b>		<u>3,030,614</u>	
<b>Fund Balance, Ending</b>		<u>\$ 3,647,093</u>	

## Renville County

Combining Statement of Fiduciary Net Position - Custodial Funds

December 31, 2022

	Taxes and Penalties	State Deed	Mortgage Registration	Redwood - Renville Regional Solid Waste Authority	Supporting Hands Nurse Family Partnership	Total Custodial Funds
<b>Assets</b>						
Cash and investments	\$ 602,017	\$ 183,520	\$ -	\$ 946,781	\$ 1,842,847	\$ 3,575,165
Accounts receivable	-	-	-	80,466	72,611	153,077
Due from other governments	-	-	-	84,873	216,504	301,377
Prepaid items	-	-	-	-	9,269	9,269
Total assets	<u>602,017</u>	<u>183,520</u>	<u>-</u>	<u>1,112,120</u>	<u>2,141,231</u>	<u>4,038,888</u>
<b>Liabilities</b>						
Accounts payable	-	-	-	135,821	75,199	211,020
Accrued liabilities	-	-	-	15,905	-	15,905
Due to other governments	5	176,803	6,656	52,476	8,427	244,367
Total liabilities	<u>5</u>	<u>176,803</u>	<u>6,656</u>	<u>204,202</u>	<u>83,626</u>	<u>471,292</u>
<b>Deferred Inflows of Resources</b>						
Unearned revenues	-	-	-	72,440	-	72,440
<b>Net Position (Deficit)</b>						
Restricted for:						
Individuals, organizations and other governments	602,012	6,717	(6,656)	-	-	602,073
Redwood-Renville Regional Solid Waste Authority	-	-	-	835,478	-	835,478
Supporting Hands Nurse Family Partnership	-	-	-	-	2,057,605	2,057,605
Total net position (deficit)	<u>\$ 602,012</u>	<u>\$ 6,717</u>	<u>\$ (6,656)</u>	<u>\$ 835,478</u>	<u>\$ 2,057,605</u>	<u>\$ 3,495,156</u>

## Renville County

Combining Statement of Changes in Fiduciary Net Position - Custodial Funds

Year Ended December 31, 2022

	<u>Taxes and Penalties</u>	<u>State Deed</u>	<u>Mortgage Registration</u>	<u>Redwood - Renville Regional Solid Waste Authority</u>	<u>Supporting Hands Nurse Family Partnership</u>	<u>Total Custodial Funds</u>
<b>Additions</b>						
Property tax collections	\$ 37,989,911	\$ -	\$ -	\$ -	\$ -	\$ 37,989,911
Special assessments	-	-	-	1,200,206	-	1,200,206
Intergovernmental revenue	-	-	-	145,802	-	145,802
Grants and contributions	-	-	-	-	1,271,303	1,271,303
Fees for services collections	-	658,148	166,981	1,075,799	703,470	2,604,398
Penalties and interest	146,775	-	-	8,659	21,442	176,876
Miscellaneous income	15,111	-	-	25,191	10,628	50,930
	<u>38,151,797</u>	<u>658,148</u>	<u>166,981</u>	<u>2,455,657</u>	<u>2,006,843</u>	<u>43,439,426</u>
<b>Deductions</b>						
Property tax payments	37,906,538	-	-	-	-	37,906,538
Remittance of fees for services	-	658,148	167,644	-	-	825,792
Nursing services	-	-	-	-	1,748,814	1,748,814
Recycling services	-	-	-	2,264,382	-	2,264,382
Interest expenses	-	-	-	28,333	-	28,333
	<u>37,906,538</u>	<u>658,148</u>	<u>167,644</u>	<u>2,292,715</u>	<u>1,748,814</u>	<u>42,773,859</u>
Change in fiduciary net position	245,259	-	(663)	162,942	258,029	665,567
<b>Net Position (Deficit), Beginning, as restated</b>	<u>356,753</u>	<u>6,717</u>	<u>(5,993)</u>	<u>672,536</u>	<u>1,799,576</u>	<u>2,829,589</u>
<b>Net Position (Deficit), Ending</b>	<u>\$ 602,012</u>	<u>\$ 6,717</u>	<u>\$ (6,656)</u>	<u>\$ 835,478</u>	<u>\$ 2,057,605</u>	<u>\$ 3,495,156</u>

**Renville County**

Schedule of Intergovernmental Revenues

Year Ended December 31, 2022

	Special Revenue Funds				Special Revenue	Enterprise Fund	General	Debt	Total
	General Fund	Road and Bridge	Welfare	Ditch	Public Health Nurse	Solid Waste	Capital Projects	Service Fund	Primary Government
<b>Shared Revenue</b>									
State:									
Highway users tax	\$ -	\$ 6,197,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,197,687
Wheelage tax	-	185,166	-	-	-	-	-	-	185,166
Aquatic invasive species aid	18,511	-	-	-	-	-	-	-	18,511
County program aid (HACA)	392,182	139,278	139,194	-	33,947	-	-	-	704,601
Market value credit aid	199,145	69,558	69,516	-	16,954	-	1,303	48,131	404,607
Disparity aid	27,115	9,471	9,465	-	2,308	-	1,658	6,553	56,570
PERA state aid	61,930	8,218	17,454	-	-	75	-	-	87,677
Police aid	151,916	-	-	-	-	-	-	-	151,916
DNR, PILT	100,247	-	-	-	-	-	-	-	100,247
Local performance aid	2,045	-	-	-	-	-	-	-	2,045
Out of home placement aid	-	-	9,393	-	-	-	-	-	9,393
Riparian protection aid	160,000	-	-	-	-	-	-	-	160,000
<b>Total shared revenue</b>	<b>1,113,091</b>	<b>6,609,378</b>	<b>245,022</b>	<b>-</b>	<b>53,209</b>	<b>75</b>	<b>2,961</b>	<b>54,684</b>	<b>8,078,420</b>
<b>Reimbursement for Services</b>									
State:									
Minnesota Department of Human Services	-	-	588,365	-	18,043	-	-	-	606,408
Federal:									
Veterans Administration	-	-	-	-	27,785	-	-	-	27,785
Centers for Medicare and Medicaid Services	-	-	-	-	54,241	-	-	-	54,241
<b>Grants</b>									
State:									
Minnesota Department of Human Services	-	-	1,153,037	-	269,783	-	-	-	1,422,820
Natural resources	41,415	-	-	-	-	-	-	-	41,415
Corrections	35,996	-	-	-	-	-	-	-	35,996
Water and soil resources	73,182	-	-	-	-	-	-	-	73,182
Pollution control	79,175	-	-	-	-	36,220	-	-	115,395
POST peace officers board	17,252	-	-	-	-	-	-	-	17,252
Public safety	178,042	49,952	-	-	-	-	-	-	227,994
Veterans Affairs	7,500	-	-	-	-	-	-	-	7,500
<b>Total state</b>	<b>432,562</b>	<b>49,952</b>	<b>1,153,037</b>	<b>-</b>	<b>269,783</b>	<b>36,220</b>	<b>-</b>	<b>-</b>	<b>1,941,554</b>
Federal:									
U.S. department of:									
Agriculture	19,517	-	154,750	-	102,852	-	-	-	277,119
Education	-	-	-	-	2,774	-	-	-	2,774
Health and Human Services	74,092	-	1,211,581	-	193,297	-	-	-	1,478,970
Homeland Security	177,207	14,571	-	6,202	-	-	-	-	197,980
Justice	107,424	-	-	-	-	-	-	-	107,424
Transportation	61,688	597,489	-	-	-	-	-	-	659,177
Treasury	483,321	-	-	-	-	-	-	-	483,321
<b>Total federal</b>	<b>923,249</b>	<b>612,060</b>	<b>1,366,331</b>	<b>6,202</b>	<b>298,923</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,206,765</b>
<b>Total grants</b>	<b>1,355,811</b>	<b>662,012</b>	<b>2,519,368</b>	<b>6,202</b>	<b>568,706</b>	<b>36,220</b>	<b>-</b>	<b>-</b>	<b>5,148,319</b>
<b>Total intergovernmental revenue</b>	<b>\$ 2,468,902</b>	<b>\$ 7,271,390</b>	<b>\$ 3,352,755</b>	<b>\$ 6,202</b>	<b>\$ 721,984</b>	<b>\$ 36,295</b>	<b>\$ 2,961</b>	<b>\$ 54,684</b>	<b>\$ 13,915,173</b>