

STEVENS COUNTY

Morris, Minnesota

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

STEVENS COUNTY

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INTRODUCTORY SECTION

STEVENS COUNTY

ORGANIZATION
December 31, 2018

Elected

Commissioners

Board Member	Bob Kopitzke	District 1	January 2021
Chair	Jeanne Ennen	District 2	January 2019
Board Member	Ron Staples	District 3	January 2021
Board Member	Donny Wohlers	District 4	January 2021
Board Member	Neil Wiese	District 5	January 2019
Attorney	Aaron Jordan		January 2019
Auditor/Treasurer	Amanda Barsness		January 2019
County Recorder	Virginia Mahoney		January 2019
Registrar of Titles	Virginia Mahoney		January 2019
County Sheriff	Jason Dingman		January 2019

Term Expires

Appointed

Assessor	Craig Swanson	December 2020
County Coordinator	Rebecca Young	Indefinite
Coroner	John F. Stock, M.D.	December 2018
Highway Engineer	Todd Larson	May 2019
Human Services Director	Liberty Sleiter	Indefinite
Veterans Service Officer	Hugh Reimers	Indefinite

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Stevens County
Morris, Minnesota

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to Stevens County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Stevens County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Stevens County, Minnesota, as of December 31, 2018 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Stevens 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Stevens County's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2019 on our consideration of Stevens 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 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 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 Stevens County's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
September 27, 2019

REQUIRED SUPPLEMENTARY INFORMATION

**STEVENS COUNTY
MORRIS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018
(Unaudited)**

The Management's Discussion and Analysis (MD&A) provides an overview and analysis of the County's financial activities for the fiscal year ended December 31, 2018. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the County's basic financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- Governmental activities' total net position is \$42,609,118, of which \$35,490,750 is the net investment in capital assets, and \$4,571,638 is restricted for specific purposes. The \$2,546,730 remaining may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's net position increased by \$1,780,711 for the year ended December 31, 2018.
- The net cost of governmental activities for the current fiscal year was \$6,754,208. The net cost was funded by general revenues totaling \$8,534,919.
- Fund balances of the governmental funds increased by \$1,119,830. The Road and Bridge Special Revenue Fund had a fund balance increase of \$402,739, due to construction costs, repair parts and fuel prices coming in below budget. General Fund had a fund balance increase of \$93,958 due to an unbudgeted and unexpected increase of \$354,091 in Intergovernmental Revenue.
- For the year ended December 31, 2018, the unassigned fund balance of the General Fund was \$3,120,904, or 47.2 percent, of the total General Fund expenditures for the year, an increase of \$7,505, or 0.2 percent, from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. The basic financial statements consist of three parts: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other required supplementary information.

**STEVENS COUNTY
MORRIS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018
(Unaudited)**

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the County using the full accrual basis of accounting, with the difference (assets plus deferred outflows of resources, less liabilities and deferred inflows of resources) being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the County is improving or deteriorating. It is important to consider other nonfinancial factors, such as changes in the County's property tax base and the condition of County roads and other capital assets, to assess the overall health of the County.

The Statement of Activities presents the County's governmental activities. Most of the basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities. The County has no business-type activities for which the County is legally accountable.

The government-wide financial statements are included on pages 1 and 2 of this report.

Fund Financial Statements

Fund financial statements provide detailed information about the significant funds--not the County as a whole. Some funds are required to be established by state law or by bond covenants. However, the County Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting. Such information may be useful in evaluating a government's near-term financial requirements.

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

**STEVENS COUNTY
MORRIS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018
(Unaudited)**

The County adopts an annual appropriated budget for its General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, Solid Waste Special Revenue Fund, and Debt Service Fund. Budgetary comparison schedules have been provided as either required or other supplementary information for each of these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements are included on pages 3 through 7 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not reflected in the government-wide statements because the resources of these funds are not available to support the County's own programs or activities. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All fiduciary activities are reported in a separate statement shown on page 8.

Notes to the Financial Statements

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 9 through 53 of this report.

Other Information

Other information is provided as supplementary information regarding Stevens County's intergovernmental revenue and federal award programs.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$42,609,118 at the close of 2018. The largest portion of the net position (83.3 percent) reflects the net investment in capital assets (for example: land, buildings, equipment, and infrastructure such as roads and bridges), less any related outstanding debt used to acquire those assets. However, it should be noted that these assets are not available for future spending or for liquidating any remaining debt. Comparative data for 2017 is presented.

**STEVENS COUNTY
MORRIS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018
(Unaudited)**

Net Position

	Governmental Activities	
	2018	2017
Assets		
Current and other assets	\$ 14,732,626	\$ 13,727,137
Capital assets	41,017,883	40,851,131
Total Assets	55,750,509	54,578,268
Deferred Outflows of Resources		
Deferred pension outflows	1,390,147	2,003,461
Liabilities		
Long-term liabilities	11,880,764	13,100,644
Other liabilities	679,782	546,021
Total Liabilities	12,560,546	13,646,665
Deferred Inflows of Resources		
Deferred pension inflows	1,970,992	2,106,657
Net Position		
Net investment in capital assets	35,490,750	34,905,372
Restricted	4,571,638	4,627,291
Unrestricted	2,546,730	1,295,744
Total Net Position	\$ 42,609,118	\$ 40,828,407

Unrestricted net position--the part of net position that may be used to meet the County's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements--was 6.0 percent of net position.

**STEVENS COUNTY
MORRIS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018
(Unaudited)**

Governmental Activities

The County's activities increased net position by 4.4 percent (\$42,609,118 for 2018 compared to \$40,828,407 for 2017). Key elements in this increase in net position are as follows for 2018, with comparative data for 2017:

Changes in Net Position

	Governmental Activities	
	2018	2017
Revenues		
Program revenues		
Charges for services	\$ 2,016,783	\$ 1,432,477
Operating grants and contributions	5,883,306	5,443,464
Capital grants and contributions	174,018	597,609
General revenues		
Property taxes	7,400,422	7,264,782
Other	1,134,497	768,898
Total Revenues	16,609,026	15,507,230
Expenses		
General government	3,641,980	3,194,116
Public safety	1,985,556	1,969,136
Highways and streets	4,543,970	4,035,044
Sanitation	314,790	368,378
Health and human services	3,402,774	3,431,640
Culture, recreation, and education	164,946	190,670
Conservation and development	565,098	489,442
Economic development	61,812	61,812
Interest	147,389	156,406
Total Expenses	14,828,315	13,896,644
Change in Net Position	1,780,711	1,610,586
Net Position – January 1	40,828,407	39,217,821
Net Position – December 31	\$ 42,609,118	\$ 40,828,407

**STEVENS COUNTY
MORRIS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018
(Unaudited)**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

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

At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$12,397,035, an increase of \$1,119,830 in comparison with the prior year. Of the combined ending fund balances, \$9,188,927 represents unrestricted fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been restricted for various reasons either by state law, grant agreements, or bond covenants, or is non-spendable.

The General Fund is the main operating fund for the County. At the end of the current fiscal year, it had an unrestricted fund balance of \$3,203,654. As a measure of the General Fund's liquidity, it may be useful to compare unrestricted fund balance to total expenditures. The General Fund's unrestricted fund balance represents 48.4 percent of total General Fund expenditures. During 2018, the ending fund balance increased by \$93,958.

The Road and Bridge Special Revenue Fund had an assigned fund balance of \$3,249,016 at fiscal year-end, representing 68.7 percent of its annual expenditures. The ending fund balance increased by \$402,739 during 2018.

The Human Services Special Revenue Fund had an assigned fund balance of \$2,736,257 at fiscal year-end, representing 81.1 percent of its annual expenditures. The ending fund balance increased by \$524,094 during 2018.

The Solid Waste Special Revenue Fund had a restricted fund balance of \$383,479 at fiscal year-end, representing 271.9 percent of its annual expenditures, and the fund also transferred \$130,271 to the SCORE Department in the General Fund for SCORE use. The ending fund balance increased by \$119,208 during 2018.

The Ditch Special Revenue Fund had a restricted fund balance of \$1,791,529 at fiscal year-end, representing 485.3 percent of its annual expenditures. The ending fund balance decreased by \$4,195 during 2018.

The Debt Service Fund had a restricted fund balance of \$95,354 at fiscal year-end, representing 18.2 percent of its annual expenditures. The ending fund balance in the Debt Service Fund decreased by \$15,974 during 2018.

**STEVENS COUNTY
MORRIS, MINNESOTA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018
(Unaudited)**

Governmental Activities

The County’s total revenues were \$16,609,026. Table 1 presents the percent of total County revenues by source for the year ended December 31, 2018.

**Table 1
Total County Revenues**

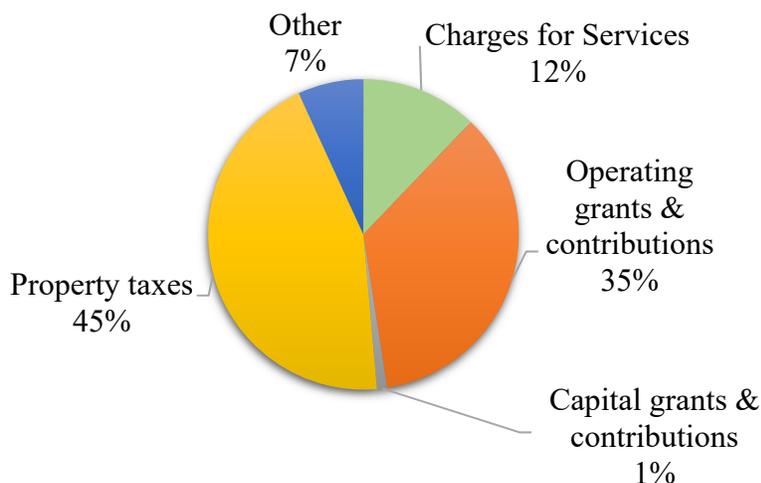
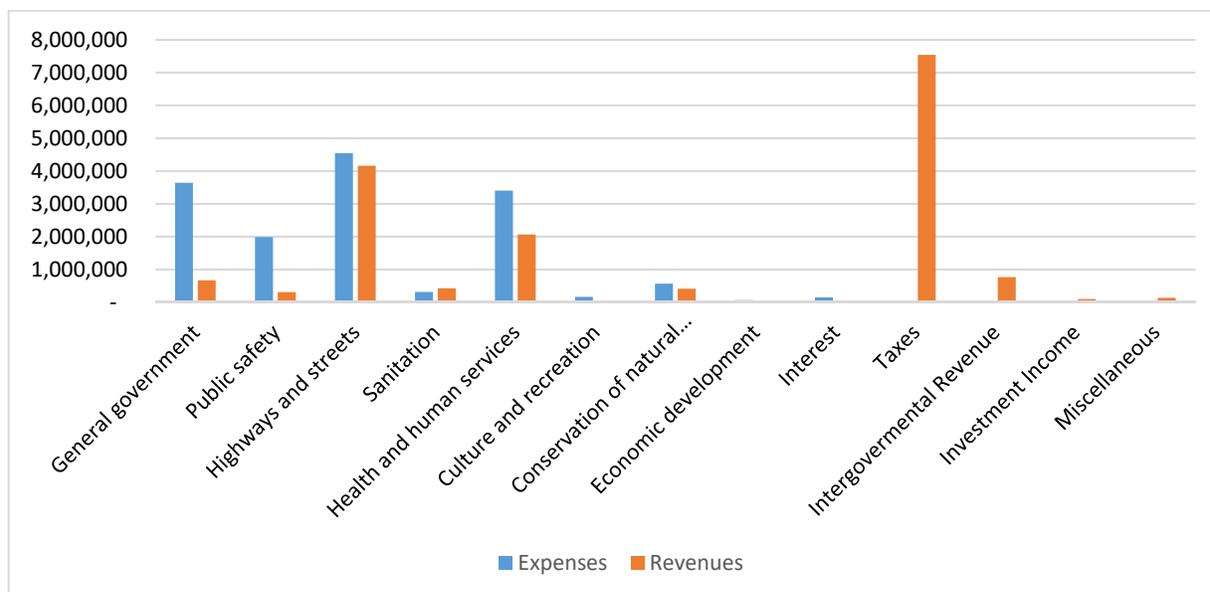


Table 2 presents the cost and revenue of each program, as well as the County’s general revenues. Total program revenues and general revenues for the County were \$16,609,026, while total expenses were \$14,828,315. This reflects a \$1,780,711 increase in net position for the year ended December 31, 2018.

**Table 2
Program Revenues, General Revenues, and Expenses**



**STEVENS COUNTY
MORRIS, MINNESOTA**

MANAGEMENT’S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

(Unaudited)

The cost of all governmental activities this year was \$14,828,315. However, as shown on the Statement of Activities on page 2, the amount that our taxpayers ultimately financed for these activities through County taxes was \$6,754,208 because some of the cost was paid by those who directly benefited from the programs (\$2,016,783) or by other governments and organizations that subsidized certain programs with grants and contributions (\$6,057,324). The County paid for the remaining “public benefit” portion of governmental activities with general revenues, primarily taxes (some of which could be used only for certain programs) and other revenues, such as grants and contributions not restricted to specific programs, and investment income.

Table 3 presents the cost of each of the County’s five largest program functions, as well as each function’s net cost (total cost, less revenues generated by the activity). The net cost shows the financial burden that was placed on the County’s taxpayers by each of these functions.

**Table 3
Governmental Activities**

	Total Cost of Services 2018	Net Cost (Revenue) of Services 2018
Highways and streets	\$ 4,543,970	\$ 383,851
General government	3,641,980	2,973,258
Health and human services	3,402,774	1,338,786
Public safety	1,985,556	1,678,147
Conservation and development	565,098	154,202
All others	688,937	225,964
Totals	\$ 14,828,315	\$ 6,754,208

BUDGETARY HIGHLIGHTS

General Fund

Actual revenues were \$236,762 greater than budgeted mainly due to an increase in miscellaneous and intergovernmental revenues. Actual expenditures were \$297,263 greater than budgeted. The most significant negative variance of \$220,560 occurred in intergovernmental expenditures due to an unanticipated capital contribution to the new Counties Providing Technology jointly-governed organization.

Road & Bridge

Actual revenues were \$192,531 greater than budgeted mainly due to an increase in intergovernmental revenues. Actual expenditures were \$251,281 less than budgeted. The main reasons for the decreased expenditures were lower construction costs, repair parts, and fuel usage.

**STEVENS COUNTY
MORRIS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018
(Unaudited)**

Health and Human Services

Actual revenues were \$550,600 greater than budgeted mainly due to an increase in charges for services and intergovernmental revenues. Actual expenditures were \$8,252 greater than budgeted due to unbudgeted expenditures in transitional housing and the drop-in center.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's capital assets for its governmental activities at December 31, 2018, totaled \$41,017,883 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, equipment, and improvements other than buildings. The investment in capital assets increased \$166,752, or 0.4 percent, from the previous year.

**Table 4
Capital Assets at Year-End
(Net of Depreciation)**

	2018	2017
Land	\$ 250,018	\$ 250,018
Right-of-way	1,026,600	1,026,600
Infrastructure	28,966,894	28,434,414
Building improvements	61,960	78,999
Buildings	8,738,320	9,030,305
Improvements other than buildings	46,458	35,266
Machinery, furniture, and equipment	1,906,850	1,977,152
Construction in progress	20,783	18,377
Totals	\$ 41,017,883	\$ 40,851,131

Additional information about the County's capital assets can be found in Note III.C to the financial statements.

**STEVENS COUNTY
MORRIS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018
(Unaudited)**

Long-Term Debt

At the end of the current fiscal year, the County had total net outstanding debt of \$7,198,161, which was backed by the full faith and credit of the government.

**Table 5
Outstanding Debt**

	<u>2018</u>	<u>2017</u>
General obligation bonds, including unamortized premium	\$ 7,173,576	\$ 7,708,242
Capital leases	-	14,974
Loans payable	<u>24,585</u>	<u>27,200</u>
Totals Outstanding Debt	<u>\$ 7,198,161</u>	<u>\$ 7,750,416</u>

Minnesota statutes limit the amount of debt a county may levy to three percent of its total market value. At the end of 2018, the County's outstanding debt was 10.1 percent of its total debt limit.

Additional information on the County's long-term debt can be found in Note III.E to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The County's elected and appointed officials considered many factors when setting the 2019 budget, tax rates, and fees that will be charged for the year.

- The unemployment rate for Stevens County at the end of 2018 was 2.8 percent, which is the same as it was in December 2017. The state unemployment rate was 3.2 percent. The July 1, 2017, estimated County population was 9,634, a decrease of 92, or 0.9 percent, from the April 1, 2010, census of 9,726.
- At the end of 2018, Stevens County set its 2019 revenue and expenditure budgets with a property tax levy increase of 2.74 percent, caused primarily by unfunded human services mandates from the federal and state governments, as compared to a 1.5 percent tax levy increase from the 2018 budget, which was caused primarily by salary increases.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Stevens County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Stevens County Auditor/Treasurer, Stevens County Courthouse, 400 Colorado Avenue, Suite 303, Morris, Minnesota 56267.

BASIC FINANCIAL STATEMENTS

STEVENS COUNTY

STATEMENT OF NET POSITION As of December 31, 2018

	Governmental Activities
ASSETS	
Cash and investments	\$ 12,408,732
Taxes receivable	20,590
Special assessments receivable	684,949
Interest receivable	43,585
Other receivables	45,242
Due from other governments	1,362,865
Inventory and prepaid items	166,663
Capital Assets	
Construction in progress	20,783
Land	1,276,618
Other capital assets, net of depreciation	39,720,482
Total Assets	<u>55,750,509</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related amounts	<u>1,390,147</u>
Total Deferred Outflows of Resources	<u>1,390,147</u>
LIABILITIES	
Accounts payable	171,197
Accrued liabilities	281,006
Interest payable	26,832
Due to other governments	119,135
Unearned revenues	81,612
Noncurrent Liabilities	
Due within one year	677,666
Due in more than one year	11,203,098
Total Liabilities	<u>12,560,546</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related amounts	<u>1,970,992</u>
Total Deferred Inflows of Resources	<u>1,970,992</u>
NET POSITION	
Net investment in capital assets	35,490,750
Restricted for	
Public safety	337,132
Highways and streets	955,986
Sanitation	401,891
Human services	6,834
Conservation of natural resources	2,628,365
Debt service	88,115
Other purposes	153,315
Unrestricted	<u>2,546,730</u>
TOTAL NET POSITION	<u><u>\$ 42,609,118</u></u>

See accompanying notes to financial statements.

STEVENS COUNTY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities					
General government	\$ 3,641,980	\$ 369,081	\$ 278,141	\$ 21,500	\$ (2,973,258)
Public safety	1,985,556	103,766	183,402	20,241	(1,678,147)
Highways and streets	4,543,970	451,905	3,708,214	-	(383,851)
Sanitation	314,790	359,232	67,729	-	112,171
Health and human services	3,402,774	454,180	1,609,808	-	(1,338,786)
Culture, recreation, and education	164,946	-	36,012	-	(128,934)
Conservation and development	565,098	278,619	-	132,277	(154,202)
Economic development	61,812	-	-	-	(61,812)
Interest and fiscal charges	147,389	-	-	-	(147,389)
Total Governmental Activities	<u>\$ 14,828,315</u>	<u>\$ 2,016,783</u>	<u>\$ 5,883,306</u>	<u>\$ 174,018</u>	<u>(6,754,208)</u>
General Revenues					
Taxes					
Property taxes, levied for general purposes					7,400,422
Other taxes					8,539
Payments in lieu of taxes					129,224
Intergovernmental revenues not restricted to specific programs					764,654
Investment income					94,783
Miscellaneous					137,297
Total General Revenues					<u>8,534,919</u>
Change in Net Position					1,780,711
NET POSITION - Beginning of Year					<u>40,828,407</u>
NET POSITION - END OF YEAR					<u>\$ 42,609,118</u>

See accompanying notes to financial statements.

STEVENS COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2018

	General Fund	Special Revenue				Debt Service	Total Governmental Funds
		Road and Bridge	Human Services	Solid Waste	Ditch		
ASSETS							
Cash and investments	\$ 4,119,510	\$ 3,307,947	\$ 2,672,915	\$ 404,291	\$ 1,808,715	\$ 95,354	\$ 12,408,732
Receivables							
Taxes	11,610	3,039	4,462	-	-	1,479	20,590
Special assessments	-	-	-	18,411	666,538	-	684,949
Interest	43,585	-	-	-	-	-	43,585
Accounts	32,882	32	9,382	2,946	-	-	45,242
Due from other governments	112,307	982,949	267,609	-	-	-	1,362,865
Due from other funds	1,360	5,971	-	-	-	-	7,331
Inventory and prepaid items	-	166,663	-	-	-	-	166,663
TOTAL ASSETS	\$ 4,321,254	\$ 4,466,601	\$ 2,954,368	\$ 425,648	\$ 2,475,253	\$ 96,833	\$ 14,739,957
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 43,599	\$ 8,707	\$ 82,768	\$ 23,758	\$ 12,365	\$ -	\$ 171,197
Accrued liabilities	135,397	55,541	89,992	-	76	-	281,006
Due to other governments	78,440	27,650	13,045	-	-	-	119,135
Unearned revenues	76,245	-	5,367	-	-	-	81,612
Due to other funds	1,226	-	1,360	-	4,745	-	7,331
Total Liabilities	<u>334,907</u>	<u>91,898</u>	<u>192,532</u>	<u>23,758</u>	<u>17,186</u>	<u>-</u>	<u>660,281</u>
Deferred Inflows of Resources							
Unavailable revenues	11,610	959,024	25,579	18,411	666,538	1,479	1,682,641
Total Deferred Inflows of Resources	<u>11,610</u>	<u>959,024</u>	<u>25,579</u>	<u>18,411</u>	<u>666,538</u>	<u>1,479</u>	<u>1,682,641</u>

See accompanying notes to financial statements.

STEVENS COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2018

	Special Revenue					Debt Service	Total Governmental Funds
	General Fund	Road and Bridge	Human Services	Solid Waste	Ditch		
Fund Balances							
Nonspendable							
Inventory and prepaid items	\$ -	\$ 166,663	\$ -	\$ -	\$ -	\$ -	\$ 166,663
Trust Fund Conservation - U.S. Fish and Wildlife	84,496	-	-	-	-	-	84,496
Missing heirs	892	-	-	-	-	-	892
Restricted for							
Tax forfeitures	7,567	-	-	-	-	-	7,567
Law library	4,340	-	-	-	-	-	4,340
Election equipment	31,983	-	-	-	-	-	31,983
Recorder's technology equipment	28,435	-	-	-	-	-	28,435
E-911	274,937	-	-	-	-	-	274,937
Recorder's compliance	39,110	-	-	-	-	-	39,110
DARE	13,749	-	-	-	-	-	13,749
Gun permit fees	32,909	-	-	-	-	-	32,909
Attorney forfeitures	10,207	-	-	-	-	-	10,207
Social services youth	3,752	-	-	-	-	-	3,752
Veterans van	30,118	-	-	-	-	-	30,118
Sheriff's forfeitures	10,379	-	-	-	-	-	10,379
Sheriff's contingency	4,436	-	-	-	-	-	4,436
Extension publication	1,555	-	-	-	-	-	1,555
SAFE	3,083	-	-	-	-	-	3,083
Uniform allowance	723	-	-	-	-	-	723
Buffer strips for county ditches	188,412	-	-	-	-	-	188,412
Solid waste	-	-	-	383,479	-	-	383,479
Ditch maintenance, repair, and other	-	-	-	-	1,791,529	-	1,791,529
Debt service	-	-	-	-	-	95,354	95,354
Assigned for							
Capital expenditures	42,750	-	-	-	-	-	42,750
Employee flexible benefits	40,000	-	-	-	-	-	40,000
Highways and streets	-	3,249,016	-	-	-	-	3,249,016
Human services	-	-	2,736,257	-	-	-	2,736,257
Unassigned	<u>3,120,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,120,904</u>
Total Fund Balances	<u>3,974,737</u>	<u>3,415,679</u>	<u>2,736,257</u>	<u>383,479</u>	<u>1,791,529</u>	<u>95,354</u>	<u>12,397,035</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u>\$ 4,321,254</u>	 <u>\$ 4,466,601</u>	 <u>\$ 2,954,368</u>	 <u>\$ 425,648</u>	 <u>\$ 2,475,253</u>	 <u>\$ 96,833</u>	 <u>\$ 14,739,957</u>

See accompanying notes to financial statements.

STEVENS COUNTY

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

Total fund balance - governmental funds \$ 12,397,035

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. Capital assets at year end consist of:

Capital assets	\$ 72,626,647	
Accumulated depreciation	<u>(31,608,764)</u>	41,017,883

Certain receivables that are not considered available are report as unavailable revenue in the fund financial statements and are recognized as revenue when earned in the government-wide financial statements.

These types of unavailable revenues at year end consist of:

Taxes receivable	20,589	
Special assessments receivable	684,948	
Due from other governments	<u>977,104</u>	1,682,641

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the fund statements. 1,390,147

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the fund statements. (1,970,992)

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	(7,050,000)	
Unamortized bond premium	(123,576)	
Loans payable	(24,585)	
Accrued interest payable	(26,832)	
Net pension liability	(4,116,692)	
Compensated absences	<u>(565,911)</u>	<u>(11,907,596)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 42,609,118

STEVENS COUNTY

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

	General Fund	Special Revenue				Debt Service	Total Governmental Funds
		Road and Bridge	Human Services	Solid Waste	Ditch		
REVENUES							
Taxes	\$ 4,208,537	\$ 1,020,407	\$ 1,677,142	\$ -	\$ -	\$ 507,343	\$ 7,413,429
Special assessments	-	-	-	307,343	346,725	-	654,068
Intergovernmental	1,683,673	3,668,989	1,768,849	-	-	-	7,121,511
Licenses and permits	18,385	-	-	-	-	-	18,385
Charges for services	268,298	313,694	401,104	-	-	-	983,096
Investment income	26,247	27,908	18,254	2,330	18,223	1,821	94,783
Miscellaneous	329,036	138,918	48,176	80,834	-	-	596,964
Total Revenues	<u>6,534,176</u>	<u>5,169,916</u>	<u>3,913,525</u>	<u>390,507</u>	<u>364,948</u>	<u>509,164</u>	<u>16,882,236</u>
EXPENDITURES							
Current							
General government	3,255,767	-	-	-	-	-	3,255,767
Public safety	1,945,872	-	-	-	-	-	1,945,872
Highways and streets	-	4,726,104	-	-	-	-	4,726,104
Sanitation	201,951	-	-	137,853	-	-	339,804
Health and human services	89,975	-	3,371,177	-	-	-	3,461,152
Culture, recreation, and education	164,946	-	-	-	-	-	164,946
Conservation of natural resources	357,421	-	-	-	209,518	-	566,939
Economic development	61,812	-	-	-	-	-	61,812
Intergovernmental	525,560	-	-	-	-	-	525,560
Debt Service							
Principal retirement	14,974	-	-	2,615	115,000	410,000	542,589
Interest and fiscal charges	194	-	-	560	44,625	113,317	158,696
Total Expenditures	<u>6,618,472</u>	<u>4,726,104</u>	<u>3,371,177</u>	<u>141,028</u>	<u>369,143</u>	<u>523,317</u>	<u>15,749,241</u>
Excess (deficiency) of revenues over expenditures	<u>(84,296)</u>	<u>443,812</u>	<u>542,348</u>	<u>249,479</u>	<u>(4,195)</u>	<u>(14,153)</u>	<u>1,132,995</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	178,254	-	-	-	-	-	178,254
Transfers out	-	(27,908)	(18,254)	(130,271)	-	(1,821)	(178,254)
Total Other Financing Sources (Uses)	<u>178,254</u>	<u>(27,908)</u>	<u>(18,254)</u>	<u>(130,271)</u>	<u>-</u>	<u>(1,821)</u>	<u>-</u>
Net Change in Fund Balances	93,958	415,904	524,094	119,208	(4,195)	(15,974)	1,132,995
FUND BALANCES - Beginning of Year	3,880,779	3,012,940	2,212,163	264,271	1,795,724	111,328	11,277,205
Change in reserve for inventory	-	(13,165)	-	-	-	-	(13,165)
FUND BALANCES - END OF YEAR	<u>\$ 3,974,737</u>	<u>\$ 3,415,679</u>	<u>\$ 2,736,257</u>	<u>\$ 383,479</u>	<u>\$ 1,791,529</u>	<u>\$ 95,354</u>	<u>\$ 12,397,035</u>

See accompanying notes to financial statements.

STEVENS COUNTY

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

Net change in fund balances - total governmental funds	\$ 1,132,995
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:	
Certain expenditures charged to the functional areas were capitalized	2,367,945
Depreciation is reported in the government-wide statements	(2,195,445)
In the statement of activities, only the gain or loss on the disposal of capital assets is reported.	(5,748)
Delinquent taxes, special assessments, and certain other receivables 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 statements that was recognized in the government-wide statements in prior years.	
Taxes receivable	(4,469)
Special assessments receivable	(75,204)
Due from other governments	(170,071)
Debt issued provides current financial resources in the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repaid	527,615
Bond premiums are reported as revenue in the fund financial statements, but are capitalized in the government-wide statements and amortized over the life of the related debt.	
	9,666
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the fund financial statements. The following did not require the use of current financial resources:	
Change in capital lease payable	14,981
Change in accrued interest payable	1,642
Change in compensated absences	(38,107)
Net pension liability (and pension related deferred outflows/inflows of resources)	228,076
The change in inventory value is reported as a change in fund balance in the fund financial statements, but is a change in expense in the government-wide statements.	
	<u>(13,165)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,780,711</u>

See accompanying notes to financial statements.

STEVENS COUNTY

STATEMENT OF ASSETS AND LIABILITIES -
AGENCY FUNDS

As of December 31, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 437,651
Total Assets	<u>\$ 437,651</u>
LIABILITIES	
Accounts payable	\$ 6,768
Due to other governments	<u>430,883</u>
Total Liabilities	<u>\$ 437,651</u>

See accompanying notes to financial statements.

STEVENS COUNTY

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STEVENS COUNTY

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The county was established February 20, 1862, and is an organized county having the powers, duties, and privileges granted counties by Minn. Statute. ch. 373. The county is governed by a five-member Board of Commissioners elected from districts within the county. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

The report includes all of the funds of the county. The reporting entity for the county consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financials statements to be misleading. The county has not identified any organizations that meet this criteria.

Joint Ventures and Jointly-Governed Organizations

The county participates in several joint ventures described in Note IV.D. The county also participates in jointly-governed organizations described in Note IV.E.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. All of the county's activities are considered governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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. The 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.

STEVENS COUNTY

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

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

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

Fund Financial Statements

Financial statements of the 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 fund statements. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the county or meets the following criteria:

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

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

The county reports the following major governmental funds:

General Fund – accounts for the county's 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 for, committed to, or assigned to supporting expenditures for construction and maintenance of roads, bridges, and other projects affecting county roadways.

Human Services Special Revenue Fund – accounts for restricted revenue resources from the federal, state, and other oversight agencies, as well as assigned property tax revenues used for economic assistance and community social services programs.

Solid Waste Special Revenue Fund – accounts for restricted special assessment revenues, miscellaneous revenues, revenue resources from the state, and through an appropriation from the General Fund for the costs relating to disposal of the county's solid waste.

Ditch Special Revenue Fund – accounts for special assessment revenues levied against benefitted property to finance the cost of constructing and maintaining an agricultural drainage ditch system.

STEVENS COUNTY

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

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

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

Fund Financial Statements (cont.)

Debt Service Fund – accounts for the accumulation of restricted resources used for, and the payment of principal, interest, and related costs.

In addition, the county reports the following fund types:

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

Adult Mental Health Drop-In Fund – accounts for the collection and disbursement of funds used for the adult mental health drop-in center.

Housing and Redevelopment Authority Fund – accounts for the payroll-related collections and disbursements of the Housing and Redevelopment Authority.

Mental Health Local Advisory Council Fund – accounts for the collection and disbursement of funds used by the Mental Health Council to advise and educate the public about mental health issues.

School Districts Fund – accounts for the collection and payment of funds due to school districts.

Social Welfare Fund – accounts for the collection and disbursement of funds held on the behalf of individuals in the Social Welfare program.

State Revenue Fund – accounts for the state's share of collections and the payment of those collections to the state.

Stevens County Family Services Collaborative Fund – accounts for the collection and disbursement of funds used for prevention and early intervention services primarily provided by the schools and Public Health.

Taxes and Penalties Fund – accounts for the collection and payment of funds due to towns and cities and special taxing districts.

Towns and Cities Fund – accounts for the collection and payment of funds due to towns and cities and special taxing districts.

Watershed Fund – accounts for the collection and payments of funds due to the watershed districts.

West Central Special Weapons and Tactics Team Fund – accounts for the collection and payment of funds due to the West Central S.W.A.T. team.

STEVENS COUNTY

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

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

STEVENS COUNTY

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

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

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

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

1. Deposits and Investments

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. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

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. This policy follows the state statutes for allowable investments.

STEVENS COUNTY

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

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

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

1. Deposits and Investments (cont.)

Custodial Credit Risk

The county will obtain collateral or bond for all uninsured amounts on deposit and will obtain necessary documentation to show compliance with state law and a perfected security interest under federal law. For investments, the county's policy is to permit brokers that obtained investments for the county to hold them only to the extent Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage are available. Securities purchased that exceed available SIPC coverage shall be transferred to the county's custodian.

Credit Risk

The county will only invest in securities that meet the ratings requirements set by state statute.

Concentration of Credit Risk

The county will diversify the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The county will not create a greater than 33% holding in any one issuer. Typically, the county invests in U.S. Treasury securities, U.S. agency securities, and obligations backed by the U.S. Treasury and/or U.S. agency securities which may be held without limit.

Interest Rate Risk

The county will: (1) structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market prior to maturity, and (2) invest operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limit the average maturity in accordance with the county's cash requirements.

Investments are generally stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III.A. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments is allocated based on average balances except for those investments that are restricted in accordance with generally accepted accounting principles and a portion of the ditch funds.

See Note III.A for further information.

STEVENS COUNTY

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

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

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

2. Receivables

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.

The county is required to distribute the collections to the various governmental units three times each year on a schedule prescribed in Minn. Statute 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 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.

No allowance for uncollectible delinquent taxes has been provided because of the county's demonstrated ability to recover any losses through the sale of the applicable property.

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

It is the county's policy to record unavailable revenue for the net amount of the notes receivable balances. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year-end are presented as restricted fund balance in the fund financial statements.

3. Inventories and Prepaid Items

Inventory 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.

STEVENS COUNTY

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

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

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

4. Capital Assets

Government –Wide Statements

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the county as assets with an estimated useful life in excess of two years and an initial cost of \$5,000 or more. 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 fair value at the date of donation.

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

Improvements other than buildings	5-40	Years
Buildings and building improvements	5-40	Years
Machinery, equipment, and vehicles	3-20	Years
Infrastructure	20-80	Years

Fund Financial Statements

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

5. 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.

STEVENS COUNTY

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

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

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

6. Compensated Absences

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

All vested vacation, sick leave, and comp time pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the 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 comp time will be made at rates in effect when the benefits are used. Accumulated vacation, sick leave, and comp time liabilities at December 31, 2018 are determined on the basis of current salary rates and include salary related payments.

7. Long-Term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of bonds payable, loans payable, capital leases, 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) are reported as other financing sources and payments of principal and interest are reported as expenditures.

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

8. Deferred Inflows of Resources

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

STEVENS COUNTY

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

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

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

9. 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

Governmental fund equity is classified as fund balance and displayed as follows:

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

STEVENS COUNTY

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

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

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

9. Equity Classifications (cont.)

Fund Statements (cont.)

- 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 the County Auditor/Treasurer, who has been delegated that authority by Board resolution, can assign amounts for a specific purpose, or (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.

The county has adopted a minimum fund balance policy for the General Fund. The General Fund is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined that the General Fund should maintain a minimum unrestricted fund balance (committed, assigned, and unassigned) of no less than \$1,500,000.

10. 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.

STEVENS COUNTY

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

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general fund, certain special revenue funds, and the debt service fund. A budget has not been formally adopted for the ditch special revenue fund.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following individual funds had 2018 expenditures in excess of appropriations:

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures
General Fund	\$ 6,321,209	\$ 6,618,472	\$ 297,263
Human Services	3,362,925	3,371,177	8,252
Solid Waste	136,100	141,028	4,928
Debt Service	522,818	523,317	499

The county controls expenditures at the fund 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.

STEVENS COUNTY

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

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The county maintains a cash and investment pool that is available for use by all funds. Each fund's portion in this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the county's funds. The county's cash and investments at year-end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 2,696,489	\$ 2,900,308	Custodial credit
Money market	512,352	513,318	Custodial credit
U.S. agencies – explicitly guaranteed	72,355	72,355	Custodial credit, interest rate
U.S. agencies – implicitly guaranteed	628,329	628,329	Custodial credit, interest rate, credit, concentration of credit
State and local bonds	1,425,737	1,425,737	Custodial credit, interest rate, credit, concentration of credit
Negotiable certificates of deposit	7,505,321	7,505,321	Custodial credit, interest rate, credit, concentration of credit
Petty cash	5,800	-	N/A
Total Cash and Investments	\$ 12,846,383	\$ 13,045,368	
Reconciliation to financial statements			
Per statement of net position			
Cash and investments	\$ 12,408,732		
Per statement of assets and liabilities -			
Agency Funds	437,651		
Total Cash and Investments	\$ 12,846,383		

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 Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government). SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$250,000 may be in cash.

STEVENS COUNTY

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in accounts at Bremer Bank are also secured by a \$10,000,000 Federal Home Loan Bank letter of credit.

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

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

- > U.S. Agencies – explicitly and implicitly guaranteed and negotiable certificates of deposit: Matrix pricing based on the securities' relationship to benchmark quoted prices.
- > State and local bonds: Market approach using quoted prices for similar assets in active markets.

Investment Type	December 31, 2018			
	Level 1	Level 2	Level 3	Total
U.S. agencies – explicitly guaranteed	\$ -	\$ 72,355	\$ -	\$ 72,355
U.S. agencies – implicitly guaranteed	-	628,329	-	628,329
State and local bonds	-	1,425,737	-	1,425,737
Negotiable certificates deposit	-	7,505,321	-	7,505,321
Totals	\$ -	\$ 9,631,742	\$ -	\$ 9,631,742

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.

STEVENS COUNTY

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

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

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

Investment Type	Credit Rating	Rating Agency
Federal Farm Credit Bureau	AA+	S & P
Federal National Mortgage Association (31358BAA6)	Not rated	n/a
Federal National Mortgage Association (3136G05J6)	AA+	S & P
Connecticut State GO Bonds	A	S & P
El Paso, Texas Bonds	Aa2	Moody's
Florida Hurricane Catastrophe Fund Bonds	AA	S & P
Indianapolis, Indiana Bonds	AA+	S & P
Mountain View California School District Bonds	AA	S & P
State of South Carolina Public Service Authority Bonds	A+	S & P
State of Wisconsin Bonds	AA-	S & P

In addition, the county has various investments in explicitly guaranteed U.S. agency investments and negotiable certificates of deposit that are not rated.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer.

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

Issuer	Investment Type	% of Portfolio
Federal Farm Credit Bureau	U.S. agencies – implicitly guaranteed	5.03%

STEVENS COUNTY

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

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

As of December 31, 2018, information related to the county's potential investment risks were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>		
		<u>Less than 1 Year</u>	<u>1 – 5 Years</u>	<u>5+ Years</u>
U.S. agencies – explicitly guaranteed	\$ 72,355	\$ -	\$ 9,056	\$ 63,299
U.S. agencies – implicitly guaranteed	628,329	69,857	73,602	484,870
State and local bonds	1,425,737	-	1,283,397	142,340
Negotiable certificates deposit	<u>7,505,321</u>	<u>1,771,108</u>	<u>5,256,576</u>	<u>477,637</u>
Totals	<u>\$ 9,631,742</u>	<u>\$ 1,840,965</u>	<u>\$ 6,622,631</u>	<u>\$ 1,168,146</u>

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

STEVENS COUNTY

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

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

B. RECEIVABLES

Receivables as of December 31, 2018, for the county's individual major funds are as follows:

Fund	Receivables and Due From Other Governments	Amounts Not Expected to Be Collected Within One Year
General Fund	\$ 200,384	\$ -
Road and Bridge	986,020	-
Human Services	281,453	-
Solid Waste	21,357	16,309
Ditch	666,538	598,823
Debt Service	1,479	-
Total Governmental Funds	\$ 2,157,231	\$ 615,132

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

	Unearned	Unavailable
Taxes receivable	\$ -	\$ 20,590
Due from other governments	-	977,103
Special assessments receivable	-	684,948
Grants received but not earned	81,612	-
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 81,612	\$ 1,682,641

STEVENS COUNTY

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

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

C. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 250,018	\$ -	\$ -	\$ 250,018
Right of way	1,026,600	-	-	1,026,600
Construction in progress	18,377	8,951	6,545	20,783
Total Capital Assets Not Being Depreciated	\$ 1,294,995	\$ 8,951	\$ 6,545	\$ 1,297,401
Capital assets Being Depreciated				
Improvements other than buildings	\$ 130,101	\$ 18,711	\$ -	\$ 148,812
Building improvements	99,795	-	-	99,795
Buildings	13,151,657	-	-	13,151,657
Machinery, furniture and equipment	6,777,609	395,120	338,466	6,834,263
Infrastructure	49,143,011	1,951,708	-	51,094,719
Total Capital Assets Being Depreciated	69,302,173	2,365,539	338,466	71,329,246
Less: Accumulated Depreciation for:				
Improvements other than buildings	94,835	7,519	-	102,354
Building improvements	20,796	17,039	-	37,835
Buildings	4,121,352	291,985	-	4,413,337
Machinery, furniture and equipment	4,800,457	459,674	332,718	4,927,413
Infrastructure	20,708,597	1,419,228	-	22,127,825
Total Accumulated Depreciation	29,746,037	2,195,445	332,718	31,608,764
Net Capital Assets Being Depreciated	39,556,136	170,094	5,748	39,720,482
Total Governmental Activities Capital Assets, Net of Depreciation	\$ 40,851,131	\$ 179,045	\$ 12,293	\$ 41,017,883

STEVENS COUNTY

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

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$	352,537
Public safety		103,721
Highways and streets, including depreciation of infrastructure assets		1,728,529
Sanitation		251
Human services		<u>10,407</u>
 Total Governmental Activities Depreciation Expense	 \$	 <u><u>2,195,445</u></u>

D. INTERFUND RECEIVABLES/PAYABLES 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	Human Services	\$ 1,360
Road and Bridge	General Fund	1,226
Road and Bridge	Ditch	<u>4,745</u>
Subtotal - Fund financial statements		7,331
Less: Fund eliminations		<u>(7,331)</u>
Total - Government-Wide Statement of Net Position		<u><u>\$ -</u></u>

All amounts are expected to be repaid within one year.

These interfunds 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.

STEVENS COUNTY

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

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

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Road and Bridge	\$ 27,908	Transfer interest earned
General Fund	Human Services	18,254	Transfer interest earned
General Fund	Debt Service	1,821	Transfer interest earned
General Fund	Solid Waste	2,330	Transfer interest earned
General Fund	Solid Waste	127,941	Provide funding for recycling activities
Subtotal - Fund Financial Statements		178,254	
Less: Fund eliminations		(178,254)	
Total - Government-Wide Statement of Activities		<u>\$ -</u>	

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

E. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds Payable					
General obligation bonds	\$ 7,575,000	\$ -	\$ 525,000	\$ 7,050,000	\$ 540,000
Plus: Unamortized bond premium	133,242	-	9,666	123,576	-
Subtotals	<u>7,708,242</u>	<u>-</u>	<u>534,666</u>	<u>7,173,576</u>	<u>540,000</u>
Other Liabilities					
Loans payable	27,200	-	2,615	24,585	2,667
Capital lease	14,974	-	14,974	-	-
Net pension liability	4,822,417	80,730	786,455	4,116,692	-
Compensated absences	527,804	469,858	431,751	565,911	134,999
Total Long-Term Liabilities	<u>\$ 13,100,637</u>	<u>\$ 550,588</u>	<u>\$ 1,770,461</u>	<u>\$ 11,880,764</u>	<u>\$ 677,666</u>

STEVENS COUNTY

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

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Bonds

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

In accordance with Minnesota Statutes, net indebtedness of the county may not exceed 3% of the market value of taxable property within the county's jurisdiction. The debt limit as of December 31, 2018, was \$71,420,942. General obligation debt outstanding at year-end subject to the debt limit was \$7,050,000.

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

General Obligation Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
Drainage Bonds	2014	2030	2.0 – 3.5%	\$ 1,980,000	\$ 1,635,000
Capital Improvement Plan Bonds	2016	2030	1.6 – 2.1%	6,190,000	<u>5,415,000</u>
					<u><u>\$ 7,050,000</u></u>

Debt service requirements to maturity are as follows:

Year Ending December 31	General Obligation Drainage Bonds, Series 2014A		General Obligation Capital Improvement Plan Bonds, Series 2016A	
	Principal	Interest	Principal	Interest
2019	\$ 120,000	\$ 42,275	\$ 420,000	\$ 104,617
2020	120,000	39,875	425,000	96,218
2021	120,000	37,475	435,000	87,717
2022	125,000	35,025	450,000	79,018
2023	130,000	32,150	455,000	70,017
2024 - 2028	700,000	107,788	2,465,000	217,215
2029 - 2030	320,000	11,375	765,000	20,580
Total	<u>\$ 1,635,000</u>	<u>\$ 305,963</u>	<u>\$ 5,415,000</u>	<u>\$ 675,382</u>

STEVENS COUNTY

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

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

E. LONG-TERM OBLIGATIONS (cont.)

Prior-Year Defeasance of Debt

On August 16, 2016, the county defeased certain general obligation bonds by placing the proceeds of the new bonds and additional county contributions in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the county's financial statements. At December 31, 2018, \$5,665,000 of bonds outstanding are considered defeased. The bonds will mature when they are called on February 1, 2020.

Loans Payable

The county has entered into loan agreements with the Minnesota Pollution Control Agency for the financing of clean water projects. The loans are secured by special assessments placed on the individual parcels requesting funding of a project. Loan payments will be reported in the solid waste special revenue fund.

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

Loans Payable	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
Pomme de Terre River Watershed	2014	2027	2.0%	\$ 27,200 *	<u>\$ 24,585</u>

* Loan is authorized for up to \$100,000. The county has drawn \$27,200 as of December 31, 2018.

Debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest
2019	\$ 2,667	\$ 507
2020	2,721	454
2021	2,776	399
2022	2,831	343
2023	2,888	286
2024 - 2027	<u>10,702</u>	<u>553</u>
Total	<u>\$ 24,585</u>	<u>\$ 2,542</u>

STEVENS COUNTY

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

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

E. LONG-TERM OBLIGATIONS (cont.)

OTHER DEBT INFORMATION

Estimated payments of compensated absences and net pension liability are not included in the debt service requirement schedules. These liabilities will be liquidated by the general fund, road and bridge fund, and human services 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.

F. NET POSITION

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

Net Investment in Capital Assets	
Construction in progress	\$ 20,783
Land	1,276,618
Other capital assets, net of accumulated depreciation	39,720,482
Less: Capital related long-term debt outstanding (including premium)	<u>(5,527,133)</u>
	<u>\$ 35,490,750</u>

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Public Employees Retirement Association (PERA)

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

1. General Employees Retirement Plan

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.

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Plan Description (cont.)

2. Public Employees Police and Fire Plan

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

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

1. General Employees Plan Benefits

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

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

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Benefits (cont.)

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% 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. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

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

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2018 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, 2018 were \$309,927. The county's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Plan members were required to contribute 10.80% of their annual covered salary and the county was required to contribute 16.20% of pay for members in fiscal year 2018. The county's contributions to the Police and Fire Fund for the year ended December 31, 2018, were \$80,092. The county's contributions were equal to the required contributions as set by state statute.

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2018, the county reported a liability of \$3,583,743 for its proportionate share of the General Employees Fund's net pension liability. The county's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the county totaled \$117,520. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportionate share of the net pension liability was based on the county's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the county's proportionate share was .0646% which was a decrease of .0010% from its proportionate share measured as of June 30, 2017.

County's proportionate share of the net pension liability	\$	3,583,743
State of Minnesota's proportionate share of the net pension liability associated with the county		117,520
Total	\$	3,701,263

For the year ended December 31, 2018, the county recognized pension expense of (\$53,630) for its proportionate share of the General Employees Plan's pension expense. In addition, the county recognized an additional \$27,405 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 96,259	\$ 105,978
Changes in actuarial assumptions	347,107	406,938
Net collective difference between projected and actual investment earnings	-	361,695
Changes in proportion	4,060	113,958
Contributions paid to PERA subsequent to the measurement date	157,193	-
Total	\$ 604,619	\$ 988,569

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Pension Costs (cont.)

1. General Employees Fund Pension Costs (cont.)

The \$157,193 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2019	\$	52,379
2020		(209,265)
2021		(309,459)
2022		(74,798)

2. Police and Fire Fund Pension Costs

At December 31, 2018, the county reported a liability of \$532,949 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportionate share of the net pension liability was based on the county's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the county's proportionate share was .0500% which was an increase of .0030% from its proportionate share measured as of June 30, 2017. The county also recognized \$4,500 for the year ended December 31, 2018, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014, until the plan is 90% funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

For the year ended December 31, 2018, the county recognized pension expense of \$23,441 for its proportionate share of the Police and Fire Plan's pension expense.

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Pension Costs (cont.)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 20,735	\$ 110,565
Change of actuarial assumptions	556,573	738,566
Net collective difference between projected and actual investment earnings	-	124,011
Changes in proportion	167,526	9,281
Contributions paid to PERA subsequent to the measurement date	40,694	-
Total	\$ 785,528	\$ 982,423

The \$40,694 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2019	\$	(2,398)
2020		(23,679)
2021		(54,750)
2022		(161,752)
2023		4,990

Total Pension Expense

The total pension expense for all plans recognized by the county for the year ended December 31, 2018, was (\$2,784).

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Actuarial Assumptions

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

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

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

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent four-year experience study for Police and Fire Plan was completed in 2016.

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

General Employees Fund

Changes in Actuarial Assumptions:

- > The mortality projection scale was changed from MP-2015 to MP-2017.
- > The assumed benefit increase was changed from 1.00% 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.

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

Actuarial Assumptions (cont.)

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- > Post-retirement benefit increases were changed to 1.0% 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	36%	5.10%
International Stocks	17	5.30
Bonds (Fixed Income)	20	0.75
Alternative Assets (Private Markets)	25	5.90
Cash	2	0.00
Total	100%	

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Retirement Association (PERA) (cont.)

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

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

	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
County's proportionate share of the General Employees Fund net pension liability:	\$ 5,824,041	\$ 3,583,743	\$ 1,734,441
County's proportionate share of the Police and Fire Fund net pension liability:	\$ 1,142,675	\$ 532,949	\$ 28,730

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.

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Public Employees Defined Contribution Plan

Five County commissioners and one employee of the county are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For salaried employees contributions must be a fixed percentage of salary. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of one percent (0.25%) of the assets in each member's account annually.

Total contributions made by the county during fiscal year 2018 were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 8,135	\$ 8,135
Percentage of covered payroll	5%	5%
Required Rate	5%	5%

B. RISK MANAGEMENT

The county is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; or natural disasters for which the county carries commercial insurance. To manage these risks, the county has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). MCIT is a public entity risk pool currently operated as a common risk management and insurance program for its members. The county is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For all other risks, the county carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

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 expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2018. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the county in a method and amount to be determined by MCIT.

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

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

C. COMMITMENTS AND CONTINGENCIES

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

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

In March 2019, the county entered into a contract for approximately \$1,800,000 for highway construction projects.

D. JOINT VENTURES

LAND OF THE DANCING SKY AREA AGENCY ON AGING

The Land of the Dancing Sky Area Agency on Aging provides services to a 21-county service area. This is a partnership between the Northwest Regional Development Commission, the 5-county service area of Region 2, and the West Central Area Agency on Aging. This combined area on aging was established to administer all aspects of the Older Americans Act by providing programs to meet the needs of the elderly in the 21-county area.

The Land of the Dancing Sky umbrella board meets quarterly to discuss and approve major items such as the area plan and dollar allocations, while the advisory councils and joint powers boards of the two area agencies on aging continue to meet monthly to make decisions affecting their local counties.

During 2018, the county did not contribute any funds to the agency.

Complete financial statements for the Land of the Dancing Sky Area Agency on Aging can be obtained from: Dancing Sky Area Agency on Aging, 109 South Minnesota Street, Warren, Minnesota 56762.

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

HORIZON PUBLIC HEALTH

Horizon Public Health was formed pursuant to Minn. Stat. § 471.59 by Douglas, Grant, Pope, Stevens, and Traverse Counties. Horizon Public Health began official operation on January 1, 2015, as a five-county public health organization. The primary functions of the health service are to prevent illness and to promote efficiency and economy in the delivery of community health services.

Control is vested in the Community Health Board, which is responsible for all duties as set forth in Minn. Stat. ch. 145A. The Board consists of 13 members composed of 11 County Commissioners and 2 community representatives.

Financing is provided by federal and state grants and appropriations from member counties. The county's contribution for 2018 was \$87,534.

Complete financial statements for Horizon Public Health can be obtained from: Horizon Public Health, 809 Elm Street, Suite 1200, Alexandria, Minnesota 56308.

RAINBOW RIDER TRANSIT BOARD

Douglas, Grant, Pope, Stevens, and Traverse Counties entered into a joint powers agreement to establish the West Central Multi-County Joint Powers Transit Board effective December 1, 1994, and empowered under Minn. Stat. § 471.59. Effective January 13, 2000, the Board changed its name from West Central Multi-County Joint Powers Transit Board to Rainbow Rider Transit Board. The purpose of the Board is to provide coordinated service delivery and a funding source for public transportation. Grant County terminated its membership in Rainbow Rider on May 31, 1999. Grant County rejoined and Todd County became a member county effective January 1, 2011 and 2012, respectively.

The Board consists of two members appointed by each member county from its County Board for terms of one year each. Rainbow Rider is a joint venture with no county having control over the Board. Each county has an ongoing responsibility to provide funding for the operating costs of the Board allocated in accordance with the actual expenses incurred by representatives of the respective counties on the Board.

The joint powers agreement remains in force until any single county notifies the other parties of its intentions to withdraw, at least 90 days before the termination takes effect. The remaining counties may agree to continue the agreement with the remaining counties as members. During 2018, the county contributed \$13,500 to Rainbow Rider.

Complete financial information can be obtained from: Rainbow Rider, P.O. Box 136, Lowry, Minnesota 56349.

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

PRIMEWEST RURAL MINNESOTA HEALTH CARE ACCESS INITIATIVE

The PrimeWest Central County-Based Purchasing Initiative (since renamed PrimeWest Rural Minnesota Health Care Access Initiative) was established in December 1998 by a joint powers agreement with Big Stone, Douglas, Grant, McLeod, Meeker, Pipestone, Pope, Renville, Stevens, and Traverse Counties under the authority of Minn. Stat. § 471.59. Beltrami, Clearwater, and Hubbard Counties were later added to the PrimeWest Rural Minnesota Health Care Access Initiative. Pipestone County has since joined Southwest Health and Human Services for public health and human services functions. The partnership is organized to directly purchase health care services for county residents who are eligible for Medical Assistance and General Assistance Medical Care as authorized by Minn. Stat. § 256B.692. County-based purchasing is the local control alternative favored for improved coordination of services to prepaid Medical Assistance programs in complying with Minnesota Department of Health requirements as set forth in Minn. Stat. chs. 62D and 62N.

Control of the PrimeWest Rural Minnesota Health Care Access Initiative is vested in a Joint Powers Board, composed of two Commissioners from each member county (one active and one alternate). Each member of the Joint Powers Board is appointed by the County Commissioners of the county represented.

In the event of termination of the joint powers agreement, all assets owned pursuant to this agreement shall be sold, and the proceeds, together with monies on hand, will be distributed to the current members based on their proportional share of each member's county-based purchasing eligible population.

Douglas County acts as fiscal agent for the PrimeWest Rural Minnesota Health Care Access Initiative and reports the cash transactions as an investment trust fund on its financial statements. Financing is provided by Medical Assistance and General Assistance Medical Care payments from the Minnesota Department of Human Services. During 2018, the county did not contribute any funds to the Joint Powers Board.

Complete financial information can be obtained from its administrative office at: PrimeWest Rural Minnesota Health Care Access Initiative, 2209 Jefferson Street, Suite 101, Alexandria, Minnesota 56308.

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

REGIONAL FITNESS CENTER

The county, along with the University of Minnesota, the City of Morris, and Independent School District 769, entered into a joint powers agreement under the authority of Minn. Stat. § 471.59 to establish and construct a Regional Fitness Center.

Control of the Regional Fitness Center is vested in a Joint Powers Board, composed of one member of the County Board of Commissioners, four members from the University of Minnesota, one member of the Morris City Council, one member of the School Board, and one member from the community at large.

In the event of termination of the joint powers agreement, any surplus monies generated by the operation of the Regional Fitness Center and any movable equipment shall be returned to the parties in proportion to their original contribution. The building, property, and all nonmovable equipment and fixtures shall belong to the University of Minnesota.

Financing is provided by the 1998 Minnesota legislative appropriation of \$2,500,000 to the University of Minnesota and contributions in the amount of \$2,500,000 from the other parties to this agreement. The county's share, \$200,000, was paid over a period of five years. Operational and maintenance expenses will be covered by membership fees and other income generated by the Regional Fitness Center. During 2018, the county did not contribute any funds to the Regional Fitness Center.

Complete financial information can be obtained from: Morris Area Schools, 201 South Columbia Avenue, Morris, Minnesota 56267.

POMME DE TERRE RIVER ASSOCIATION

The Pomme de Terre River Association Joint Powers Board was established August 11, 1981, by an agreement between the county and five other counties and their respective soil and water conservation districts. The agreement was made to develop and implement plans to protect property from damage of flooding; control erosion of land; protect streams and lakes from sedimentation and pollution; and maintain or improve the quality of water in the streams, lakes, and ground water lying within the boundaries of the watershed of the Pomme de Terre River. Administrative costs are apportioned equally to the soil and water conservation districts based on actual costs. An amended and restated Joint Powers Agreement was approved on March 19, 2013.

Control is vested in a Joint Powers Board, comprising of one representative of each of the county Boards of Commissioners and one representative from each soil and water conservation district board of supervisors included within the agreement. During 2018, the county did not contribute any funds to the Joint Powers Board.

Complete financial information can be obtained from: Pomme de Terre River Association Joint Powers Board, 900 Robert Street, Suite 104, Alexandria, Minnesota 56308.

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

SUPPORTING HANDS NURSE FAMILY PARTNERSHIP BOARD

The Supporting Hands Nurse Family Partnership Board was established pursuant to Minn. Stat. §§ 145A.17 and 471.59 and a joint powers agreement, effective May 31, 2007. The Board is composed of one representative from each county to the agreement. The counties in the agreement are Big Stone, Chippewa, Douglas, Grant, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Pipestone, Pope, Redwood, Renville, Rock, Stevens, Swift, Traverse, and Yellow Medicine. Southwest Health and Human Services represents Lincoln, Lyon, Murray, Pipestone, Redwood, and Rock Counties in this agreement. Horizon Public Health represents Douglas, Grant, Pope, Stevens, and Traverse Counties in this agreement. Countryside Public Health represents Big Stone, Chippewa, Lac qui Parle, Swift, and Yellow Medicine Counties in this agreement. The purpose of this agreement is to organize, govern, plan, and administer a multi-county based nurse family partnership program specifically within the jurisdictional boundaries of the counties involved.

The governing board is composed of one Board member from each of the participating counties. Each participating county will contribute to the budget of the Supporting Hands Nurse Family Partnership. During 2018, Stevens County did not contribute any funds to the Partnership.

McLeod County acts as fiscal agent for the Supporting Hands Nurse Family Partnership Board. A complete financial report of the Supporting Hands Nurse Family Partnership Board can be obtained from McLeod County at: Supporting Hands Nurse Family Partnership Board, McLeod County, 830 - 11th Street East, Glencoe, Minnesota 55336.

CENTRAL MINNESOTA EMERGENCY SERVICES BOARD

The Central Minnesota Regional Radio Board was established in 2007, under the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39. As of June 1, 2011, the Central Minnesota Regional Radio Board changed its name to the Central Minnesota Emergency Services Board. Members include the City of St. Cloud and the Counties of Benton, Big Stone, Douglas, Grant, Kandiyohi, Meeker, Mille Lacs, Morrison, Otter Tail, Pope, Sherburne, Stearns, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Wright.

The purpose of the Central Minnesota Emergency Services Board is to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the State of Minnesota.

The Central Minnesota Emergency Services Board is composed of one Commissioner from each county appointed by their respective County Board and one City Council member from the City appointed by the City Council, as provided in the Central Minnesota Emergency Services Board's by-laws.

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

CENTRAL MINNESOTA EMERGENCY SERVICES BOARD (cont.)

In the event of dissolution of the Central Minnesota Emergency Services Board, all property, assets, and funds of the Board shall be distributed to the parties of the agreement upon termination in direct proportion to their participation and contribution. Any city or county that has withdrawn from the agreement prior to termination of the Board shall share in the distribution of property, assets, and funds of the Board only to the extent it shared in the original expense.

The Central Minnesota Emergency Services Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants. During 2018, the county contributed \$13,200 to the Board.

Complete financial information can be obtained from: Central Minnesota Emergency Services Board, City of St. Cloud, Office of the Mayor, City Hall, 400 - Second Street South, St. Cloud, Minnesota 56301.

STEVENS COUNTY FAMILY SERVICES COLLABORATIVE

The Stevens County Family Services Collaborative was established in 1997 under the authority of Minn. Stat. § 124D.23. The Collaborative includes Stevens County, Independent School District 771, Horizon Public Health, the Stevens Community Medical Center, and Rural Minnesota CEP, Inc. The purpose of the Collaborative is to provide coordinated family services and to commit resources to an integrated fund.

Control of the Stevens County Family Services Collaborative is vested in a Board of Directors, which is composed of one member appointed by each member party. The persons so appointed shall appoint two consumer representatives by the majority vote of the Board.

In the event of withdrawal from the Stevens County Family Services Collaborative, the withdrawing party shall give a 90-day notice. The withdrawing party shall not be entitled to a refund of monies contributed to the Collaborative prior to the effective date of withdrawal. The Board shall continue to exist if the Collaborative is terminated for the limited purpose of discharging the Board's debts and liabilities, settling its affairs, and disposing of its property, if any.

Financing is provided by state and federal grants and contributions from its member parties. The county, in an agent capacity, reports the cash transactions of the Stevens County Family Services Collaborative as an agency fund on its financial statements. During 2018, the county did not contribute any funds to the Collaborative.

Separate financial information can be obtained from: Stevens County Courthouse, 400 Colorado Avenue, Morris, Minnesota 56267.

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

REGION 4 SOUTH ADULT MENTAL HEALTH CONSORTIUM

Douglas, Grant, Pope, Stevens, and Traverse Counties entered into a joint powers agreement creating and operating Region 4 South Adult Mental Health Consortium, pursuant to Minn. Stat. § 471.59, to provide a system of care that will serve the needs of adults with serious and persistent mental illness for the mutual benefit of each of the joint participants.

Control of the Consortium is vested in a Governing Board, which consists of each participating county's Director of Social Services, Family Services, or Human Services, as the case may be. The Governing Board operates under the ultimate authority of the Executive Commissioner Board. The Executive Commissioner Board is composed of one Commissioner of each county appointed by their respective County Board.

Any county may withdraw by providing notice to the chair of the Board 90 days prior to the date of the proposed withdrawal. Withdrawal does not act to discharge any liability incurred or chargeable to any county before the effective date of the withdrawal.

Dissolution of the Consortium shall occur by unanimous vote of the counties, or when the membership in the Consortium is reduced to less than two counties. Upon dissolution of the Consortium, the member counties shall share in the current liabilities and current financial assets, including real property, of the Consortium equally if no county has contributed during the term of the Consortium, or based upon their percentage of contribution to the Consortium's budget during the period applicable to such liabilities and assets.

During 2018, the county did not contribute any funds to the Consortium.

Financing is predominantly provided by state grants. Grant County, in a fiscal host capacity, reports the cash transactions of the Consortium as an agency fund on its financial statements.

VIKING LIBRARY SYSTEM

The county, along with ten cities and five other counties, participates in the Viking Library System in order to establish, continue, strengthen, and improve library services in the participating cities and counties. The Viking Library System was created as a public library service in 1975 by the Counties of Douglas, Grant, Otter Tail, and Stevens, along with the Cities of Alexandria, Elbow Lake, Fergus Falls, Hancock, and Morris. Additions to the library system included the Cities of Browns Valley, Glenwood, New York Mills, Perham, and Wheaton in 1976; Pope County in 1981, Traverse County in 1983, and the City of Pelican Rapids in 1988. In 1992, the City of Alexandria library became the Douglas County library. The Viking Library System is governed by a Governing Board, which consists of 19 members. Each participating county's Board of Commissioners appoints a resident of the county; each participating city's Library Board appoints a representative; and any library with a service area population over 15,000 has an additional representative. Currently, the City of Fergus Falls and Douglas County have additional representatives. During 2018, the county provided \$62,273 to the Viking Library System.

Complete financial information can be obtained from: Viking Library System, 1915 Fir Avenue West, Fergus Falls, Minnesota 56537.

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

COURT SERVICES - BIG STONE, GRANT, STEVENS, TRAVERSE, AND WILKIN COUNTIES

Big Stone, Grant, Stevens, Traverse, and Wilkin Counties participate in a joint venture to provide corrections services to the five-county area. The joint powers agreement was effective June 1, 1962.

Court services are headquartered in Wheaton, Minnesota, with office locations at the county seats of the member counties.

The two probation officers for the five-county area are appointed by three area judges, who also set the probation officer salaries. The Minnesota Department of Corrections reimburses Traverse County for a portion of the probation officer salaries. The remaining expenses are allocated to each participating county based on population. During 2018, the county contributed \$84,084 to the entity.

Traverse County acts as fiscal agent. Traverse County reports the probation activity in a separate department within its General Fund.

CHIPPEWA RIVER WATERSHED PROJECT

The Chippewa River Watershed Project Board (CRWP) was established pursuant to Minn. Stat. § 471.59 and a joint powers agreement, effective October 10, 2012, and includes Chippewa, Douglas, Grant, Kandiyohi, Pope, Stevens and Swift counties. The agreement was established to develop and implement plans to promote the orderly water quality improvement and management of the Chippewa River Watershed through information sharing, fund seeking, education, coordination and related support to the members with regard to the protection of property from damage of flooding, controlling erosion of land; protection of property, streams and lakes from sedimentation and pollution; and maintaining and improving the quality of water in the streams, lakes and ground water and improving recreation and wildlife.

Control is vested in a Joint Powers Board. The Board is comprised of one representative of each County Board of Commissioners included in the agreement. A reserve account of \$25,800 will be established by the member counties based on the percent of the watershed that is in each member county. The CRWP will operate on grants obtained to carry out its purpose. The annual budget will be dependent on work plans and budgets tied directly to grant agreements. Members have the right to withdraw from the agreement on December 31 with at least a 6-month notice. The CRWP shall continue indefinitely in full force and effect until all grant funds are exhausted or until all member parties, or all remaining member parties, mutually agree to terminate the agreement by joint resolution passed by the member parties respective boards. In the event of a termination of the agreement, all property, real and personal, held by the CRWP shall be distributed by resolution to the member counties by the percent of the watershed that is located in each member county.

During 2018, the county contributed \$1,200 to the entity.

Complete financial information can be obtained from: Chippewa River Watershed Project, 629 North 11th Street, Suite 17, Montevideo, Minnesota 56265.

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

MID-STATE COMPUTER COLLABORATIVE

In 2018, 29 counties created a joint powers organization named Mid-State Computer Collaborative (MSCC) for the purpose of providing an organization through which the counties may jointly provide for the sharing of costs of computer software, hardware, and other information technology; jointly negotiate contracts with vendors of products and services; create an entity capable of owning technology and software licenses on behalf of all the parties.

During 2018, the county made no contributions to the entity.

Financial information can be obtained from: Mid-State Computer Collaborative, 325 North Sibley Avenue, Litchfield, Minnesota 55355.

E. JOINTLY-GOVERNED ORGANIZATIONS

WESTERN AREA CITY/COUNTY Co-Op

The county and 24 other cities and counties entered into a joint powers agreement to establish the Western Area City/County Co-Op (WACCO) Joint Powers Board, effective September 5, 1995, and empowered under Minn. Stat. § 471.59. The purpose of WACCO is to establish a resource network that identifies common needs of the individual governmental units and reduces the financial burden on each of its members through the cooperative sharing of existing resources. The management and control of WACCO is vested in a Board of Directors composed of a representative appointed by each member city and county. During 2018, the county contributed \$2,223 to WACCO.

DISTRICT IV TRANSPORTATION PLANNING

The county and 13 other cities and counties entered into a joint powers agreement to establish the District IV Transportation Planning Joint Powers Board, effective December 11, 1996, and empowered under Minn. Stat. § 471.59. The purpose of the Board is to develop a multi-model transportation plan for the geographical jurisdiction of the member cities and counties. The Board is composed of 14 members, with one member appointed by each member city and county.

REGION FOUR - WEST CENTRAL MINNESOTA HOMELAND SECURITY EMERGENCY MANAGEMENT ORGANIZATION

The Region Four - West Central Minnesota Homeland Security Emergency Management Organization 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 or other disasters within the region. Control is vested in the Board, which is composed of representatives appointed by each Board of County Commissioners. The county's responsibility does not extend beyond making this appointment.

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

E. JOINTLY-GOVERNED ORGANIZATIONS (cont.)

MINNESOTA CRIMINAL JUSTICE DATA COMMUNICATIONS NETWORK

The Minnesota Criminal Justice Data Communications Network Joint Powers Agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During 2018, the county paid \$2,040 to the joint powers.

MINNESOTA RED RIVER BASIN OF THE NORTH JOINT POWERS AGREEMENT

The Minnesota Red River Basin of the North Joint Powers Board was established on November 29, 1999, by an agreement between the county and 17 other counties. The agreement was made to serve as a focal point for land and water concerns for those counties surrounding the Minnesota Red River Basin. Each county is responsible for its proportionate share of the administrative budget.

Control is vested in a Joint Powers Board composed of one Commissioner from each member county. Each member of the Board is appointed by the County Commissioners of the county represented.

In the event of termination of the agreement, any unexpended funds and surplus property shall be disposed of equally among the member counties. During 2018, the county contributed \$50 to the Joint Powers Board.

Complete financial statements can be obtained from: International Coalition for Land - Water, Stewardship in the Red River Basin, 119 - 5th Street South, Moorhead, Minnesota 56561.

MINNESOTA RURAL COUNTIES CAUCUS

The Minnesota Rural Counties Caucus was established in 1997 and includes Aitkin, Becker, Big Stone, Clay, Cottonwood, Douglas, Grant, Kittson, Koochiching, Lake of the Woods, Mahnomon, Marshall, McLeod, Meeker, Mille Lacs, Norman, Pennington, Polk, Pope, Red Lake, Redwood, Roseau, Sibley, Stevens, Todd, Traverse, Wadena, Watonwan, Wilkin, and Wright Counties. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee, which is composed of twelve appointees, each with an alternate, who are appointed annually by each respective County Board. A county's responsibility does not extend beyond making this appointment. The county contributed \$2,200 to the Minnesota Rural Counties Caucus in 2018.

SOUTHWEST MINNESOTA IMMUNIZATION INFORMATION CONNECTION

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

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

E. JOINTLY-GOVERNED ORGANIZATIONS (cont.)

WEST CENTRAL S.W.A.T. TEAM

The West Central S.W.A.T. Team is comprised of five County Sheriff's Offices and nine police departments including Lac Qui Parle, Pope, Stevens, Swift, and Traverse Counties, along with the Appleton, Benson, Glenwood, Hancock, Montevideo, Morris, Starbuck, University of Minnesota Morris, and Wheaton Police Departments. The purpose of the Team is to create a feasible economical way, by sharing the costs, to protect the citizens of the cities and counties involved. During the year, the county contributed \$1,000 to the Team.

The county is the fiscal host and reports West Central S.W.A.T. Team as an agency fund in the financial statements.

COUNTIES PROVIDING TECHNOLOGY

Counties Providing Technology (CPT) was established in 2018, under the authority conferred upon by member parties by Minn. Stat. § 471.59, for the purpose of purchasing the former software vendor, Computer Professionals Unlimited, Inc., (CPUI) and to provide for the development, operation, and maintenance of technology applications and systems. Stevens County and 22 other counties are members of CPT. Each member county provided an initial contribution to start up CPT and provide funds for the purchase of CPUI. CPT purchased CPUI in September 2018 for a purchase price of \$3,600,000.

Control is vested in the CPT Board, which consists of one individual appointed by each member county's Board of Commissioners. The joint powers agreement provides that initial operating capital contributed by each member is to be repaid from any excess in fund balance at the end of the fiscal year, in proportion to the initial contribution. Once the initial contribution is repaid, there is no remaining equity interest for the member counties.

Financing is primarily from county member contributions. During 2018, the county contributed \$175,000 to CPT.

Complete financial information for CPT can be obtained from: Stevens County Auditor / Treasurer, 400 Colorado Avenue, Suite 303, Morris, Minnesota 56267.

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

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

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*

STEVENS COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS (cont.)

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

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

REQUIRED SUPPLEMENTARY INFORMATION

STEVENS COUNTY

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,299,739	\$ 4,299,739	\$ 4,208,537	\$ (91,202)
Intergovernmental	1,321,176	1,321,176	1,683,673	362,497
Licenses and permits	16,300	16,300	18,385	2,085
Charges for services	265,290	265,290	268,298	3,008
Investment income	166,540	166,540	26,247	(140,293)
Miscellaneous	228,369	228,369	329,036	100,667
Total Revenues	<u>6,297,414</u>	<u>6,297,414</u>	<u>6,534,176</u>	<u>236,762</u>
EXPENDITURES				
Current				
General government	3,310,989	3,310,989	3,255,767	55,222
Public safety	1,891,638	1,891,638	1,945,872	(54,234)
Sanitation	199,321	199,321	201,951	(2,630)
Health and human services	103,599	103,599	89,975	13,624
Culture, recreation, and education	128,934	128,934	164,946	(36,012)
Conservation of natural resources	319,916	319,916	357,421	(37,505)
Economic development	61,812	61,812	61,812	-
Intergovernmental	305,000	305,000	525,560	(220,560)
Debt Service				
Principal retirement	-	-	14,974	(14,974)
Interest and fiscal charges	-	-	194	(194)
Total Expenditures	<u>6,321,209</u>	<u>6,321,209</u>	<u>6,618,472</u>	<u>(297,263)</u>
Excess (deficiency) of revenues over expenditures	<u>(23,795)</u>	<u>(23,795)</u>	<u>(84,296)</u>	<u>(60,501)</u>
OTHER FINANCING SOURCES				
Transfers in	131,941	131,941	178,254	46,313
Proceeds from sale of capital assets	2,000	2,000	-	(2,000)
Total Other Financing Sources	<u>133,941</u>	<u>133,941</u>	<u>178,254</u>	<u>44,313</u>
Net Change in Fund Balances	110,146	110,146	93,958	(16,188)
FUND BALANCES - Beginning of Year	<u>3,880,779</u>	<u>3,880,779</u>	<u>3,880,779</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,990,925</u>	<u>\$ 3,990,925</u>	<u>\$ 3,974,737</u>	<u>\$ (16,188)</u>

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

STEVENS COUNTY

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,051,242	\$ 1,051,242	\$ 1,020,407	\$ (30,835)
Intergovernmental	3,579,818	3,579,818	3,668,989	89,171
Charges for services	257,500	257,500	313,694	56,194
Investment income	-	-	27,908	27,908
Miscellaneous	88,825	88,825	138,918	50,093
Total Revenues	<u>4,977,385</u>	<u>4,977,385</u>	<u>5,169,916</u>	<u>192,531</u>
EXPENDITURES				
Current				
Highways and streets				
Administration	292,885	292,885	299,236	(6,351)
Construction	2,557,300	2,557,300	2,392,192	165,108
Maintenance	1,313,000	1,313,000	1,331,636	(18,636)
Equipment maintenance and shop	732,900	732,900	626,528	106,372
Material and services for sale	81,300	81,300	76,512	4,788
Total Expenditures	<u>4,977,385</u>	<u>4,977,385</u>	<u>4,726,104</u>	<u>251,281</u>
Excess (deficiency) of revenues over expenditures	-	-	443,812	443,812
OTHER FINANCING USES				
Transfers out	-	-	(27,908)	(27,908)
Total Other Financing Uses	-	-	(27,908)	(27,908)
Net Change in Fund Balances	-	-	415,904	415,904
FUND BALANCES - Beginning of Year	3,012,940	3,012,940	3,012,940	-
Change in reserve for inventory	-	-	(13,165)	(13,165)
FUND BALANCES - END OF YEAR	<u>\$ 3,012,940</u>	<u>\$ 3,012,940</u>	<u>\$ 3,415,679</u>	<u>\$ 402,739</u>

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

STEVENS COUNTY

BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,729,171	\$ 1,729,171	\$ 1,677,142	\$ (52,029)
Intergovernmental	1,430,412	1,430,412	1,768,849	338,437
Charges for services	178,342	178,342	401,104	222,762
Investment income	-	-	18,254	18,254
Miscellaneous	25,000	25,000	48,176	23,176
Total Revenues	<u>3,362,925</u>	<u>3,362,925</u>	<u>3,913,525</u>	<u>550,600</u>
EXPENDITURES				
Current				
Health and human services				
Income maintenance	656,089	656,089	613,992	42,097
Transitional housing	-	-	6,622	(6,622)
Drop in center	-	-	1,117	(1,117)
Social services	2,706,836	2,706,836	2,749,446	(42,610)
Total Expenditures	<u>3,362,925</u>	<u>3,362,925</u>	<u>3,371,177</u>	<u>(8,252)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>542,348</u>	<u>542,348</u>
OTHER FINANCING SOURCES (USES)				
Transfer out	-	-	(18,254)	(18,254)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(18,254)</u>	<u>(18,254)</u>
Net Change in Fund Balances	-	-	524,094	524,094
FUND BALANCES - Beginning of Year	<u>2,212,163</u>	<u>2,212,163</u>	<u>2,212,163</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,212,163</u>	<u>\$ 2,212,163</u>	<u>\$ 2,736,257</u>	<u>\$ 524,094</u>

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

STEVENS COUNTY

BUDGETARY COMPARISON SCHEDULE SOLID WASTE For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special assessments	\$ 294,000	\$ 294,000	\$ 307,343	\$ 13,343
Investment income	-	-	2,330	2,330
Miscellaneous	<u>43,300</u>	<u>43,300</u>	<u>80,834</u>	<u>37,534</u>
Total Revenues	<u>337,300</u>	<u>337,300</u>	<u>390,507</u>	<u>53,207</u>
EXPENDITURES				
Current				
Sanitation				
Solid waste	<u>136,100</u>	<u>136,100</u>	<u>137,853</u>	<u>(1,753)</u>
Debt Service				
Principal	-	-	2,615	(2,615)
Interest	-	-	560	(560)
Total Expenditures	<u>136,100</u>	<u>136,100</u>	<u>141,028</u>	<u>(4,928)</u>
Excess (deficiency) of revenues over expenditures	<u>201,200</u>	<u>201,200</u>	<u>249,479</u>	<u>48,279</u>
OTHER FINANCING USES				
Transfer out	<u>(127,941)</u>	<u>(127,941)</u>	<u>(130,271)</u>	<u>(2,330)</u>
Total Other Financing Uses	<u>(127,941)</u>	<u>(127,941)</u>	<u>(130,271)</u>	<u>(2,330)</u>
Net Change in Fund Balances	73,259	73,259	119,208	45,949
FUND BALANCES - Beginning of Year	<u>264,271</u>	<u>264,271</u>	<u>264,271</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 337,530</u>	<u>\$ 337,530</u>	<u>\$ 383,479</u>	<u>\$ 45,949</u>

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

STEVENS COUNTY

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

County Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability associated with County (b)	County and State's Proportionate Share of the Net Pension Liability associated with County (a+b)	Covered Payroll (c)	County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/18	6/30/18	0.0646%	\$ 3,583,743	\$ 117,520	\$ 3,701,263	\$ 4,340,952	82.56%	79.50%
12/31/17	6/30/17	0.0656%	4,187,861	52,691	4,240,552	4,063,951	103.05%	75.90%
12/31/16	6/30/16	0.0655%	5,318,275	69,401	5,387,676	4,010,149	132.62%	68.90%
12/31/15	6/30/15	0.0706%	3,658,858	N/A	3,658,858	4,302,861	85.03%	78.20%

STEVENS COUNTY

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

County Fiscal Year End Date	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
12/31/18	\$ 309,928	\$ 309,928	\$ -	\$ 4,132,373	7.50%
12/31/17	306,303	306,303	-	4,084,044	7.50%
12/31/16	317,091	317,091	-	4,227,874	7.50%
12/31/15	303,381	303,381	-	4,045,070	7.50%

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

STEVENS COUNTY

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

County Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability (a)	County's Covered Payroll (b)	County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/18	6/30/18	0.0500%	\$ 532,949	\$ 526,897	101.15%	88.80%
12/31/17	6/30/17	0.0470%	634,556	445,777	142.35%	85.40%
12/31/16	6/30/16	0.0420%	1,685,533	405,840	415.32%	63.88%
12/31/15	6/30/15	0.0430%	488,581	397,076	123.04%	86.61%

STEVENS COUNTY

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

County Fiscal Year End Date	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
12/31/18	\$ 80,092	\$ 80,092	\$ -	\$ 494,392	16.20%
12/31/17	80,444	80,444	-	496,567	16.20%
12/31/16	69,019	69,019	-	426,044	16.20%
12/31/15	63,861	63,861	-	394,202	16.20%

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

STEVENS COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2018

BUDGETARY INFORMATION

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

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

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

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

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

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

Changes in Benefit Terms. There were no changes of benefit terms for any participating employer in the PERA.

CHANGES IN ASSUMPTIONS AND PLAN PROVISIONS

General Employees Fund

2018 Changes

Changes in Actuarial Assumptions:

- > The mortality projection scale was changed from MP-2015 to MP-2017.
- > The assumed benefit increase was changed from 1.00% 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.

STEVENS COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2018

CHANGES IN ASSUMPTIONS AND PLAN PROVISIONS (cont.)

General Employees Fund (cont.)

2018 Changes (cont.)

Changes in Plan Provisions (cont.)

- > Post-retirement benefit increases were changed from 1.0% 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 non-vested 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 non-vested deferred member liability.
- > 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 special funding contribution increased from \$6 million to \$16 million.

2016 Changes

Changes in Actuarial Assumptions:

- > The assumed post-retirement benefit increase rate was changed from 1.00% 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.

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.

STEVENS COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2018

CHANGES IN ASSUMPTIONS AND PLAN PROVISIONS (cont.)

General Employees Fund (cont.)

2015 Changes (cont.)

Changes in Plan Provisions:

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

Police and Fire Fund

2018 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- > Post-retirement benefit increases were changed to 1.0% 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.

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 non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- > The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

STEVENS COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2018

CHANGES IN ASSUMPTIONS AND PLAN PROVISIONS (cont.)

Police and Fire Fund (cont.)

2017 Changes (cont.)

Changes in Actuarial Assumptions: (cont.)

- > Assumed termination rates were decreased to 3.0% 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.

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%.
- > 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.

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 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%.

SUPPLEMENTARY INFORMATION

STEVENS COUNTY

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,299,739	\$ 4,299,739	\$ 4,208,537	\$ (91,202)
Intergovernmental	1,321,176	1,321,176	1,683,673	362,497
Licenses and permits	16,300	16,300	18,385	2,085
Charges for services	265,290	265,290	268,298	3,008
Investment income	166,540	166,540	26,247	(140,293)
Miscellaneous	228,369	228,369	329,036	100,667
Total Revenues	<u>6,297,414</u>	<u>6,297,414</u>	<u>6,534,176</u>	<u>236,762</u>
EXPENDITURES				
General government				
Commissioners	289,766	289,766	278,744	11,022
Law library	8,000	8,000	5,731	2,269
County coordinator	146,187	146,187	144,980	1,207
Human resources	163,024	163,024	168,753	(5,729)
Auditor-Treasurer	387,785	387,785	385,296	2,489
Accounting and auditing	37,500	37,500	39,250	(1,750)
Tax forfeiture	1,482	1,482	23,043	(21,561)
Information technology	303,003	303,003	300,596	2,407
GIS	65,016	65,016	63,313	1,703
Elections	132,719	132,719	84,930	47,789
Attorney	316,374	316,374	320,656	(4,282)
Recorder	235,672	235,672	266,508	(30,836)
Planning and zoning	115,471	115,471	127,463	(11,992)
Assessor	335,387	335,387	328,430	6,957
Fleet	33,000	33,000	34,698	(1,698)
Courthouse operations	443,249	443,249	403,365	39,884
Crime victim services	70,000	70,000	54,675	15,325
Safety coordinator	7,950	7,950	4,223	3,727
Veterans service officer	64,504	64,504	52,035	12,469
Other general government	154,900	154,900	169,078	(14,178)
Total general government	<u>3,310,989</u>	<u>3,310,989</u>	<u>3,255,767</u>	<u>55,222</u>
Public safety				
Sheriff	1,562,903	1,562,903	1,643,716	(80,813)
Coroner	18,000	18,000	6,324	11,676
Probation	90,000	90,000	82,861	7,139
Emergency management	101,735	101,735	112,350	(10,615)
E-911 system	119,000	119,000	100,621	18,379
Total public safety	<u>1,891,638</u>	<u>1,891,638</u>	<u>1,945,872</u>	<u>(54,234)</u>
Sanitation				
Environmental services	199,321	199,321	201,951	(2,630)
Health and human services				
Social service youth activity	-	-	2,441	(2,441)
Nursing services	103,599	103,599	87,534	16,065
Total health and human services	<u>103,599</u>	<u>103,599</u>	<u>89,975</u>	<u>13,624</u>

STEVENS COUNTY

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Culture, recreation, and education				
Historical society	\$ 66,661	\$ 66,661	\$ 66,661	\$ -
Regional library	62,273	62,273	62,273	-
Snowmobile trails	-	-	36,012	(36,012)
Total culture, recreation, and education	<u>128,934</u>	<u>128,934</u>	<u>164,946</u>	<u>(36,012)</u>
Conservation of natural resources				
Aquatic invasive species	15,830	15,830	19,478	(3,648)
Extension	142,686	142,686	141,531	1,155
Agricultural society/county fair	36,000	36,000	36,000	-
Predator control	1,000	1,000	1,082	(82)
Buffer strips	14,400	14,400	49,330	(34,930)
Soil and water conservation	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Total conservation of natural resources	<u>319,916</u>	<u>319,916</u>	<u>357,421</u>	<u>(37,505)</u>
Economic development				
Economic development	<u>61,812</u>	<u>61,812</u>	<u>61,812</u>	<u>-</u>
Intergovernmental				
Highways and streets	305,000	305,000	350,560	(45,560)
Capital contribution to CPT	-	-	175,000	(175,000)
Total intergovernmental	<u>305,000</u>	<u>305,000</u>	<u>525,560</u>	<u>(220,560)</u>
Debt service				
Principal	-	-	14,974	(14,974)
Interest	-	-	194	(194)
Total debt service	<u>-</u>	<u>-</u>	<u>15,168</u>	<u>(15,168)</u>
Total Expenditures	<u>6,321,209</u>	<u>6,321,209</u>	<u>6,618,472</u>	<u>(297,263)</u>
Excess (deficiency) of revenues over expenditures	<u>(23,795)</u>	<u>(23,795)</u>	<u>(84,296)</u>	<u>(60,501)</u>
OTHER FINANCING SOURCES				
Transfers in	131,941	131,941	178,254	46,313
Proceeds from sale of capital assets	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Total Other Financing Sources	<u>133,941</u>	<u>133,941</u>	<u>178,254</u>	<u>44,313</u>
Net Change in Fund Balances	110,146	110,146	93,958	(16,188)
FUND BALANCES - Beginning of Year	<u>3,880,779</u>	<u>3,880,779</u>	<u>3,880,779</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,990,925</u>	<u>\$ 3,990,925</u>	<u>\$ 3,974,737</u>	<u>\$ (16,188)</u>

STEVENS COUNTY

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 522,818	\$ 522,818	\$ 507,343	\$ (15,475)
Investment income	-	-	1,821	1,821
Total Revenues	<u>522,818</u>	<u>522,818</u>	<u>509,164</u>	<u>(13,654)</u>
EXPENDITURES				
Debt Service				
Principal retirement	410,000	410,000	410,000	-
Interest and fiscal charges	<u>112,818</u>	<u>112,818</u>	<u>113,317</u>	<u>(499)</u>
Total Expenditures	<u>522,818</u>	<u>522,818</u>	<u>523,317</u>	<u>(499)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(14,153)</u>	<u>(14,153)</u>
OTHER FINANCING USES				
Transfer out	<u>-</u>	<u>-</u>	<u>(1,821)</u>	<u>(1,821)</u>
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(1,821)</u>	<u>(1,821)</u>
Net Change in Fund Balances	-	-	(15,974)	(15,974)
FUND BALANCES - Beginning of Year	<u>111,328</u>	<u>111,328</u>	<u>111,328</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 111,328</u>	<u>\$ 111,328</u>	<u>\$ 95,354</u>	<u>\$ (15,974)</u>

STEVENS COUNTY

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

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
ADULT MENTAL HEALTH DROP-IN				
ASSETS				
Cash and investments	\$ 4,249	\$ 13,679	\$ 17,938	\$ (10)
LIABILITIES				
Due to other governments	\$ 4,249	\$ 13,679	\$ 17,938	\$ (10)
HOUSING AND REDEVELOPMENT AUTHORITY				
ASSETS				
Cash and investments	\$ 3,241	\$ 686,187	\$ 708,149	\$ (18,721)
LIABILITIES				
Due to other governments	\$ 3,241	\$ 686,187	\$ 708,149	\$ (18,721)
MENTAL HEALTH LOCAL ADVISORY COUNCIL				
ASSETS				
Cash and investments	\$ 5,845	\$ 1,001	\$ 1,555	\$ 5,291
LIABILITIES				
Due to other governments	\$ 5,845	\$ 1,001	\$ 1,555	\$ 5,291
SCHOOL DISTRICTS				
ASSETS				
Cash and investments	\$ -	\$ 4,470,399	\$ 4,470,399	\$ -
LIABILITIES				
Due to other governments	\$ -	\$ 4,470,399	\$ 4,470,399	\$ -
SOCIAL WELFARE				
ASSETS				
Cash and investments	\$ 8,916	\$ 90,993	\$ 93,141	\$ 6,768
LIABILITIES				
Accounts payable	\$ 8,916	\$ 90,993	\$ 93,141	\$ 6,768

STEVENS COUNTY

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

	Balance January 1	Additions	Deductions	Balance December 31
STATE REVENUE				
ASSETS				
Cash and investments	\$ 15,986	\$ 1,198,658	\$ 1,193,591	\$ 21,053
LIABILITIES				
Due to other governments	\$ 15,986	\$ 1,198,658	\$ 1,193,591	\$ 21,053
STEVENS COUNTY FAMILY SERVICES COLLABORATIVE				
ASSETS				
Cash and investments	\$ 61,305	\$ 36,189	\$ 27,824	\$ 69,670
LIABILITIES				
Due to other governments	\$ 61,305	\$ 36,189	\$ 27,824	\$ 69,670
TAXES AND PENALTIES				
ASSETS				
Cash and investments	\$ 375,493	\$ 18,397,407	\$ 18,413,923	\$ 358,977
LIABILITIES				
Due to other governments	\$ 375,493	\$ 18,397,407	\$ 18,413,923	\$ 358,977
TOWNS AND CITIES				
ASSETS				
Cash and investments	\$ -	\$ 3,530,819	\$ 3,530,819	\$ -
LIABILITIES				
Due to other governments	\$ -	\$ 3,530,819	\$ 3,530,819	\$ -
WATERSHED				
ASSETS				
Cash and investments	\$ -	\$ 199,711	\$ 199,711	\$ -
LIABILITIES				
Due to other governments	\$ -	\$ 199,711	\$ 199,711	\$ -

STEVENS COUNTY

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

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
WEST CENTRAL SPECIAL WEAPONS AND TACTICS TEAM				
ASSETS				
Cash and investments	\$ (6,072)	\$ 21,114	\$ 20,419	\$ (5,377)
LIABILITIES				
Due to other governments	\$ (6,072)	\$ 21,114	\$ 20,419	\$ (5,377)
TOTAL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 468,963	\$ 28,646,157	\$ 28,677,469	\$ 437,651
LIABILITIES				
Accounts payable	\$ 8,916	\$ 90,993	\$ 93,141	\$ 6,768
Due to other governments	460,047	28,555,164	28,584,328	430,883
Total Liabilities	\$ 468,963	\$ 28,646,157	\$ 28,677,469	\$ 437,651

STEVENS COUNTY

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

SHARED REVENUE

State

Highway users tax	\$ 3,880,609
Market value credit	166,654
County program aid	499,092
PERA rate reimbursement	48,647
Disparity reduction aid	50,261
Police aid	60,901
Enhanced 911	80,848
Select committee on recycling and the environment (SCORE)	67,729
Total Shared Revenue	<u>4,854,741</u>

REIMBURSEMENT FOR SERVICES

Minnesota Department of Human Services	<u>258,581</u>
Total Reimbursements for Services	<u>258,581</u>

PAYMENTS

Local

Payments in lieu of taxes	129,224
Local contributions	<u>5,952</u>
Total Payments	<u>135,176</u>

GRANTS

Minnesota Department/Board of

Water and Soil Resources	79,530
Human Services	641,130
Public Safety	134,179
Corrections	16,022
Natural Resources	36,012
Veterans Affairs	6,307
Secretary of State	26,430
Supreme Court	21,500
Peace Officers Board	<u>7,656</u>
Total State Grants	<u>968,766</u>

United States Department of

Agriculture	77,157
Justice	52,727
Health and Human Services	736,147
Homeland Security	<u>38,216</u>
Total Federal Grants	<u>904,247</u>

TOTAL GRANTS

1,873,013

TOTAL INTERGOVERNMENTAL REVENUE

\$ 7,121,511