

**FILLMORE COUNTY
BOARD OF COMMISSIONERS
MEETING AGENDA
June 9, 2020**

Fillmore County Courthouse, 101 Fillmore Street – Preston, MN

Mitch Lentz – First District

Larry Hindt – Third District

Randy Dahl – Second District

Duane Bakke – Fourth District

Marc Prestby – Fifth District

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**This meeting will be a combination meeting; there will be no more than 10 people present at the meeting and the public will be able to access the meeting electronically by call in via WebEx at the following:**

**Phone Number: 1 (408) 418-9388**

**Code: 146 621 8006**

9:00 a.m. Pledge of Allegiance

Approve agenda

Approve Consent Agenda:

1. June 2, 2020 County Board minutes

Approve Commissioners' Warrants

Review Finance Warrants

9:05 a.m. Craig Popenhagen, CliftonLarsonAllen

1. Presentation of 2018 Audit

9:30 a.m. Citizens Input

9:35 a.m. John DeGeorge, Sheriff

1. Consider resolution accepting GIS upgrade grant funds from the State of Minnesota

9:45 a.m. Kristina Kohn, Human Resources

1. Request to hire replacement Social Worker in the Social Services department at Grade 12/Step 1 effective July 13, 2020 as recommended by the Hiring Committee

9:55 a.m. Bobbie Hillery, Administrator and Lori Affeldt, Finance Director

1. Discussion with possible action regarding COVID-19
2. Discussion with possible action regarding 2019 audit
3. Discussion with possible action regarding options for effective and efficient processes regarding Finances
4. Discussion with possible action regarding Census and notices for public as to the importance of submitting information

Calendar review, Committee Reports and Announcements

FILLMORE COUNTY BOARD OF COMMISSIONERS

June 9, 2020 Meeting Agenda

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**Meetings: (Conference Room 102U, Fillmore County Courthouse unless otherwise indicated)**

|                    |            |                                                      |                       |
|--------------------|------------|------------------------------------------------------|-----------------------|
| Tuesday, June 9    | 8:00 am    | Finance Committee                                    | <i>Dahl, Prestby</i>  |
|                    | 9:00 am    | County Board, regular meeting, Boardroom             | <i>All</i>            |
| Wednesday, June 10 | 12:00 noon | DFO Joint Power Board, Rochester                     | <i>Bakke, Prestby</i> |
| Thursday, June 11  | 8:00 am    | Southeast EMS, Rochester                             | <i>Lentz</i>          |
|                    | 10:30 am   | Workforce Development, Preston                       | <i>Lentz</i>          |
| Tuesday, June 16   | 8:00 am    | Law Enforcement Committee                            | <i>Prestby, Lentz</i> |
| Wednesday, June 17 | 9:00 am    | Basin Alliance, Rochester                            |                       |
|                    | 7:00 pm    | Extension Committee, County Office Building          | <i>Bakke, Lentz</i>   |
| Thursday, June 18  | 10:00 am   | Historical Society, Fountain                         | <i>Bakke</i>          |
|                    | 4:30 pm    | Economic Development Authority Committee             | <i>Lentz, Hindt</i>   |
|                    | 4:30 pm    | Soil & Water Conservation District, Preston          | <i>Bakke</i>          |
|                    | 7:00 pm    | Planning & Zoning Committee, Boardroom               | <i>Bakke</i>          |
| Monday, June 22    | 8:00 am    | SWCD, One Watershed-One Plan, County Office Building | <i>Bakke</i>          |
|                    | 6:00 pm    | Zumbro Valley Health Center, Rochester               | <i>Lentz</i>          |
| Tuesday, June 23   | 7:30 am    | Highway Committee, Highway Office                    | <i>Bakke, Prestby</i> |
|                    | 9:00 am    | County Board, special meeting, Boardroom             | <i>All</i>            |

**COMMITTEE OPENINGS:**

|                                               |                                      |
|-----------------------------------------------|--------------------------------------|
| Community Corrections Task Force – District 2 | meets quarterly at noon              |
| Community Corrections Task Force – District 1 |                                      |
| Community Corrections Task Force – At Large   |                                      |
| Extension – At-large                          | Meets quarterly at 7pm               |
| Zumbro Valley Health Center – At Large        | Meets Monthly, fourth Monday at 6 pm |
| Zumbro Valley Health Center – At Large        |                                      |

This is a preliminary draft of the June 2, 2020, minutes as interpreted by the Clerk of the Board for use in preparing the official minutes. It is expected that there will be corrections, additions, and/or omissions before the final minutes are reviewed and officially approved by the County Board.

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The Board of County Commissioners of Fillmore County, Minnesota met in special session this 2<sup>nd</sup> day of June, 2020, at 9:00 a.m. in the Commissioners' Board Room, Fillmore County Courthouse, in the City of Preston.

The following member was present: Commissioner Marc Prestby

The following members were present by Webex: Commissioners Larry Hindt, Randy Dahl, Mitch Lentz and Duane Bakke. Also present by Webex were: Bobbie Hillery, Administrator/Clerk; Kristi Ruesink Office Support Specialist, Sr.; Lori Affeldt, Finance Director; John DeGeorge, Sheriff; Cristal Adkins, Zoning Administrator; Ron Gregg, Highway Engineer; Pam Schroeder, Office Manager; Jessica Erickson, Public Health; Heidi Jones, Auditor/Treasurer; Brett Corson, County Attorney; Chris Hahn, EDA; Karen Reisner, Fillmore County Journal; Gerald Wolf, Bonita Underbakke and Gretchen Mensink, Chatfield News.

The Pledge of Allegiance was recited.

On motion by Lentz and seconded by Hindt, the Board unanimously approved the amended agenda, to include reviewing the Highway Equipment Budget.

On motion by Bakke and seconded by Dahl, the Board unanimously approved the following Consent Agenda:

- 1. May 26, 2020 County Board minutes

On motion by Hindt and seconded by Dahl, the Board unanimously approved the Commissioners' Warrants.

The Finance Department Warrants were reviewed.

Cristal Adkins, Zoning Administrator was present.

On motion by Bakke and seconded by Dahl, the following resolution was unanimously adopted:  
**RESOLUTION 2020-024:** Conditional Use Permit request for ITC Midwest, LLC, for an Electric Substation on property located in Section 4, Sumner Township.

Ron Gregg, Highway Engineer & Pam Schroeder, Office Manager were present.

Gregg presented bids for the CSAH 5 Land Bridge Project SAP 023-605-038. He also noted the Engineer Estimate was \$1,328,021.00 which is an increase from the previous estimate as the length and slope for water retention was updated.

On motion by Dahl and seconded by Lentz, the Board unanimously approved ICON Constructors the CSAH 5 Land Bridge Project SAP 023-605-038, Jordan Township, at the low bid of \$1,191,290.00, as recommended by the County Highway Engineer.

It was noted that the project was estimated the year before at less than a million. It was noted that the land bridge had increased cost due to a longer time span, water retention and an increase in piling depth to 50'.

Schroeder came forward to provide additional and supporting information regarding the Airport Consultant selection process. Interviews were completed and score sheets were provided in accordance with the FAA Advisory Circular 10/5100-14E for Engineering and Planning Consultant Services for Airport Grant Projects.

On motion by Dahl and seconded by Bakke, the Board unanimously approved selecting SEH, Inc. to serve as the Airport Consultant for the Fillmore County Airport as recommended by the Highway Engineer.

Discussion ensued regarding the Highway Equipment Budget.

The citizens input portion of the meeting was opened at 9:35 a.m.

Gerald Wolf supported Sheriff DeGeorge and Fillmore County Deputies for their efforts during this uneasy time due to rioting.

The citizens input portion of the meeting was closed at 9:38 a.m.

Jessica Erickson, Director of Nursing was present.

On motion by Bakke and seconded by Lentz, the Board unanimously approved the Disaster Planning & Response Compact for Southeast Minnesota Disaster Health Coalition, authorizing signature by the Director of Nursing.

Bobbie Hillery, Administrator was present.

Hillery reviewed the thank you letters sent to Winona County Commissioners and Winona County Assessor regarding the completion of the Interim Assessor contract. Discussion ensued regarding a letter received from Steve Hacken, Interim Assessor with recommendations moving forward. Bakke noted that the board members should keep that letter and refer back to it, noting that changes will need to be made and this letter supports the upcoming work that the new Assessor will be working towards.

Hillery updated the Board of the recent efforts and procedures by County Departments during this COVID-19 event. Protective shields are set up and we opened our doors to the public yesterday, June 1, 2020. All seemed to go well. The Board thanked Hillery for the update and all Departments for their work during this unprecedented time.

A review of the calendar was done with the following committee reports and announcements given:

Bakke – DFO Joint Powers next week, AMC regional meeting

Dahl – SEMCAC next week

Lentz – Community Services, Communications Board, AMC regional meeting

Hindt – none

Prestby – none

On motion by Dahl and seconded by Hindt, the Board chair adjourned at 10:03 a.m.

smensink  
6/4/20 1:55PM  
1 County Revenue Fund

\*\*\* Fillmore County \*\*\*



Audit List for Board COMMISSIONER'S VOUCHERS ENTRIES

| Vendor No. | Name<br>Account/Formula                                              | Rpt<br>Accr | Amount   | Warrant Description<br>Service Dates                                   | Invoice #<br>Paid On Bhf # | Account/Formula Descripti<br>On Behalf of Name | 1099 |
|------------|----------------------------------------------------------------------|-------------|----------|------------------------------------------------------------------------|----------------------------|------------------------------------------------|------|
| 3          | DEPT<br>2081 Lentz/Mitch<br>01-003-000-0000-6335                     |             | 20.70    | Board Of Commissioners<br>May 2020 Mileage<br>05/05/2020 05/28/2020    |                            | Employee Automobile Allowance                  | N    |
|            | 2081 Lentz/Mitch                                                     |             | 20.70    | 1 Transactions                                                         |                            |                                                |      |
| 3          | DEPT Total:                                                          |             | 20.70    | Board Of Commissioners                                                 | 1 Vendors                  | 1 Transactions                                 |      |
| 11         | DEPT<br>6529 Larson Vagts Law<br>01-011-000-0000-6261                |             | 420.00   | District Court<br>Court Appt Attorney - CHIPS<br>04/23/2020 06/01/2020 | 23-JV-19-548               | Court Appointed Attorneys                      | Y    |
|            | 01-011-000-0000-6261                                                 |             | 520.00   | Court Appt Attorney - CHIPS<br>04/23/2020 06/01/2020                   | 23-JV-19-725               | Court Appointed Attorneys                      | Y    |
|            | 01-011-000-0000-6261                                                 |             | 740.00   | Court Appt Attorney - CHIPS<br>04/30/2020 05/22/2020                   | 23-JV-19-821               | Court Appointed Attorneys                      | Y    |
|            | 01-011-000-0000-6261                                                 |             | 520.00   | Court Appt Attorney - CHIPS<br>05/05/2020 06/01/2020                   | 23-JV-20-232               | Court Appointed Attorneys                      | Y    |
|            | 01-011-000-0000-6261                                                 |             | 20.00    | Court Appt Attorney - Civil<br>05/01/2020 05/01/2020                   | 23-PR-19-494               | Court Appointed Attorneys                      | Y    |
|            | 01-011-000-0000-6261                                                 |             | 20.00    | Court Appt Attorney - Civil<br>06/01/2020 06/01/2020                   | 23-PR-19-753               | Court Appointed Attorneys                      | Y    |
|            | 01-011-000-0000-6261                                                 |             | 340.00   | Court Appt Attorney - Civil<br>04/29/2020 05/05/2020                   | 23-PR-20-223               | Court Appointed Attorneys                      | Y    |
|            | 6529 Larson Vagts Law                                                |             | 2,580.00 | 7 Transactions                                                         |                            |                                                |      |
|            | 6551 Manion Law Firm LLC<br>01-011-000-0000-6261                     |             | 380.00   | Court Appointed Attorney<br>03/24/2020 03/24/2020                      | 7077                       | Court Appointed Attorneys                      | Y    |
|            | 01-011-000-0000-6261                                                 |             | 280.00   | Court Appointed Attorney<br>05/19/2020 05/19/2020                      | 7180                       | Court Appointed Attorneys                      | Y    |
|            | 6551 Manion Law Firm LLC                                             |             | 660.00   | 2 Transactions                                                         |                            |                                                |      |
| 11         | DEPT Total:                                                          |             | 3,240.00 | District Court                                                         | 2 Vendors                  | 9 Transactions                                 |      |
| 60         | DEPT<br>4030 Distinctive Communications, Inc<br>01-060-000-0000-6640 |             | 128.23   | Information Systems<br>Data Box at Zoning Front Desk                   | 885                        | Equipment Purchased                            | N    |

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|------------|----------------------------------------------------------------|-------------|----------|---------------------------------------------------------------------------|----------------------------|------------------------------------------------|------|
| 4030       | Distinctive Communications, Inc                                |             | 128.23   | 05/29/2020 05/29/2020<br>1 Transactions                                   |                            |                                                |      |
| 3370       | Haakenson Electric, Inc<br>01-060-000-0000-6640                |             | 95.86    | Receptacle - Zoning Front Desk<br>06/01/2020 06/01/2020<br>1 Transactions | 5274                       | Equipment Purchased                            | N    |
| 3370       | Haakenson Electric, Inc                                        |             | 95.86    | 06/01/2020 06/01/2020<br>1 Transactions                                   |                            |                                                |      |
| 60         | DEPT Total:                                                    |             | 224.09   | Information Systems                                                       | 2 Vendors                  | 2 Transactions                                 |      |
| 91         | DEPT                                                           |             |          | County Attorney                                                           |                            |                                                |      |
| 111        | Fillmore Co Treasurer- Credit Card/ACH<br>01-091-000-0000-6245 |             | 150.00   | Criminal Law Cert Fee - Corson<br>05/05/2020 05/05/2020<br>1 Transactions | 301698                     | Registration Fees                              | N    |
| 111        | Fillmore Co Treasurer- Credit Card/ACH                         |             | 150.00   | 05/05/2020 05/05/2020<br>1 Transactions                                   |                            |                                                |      |
| 2545       | Marco, Inc<br>01-091-000-0000-6375                             |             | 2,456.16 | Attorney Laptops<br>05/13/2020 05/13/2020<br>1 Transactions               | INV7596394                 | Vehicle Forfeiture Expenditures                | N    |
| 2545       | Marco, Inc                                                     |             | 2,456.16 | 05/13/2020 05/13/2020<br>1 Transactions                                   |                            |                                                |      |
| 2325       | Mn Attorney General's Office<br>01-091-000-0000-6285           |             | 811.03   | Meals & Mileage for JU Case<br>01/14/2020 01/30/2020<br>1 Transactions    | 00000610180                | Professional Fees                              | N    |
| 2325       | Mn Attorney General's Office                                   |             | 811.03   | 01/14/2020 01/30/2020<br>1 Transactions                                   |                            |                                                |      |
| 91         | DEPT Total:                                                    |             | 3,417.19 | County Attorney                                                           | 3 Vendors                  | 3 Transactions                                 |      |
| 111        | DEPT                                                           |             |          | Facilites Mtce                                                            |                            |                                                |      |
| 9          | AmeriPride Services, Inc<br>01-111-000-0000-6377               |             | 61.00    | Dust Mop Supplies<br>06/03/2020 06/03/2020<br>1 Transactions              | 2801167325                 | Fees And Service Charges                       | N    |
| 9          | AmeriPride Services, Inc                                       |             | 61.00    | 06/03/2020 06/03/2020<br>1 Transactions                                   |                            |                                                |      |
| 5050       | Tufte/Blaine<br>01-111-000-0000-6335                           |             | 15.53    | Employee Automobile Allowance<br>05/01/2020 05/29/2020                    |                            | Employee Automobile Allowance                  | N    |

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|------------|----------------------------------------|-------------|--------|---------------------------------------------------------|----------------------------|------------------------------------------------|------|
| 5050       | Tufte/Blaine                           |             | 15.53  |                                                         | 1 Transactions             |                                                |      |
| 111        | DEPT Total:                            |             | 76.53  | Facilites Mtce                                          | 2 Vendors                  | 2 Transactions                                 |      |
| 149        | DEPT                                   |             |        | Other General Government                                |                            |                                                |      |
| 4928       | 1 Source                               |             |        |                                                         |                            |                                                |      |
|            | 01-149-000-0000-6408                   |             | 41.89  | County Shared Custodial Supply<br>05/26/2020 05/26/2020 | 254384-5                   | County Shared Office Supplies                  | Y    |
|            | 01-149-000-0000-6408                   |             | 318.00 | County Supplies<br>05/29/2020 05/29/2020                | 255740-0                   | County Shared Office Supplies                  | Y    |
| 4928       | 1 Source                               |             | 359.89 |                                                         | 2 Transactions             |                                                |      |
| 5826       | Culligan Water Conditioning            |             |        |                                                         |                            |                                                |      |
|            | 01-149-000-0000-6372                   |             | 43.90  | May Water Cooler<br>04/30/2020 04/30/2020               |                            | Wellness Grant Expenses                        | N    |
| 5826       | Culligan Water Conditioning            |             | 43.90  |                                                         | 1 Transactions             |                                                |      |
| 3665       | Ratwik,Roszak & Maloney, PA            |             |        |                                                         |                            |                                                |      |
|            | 01-149-000-0000-6285                   |             | 270.00 | Professional Services<br>04/23/2020 04/30/2020          | 66569                      | Professional Fees                              | Y    |
| 3665       | Ratwik,Roszak & Maloney, PA            |             | 270.00 |                                                         | 1 Transactions             |                                                |      |
| 3975       | Ultimate Safety Concepts Inc           |             |        |                                                         |                            |                                                |      |
|            | 01-149-000-0000-6405                   |             | 141.30 | COVID-19 Supplies<br>05/14/2020 05/14/2020              | 188363                     | COVID-19 Supplies                              | N    |
| 3975       | Ultimate Safety Concepts Inc           |             | 141.30 |                                                         | 1 Transactions             |                                                |      |
| 149        | DEPT Total:                            |             | 815.09 | Other General Government                                | 4 Vendors                  | 5 Transactions                                 |      |
| 202        | DEPT                                   |             |        | Sheriff                                                 |                            |                                                |      |
| 111        | Fillmore Co Treasurer- Credit Card/ACH |             |        |                                                         |                            |                                                |      |
|            | 01-202-000-0000-6205                   |             | 15.35  | Postage<br>05/18/2020 05/22/2020                        |                            | Postage And Postal Box Rent                    | N    |
|            | 01-202-000-0000-6205                   |             | 8.25   | Postage<br>05/21/2020 05/21/2020                        |                            | Postage And Postal Box Rent                    | N    |
|            | 01-202-000-0000-6561                   |             | 17.88  | Fuel<br>05/22/2020 05/22/2020                           | 9062677                    | Gasoline Diesel And Other Fuels                | N    |

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|------------|----------------------------------------------------------------|-------------|----------|---------------------------------------------------------|----------------------------|------------------------------------------------|------|
| 111        | Fillmore Co Treasurer- Credit Card/ACH                         |             | 41.48    |                                                         | 3 Transactions             |                                                |      |
| 253        | Morem Electric Inc<br>01-202-000-0000-6310                     |             | 85.73    | New Ballast - Sargeants Office<br>05/18/2020 05/18/2020 | 42848                      | Contract Repairs And Maintenance               | N    |
| 253        | Morem Electric Inc                                             |             | 85.73    |                                                         | 1 Transactions             |                                                |      |
| 355        | Streicher's, Inc.<br>01-202-000-0000-6173                      |             | 85.00    | New Badge - PT Deputy<br>05/26/2020 05/26/2020          | 1432333                    | Uniform Allowance                              | N    |
| 355        | Streicher's, Inc.                                              |             | 85.00    |                                                         | 1 Transactions             |                                                |      |
| 4435       | TACTICAL SOLUTIONS<br>01-202-000-0000-6377                     |             | 492.00   | Radar Certifications<br>06/01/2020 06/01/2020           | 7862                       | Fees And Service Charges                       | Y    |
| 4435       | TACTICAL SOLUTIONS                                             |             | 492.00   |                                                         | 1 Transactions             |                                                |      |
| 202        | DEPT Total:                                                    |             | 704.21   | Sheriff                                                 | 4 Vendors                  | 6 Transactions                                 |      |
| 205        | DEPT                                                           |             |          | Sheriff Contingent Funds                                |                            |                                                |      |
| 2545       | Marco, Inc<br>01-205-000-0000-6387                             |             | 1,228.08 | Sheriff Laptops<br>05/13/2020 05/13/2020                | INV7596394                 | Gun Permit Expenses                            | N    |
| 2545       | Marco, Inc                                                     |             | 1,228.08 |                                                         | 1 Transactions             |                                                |      |
| 205        | DEPT Total:                                                    |             | 1,228.08 | Sheriff Contingent Funds                                | 1 Vendors                  | 1 Transactions                                 |      |
| 251        | DEPT                                                           |             |          | County Jail                                             |                            |                                                |      |
| 111        | Fillmore Co Treasurer- Credit Card/ACH<br>01-251-000-0000-6377 |             | 20.98    | Jail TV<br>05/08/2020 05/08/2020                        |                            | Fees And Service Charges                       | N    |
|            | 01-251-000-0000-6310                                           |             | 166.88   | New Jail Light<br>05/21/2020 05/21/2020                 | 9527902                    | Contract Repairs And Maintenance               | N    |
| 111        | Fillmore Co Treasurer- Credit Card/ACH                         |             | 187.86   |                                                         | 2 Transactions             |                                                |      |
| 1514       | McKesson Medical-Surgical<br>01-251-000-0000-6431              |             | 11.01    | Inmate Jail Supplies<br>05/18/2020 05/18/2020           | 04807289                   | Drugs And Medicine                             | Y    |



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|------------|----------------------------------------------------------------|-------------|----------|------------------------------------------------------|----------------------------|------------------------------------------------|------|
| 1514       | McKesson Medical-Surgical                                      |             | 11.01    |                                                      | 1 Transactions             |                                                |      |
| 4866       | MEEnD CORRECTIONAL CARE, PLLC<br>01-251-000-0000-6429          |             | 2,300.16 | June 2020 Inmate Healthcare<br>06/01/2020 06/30/2020 | 4864                       | Nurse/Medical Service Agreement                | N    |
| 4866       | MEEnD CORRECTIONAL CARE, PLLC                                  |             | 2,300.16 |                                                      | 1 Transactions             |                                                |      |
| 5988       | Preston Auto Parts<br>01-251-000-0000-6310                     |             | 42.75    | Jail Maintenance Supplies<br>05/08/2020 05/26/2020   | 627198,628204,             | Contract Repairs And Maintenance               | N    |
| 5988       | Preston Auto Parts                                             |             | 42.75    |                                                      | 1 Transactions             |                                                |      |
| 81511      | Preston Foods<br>01-251-000-0000-6377                          |             | 50.50    | Jail Supplies<br>05/05/2020 05/13/2020               | 57,53,110                  | Fees And Service Charges                       | N    |
| 81511      | Preston Foods                                                  |             | 50.50    |                                                      | 1 Transactions             |                                                |      |
| 3975       | Ultimate Safety Concepts Inc<br>01-251-000-0000-6377           |             | 190.00   | Fire Extinguisher Service<br>05/21/2020 05/21/2020   | 188522                     | Fees And Service Charges                       | N    |
| 3975       | Ultimate Safety Concepts Inc                                   |             | 190.00   |                                                      | 1 Transactions             |                                                |      |
| 251        | DEPT Total:                                                    |             | 2,782.28 | County Jail                                          | 6 Vendors                  | 7 Transactions                                 |      |
| 441        | DEPT                                                           |             |          | Public Health                                        |                            |                                                |      |
| 2138       | Baker/Jan<br>01-441-000-0000-6088                              |             | 66.70    | COVID-19 Mileage<br>05/01/2020 05/29/2020            |                            | COVID-19 Grant Expense (with Hous              | N    |
| 2138       | Baker/Jan                                                      |             | 66.70    |                                                      | 1 Transactions             |                                                |      |
| 111        | Fillmore Co Treasurer- Credit Card/ACH<br>01-441-000-0000-6088 |             | 15.40    | PH COVID-19 Supplies<br>05/19/2020 05/19/2020        | 02//12                     | COVID-19 Grant Expense (with Hous              | N    |
| 111        | Fillmore Co Treasurer- Credit Card/ACH                         |             | 15.40    |                                                      | 1 Transactions             |                                                |      |
| 5046       | MARKETING SYSTEMS GROUP<br>01-441-000-0000-6448                |             | 390.00   | SHIP Community Needs Sample<br>01/31/2020 01/31/2020 | 150384                     | Ship Grant Expenses                            | N    |

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|------------|--------------------------------------------|-------------|----------|-------------------------------------------------------|----------------------------|------------------------------------------------|------|
| 5046       | MARKETING SYSTEMS GROUP                    |             | 390.00   |                                                       | 1 Transactions             |                                                |      |
| 6592       | RCM Headsets                               |             |          |                                                       |                            |                                                |      |
|            | 01-441-000-0000-6447                       |             | 272.95   | LPH Phone Expense<br>05/11/2020 05/11/2020            | 0520091                    | LPHA Grant Expenses                            | Y    |
|            | 01-441-000-0000-6448                       |             | 272.95   | SHIP Phone Expense<br>05/11/2020 05/11/2020           | 0520091                    | Ship Grant Expenses                            | Y    |
| 6592       | RCM Headsets                               |             | 545.90   |                                                       | 2 Transactions             |                                                |      |
| 6884       | Rodger/Aimee                               |             |          |                                                       |                            |                                                |      |
|            | 01-441-000-0000-6088                       |             | 5.75     | COVID-19 Mileage<br>05/20/2020 05/20/2020             |                            | COVID-19 Grant Expense (with Hous              | N    |
| 6884       | Rodger/Aimee                               |             | 5.75     |                                                       | 1 Transactions             |                                                |      |
| 7320       | Sanofi Pasteur Inc                         |             |          |                                                       |                            |                                                |      |
|            | 01-441-000-0000-6088                       |             | 876.56   | FCPH COVID-19 Supples<br>05/08/2020 05/08/2020        | 914428219                  | COVID-19 Grant Expense (with Hous              | Y    |
|            | 01-441-000-0000-6088                       |             | 209.48   | FCPH COVID-19 Supples<br>05/08/2020 05/08/2020        | 914428220                  | COVID-19 Grant Expense (with Hous              | Y    |
|            | 01-441-000-0000-6088                       |             | 5.41     | FCPH COVID-19 Supplies<br>05/12/2020 05/12/2020       | 914433966                  | COVID-19 Grant Expense (with Hous              | Y    |
|            | 01-441-000-0000-6088                       |             | 96.63    | COVID-19 Expense<br>05/14/2020 05/14/2020             | 914442667                  | COVID-19 Grant Expense (with Hous              | Y    |
| 7320       | Sanofi Pasteur Inc                         |             | 1,188.08 |                                                       | 4 Transactions             |                                                |      |
| 5044       | SURVEY SYSTEMS                             |             |          |                                                       |                            |                                                |      |
|            | 01-441-000-0000-6448                       |             | 4,875.47 | SHIP Commuinity Health Assmt<br>04/29/2020 04/29/2020 | 20-12946                   | Ship Grant Expenses                            | N    |
| 5044       | SURVEY SYSTEMS                             |             | 4,875.47 |                                                       | 1 Transactions             |                                                |      |
| 441        | DEPT Total:                                |             | 7,087.30 | Public Health                                         | 7 Vendors                  | 11 Transactions                                |      |
| 443        | DEPT                                       |             |          | Nursing Service                                       |                            |                                                |      |
|            | 111 Fillmore Co Treasurer- Credit Card/ACH |             |          |                                                       |                            |                                                |      |
|            | 01-443-000-0000-6433                       |             | 88.99    | Wavier Reimbursable - #5829<br>04/23/2020 04/23/2020  |                            | Waiver Reimbursables                           | N    |
|            | 01-443-000-0000-6433                       |             | 76.98    | Wavier Reimbursable - #4242<br>05/20/2020 05/20/2020  |                            | Waiver Reimbursables                           | N    |
|            | 01-443-000-0000-6242                       |             | 234.00   | Dietetics Membership-J Holst                          | 4142736                    | Membership Dues                                | N    |

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1 County Revenue Fund

\*\*\* Fillmore County \*\*\*



Audit List for Board COMMISSIONER'S VOUCHERS ENTRIES

| Vendor No. | Name<br>Account/Formula                              | Rpt<br>Accr | Amount    | Warrant Description<br>Service Dates                                | Invoice #<br>Paid On Bhf # | Account/Formula Descripti<br>On Behalf of Name | 1099 |
|------------|------------------------------------------------------|-------------|-----------|---------------------------------------------------------------------|----------------------------|------------------------------------------------|------|
| 111        | Fillmore Co Treasurer- Credit Card/ACH               |             | 399.97    | 05/20/2020 05/20/2020<br>3 Transactions                             |                            |                                                |      |
| 4177       | GATZKE/MICHELE<br>01-443-000-0000-6408               |             | 18.80     | Postage for Mailing Pkts<br>05/11/2020 05/18/2020<br>1 Transactions | 554, 530                   | Other Office Supplies                          | N    |
| 443        | DEPT Total:                                          |             | 418.77    | Nursing Service                                                     | 2 Vendors                  | 4 Transactions                                 |      |
| 446        | DEPT                                                 |             |           | Mch Program                                                         |                            |                                                |      |
| 1285       | Houston County Public Health<br>01-446-000-0000-6088 |             | 3,890.62  | PHEP 3rd Quarter 2020<br>05/28/2020 05/28/2020                      |                            | Houston Grant Passthrough (01-446-             | N    |
|            | 01-446-000-0000-6088                                 |             | 4,392.50  | SHIP March 2020<br>05/28/2020 05/28/2020                            |                            | Houston Grant Passthrough (01-446-             | N    |
|            | 01-446-000-0000-6088                                 |             | 2,338.26  | C&TC April 2020<br>06/01/2020 06/01/2020                            |                            | Houston Grant Passthrough (01-446-             | N    |
| 1285       | Houston County Public Health                         |             | 10,621.38 | 3 Transactions                                                      |                            |                                                |      |
| 6592       | RCM Headsets<br>01-446-000-0000-6257                 |             | 847.85    | EBHV Phone Expense<br>05/11/2020 05/11/2020                         | 0520090                    | EBHV Expense                                   | Y    |
| 6592       | RCM Headsets                                         |             | 847.85    | 1 Transactions                                                      |                            |                                                |      |
| 446        | DEPT Total:                                          |             | 11,469.23 | Mch Program                                                         | 2 Vendors                  | 4 Transactions                                 |      |
| 1          | Fund Total:                                          |             | 31,483.47 | County Revenue Fund                                                 |                            | 55 Transactions                                |      |

\*\*\* Fillmore County \*\*\*



Audit List for Board COMMISSIONER'S VOUCHERS ENTRIES

| Vendor No. | Name                                   | Account/Formula      | Rpt | Accr | Amount   | Warrant Description         | Service Dates  | Invoice #    | Paid On Bhf # | Account/Formula Descripti          | 1099 | On Behalf of Name |
|------------|----------------------------------------|----------------------|-----|------|----------|-----------------------------|----------------|--------------|---------------|------------------------------------|------|-------------------|
| 310        | DEPT                                   |                      |     |      |          | Highway Maintenance         |                |              |               |                                    |      |                   |
| 1891       | Bruening Rock Products, Inc.           | 13-310-000-0000-6505 |     |      | 213.16   | rock                        |                | 164807       |               | Aggregate                          | N    |                   |
|            |                                        | 13-310-000-0000-6505 |     |      | 203.91   | rock                        |                | 164807       |               | Aggregate                          | N    |                   |
|            |                                        | 13-310-000-0000-6505 |     |      | 460.87   | rock                        |                | 165766       |               | Aggregate                          | N    |                   |
|            |                                        | 13-310-000-0000-6505 |     |      | 105.13   | rock                        |                | 165766       |               | Aggregate                          | N    |                   |
|            |                                        | 13-310-000-0000-6505 |     |      | 207.25   | rock                        |                | 167409       |               | Aggregate                          | N    |                   |
| 1891       | Bruening Rock Products, Inc.           |                      |     |      | 1,190.32 |                             | 5 Transactions |              |               |                                    |      |                   |
| 5168       | Dyreson/Jeff                           | 13-310-000-0000-6466 |     |      | 200.00   | safety boots                |                |              |               | Safety Materials                   | N    |                   |
| 5168       | Dyreson/Jeff                           |                      |     |      | 200.00   |                             | 1 Transactions |              |               |                                    |      |                   |
| 1996       | Nutrien Ag Solutions Inc               | 13-310-000-0000-6529 |     |      | 130.00   | seed                        |                | 42080227     |               | Seeding                            | N    |                   |
| 1996       | Nutrien Ag Solutions Inc               |                      |     |      | 130.00   |                             | 1 Transactions |              |               |                                    |      |                   |
| 4403       | Zenke Auction & Realty, Inc.           | 13-310-000-0000-6640 |     |      | 2,700.00 | smooth drum roller          |                |              |               | Equipment Purchased                | N    |                   |
| 4403       | Zenke Auction & Realty, Inc.           |                      |     |      | 2,700.00 |                             | 1 Transactions |              |               |                                    |      |                   |
| 310        | DEPT Total:                            |                      |     |      | 4,220.32 | Highway Maintenance         |                | 4 Vendors    |               | 8 Transactions                     |      |                   |
| 320        | DEPT                                   |                      |     |      |          | Highway Construction        |                |              |               |                                    |      |                   |
| 111        | Fillmore Co Treasurer- Credit Card/ACH | 13-320-000-0000-6501 |     |      | 208.37   | supplies                    |                |              |               | Engineering And Surveying Supplies | N    |                   |
| 111        | Fillmore Co Treasurer- Credit Card/ACH |                      |     |      | 208.37   |                             | 1 Transactions |              |               |                                    |      |                   |
| 6573       | Softree Technical Systems Inc          | 13-320-000-0000-6245 |     |      | 995.00   | registration                |                | 13655        |               | Registration Fees                  | N    |                   |
| 6573       | Softree Technical Systems Inc          |                      |     |      | 995.00   |                             | 1 Transactions |              |               |                                    |      |                   |
| 320        | DEPT Total:                            |                      |     |      | 1,203.37 | Highway Construction        |                | 2 Vendors    |               | 2 Transactions                     |      |                   |
| 330        | DEPT                                   |                      |     |      |          | Equipment Maintenance Shops |                |              |               |                                    |      |                   |
| 5826       | Culligan Water Conditioning            | 13-330-000-0000-6317 |     |      | 32.95    | drinking water              |                | 588x01010405 |               | Building Maintenance               | N    |                   |

\*\*\* Fillmore County \*\*\*



Audit List for Board COMMISSIONER'S VOUCHERS ENTRIES

| Vendor No. | Name<br>Account/Formula         | Rpt<br>Accr | Amount   | Warrant Description<br>Service Dates | Invoice #<br>Paid On Bhf # | Account/Formula Descripti<br>On Behalf of Name | 1099 |
|------------|---------------------------------|-------------|----------|--------------------------------------|----------------------------|------------------------------------------------|------|
| 5826       | Culligan Water Conditioning     |             | 32.95    |                                      | 1 Transactions             |                                                |      |
| 3714       | Hovey Oil Co Inc                |             |          |                                      |                            |                                                |      |
|            | 13-330-000-0000-6561            |             | 809.38   | #2 diesel                            | 1801                       | Gasoline Diesel And Other Fuels                | N    |
|            | 13-330-000-0000-6561            |             | 4,205.50 | gas                                  | 339                        | Gasoline Diesel And Other Fuels                | N    |
|            | 13-330-000-0000-6561            |             | 842.31   | #2 diesel                            | 346                        | Gasoline Diesel And Other Fuels                | N    |
| 3714       | Hovey Oil Co Inc                |             | 5,857.19 |                                      | 3 Transactions             |                                                |      |
| 6508       | Interstate Motor Trucks, Inc.   |             |          |                                      |                            |                                                |      |
|            | 13-330-000-0000-6575            |             | 7.14-    | parts                                | ROC2035890                 | Machinery Parts                                | N    |
|            | 13-330-000-0000-6575            |             | 417.85   | parts                                | ROC2036259                 | Machinery Parts                                | N    |
|            | 13-330-000-0000-6575            |             | 54.68    | parts                                | ROC2036285                 | Machinery Parts                                | N    |
|            | 13-330-000-0000-6575            |             | 1,540.85 | parts                                | ROC2036350                 | Machinery Parts                                | N    |
| 6508       | Interstate Motor Trucks, Inc.   |             | 2,006.24 |                                      | 4 Transactions             |                                                |      |
| 3541       | Nuss Truck & Equipment          |             |          |                                      |                            |                                                |      |
|            | 13-330-000-0000-6575            |             | 27.23    | parts                                | 1193765P                   | Machinery Parts                                | N    |
|            | 13-330-000-0000-6575            |             | 106.96   | parts                                | 1193843P                   | Machinery Parts                                | N    |
|            | 13-330-000-0000-6575            |             | 239.10   | parts                                | 1193960P                   | Machinery Parts                                | N    |
|            | 13-330-000-0000-6575            |             | 172.34   | filters                              | 1193974P                   | Machinery Parts                                | N    |
|            | 13-330-000-0000-6576            |             | 155.86   | supplies                             | 1193987P                   | Shop Supplies & Tools                          | N    |
| 3541       | Nuss Truck & Equipment          |             | 701.49   |                                      | 5 Transactions             |                                                |      |
| 303        | Preston Equipment Company       |             |          |                                      |                            |                                                |      |
|            | 13-330-000-0000-6576            |             | 71.97    | supplies                             | 01-91438                   | Shop Supplies & Tools                          | N    |
| 303        | Preston Equipment Company       |             | 71.97    |                                      | 1 Transactions             |                                                |      |
| 3989       | Ronco Engineering Sales Co, Inc |             |          |                                      |                            |                                                |      |
|            | 13-330-000-0000-6575            |             | 54.66    | parts                                | 3207767                    | Machinery Parts                                | N    |
|            | 13-330-000-0000-6575            |             | 166.25   | labor                                | 3207767                    | Machinery Parts                                | N    |
| 3989       | Ronco Engineering Sales Co, Inc |             | 220.91   |                                      | 2 Transactions             |                                                |      |
| 7757       | Universal Truck Equipment Inc   |             |          |                                      |                            |                                                |      |
|            | 13-330-000-0000-6575            |             | 121.50   | parts                                | 52498                      | Machinery Parts                                | N    |
|            | 13-330-000-0000-6575            |             | 141.75   | parts                                | 52506                      | Machinery Parts                                | N    |
| 7757       | Universal Truck Equipment Inc   |             | 263.25   |                                      | 2 Transactions             |                                                |      |
| 330        | DEPT Total:                     |             | 9,154.00 | Equipment Maintenance Shops          | 7 Vendors                  | 18 Transactions                                |      |

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13 County Road & Bridge

# \*\*\* Fillmore County \*\*\*



Audit List for Board COMMISSIONER'S VOUCHERS ENTRIES

| <u>Vendor Name</u>         | <u>Rpt</u>  | <u>Warrant Description</u> | <u>Invoice #</u>     | <u>Account/Formula Descripti</u> |
|----------------------------|-------------|----------------------------|----------------------|----------------------------------|
| <u>No. Account/Formula</u> | <u>Accr</u> | <u>Amount</u>              | <u>Service Dates</u> | <u>1099</u>                      |
|                            |             |                            | <u>Paid On Bhf #</u> | <u>On Behalf of Name</u>         |
| 13 Fund Total:             |             | 14,577.69                  | County Road & Bridge | 28 Transactions                  |

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14 Sanitation Fund

\*\*\* Fillmore County \*\*\*



Audit List for Board COMMISSIONER'S VOUCHERS ENTRIES

| Vendor No. | Name<br>Account/Formula                                   | Rpt<br>Accr | Amount    | Warrant Description<br>Service Dates          | Invoice #<br>Paid On Bhf # | Account/Formula Descripti<br>On Behalf of Name | 1099 |
|------------|-----------------------------------------------------------|-------------|-----------|-----------------------------------------------|----------------------------|------------------------------------------------|------|
| 390        | DEPT                                                      |             |           | Resource Recovery Center                      |                            |                                                |      |
|            | 6150 Cintas Corporation No.2<br>14-390-000-0000-6377      |             | 17.70     | Uniforms<br>05/29/2020 05/29/2020             | 4051798309                 | Fees And Service Charges                       | N    |
|            | 6150 Cintas Corporation No.2                              |             | 17.70     | 1 Transactions                                |                            |                                                |      |
| 390        | DEPT Total:                                               |             | 17.70     | Resource Recovery Center                      | 1 Vendors                  | 1 Transactions                                 |      |
| 391        | DEPT                                                      |             |           | Score Grant Program                           |                            |                                                |      |
|            | 9375 Green Lights Recycling, Inc<br>14-391-000-0000-6861  |             | 1,009.47  | Light Bulb Recycling<br>06/02/2020 06/02/2020 | 20-3617                    | Recycling Operation Expense                    | N    |
|            | 9375 Green Lights Recycling, Inc                          |             | 1,009.47  | 1 Transactions                                |                            |                                                |      |
|            | 6351 Southern Minnesota Recycling<br>14-391-000-0000-6861 |             | 755.00    | Appliances<br>05/01/2020 05/30/2020           |                            | Recycling Operation Expense                    | N    |
|            | 6351 Southern Minnesota Recycling                         |             | 755.00    | 1 Transactions                                |                            |                                                |      |
| 391        | DEPT Total:                                               |             | 1,764.47  | Score Grant Program                           | 2 Vendors                  | 2 Transactions                                 |      |
| 14         | Fund Total:                                               |             | 1,782.17  | Sanitation Fund                               |                            | 3 Transactions                                 |      |
|            | Final Total:                                              |             | 47,843.33 | 52 Vendors                                    | 86 Transactions            |                                                |      |

# \*\*\* Fillmore County \*\*\*



Audit List for Board COMMISSIONER'S VOUCHERS ENTRIES

| Recap by Fund | <u>Fund</u> | <u>AMOUNT</u> | <u>Name</u>          |                    |
|---------------|-------------|---------------|----------------------|--------------------|
|               | 1           | 31,483.47     | County Revenue Fund  |                    |
|               | 13          | 14,577.69     | County Road & Bridge |                    |
|               | 14          | 1,782.17      | Sanitation Fund      |                    |
|               | All Funds   | 47,843.33     | Total                | Approved by, ..... |
|               |             |               |                      | .....              |
|               |             |               |                      | .....              |



# \*\*\* Fillmore County \*\*\*



## Audit List for Board AUDITOR'S VOUCHERS ENTRIES

| Vendor No. | Name<br>Account/Formula                                        | Rpt<br>Accr | Amount   | Warrant Description<br>Service Dates                   | Invoice #<br>Paid On Bhf # | Account/Formula Descripti<br>On Behalf of Name | 1099 |
|------------|----------------------------------------------------------------|-------------|----------|--------------------------------------------------------|----------------------------|------------------------------------------------|------|
| 3219       | Centurylink<br>01-149-000-0000-6203                            |             | 1.43     | Courthouse Phone #83259885<br>04/24/2020 05/23/2020    | 1492351807                 | Telephone                                      | N    |
|            | 01-149-000-0000-6203                                           |             | 0.16     | FCOB Phone #83398668<br>04/24/2020 05/23/2020          | 1492352266                 | Telephone                                      | N    |
| 3219       | Centurylink                                                    |             | 1.59     | 2 Transactions                                         |                            |                                                |      |
| 85440      | Centurylink<br>01-149-000-0000-6203                            |             | 1,741.40 | Courthouse Phone 05/26-06/25<br>05/26/2020 06/25/2020  | 301269347                  | Telephone                                      | N    |
|            | 01-102-000-0000-6203                                           |             | 58.32    | Surveyor Phone 909 Houston St<br>05/26/2020 06/25/2020 | 301269931                  | Telephone                                      | N    |
| 85440      | Centurylink                                                    |             | 1,799.72 | 2 Transactions                                         |                            |                                                |      |
| 111        | Fillmore Co Treasurer- Credit Card/ACH<br>01-149-000-0000-6205 |             | 2,500.00 | Mail Machine Postage<br>05/29/2020 05/29/2020          |                            | Postage And Postal Box Rent                    | N    |
|            | 01-149-000-0000-6205                                           |             | 2,500.00 | Mail Machine Postage<br>06/02/2020 06/02/2020          |                            | Postage And Postal Box Rent                    | N    |
| 111        | Fillmore Co Treasurer- Credit Card/ACH                         |             | 5,000.00 | 2 Transactions                                         |                            |                                                |      |
| 6094       | MN Energy Resources Corporation<br>01-111-000-0000-6255        |             | 820.56   | Crthse & FCOB Natural Gas<br>04/20/2020 05/20/2020     | 2973180642                 | Gas                                            | N    |
| 6094       | MN Energy Resources Corporation                                |             | 820.56   | 1 Transactions                                         |                            |                                                |      |
| 5294       | RELX Inc.DBA LexisNexis<br>01-091-000-0000-6451                |             | 198.00   | Lexis Nexis May Subscription<br>05/01/2020 05/31/2020  | 3092656727                 | Reference Materials                            | N    |
| 5294       | RELX Inc.DBA LexisNexis                                        |             | 198.00   | 1 Transactions                                         |                            |                                                |      |
| 86848      | US POSTMASTER<br>01-101-000-0000-6205                          |             | 120.00   | Annual Recorder Box Rent #465<br>06/05/2020 06/05/2020 |                            | Postage And Postal Box Rent                    | N    |
|            | 01-103-000-0000-6205                                           |             | 76.00    | Annual Assessor Box Rent #67<br>06/05/2020 06/05/2020  |                            | Postage And Postal Box Rent                    | N    |
| 86848      | US POSTMASTER                                                  |             | 196.00   | 2 Transactions                                         |                            |                                                |      |

1 Fund Total: 8,015.87 County Revenue Fund 6 Vendors 10 Transactions

\*\*\* Fillmore County \*\*\*



Audit List for Board AUDITOR'S VOUCHERS ENTRIES

| Vendor No. | Name<br>Account/Formula                                 | Rpt<br>Accr | Amount     | Warrant Description<br>Service Dates       | Invoice #<br>Paid On Bhf # | Account/Formula Descripti<br>On Behalf of Name | 1099 |
|------------|---------------------------------------------------------|-------------|------------|--------------------------------------------|----------------------------|------------------------------------------------|------|
| 4369       | AcenTek<br>13-300-000-0000-6203                         |             | 110.71     | telephone                                  | 11584820                   | Telephone                                      | N    |
|            | 13-300-000-0000-6203                                    |             | 98.38      | telephone                                  | 11585745                   | Telephone                                      | N    |
| 4369       | AcenTek                                                 |             | 209.09     | 2 Transactions                             |                            |                                                |      |
| 5011       | Alcon Construction Corp<br>13-320-000-0000-6344         |             | 94,159.42  | 605-035 M/C #2<br>06/05/2020 06/05/2020    |                            | Sap Municipal Construction                     | N    |
|            | 13-320-000-0000-6351                                    |             | 84,999.09  | 605-035 Wykoff #2<br>06/05/2020 06/05/2020 |                            | Local Cost Participation                       | N    |
| 5011       | Alcon Construction Corp                                 |             | 179,158.51 | 2 Transactions                             |                            |                                                |      |
| 2208       | Canton City - Hwy dept<br>13-330-000-0000-6251          |             | 60.29      | utilities                                  | 126961                     | Electricity                                    | N    |
| 2208       | Canton City - Hwy dept                                  |             | 60.29      | 1 Transactions                             |                            |                                                |      |
| 3219       | Centurylink<br>13-300-000-0000-6203                     |             | 3.66       | telephone                                  | 1492352267                 | Telephone                                      | N    |
| 3219       | Centurylink                                             |             | 3.66       | 1 Transactions                             |                            |                                                |      |
| 85440      | Centurylink<br>13-300-000-0000-6203                     |             | 114.37     | telephone                                  | 301264100                  | Telephone                                      | N    |
|            | 13-300-000-0000-6203                                    |             | 198.66     | telephone                                  | 301269901                  | Telephone                                      | N    |
| 85440      | Centurylink                                             |             | 313.03     | 2 Transactions                             |                            |                                                |      |
| 3388       | Minnowa Construction Inc<br>13-320-000-0000-6341        |             | 205,211.75 | T/B #1<br>06/05/2020 06/05/2020            |                            | Township Bridge Construction                   | N    |
|            | 13-320-000-0000-6351                                    |             | 9,500.00   | Canton Twp #1<br>06/05/2020 06/05/2020     |                            | Local Cost Participation                       | N    |
| 3388       | Minnowa Construction Inc                                |             | 214,711.75 | 2 Transactions                             |                            |                                                |      |
| 6094       | MN Energy Resources Corporation<br>13-330-000-0000-6255 |             | 215.52     | natural gas                                | 0502625354                 | Gas                                            | N    |
| 6094       | MN Energy Resources Corporation                         |             | 215.52     | 1 Transactions                             |                            |                                                |      |
| 343        | Spring Valley Public Utilities<br>13-330-000-0000-6251  |             | 209.82     | utilities                                  | 1124                       | Electricity                                    | N    |
| 343        | Spring Valley Public Utilities                          |             | 209.82     | 1 Transactions                             |                            |                                                |      |

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13 County Road & Bridge

# \*\*\* Fillmore County \*\*\*



Audit List for Board AUDITOR'S VOUCHERS ENTRIES

| <u>Vendor Name</u>         | <u>Rpt</u>  | <u>Warrant Description</u> | <u>Invoice #</u>     | <u>Account/Formula Descripti</u> | <u>1099</u>              |
|----------------------------|-------------|----------------------------|----------------------|----------------------------------|--------------------------|
| <u>No. Account/Formula</u> | <u>Accr</u> | <u>Amount</u>              | <u>Service Dates</u> | <u>Paid On Bhf #</u>             | <u>On Behalf of Name</u> |
| 13 Fund Total:             |             | 394,881.67                 | County Road & Bridge | 8 Vendors                        | 12 Transactions          |

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 14 Sanitation Fund

# \*\*\* Fillmore County \*\*\*



## Audit List for Board AUDITOR'S VOUCHERS ENTRIES

| <u>Vendor Name</u>                                      | <u>Rpt</u>  | <u>Warrant Description</u> | <u>Invoice #</u>                            | <u>Account/Formula Descripti</u> | <u>1099</u>              |
|---------------------------------------------------------|-------------|----------------------------|---------------------------------------------|----------------------------------|--------------------------|
| <u>No. Account/Formula</u>                              | <u>Accr</u> | <u>Amount</u>              | <u>Service Dates</u>                        | <u>Paid On Bhf #</u>             | <u>On Behalf of Name</u> |
| 85440 Centurylink<br>14-390-000-0000-6203               |             | 140.44                     | May Phone/Internet<br>05/26/2020 06/25/2020 | 301270054 Telephone              | N                        |
| 85440 Centurylink                                       |             | 140.44                     | 1 Transactions                              |                                  |                          |
| 5882 Winneshiek County Landfill<br>14-390-000-0000-6374 |             | 2,454.90                   | Tipping Fees<br>05/20/2020 05/26/2020       | 24083 Landfill Tipping Fees      | N                        |
| 5882 Winneshiek County Landfill                         |             | 2,454.90                   | 1 Transactions                              |                                  |                          |
| 14 Fund Total:                                          |             | 2,595.34                   | Sanitation Fund                             | 2 Vendors                        | 2 Transactions           |

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 23 County Airport Fund

\*\*\* Fillmore County \*\*\*



Audit List for Board AUDITOR'S VOUCHERS ENTRIES

| <u>Vendor Name</u>                        | <u>Rpt</u>  | <u>Warrant Description</u> | <u>Invoice #</u>                                     | <u>Account/Formula Descripti</u> | <u>1099</u>              |
|-------------------------------------------|-------------|----------------------------|------------------------------------------------------|----------------------------------|--------------------------|
| <u>No. Account/Formula</u>                | <u>Accr</u> | <u>Amount</u>              | <u>Service Dates</u>                                 | <u>Paid On Bhf #</u>             | <u>On Behalf of Name</u> |
| 85440 Centurylink<br>23-350-000-0000-6203 |             | 263.22                     | Telephone 5/26/20-6/25/20<br>05/26/2020 06/25/2020   | 301269537 Telephone              | N                        |
| 23-350-000-0000-6203                      |             | 55.04                      | Telephone 05/26/20-06/25/20<br>05/26/2020 06/25/2020 | 301269908 Telephone              | N                        |
| 85440 Centurylink                         |             | 318.26                     | 2 Transactions                                       |                                  |                          |
| 23 Fund Total:                            |             | 318.26                     | County Airport Fund                                  | 1 Vendors                        | 2 Transactions           |
| Final Total:                              |             | 405,811.14                 | 17 Vendors                                           | 26 Transactions                  |                          |

# \*\*\* Fillmore County \*\*\*

## Audit List for Board AUDITOR'S VOUCHERS ENTRIES



| Recap by Fund | <u>Fund</u> | <u>AMOUNT</u> | <u>Name</u>          |
|---------------|-------------|---------------|----------------------|
|               | 1           | 8,015.87      | County Revenue Fund  |
|               | 13          | 394,881.67    | County Road & Bridge |
|               | 14          | 2,595.34      | Sanitation Fund      |
|               | 23          | 318.26        | County Airport Fund  |
|               | All Funds   | 405,811.14    | Total                |

Approved by, .....

.....

.....

**FILLMORE COUNTY, MINNESOTA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2018**





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## **INTRODUCTORY SECTION**



**FILLMORE COUNTY, MINNESOTA  
PRINCIPAL COUNTY OFFICIALS  
DECEMBER 31, 2018**

County Board

|             |              |                  |
|-------------|--------------|------------------|
| District 1: | Mitch Lentz  | Commissioner     |
| District 2: | Randy Dahl   | Commissioner     |
| District 3: | Larry Hindt  | Commissioner     |
| District 4: | Duane Bakke  | Board Chair      |
| District 5: | Marc Prestby | Board Vice Chair |

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Fillmore County  
Preston, 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 Fillmore County, Minnesota (the County), as of and for the year ended December 31, 2018, and the related notes of the financial statements, which collectively comprise the 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 statement 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 relevant to the 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 the 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 Fillmore County, Minnesota as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matters**

#### *Change in Accounting Principle*

During the year ended December 31, 2018, the County adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of this standard, the County reported a restatement for a change in accounting principle (see Note 8). Our auditors' opinion was not modified with respect to the restatement.

#### *Restatement for Correction of an Error*

As discussed in Note 8 to the financial statements, an error resulting in an understatement of fund balance in the debt service fund as of January 1, 2018, was discovered by management of the County during 2018. Accordingly, amounts reported for fund balance of the debt service fund have been restated as of January 1, 2018, to correct the error. Our opinion was not modified with respect to that matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of changes in the total OPEB liability, related ratios and notes, the schedule of the County's proportionate share of the net pension liability, the schedule of the County pension contributions, and the notes to the required supplementary information, 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.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fillmore County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual nonmajor fund financial statements and schedules, schedule of intergovernmental revenue and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2020, on our consideration of Fillmore County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Fillmore County's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Rochester, Minnesota  
May 29, 2020

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## **BASIC FINANCIAL STATEMENTS**

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**FILLMORE COUNTY  
PRESTON, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

|                                               | <u>Governmental<br/>Activities</u> |
|-----------------------------------------------|------------------------------------|
| <b>ASSETS</b>                                 |                                    |
| Cash and Cash Equivalents                     | \$ 10,450,759                      |
| Delinquent Taxes Receivable                   | 229,959                            |
| Special Assessments Receivable                | 174,538                            |
| Other Receivables                             | 506,866                            |
| Due from Other Governments                    | 2,982,085                          |
| Inventories                                   | 226,480                            |
| Prepaid Items                                 | 39,342                             |
| Capital Assets                                |                                    |
| Land                                          | 399,669                            |
| Construction-in-Progress                      | 14,050,237                         |
| Other Depreciable Assets, Net of Depreciation | 110,160,385                        |
| Total Assets                                  | <u>139,220,320</u>                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>         |                                    |
| Deferred Outflows - Pension Related           | 3,030,936                          |
| Deferred Outflows - OPEB Related              | 71,851                             |
| Total Deferred Outflows of Resources          | <u>3,102,787</u>                   |
| <b>LIABILITIES</b>                            |                                    |
| Accounts Payable                              | 846,958                            |
| Accrued Liabilities                           | 430,179                            |
| Due to Other Governments                      | 120,888                            |
| Accrued Interest Payable                      | 18,723                             |
| Net Pension Liability                         | 6,887,491                          |
| OPEB Liability                                |                                    |
| Due Within One Year                           | 71,851                             |
| Due in More Than One Year                     | 1,182,832                          |
| Noncurrent Liabilities                        |                                    |
| Due Within One Year                           | 1,074,060                          |
| Due in More Than One Year                     | 1,874,677                          |
| Total Liabilities                             | <u>12,507,659</u>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>          |                                    |
| Deferred Inflows - Pension Related            | <u>4,403,731</u>                   |
| <b>NET POSITION</b>                           |                                    |
| Net Investment in Capital Assets              | 123,155,291                        |
| Restricted For:                               |                                    |
| Debt Service                                  | 248,085                            |
| General Government                            | 345,121                            |
| Roads and Bridges                             | 3,811,182                          |
| Public Safety                                 | 428,199                            |
| Other Purposes                                | 56,576                             |
| Unrestricted                                  | <u>(2,632,737)</u>                 |
| Total Net Position                            | <u>\$ 125,411,717</u>              |

See accompanying Notes to Financial Statements.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

| FUNCTIONS/PROGRAMS                                             | Expenses             | Program Revenues     |                                    |                                  | Net (Expense)                       |
|----------------------------------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|-------------------------------------|
|                                                                |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position |
|                                                                |                      |                      |                                    |                                  | Governmental Activities             |
| <b>GOVERNMENTAL ACTIVITIES</b>                                 |                      |                      |                                    |                                  |                                     |
| General Government                                             | \$ 4,206,233         | \$ 469,758           | \$ 932,702                         | \$ -                             | \$ (2,803,773)                      |
| Public Safety                                                  | 4,085,718            | 475,607              | 492,254                            | -                                | (3,117,857)                         |
| Public Works                                                   | 12,717,494           | 405,369              | 6,182,779                          | 3,786,862                        | (2,342,484)                         |
| Human Services                                                 | 4,343,611            | 66,591               | 2,354,771                          | -                                | (1,922,249)                         |
| Health                                                         | 1,723,221            | 943,901              | 409,004                            | -                                | (370,316)                           |
| Culture, Recreation, and Education                             | 422,131              | -                    | -                                  | -                                | (422,131)                           |
| Conservation and Development                                   | 581,336              | 103,483              | 129,889                            | 5,000                            | (342,964)                           |
| Interest                                                       | 42,697               | -                    | -                                  | -                                | (42,697)                            |
| Total Primary Government                                       | <u>\$ 28,122,441</u> | <u>\$ 2,464,709</u>  | <u>\$ 10,501,399</u>               | <u>\$ 3,791,862</u>              | <u>(11,364,471)</u>                 |
| <b>GENERAL REVENUES</b>                                        |                      |                      |                                    |                                  |                                     |
|                                                                |                      |                      |                                    |                                  | 6,234,457                           |
| Property Taxes, Levied for General Purpose                     |                      |                      |                                    |                                  | 247,629                             |
| Property Taxes, Levied for Debt Service                        |                      |                      |                                    |                                  | 1,259,117                           |
| Property Taxes, Levied for Human Services                      |                      |                      |                                    |                                  | 2,092,525                           |
| Property Taxes, Levied for Roads and Bridges                   |                      |                      |                                    |                                  | 202,415                             |
| Property Taxes, Levied for Sanitation                          |                      |                      |                                    |                                  | 50,593                              |
| Property Taxes, Levied for Airport                             |                      |                      |                                    |                                  | 41,673                              |
| Property Taxes, Levied for EDA                                 |                      |                      |                                    |                                  | 1,313,564                           |
| Other Taxes                                                    |                      |                      |                                    |                                  | 1,240,695                           |
| Intergovernmental Revenues not Restricted to Specific Programs |                      |                      |                                    |                                  | 225,888                             |
| Investment Income                                              |                      |                      |                                    |                                  | 33,268                              |
| Gain on Sale of Capital Assets                                 |                      |                      |                                    |                                  | 753,183                             |
| Miscellaneous                                                  |                      |                      |                                    |                                  | <u>13,695,007</u>                   |
| Total General Revenues                                         |                      |                      |                                    |                                  | 2,330,536                           |
| <b>CHANGE IN NET POSITION</b>                                  |                      |                      |                                    |                                  |                                     |
| Net Position - Beginning of Year, As Originally Stated         |                      |                      |                                    |                                  | 123,869,103                         |
| Restatement - Change in Accounting Principle                   |                      |                      |                                    |                                  | <u>(787,922)</u>                    |
| Net Position - Beginning of Year, As Restated                  |                      |                      |                                    |                                  | <u>123,081,181</u>                  |
| <b>NET POSITION - END OF YEAR</b>                              |                      |                      |                                    |                                  |                                     |
|                                                                |                      |                      |                                    |                                  | <u>\$ 125,411,717</u>               |

See accompanying Notes to Financial Statements.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

|                                                                         | Major Funds         |                   |                      | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------------------------------------------------|---------------------|-------------------|----------------------|--------------------------------|--------------------------------|
|                                                                         | General             | Human<br>Services | Roads and<br>Bridges |                                |                                |
| <b>ASSETS</b>                                                           |                     |                   |                      |                                |                                |
| Cash and Cash Equivalents                                               | \$ 3,290,031        | \$ -              | 6,276,766            | \$ 883,962                     | \$ 10,450,759                  |
| Receivables                                                             |                     |                   |                      |                                |                                |
| Delinquent Taxes                                                        | 154,665             | 23,894            | 41,037               | 10,363                         | 229,959                        |
| Accounts                                                                | 88,910              | 28,525            | 1,432                | 10,967                         | 129,834                        |
| Special Assessment                                                      | 174,538             | -                 | -                    | -                              | 174,538                        |
| Notes                                                                   | -                   | -                 | -                    | 361,383                        | 361,383                        |
| Accrued Interest                                                        | 15,649              | -                 | -                    | -                              | 15,649                         |
| Due from Other Governments                                              | 326,317             | 320,248           | 2,276,944            | 58,576                         | 2,982,085                      |
| Due from Other Funds                                                    | 895,774             | -                 | 3,077                | -                              | 898,851                        |
| Prepaid Items                                                           | 39,342              | -                 | -                    | -                              | 39,342                         |
| Inventories                                                             | -                   | -                 | 220,315              | 6,165                          | 226,480                        |
| Total Assets                                                            | <u>\$ 4,985,226</u> | <u>\$ 372,667</u> | <u>\$ 8,819,571</u>  | <u>\$ 1,331,416</u>            | <u>\$ 15,508,880</u>           |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b> |                     |                   |                      |                                |                                |
| <b>LIABILITIES</b>                                                      |                     |                   |                      |                                |                                |
| Accounts Payable                                                        | \$ 156,317          | \$ 126,229        | \$ 515,688           | \$ 48,724                      | \$ 846,958                     |
| Accrued Liabilities                                                     | 272,527             | 78,101            | 73,308               | 6,243                          | 430,179                        |
| Due to Other Funds                                                      | 2,744               | 895,849           | -                    | 258                            | 898,851                        |
| Due to Other Governments                                                | 6,007               | 76,859            | 38,022               | -                              | 120,888                        |
| Total Liabilities                                                       | <u>437,595</u>      | <u>1,177,038</u>  | <u>627,018</u>       | <u>55,225</u>                  | <u>2,296,876</u>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                    |                     |                   |                      |                                |                                |
| Unavailable Revenues - Special Assessments                              | 174,538             | -                 | -                    | -                              | 174,538                        |
| Unavailable Revenues - Notes Receivable                                 | -                   | -                 | -                    | 311,383                        | 311,383                        |
| Unavailable Revenues - Government Grants                                | -                   | -                 | 1,795,646            | -                              | 1,795,646                      |
| Unavailable Revenues - Delinquent Taxes                                 | 154,665             | 23,894            | 41,037               | 10,363                         | 229,959                        |
| Total Deferred Inflows of Resources                                     | <u>329,203</u>      | <u>23,894</u>     | <u>1,836,683</u>     | <u>321,746</u>                 | <u>2,511,526</u>               |
| <b>FUND BALANCES</b>                                                    |                     |                   |                      |                                |                                |
| Nonspendable                                                            | 39,342              | -                 | 220,315              | 6,165                          | 265,822                        |
| Restricted                                                              | 829,795             | -                 | 2,015,536            | 266,808                        | 3,112,139                      |
| Committed                                                               | 2,100,000           | -                 | -                    | 100,000                        | 2,200,000                      |
| Assigned                                                                | 637,729             | -                 | 4,120,019            | 581,472                        | 5,339,220                      |
| Unassigned                                                              | 611,562             | (828,265)         | -                    | -                              | (216,703)                      |
| Total Fund Balances                                                     | <u>4,218,428</u>    | <u>(828,265)</u>  | <u>6,355,870</u>     | <u>954,445</u>                 | <u>10,700,478</u>              |
| Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances  | <u>\$ 4,985,226</u> | <u>\$ 372,667</u> | <u>\$ 8,819,571</u>  | <u>\$ 1,331,416</u>            | <u>\$ 15,508,880</u>           |

See accompanying Notes to Financial Statements.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

|                                                                                                                                                                          |                  |                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------------------------|
| <b>TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS</b>                                                                                                                        |                  | <b>\$ 10,700,478</b>                |
| Total net position reported for governmental activities in the statement of net position is different because:                                                           |                  |                                     |
| Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. |                  | 124,610,291                         |
| The County's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:               |                  |                                     |
| Net Pension Liability                                                                                                                                                    | \$ (6,887,491)   |                                     |
| Deferred Inflows of Resources - Pension Related                                                                                                                          | (4,403,731)      |                                     |
| Deferred Outflows of Resources - Pension Related                                                                                                                         | <u>3,030,936</u> | (8,260,286)                         |
| The County's Other Postemployment Benefit Liability and related deferred outflows are recorded only on the statement of net position. Balances at year-end are:          |                  |                                     |
| Other Postemployment Benefits Liability                                                                                                                                  | (1,254,683)      |                                     |
| Deferred Outflows of Resources - OPEB Related                                                                                                                            | <u>71,851</u>    | (1,182,832)                         |
| Other long-term assets (deferred inflows of resources) are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.  |                  |                                     |
| Taxes                                                                                                                                                                    | 229,959          |                                     |
| Grants                                                                                                                                                                   | 1,795,646        |                                     |
| Notes                                                                                                                                                                    | 311,383          |                                     |
| Special Assessments                                                                                                                                                      | <u>174,538</u>   | 2,511,526                           |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.                |                  |                                     |
| General Obligation Debt                                                                                                                                                  | (1,570,643)      |                                     |
| Other Long-term Obligations                                                                                                                                              | (186,184)        |                                     |
| Compensated Absences                                                                                                                                                     | (1,191,910)      |                                     |
| Accrued Interest Payable                                                                                                                                                 | <u>(18,723)</u>  | <u>(2,967,460)</u>                  |
| <b>TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES</b>                                                                                                                     |                  | <b><u><u>\$ 125,411,717</u></u></b> |

See accompanying Notes to Financial Statements

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2018**

|                                                         | Major Funds         |                     |                      | Other                 | Total                 |
|---------------------------------------------------------|---------------------|---------------------|----------------------|-----------------------|-----------------------|
|                                                         | General             | Human<br>Services   | Roads and<br>Bridges | Governmental<br>Funds | Governmental<br>Funds |
| <b>REVENUES</b>                                         |                     |                     |                      |                       |                       |
| Taxes                                                   | \$ 6,165,322        | \$ 1,249,345        | \$ 3,384,566         | \$ 543,400            | \$ 11,342,633         |
| Special Assessments                                     | 26,862              | -                   | -                    | 64,881                | 91,743                |
| Intergovernmental                                       | 3,187,468           | 2,354,771           | 14,358,474           | 299,598               | 20,200,311            |
| Licenses and Permits                                    | 60,903              | -                   | -                    | -                     | 60,903                |
| Public Charges for Services                             | 1,251,908           | 66,591              | 435,964              | 346,326               | 2,100,789             |
| Fines and Forfeits                                      | 7,573               | -                   | -                    | -                     | 7,573                 |
| Intergovernmental Charges for Services                  | 537,982             | -                   | -                    | -                     | 537,982               |
| Investments Earnings                                    | 215,792             | -                   | 10,096               | -                     | 225,888               |
| Miscellaneous                                           | 358,035             | 444,492             | 25,668               | 25,470                | 853,665               |
| Total Revenues                                          | <u>11,811,845</u>   | <u>4,115,199</u>    | <u>18,214,768</u>    | <u>1,279,675</u>      | <u>35,421,487</u>     |
| <b>EXPENDITURES</b>                                     |                     |                     |                      |                       |                       |
| <b>CURRENT</b>                                          |                     |                     |                      |                       |                       |
| General Government                                      | 4,742,679           | -                   | -                    | -                     | 4,742,679             |
| Public Safety                                           | 3,996,847           | -                   | -                    | -                     | 3,996,847             |
| Public Works                                            | 26,862              | -                   | 16,609,949           | 1,030,993             | 17,667,804            |
| Health                                                  | 1,730,592           | -                   | -                    | -                     | 1,730,592             |
| Human Services                                          | -                   | 4,349,675           | -                    | -                     | 4,349,675             |
| Culture, Recreation, and Education                      | 360,912             | -                   | -                    | 61,896                | 422,808               |
| Conservation and Development                            | 539,488             | -                   | -                    | 45,021                | 584,509               |
| <b>DEBT SERVICE</b>                                     |                     |                     |                      |                       |                       |
| Principal                                               | -                   | -                   | -                    | 258,317               | 258,317               |
| Interest                                                | -                   | -                   | -                    | 48,390                | 48,390                |
| Total Expenditures                                      | <u>11,397,380</u>   | <u>4,349,675</u>    | <u>16,609,949</u>    | <u>1,444,617</u>      | <u>33,801,621</u>     |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | 414,465             | (234,476)           | 1,604,819            | (164,942)             | 1,619,866             |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                     |                     |                      |                       |                       |
| Debt Issued                                             | -                   | -                   | -                    | 61,896                | 61,896                |
| <b>NET CHANGE IN FUND BALANCES</b>                      | 414,465             | (234,476)           | 1,604,819            | (103,046)             | 1,681,762             |
| Fund Balances - Beginning of Year                       | 3,803,963           | (593,789)           | 4,788,533            | 818,075               | 8,816,782             |
| Restatement                                             | -                   | -                   | -                    | 239,416               | 239,416               |
| Fund Balances - Beginning of Year, As Restated          | <u>3,803,963</u>    | <u>(593,789)</u>    | <u>4,788,533</u>     | <u>1,057,491</u>      | <u>9,056,198</u>      |
| Change in Inventory                                     | -                   | -                   | (37,482)             | -                     | (37,482)              |
| <b>FUND BALANCES - END OF YEAR</b>                      | <u>\$ 4,218,428</u> | <u>\$ (828,265)</u> | <u>\$ 6,355,870</u>  | <u>\$ 954,445</u>     | <u>\$ 10,700,478</u>  |

See accompanying Notes to Financial Statements

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE  
STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 1,681,762

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 those assets is allocated over their estimated useful lives and reported as depreciation expense.

|                                                                                    |                    |  |           |
|------------------------------------------------------------------------------------|--------------------|--|-----------|
| Expenditures for General Capital Assets, Infrastructure, and Other Related Capital |                    |  |           |
| Asset Adjustments                                                                  | \$ 9,253,434       |  |           |
| Current Year Depreciation                                                          | <u>(3,931,223)</u> |  | 5,322,211 |

Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources. 246,750

OPEB expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds. (46,142)

In the statement of activities, only the gain or loss on the disposal of capital assets are reported whereas in the governmental funds, the proceeds from the disposal increase financial resources. Therefore, the change in net position differs from the change in fund balance by the cost of the capital assets disposed of. (86,981)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. (4,962,510)

The issuance of long-term debt provides current financial resources to governmental funds but issuing debt increases liabilities in the statement of net position. The net proceeds for debt issuances are:  
Loans (61,896)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

|                          |               |  |         |
|--------------------------|---------------|--|---------|
| Principal Repayments:    |               |  |         |
| General Obligation Bonds | 215,000       |  |         |
| Revenue Notes            | 7,407         |  |         |
| Loan Payments            | <u>35,910</u> |  | 258,317 |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

|                                    |        |
|------------------------------------|--------|
| Change in Accrued Interest Payable | 5,693  |
| Change in Compensated Absences     | 10,814 |

The change in inventory is reported as a change in fund balance in the fund level financial statement but is a change in expense in the government-wide statements. (37,482)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 2,330,536

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
DECEMBER 31, 2018**

**ASSETS**

|                            |                          |
|----------------------------|--------------------------|
| Cash and Cash Equivalents  | \$ 901,086               |
| Accounts Receivable        | 56,219                   |
| Due from Other Governments | <u>22,798</u>            |
| Total Assets               | <u><u>\$ 980,103</u></u> |

**LIABILITIES**

|                          |                          |
|--------------------------|--------------------------|
| Accounts Payable         | \$ 210,325               |
| Due to Clients           | 13,169                   |
| Due to Other Governments | <u>756,609</u>           |
| Total Liabilities        | <u><u>\$ 980,103</u></u> |

*See accompanying Notes to Financial Statements*

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**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Fillmore 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. Financial Reporting Entity**

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Fillmore County 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 January annual meeting. The County policy coordinator, appointed by the board, serves as the clerk of the board of commissioners but has no vote.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The County has no component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges to external parties for support. The County does not engage in any business-type activities.

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. *Program revenues* include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Preparation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as needed.

The government reports the following major governmental funds:

The *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 and reported in another fund.

The *Human Services* special revenue fund accounts for and reports resources restricted or committed to supporting expenditures for social service and income maintenance programs.

The *Roads and Bridges* special revenue fund accounts for and reports resources restricted or committed to supporting expenditures for construction, reconstruction, and maintenance of County state-aid highways, County highways, County bridges and work done for local municipalities.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Preparation (Continued)**

In addition, Fillmore County reports the following fund type:

Agency funds account for resources held on behalf of special districts, retirement boards and insurance groups that use the County as a depository, for the collections received and due to the state and for the collection and distribution of property taxes to school districts, towns, and cities. Agency funds are custodial in nature and do not present results of operations or have a measurement focus.

**D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance**

1. Cash and Investments

Cash balances of the County's funds are combined (pooled) and invested to the extent available in various deposits and investments authorized by Minnesota State Statutes. Each fund shares in the investment earnings according to its average cash and investments balance. Cash includes amounts in demand deposits, as well as short-term investments with an original maturity date within three months of the date acquired by the County.

Fillmore County has adopted an investment policy. That policy follows state statutes for allowable investments. The policy also follows state statutes to address custodial credit risk by requiring the County Treasurer to monitor collateral to ensure it is held in safekeeping by a third-party and it is at least 10% greater than the amount on deposit. The policy also requires that County deposits be held in qualifying financial institutions within the County, and that they be diversified to reduce the concentration of credit risk.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated to the general fund. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Fillmore County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to MN Statutes § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission. The investment in the pool is measured at amortized cost.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance (Continued)**

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Under the modified accrual basis of accounting, some revenues are susceptible to accrual while others are not. Major revenues treated as susceptible to accrual are: property taxes, special assessments, and state and federal aids. All receivables are reported at their gross value and, if appropriate, reduced by the estimated portion that is expected to be uncollectible. The County has determined that no portion of receivables is expected to be uncollectible and, therefore, no allowance for uncollectible receivables have been provided.

Interest and certain receivables are recorded as revenue in the year that the interest is earned and is available to pay liabilities of the current period.

Property Taxes. The County levies and collects property taxes and special assessments for all governmental units within the County. Property tax collections and payments to other governmental units are accounted for in agency funds. Property taxes and special assessments are billed to individual property owners within the County annually, and for the most part, are due and payable in January but may be paid in two equal installments on or before May 15 and October 15 without penalty. The County is required to distribute the collections to the various governmental units three times each year on a schedule prescribed in MN 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 the second half payment due October 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable. 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.

3. Inventories

All inventories are valued at the lower of cost (average cost method) or net realizable value. Inventories of governmental funds are recorded as expenditures when consumed.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance (Continued)**

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1 for land, \$5,000 for machinery and equipment, \$25,000 for Land improvements, Buildings, Buildings Improvements, and \$50,000 for Road and Bridges (Infrastructure) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (entry price) at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

| Assets                              | Years |
|-------------------------------------|-------|
| Buildings and Building Improvements | 15-50 |
| Land Improvements                   | 15-50 |
| Roads                               | 50    |
| Bridges                             | 75    |
| Machinery, Equipment, and Vehicles  | 3-15  |

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or governmental balance sheet will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow (expense/expenditure) until then. The County has two items that qualify for reporting as this element – pension-related deferred outflows or resources and OPEB-related deferred outflows of resources. Both of these deferred outflows or resources will be recognized as expenses of governmental activities in subsequent years.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance (Continued)**

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position or the governmental balance sheet will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category. *Unavailable revenue* arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is only reported on the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available. The other item is pension-related and will be recognized as expenses of governmental activities in subsequent years.

6. Vacation, Sick Leave, and Compensated Absences

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources. The County's compensated absences are liquidated by the General Fund, Roads and Bridges Fund and Human Services Fund.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2018 are determined on the basis of current salary rates and include salary related payments.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance (Continued)**

7. Long-Term Obligations (Continued)

Bond premiums and discounts are deferred and amortized over the life of the bonds and issuance costs are expensed in the period incurred. In the fund financial statements, governmental fund types recognize premiums received on debt issuances as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Other Postemployment Benefits

During the year ended December 31, 2018, the County adopted new accounting guidance by implementing the provisions of GASB statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement modifies the measures of other postemployment benefits (OPEB) to recognize the full long-term obligation for OPEB benefits as a liability on their financial statements for the first time and to more comprehensively and comparably measure the annual costs of OPEB benefits.

9. Pensions

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. The pension liability is liquidated through the General Fund, Roads and Bridges Fund, and the Human Services Fund.

10. Fund Balance and Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. It is the County's policy to spend restricted net position before unrestricted net position. Fund balance is reported in classifications that describe the relative strength of the spending constraints:

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance (Continued)**

10. Fund Balance and Net Position (Continued)

- Nonspendable fund balance—amounts that are not in spendable form (such as prepaid items) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e., County Board). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.
- Assigned 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 can assign amounts for a specific purpose. 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.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

The County Board has approved maintaining approximately 50% of budgeted expenditures in fund balance for cash flow purposes.

11. Use of Estimates

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



**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Fund Equity**

The following fund had a deficit fund balance as of December 31, 2018:

|                     |                   |
|---------------------|-------------------|
| Human Services Fund | <u>\$ 828,265</u> |
|---------------------|-------------------|

The Human Services fund's deficit will be eliminated with future revenues or transfers from the General fund.

**B. Excess of Expenditures over Appropriations**

The following funds had expenditures in excess of budget at the fund level for the year ended December 31, 2018:

|                        | <u>Expenditures</u> | <u>Final Budget</u> | <u>Excess</u> |
|------------------------|---------------------|---------------------|---------------|
| General                | \$ 11,397,380       | \$ 11,208,085       | \$ 189,295    |
| Human Services Fund    | 4,349,675           | 3,814,026           | 535,649       |
| Roads and Bridges Fund | 16,609,949          | 14,615,667          | 1,994,282     |
| Sanitation Fund        | 809,743             | 642,221             | 167,522       |
| Debt Service Fund      | 261,802             | 261,306             | 496           |

The excess expenditures were funded with existing fund balance and greater than anticipated revenues.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

A reconciliation of the County's total cash and investments to the basic financial statements follows:

|                                        |                      |
|----------------------------------------|----------------------|
| Statement of Net Position              |                      |
| Cash and Cash Equivalents              | \$ 10,450,759        |
| Statement of Fiduciary Net Position    |                      |
| Agency Funds Cash and Cash Equivalents | 901,086              |
| Total Deposits                         | <u>\$ 11,351,845</u> |
| Deposits                               | \$ 6,820,477         |
| Investments                            | 4,531,368            |
| Total                                  | <u>\$ 11,351,845</u> |

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

1. Deposits

Minnesota Statutes require all deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral includes: U.S. government treasury bills, notes, or bonds issues of U.S. government agency; general obligation of the state or local government rated "A" or better; revenue obligations of the state or local government rated "AA" or better; irrevocable standby letters of credit issue by the Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. It is the County's policy to minimize deposit custodial credit risk by obtaining collateral or bonds for all uninsured amounts on deposit. As of December 31, 2018, none of the County's bank balances were exposed to custodial credit risk.

2. Investments

Minnesota Statutes §§118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minnesota Statutes §118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the state of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

2 Investments (Continued)

(6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk – interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a national recognized statistical rating organization. It is the County’s policy to invest only in securities that meet the ratings requirement set by state statute.

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities in the possession of than outside party. The County’s policy is to minimize investment custodial credit risk by permitting brokers that obtained investments for the County to hold them only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage available. At December 31, 2018, none of the County’s investments were subject to custodial credit risk.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the County’s investment in a single issuer. The County does not have a policy on concentration of credit risk.

At December 31, 2018, the County had the following investments:

|                                                                                    |                       |
|------------------------------------------------------------------------------------|-----------------------|
|                                                                                    | Less than<br>One Year |
| MN Association of Governments Investing<br>for Counties (MAGIC) Fund:<br>Portfolio | \$ 4,531,368          |

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

2 Investments (Continued)

Fair Value Measurements

MAGIC Portfolio is valued using amortized cost. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet their redemption request. The MAGIC Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment in the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its net asset value not reasonably practical.

**B. Receivables**

Receivables as of December 31, 2018, for the County's governmental activities are as follows. There is no allowance as of December 31, 2018.

|                               | Receivable          | Amounts Not<br>Scheduled for<br>Collection During<br>the Subsequent Year |
|-------------------------------|---------------------|--------------------------------------------------------------------------|
| Governmental Activities:      |                     |                                                                          |
| Taxes Receivable              | \$ 229,959          | \$ -                                                                     |
| Accounts Receivable           | 129,834             | -                                                                        |
| Due From Other Governments    | 2,982,085           | -                                                                        |
| Special Assessments           | 174,538             | 124,044                                                                  |
| Notes Receivable              | 361,383             | 336,383                                                                  |
| Accrued Interest Receivable   | 15,649              | -                                                                        |
| Total Governmental Activities | <u>\$ 3,893,448</u> | <u>\$ 460,427</u>                                                        |

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B Receivables (Continued)**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

|                          | Delinquent<br>Taxes | Special<br>Assessments | Grants              | Notes             | Total               |
|--------------------------|---------------------|------------------------|---------------------|-------------------|---------------------|
| General Fund             | \$ 154,665          | \$ 174,538             | \$ -                | \$ -              | \$ 329,203          |
| Human Services Fund      | 23,894              | -                      | -                   | -                 | 23,894              |
| Roads and Bridges Fund   | 41,037              | -                      | 1,795,646           | -                 | 1,836,683           |
| Other Governmental Funds | 10,363              | -                      | -                   | 311,383           | 321,746             |
| Total                    | <u>\$ 229,959</u>   | <u>\$ 174,538</u>      | <u>\$ 1,795,646</u> | <u>\$ 311,383</u> | <u>\$ 2,511,526</u> |

**C. Capital Assets**

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

|                                              | Beginning<br>Balance  | Additions           | Deletions         | Reclassification   | Ending<br>Balance     |
|----------------------------------------------|-----------------------|---------------------|-------------------|--------------------|-----------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>               |                       |                     |                   |                    |                       |
| Capital Assets, Not Being Depreciated        |                       |                     |                   |                    |                       |
| Construction in Progress                     | \$ 4,266,263          | \$ 8,426,257        | \$ 632,916        | \$ 1,990,633       | \$ 14,050,237         |
| Land                                         | 399,669               | -                   | -                 | -                  | 399,669               |
| Total Capital Assets, Not Being Depreciated  | <u>4,665,932</u>      | <u>8,426,257</u>    | <u>632,916</u>    | <u>1,990,633</u>   | <u>14,449,906</u>     |
| Capital Assets, Being Depreciated            |                       |                     |                   |                    |                       |
| Infrastructure                               | 173,676,382           | 594,193             | -                 | (1,990,633)        | 172,279,942           |
| Machinery and Equipment                      | 12,016,331            | 865,900             | 35,965            | (523,463)          | 12,322,803            |
| Total Capital Assets, Being Depreciated      | <u>185,692,713</u>    | <u>1,460,093</u>    | <u>35,965</u>     | <u>(2,514,096)</u> | <u>184,602,745</u>    |
| Less: Accumulated Depreciation For           |                       |                     |                   |                    |                       |
| Infrastructure                               | 62,210,310            | 3,381,884           | -                 | (50,349)           | 65,541,845            |
| Machinery and Equipment                      | 8,773,274             | 549,339             | 29,965            | (392,133)          | 8,900,515             |
| Total Accumulated Depreciation               | <u>70,983,584</u>     | <u>3,931,223</u>    | <u>29,965</u>     | <u>(442,482)</u>   | <u>74,442,360</u>     |
| Total Capital Assets, Being Depreciated, Net | <u>114,709,129</u>    | <u>(2,471,130)</u>  | <u>6,000</u>      | <u>(2,071,614)</u> | <u>110,160,385</u>    |
| Governmental Activities Capital Assets, Net  | <u>\$ 119,375,061</u> | <u>\$ 5,955,127</u> | <u>\$ 638,916</u> | <u>\$ (80,981)</u> | <u>\$ 124,610,291</u> |

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the government as follows:

|                            |                     |
|----------------------------|---------------------|
| Governmental Activities    |                     |
| General Government         | \$ 135,504          |
| Public Safety              | 126,064             |
| Public Works               | 3,664,085           |
| Human Services             | 5,570               |
| Total Depreciation Expense | <u>\$ 3,931,223</u> |

**D. Long-Term Liabilities**

Changes in Long-term Liabilities. During the year ended December 31, 2018, the following changes occurred in long-term liabilities:

|                               | Beginning<br>Balance<br>As Restated | Additions         | Reductions          | Ending<br>Balance   | Due Within<br>One Year |
|-------------------------------|-------------------------------------|-------------------|---------------------|---------------------|------------------------|
| General Obligation Debt       |                                     |                   |                     |                     |                        |
| Bonds Payable                 |                                     |                   |                     |                     |                        |
| Refunding Bond Payable        | \$ 1,670,000                        | \$ -              | \$ 215,000          | \$ 1,455,000        | \$ 225,000             |
| Revenue Notes                 | 123,050                             | -                 | 7,407               | 115,643             | 7,452                  |
| Total General Obligation Debt | <u>1,793,050</u>                    | <u>-</u>          | <u>222,407</u>      | <u>1,570,643</u>    | <u>232,452</u>         |
| Other Long-Term Debt          |                                     |                   |                     |                     |                        |
| MPCA Loan                     | 10,001                              | -                 | 10,001              | -                   | -                      |
| AgBMP Loan                    | 150,197                             | 61,896            | 25,909              | 186,184             | 50,147                 |
| Compensated Absences          | 1,202,724                           | 731,957           | 742,771             | 1,191,910           | 791,461                |
| Total Other Long-Term Debt    | <u>1,362,922</u>                    | <u>793,853</u>    | <u>778,681</u>      | <u>1,378,094</u>    | <u>841,608</u>         |
| Total Long-Term Debt          | <u>\$ 3,155,972</u>                 | <u>\$ 793,853</u> | <u>\$ 1,001,088</u> | <u>\$ 2,948,737</u> | <u>\$ 1,074,060</u>    |

**1. General Obligation Debt**

General obligation debt payable for the County as of December 31, 2018, consists of the following:

| Types of Indebtedness         | Final<br>Maturity | Annual<br>Installment<br>Amounts | Interest<br>Rate (%) | Original<br>Issues<br>Amount | Balance<br>December 31,<br>2018 |
|-------------------------------|-------------------|----------------------------------|----------------------|------------------------------|---------------------------------|
| Refunding Bonds 2010A         | 2/1/2024          | \$165,000-<br>\$260,000          | 2.0-3.25%            | \$ 2,830,000                 | \$ 1,455,000                    |
| Revenue Notes                 | 8/20/2033         | \$8,281- \$9,886                 | 1%                   | 147,801                      | 115,643                         |
| Total General Obligation Debt |                   |                                  |                      | <u>\$ 2,977,801</u>          | <u>\$ 1,570,643</u>             |

General obligation debt are direct obligations and pledge the full faith and credit of the County. The bonds will be retired by future property tax levies accumulated by the debt service fund. The revenue notes are paid out of the greenleafon septic loan program fund.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Liabilities (Continued)**

2. Debt Service Requirements

Debt service requirements at December 31, 2018, were as follows:

Governmental Activities

| Year Ending<br>December 31, | Refunding Bonds     |                   | Revenue Notes     |                 |
|-----------------------------|---------------------|-------------------|-------------------|-----------------|
|                             | Principal           | Interest          | Principal         | Interest        |
| 2019                        | \$ 225,000          | \$ 40,743         | \$ 7,452          | \$ 1,138        |
| 2020                        | 230,000             | 34,428            | 6,725             | 1,065           |
| 2021                        | 240,000             | 27,550            | 6,793             | 997             |
| 2022                        | 250,000             | 20,138            | 6,858             | 929             |
| 2023                        | 250,000             | 12,388            | 6,929             | 861             |
| 2024-2028                   | 260,000             | 4,225             | 35,704            | 3,246           |
| 2029-2033                   | -                   | -                 | 45,182            | 1,480           |
| Total                       | <u>\$ 1,455,000</u> | <u>\$ 139,472</u> | <u>\$ 115,643</u> | <u>\$ 9,716</u> |

3. Other Long-Term Debt

The County entered into a loan agreement with the Minnesota Pollution Control Agency (MPCA) to provide loans to eligible participants to upgrade their septic systems. The loan funds were disbursed to the County as the County made loans to eligible participants. The loan was closed during 2009, with the final loan amount of \$162,488. The loans were paid off in 2019.

The County has also entered into an agreement with the Minnesota Department of Agriculture to provide loans to eligible farmers, rural landowners and agriculture supply businesses for projects that mitigate nonpoint source pollution and other adverse environmental impacts (AGBMP). The Department of Agriculture disburses funds to the County as the loans are made, and all funds provided to the County must be repaid, at no interest, to the Department of Agriculture.

Estimated debt service requirements to maturity for the loans are as follows:

| Year Ending<br>December 31, | AGBMP Loan Fund   |             |
|-----------------------------|-------------------|-------------|
|                             | Principal         | Interest    |
| 2019                        | \$ 50,147         | \$ -        |
| 2020                        | 16,412            | -           |
| 2021                        | 26,976            | -           |
| 2022                        | 25,045            | -           |
| 2023                        | 24,326            | -           |
| 2024-2028                   | 36,418            | -           |
| 2029                        | 6,860             | -           |
| Total                       | <u>\$ 186,184</u> | <u>\$ -</u> |

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Inter-Fund Balances and Transfers**

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 Fund | \$ 895,774        |
| Road and Bridge Fund | General Fund        | 2,744             |
| Road and Bridge Fund | Human Services Fund | 75                |
| Road and Bridge Fund | Sanitation Fund     | 258               |
|                      | Total               | <u>\$ 898,851</u> |

The interfund balances resulted from the time lag between the dates that payments between the funds were made and is expected to be repaid within one year.

**F. Fund Balances and 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                              | \$ 14,050,237         |
| Land                                                  | 399,669               |
| Other Capital Assets, Net of Accumulated Depreciation | 110,160,385           |
| Less: Related General Obligation Debt Outstanding     | (1,455,000)           |
| Total Net Investment in Capital Assets                | <u>123,155,291</u>    |
| Restricted for:                                       |                       |
| Debt Service                                          | 248,085               |
| General Government                                    | 345,121               |
| Roads and Bridges                                     | 3,811,182             |
| Public Safety                                         | 428,199               |
| Other Purposes                                        | 56,576                |
| Total Restricted                                      | <u>4,889,163</u>      |
| Unrestricted                                          | <u>(2,632,737)</u>    |
| Total Governmental Activities Net Position            | <u>\$ 125,411,717</u> |



**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Fund Balances and Net Position (Continued)**

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

|                                  | General<br>Fund     | Human<br>Services   | Roads and<br>Bridges | Other<br>Governmental<br>Funds | Total                |
|----------------------------------|---------------------|---------------------|----------------------|--------------------------------|----------------------|
| Nonspendable:                    |                     |                     |                      |                                |                      |
| Inventories                      | \$ -                | \$ -                | \$ 220,315           | \$ 6,165                       | \$ 226,480           |
| Prepaid Items                    | 39,342              | -                   | -                    | -                              | 39,342               |
| Total Nonspendable               | <u>39,342</u>       | <u>-</u>            | <u>220,315</u>       | <u>6,165</u>                   | <u>265,822</u>       |
| Restricted for:                  |                     |                     |                      |                                |                      |
| Statutory Requirements           | 829,795             | -                   | -                    | -                              | 829,795              |
| Debt Service                     | -                   | -                   | -                    | 266,808                        | 266,808              |
| Local Road Improvement           | -                   | -                   | 2,015,536            | -                              | 2,015,536            |
| Total Restricted                 | <u>829,795</u>      | <u>-</u>            | <u>2,015,536</u>     | <u>266,808</u>                 | <u>3,112,139</u>     |
| Committed to:                    |                     |                     |                      |                                |                      |
| Airport State/Federal Match      | -                   | -                   | -                    | 100,000                        | 100,000              |
| Law Enforcement Building Remodel | 900,000             | -                   | -                    | -                              | 900,000              |
| Special Grant Projects           | 200,000             | -                   | -                    | -                              | 200,000              |
| County Projects                  | 200,000             | -                   | -                    | -                              | 200,000              |
| Interoperable Communications     | 200,000             | -                   | -                    | -                              | 200,000              |
| Veterans Home                    | 350,000             | -                   | -                    | -                              | 350,000              |
| Building Maintenance             | 250,000             | -                   | -                    | -                              | 250,000              |
| Total Committed                  | <u>2,100,000</u>    | <u>-</u>            | <u>-</u>             | <u>100,000</u>                 | <u>2,200,000</u>     |
| Assigned to:                     |                     |                     |                      |                                |                      |
| Compensated Absences             | 637,729             | -                   | 303,316              | 6,482                          | 947,527              |
| Road and Bridge                  | -                   | -                   | 3,816,703            | -                              | 3,816,703            |
| Sanitation                       | -                   | -                   | -                    | 292,091                        | 292,091              |
| Airport                          | -                   | -                   | -                    | 119,814                        | 119,814              |
| Economic Development             | -                   | -                   | -                    | 55,355                         | 55,355               |
| Other Activities                 | -                   | -                   | -                    | 107,730                        | 107,730              |
| Total Assigned                   | <u>637,729</u>      | <u>-</u>            | <u>4,120,019</u>     | <u>581,472</u>                 | <u>5,339,220</u>     |
| Unassigned (Deficit)             | <u>611,562</u>      | <u>(828,265)</u>    | <u>-</u>             | <u>-</u>                       | <u>(216,703)</u>     |
| Total Fund Balances (Deficit)    | <u>\$ 4,218,428</u> | <u>\$ (828,265)</u> | <u>\$ 6,355,870</u>  | <u>\$ 954,445</u>              | <u>\$ 10,700,478</u> |

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4 PENSION PLANS**

**A. 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 either the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Plan

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

3. Public Employees Correctional Fund

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

**B. Benefits Provided**

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

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

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.

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 10 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.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

2. Police and Fire Plan Benefits (Continued)

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 1%. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

3. Correctional Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Correctional Plan benefit recipients receive a future annual 2.5% increase. If 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.

**C. 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, 2019, were \$494,626. The County's contributions were equal to the required contributions as set by state statute.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4 PENSION PLANS (CONTINUED)**

**C. Contributions (Continued)**

2. Police and Fire Fund Contributions

Plan members were required to contribute 10.8% 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 \$193,965. The County's contributions were equal to the required contributions as set by state statute.

3. Correctional Fund Contributions

Plan members were required to contribute 5.83% of their annual covered salary and the County was required to contribute 8.75% of pay for plan members in fiscal year 2018. The County's contributions to the Correctional Fund for the year ended December 31, 2018, were \$32,252. The County's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

1. General Employees Fund Pension Costs

At December 31, 2018, the County reported a liability of \$5,564,233 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 nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the County totaled \$182,534. 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 .100% which was an increase of .002% from its proportionate share measured as of June 30, 2017.

|                                                           |    |           |
|-----------------------------------------------------------|----|-----------|
| County's Proportionate Share of the Net Pension Liability | \$ | 5,564,233 |
| State's Proportionate Share of the Net Pension Liability  |    | 182,534   |
| Total                                                     | \$ | 5,746,767 |

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**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

1. General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2018, the County recognized pension expense of \$424,846 for its proportionate share of the General Employee Plan's pension expense. In addition, the County recognized an additional \$42,567 as revenue, which results in a reduction of net pension liability, 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 Employee Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description                                                                         | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|-------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences Between Expected and Actual<br>Economic Experience                      | \$ 147,276                        | \$ 162,285                       |
| Changes in Actuarial Assumptions                                                    | 531,525                           | 625,152                          |
| Net Difference Between Projected and Actual<br>Earnings on Pension Plan Investments | -                                 | 568,576                          |
| Changes in Proportion                                                               | 105,624                           | 65,934                           |
| County Contributions Subsequent to the<br>Measurement Date                          | 255,675                           | -                                |
| Total                                                                               | <u>\$ 1,040,100</u>               | <u>\$ 1,421,947</u>              |

The \$255,675 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 Ending December 31 | Pension Expenses<br>Amount |
|-------------------------|----------------------------|
| 2019                    | \$ 171,883                 |
| 2020                    | (277,036)                  |
| 2021                    | (416,283)                  |
| 2022                    | (116,086)                  |

**FILLMORE COUNTY  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

2. Police and Fire Fund Pension Costs

At December 31, 2018, the County reported a liability of \$1,293,999 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 .121% which was an increase of .001% from its proportionate share measured as of June 30, 2017. The County also recognized \$10,926 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 \$122,193 for its proportionate share of the Police and Fire Plan's pension expense.

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:

| Description                                                | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences Between Expected and Actual                    |                                   |                                  |
| Economic Experience                                        | \$ 52,155                         | \$ 317,451                       |
| Changes in Actuarial Assumptions                           | 1,608,762                         | 1,904,936                        |
| Net Difference Between Projected and Actual                |                                   |                                  |
| Earnings on Pension Plan Investments                       | -                                 | 271,032                          |
| Changes in Proportion                                      | 21,133                            | 76,139                           |
| County Contributions Subsequent to the<br>Measurement Date | 99,346                            | -                                |
| Total                                                      | <u>\$ 1,781,396</u>               | <u>\$ 2,569,558</u>              |

**FILLMORE COUNTY  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

2. Police and Fire Fund Pension Costs (Continued)

The \$99,346 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 Ending December 31 | Pension Expense<br>Amount |
|-------------------------|---------------------------|
| 2019                    | \$ (54,952)               |
| 2020                    | (115,036)                 |
| 2021                    | (203,910)                 |
| 2022                    | (513,569)                 |
| 2023                    | (41)                      |

3. Correctional Plan Pension Costs

At December 31, 2018, the County reported a liability of \$29,259 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Fillmore County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the County's proportion was 0.178%, which was an increase of 0.018% from the prior year.

For the year ended December 31, 2018, the County recognized pension expense (revenue) of (\$36,311) for its proportionate share of the Correctional Plan's pension expense.



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**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

3. Correctional Plan Pension Costs (Continued)

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

| Description                                                | Deferred Outflows<br>of Resources | Deferred Inflows of<br>Resources |
|------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences Between Expected and Actual                    |                                   |                                  |
| Economic Experience                                        | \$ 1,528                          | \$ 3,127                         |
| Changes in Actuarial Assumptions                           | 138,020                           | 338,306                          |
| Net Difference Between Projected and Actual                |                                   |                                  |
| Earnings on Pension Plan Investments                       | -                                 | 33,200                           |
| Changes in Proportion                                      | 52,424                            | 37,593                           |
| County Contributions Subsequent to the<br>Measurement Date | 17,468                            | -                                |
| Total                                                      | <u>\$ 209,440</u>                 | <u>\$ 412,226</u>                |

The \$17,468 reported as deferred outflows of resources related to pensions resulting from County's 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 Ending December 31 | Pension Expense<br>Amount |
|-------------------------|---------------------------|
| 2019                    | \$ 12,100                 |
| 2020                    | (130,760)                 |
| 2021                    | (95,468)                  |
| 2022                    | (6,126)                   |

**Total Pension Expense**

At December 31, 2018, the County reported the following aggregate amounts related to pensions for all plans to which it contributes:

|                                | General<br>Employees<br>Retirement<br>Plan | Public<br>Employees<br>Police and<br>Fire Fund | Correctional<br>Fund | Total        |
|--------------------------------|--------------------------------------------|------------------------------------------------|----------------------|--------------|
| Net Pension Liability          | \$ 5,564,233                               | \$ 1,293,999                                   | \$ 29,259            | \$ 6,887,491 |
| Deferred Outflows of Resources | 1,040,100                                  | 1,781,396                                      | 209,440              | 3,030,936    |
| Deferred Inflows of Resources  | 1,421,947                                  | 2,569,558                                      | 412,226              | 4,403,731    |
| Pension Expense                | 467,413                                    | 122,193                                        | (36,311)             | 553,295      |

**FILLMORE COUNTY  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

|                           |                 |
|---------------------------|-----------------|
| Inflation                 | 2.50%, Per Year |
| Salary Increases          | 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 disabilityants 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, 1.0% per year for the Police and Fire Plan, and 2.0% per year for the Correctional Plan.

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

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

**General Employees Fund**

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed 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.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**E. Actuarial Assumptions (Continued)**

**General Employees Fund (Continued)**

Changes in Plan Provisions (Continued):

- 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.

**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.

**Correctional Fund**

Changes in Actuarial Assumptions:

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

**FILLMORE COUNTY  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**E. Actuarial Assumptions (Continued)**

**Correctional Fund (Continued)**

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Post-retirement benefit increases were changed from 2.5% per year with a provision to reduce to 1.0% if the funding status declines to a certain level, to 100% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 2.5%, beginning January 1, 2019. If the funding status declines to 85% for two consecutive years or 80% for one year, the maximum increase will be lowered to 1.5%.
- 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<br>Expected Real Rate<br>of Return |
|----------------------|-------------------|----------------------------------------------|
| Domestic Stock       | 36 %              | 5.10                                         |
| International Stocks | 17                | 5.30                                         |
| Bonds                | 20                | 0.75                                         |
| Alternative Assets   | 25                | 5.90                                         |
| Cash                 | 2                 | 0.00                                         |
| Totals               | 100 %             |                                              |

**FILLMORE COUNTY  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**F. Discount Rate**

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

**G. 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:

| Description           | General Employees Fund |              | Police and Fire Fund |              | Correctional Fund |            |
|-----------------------|------------------------|--------------|----------------------|--------------|-------------------|------------|
| 1% Lower              | 6.50%                  | \$ 9,042,591 | 6.50%                | \$ 2,774,415 | 6.50%             | \$ 250,408 |
| Current Discount Rate | 7.50%                  | 5,564,233    | 7.50%                | 1,293,999    | 7.50%             | 29,259     |
| 1% Higher             | 8.50%                  | 2,692,948    | 8.50%                | 69,756       | 8.50%             | (147,653)  |

**H. Pension Liability Sensitivity**

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

**NOTE 5 DEFINED CONTRIBUTION PLAN**

Two board members of the County are covered by the Public Employees 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.

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**NOTE 5 DEFINED CONTRIBUTION PLAN (CONTINUED)**

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 ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. 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 25 hundredths of 1% (0.25%) of the assets in each member's account annually.

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

| Contribution Amount |          | Percentage of Covered Payroll |          | Required Rate |
|---------------------|----------|-------------------------------|----------|---------------|
| Employee            | Employer | Employee                      | Employer |               |
| \$7,168             | \$7,168  | 5%                            | 5%       | 5%            |

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS**

**A. Plan Description**

All employees are allowed, upon meeting the eligibility requirements under Minnesota Statutes §471.61 subdivision 2b, to participate in the County's health insurance plan after retirement. This plan covers active and retired employees. Benefit provisions are established through negotiations between the County and the union representing County employees and are negotiated at the end of each contract period. The implicit rate subsidy is only until Medicare eligibility. The retiree health plan does not issue a publicly available financial report. As of January 1, 2018 there were 147 active participants and 6 retirees receiving payments.

**B. Benefits Provided**

Law enforcement and fire personnel who are at least 50 years of age upon retirement (age 55 for all other County employees), with a minimum of five years of service to the County are eligible to remain on the County's medical, dental and life insurance until Medicare-eligible. The service requirement is a minimum of three years for employees hired before July 1, 2010. The service requirement for law enforcement and fire personnel hired after June 20, 2014 is ten years. There are no subsidized postemployment medical, dental or life insurance benefits except for an Early Retirement Program (ERIP) for employees who retire after attaining PERA eligibility with at least eight years of service to the County. Employees retiring under ERP provisions have a choice of either receiving County paid full single medical insurance premiums for the lowest cost medical plan, or contributions of \$350 per month payable to a health reimbursement account (both contributions are paid one month for each year of service with a minimum of eight months and a maximum of 24 months).

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**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**C. Funding Policy**

The County's OPEB plan is financed on a pay-as-you-go basis. The County has not assets accumulated in a trust that meets the criteria in GASB 75.

**D. Actuarial Methods and Assumptions**

The County's OPEB liability was measured as of January 1, 2018.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                            |                                             |
|----------------------------|---------------------------------------------|
| Actuarial Cost Method      | Entry Age                                   |
| Amortization Method        | Level Percentage of Pay                     |
| Inflation                  | 2.50%                                       |
| Healthcare Cost Trend Rate | 6.50% in 2018 grading to 5.00% over 6 years |
| Salary Increases           | 3.00%                                       |
| Discount Rate              | 3.30%                                       |

Mortality rates were based on the RP-2014 white collar mortality tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2017.

The discount rate used to measure the total OPEB liability was 3.3%. The discount rate is equal to the 20-Year Municipal Bond Yield.

Since the most recent OPEB valuation, the following assumption changes have been made:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for all employees were updated.
- The discount rate was changed from 4.0% to 3.30%.

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**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**D. Actuarial Methods and Assumptions (Continued)**

- Retirees eligible to receive a benefit under the Early Retirement Incentive Plan can either elect to receive County paid single medical premiums or \$350 per month paid to a Health Reimbursement Account (HRA). We have assumed 100% of future retirees will elect to receive the County paid single medical premiums. As of January 1, 2015, we assumed 50% would elect the medical premiums and 50% would receive the \$350 per month HRA payments.

**E. Changes in Total OPEB Liability**

|                                    | <u>Total OPEB liability</u> |
|------------------------------------|-----------------------------|
| Balance as of January 1, 2018      | \$ 1,215,619                |
| Changes for the Year:              |                             |
| Service Cost                       | 76,640                      |
| Interest                           | 41,353                      |
| Benefit Payments                   | (78,929)                    |
| Net Change in Total OPEB Liability | 39,064                      |
| Balance as of December 31, 2018    | \$ 1,254,683                |

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

|                      | <u>1% Decrease (2.30%)</u> | <u>Discount Rate<br/>(3.30%)</u> | <u>1% Increase (4.30%)</u> |
|----------------------|----------------------------|----------------------------------|----------------------------|
| Total OPEB Liability | \$ 1,339,036               | \$ 1,254,683                     | \$ 1,175,446               |

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.5% decreasing to 4.00% over six years) or 1% higher (7.5% decreasing to 6.00% over six years) than the current healthcare cost trend rates:

|                      | <u>1% Decrease (5.50%<br/>Decreasing to 4.00%)</u> | <u>Current Trend Rates<br/>(6.50% Decreasing to<br/>5.00%)</u> | <u>1% Increase (7.50%<br/>Decreasing to 6.00%)</u> |
|----------------------|----------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------|
| Medical Trend Rate   | \$ 1,141,071                                       | \$ 1,254,683                                                   | \$ 1,387,457                                       |
| Total OPEB Liability | \$ 1,141,071                                       | \$ 1,254,683                                                   | \$ 1,387,457                                       |

For the year ended December 31, 2018, the County recognized OPEB expense of \$117,993. At December 31, 2018, the County reported no deferred inflows of resources, and \$95,347 in deferred outflows of resources resulting from County contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019. The total OPEB liability of \$1,254,683 at December 31, 2019 includes the current portion of \$71,851.



**FILLMORE COUNTY  
PRESTON, MINNESOTA  
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**NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS**

**A. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters 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 Worker's Compensation and Property and Casualty Divisions. For other risk, the County carries commercial insurance. There were no significant reductions in insurance form 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 other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2018. Should the MCIT Workers' Compensation Division liabilities exceed assets MCIT may assess the County in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining and the County pays an annual premium to cover current and future losses. The MCIT carries reinsurance for it 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.

**B. Contingencies**

The County participates in a number of federal and state programs that are either partially or fully funded by grants or aids received from these agencies or other governmental units. Such programs are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant. Based on past experience, the County believes that any disallowed costs as a result of such audits will be immaterial.

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**NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**C. Joint Ventures**

1. Southeast Minnesota Emergency Communications Board

The Southeast Minnesota Emergency Communications Board was established April 16, 2008, and provided by Minnesota Statutes §§ 403.39 and 471.59. These joint powers between Dodge, Fillmore, freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties and the City of Rochester serves to provide regional administration of enhancement to the Allied Radio Matrix for Emergency Response (ARMER) system owned and operated by the state of Minnesota and enhance and improve interoperable public safety communications.

Control of the Southeast Minnesota Regional Radio Board is vested in a Joint Powers Board that is composed of one County Commissioner from each of the participating counties and one City Council member from each participating city. The financial activities of the board are accounted for by Olmsted County as fiscal agent. No payments were made for 2018.

2. Southeast Minnesota Narcotics Task Force

The Southeast Minnesota Narcotics Task Force was established under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, and Winona Counties along with the Cities of Winona, Red Wing, Kasson, and Austin. The Task Force's mission is to disrupt and destroy illegal narcotic operations in Southeastern Minnesota and provide drug investigation services for member organizations. The task force is governed by a governing board with members consisting of the Chief Law Enforcement Officer from each member, or his or her designee and an attorney appointed by the governing board. During the year, the County paid \$7,210 to the task force.

Separate financial information can be obtained from Southeast Minnesota Narcotics and Gang Task Force, 101 - 4th Street S.E., Rochester, Minnesota 55904.

3. Southeastern Minnesota Workforce Development, Inc. (MWD)

The Southeastern Minnesota Workforce Development was established under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele and Wabasha Counties to provide Workforce Investment Act service in the region, as well as other related employment and training programs. During the year, Fillmore County paid \$107,507 to the MWD.

The Joint Powers Board consists of County commissioners from the member counties. Separate financial information can be obtained from MWD's administrative offices, 2070 College View Road East, Rochester, MN 55904.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**C. Joint Ventures (Continued)**

4. Southeastern Libraries Cooperating

The Southeastern Libraries Cooperating (SELCO) was established under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha and Winona Counties to provide library services within the counties. The County contributed \$228,309 to the SELCO during 2018.

The Board of Directors consists of representatives from the member counties. Separate financial information can be obtained from SELCO, 2600 19th St. NW, Rochester, MN 55901.

**D. Jointly Governed Organizations**

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

Southeast Minnesota Water Resource Board provides (SMWRB) regional water quality services to several counties. The County made no payments to the SMWRB in 2018.

Minnesota Counties Computer Consortium (MCCC) provides various computer services to a number of counties. During 2018, the County paid \$151,328 to the Minnesota Counties Computer Consortium.

The Dodge-Fillmore-Olmstead (DFO) Community Corrections JPB provides local comprehensive correctional programs for the community. The County paid \$441,582 to the DFO Community Corrections JPB during 2018.

Region 1 - Southeast Minnesota Homeland Security Emergency Management Organization (SERHSEM) 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 SERHSEM region. Fillmore County's responsibility does not extend beyond making an appointment to the Joint Powers Board. The County paid \$1,000 to SERHSEM in 2018.

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, Minnesota Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. No payments were made for 2018.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**D. Jointly Governed Organizations (Continued)**

Fillmore County, in conjunction with other local governments, participates in the state of Minnesota's Sentence to Service (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations and initiative funds, as well as the Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program. Although Fillmore County has no operational or financial control over the STS program, Fillmore County budgets for a percentage of this program. In 2018, the County made payments of \$65,798.

The Southeast Minnesota Emergency Management Services was established to provide various health services to member counties. No payments were made for 2018.

The Southeast Minnesota Immunization Connection Joint Powers Board promotes implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. No payments were made for 2018.

The Southeast Services Cooperative delivers numerous services to support administrative and instructional functions to its members and to improve learning opportunities. During the year, the County made payments of \$250 to the Cooperative.

The Southeastern Minnesota Community Action Council (SEMCAC) provides various services on behalf of member counties to assist people to achieve or maintain independence and self-reliance through their own and community resources. During the year, the County made payments of \$3,500 to SEMCAC

**E. Construction Contract Commitments**

The County had several commitments under construction contracts still in process at the end of the year. The combined total of remaining commitments was \$1,202,806 at December 31, 2019.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 8 RESTATEMENT FOR A CHANGE IN ACCOUNTING PRINCIPLE/CORRECTION OF AN ERROR**

During the year ended December 31, 2018, the County adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement modifies the measurement of other postemployment benefits (OPEB) to recognize the full long-term obligation for OPEB benefits as a liability for the first time and to more comprehensively and comparably measure the annual costs of OPEB benefits. The January 1, 2018, net position of the governmental activities was restated as follows:

|                                              |                              |
|----------------------------------------------|------------------------------|
| Beginning Net Position, as Originally Stated | \$ 123,869,103               |
| Change in Accounting Principle               | <u>(787,922)</u>             |
| Beginning Net Position, as Restated          | <u><u>\$ 123,081,181</u></u> |

An additional principal and interest payment that was due February 1, 2018, was actually made in 2017; however, the payment was recorded as a 2017 expenditure, rather than being recorded as cash with escrow agent as of December 31, 2017. As a result, fund balance in the Debt Service Fund was restated as of January 01, 2018, in the amount of \$239,416.

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**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**

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**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY, RELATED RATIOS, AND NOTES  
LAST TEN FISCAL YEARS**

|                                                                            | Measurement Date<br>January 1, 2018 |
|----------------------------------------------------------------------------|-------------------------------------|
| <b>Total OPEB Liability</b>                                                |                                     |
| Service Cost                                                               | \$ 76,640                           |
| Interest                                                                   | 41,353                              |
| Benefit Payments                                                           | (78,929)                            |
| Net Change in Total OPEB Liability                                         | 39,064                              |
| Total OPEB Liability - Beginning                                           | 1,215,619                           |
| Total OPEB Liability - Ending                                              | \$ 1,254,683                        |
| <br>Covered Employee Payroll                                               | \$ 8,215,359                        |
| <br>County's OPEB Liability as a Percentage<br>of Covered Employee Payroll | 15%                                 |

The County implemented GASB Statement No. 75 in 2018, and the above table will be expanded to ten years of information as the information becomes available.

No assets are accumulated in a trust.

*The notes to required supplementary information are an integral part of this schedule.*

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS**

|                                                                                                                                                                                                           | Measurement<br>Date<br><u>June 30, 2018</u> | Measurement<br>Date<br><u>June 30, 2017</u> | Measurement<br>Date<br><u>June 30, 2016</u> | Measurement<br>Date<br><u>June 30, 2015</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
| <b>General Employees Plan</b>                                                                                                                                                                             |                                             |                                             |                                             |                                             |
| County's Proportion of the Net Pension Liability                                                                                                                                                          | 0.100%                                      | 0.098%                                      | 0.099%                                      | 0.102%                                      |
| County's Proportionate Share of the Net Pension Liability                                                                                                                                                 | \$ 5,564,233                                | \$ 6,256,255                                | \$ 8,022,070                                | \$ 5,301,717                                |
| State's Proportionate Share of the Net Pension Liability Associated with<br>County's Proportionate Share of the Net Pension Liability and the State's<br>Proportionate Share of the Net Pension Liability | <u>182,534</u>                              | <u>78,698</u>                               | <u>104,781</u>                              | <u>-</u>                                    |
| County's Covered Payroll                                                                                                                                                                                  | \$ 6,747,948                                | \$ 6,382,756                                | \$ 6,148,195                                | \$ 6,079,515                                |
| County's Proportionate Share of the Net Pension Liability as a Percentage<br>of Its Covered Payroll                                                                                                       | 82.46%                                      | 98.02%                                      | 130.48%                                     | 87.21%                                      |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                                                                                                                | 75.90%                                      | 75.90%                                      | 68.90%                                      | 78.20%                                      |
| <b>Police and Fire Plan</b>                                                                                                                                                                               |                                             |                                             |                                             |                                             |
| County's Proportion of the Net Pension Liability                                                                                                                                                          | 0.121%                                      | 0.120%                                      | 0.120%                                      | 0.131%                                      |
| County's Proportionate Share of the Net Pension Liability                                                                                                                                                 | \$ 1,293,999                                | \$ 1,620,143                                | \$ 4,815,809                                | \$ 1,488,467                                |
| County's Covered Payroll                                                                                                                                                                                  | \$ 1,288,693                                | \$ 1,245,705                                | \$ 1,140,853                                | \$ 1,150,926                                |
| County's Proportionate Share of the Net Pension Liability as a Percentage<br>of Its Covered Payroll                                                                                                       | 100.41%                                     | 130.06%                                     | 422.12%                                     | 129.33%                                     |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                                                                                                                | 88.80%                                      | 85.40%                                      | 63.90%                                      | 86.60%                                      |
| <b>Correctional Plan</b>                                                                                                                                                                                  |                                             |                                             |                                             |                                             |
| County's Proportion of the Net Pension Liability                                                                                                                                                          | 0.178%                                      | 0.160%                                      | 0.180%                                      | 0.230%                                      |
| County's Proportionate Share of the Net Pension Liability                                                                                                                                                 | \$ 29,259                                   | \$ 456,002                                  | \$ 657,565                                  | \$ 35,558                                   |
| County's Covered Payroll                                                                                                                                                                                  | \$ 358,125                                  | \$ 322,791                                  | \$ 342,526                                  | \$ 404,652                                  |
| County's Proportionate Share of the Net Pension Liability as a Percentage<br>of Its Covered Payroll                                                                                                       | 8.17%                                       | 141.27%                                     | 191.98%                                     | 8.79%                                       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                                                                                                                | 97.60%                                      | 67.90%                                      | 58.20%                                      | 96.90%                                      |

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

*The notes to required supplementary information are an integral part of this schedule.*

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF THE COUNTY PENSION CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

|                                                                      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      |
|----------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| <b>General Employees Plan</b>                                        |                  |                  |                  |                  |
| Contractually Required Contribution                                  | \$ 494,626       | \$ 495,502       | \$ 464,471       | \$ 455,676       |
| Contributions in Relation to the Contractually Required Contribution | <u>(494,626)</u> | <u>(495,502)</u> | <u>(464,471)</u> | <u>(455,676)</u> |
| Contribution Deficiency (Excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| <br>County's Covered Payroll                                         | <br>\$ 6,595,013 | <br>\$ 6,601,866 | <br>\$ 6,192,948 | <br>\$ 6,079,168 |
| Contributions as a Percentage of Covered Payroll                     | 7.50%            | 7.51%            | 7.50%            | 7.50%            |
| <br><b>Police and Fire Plan</b>                                      |                  |                  |                  |                  |
| Contractually Required Contribution                                  | \$ 193,965       | \$ 203,733       | \$ 190,313       | \$ 185,509       |
| Contributions in Relation to the Contractually Required Contribution | <u>(193,965)</u> | <u>(203,733)</u> | <u>(190,313)</u> | <u>(185,509)</u> |
| Contribution Deficiency (Excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| <br>County's Covered Payroll                                         | <br>\$ 1,197,315 | <br>\$ 1,257,451 | <br>\$ 1,174,772 | <br>\$ 1,145,117 |
| Contributions as a Percentage of Covered Payroll                     | 16.20%           | 16.20%           | 16.20%           | 16.20%           |
| <br><b>Correctional Plan</b>                                         |                  |                  |                  |                  |
| Contractually Required Contribution                                  | \$ 32,252        | \$ 29,995        | \$ 27,913        | \$ 32,791        |
| Contributions in Relation to the Contractually Required Contribution | <u>(32,252)</u>  | <u>(29,995)</u>  | <u>(27,913)</u>  | <u>(32,791)</u>  |
| Contribution Deficiency (Excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| <br>County's Covered Payroll                                         | <br>\$ 368,594   | <br>\$ 341,138   | <br>\$ 319,009   | <br>\$ 374,754   |
| Contributions as a Percentage of Covered Payroll                     | 8.75%            | 8.79%            | 8.75%            | 8.75%            |

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

*The notes to required supplementary information are an integral part of this schedule.*

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2018**

|                                           | Budgeted Amounts |              | Actual<br>Amounts | Variance with<br>Final Budget |
|-------------------------------------------|------------------|--------------|-------------------|-------------------------------|
|                                           | Original         | Final        |                   |                               |
| <b>REVENUES</b>                           |                  |              |                   |                               |
| Taxes                                     | \$ 6,383,197     | \$ 6,383,197 | \$ 6,165,322      | \$ (217,875)                  |
| Special Assessments                       | -                | -            | 26,862            | 26,862                        |
| Intergovernmental                         | 2,776,310        | 2,776,310    | 3,187,468         | 411,158                       |
| Licenses and Permits                      | 68,920           | 68,920       | 60,903            | (8,017)                       |
| Public Charges for Services               | 1,200,540        | 1,200,540    | 1,251,908         | 51,368                        |
| Fines and Forfeits                        | 8,000            | 8,000        | 7,573             | (427)                         |
| Intergovernmental Charges<br>for Services | 590,820          | 590,820      | 537,982           | (52,838)                      |
| Investment Earnings                       | 15,000           | 15,000       | 215,792           | 200,792                       |
| Miscellaneous                             | 165,298          | 165,298      | 358,035           | 192,737                       |
| Total Revenues                            | 11,208,085       | 11,208,085   | 11,811,845        | 603,760                       |
| <b>EXPENDITURES</b>                       |                  |              |                   |                               |
| <b>CURRENT</b>                            |                  |              |                   |                               |
| <b>GENERAL GOVERNMENT</b>                 |                  |              |                   |                               |
| General Government                        | 4,704,796        | 4,704,796    | 4,742,679         | (37,883)                      |
| Public Safety                             | 3,893,493        | 3,893,493    | 3,996,847         | (103,354)                     |
| Public Works                              | -                | -            | 26,862            | (26,862)                      |
| Health                                    | 1,737,228        | 1,737,228    | 1,730,592         | 6,636                         |
| Culture, Recreation,<br>and Education     | 352,109          | 352,109      | 360,912           | (8,803)                       |
| Conservation and Development              | 520,459          | 520,459      | 539,488           | (19,029)                      |
| Total Expenditures                        | 11,208,085       | 11,208,085   | 11,397,380        | (189,295)                     |
| <b>NET CHANGE IN FUND BALANCE</b>         | \$ -             | \$ -         | 414,465           | \$ 414,465                    |
| Fund Balance - Beginning of Year          |                  |              | 3,803,963         |                               |
| <b>FUND BALANCE - END OF YEAR</b>         |                  |              | \$ 4,218,428      |                               |

The notes to required supplementary information are an integral part of this schedule.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
HUMAN SERVICES SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2018**

|                                   | <u>Budgeted Amounts</u> |                  | Actual<br>Amounts   | Variance with<br>Final Budget |
|-----------------------------------|-------------------------|------------------|---------------------|-------------------------------|
|                                   | <u>Original</u>         | <u>Final</u>     |                     |                               |
| <b>REVENUES</b>                   |                         |                  |                     |                               |
| Taxes                             | \$ 1,325,013            | \$ 1,325,013     | \$ 1,249,345        | \$ (75,668)                   |
| Intergovernmental                 | 2,243,665               | 2,243,665        | 2,354,771           | 111,106                       |
| Public Charges for Services       | 48,075                  | 48,075           | 66,591              | 18,516                        |
| Miscellaneous                     | 197,273                 | 197,273          | 444,492             | 247,219                       |
| Total Revenues                    | <u>3,814,026</u>        | <u>3,814,026</u> | <u>4,115,199</u>    | <u>301,173</u>                |
| <b>EXPENDITURES</b>               |                         |                  |                     |                               |
| <b>CURRENT</b>                    |                         |                  |                     |                               |
| Human Services                    | <u>3,814,026</u>        | <u>3,814,026</u> | <u>4,349,675</u>    | <u>(535,649)</u>              |
| <b>NET CHANGE IN FUND BALANCE</b> | <u>\$ -</u>             | <u>\$ -</u>      | <u>(234,476)</u>    | <u>\$ (234,476)</u>           |
| Fund Balance - Beginning of Year  |                         |                  | <u>(593,789)</u>    |                               |
| <b>FUND BALANCE - END OF YEAR</b> |                         |                  | <u>\$ (828,265)</u> |                               |

*The notes to required supplementary information are an integral part of this schedule.*

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2018**

|                                   | <u>Budgeted Amounts</u> |                   | Actual<br>Amounts   | Variance with<br>Final Budget |
|-----------------------------------|-------------------------|-------------------|---------------------|-------------------------------|
|                                   | <u>Original</u>         | <u>Final</u>      |                     |                               |
| <b>REVENUES</b>                   |                         |                   |                     |                               |
| Taxes                             | \$ 3,200,167            | \$ 3,200,167      | \$ 3,384,566        | \$ 184,399                    |
| Intergovernmental                 | 11,310,000              | 11,310,000        | 14,358,474          | 3,048,474                     |
| Public Charges for Services       | 85,000                  | 85,000            | 435,964             | 350,964                       |
| Investment Earnings               | 7,000                   | 7,000             | 10,096              | 3,096                         |
| Miscellaneous                     | 13,500                  | 13,500            | 25,668              | 12,168                        |
| Total Revenues                    | <u>14,615,667</u>       | <u>14,615,667</u> | <u>18,214,768</u>   | <u>3,599,101</u>              |
| <b>EXPENDITURES</b>               |                         |                   |                     |                               |
| <b>CURRENT</b>                    |                         |                   |                     |                               |
| Public Works                      | <u>14,615,667</u>       | <u>14,615,667</u> | <u>16,609,949</u>   | <u>(1,994,282)</u>            |
| <b>NET CHANGE IN FUND BALANCE</b> | <u>\$ -</u>             | <u>\$ -</u>       | 1,604,819           | <u>\$ 1,604,819</u>           |
| Fund Balance - Beginning of Year  |                         |                   | 4,788,533           |                               |
| Change in Inventory               |                         |                   | <u>(37,482)</u>     |                               |
| <b>FUND BALANCE - END OF YEAR</b> |                         |                   | <u>\$ 6,355,870</u> |                               |

*The notes to required supplementary information are an integral part of this schedule.*

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2018**

**I. BUDGETARY INFORMATION**

The board adopts an annual budget for the following major funds: The General fund, Human Services Special Revenue fund, and Roads and Bridges Special Revenue fund. The board adopts budgets for the following nonmajor funds: Sanitation, County Airport, and EDA Special Revenue funds and the Debt Service fund. These budgets are prepared on the modified accrual basis of accounting. Annual budgets are not adopted for the MPCA Septic Loans, AGBMP Loan, and Greenleafon Special Revenue funds.

Based on a process established by the board, all departments of the County submit requests for appropriations to the Auditor-Treasurer each year. After review, analysis, and discussions with the departments, the Auditor-Treasurer's proposed budget is presented to the board for review. The board holds public hearings and a final budget must be prepared and adopted no later than December 31.

The overall budget is prepared by fund and function. The legal level of budgetary control – the level at which expenditures may not legally exceed appropriations – is the fund level. Budgets may be amended during the year with proper approval.

**II. EXCESS OF EXPENDITURES OVER BUDGET**

The following funds had expenditures in excess of budget at the fund level for the year ended December 31, 2018:

|                        | Expenditures  | Final Budget  | Excess     |
|------------------------|---------------|---------------|------------|
| General                | \$ 11,397,380 | \$ 11,208,085 | \$ 189,295 |
| Human Services Fund    | 4,349,675     | 3,814,026     | 535,649    |
| Roads and Bridges Fund | 16,609,949    | 14,615,667    | 1,994,282  |

These over-expenditures were funded by greater than anticipated revenues and existing fund balance.

**III. DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

A. General Employees Fund

2018

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

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2018**

**III. DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

A. General Employees Fund (Continued)

2017

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

2016

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- 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.

B. Police and Fire Fund

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0% per year through 2064 and 2.5% per year, thereafter, 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. Additionally, 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, id earlier.
- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80% to 11.30 and 11.80% of pay, respectively. Employer contributions were changed effective January 1, 2019 and January 1, 2020 from 16.20% to 16.95% and 17.70% of pay, respectively, Interest credited on member contributions decreased from 4.00% to 3.00% 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.



**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2018**

**III. DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

B. Police and Fire Fund (Continued)

2017

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- 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.

C. Correctional Fund

2018

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

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2018**

**III. DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

C. Correctional Fund (Continued)

2017

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

2016

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.31%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**IV. OTHER POSTEMPLOYMENT BENEFITS**

Since the most recent valuation, the following assumption changes have been made:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for all employees were updated.
- The discount rate was changed from 4.0% to 3.30%.
- Retirees eligible to receive a benefit under the Early Retirement Incentive Plan can either elect to receive County paid single medical premiums or \$350 per month paid to a Health Reimbursement Account (HRA). We have assumed 100% of future retirees will elect to receive the County paid single medical premiums. As of January 1, 2015, we assumed 50% would elect the medical premiums and 50% would receive the \$350 per month HRA payments.

## **SUPPLEMENTARY INFORMATION**

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**FILLMORE COUNTY  
PRESTON, MINNESOTA  
DESCRIPTION OF FUNDS  
DECEMBER 31, 2018**

**NONMAJOR SPECIAL REVENUE FUNDS**

The Sanitation Fund is used to account for the Resource Recovery Center Operations and capital projects relating to the Center (solid waste & recycling).

The Airport Fund is used to account for the Fillmore County Airport including day to day operations and capital projects.

The EDA Fund is used to account for funding EDA operations including contracted services to support the County Economic Development.

The MPCA Septic Loan Program Fund is used to account for loans processed through the MPCA for septic replacements

The AGBMP Loan Program Fund is used to account for loans processed through the AGBMP program through the Department of Agriculture.

The Greenleafton Septic Loan Program Fund is used to account for the Greenleafton Septic operating system that was installed and now is assessed to the property owners that benefit from the Septic System.

**DEBT SERVICE FUND**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**AGENCY FUNDS**

The Taxes and Penalties Fund accounts for property taxes collected for the County and on behalf of school districts and local municipalities.

The Other Taxes Fund accounts for sales and other taxes collected by the County and remitted to the state.

The Prepaid Taxes Fund accounts for property taxes paid before the due date.

The State Revenue Fund accounts for the state's share of property taxes and state fees collected by the County.

The Fillmore County Collaborative Fund accounts for the funds collected and remitted for the Family Services Collaborative.

The Sheriff Canteen Fund accounts for canteen funds held by the sheriff.

The Sheriff Fund accounts for sheriff and jail collections that are remitted to the County on a monthly basis.

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**FILLMORE COUNTY  
PRESTON, MINNESOTA  
DESCRIPTION OF FUNDS (CONTINUED)  
DECEMBER 31, 2018**

**AGENCY FUNDS (CONTINUED)**

The License Fund accounts for the collection of licenses remitted monthly to the County and the State.

The Insurance Fund accounts for payroll deposits for health insurance.

The Social Welfare Fund accounts for funds held by the County in a representative payee capacity.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

| Nonmajor Special Revenue Funds                                                     |            |            |           |
|------------------------------------------------------------------------------------|------------|------------|-----------|
| <b>ASSETS</b>                                                                      | Sanitation | Airport    | EDA       |
| Cash and Cash Equivalents                                                          | \$ 328,602 | \$ 175,099 | \$ 5,355  |
| Taxes Receivable                                                                   | 3,841      | 912        | 822       |
| Accounts Receivable                                                                | 6,119      | 4,848      | -         |
| Due from Other Governments                                                         | -          | 58,576     | -         |
| Notes Receivable                                                                   | -          | -          | 55,861    |
| Inventories                                                                        | -          | 6,165      | -         |
| Total Assets                                                                       | \$ 338,562 | \$ 245,600 | \$ 62,038 |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND BALANCES (DEFICIT)</b> |            |            |           |
| <b>LIABILITIES</b>                                                                 |            |            |           |
| Accounts Payable                                                                   | \$ 29,647  | \$ 18,709  | \$ -      |
| Accrued Liabilities                                                                | 6,243      | -          | -         |
| Due to Other Funds                                                                 | 258        | -          | -         |
| Total Liabilities                                                                  | 36,148     | 18,709     | -         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                               |            |            |           |
| Unavailable Revenues - Notes                                                       | -          | -          | 5,861     |
| Unavailable Revenues - Taxes                                                       | 3,841      | 912        | 822       |
| Total Deferred Inflows of Resources                                                | 3,841      | 912        | 6,683     |
| <b>FUND BALANCES</b>                                                               |            |            |           |
| Nonspendable                                                                       | -          | 6,165      | -         |
| Restricted                                                                         | -          | -          | -         |
| Committed                                                                          | -          | 100,000    | -         |
| Assigned                                                                           | 298,573    | 119,814    | 55,355    |
| Total Fund Balances                                                                | 298,573    | 225,979    | 55,355    |
| Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances             | \$ 338,562 | \$ 245,600 | \$ 62,038 |



**FILLMORE COUNTY  
PRESTON, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2018**

| <u>MPCA Septic<br/>Loan Program</u> | <u>AGBMP<br/>Loan</u> | <u>Greenleafton<br/>Septic Loan<br/>Program</u> | <u>Total Special<br/>Revenue<br/>Funds</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Nonmajor<br/>Funds</u> |
|-------------------------------------|-----------------------|-------------------------------------------------|--------------------------------------------|----------------------------------|-------------------------------------|
| \$ 10,211                           | \$ 53,503             | \$ 44,384                                       | \$ 617,154                                 | \$ 266,808                       | \$ 883,962                          |
| -                                   | -                     | -                                               | 5,575                                      | 4,788                            | 10,363                              |
| -                                   | -                     | -                                               | 10,967                                     | -                                | 10,967                              |
| -                                   | -                     | -                                               | 58,576                                     | -                                | 58,576                              |
| -                                   | 171,576               | 133,946                                         | 361,383                                    | -                                | 361,383                             |
| -                                   | -                     | -                                               | 6,165                                      | -                                | 6,165                               |
| <u>\$ 10,211</u>                    | <u>\$ 225,079</u>     | <u>\$ 178,330</u>                               | <u>\$ 1,059,820</u>                        | <u>\$ 271,596</u>                | <u>\$ 1,331,416</u>                 |
| \$ -                                | \$ -                  | \$ 368                                          | \$ 48,724                                  | \$ -                             | \$ 48,724                           |
| -                                   | -                     | -                                               | 6,243                                      | -                                | 6,243                               |
| -                                   | -                     | -                                               | 258                                        | -                                | 258                                 |
| -                                   | -                     | 368                                             | 55,225                                     | -                                | 55,225                              |
| -                                   | 171,576               | 133,946                                         | 311,383                                    | -                                | 311,383                             |
| -                                   | -                     | -                                               | 5,575                                      | 4,788                            | 10,363                              |
| -                                   | 171,576               | 133,946                                         | 316,958                                    | 4,788                            | 321,746                             |
| -                                   | -                     | -                                               | 6,165                                      | -                                | 6,165                               |
| -                                   | -                     | -                                               | -                                          | 266,808                          | 266,808                             |
| -                                   | -                     | -                                               | 100,000                                    | -                                | 100,000                             |
| 10,211                              | 53,503                | 44,016                                          | 581,472                                    | -                                | 581,472                             |
| <u>10,211</u>                       | <u>53,503</u>         | <u>44,016</u>                                   | <u>687,637</u>                             | <u>266,808</u>                   | <u>954,445</u>                      |
| <u>\$ 10,211</u>                    | <u>\$ 225,079</u>     | <u>\$ 178,330</u>                               | <u>\$ 1,059,820</u>                        | <u>\$ 271,596</u>                | <u>\$ 1,331,416</u>                 |

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2018**

|                                                              | <u>Nonmajor Special Revenue Funds</u> |                   |                  |
|--------------------------------------------------------------|---------------------------------------|-------------------|------------------|
|                                                              | <u>Sanitation</u>                     | <u>Airport</u>    | <u>EDA</u>       |
| <b>REVENUES</b>                                              |                                       |                   |                  |
| Taxes                                                        | \$ 200,781                            | \$ 50,158         | \$ 41,380        |
| Special Assessments                                          | -                                     | -                 | -                |
| Intergovernmental                                            | 67,729                                | 231,869           | -                |
| Public Charges for Services                                  | 310,839                               | 35,487            | -                |
| Miscellaneous                                                | 13,495                                | 5,775             | 6,200            |
| Total Revenues                                               | <u>592,844</u>                        | <u>323,289</u>    | <u>47,580</u>    |
| <b>EXPENDITURES</b>                                          |                                       |                   |                  |
| <b>CURRENT</b>                                               |                                       |                   |                  |
| Public Works                                                 | 809,743                               | 221,250           | -                |
| Conservation and Development                                 | -                                     | -                 | 40,674           |
| Culture, Recreation, and Education                           | -                                     | -                 | -                |
| <b>DEBT SERVICE</b>                                          |                                       |                   |                  |
| Principal                                                    | -                                     | -                 | -                |
| Interest                                                     | -                                     | -                 | -                |
| Total Expenditures                                           | <u>809,743</u>                        | <u>221,250</u>    | <u>40,674</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>EXPENDITURES</b> | (216,899)                             | 102,039           | 6,906            |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                       |                   |                  |
| Debt Issued                                                  | -                                     | -                 | -                |
| <b>NET CHANGE IN FUND BALANCES</b>                           | (216,899)                             | 102,039           | 6,906            |
| Fund Balances - Beginning of Year                            | 515,472                               | 123,940           | 48,449           |
| Restatement                                                  | -                                     | -                 | -                |
| Fund Balances - Beginning of Year, As Restated               | <u>515,472</u>                        | <u>123,940</u>    | <u>48,449</u>    |
| <b>FUND BALANCES - END OF YEAR</b>                           | <u>\$ 298,573</u>                     | <u>\$ 225,979</u> | <u>\$ 55,355</u> |

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2018**

| MPCA Septic<br>Loan Program | AGBMP<br>Loan    | Greenleafton<br>Septic Loan<br>Program | Total Special<br>Revenue<br>Funds | Debt<br>Service<br>Fund | Total<br>Nonmajor<br>Funds |
|-----------------------------|------------------|----------------------------------------|-----------------------------------|-------------------------|----------------------------|
| \$ 4,277                    | \$ -             | \$ -                                   | \$ 296,596                        | \$ 246,804              | \$ 543,400                 |
| -                           | 39,611           | 25,270                                 | 64,881                            | -                       | 64,881                     |
| -                           | -                | -                                      | 299,598                           | -                       | 299,598                    |
| -                           | -                | -                                      | 346,326                           | -                       | 346,326                    |
| -                           | -                | -                                      | 25,470                            | -                       | 25,470                     |
| <u>4,277</u>                | <u>39,611</u>    | <u>25,270</u>                          | <u>1,032,871</u>                  | <u>246,804</u>          | <u>1,279,675</u>           |
| -                           | -                | -                                      | 1,030,993                         | -                       | 1,030,993                  |
| -                           | -                | 4,347                                  | 45,021                            | -                       | 45,021                     |
| -                           | 61,896           | -                                      | 61,896                            | -                       | 61,896                     |
| 10,001                      | 25,909           | 7,407                                  | 43,317                            | 215,000                 | 258,317                    |
| 405                         | -                | 1,183                                  | 1,588                             | 46,802                  | 48,390                     |
| <u>10,406</u>               | <u>87,805</u>    | <u>12,937</u>                          | <u>1,182,815</u>                  | <u>261,802</u>          | <u>1,444,617</u>           |
| (6,129)                     | (48,194)         | 12,333                                 | (149,944)                         | (14,998)                | (164,942)                  |
| -                           | 61,896           | -                                      | 61,896                            | -                       | 61,896                     |
| <u>(6,129)</u>              | <u>13,702</u>    | <u>12,333</u>                          | <u>(88,048)</u>                   | <u>(14,998)</u>         | <u>(103,046)</u>           |
| 16,340                      | 39,801           | 31,683                                 | 775,685                           | 42,390                  | 818,075                    |
| -                           | -                | -                                      | -                                 | 239,416                 | 239,416                    |
| <u>16,340</u>               | <u>39,801</u>    | <u>31,683</u>                          | <u>775,685</u>                    | <u>281,806</u>          | <u>1,057,491</u>           |
| <u>\$ 10,211</u>            | <u>\$ 53,503</u> | <u>\$ 44,016</u>                       | <u>\$ 687,637</u>                 | <u>\$ 266,808</u>       | <u>\$ 954,445</u>          |

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
SANITATION SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2018**

|                                   | Budgeted Amounts |            | Actual<br>Amounts | Variance with<br>Final Budget |
|-----------------------------------|------------------|------------|-------------------|-------------------------------|
|                                   | Original         | Final      |                   |                               |
| <b>REVENUES</b>                   |                  |            |                   |                               |
| Taxes                             | \$ 213,067       | \$ 213,067 | \$ 200,781        | \$ (12,286)                   |
| Intergovernmental                 | 69,654           | 69,654     | 67,729            | (1,925)                       |
| Public Charges for Services       | 350,000          | 350,000    | 310,839           | (39,161)                      |
| Miscellaneous                     | 9,500            | 9,500      | 13,495            | 3,995                         |
| Total Revenues                    | 642,221          | 642,221    | 592,844           | (49,377)                      |
| <b>EXPENDITURES</b>               |                  |            |                   |                               |
| <b>CURRENT</b>                    |                  |            |                   |                               |
| Public Works                      | 642,221          | 642,221    | 809,743           | (167,522)                     |
| <b>NET CHANGE IN FUND BALANCE</b> | \$ -             | \$ -       | (216,899)         | \$ (216,899)                  |
| Fund Balance - Beginning of Year  |                  |            | 515,472           |                               |
| <b>FUND BALANCE - END OF YEAR</b> |                  |            | \$ 298,573        |                               |

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
AIRPORT SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2018**

|                                   | Budgeted Amounts |           | Actual<br>Amounts | Variance with<br>Final Budget |
|-----------------------------------|------------------|-----------|-------------------|-------------------------------|
|                                   | Original         | Final     |                   |                               |
| <b>REVENUES</b>                   |                  |           |                   |                               |
| Taxes                             | \$ 53,185        | \$ 53,185 | \$ 50,158         | \$ (3,027)                    |
| Intergovernmental                 | 262,000          | 262,000   | 231,869           | (30,131)                      |
| Public Charges for Services       | 40,000           | 40,000    | 35,487            | (4,513)                       |
| Miscellaneous                     | 4,500            | 4,500     | 5,775             | 1,275                         |
| Total Revenues                    | 359,685          | 359,685   | 323,289           | (36,396)                      |
| <b>EXPENDITURES</b>               |                  |           |                   |                               |
| <b>CURRENT</b>                    |                  |           |                   |                               |
| Public Works                      | 359,685          | 359,685   | 221,250           | 138,435                       |
| <b>NET CHANGE IN FUND BALANCE</b> | \$ -             | \$ -      | 102,039           | \$ 102,039                    |
| Fund Balance - Beginning of Year  |                  |           | 123,940           |                               |
| <b>FUND BALANCE - END OF YEAR</b> |                  |           | \$ 225,979        |                               |

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
EDA SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2018**

|                                   | <u>Budgeted Amounts</u> |               | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|-----------------------------------|-------------------------|---------------|---------------------------|---------------------------------------|
|                                   | <u>Original</u>         | <u>Final</u>  |                           |                                       |
| <b>REVENUES</b>                   |                         |               |                           |                                       |
| Taxes                             | \$ 43,904               | \$ 43,904     | \$ 41,380                 | \$ (2,524)                            |
| Miscellaneous                     | -                       | -             | 6,200                     | 6,200                                 |
| Total Revenues                    | <u>43,904</u>           | <u>43,904</u> | <u>47,580</u>             | <u>3,676</u>                          |
| <b>EXPENDITURES</b>               |                         |               |                           |                                       |
| <b>CURRENT</b>                    |                         |               |                           |                                       |
| Conservation and Development      | <u>43,904</u>           | <u>43,904</u> | <u>40,674</u>             | <u>3,230</u>                          |
| <b>NET CHANGE IN FUND BALANCE</b> | <u>\$ -</u>             | <u>\$ -</u>   | 6,906                     | <u>\$ 6,906</u>                       |
| Fund Balance - Beginning of Year  |                         |               | <u>48,449</u>             |                                       |
| <b>FUND BALANCE - END OF YEAR</b> |                         |               | <u>\$ 55,355</u>          |                                       |

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
YEAR ENDED DECEMBER 31, 2018**

|                                               | <u>Budgeted Amounts</u> |                | Actual<br>Amounts | Variance with<br>Final Budget |
|-----------------------------------------------|-------------------------|----------------|-------------------|-------------------------------|
|                                               | <u>Original</u>         | <u>Final</u>   |                   |                               |
| <b>REVENUES</b>                               |                         |                |                   |                               |
| Taxes                                         | \$ 261,306              | \$ 261,306     | \$ 246,804        | \$ (14,502)                   |
| <b>EXPENDITURES</b>                           |                         |                |                   |                               |
| <b>DEBT SERVICE</b>                           |                         |                |                   |                               |
| Principal                                     | 215,000                 | 215,000        | 215,000           | -                             |
| Interest                                      | 46,306                  | 46,306         | 46,802            | (496)                         |
| Total Expenditures                            | <u>261,306</u>          | <u>261,306</u> | <u>261,802</u>    | <u>(496)</u>                  |
| <b>NET CHANGE IN FUND BALANCE</b>             | <u>\$ -</u>             | <u>\$ -</u>    | (14,998)          | <u>\$ (14,998)</u>            |
| Fund Balance - Beginning of Year              |                         |                | 42,390            |                               |
| Restatement                                   |                         |                | <u>239,416</u>    |                               |
| Fund Balance - Beginning of Year, As Restated |                         |                | <u>281,806</u>    |                               |
| <b>FUND BALANCE - END OF YEAR</b>             |                         |                | <u>\$ 266,808</u> |                               |

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2018**

|                            | Balance<br>January 1 | Additions            | Deductions           | Balance<br>December 31 |
|----------------------------|----------------------|----------------------|----------------------|------------------------|
| <b>TAXES AND PENALTIES</b> |                      |                      |                      |                        |
| <b>ASSETS</b>              |                      |                      |                      |                        |
| Cash and Cash Equivalents  | \$ 354,991           | \$ 29,405,854        | \$ 29,356,285        | \$ 404,560             |
| Accounts Receivable        | -                    | 66,996               | 11,596               | 55,400                 |
| Total Assets               | <u>\$ 354,991</u>    | <u>\$ 29,472,850</u> | <u>\$ 29,367,881</u> | <u>\$ 459,960</u>      |
| <b>LIABILITIES</b>         |                      |                      |                      |                        |
| Accounts Payable           | \$ 13,896            | \$ -                 | \$ 13,896            | \$ -                   |
| Due to Other Governments   | 341,095              | 29,472,850           | 29,353,985           | 459,960                |
| Total Liabilities          | <u>\$ 354,991</u>    | <u>\$ 29,472,850</u> | <u>\$ 29,367,881</u> | <u>\$ 459,960</u>      |
| <b>OTHER TAXES</b>         |                      |                      |                      |                        |
| <b>ASSETS</b>              |                      |                      |                      |                        |
| Cash and Cash Equivalents  | \$ 1,962             | \$ 575,261           | \$ 576,289           | \$ 934                 |
| Accounts Receivable        | 442                  | 377                  | -                    | 819                    |
| Total Assets               | <u>\$ 2,404</u>      | <u>\$ 575,638</u>    | <u>\$ 576,289</u>    | <u>\$ 1,753</u>        |
| <b>LIABILITIES</b>         |                      |                      |                      |                        |
| Due to Other Governments   | <u>\$ 2,404</u>      | <u>\$ 575,638</u>    | <u>\$ 576,289</u>    | <u>\$ 1,753</u>        |
| <b>PREPAID TAXES</b>       |                      |                      |                      |                        |
| <b>ASSETS</b>              |                      |                      |                      |                        |
| Cash and Cash Equivalents  | <u>\$ 309,625</u>    | <u>\$ 372,013</u>    | <u>\$ 568,121</u>    | <u>\$ 113,517</u>      |
| <b>LIABILITIES</b>         |                      |                      |                      |                        |
| Due to Other Governments   | <u>\$ 309,625</u>    | <u>\$ 372,013</u>    | <u>\$ 568,121</u>    | <u>\$ 113,517</u>      |
| <b>STATE REVENUE</b>       |                      |                      |                      |                        |
| <b>ASSETS</b>              |                      |                      |                      |                        |
| Cash and Cash Equivalents  | <u>\$ 76,458</u>     | <u>\$ 683,744</u>    | <u>\$ 643,602</u>    | <u>\$ 116,600</u>      |
| <b>LIABILITIES</b>         |                      |                      |                      |                        |
| Accounts Payable           | \$ 12,441            | \$ -                 | \$ 12,441            | \$ -                   |
| Due to Other Governments   | 64,017               | 683,744              | 631,161              | 116,600                |
| Total Liabilities          | <u>\$ 76,458</u>     | <u>\$ 683,744</u>    | <u>\$ 643,602</u>    | <u>\$ 116,600</u>      |



**FILLMORE COUNTY  
PRESTON, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2018**

|                                      | Balance<br>January 1 | Additions           | Deductions          | Balance<br>December 31 |
|--------------------------------------|----------------------|---------------------|---------------------|------------------------|
| <b>FILLMORE COUNTY COLLABORATIVE</b> |                      |                     |                     |                        |
| <b>ASSETS</b>                        |                      |                     |                     |                        |
| Cash and Cash Equivalents            | \$ 34,567            | \$ 83,571           | \$ 88,233           | \$ 29,905              |
| Due from Other Governments           | 21,200               | 1,598               | -                   | 22,798                 |
| Total Assets                         | <u>\$ 55,767</u>     | <u>\$ 85,169</u>    | <u>\$ 88,233</u>    | <u>\$ 52,703</u>       |
| <b>LIABILITIES</b>                   |                      |                     |                     |                        |
| Due to Other Governments             | <u>\$ 55,767</u>     | <u>\$ 85,169</u>    | <u>\$ 88,233</u>    | <u>\$ 52,703</u>       |
| <b>SHERIFF CANTEEN</b>               |                      |                     |                     |                        |
| <b>ASSETS</b>                        |                      |                     |                     |                        |
| Cash and Cash Equivalents            | <u>\$ 7,113</u>      | <u>\$ 89,898</u>    | <u>\$ 84,935</u>    | <u>\$ 12,076</u>       |
| <b>LIABILITIES</b>                   |                      |                     |                     |                        |
| Due to Other Governments             | <u>\$ 7,113</u>      | <u>\$ 89,898</u>    | <u>\$ 84,935</u>    | <u>\$ 12,076</u>       |
| <b>SHERIFF</b>                       |                      |                     |                     |                        |
| <b>ASSETS</b>                        |                      |                     |                     |                        |
| Cash and Cash Equivalents            | <u>\$ 46,217</u>     | <u>\$ 1,566,811</u> | <u>\$ 1,549,803</u> | <u>\$ 63,225</u>       |
| <b>LIABILITIES</b>                   |                      |                     |                     |                        |
| Accounts Payable                     | <u>\$ 46,217</u>     | <u>\$ 1,566,811</u> | <u>\$ 1,549,803</u> | <u>\$ 63,225</u>       |
| <b>LICENSES</b>                      |                      |                     |                     |                        |
| <b>ASSETS</b>                        |                      |                     |                     |                        |
| Cash and Cash Equivalents            | <u>\$ 3,943</u>      | <u>\$ -</u>         | <u>\$ 3,943</u>     | <u>\$ -</u>            |
| <b>LIABILITIES</b>                   |                      |                     |                     |                        |
| Due to Other Governments             | <u>\$ 3,943</u>      | <u>\$ -</u>         | <u>\$ 3,943</u>     | <u>\$ -</u>            |

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2018**

|                               | Balance<br>January 1 | Additions            | Deductions           | Balance<br>December 31 |
|-------------------------------|----------------------|----------------------|----------------------|------------------------|
| <b>INSURANCE</b>              |                      |                      |                      |                        |
| <b>ASSETS</b>                 |                      |                      |                      |                        |
| Cash and Cash Equivalents     | \$ 31,469            | \$ 1,650,126         | \$ 1,534,495         | \$ 147,100             |
| <b>LIABILITIES</b>            |                      |                      |                      |                        |
| Accounts Payable              | \$ 31,469            | \$ 1,650,126         | \$ 1,534,495         | \$ 147,100             |
| <b>SOCIAL SERVICES</b>        |                      |                      |                      |                        |
| <b>ASSETS</b>                 |                      |                      |                      |                        |
| Cash and Cash Equivalents     | \$ 5,982             | \$ 149,769           | \$ 142,582           | \$ 13,169              |
| <b>LIABILITIES</b>            |                      |                      |                      |                        |
| Due to Clients                | \$ 5,982             | \$ 149,769           | \$ 142,582           | \$ 13,169              |
| <b>TOTAL ALL AGENCY FUNDS</b> |                      |                      |                      |                        |
| <b>ASSETS</b>                 |                      |                      |                      |                        |
| Cash and cash Equivalents     | \$ 872,327           | \$ 34,577,047        | \$ 34,548,288        | \$ 901,086             |
| Accounts Receivable           | 442                  | 67,373               | 11,596               | 56,219                 |
| Due from Other Governments    | 21,200               | 1,598                | -                    | 22,798                 |
| Total Assets                  | <u>\$ 893,969</u>    | <u>\$ 34,646,018</u> | <u>\$ 34,559,884</u> | <u>\$ 980,103</u>      |
| <b>LIABILITIES</b>            |                      |                      |                      |                        |
| Accounts Payable              | \$ 104,023           | \$ 3,216,937         | \$ 3,110,635         | \$ 210,325             |
| Due to Clients                | 5,982                | 149,769              | 142,582              | 13,169                 |
| Due to Other Governments      | 783,964              | 31,279,312           | 31,306,667           | 756,609                |
| Total Liabilities             | <u>\$ 893,969</u>    | <u>\$ 34,646,018</u> | <u>\$ 34,559,884</u> | <u>\$ 980,103</u>      |

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF INTERGOVERNMENTAL REVENUE  
YEAR ENDED DECEMBER 31, 2018**

|                                        | <u>Total<br/>Primary<br/>Government</u> |
|----------------------------------------|-----------------------------------------|
| <b>SHARED REVENUE</b>                  |                                         |
| <b>STATE</b>                           |                                         |
| Highway Users Tax                      | \$ 13,110,691                           |
| Market Value Credit                    | 396,005                                 |
| PERA Rate Reimbursement                | 26,020                                  |
| Disparity Reduction Aid                | 119,672                                 |
| Police Aid                             | 169,652                                 |
| County Program Aid                     | 698,998                                 |
| Riparian Protection Aid                | 178,792                                 |
| Enhanced 911                           | 95,198                                  |
| Total Shared Revenue                   | <u>14,795,028</u>                       |
| <b>REIMBURSEMENT FOR SERVICES</b>      |                                         |
| <b>STATE</b>                           |                                         |
| Minnesota Department of Health         | 106,634                                 |
| Minnesota Department of Human Services | 458,728                                 |
| Total Reimbursement for Services       | <u>565,362</u>                          |
| <b>PAYMENTS</b>                        |                                         |
| <b>Local</b>                           |                                         |
| Olmstead County                        | 99,125                                  |
| Local - Payments in Lieu of Taxes      | 399,726                                 |
| Total Local Payments                   | <u>498,851</u>                          |
| <b>GRANTS</b>                          |                                         |
| <b>STATE</b>                           |                                         |
| Minnesota Department/Board of Health   | 147,581                                 |
| Human Services                         | 589,951                                 |
| Natural Resources                      | 87,334                                  |
| Peace Officers                         | 20,097                                  |
| Public Safety                          | 1,985                                   |
| Revenue                                | 2,937                                   |
| Secretary of State                     | 68,747                                  |
| Supreme Court                          | 32,319                                  |
| Transportation                         | 1,102,773                               |
| Water and Soil Resources               | 73,096                                  |
| Veterans Affairs                       | 10,000                                  |
| Pollution Control Agency               | 151,506                                 |
| Total State                            | <u>2,288,326</u>                        |
| <b>FEDERAL</b>                         |                                         |
| Department of Agriculture              | 330,045                                 |
| Health and Human Services              | 1,268,856                               |
| Homeland Security                      | 72,195                                  |
| Transportation                         | 381,648                                 |
| Total Federal                          | <u>2,052,744</u>                        |
| Total State and Federal Grants         | <u>4,341,070</u>                        |
| Total Intergovernmental Revenue        | <u><u>\$ 20,200,311</u></u>             |

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**REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS*  
AND SINGLE AUDIT**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of County Commissioners  
Fillmore County  
Preston, Minnesota

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fillmore County, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Fillmore County's basic financial statements, and have issued our report thereon dated May 29, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Fillmore County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fillmore County's internal control. Accordingly, we do not express an opinion on the effectiveness of Fillmore County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-001 through 2018-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questions costs as item 2018-005 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fillmore County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Fillmore County's Response to Findings**

Fillmore County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fillmore County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Rochester, Minnesota  
May 29, 2020





**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of County Commissioners  
Fillmore County  
Preston, Minnesota

**Report on Compliance for Each Major Federal Program**

We have audited Fillmore County's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Fillmore County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-006. Our opinion on each major federal program is not modified with respect to this matter.

**Fillmore County’s Response to Finding**

Fillmore County’s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Fillmore County’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

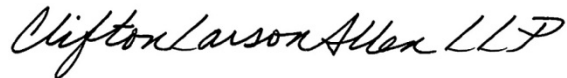
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-008 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-006 and 2018-007 to be significant deficiencies.

**Fillmore County’s Response to Finding**

Fillmore County’s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Fillmore County’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Rochester, Minnesota  
May 29, 2020

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**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2018**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?          X     yes            no
- Significant deficiency(ies) identified?          X     yes            no

Noncompliance material to financial statements noted?                 yes     X     no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?          X     yes            no
- Significant deficiency(ies) identified?          X     yes            no

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.156(a)?          X     yes            no

Identification of major programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|-------------------------------------------|
| 93.563              | Child Support Enforcement                 |
| 93.778              | Medicaid Cluster                          |

Dollar threshold used to distinguish between Type A and Type B programs:      \$750,000

Auditee qualified as low-risk auditee?                 yes     X     no

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2018**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2018-001: SEGREGATION OF DUTIES**

**Criteria:** A good system of internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to completion. County management should be aware that the concentration of duties and responsibilities in one or a very few individuals is not desirable from an internal control perspective.

**Condition:** Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control, is not in place for various departments/offices in the County.

**Cause:** The County has a limited number of personnel within several County departments/offices.

**Effect:** The lack of adequate segregation of duties can result in incorrect financial information, failure to detect misstatements or misappropriations, and the lack of adherence to the County's procedures.

**Repeat Finding:** Prior year finding identified as finding 2017-A.

**Recommendation:** We recommend County management be aware of the lack of segregation of duties within the accounting functions and provide oversight to ensure the internal control policies and procedures are being implemented by organization staff.

**View of Responsible Officials:** There is no disagreement with the audit finding. A finance department has been created for 2019 and management will look at ways to segregate duties further through the use of this additional department.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2018**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2018-002: AUDIT ADJUSTMENTS/RESTATEMENT OF FUND BALANCE**

**Criteria:** County management is responsible for establishing and maintaining internal controls for the proper recording of all County receipts and disbursements, including reclassifications between funds and activity of all investing and savings accounts.

**Condition:** As part of the audit, we proposed material adjustments including: recording of accruals, net pension liability, OPEB liability and related deferred inflows and outflows of resources, reclassifications of fund balances between categories, and recognition of intergovernmental revenues and expenditures passed through to third-parties.

**Cause:** The County has a limited number of personnel.

**Effect:** The design of the internal controls over recording revenues and expenditures, including reclassifications, could affect the ability of the County to detect or prevent errors, a misappropriation of assets, or fraudulent activity.

**Repeat Finding:** Prior year finding identified as finding 2017-C.

**Recommendation:** We recommend County management be consistently aware of all procedures and processes involved in recording receipts, disbursements, and reclassifications, and develop internal control policies to ensure proper recording of these items.

**View of Responsible Officials:** Concur, management reviews and approves all adjustments proposed during the audit and is working to develop internal processes to eliminate the need for audit adjustments.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2018**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2018-003: FINANCIAL REPORTING PROCESS**

**Criteria:** County management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance applicable accounting and reporting standards.

**Condition:** As part of the audit, management engaged the audit firm to prepare a draft of the financial statements, including the related notes to the financial statements. The County does not have an internal control policy in place over preparation or review of the annual financial statements that would enable management to prepare the financial statements and related note disclosures in accordance with applicable accounting and reporting standards. Management reviews and accepts responsibility for the financial statements.

**Cause:** The County has a limited number of personnel.

**Effect:** The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the County's internal controls.

**Repeat Finding:** Prior year finding identified as finding 2017-B.

**Recommendation:** We recommend the County continue to evaluate their internal staff capacity to determine if an internal control policy over the preparation of the financial statements and other areas is beneficial.

**View of Responsible Officials:** Concur. The County has weighed the costs against the benefits and will continue to engage the audit firm to prepare the year-end financial statements. Management will review and accept responsibility for the financial statements.



**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2018**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2018-004: REPORTING**

**Criteria:** The Uniform Grant Guidance requires audited financial statements to be filed with the Federal Audit Clearinghouse within nine months of the County's year end.

**Condition:** The audited financial statements for the year ending December 31, 2018 were not filed with the Federal Audit Clearinghouse within nine months after year end.

**Cause:** Turnover in key positions and change in auditing firm.

**Effect:** Noncompliance with Uniform Guidance.

**Repeat Finding:** Prior year finding identified as finding 2017-D.

**Recommendation:** We recommend the County implement a year-end close out process that allows for timely reconciliation and review. Deadlines should be established to allow for timely submission of the audited financial statements.

**View of Responsible Officials:** Concur. We will develop internal deadlines and work with the audit firm to ensure timely audit issuance and submission.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2018**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2018-005: INTERNAL CONTROLS OVER DISBURSEMENTS**

**Criteria:** County management is responsible for establishing and maintaining internal controls for the proper recording of all County disbursements.

**Condition:** Two of 25 general disbursements tested did not have indication of review and approval by a department head or supervisor.

**Cause:** Inconsistent review process.

**Effect:** The lack of a formal review process could result in inappropriate or fraudulent disbursements going unnoticed.

**Repeat Finding:** No

**Recommendation:** We recommend County management implement formal controls over the disbursement process which includes the documentation of review and approval of invoices prior to payment.

**View of Responsible Officials:** Concur, management will implement internal controls as needed to ensure transactions are approved prior to payment.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2018**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**2018-006 PROCUREMENT, SUSPENSION, AND DEBARMENT**

**Federal Agency:** U.S. Department of Health and Human Services

**Federal Program Title:** Medical Assistance Program (Medicaid Cluster)

**CFDA Number:** 93.778

**Pass-Through Agency:** Minnesota Department of Human Services

**Pass-Through Numbers:** 1805MNADM, 1805MN5MAP

**Compliance Requirement Affected:** Procurement, Suspension and Debarment

**Award Period:** Year-Ended December 31, 2018

**Type of Finding:** Significant Deficiency in Internal Control over Compliance and Compliance

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. In addition, Title 2 U.S. *Code of Federal Regulations* § 200.318 states that the nonfederal entity must use its own documented procurement procedures which reflect applicable state, local and tribal laws and regulations, provided that the procurements conform with applicable federal law and the standards identified in this regulation.

**Condition and Context:** The County does not have a written procurement or conflict of interest policy that include components required by Title 2 U.S. *Code of Federal Regulations* § 200.318.

**Questioned Costs:** Not applicable.

**Cause:** The County did not adopt written procurement and conflict of interest policies.

**Effect:** Noncompliance with Uniform Guidance. Increased risk that purchasing does not comply with federal requirements.

**Repeat Finding:** No

**Recommendation:** We recommend the County Board adopt written procurement and conflict of interest policies that include the components outlined in Title 2 U.S. *Code of Federal Regulations* § 200.318. The written policies should be distributed and reviewed by all employees involved in federally reimbursed purchasing.

**View of Responsible Officials:** There is no disagreement with the audit finding.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2018**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**2018-007 REPORTING**

**Federal Agency:** U.S. Department of Health and Human Services

**Federal Program Title:** Medical Assistance Program (Medicaid Cluster)

**CFDA Number:** 93.778

**Pass-Through Agency:** Minnesota Department of Human Services

**Pass-Through Numbers:** 1805MNADM, 1805MN5MAP

**Compliance Requirement Affected:** Reporting

**Award Period:** Year-Ended December 31, 2018

**Type of Finding:** Significant Deficiency in Internal Control over Compliance

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

**Condition and Context:** The County acts as the LCTS fiscal reporting and payment agency for the local collaborative and is responsible for preparing and submitting the annual spending and collaborative reports. The reports were not reviewed prior to submission.

**Questioned Costs:** Not applicable.

**Cause:** Grantor has not required a review process and as such one was not put in place.

**Effect:** The lack of a review and approval process increases the risk that reports will not be submitted as required, timely or without error.

**Repeat Finding:** No

**Recommendation:** We recommend the County implement procedures to ensure the annual spending and collaborative reports are reviewed and approved prior to submitting to DHS. Evidence of the revenue should be documented and retained.

**View of Responsible Officials:** There is no disagreement with the audit finding.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2018**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**2018-008 Eligibility**

**Federal Agency:** U.S. Department of Health and Human Services

**Federal Program Title:** Medical Assistance Program (Medicaid Cluster)

**CFDA Number:** 93.778

**Pass-Through Agency:** Minnesota Department of Human Services

**Pass-Through Numbers:** 1805MNADM, 1805MN5MAP

**Compliance Requirement Affected:** Eligibility

**Award Period:** Year-Ended December 31, 2018

**Type of Finding:** Material Weakness in Internal Control over Compliance

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

**Condition and Context:** The County does not have a process in place to adequately document the review of key eligibility factors entered in the MAXIS system. No indication of review and approval was noted on 40 of 40 case files. We noted no instances of noncompliance within the sampled cases. The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**Questioned Costs:** Not applicable.

**Cause:** Review occurs through case banking process, however is not documented.

**Effect:** The lack of documented verification of key eligibility-determining factors increases the risk that clients will receive benefits when they are not eligible.

**Repeat Finding:** No

**Recommendation:** We recommend the County establish internal controls over eligibility. The review should be documented and indicate which eligibility factors were verified during the review.

**View of Responsible Officials:** There is no disagreement with the audit finding.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2018**

**OTHER ITEM FOR CONSIDERATION – MINNESOTA LEGAL COMPLIANCE**

**2018-009: PUBLISHING FINANCIAL STATEMENTS**

**Criteria:** Minnesota Statute §375.17 requires the publication of a full and accurate statement of the receipts and expenditures of the preceding year in a form as prescribed by the State Auditor.

**Condition:** The County has not published the financial statements in a board designated newspaper.

**Cause:** County turnover and inexperience with the requirement.

**Effect:** The County is not in compliance with Minnesota Statute.

**Repeat Finding:** No

**Recommendation:** We recommend the County implement processes and procedures to ensure the receipts and expenditures of the preceding year are published.

**View of Responsible Officials:** The County is currently in the process of preparing the reports for publishing.

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2018**

| Grant Program Title                                                                                   | Number | Numbers               | Expenditures | Subrecipients |
|-------------------------------------------------------------------------------------------------------|--------|-----------------------|--------------|---------------|
| U.S. Department of Agriculture                                                                        |        |                       |              |               |
| Passed Through Minnesota Department of Health                                                         |        |                       |              |               |
| Special Supplemental Nutrition Program for Women, Infants and Children                                | 10.557 | 12-700-00072          | \$ 162,963   | \$ -          |
| Passed Through Minnesota Department of Human Services                                                 |        |                       |              |               |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster) | 10.561 | 18MN101S2514          | 167,082      | -             |
| Total Department of Agriculture                                                                       |        |                       | 330,045      | -             |
| U.S. Department of Transportation                                                                     |        |                       |              |               |
| Passed Through Minnesota Department of Transportation                                                 |        |                       |              |               |
| Airport Improvement Program                                                                           | 20.106 | TMNFAA00801217        | 196,125      | -             |
| Highway Planning and Construction Cluster                                                             | 20.205 | SAP 023-601-024       | 172,813      | -             |
| State and Community Highway Safety Cluster                                                            | 20.600 | F-SAFE18-2018FILLMOPH | 12,710       | -             |
| Total Department of Agriculture                                                                       |        |                       | 381,648      | -             |
| U.S. Department of Health and Human Services                                                          |        |                       |              |               |
| Passed Through Houston County, Minnesota                                                              |        |                       |              |               |
| Public Health Emergency Preparedness                                                                  | 93.069 | 127924/3000049110     | 30,895       | -             |
| Universal Newborn Hearing Screening                                                                   | 93.251 | 12-700-00072          | 5,400        | -             |
| Immunization Cooperative Agreements                                                                   | 93.268 | 6 NH23IP000737-05-02  | 1,675        | -             |
| Early Hearing Detection and Intervention Information System                                           | 93.314 | 12-700-00072          | 2,175        | -             |
| Temporary Assistance for Needy Families (TANF Cluster)                                                | 93.558 | 127434                | 22,158       | -             |
| Maternal and Child Health Services Block Grant                                                        | 93.994 | 12-700-00072          | 24,436       | -             |
| Passed Through Minnesota Department of Human Services                                                 |        |                       |              |               |
| Promoting Safe and Stable Families                                                                    | 93.556 | G-170MNCWSS           | 3,034        | -             |
| Temporary Assistance for Needy Families (TANF Cluster)                                                | 93.558 | 1801MNTANF            | 145,193      | -             |
| Child Support Enforcement                                                                             | 93.563 | 1804MNCES             | 147,183      | -             |
| Child Support Enforcement                                                                             | 93.563 | 1804MNCSES            | 63,513       | -             |
| Total Child Support Enforcement 93.563 \$210,696                                                      |        |                       |              |               |
| Refugee and Entrant Assistance - State Administered Programs                                          | 93.566 | 1801MNRCA             | 9            | -             |
| Child Care and Development Block Grant Cluster                                                        | 93.596 | G1801MNCCDF           | 9,069        | -             |
| Parental Support Outreach Program - Children's Trust Fund                                             | 93.590 | G-1702MNFEPG          | 2,518        | -             |
| Stephanie Tubbs Jones Child Welfare Services Program                                                  | 93.645 | G-1701MNCWSS          | 2,293        | -             |
| Foster Care                                                                                           | 93.658 | 1805MNFOST            | 62,942       | -             |
| Social Services Block Grant                                                                           | 93.667 | G-1801MNSOSR          | 116,164      | -             |
| Chafee Foster Care Independence Program                                                               | 93.674 | G-1801MNLIP           | 4,800        | -             |
| Medical Assistance Program Cluster                                                                    | 93.778 | 1805MNADM             | 621,432      | -             |
| Medical Assistance Program Cluster                                                                    | 93.778 | 1805MN5MAP            | 3,967        | -             |
| Total U.S. Department of Health and Human Services                                                    |        |                       | 1,268,856    | -             |

*The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.*

**FILLMORE COUNTY  
PRESTON, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2018**

| Federal Grantor<br>Pass Through Agency<br>Grant Program Title | Federal<br>CFDA<br>Number | Pass-through<br>Grant<br>Numbers | Expenditures        | Passed<br>Through to<br>Subrecipients |
|---------------------------------------------------------------|---------------------------|----------------------------------|---------------------|---------------------------------------|
| U.S. Department of Homeland Security                          |                           |                                  |                     |                                       |
| Passed Through Minnesota Department of Public Safety          |                           |                                  |                     |                                       |
| Disaster Grants- Public Assistance                            | 97.036                    | P07204131PA                      | \$ 5,956            | \$ -                                  |
| Hazard Mitigation Grant                                       | 97.039                    | F-HMGP-DR4182-FILLMOCO           | 23,381              | -                                     |
| Emergency Management Performance Grants                       | 97.042                    | F-EMGP-2017-FILLMOCO             | 42,858              | -                                     |
| Total U.S. Department of Homeland Security                    |                           |                                  | <u>72,195</u>       | <u>-</u>                              |
| Total Cash Type Federal Awards                                |                           |                                  | <u>\$ 2,052,744</u> | <u>\$ -</u>                           |

Clusters of programs are groupings of closely related programs that share common compliance requirements. Total expenditures by cluster are:

|                                           |            |
|-------------------------------------------|------------|
| SNAP Cluster                              | \$ 167,082 |
| Highway Planning and Construction Cluster | 172,813    |
| Highway Safety Cluster                    | 12,710     |
| TANF Cluster                              | 167,351    |
| CCDF Cluster                              | 9,069      |
| Medicaid Cluster                          | 625,399    |

*The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.*



**FILLMORE COUNTY  
PRESTON, MINNESOTA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2018**

**NOTE 1 REPORTING ENTITY**

The schedule of expenditures of federal awards presents the federal award programs expended by Fillmore County (the County). The County's reporting entity is defined in Note 1 to the financial statements.

**NOTE 2 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Fillmore County under programs of the federal government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County.

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners  
Fillmore County  
Preston, Minnesota

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fillmore County, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's financial statements as listed in the table of contents and have issued our report thereon dated May 29, 2020.

The *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minnesota Statutes §6.65 contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing. Our audit considered all of the listed categories except that we did not test for compliance with tax increment financing as the County has no tax increment financing districts.

In connection with our audit, nothing came to our attention that caused us to believe that Fillmore County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Counties*, except as described in the schedule of findings and questioned costs as item 2018-009. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Fillmore County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

Fillmore County's written response to the legal compliance finding identified in our audit is described in the schedule of findings and questioned costs. Fillmore County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Rochester, Minnesota  
May 29, 2020



Board of Commissioners and Management  
Fillmore County  
Preston, Minnesota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fillmore County (the County) as of and for the year ended December 31, 2018, and have issued our report thereon dated May 29, 2020. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

## **Significant audit findings**

### ***Qualitative aspects of accounting practices***

#### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Fillmore County are described in Note 1 to the financial statements.

As described in Note 8, during the year ended December 31, 2018, the County changed accounting policies related to its accounting for other post-employment benefits by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Accordingly, this change in principle resulted in the restatement of beginning net position related to the County's increase in Net Other Postemployment Benefits Liability. Postemployment Benefits Other than Pensions were previously measured under GASB No. 45.

We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

#### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives for depreciation is based on Minnesota Office of the State Auditor's published guideline and historical practice. The useful life of a depreciable asset determines the amount of depreciation that is reported at the end of each reporting period. We evaluated the key factors and assumptions used to develop the useful lives for depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

***Qualitative aspects of accounting practices (continued)***

***Accounting estimates (continued)***

- Management's estimate of accrued compensated absences is based on assumptions involving the probability of employees becoming eligible to receive the benefits (vesting). The current portion of this liability is based on an estimate of what portion will be used within one year. We evaluated the key factors and assumptions used to develop the accrued compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the other postemployment benefits payable is based on an actuarial study performed by an independent third-party and the County's historical activity. We evaluated the key factors and assumptions used to develop the other postemployment benefits payable in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liability is based on estimates prepared by a third party actuary, including expected salary increases, inflation, estimated life expectancy and actual required contributions upon meeting the eligibility requirements. We reviewed the key assumptions used to estimate the liability in determining that they are reasonable in relation to the financial statements taken as a whole.

***Financial statement disclosures***

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

***Corrected misstatements***

The following material misstatements detected as a result of audit procedures that were corrected by management.

- To properly state Medical Assistance LCTS revenues and expenditures in the Human Service Fund totaling \$124,648.
- To properly state pooled cash totaling \$235,570 reported in the agency funds.

- To properly state beginning fund balance and bond principal and interest expenditures in the debt service fund totaling \$239,416.
- To record LRIP and Town Road revenues and expenditures in the Roads and Bridges fund totaling \$838,651.
- To record airport grant receivable and revenue in the amount of \$58,576.

***Disagreements with management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the attached management representation letter dated May 29, 2020.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

***Other audit findings or issues***

We have provided a separate letter to you dated May 29, 2020, communicating internal control related matters identified during the audit.

***Other information in documents containing audited financial statements***

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated May 29, 2020.

With respect to the combining balance sheet and combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, the combining statement of changes and liabilities – agency funds, budgetary comparison schedules for the sanitation, airport, EDA and debt service funds, and the schedule of intergovernmental revenues (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated May 29, 2020.

\* \* \*

This communication is intended solely for the information and use of the County Board of Commissioners and management of Fillmore County and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Rochester, Minnesota  
May 29, 2020

Fillmore County, Minnesota  
 Schedule of Uncorrected Misstatements  
 December 31, 2018

| Description                                                                                                                              | Debit             | Credit            |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Opinion Unit: General Fund</b>                                                                                                        |                   |                   |
| <i>To properly state beginning fund balance and revenue for errors in the employee select benefit payable account in the prior year.</i> |                   |                   |
| Revenue                                                                                                                                  | \$ 13,625         |                   |
| Fund Balance                                                                                                                             |                   | \$ 13,625         |
| <b>Total</b>                                                                                                                             | <b>\$ 13,625</b>  | <b>\$ 13,625</b>  |
| <b>Opinion Unit: Roads and Bridges Fund</b>                                                                                              |                   |                   |
| <i>To properly state beginning fund balance and wheelage tax revenue.</i>                                                                |                   |                   |
| Wheelage Tax Revenue                                                                                                                     | \$ 15,566         |                   |
| Fund Balance                                                                                                                             |                   | \$ 15,566         |
| <b>Total</b>                                                                                                                             | <b>\$ 15,566</b>  | <b>\$ 15,566</b>  |
| <b>Opinion Unit: Roads and Bridges Fund</b>                                                                                              |                   |                   |
| <i>To properly state beginning fund balance and local option sales tax.</i>                                                              |                   |                   |
| Fund Balance                                                                                                                             | \$ 58,000         |                   |
| Local Option Sales Tax Revenue                                                                                                           |                   | \$ 58,000         |
| <b>Total</b>                                                                                                                             | <b>\$ 58,000</b>  | <b>\$ 58,000</b>  |
| <b>Opinion Unit: Governmental Activities</b>                                                                                             |                   |                   |
| <i>To properly state beginning balance of capital assets and net position.</i>                                                           |                   |                   |
| Net Position                                                                                                                             | \$ 118,847        |                   |
| Capital Assets                                                                                                                           |                   | \$ 118,847        |
| <b>Total</b>                                                                                                                             | <b>\$ 118,847</b> | <b>\$ 118,847</b> |



# REQUEST FOR COUNTY BOARD ACTION

Agenda Date: 06/09/2020

Amount of time requested (minutes):

10

Dept.: Sheriff's Office

Prepared By: John DeGeorge

State item(s) of business with brief analysis. If requesting multiple items, please number each item for clarity. Provide relevant material(s) for documentation. Please note on each item if documentation is needed and attached.

Consent Agenda:

Documentation  
(Yes/No):

Regular Agenda:

Documentation  
(Yes/No):

Consider County Board resolution accepting GIS upgrade grant funds from The State of Minnesota. Yes, attached

All requests for County Board agenda must be in the Coordinator's office **No later than noon Thursday prior to the Board date**. Items received after this time **will** not be placed on the Board agenda. All requests should be sent to: [bvickerman@co.fillmore.mn.us](mailto:bvickerman@co.fillmore.mn.us); [ainglett@co.fillmore.mn.us](mailto:ainglett@co.fillmore.mn.us); and [kruesink@co.fillmore.mn.us](mailto:kruesink@co.fillmore.mn.us)

RESOLUTION

FILLMORE COUNTY BOARD OF COMMISSIONERS
Preston, Minnesota 55965

Date June 9, 2020 Resolution No. 2020-

Motion by Commissioner Second by Commissioner

WHEREAS; the Fillmore County Sheriff's Office on behalf of Fillmore County as a member of the Southeast Minnesota Emergency Communication Board, has entered into a contract with the State of MN, Dept of Public Safety, Emergency Communications Division to upgrade the GIS system for Fillmore County and the PSAP. The contract will run from the approval of this resolution to 12/31/2022; and;

WHEREAS; the Fillmore County Sheriff or Regional Programs Manager, or his or her successor(s), is designated the Authorized Representatives for the Sheriff's Office and Fillmore County. The Authorized Representative is also authorized to sign any subsequent amendment or agreement that may be required by the State of MN to achieve the requirements of the grant.

NOW, THEREFORE, BE IT RESOLVED; that the Fillmore County Board of Commissioners does hereby accept the GIS System Upgrade funds in the amount of \$22,396.54

Signed at Preston, Minnesota the 9th day of June, 2020.

FILLMORE COUNTY BOARD OF COMMISSIONERS

Marc Prestby, Chairperson

VOTING AYE

Commissioners Prestby [ ] Dahl [ ] Bakke [ ] Hindt [ ] Lentz [ ]

VOTING NAY

Commissioners Prestby [ ] Dahl [ ] Bakke [ ] Hindt [ ] Lentz [ ]

STATE OF MINNESOTA
COUNTY OF FILLMORE

I, Bobbie Hillery, Clerk of the Fillmore County Board of Commissioners, State of Minnesota, do hereby certify that the foregoing resolution is a true and correct copy of a resolution duly passed at a meeting of the Fillmore County Board of Commissioners held on the 9th day of June, 2020.

Witness my hand and official seal at Preston, Minnesota the 9th day of June, 2020.

SEAL

Bobbie Hillery, Administrator/Clerk
Fillmore County Board of Commissioners

# REQUEST FOR COUNTY BOARD ACTION

Agenda Date: 6/9/2020

Amount of time requested (minutes):

5

Dept.: Administrator

Prepared By: Kristina Kohn

State item(s) of business with brief analysis. If requesting multiple items, please number each item for clarity. Provide relevant material(s) for documentation. Please note on each item if documentation is needed and attached.

Consent Agenda:

Regular Agenda:

Documentation

1. Request to hire replacement Social Worker in the Social Services department at Grade 12/Step 1 effective July 13, 2020 as recommended by the Hiring Committee

a.

b. \$26.89

No

All requests for County Board agenda must be in the Coordinator's office **No later than noon Thursday prior to the Board date.** Items received after this time **will** not be placed on the Board agenda. All requests should be sent to: [bvickerman@co.fillmore.mn.us](mailto:bvickerman@co.fillmore.mn.us); [koman@co.fillmore.mn.us](mailto:koman@co.fillmore.mn.us); and [kruesink@co.fillmore.mn.us](mailto:kruesink@co.fillmore.mn.us)