STEELE COUNTY BOARD OF COMMISSIONERS
WORK SESSION AGENDA

Administration Center - 630 Florence Avenue – Owatonna, MN 55060

Steele County's Mission:
Driven to deliver quality services in a respectful and fiscally responsible way.

TUESDAY, APRIL 12, 2022 AT 4:00 PM
County Boardroom, Steele County Administration Center

Agenda

1. Call to Order
2. Redistricting (pg. 2)
3. Assessor Transition Plan (pg. 13)
4. Fund Balance Policy Discussion (pg. 18)
5. Employee Appreciation Events (pg. 29)
6. Volunteer Appreciation Week – Proclamation (pg. 30)
7. Other business

Adjourn

Disclaimer: This agenda has been prepared to provide information regarding an upcoming meeting of the Steele County Board of Commissioners. This document does not claim to be complete and is subject to change.

Steele County Agenda Item

Subject: 2022 County Commissioner Redistricting

Department: Administration, Auditor, GIS

Committee Meeting Date: N/A

Works Session Date: April 12, 2022

Consent Agenda: ☐ Yes ☒ No **Resolution:** ☐ Yes ☒ No

Policy Committee Recommendation:

Recommendation:

Discussion only

Background *(Including Budget Impact)*:

The Federal Government conducts a census of the United States population every ten years. Counties are required by state statutes to adopt a redistricting plan following each federal census.

The County needs to review and set by Resolution a County Commissioner Redistricting Plan and to set by Resolution staggered terms for County Commissioner districts.

The Auditor's Office & GIS Department will discuss the redistricting process and present the proposed redistricting plan for discussion.

The Steele County Board of Commissioners will conduct a public hearing on Tuesday, April 26, 2022, at 5:15 p.m. to receive citizen comments regarding the 2022 Commissioner Redistricting Plan, with intent to adopt the plan following the public hearing on April 26th.

The Steele County Board of Commissioners needs to determine how to proceed with county commissioner redistricting. Actions on the required and discretionary items outlined below will need to be adopted at the Steele County Board of Commissioners meeting on April 26, 2022.

Required:

1. Adopt a redistricting plan by resolution establishing staggered commissioner election cycles and terms.

   Due to the five percent rule in section 7.5.4 of the Minnesota Secretary of State 2021 Redistricting guide (attached), the Steele County Commissioners representing district 3 and district 4 will need to re-run for office in the next general election.

Based on the 2020 US Census population for Steele County, the 5% threshold is 374. Owatonna redistricting has resulted in a total constituency shift of 825 for commissioner district 3 and 967 for commissioner district 4.

2. Adopt a redistricting plan by resolution establishing and describing commissioner district boundaries.

Discretionary:

1. Establish commissioner district boundaries with consideration for district population variance.

    a. Maintaining the same district boundaries will put commissioner district 2 outside of the 10% population variance threshold, as referenced in section 6.3.3 of the Minnesota Secretary of State 2021 Redistricting guide (attached).
    Based on the 2020 US Census population for Steele County, the population equalization target is 7,481 per district, resulting in a 10% threshold of 748. The total 2020 population for commissioner district 2 is 6,711, resulting in a variance of -770, which exceeds the 10% threshold by 22.

    b. An option that would allow commissioner district 2 to meet the 10% threshold would be to move Somerset Township (2020 population: 733) from commissioner district 1 to commissioner district 2, while also moving Havana Township (2020 population: 556) from commissioner district 2 to commissioner district 1. This would bring the total population for commissioner district 2 to 6,888 with a variance of -593, which is within the 10% threshold of 748. Commissioner district 1 would have a total population of 6,741 with a variance of -740, also within the 10% threshold of 748.
    Although this would result in a total constituency shift greater than 5%, the 5% rule will not apply as commissioner districts 1 and 2 are up for election in 2022.

Attachments:

Minnesota Secretary of State 2021 Redistricting Guide: Section 7.5.4

Minnesota Secretary of State 2021 Redistricting Guide: Section 6.3.3

Map - Commissioner District Changes: resulting from Owatonna redistricting

Map – Commissioner District Changes: option to meet 10% variance

APPENDIX A – REDISTRICTING TIMELINES

Statutory Redistricting Timeline (Intended Deadline)

*in effect if state redistricting plan adopted between 1/28/2022 and 3/29/2022. Otherwise, see "early" or "late."

	Date	Action	Citation
	1/1/2020	Precinct boundary freeze begins. No changes except 1) adjacent annexations in same county, 2) subdivision of existing precinct.	M.S. 204B.14, subd. 3
	4/1/2020	Official date of US Census	
	11/3/2020	State General Election	
	1/4/2021	Deadline for Census to release apportionment data	P.L. 71-13
	4/1/2021	Deadline for Census to deliver redistricting data to Governor, filed with OSS	P.L. 94-171, M.S.600.18
	TBD	OSS conducts redistricting training for local gov't officials	M.S. 204B.146, subd. 1
	12/31/2021	Polling place establishment	M.S. 204B.16, subd. 1
	2/1/2022	Precinct Caucuses	M.S. 202A.14
	2/8/2022	February Uniform Election Date (last day to hold municipal or school district special elections until State Primary)	MS 204B.135, subd. 4
*	**2/15/2022**	**Intended deadline for legislative redistricting (25 weeks before primary)**	**M.S. 204B.14, subd. 1a**
*	3/8/2022	Deadline for municipalities to acquire maps of school districts located within the municipality (within 21 days of completion of legislative redistricting)	M.R. 8255.0015
*	**3/29/2022**	**Deadline for municipal redistricting including precinct reestablishment, polling place designation, and city ward redistricting (19 weeks before primary)**	**M.S. 204B.14, subd. 3, M.S. 204B.135, subd. 1**
	4/1/2022	Last day to withdraw from participation in combined polling place.	M.S. 204B.14, subd. 2
*	4/5/2022	Last day to publish notice of intent to redistrict county commissioner districts (three weeks prior to scheduled meeting)	M.S. 375.025, subd. 1
*	4/5/2022	Voters have at least one week and up to three weeks to apply for revisions to ward redistricting plan (18 weeks before primary)	M.S. 204B.135, subd. 3(b)

	4/17/2022	Last day for SWCD redistricting plan to be filed (at least 30 days before candidate filing begins)	M.S. 103C.311, subd. 2(b)
*	4/19/2022	Deadline for publishing notice of hearing for redistricting school board member districts (one week prior to scheduled meeting)	M.S. 205A.12, subd. 6
*	**4/26/2022**	**Deadline for all other redistricting (county, school district, SWCD, park) (15 weeks before primary, or 80 days after legislative redistricting)**	**M.S. 204B.135, subd. 2**
*	4/28/2022	Deadline for notification to secretary of state and county auditor of precinct boundary changes (within 30 days after change is made)	M.S. 204B.14, subd. 5
	5/1/2022	Combined polling place deadline	M.S. 204B.14, subd. 2
*	5/3/2022	Voters have at least one week and up to three weeks to file to compel redistricting or to apply for revisions to school district, SWCD, park district redistricting plans (14 weeks before primary)	M.S. 204B.135, subd. 3(c)
	5/3/2022	Last day to publish notice of new election district lines (14 days prior to filing)	M.S. 204B.14, subd. 4
	5/3/2022	Last day for county redistricting plan to be filed in order for plan to be effective for 2022 county commissioner elections (two weeks before start of candidate filing)	M.S. 375.025, subd. 4
	5/10/2022	Last day for hospital district special election (May Uniform Election Date)	M.S. 447.32, subd. 2
	5/10/2022	Deadline for voters to file to compel county commissioner redistricting or to apply for revisions to county commissioner redistricting plans (one week before start of candidate filing)	M.S. 375.025, subd. 2
	5/17/2022	**Candidate filing opens (84 days before primary)**	**M.S. 204B.09, subd. 1**
	6/14/2022	Deadline for posting notice of new precinct boundaries in municipal clerk or county auditor's office (56 days before primary election)	M.S. 204B.14, subd. 4
	5/31/2022	Deadline to file combined polling place action with county auditor (30 days after combined polling place established)	M.S. 204B.14, subd. 2
	7/10/2022	Deadline for county auditor to notify school districts in their county that have territory affected by a precinct boundary change (30 days before effective date of change)	M.S. 204B.14, subd. 5

	7/15/2022	Last day to notify voters of new precinct boundary changes (25 days before primary)	M.S. 204B.16, subd. 1a
	8/9/2022	**Primary Election (new precincts and districts take effect)**	**M.S. 204B.14, subd. 3(d); 204D.03; 205.84, subd. 2**
	11/8/2022	**General Election**	**M.S. 204D.03**

- The seat's normal four-year term is up, or
- The commissioner's district has had a change greater than the "five percent rule"

Commissioners shifted out of their district by redistricting will not necessarily be up for election, as discussed below.

7.5.2 Normal four-year terms

Each county has an existing schedule for when commissioner seats are up for reelection, which provides staggered terms for commissioners. Approximately half of all county commissioners will be running for office in 2022 under the existing plan. The county board will need to determine which districts will have two-year or four-year terms elected in 2022 to provide for staggered terms. It does not necessarily have to be the same as the current staggered terms. (M.S. 375.025, subd. 4)

7.5.3 Commissioner shifted out of district

A person may hold the office of county commissioner so long as they remain a resident of the commissioner district. If the redistricting of county commissioner districts causes an incumbent commissioner's residence to be shifted into another commissioner district, they may continue to serve in office between May 31, 2022 (the last day to file for office) and the end of their term if they remain a resident of the county. For commissioners elected in 2020, this could include their full four-year term if the change was less than the "five percent rule" (see below). (M.S. 375.025 subd. 4)

7.5.4 The five percent (5%) rule

One of the most important aspects to determining if a commissioner will need to run for office in 2022 is the interpretation of *M.S.* 375.025 subd. 4, which reads:

> *"When a county is redistricted, there shall be a new election of commissioners in all the districts at the next general election except that if the change made in the boundaries of a district is less than five percent of the average of all districts of the county, the commissioner in office at the time of the redistricting shall serve for the full period for which elected."*

If the shift in a county commissioner district boundary affects a population larger than 5% of the average district size in the county, it is considered a significant alteration in the constituency represented by that commissioner, so there should be an election in that county commissioner district in the first general election following redistricting regardless of whether or not that commissioner was elected in 2020. Districts elected in 2020 where the population shift is smaller than 5% are exempted from running for office in 2022.

The size of population shift that constitutes a significant alteration will vary by county, depending on the total population in the county and the number of commissioner districts. The determination of the size of the threshold population is five percent of the average population in all commissioner districts. The total shift in constituency is calculated by adding the number of individuals shifted into *and* out of the district due to changes in district boundaries during redistricting.

The total shift in constituency is calculated as follows:

(# of individuals shifted *into* district + # of individuals shifted *out of* district) = total shift

The threshold population is calculated as follows:

(county population ÷ number of districts) * 0.05 = threshold

If the total shift is *greater* than the threshold population, then a county commissioner who was elected for a four-year term at the 2020 general election *will* need to run for that office again in 2022.

Consider the hypothetical example of County Commissioner District 1 shown in the example below.

County information	2020 county population:	20,000

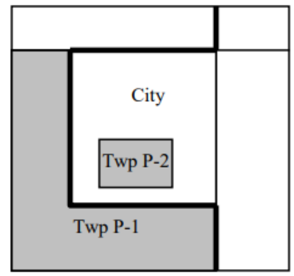
shifted. This would force the county to adjust the county commissioner district boundary to reflect the new precinct boundary.

Counties wishing to draw a commissioner district boundary in a particular location should work with their municipalities to ensure a precinct boundary exists in that location. Counties may want to work cooperatively with their cities and townships throughout the redistricting process rather than waiting to see what the municipalities establish as precinct boundaries.

After the redistricting of commissioner districts, precincts must not be split by commissioner boundaries and the county board may not move county commissioner district boundaries until the next redistricting period.

6.3.2 Maintain contiguous districts

Municipal annexations sometimes cause “islands” of township territory to be created within city territory (or vice-versa), as seen in the figure at right. If the county desires to use the city boundary as part of the county commissioner boundary (dark line), then the county must work with townships so that any township “islands” within the city are in a different precinct, as shown. Counties should also consider future annexations when drawing commissioner district boundaries, as annexations across commissioner district lines sometimes cause the creation of additional smaller precincts.

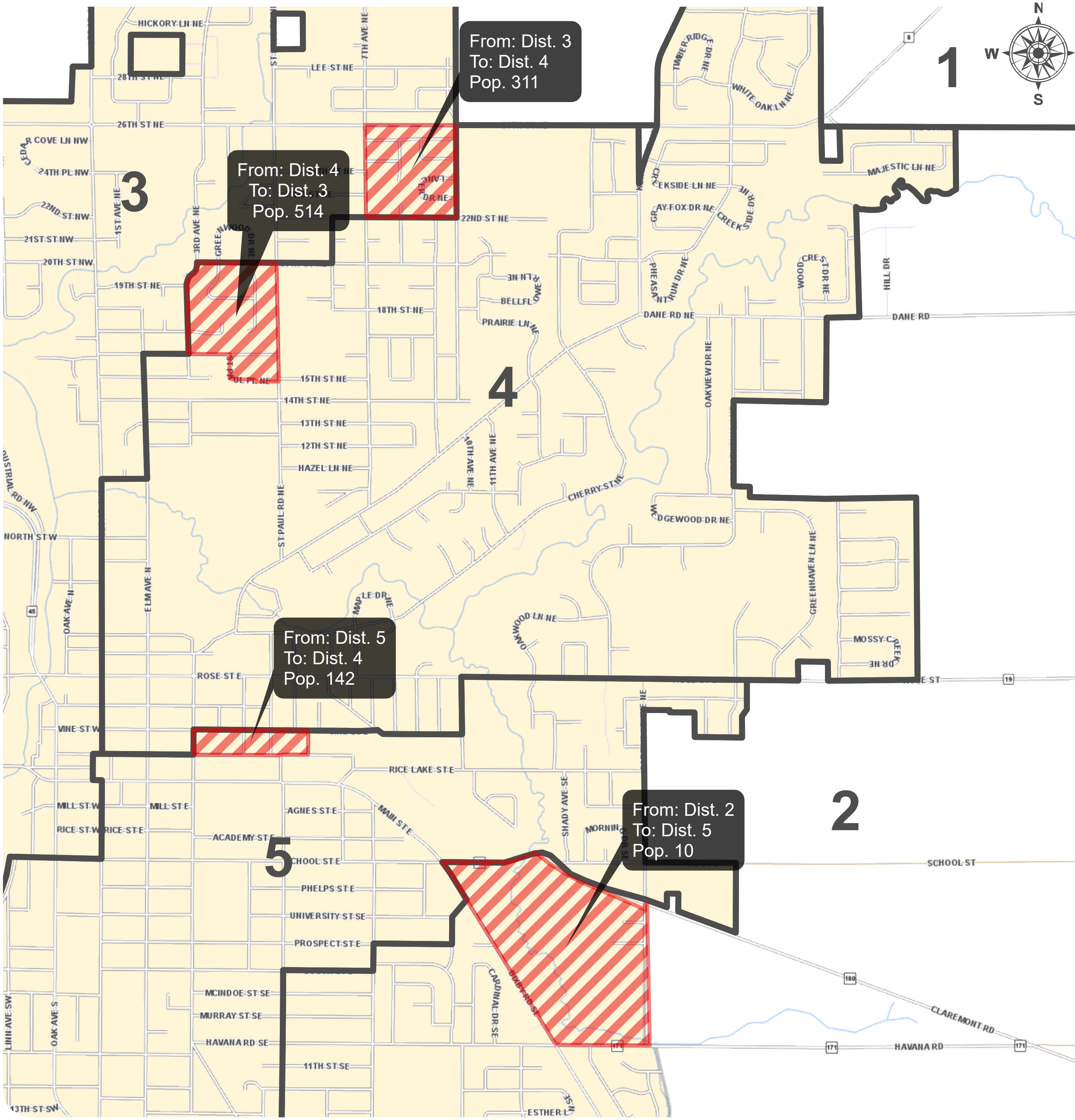


6.3.3 Ten percent population variance

No district shall vary in population more than ten percent from the average for all districts in the county, unless the result forces a voting precinct to be split. To calculate the numbers, first the total population for the county should be divided by the number of county commissioner districts, and that number divided by ten to find the threshold value. Then the difference between the average population and the population of each district should be calculated to find the variance. If the variance is higher than the threshold, it may be necessary to redistrict.

Average Population		**10% Threshold**		**District 1 Variance**	
County Population:	20,000	Average Population:	4,000	District 1 Population:	4,500
Number Districts:	5			Average Population:	4,000
Average Population:		Threshold (10% of Average):		Variance:	
20,000 ÷ 5 =	4,000	4,000 × .10 =	400	4,500 – 4,000 =	500

In the previous example, the variance (500) exceeds the threshold value (400), so the county should consider whether a different configuration of precinct could create districts that are more equal in population. Alternatively, counties could work with municipalities to create additional precincts which would give the county more flexibility. (M.S. 375.025, subd. 1)



Commissioner District Changes

resulting from Owatonna redistricting

Owatonna Redistricting

Commissioner Districts

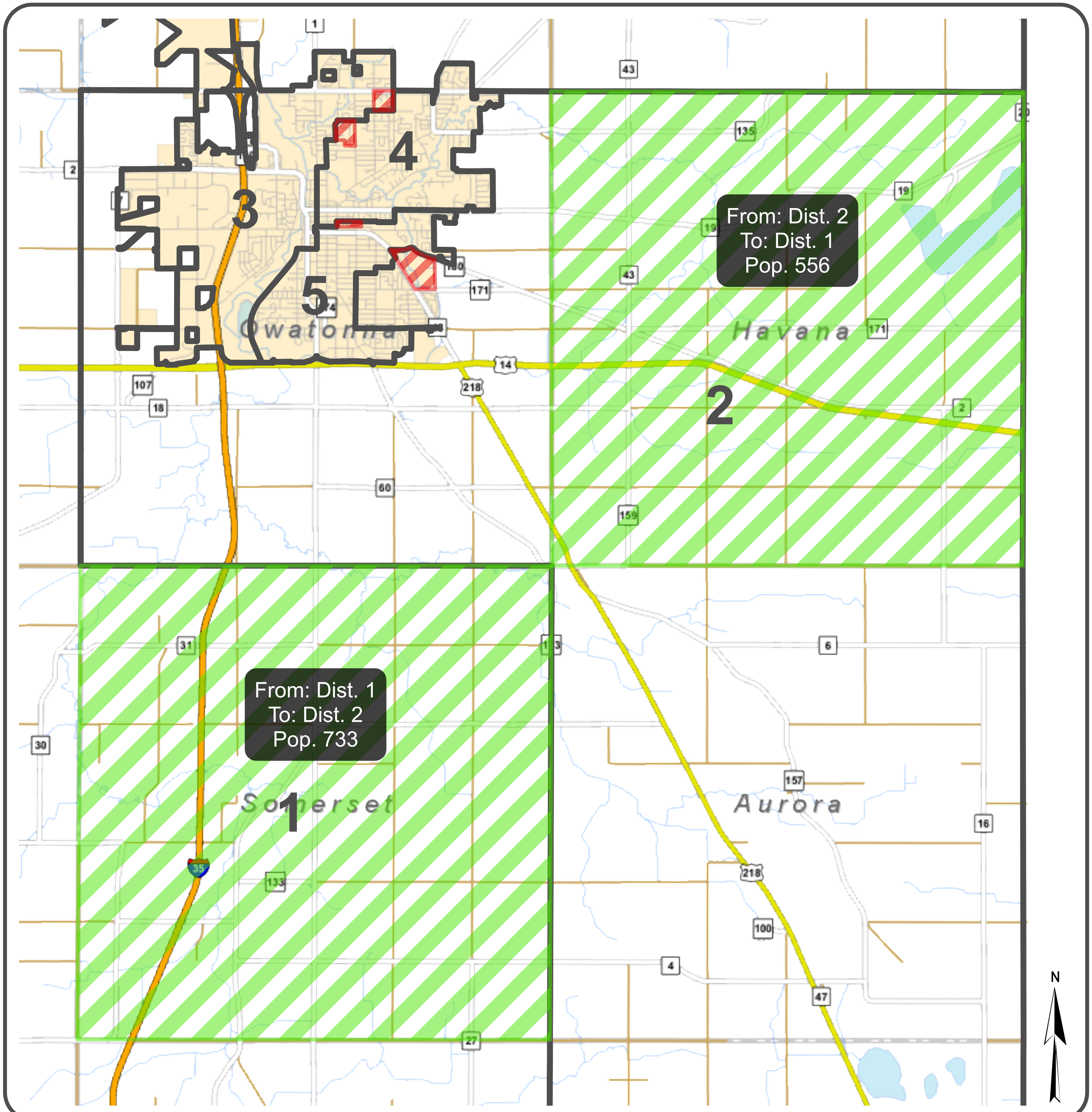
Preliminary review subject to change.

2020 Total Population:	37,406
Number of Districts:	5
Average Pop./District:	7,481.2
10% Threshold:	748.12
5% Threshold:	374.06

District	2020 Redistrict Population	Variance	Within 10% Threshold (Y/N)
1	6918	-563.2	Y
2	6711	-770.2	N
3	7934	452.8	Y
4	7927	445.8	Y
5	7916	434.8	Y
Total	37406		

District	Total Shift	Within 5% Threshold (Y/N)
2	10	Y
3	825	N
4	967	N
5	152	Y

2/22/2022



Commissioner District Changes

Option to meet 10% variance

County Redistricting
Owatonna Redistricting
Commissioner Districts

Preliminary review subject to change.

2020 Total Population:	37,406
Number of Districts:	5
Average Pop./District:	7,481.2
10% Threshold:	748.12
5% Threshold:	374.06

District	2020 Redistrict Population	Variance	Within 10% Threshold (Y/N)
1	6741	-740.2	Y
2	6888	-593.2	Y
3	7934	452.8	Y
4	7927	445.8	Y
5	7916	434.8	Y
Total	37406		

District	Total Shift	Within 5% Threshold (Y/N)
1	1289	N
2	1299	N
3	825	N
4	967	N
5	152	Y

2/22/2022

Resolution for Adoption of County Commissioner Districts

WHEREAS, the Federal Government conducts a census of the United States population every ten years; and

WHEREAS, counties are required by state statutes to adopt a redistricting plan following each federal census.

NOW, THEREFORE, BE IT RESOLVED that the County Commissioner Redistricting Plan be adopted as follows:

1st District: Berlin Township, Clinton Falls Township, Deerfield Township, Summit Township, Lemond Township, Medford Township, Meriden Township, Merton Township, Somerset Township, Ellendale City and Medford City

2nd District: Aurora Township, Blooming Prairie City, Blooming Prairie Township, Havana Township, Owatonna Township and W1-P2

3rd District: W5-P1, W3-P1 and W3-P2

4th District: W5-P2, W2-P1 and W2-P2

5th District: W1-P1, W4-P1 and W4-P2

Be it Resolved, that the County Administrator is directed to file the redistricting plan with the County Auditor by April 29, 2022, to be effective for the 2022 primary and general election and to publish in the paper.

Dated:____________________

STEELE COUNTY BOARD OF COMMISSIONERS

By:______________________________
Chairman

CERTIFICATION

I hereby certify that the above is a true and correct copy of a Resolution duly passed, adopted and approved by the County Board of said County on the _____ day of _______________, 2022.

____
County Auditor
County of Steele

RESOLUTION

WHEREAS, the Federal Government conducts a census of the United States population every ten years; and

WHEREAS, counties are required by state statutes to adopt a redistricting plan following each federal census.

WHEREAS, due to redistricting, County Commissioner Districts 1, 2, 3, and 4 are required to run for office in 2022.

NOW, THEREFORE, BE IT RESOLVED that staggered terms for County Commissioner Districts will be set as follows:

Commissioner District 1 - 4-year term with the term expiring January 4, 2027

Commissioner District 2 – 4-year term with the term expiring January 4, 2027

Commissioner District 3 – 2-year term with the term expiring January 6, 2025

Commissioner District 4 – 2-year term with the term expiring January 6, 2025

Commissioner District 5 will remain the same with term expiring January 6, 2025

Dated:____________________ STEELE COUNTY BOARD OF COMMISSIONERS

By:______________________________
Chairman

CERTIFICATION

I hereby certify that the above is a true and correct copy of a Resolution duly passed, adopted and approved by the County Board of said County on the _____ day of _______________, 2022.

____
County Auditor
County of Steele

Steele County Agenda Item

Subject: Phased Retirement Option (PRO) Program for County Assessor

Department: Administrator's Office

Committee Meeting Date: April 5, 2022

Board Meeting Date: April 12, 2022

Consent Agenda: ☐ Yes ☐ No **Resolution:** ☐ Yes ☒ No

Policy Committee Recommendation:

Committee recommends bring to the full Board.

Recommendation:

Recommend making an exception to the County's Personnel Policy by continuing to offer single health insurance coverage and continue making monthly health insurance county contribution of $782.97 in order to have the current County Assessor do the Phased Retirement Option Program with PERA and provide a successful transition to the new County Assessor who's hired.

Background *(Including Budget Impact)*:

Bill Effertz has provided the county written notice of his intent to retire from the County Assessor position on May 27, 2022. Bill has offered to do the Phased Retirement Option Program offered through PERA and work up to 2 days per week/16 hours beginning May 28, 2022 in order to provide a successful transition for whoever is hired as the new County Assessor.

The reason this is important is because in addition to serving as the County Assessor, Bill does all of the Commercial & Industrial Appraisals for the County and also represents the County in tax court proceedings. Finding a new Assessor who possesses all of these experiences, skills and proficiencies who's interested in working in a rural County will be very difficult. Having Bill available to consult with the new County Assessor on the Commercial & Industrial Appraisals and tax court issues for a time period is important and cost effective for the County.

Bill is willing to do the Phased Retirement Option Program for a maximum of 6 months but would end this arrangement as soon as the County no longer needs his services. If the County is fortunate enough to recruit and hire an experienced Assessor, this arrangement may only be needed for a short period of time, like 1 month. If a less experienced person is hired, several months of this arrangement may be needed for a successful transition.

The cost to the County to have Bill do a Phased Retirement and make an exception to the health insurance policy would be for up to 16 hours per week of Bill's current wage, along with the monthly cost of $782.97 to continue the single county contribution for health insurance. The potential cost for 1 – 6 months of this arrangement would be:

- 1 month: $782.97 (health insurance) + $3,741.22 (wages) = $4,524.19
- 6 months: 4,697.82 (health insurance) + $22,447.36(wages) = $27,145.18

This proposed plan to facilitate the successful transition of a very specialized department head position is recommended by Administration and Human Resources.

Attachments:

N/A

April 5, 2022

To: Internal Central Service Committee
Cc: Scott Golberg, County Administrator, Julie Johnson, Human Resources Director

From: Bill Effertz, County Assessor

Re: Assessor's Office Staffing Levels

The mission of the Steele County Assessor's Office is to estimate property values accurately and uniformly in a cost-effective manner. Maintaining adequate personnel and equipment are critical to producing efficient annual assessments, defending the tax base and ensuring pubic trust.

Prior to when I was hired in 2011 there were 8 FTEs in the Department. At the time of my hire, we were able to combine the County Assessor position with the Commercial Appraiser because of my background. Upon my retirement, I am suggesting that the County return the FTE to the Department so allow for adequate staffing and efficient assessment practices for Steele County moving forward.

The commercial, industrial, and apartment tax base has grown considerably over the last five years. Currently, this market sector makes up 16% of the total market value, this grows to 29% of the total tax capacity and 36% of the total taxes in Steele County. These property types are taxed at the highest rate in the State of Minnesota. Due to the complexities and growing volume of this property type, I believe that a full-time appraiser be dedicated to the valuation and defense of these types of properties to reduce the amount of Tax Court settlements.

There are roughly 23,500 parcels in Steele County of which 2,300 parcels are commercial, industrial and apartment parcels. I believe that a full-time appraiser is required to value and defend the tax base with property owners and in Minnesota Tax Court. This position will assist in the supervision of staff and value unique and upper bracket properties.

In addition to the commercial appraiser, a residential person would need to be added to bring the FTEs from 7 to 8. Minnesota Statutes, 273.01, require assessors to physically inspect 20% of all properties annually. This appraisal position is critical as we struggle each year to meet this statutory requirement. While it is critically important for assessors to meet this requirement, it is important to note why this requirement is statutory. The main function of the Assessor's Office is to value all real and personal property at its market value and classify property, according to its use each and every year. Accuracy and uniformity are the goal of the assessor. Transparency keeps the property owners informed as to their assessments and holds assessors accountable.

The International Association of Assessing Officers (IAAO) sets professional standards for mass appraisal. IAAO standard for full time employees is 2,500 parcels per employee for optimal production and efficiency. This standard varies on the size of the jurisdiction. The statewide median is per assessor is 4,190. The current staffing allocation for the 5 Steele County Appraisers is well over the IAAO standard at 4,696 parcels for each of the 5 appraisers including the County and Assistant County Assessors. This workload increases to 7,267 residential parcels/appraiser for the 3-remaining appraiser's, if the County and Assistant perform administrative responsibilities and commercial industrial apartment properties.

This number of 7,267 parcels per appraiser is not a realistic workload. Adding a fourth appraiser reduces this number to 5,450 parcels per appraiser, a more manageable number but still high by industry standards.

All data that is used in the mass appraisal process must be as complete, accurate and consistent as possible. The quality of the data will, more than anything else, determine the valuation accuracy and maintain public trust. The private sectors real estate professionals look to the assessor's office for sale validation and depend on our property characteristic data for accuracy.

As we look at succession planning for the Assessor's Office, it may not be reasonable to assume that the next County Assessor can perform these extra commercial, industrial appraisal duties.

Steele County is heavily reliant on property tax as a major revenue source. The foundation of a fair and equitable property tax system starts with an accurate and uniform assessment. Credibility and equanimity are vital to the taxpayers of Steele County and inaccurate data would be destructive and lead to public distrust.

I have included a chart for most of the counties in Region 1 in southern Minnesota. The average parcel per appraiser in the region is 4,328. For Steele County, with current residential/agricultural staffing of 4 appraisers, Steele County parcel per appraiser count is well above the standard for the area at 5,450.

Assuming that a commercial appraiser is hired (perhaps Asst County Assessor), that would reduce the residential appraisers parcel count to 7,267 parcels which is prohibitive with almost twice the number of parcels than the average assessor in the state.

If we would have 4 people responsible for 21,200 residential parcels that rate would return to current levels of responsibility at 5,450 parcels.

Minnesota Association of Assessing Officers

MAAO 2020 REGION 1 STAFF SURVEY

Jurisdiction	Parcel #	Co. EMV	Pop	# of Staff	EMV/PARCEL	EMV/STAFF	EMV/STAFF	# of APPR	PARCELS/APPR
CURRENT STAFFING									
Steele County	23,481	$ 5,495,055,900	37,406	7	$ 234,021	$ 785,007,986	$ 1,099,011,180	5	4,696
								4	5,870
Filmore County	21,000	$ 3,969,694,700	20,835	5	$ 189,033	$ 793,938,940	$ 992,423,675	4	5,250
Rice County	33,901	$ 6,100,000,000	66,000	10	$ 179,936	$ 610,000,000	$ 871,428,571	7	4,843
Freeborn County	23,303	$ 4,356,615,200	30,444	7	$ 186,955	$ 622,373,600	$ 871,323,040	5	4,661
Olmsted County	74,308	$ 22,498,305,200	156,300	19	$ 302,771	$ 1,184,121,326	$ 1,406,144,075	16	4,644
Goodhue County	31,660	$ 5,493,193,700	46,304	11	$ 173,506	$ 499,381,245	$ 784,741,957	7	4,523
Wabasha County	17,285	$ 3,076,647,500	26,000	5	$ 177,995	$ 615,329,500	$ 769,161,875	4	4,321
Winona County	25,500	$ 5,363,511,600	52,000	8	$ 210,334	$ 670,438,950	$ 893,918,600	6	4,250
Dodge County	12,189	$ 3,490,320,800	20,822	6	$ 286,350	$ 581,720,133	$ 1,163,440,267	3	4,063
Houston County	14,100	$ 2,351,778,600	19,027	6	$ 166,793	$ 391,963,100	$ 587,944,650	4	3,525
Waseca County	12,801	$ 2,864,577,600	19,300	5	$ 223,778	$ 572,915,520	$ 716,144,400	4	3,200
AVERAGE STAFF	266,047			82	209,745	654,218,232		60	4,328
WORK LOAD WITH COMMERCIAL APPRAISER AND COUNT ASSESSOR ADMIN									
Steele County	1,700	$ 879,208,944		1	$ 517,182	$ 879,208,944	$ 879,208,944	1	1,700
Steele County	21,800	$ 4,615,846,956		6	$ 211,736	$ 769,307,826	$ 1,538,615,652	3	7,267
ASSUMING COMMERCIAL APPRAISER AND 4 APPRAISERS									
Steele County	21,800	$ 4,615,846,956		8	$ 211,736	$ 576,980,870	$ 1,153,961,739	4	5,450

Fund Balance Policy Discussions

2022

Objectives

- Update the policy
- Establish a strategic vision for the County
- Establish minimum levels for designated funds to ensure stable service delivery, meet future needs, and protect against financial instability

Definitions

- Fund Balance (Reserves) is an accumulation of revenues less expenditures, set aside to meet any future costs or financial obligations.
- Separate categories
    - Nonspendable fund balance: amounts that are not in a spendable form (i.e. inventory) or are required to be maintained intact (i.e. endowment trust)
    - Restricted fund balance: amounts that can be spent only for the specific purposes stipulated by external resource providers (i.e. grant providers)
    - Committed fund balance: amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority
    - Assigned fund balance: amounts intended to be used by the government for specific purposes
    - Unassigned fund balance: the portion of that total fund balance that is not restricted in the ways mention above

Deemed unrestricted since the constraint on spending is imposed by the Board

Guidance

- Office of State Auditor
    - Set by the governing body (Board of Commissioners)
    - Should provide a time frame and a specific plan to maintain the desired level of unreserved fund balance
    - Should specify the types of future expenditures to be designated, how the amounts for those designations will be determined and the timeframe for those designations (annually or appoint it to someone to make that determination based on the guidelines set by the Board).
    - Should account for cashflow needs
        - Predictability of revenues/volatile expenditures
        - The availability of resources in other funds
    - State Auditor's Office recommends local governments maintain approx. 35 to 50 percent of fund operating revenues OR no less than five months of operating

expenditures in its unreserved fund balance of their general fund and special revenues funds.

        - Should be assessed based on the unique circumstances of the local government

- Government Finance Officer Association
    - Budgetary vs GAAP fund balance
    - Appropriate Level
    - Use and Replenishment
        - Define the conditions warranting its use and develop a plan to replenish it (within one to three years) when the fund balance falls below the Board approved policy level
        - Address when fund balance exceeds the formal policy reserve requirement

Governmental fund balances reported on the fund financial statements at December 31, 2020, include the following:

	General Fund	Road and Bridge	Ditch	Debt Service	Capital Projects	Total
Nonspendable:						
Inventories and prepaids	$ 180,254	$ 169,521	$ -	$ -	$ -	$ 349,775
Loans receivables	195,113	-	-	-	-	195,113
Advances to other funds	534,017	-	-	-	-	534,017
Restricted for:						
Fish and wildlife	53,280	-	-	-	-	53,280
Law library	176,477	-	-	-	-	176,477
Recorder technology	153,121	-	-	-	-	153,121
Recorder compliance fund	148,502	-	-	-	-	148,502
Missing heirs	161,161	-	-	-	-	161,161
CWP loans	223,093	-	-	-	-	223,093
Natural resources block grant	72,579	-	-	-	-	72,579
U of M extension	6,495	-	-	-	-	6,495
Veterans donation	6,659	-	-	-	-	6,659
Sheriff drug and alcohol forfeitures	19,116	-	-	-	-	19,116
Sheriff handgun	288,442	-	-	-	-	288,442
Sheriff special deputies	3,316	-	-	--	-	3,316
Sheriff K9 Project	13,884	-	-	-	-	13,884
SCRAM	29,717	-	-	-	-	29,717
County attorney	32,947	-	-	-	-	32,947
Public Health	4,124	-	-	-	-	4,124
Bixby project	95,777	-	-	-	-	95,777
Highways and streets	-	6,480,942	-	-	-	6,480,942
Debt service	-	-	-	1,083,312	-	1,083,312
Capital projects	-	-	-	-	280,032	280,032
Committed to:						
Equipment purchases	-	287,219	-	-	-	287,219
Assigned to:						
Compensated absences	1,428,548	192,043	-	-	-	1,620,591
Bridges, roads and streets	-	8,424,700	-	-	-	8,424,700
Capital projects	-	-	-	-	293,681	293,681
Unassigned (deficit)	23,784,046	-	(48,224)	-	-	23,735,822
Total fund balances (deficit)	$ 27,610,668	$ 15,554,425	$ (48,224)	$ 1,083,312	$ 573,713	$ 44,773,894

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September 2007

Article for *Minnesota Counties*

Fund Balances for Local Governments – Office of the State Auditor Statement of Position

By Rebecca Otto, Minnesota State Auditor

The Office of the State Auditor recently revised its Statement of Position on Fund Balances for Local Governments. The statement of position provides recommendations on fund balance policies to be adopted by local governments.

Adoption of Fund Balance Policy

The Office of the State Auditor recommends that each local government establish a formal policy on the level of unreserved fund balance that should be maintained in the general fund and special revenue funds. The policy should be set by the governing body and should provide both a time frame and a specific plan for increasing or decreasing the level of unreserved fund balance. If the fund balance does not match the policy, a plan should be developed by the governing body that will allow for compliance with the policy.

The Office of the State Auditor recommends each local government adopt a policy specifying the types of future expenditures to be designated, how the amounts for such designations are arrived at, and whether the governing body will set the designations annually or will set up a designation process and appoint someone to make the determination based on the guidelines established by the governing body.

The local government's revenue streams should be kept in mind when drafting such a policy. For example, funds that rely heavily on property taxes must maintain sufficient financial resources to provide adequate resources until the next tax revenue collection cycle. Funds that rely on state appropriations and grants should consider the timing of those payments. Also, local governments need to maintain a prudent level of financial resources to protect against a forced service level reduction or having to raise taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

Other considerations include the predictability of revenues and the volatility of expenditures--higher levels of unreserved fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile. The availability of resources in other funds as well as the potential drain on the general fund resources from other funds could affect the level of unreserved fund balance needed. The availability of resources in other funds may reduce the amount of unreserved fund balance needed in the general fund, just as deficits in other funds may require that a higher level of unreserved fund balance be maintained in the general fund.

In some cases, the unreserved fund balance in special revenue funds may not be available for use for general operations of the local government, for example a park dedication special revenue fund in a city or a ditch special revenue fund in a county. In these situations, it is important for the local government's fund balance policy to document that these type of funds are not available for future appropriation to the general operations of the local government.

Appropriate Fund Balance Levels

The Office of the State Auditor recommends that at year-end local governments maintain an unreserved fund balance in their general fund and special revenue funds of approximately 35 to 50 percent of fund operating revenues or no less than five months of operating expenditures, which should provide the local government with adequate funds until the next property tax revenue collection cycle. The adequacy of unreserved fund balance should be assessed based on an individual local government's own circumstances. If the local government's unreserved fund balance is less than or greater than the 35 to 50 percent recommended above the local government should be able to explain the reason for the difference.

Local governments should also consider taking a position on the level of unreserved fund balance in other funds that have unrestricted revenues. In setting an appropriate level, the local government should consider any long-term forecasting/planning issues, to avoid the risk of placing too much emphasis on the level of unreserved fund balance at any one time.

For the complete statement of position, see http://www.auditor.state.mn.us/other/Statements/fundbalances_0708_statement.pdf.

To contact the Office of the State Auditor with further questions on this issue, please call (651) 296-2551 or e-mail us at state.auditor@state.mn.us.

BEST PRACTICES

Fund Balance Guidelines for the General Fund

Governments should establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for GAAP and budgetary purposes.

In the context of financial reporting, the term *fund balance* is used to describe the net position of governmental funds calculated in accordance with generally accepted accounting principles (GAAP). Budget professionals commonly use this same term to describe the net position of governmental funds calculated on a government's budgetary basis.[1] While in both cases *fund balance* is intended to serve as a measure of the financial resources available in a governmental fund; it is essential that differences between GAAP *fund balance* and budgetary *fund balance* be fully appreciated.

1. GAAP financial statements report up to five separate categories of fund balance based on the type and source of constraints placed on how resources can be spent (presented in descending order from most constraining to least constraining): *nonspendable fund balance*, *restricted fund balance*, *committed fund balance*, *assigned fund balance*, and *unassigned fund balance*.[2] The total of the amounts in these last three categories (where the only constraint on spending, if any, is imposed by the government itself) is termed *unrestricted fund balance*. In contrast, budgetary fund balance, while it is subject to the same constraints on spending as GAAP fund balance, typically represents simply the total amount accumulated from prior years at a point in time.

2. The calculation of GAAP fund balance and budgetary fund balance sometimes is complicated by the use of sub-funds within the general fund. In such cases, GAAP fund balance includes amounts from all of the subfunds, whereas budgetary fund balance typically does not.

3. Often the timing of the recognition of revenues and expenditures is different for purposes of GAAP financial reporting and budgeting. For example, encumbrances arising from purchase orders often are recognized as expenditures for budgetary purposes, but never for the preparation of GAAP financial statements.

The effect of these and other differences on the amounts reported as *GAAP fund balance* and *budgetary fund balance* in the general fund should be clarified, understood, and documented.

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. In most cases, discussions of fund balance will properly focus on a government's general fund. Nonetheless, financial resources available in other funds should also be considered in assessing the adequacy of unrestricted fund balance in the general fund.

GFOA recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for GAAP and budgetary purposes.3 Such a guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period.4In particular, governments should provide broad guidance in the policy for how resources will be directed to replenish fund balance should the balance fall below the level prescribed.

Appropriate Level. The adequacy of unrestricted fund balance in the general fund should take into account each government's own unique circumstances. For example, governments that may be vulnerable to natural disasters, more dependent on a volatile revenue source, or potentially subject to cuts in state aid and/or federal grants may need to maintain a higher level in the unrestricted fund balance. Articulating these risks in a fund balance policy makes it easier to explain to stakeholders the rationale for a seemingly higher than normal level of fund balance that protects taxpayers and employees from unexpected changes in financial condition. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.5 The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances.6 Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time. In establishing a policy governing the level of unrestricted fund balance in the general fund, a government should consider a variety of factors, including:

1. The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile);

2. Its perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts);

3. The potential drain upon general fund resources from other funds, as well as, the availability of resources in other funds;

4. The potential impact on the entity's bond ratings and the corresponding increased cost of borrowed funds;

5. Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose). Governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance, rather than on unrestricted fund balance.

Use and Replenishment.

The fund balance policy should define conditions warranting its use, and if a fund balance falls below the government's policy level, a solid plan to replenish it. In that context, the fund balance policy should:

1. Define the time period within which and contingencies for which fund balances will be used;
2. Describe how the government's expenditure and/or revenue levels will be adjusted to match any new economic realities that are behind the use of fund balance as a financing bridge;
3. Describe the time period over which the components of fund balance will be replenished and the means by which they will be replenished.

Generally, governments should seek to replenish their fund balances within one to three years of use. Specifically, factors influencing the replenishment time horizon include:

1. The budgetary reasons behind the fund balance targets;
2. Recovering from an extreme event;
3. Political continuity;
4. Financial planning time horizons;
5. Long-term forecasts and economic conditions;
6. External financing expectations.

Revenue sources that would typically be looked to for replenishment of a fund balance include nonrecurring revenues, budget surpluses, and excess resources in other funds (if legally permissible and there is a defensible rationale). Year-end surpluses are an appropriate source for replenishing fund balance.

Unrestricted Fund Balance Above Formal Policy Requirement. In some cases, governments can find themselves in a position with an amount of unrestricted fund balance in the general fund over their formal policy reserve requirement even after taking into account potential financial risks in the foreseeable future. Amounts over the formal policy may reflect a structural trend, in which case governments should consider a policy as to how this would be addressed. Additionally, an education or communication strategy, or at a minimum, explanation of large changes in fund balance is encouraged. In all cases, use of those funds should be prohibited as a funding source for ongoing recurring expenditures.

Notes:

1. For the sake of clarity, this recommended practice uses the terms GAAP fund balance and budgetary fund balance to distinguish these two different uses of the same term.
2. These categories are set forth in Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.
3. Sometimes restricted fund balance includes resources available to finance items that typically would require the use of unrestricted fund balance (e.g., a contingency reserve). In that case, such amounts should be included as part of unrestricted fund balance for purposes of analysis.
4. See Recommended Practice 4.1 of the National Advisory Council on State and Local Budgeting governments on the need to "maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures" (Recommended Practice 4.1).
5. In practice, a level of unrestricted fund balance significantly lower than the recommended minimum may be appropriate for states and America’s largest governments (e.g., cities, counties, and school districts) because they often are in a better position to predict contingencies (for the same reason that an insurance company can more readily predict the number of accidents for a pool of 500,000 drivers than for a pool of fifty), and because their revenues and expenditures often are more diversified and thus potentially less subject to volatility.

6. In either case, unusual items that would distort trends (e.g., one-time revenues and expenditures) should be excluded, whereas recurring transfers should be included. Once the decision has been made to compare unrestricted fund balance to either revenues and/or expenditures, that decision should be followed consistently from period to period.

This best practice was previously titled Appropriate Level of Unrestricted Fund Balance in the General Fund.

Board approval date: Wednesday, September 30, 2015

Steele County
Agenda Item

Subject: Employee Appreciation Events

Department: Administrator's Office

Committee Meeting Date: April 12, 2022

Board Meeting Date: April 12, 2022

Consent Agenda: ☐ Yes ☒ No **Resolution:** ☐ Yes ☒ No

Policy Committee Recommendation:

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Recommendation:

Approve conducting employee appreciation events in 2022 as part of our Wellness program with a budget not to exceed $2,000.

Background *(Including Budget Impact)*:

Individually and collectively we have all endured the "tyranny of COVID" over the past two years. As an organization, we have not been able to conduct our annual recognition/holiday events, Commissioner listening sessions, and other in-person activities. There is a need to "reconnect" with our staff through some in-person interaction.

Appreciation and recognition is essential for retention, motivation, and employee engagement and can also build a culture that strengthens relationships at all levels in the organization. Employee appreciation events are vital to maintaining happy and productive employees and is a great opportunity to show employees they are valued and thank them for their hard work and contributions to our shared success.

We are starting the appreciation events with a stop at the Annex building for Public Health and Extension on April 20th. The preliminary plan is to schedule events at other county buildings and facilities through September to provide some food and interaction amongst staff, Commissioners, and Administrator. The appreciation events should receive formal Board approval to document them as a scheduled/targeted activity in our wellness program.

Attachments:

n/a

Resolution

Proclaiming Volunteer Appreciation Week – April 17-23, 2022

WHEREAS, Steele County volunteer programs are an integral part of Steele County programs helping enrich the lives of the citizens of this great county, and

WHEREAS, Steele County volunteers dedicate hundreds of hours a year of their valuable time, knowledge, skills and abilities to Steele County and its' communities, and

WHEREAS, April 2022 is Global Volunteer Month, and April 17-23 is National Volunteer Week, we celebrate our volunteers who build stronger, more vibrant communities through their volunteerism and generosity;

NOW, THEREFORE, BE IT RESLOVED THAT, the Board of Commissioners of Steele County, Minnesota do hereby proclaim April 17-23, 2022, as Volunteer Appreciation Week.

Adopted this ___ day of __________, 2022

Steele County Board of Commissioners:

____

Commissioner John Glynn, Chair

________________________________ _____

Steele County Auditor Date