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# Le Sueur County, MN

Tuesday, January 6, 2015

Board Meeting

## Item 10

**10:25 a.m. Darrell Pettis, Administrator**

*RE: Request out of State Travel, NACE April 18 - 23*

*RE: Comittee Assignments*

*RE: S&P General Obligation*

Staff Contact:

## 2015 County Board Re-Organization

The 2015 mileage reimbursement rate is \$0.575 per mile and \$0.02 per mile additional for water patrol officers for pulling water patrol boat.

2015 per diem rate is \$50.00 per half day and \$80.00 per full day.

Commissioner \_\_\_\_\_ is the 2015 County Board Chair and Commissioner \_\_\_\_\_ is the Vice Chair.

The \_\_\_\_\_ is the 2015 Official Legal Paper for Le Sueur County: Phone \_\_\_\_\_;  
Fax \_\_\_\_\_; e-mail: \_\_\_\_\_

The \_\_\_\_\_ is the Second Publication: Phone \_\_\_\_\_; Fax \_\_\_\_\_; E-mail: \_\_\_\_\_

**Commissioner Gliszinski (1):** AMC, NACO, Tri-County Solid Waste, Le Sueur-Waseca Board of Health, German – Jefferson Sewer District, Roads & Bridge, Guardian Ad Litem, Transportation Alliance, Fair Board, Planning & Zoning, Work Force Council, Labor Management, Insurance Review, Le Sueur – Rice Joint Drainage Authority, Le Sueur – Scott Joint Drainage Authority, AMC Public Safety Policy Committee, (952) 212-1953 cell

**Commissioner Connolly (2):** AMC, NACO, Tri-County Solid Waste, Le Sueur-Waseca Board of Health, German – Jefferson Sewer District, Roads & Bridges, Insurance, Deferred Compensation, Law Library, Le Sueur County Aging & Transit, MVAC/HRA, AMC General Government Policy Committee, Le Sueur – Rice Joint Drainage Authority, Le Sueur – Scott Joint Drainage Authority, . (507) 665-6150 home; (507) 340-9117 cell

**Commissioner King (3):** AMC, NACO, Tri-County Solid Waste, Le Sueur-Waseca Board of Health, German – Jefferson Sewer District, Roads & Bridges, Airport Commission for Le Sueur, MSSA, Joint Powers, MCIT, Transportation Alliance, Safety Committee, Minnesota River Board, Greater Blue Earth River Basin Alliance (GBERBA), Ney Foundation, Le Sueur – Waseca Regional Library, AMC Health & Human Services Policy Committee and Le Sueur – Scott Joint Drainage Authority, Le Sueur – Blue Earth Joint Drainage Authority, Regional Radio Board, Employee Reclassification Committee, Union Negotiations, , **Extension.** (612) 756-4590 cell

**Commissioner Wetzel (4):** AMC, NACO, Tri-County Solid Waste, Le Sueur-Waseca Board of Health, German – Jefferson Sewer District, Roads & Bridges, Le Sueur County Developmental Services (LCDS), MVAC, EMS Joint Powers, MVCOG, Cannon River Watershed, Public Health Advisory Committee, Public Health Emergency Preparedness Advisory, Family Services Collaborative, Extension, Regional Radio Board, AMC Transportation & Infrastructure Policy Committee, Le Sueur – Rice Joint Drainage Authority, Le Sueur – Blue Earth Joint Drainage Authority and Transportation Alliance, Union Negotiations, Employee Reclassification Committee, Extension. (507) 357-6621 home; (952) 217-3009 cell

**Commissioner Rohlffing (5):** AMC, NACO, Tri-County Solid Waste, Le Sueur-Waseca Board of Health, German – Jefferson Sewer District, Roads & Bridges, MCIT, Mental Health Advisory, Immtrack Joint Powers Board, Transportation Alliance, VIP, Scenic Byway Alliance, MN River Basins, Region 9, SBA,, Minnesota River Board, Le Sueur County Developmental Services (LCDS), Envision 2020, Personnel Policy Committee Le Sueur – Waseca Regional Library, Mental Health Advisory, AMC Environment & Natural Resources Policy Committee, Historical Society, Le Sueur – Blue Earth Joint Drainage Authority, Airport Commission for Mankato, SHIP Community Leadership Team. (507) 317-5095 cell

## 2015 Canvassing Board Members; Commissioners Rohlffing and Wetzel

# RatingsDirect®

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## Summary:

# Le Sueur County, Minnesota; General Obligation

### Primary Credit Analyst:

Antionette E Maxwell, Chicago (1) 312-233-7016; antionette.maxwell@standardandpoors.com

### Secondary Contact:

David H Smith, Chicago (312) 233-7029; david.smith@standardandpoors.com

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## Summary:

# Le Sueur County, Minnesota; General Obligation

### Credit Profile

Le Sueur Cnty GO state-aid rd bonds ser 2009A

*Long Term Rating*

AA/Stable

Affirmed

## Rationale

Standard & Poor's Ratings Services affirmed its 'AA' long-term rating with a stable outlook on Le Sueur County, Minn.'s outstanding general obligation (GO) bonds, based on the local government criteria released Sept. 12, 2013.

The bonds are a GO of the county for which the county's full faith, credit and taxing powers are pledged.

### Strong economy

Le Sueur County's local economy is strong, in our view, with projected per capita effective buying income at 93% of the national average and a per capita market value of about \$140,800. According to the U.S. Bureau of Labor Statistics, the unemployment rate in the county was 6.5% last year. Le Sueur County lies approximately 23 miles northeast of Mankato-North Mankato and 60 miles southwest of Minneapolis-St. Paul. Each of these metropolitan areas provides job opportunities for a significant portion of county residents. The local economy is heavily weighted toward agriculture and also provides light manufacturing employment opportunities. Residents benefit, in our opinion, from participation in the broad and diverse Minneapolis-St. Paul, Minn. Bloomington, Wis. Metropolitan Statistical Area. We view this as a credit strength.

### Very strong budgetary flexibility

With available reserves at 45.1% of operating expenditures in fiscal 2013, Le Sueur County's budgetary flexibility is very strong in our view. In our opinion, reserves are a credit strength as the available fund balance was above 30% for the most recent audited year, and we expect it to remain above 30% for the current and the following years.

### Very strong liquidity

In our opinion, very strong liquidity supports Le Sueur County's finances, with total government available cash to government fund expenditures and cash to debt service at 46% and 6x respectively. We expect that the county's liquidity position will be maintained.

### Weak budgetary performance

Le Sueur County's budgetary performance is weak, in our opinion, with a deficit of 1.3% for the general fund, after adjusting for one-time expenses or recurring transfers, and a deficit of 3.4% for the total governmental funds in fiscal 2013. We understand that the county is expecting to have break-even results in the general fund for fiscal 2014. Year-end results for 2014 in total governmental funds may be similar to 2013.

### **Adequate management**

We believe Le Sueur County's management conditions are adequate with "standard" financial practices under our Financial Management Assessment methodology, indicating the government, in our opinion, maintains adequate policies in some but not all key areas. Highlights include a capital improvement plan that projects sources and uses for five years and is renewed annually, as well as an informal fund balance goal of 40% of expenditures. Management presents monthly budget-to-actual performance reports for the human services fund, but other funds receive only year-end reviews. Investment holdings are also reported only at year end.

### **Very strong debt and contingent liabilities**

We view Le Sueur County's debt and contingent liabilities profile as very strong. Net direct debt is 32.5% of total governmental fund revenue, and total governmental fund debt service is 7.6% of total governmental fund expenditures. Almost all of the debt is repaid over 10 years, which is a positive credit factor. In our opinion, net debt to market value is low, at 2.5%, and a positive credit factor. Last year, Le Sueur County contributed 100% of its annual required pension contribution. The annual pension and other postemployment benefit costs accounted for 2% of total government expenditures in fiscal 2013.

### **Adequate institutional framework**

The institutional framework score for Minnesota counties with a population of greater than 5,000 is "adequate." See the Institutional Framework score for Minnesota.

## **Outlook**

The stable outlook reflects our expectation that the county will maintain reserves above 30% of expenditures and that are aligned with its fund balance target. We do not expect to raise the rating during the two-year outlook horizon due to the county's overall credit profile. Although not expected, a lower rating could occur if the county's debt, budgetary flexibility, and budgetary performance worsened.

## **Related Criteria And Research**

### **Related Criteria**

USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013

### **Related Research**

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Minnesota Local Governments

Complete ratings information is available to subscribers of RatingsDirect at [www.globalcreditportal.com](http://www.globalcreditportal.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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