

Approved Minutes Emmet County Board of Supervisor Minutes  
June 6, 2023 at 9:00 a.m.  
Regular Meeting  
Board Room, Courthouse

Present: Todd Glasnapp, Chair  
John Pluth  
Tim Schumacher  
Lisa K. Hansen  
Jeff Quastad

Absent: None

Media: Mike Tidemann and Ed Funston

Chairman Glasnapp, called the meeting to order. All in attendance recited the Pledge of Allegiance. Motion by Pluth, second by Hansen to approve the minutes from last week's meeting also approving them for publication. All Ayes, motion carried.

During Public forum, Auditor Sathoff updated the Board on FY2023 Departmental year end expenditures. The Board of Supervisors departmental budget will require a transfer from another department in its service area in the amount of approximately \$6,735.00 due to legal and court related expenditures. Sathoff reported that a transfer may also be required for the Sheriff, Communication and Jail budgets as they are very close.

Pluth reported that he attended a Third Judicial District meeting and shared Emmet County judicial statistics.

Zoning Administrator Barb Bohm joined the meeting to share a complaint from a Maple Hill property owner. The complaint will be on next week's Board Agenda to take action.

The Supervisors discussed complaints they have received regarding the camping rate increases.

Nate Reefer from B&W Control Specialists joined the meeting to share the 2023 plan for weed and brush control on Emmet County Drainage ditches. Reefer will continue the rotation cycle and if the Board feels it is necessary to add a district they will contact him. Districts to have weed and brush control are: EPA17, EPA17 Lateral 3, EPA17 Lateral 4, DD29, DD121, DD60, ED1, DD62 and DD69.

The Board considered Resolution 23-14. The Resolution is recommended for adoption by the County's Audit Firm to comply with GASB87 leases and reads as follows:

#### **RESOLUTION 23-14**

##### **Emmet County Right-To-Use Lease Asset Policy**

GASB Statement No. 87, "Leases", was effective beginning July 1, 2021. (FY2022). GASB 87 requires a lessee to recognize a lease liability and an intangible right-to-use lease asset.

A right-to-use lease asset is an intangible capital asset. The asset represents the right to use an underlying asset identified in a lease contract, as specified for a period of time. The County will recognize the intangible right-to-use lease asset when:

- (a) The contract conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. (GASB 87, paragraph 4)
- (b) The minimum noncancelable contract term is greater than twelve months.
- (c) The contract does not transfer ownership of the underlying asset.
- (d) The underlying asset is used to conduct county business. (This will not apply to custodial funds.)

The following leases are not GASB 87 leases and are excluded from this policy:

(GASB 87, paragraph 8)

- (a) Leases of intangible assets, including rights to explore for or to exploit natural resources such as oil, gas, and minerals and similar nonregenerative resources; licensing contracts for items such as motion picture films, video recordings, plays, manuscripts, patents and copyrights; and licensing contracts for computer software.
- (b) Leases of biological assets, including timber, living plants, and living animals.
- (c) Leases of inventory.
- (d) Contracts that meet the definition of a service concession arrangements (as specified in GASB 60, paragraph 4).
- (e) Leases of assets financed with outstanding conduit debt, unless both the underlying asset and the conduit debt are reported by the lessor.
- (f) Supply contracts, such as power purchase agreements.

##### Threshold for Capitalization of Right-To-Use Lease Assets

The establishment of a right-to-use lease asset capitalization threshold policy has been recommended. The policy should be approved by the Board of Supervisors. The threshold is to be consistently applied by all departments and offices of the County for financial reporting purposes and should overall capture most right-to-use lease contracts. All right-to-use lease assets at or above \$50,000.00 must be reported.

As a general rule, the threshold should be applied to individual lease contracts.

##### Right-to-use lease asset classifications:

The lessee is required to disclose the amount of lease assets (and the related amortization) by major classes of underlying assets, separately from other capital assets. (GASB 87, paragraph 37)

At a minimum, the following major classes of underlying lease assets will be disclosed by the County.

- Right-to-use leased land.

- Right-to-use leased buildings.
- Right-to-use leased equipment.
- Right-to-use leased improvements other than buildings.

Measurement and amortization:

Measurement: A lessee should initially measure the lease asset as the sum of the following: (GASB 87, paragraph 30)

- The amount of the initial measurement of the lease right-to-use asset. (A lessee should measure the lease liability and right-to-use asset at the present value of payments expected to be made during the lease term. (GASB 87, paragraph 21))
- Lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term
- Initial direct costs that are ancillary charges necessary to place the lease asset into service.

Amortization: A lease asset should be amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset (except if the lessee is reasonably certain a purchase option will be exercised). The amortization of the lease asset should be reported as amortization expense. (GASB 87, paragraph 31).

At a minimum, amortization should be calculated on a monthly basis.

**Approved by resolution No. 23-14 on June 6, 2023.**

**Board Chair: Todd Glasnapp**

**Attest: Auditor, Amy M. Sathoff June 6, 2023**

Motion by Pluth, second by Quastad to adopt Resolution 23-14. ROLL CALL VOTE: Yays: Schumacher, Hansen, Pluth, Quastad and Glasnapp. Nays: None.

Emmet County's Audit firm also recommended the adoption of a Right to Use Subscription Asset Policy in order to comply with GASB 96 regulations. The resolution reads as follows:

**Resolution 23-15**

**Emmet County Right-To-Use Subscription Asset Policy**

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements", is effective beginning July 1, 2022. (FY2023). GASB 96 requires a government end user (government) to recognize a subscription liability and an intangible right-to-use subscription asset.

For counties reporting on the accrual basis of accounting, the cumulative effect, if any, may require a restatement of beginning net position, fund balance, or fund net position (as applicable). This means subscription-based information technology arrangements (SBITA or subscription) in existence on June 30, 2022 will need to be reported as the beginning balance (July 1, 2022) for leases of FY2023.

A right-to-use subscription asset is an intangible capital asset. The asset represents the right to use an underlying asset identified in a subscription contract, as specified for a period of time. The County will recognize the intangible right-to-use subscription asset when:

- The contract conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction.
- The minimum noncancelable contract term is greater than twelve months.
- The contract does not transfer ownership of the underlying asset.
- The underlying asset is used to conduct county business. (This will not apply to custodial funds.)

Threshold for Capitalization of Right-To-Use SBITA Assets

The establishment of a right-to-use subscription asset capitalization threshold policy has been recommended. The policy should be approved by the Board of Supervisors. The threshold is to be consistently applied by all departments and offices of the County for financial reporting purposes and should overall capture most right-to-use subscription contracts. All right-to-use subscription assets at or above \$50,000.00 must be reported.

As a general rule, the threshold should be applied to individual subscription contracts.

Right-to-use lease asset classifications:

The government is required to disclose the amount of subscription assets (and the related amortization) separately from other capital assets.

Measurement and amortization:

Measurement: A government should initially measure the subscription asset as the sum of the following:

- The amount of the initial measurement of the subscription right-to-use asset. (A lessee should measure the subscription liability and right-to-use asset at the present value of payments expected to be made during the lease term.) (For the year of implementation, the subscription liability and right-to-use asset should be measured as of July 1, 2022.)
- Subscription payments made to the vendor at or before the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term
- Initial direct costs that are ancillary charges necessary to place the subscription asset into service.

Amortization: A subscription asset should be amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying asset. The amortization of the lease asset should be reported as amortization expense.

At a minimum, amortization should be calculated on a monthly basis.

**Approved by resolution No. 23-15 on June 6, 2023.**

**Board Chair: Todd Glasnapp**

**Attest: Auditor, Amy M. Sathoff June 6, 2023**

Motion by Hansen, second by Schumacher. ROLL CALL VOTE: Yays: Schumacher, Hansen, Pluth, Quastad and Glasnapp. Nays: None.

Michelle Howing along with Phyllis Martens, Roxanne Budach, Andrea Blaise and Taetym Fredericksen joined the meeting to present a request for an economic revolving loan from Emmet County to purchase Tiny Treasurers Daycare Center in Estherville. Howing is requesting \$3,500 in forgivable grant funding and \$15,000 in revolving loan funds with 2% interest.

Howing presented her Business Plan on purchasing the Daycare Center and keeping it open in Estherville and her vision in making the Center a non-profit in the future.

Motion by Schumacher, second by Hansen to approve the request. All ayes, motion carried.

Auditor Sathoff presented a revised Emmet County HIPAA Organization Schedule as follows:

Organization Structure:

Emmet County Board of Supervisors	
Chairperson:	Todd Glasnapp
Emmet County Board of Health	Appointed by: Emmet County Board of Supervisors
Chairperson:	Pam Caboth
Emmet County Public Health Board of Health	Appointed by: Emmet County
Medical Director:	Keith L. Probst, MD
Administrator:	Kari Batman, BSN, RN
Chief Privacy Officer (CPO):	Appointed by: Emmet County Board of Supervisors
	Amy M. Sathoff (County) Kari Batman (ECPH)
Chief Security Officer (CSO):	Trevor Duckett
Authorized Privacy Designees*	Appointment by: Amy M. Sathoff
(Area of Authority)	(Name)

\* Designees can only be appointed and authorized by, and report to the CPO and/or CSO.

Motion by Schumacher, second by Quastad to approve the revised structure. All ayes, motion carried.

The Board reviewed the following manure management plans:

Owner	Facility Name	Site #
Hawkeye Four, Inc.	Hawkeye Four	#60817
Duane Hoffman	Hoffman Duane	#58894

Motion by Hansen, second by Quastad to adjourn the meeting at 10:50 a.m. All Ayes. Motion carried.

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Amy M. Sathoff, Emmet County Auditor

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Todd Glasnapp, Chairman