

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Meeker County
(Including the Meeker County Economic
Development Authority)
Litchfield, Minnesota

Year Ended December 31, 2019

Description of the Office of the State Auditor

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 100 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice – conducts financial and legal compliance audits of local governments;

Government Information – collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations – provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

Pension – monitors investment, financial, and actuarial reporting for Minnesota’s local public pension funds; and

Tax Increment Financing – promotes compliance and accountability in local governments’ use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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Meeker County
(Including the Meeker County Economic
Development Authority)
Litchfield, Minnesota

Year Ended December 31, 2019



Audit Practice Division
Office of the State Auditor
State of Minnesota

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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

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LITCHFIELD, MINNESOTA**

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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**ORGANIZATION SCHEDULE
DECEMBER 31, 2019**

		<u>Term Expires</u>
Elected		
Commissioners		
Board Member	Beth Oberg	District 1 December 31, 2022
Vice Chair	Joe Tacheny	District 2 December 31, 2020
Chair	Bryan Larson	District 3 December 31, 2020
Board Member	Mike Housman	District 4 December 31, 2020
Board Member	Steve Schmitt	District 5 December 31, 2022
Auditor	Barbara Loch	December 31, 2022
Treasurer	Sharon Euerle	December 31, 2022
Recorder	Christine Paul	December 31, 2022
Sheriff	Brian Cruze	December 31, 2022
Attorney	Brandi Schiefelbein	December 31, 2022
Appointed		
Assessor	Leslie Schroeder	June 1, 2022
Court Administrator	Katie Bloch	Indefinite
Coroner/Medical Examiner	A. Quinn Strobl, M.D.	December 31, 2019
Examiner of Titles	Mark Wood	Indefinite
Highway Engineer	Phillip Schmalz	May 1, 2022
Surveyor	Doug Huhn	December 31, 2020
Veterans Service Officer	Donald Dufner	December 31, 2021
Social Services Director	Paul Bukovich	Indefinite
Emergency Management Director	Stephanie Johnson	Indefinite
County Administrator	Paul Virnig	Retire March 1, 2021
Planning and Zoning Administrator	Greg Schultz	Indefinite

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**ORGANIZATION SCHEDULE
MEEKER COUNTY ECONOMIC DEVELOPMENT AUTHORITY
DECEMBER 31, 2019**

Treasurer	Tim Benoit	City of Dassel
Board Member	Brent Bengtson	City of Eden Valley
President	Mike Housman	Meeker County Commissioner
Vice President	Mike Doering	City of Litchfield
Board Member	Joe Tacheny	Meeker County Commissioner
Board Member	Chuck Lietzau	City of Cosmos
Board Member	Mike Lokken	City of Grove City
Board Member	Mark Smith	City of Darwin
Board Member	Dennis Loch	City of Watkins

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JULIE BLAHA
STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Meeker County
Litchfield, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund of Meeker County, Minnesota, as of and for the year ended December 31, 2019, including the Meeker County Housing and Redevelopment Authority as of and for the year ended June 30, 2019, and the related notes to 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of (1) the Meeker Memorial Hospital, which represents the amounts shown as the business-type activities and the major enterprise fund; or (2) the Meeker County Housing and Redevelopment Authority, which represents 16 percent, nine percent, and 79 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Meeker Memorial Hospital Enterprise Fund and the Meeker County Housing and Redevelopment Authority component unit, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*,

issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Meeker Memorial Hospital were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Meeker County as of December 31, 2019, including the Meeker County Housing and Redevelopment Authority as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Subsequent Event

As discussed in Note 5.D. to the financial statements, subsequent to year-end, the World Health Organization declared a coronavirus (COVID-19) outbreak a pandemic. A reduction of County State Aid from state-collected gasoline tax revenue in calendar year 2021 has occurred or is expected to occur. In addition, it is expected that the County will experience an increase of grant revenues as a result of this pandemic. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have

applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Meeker County's basic financial statements. The Supplementary Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Supplementary Information is 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 August 14, 2020, on our consideration of Meeker County's and the Meeker County Economic Development Authority component unit's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports 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 Meeker County's or the Meeker County Economic Development Authority's internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meeker County's and the Meeker County Economic Development Authority component unit's internal control over financial reporting and compliance. They do not include the Meeker Memorial Hospital or the Meeker County Housing and Redevelopment Authority, which were audited by other auditors.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA), as required by Title 2 U.S. *Code of Federal Regulations*

Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. The SEFA is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

August 14, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019
(Unaudited)**

As management of Meeker County, Minnesota, we offer the readers of the Meeker County financial statements this narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements that follow this section. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Meeker County exceeded its liabilities and deferred inflows of resources on December 31, 2019, by \$117,917,043 (net position). Of this amount, \$41,652,905 (unrestricted net position) may be used to meet Meeker County's ongoing obligations to citizens and creditors.
- Meeker County's total net position increased by \$6,309,563 in 2019. This is attributed primarily to an increase in activity.
- As of the close of 2019, Meeker County's governmental funds reported combined ending fund balances of \$23,504,978. Of this fund balance amount, \$20,970,171 was unrestricted by Meeker County, and thus available for spending at the government's discretion.
- At the end of 2019, unassigned fund balance for the General Fund was \$9,383,868 or 77.44 percent, of the total General Fund expenditures for that year.
- Meeker County's total debt decreased by \$1,179,271. The key factor in the decrease was payment on principal. This results in a decrease of 6.73 percent in total outstanding debt of the County.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to Meeker County's basic financial statements. Meeker County's basic financial statements are composed of three components: (1) government-wide financial statements, (2) fund level financial statements, and (3) notes to the financial statements. The MD&A is required to accompany the basic financial statements and is included as required supplementary information. This report also contains other supplementary information.

Government-Wide Financial Statements

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

The statement of net position presents information on all of Meeker County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Meeker County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

Meeker County's government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from those intended to recover all or a significant portion of their costs through fees and charges (business-type activities). The governmental activities of Meeker County include general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, economic development, and interest. The business-type activities for Meeker County represent the Meeker Memorial Hospital.

The government-wide statements include not only the financial data for Meeker County itself (known as the primary government), but also the legally separate component units of the Meeker County Economic Development Authority and the Meeker County Housing and Redevelopment Authority, for which Meeker County is legally accountable. Further financial information for the Meeker County Housing and Redevelopment Authority is audited and reported separately from the financial information provided herein for the primary government itself.

The government-wide financial statements can be found on Exhibits 1 and 2 of this report.

Fund Level Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Meeker County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Meeker County can be divided into three categories: governmental funds, proprietary fund, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

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

Meeker County reports 14 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, Debt Service Fund, and Capital Projects Fund—all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements after the notes to the financial statements.

Governmental fund financial statements can be found on Exhibits 3 through 6 of this report.

The proprietary fund is maintained by Meeker County to account for the activities of the Meeker Memorial Hospital. The financial statements for this fund provide the same type of information as the government-wide financial statements, only in detail.

Proprietary fund financial statements can be found on Exhibits 7 through 9 of this report.

Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, or other funds. Meeker County's fiduciary funds consist of four funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In addition, the agency funds are not reflected in the government-wide financial statements because these resources are not available to support the County's programs.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 through 106 of this report.

Other information regarding Meeker County's intergovernmental revenues is provided as other schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County's financial position. Meeker County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$117,917,043 at the close of 2019. The largest portion of Meeker County's net position (60.83 percent) reflects the County's net investment in capital assets (for example, land, buildings, equipment, and infrastructure such as roads and bridges), less any related debt used to acquire those assets that is still outstanding. However, it should be noted that these assets are not available for future spending or for liquidating any remaining debt.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 28,752,662	\$ 28,884,098	\$ 46,286,687	\$ 42,291,222	\$ 75,039,349	\$ 71,175,320
Capital assets	69,006,595	66,290,665	18,724,306	20,001,744	87,730,901	86,292,409
Total Assets	\$ 97,759,257	\$ 95,174,763	\$ 65,010,993	\$ 62,292,966	\$ 162,770,250	\$ 157,467,729
Deferred Outflows of Resources	\$ 2,311,331	\$ 3,788,619	\$ 759,447	\$ 1,650,816	\$ 3,070,778	\$ 5,439,435
Liabilities						
Long-term liabilities	\$ 12,761,139	\$ 13,171,653	\$ 23,598,172	\$ 24,599,700	\$ 36,359,311	\$ 37,771,353
Other liabilities	1,835,005	1,336,245	3,503,728	3,759,271	5,338,733	5,095,516
Total Liabilities	\$ 14,596,144	\$ 14,507,898	\$ 27,101,900	\$ 28,358,971	\$ 41,698,044	\$ 42,866,869
Deferred Inflows of Resources	\$ 4,255,015	\$ 5,545,223	\$ 1,970,926	\$ 2,887,592	\$ 6,225,941	\$ 8,432,815
Net Position						
Net investment in capital assets	\$ 67,409,649	\$ 64,484,869	\$ 4,318,394	\$ 4,716,448	\$ 71,728,043	\$ 69,201,317
Restricted	4,351,999	4,278,602	184,096	208,757	4,536,095	4,487,359
Unrestricted	9,457,781	10,146,790	32,195,124	27,772,014	41,652,905	37,918,804
Total Net Position, as reported	\$ 81,219,429	\$ 78,910,261	\$ 36,697,614	\$ 32,697,219	\$ 117,917,043	\$ 111,607,480

The unrestricted net position amount of \$41,652,905 as of December 31, 2019, may be used to meet the County's ongoing obligations to citizens and creditors. The business-type activities reported in 2019 are comprised of the Meeker Memorial Hospital, an enterprise fund of the primary government.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 5,328,301	\$ 4,630,721	\$ 36,698,631	\$ 33,687,900	\$ 42,026,932	\$ 38,318,621
Operating grants and contributions	10,265,147	10,719,161	-	-	10,265,147	10,719,161
General revenues						
Property taxes	14,519,972	14,040,266	-	-	14,519,972	14,040,266
Gravel taxes	66,113	59,724	-	-	66,113	59,724
Mortgage registry taxes	34,643	21,587	-	-	34,643	21,587
Other taxes	118,278	114,807	-	-	118,278	114,807
Grants and contributions not restricted to specific programs	1,438,741	1,525,875	-	-	1,438,741	1,525,875
Gifts and contributions	-	-	9,717	34,350	9,717	34,350
Investment earnings	589,691	569,331	671,876	547,192	1,261,567	1,116,523
Gain on sale of capital assets	-	-	-	40,280	-	40,280
Miscellaneous	92,485	103,331	177,363	-	269,848	103,331
Total Revenues	\$ 32,453,371	\$ 31,784,803	\$ 37,557,587	\$ 34,309,722	\$ 70,010,958	\$ 66,094,525
Expenses						
General government	\$ 5,765,259	\$ 6,202,713	\$ -	\$ -	\$ 5,765,259	\$ 6,202,713
Public safety	6,710,954	5,982,892	-	-	6,710,954	5,982,892
Highways and streets	6,293,305	6,078,281	-	-	6,293,305	6,078,281
Sanitation	562,255	393,585	-	-	562,255	393,585
Human services	7,474,856	6,689,891	-	-	7,474,856	6,689,891
Hospital	-	-	33,557,192	31,700,282	33,557,192	31,700,282
Health	1,578,289	1,488,327	-	-	1,578,289	1,488,327
Culture and recreation	585,980	553,156	-	-	585,980	553,156
Conservation of natural resources	1,052,627	836,357	-	-	1,052,627	836,357
Economic development	78,942	219,951	-	-	78,942	219,951
Interest	41,736	44,649	-	-	41,736	44,649
Total Expenses	\$ 30,144,203	\$ 28,489,802	\$ 33,557,192	\$ 31,700,282	\$ 63,701,395	\$ 60,190,084
Increase in Net Position	\$ 2,309,168	\$ 3,295,001	\$ 4,000,395	\$ 2,609,440	\$ 6,309,563	\$ 5,904,441
Net Position – January 1	78,910,261	75,615,260	32,697,219	30,087,779	111,607,480	105,703,039
Net Position – December 31	\$ 81,219,429	\$ 78,910,261	\$ 36,697,614	\$ 32,697,219	\$ 117,917,043	\$ 111,607,480

Governmental Activities

Meeker County's governmental activities increased the County's net position during 2019 by \$2,309,168. The primary reason for this increase relates to higher revenues related to fees and charges for services collected.

Business-Type Activities

Business-type activities of the Meeker Memorial Hospital increased Meeker County's net position by \$4,000,395, accounting for 63.40 percent of the total increase in the County's net position. Charges for services increased \$3,010,731, or 8.93 percent, while expenses increased \$1,856,910, or 5.86 percent.

Financial Analysis of the Government's Funds

As noted earlier, Meeker County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year, Meeker County's governmental funds reported combined ending fund balances of \$23,504,978, a decrease of \$900,371 in comparison with the prior year. Of the ending fund balance, \$9,243,863 represents unassigned fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is not available for new spending because it has already been committed, restricted, assigned, or is in non-spendable form.

The General Fund is the chief operating fund for Meeker County. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$9,383,868, while total fund balance was \$10,792,249. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total expenditures. Unassigned fund balance represents 77.44 percent of total General Fund expenditures. The ending fund balance for 2019 in the General Fund increased by \$824,803 as compared to the 2018 ending balance.

The Road and Bridge Special Revenue Fund's fund balance at the end of the current fiscal year was \$2,171,242. The ending fund balance in the Road and Bridge Special Revenue Fund decreased by \$1,203,396. This is primarily due to the project for CSAH 17.

The Human Services Special Revenue Fund's fund balance at the end of the current fiscal year was \$6,173,894. The ending fund balance in the Human Services Special Revenue Fund decreased by \$468,486. This is primarily due to decrease in revenue.

The Debt Service Fund's fund balance at the end of the current fiscal year was \$694,431. The ending fund balance in the Debt Service Fund decreased by \$172.

The Capital Projects Fund's fund balance at the end of the current fiscal year was \$688,791. The ending fund balance in the Capital Projects Fund increased by \$442,064, primarily due to increase in transfers in from other funds for capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

There are no differences between the original expenditure budget and the final amended budget. (Meeker County did not amend the 2019 expenditure budget.)

Actual revenues in the General Fund were more than budgeted revenues by \$341,941, primarily due to an overall increase in investment earnings revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Meeker County's capital assets for its governmental activities at December 31, 2019, totaled \$69,006,595 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The County's governmental investment in capital assets increased \$2,715,930, or 4.10 percent, from the previous year. The major capital asset event was infrastructure.

Governmental Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 3,204,571	\$ 3,194,606	\$ 2,563,928	\$ 2,563,928	\$ 5,768,499	\$ 5,758,534
Land improvements	-	-	346,285	385,827	346,285	385,827
Infrastructure	50,200,727	46,259,124	-	-	50,200,727	46,259,124
Buildings	8,082,149	8,657,671	11,894,452	13,070,023	19,976,601	21,727,694
Building improvements	3,278,135	2,746,980	-	-	3,278,135	2,746,980
Machinery, equipment, and office furniture	4,003,493	3,612,340	3,524,279	3,981,966	7,527,772	7,594,306
Construction in progress	237,520	1,819,944	395,362	-	632,882	1,819,944
Total Capital Assets	\$ 69,006,595	\$ 66,290,665	\$ 18,724,306	\$ 20,001,744	\$ 87,730,901	\$ 86,292,409

Additional information on the County's capital assets can be found in the notes to the financial statements.

Long-Term Debt

At the end of the current fiscal year, Meeker County had total outstanding debt of \$16,349,745. The governmental activities portion is backed by the full faith and credit of the government; the business-type activities portion is a limited obligation of Meeker County, payable solely from gross revenues of the Meeker Memorial Hospital.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 1,570,000	\$ 1,775,000	\$ -	\$ -	\$ 1,570,000	\$ 1,775,000
Gross revenue hospital facilities bonds	-	-	14,405,912	15,285,296	14,405,912	15,285,296
Loan payable	373,833	468,720	-	-	373,833	468,720
Total	\$ 1,943,833	\$ 2,243,720	\$ 14,405,912	\$ 15,285,296	\$ 16,349,745	\$ 17,529,016

The County's debt related to general obligation bonds, gross revenue hospital facilities bonds, and loans decreased by \$1,179,271, or 6.73 percent, during the fiscal year.

Meeker County was assigned a bond rating of “AA” by Standard & Poor’s.

Minnesota statutes limit the amount of debt a county may levy to three percent of its total market value. At the end of 2019, Meeker County is well below the three percent debt limit imposed by state statutes.

Additional information on the County’s long-term debt can be found in the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS

The unemployment rate for Meeker County at the end of 2019 was 5.2 percent, which represents an increase of 0.9 percent from the rate of one year ago. This compares with the state unemployment rate of 3.5 percent.

By the end of 2019, Meeker County approved its balanced 2020 revenue and expenditure budgets.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Meeker County’s finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Meeker County Treasurer, 325 Sibley Avenue North, Litchfield, Minnesota 55355.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
Cash and pooled investments	\$ 23,544,626	\$ 14,829,339	\$ 38,373,965	\$ 2,001,577
Petty cash and change funds	2,340	-	2,340	-
Taxes receivable				
Delinquent	268,870	-	268,870	-
Special assessments receivable				
Delinquent	85,712	-	85,712	-
Noncurrent	487,098	-	487,098	-
Accounts receivable – net	52,276	5,485,663	5,537,939	2,003
Accrued interest receivable	180,292	-	180,292	22,899
Due from other governments	3,653,609	-	3,653,609	-
Due from primary government	-	-	-	27,500
Notes receivable	9,000	-	9,000	-
Loans receivable	95,407	-	95,407	-
Inventories	250,557	648,949	899,506	-
Prepaid items	122,875	289,681	412,556	8,311
Restricted assets				
Investments	-	24,178,101	24,178,101	-
Restricted by donor	-	184,096	184,096	-
Investment in joint venture	-	670,858	670,858	-
Capital assets				
Non-depreciable	3,442,091	2,959,290	6,401,381	63,966
Depreciable – net of accumulated depreciation	65,564,504	15,765,016	81,329,520	252,312
Total Assets	\$ 97,759,257	\$ 65,010,993	\$ 162,770,250	\$ 2,378,568
<u>Deferred Outflows of Resources</u>				
Deferred interest rate swap	\$ -	\$ 20,021	\$ 20,021	\$ -
Deferred other postemployment benefits outflows	138,835	-	138,835	-
Deferred pension outflows	2,172,496	739,426	2,911,922	3,892
Total Deferred Outflows of Resources	\$ 2,311,331	\$ 759,447	\$ 3,070,778	\$ 3,892

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**EXHIBIT 1
(Continued)**

**STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
<u>Liabilities</u>				
Accounts payable	\$ 820,797	\$ 1,467,838	\$ 2,288,635	\$ 9,410
Salaries payable	585,990	1,825,187	2,411,177	1,797
Retainage payable	221,341	-	221,341	-
Due to other governments	164,480	-	164,480	8,955
Due to component unit	27,500	-	27,500	-
Accrued interest payable	14,897	21,000	35,897	-
Estimated third-party payor settlements	-	189,703	189,703	-
Other accrued liabilities	-	-	-	2,090
Unearned revenue	-	-	-	414
Payables from restricted assets				
Customer deposits	-	-	-	7,776
Long-term liabilities				
Due within one year	767,233	906,131	1,673,364	1,565
Due in more than one year	2,453,610	13,519,802	15,973,412	164,379
Net pension liability	8,594,127	9,172,239	17,766,366	76,788
Other postemployment benefits	946,169	-	946,169	-
Total Liabilities	\$ 14,596,144	\$ 27,101,900	\$ 41,698,044	\$ 273,174
<u>Deferred Inflows of Resources</u>				
Prepaid property taxes	\$ 56,240	\$ -	\$ 56,240	\$ -
Deferred gain on refunding	-	170,510	170,510	-
Deferred other postemployment benefits inflows	24,231	-	24,231	-
Deferred pension inflows	4,174,544	1,800,416	5,974,960	28,391
Total Deferred Inflows of Resources	\$ 4,255,015	\$ 1,970,926	\$ 6,225,941	\$ 28,391
<u>Net Position</u>				
Net investment in capital assets	\$ 67,409,649	\$ 4,318,394	\$ 71,728,043	\$ 154,151
Restricted for				
General government	226,406	-	226,406	-
Public safety	241,582	-	241,582	-
Highways and streets	2,393,187	-	2,393,187	-
Conservation of natural resources	796,393	-	796,393	-
Debt service	694,431	-	694,431	-
Restricted by donor	-	184,096	184,096	-
Restricted for other purposes	-	-	-	18,472
Unrestricted	9,457,781	32,195,124	41,652,905	1,908,272
Total Net Position	\$ 81,219,429	\$ 36,697,614	\$ 117,917,043	\$ 2,080,895

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Expenses	Program Fees, Charges, Fines, and Other
<u>Functions/Programs</u>		
Primary government		
Governmental activities		
General government	\$ 5,765,259	\$ 1,216,972
Public safety	6,710,954	1,209,845
Highways and streets	6,293,305	732,872
Sanitation	562,255	322,887
Human services	7,474,856	799,288
Health	1,578,289	433,623
Culture and recreation	585,980	94,739
Conservation of natural resources	1,052,627	513,398
Economic development	78,942	4,677
Interest	41,736	-
Total governmental activities	\$ 30,144,203	\$ 5,328,301
Business-type activities		
Meeker Memorial Hospital	33,557,192	36,698,631
Total Primary Government	\$ 63,701,395	\$ 42,026,932
Discretely Presented Component Units	\$ 577,319	\$ 107,114

General Revenues

Property taxes
Gravel taxes
Mortgage registry and deed tax
Payments in lieu of tax
Grants and contributions not restricted to specific programs
Gifts and contributions
Investment earnings
Miscellaneous

Total general revenues

Change in Net Position

Net Position – January 1

Net Position – December 31

EXHIBIT 2

Revenues	Net (Expense) Revenue and Changes in Net Assets			
	Operating Grants and Contributions	Primary Government		Discretely Presented Component Units
		Governmental Activities	Business-Type Activities	
\$ 143,936	\$ (4,404,351)	\$ -	\$ (4,404,351)	
530,589	(4,970,520)	-	(4,970,520)	
4,911,227	(649,206)	-	(649,206)	
71,110	(168,258)	-	(168,258)	
3,606,746	(3,068,822)	-	(3,068,822)	
594,085	(550,581)	-	(550,581)	
500	(490,741)	-	(490,741)	
406,954	(132,275)	-	(132,275)	
-	(74,265)	-	(74,265)	
-	(41,736)	-	(41,736)	
\$ 10,265,147	\$ (14,550,755)	\$ -	\$ (14,550,755)	
-	-	3,141,439	3,141,439	
\$ 10,265,147	\$ (14,550,755)	\$ 3,141,439	\$ (11,409,316)	
\$ 315,925				\$ (154,280)
	\$ 14,519,972	\$ -	\$ 14,519,972	\$ -
	66,113	-	66,113	-
	34,643	-	34,643	-
	118,278	-	118,278	-
	1,438,741	-	1,438,741	179
	-	9,717	9,717	-
	589,691	671,876	1,261,567	43,418
	92,485	177,363	269,848	-
	\$ 16,859,923	\$ 858,956	\$ 17,718,879	\$ 43,597
	\$ 2,309,168	\$ 4,000,395	\$ 6,309,563	\$ (110,683)
	78,910,261	32,697,219	111,607,480	2,191,578
	\$ 81,219,429	\$ 36,697,614	\$ 117,917,043	\$ 2,080,895

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Road and Bridge
<u>Assets</u>		
Cash and pooled investments	\$ 10,367,957	\$ 2,545,231
Petty cash and change funds	2,340	-
Taxes receivable		
Delinquent	156,908	34,732
Special assessments receivable		
Delinquent	-	-
Noncurrent	-	-
Accounts receivable	43,747	-
Accrued interest receivable	180,292	-
Due from other funds	6,035	1,237
Due from other governments	336,733	2,396,072
Notes receivable	-	-
Loans receivable	-	-
Inventories	-	250,557
Advances to other funds	185,000	-
Prepaid items	122,143	250
	\$ 11,401,155	\$ 5,228,079
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 172,449	\$ 326,578
Salaries payable	288,563	76,027
Retainage payable	-	221,341
Due to other funds	50	628
Due to other governments	6,244	7,686
Due to component unit	-	-
Advances from other funds	-	-
	\$ 467,306	\$ 632,260
Deferred Inflows of Resources		
Unavailable revenue	\$ 108,168	\$ 2,417,358
Prepaid property taxes	33,432	7,219
	\$ 141,600	\$ 2,424,577

EXHIBIT 3

<u>Human Services</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 6,144,197	\$ 694,586	\$ 728,277	\$ 3,064,378	\$ 23,544,626
-	-	-	-	2,340
56,942	13,810	6	6,472	268,870
-	-	-	85,712	85,712
-	-	-	487,098	487,098
8,529	-	-	-	52,276
-	-	-	-	180,292
338	-	-	-	7,610
635,744	-	-	285,060	3,653,609
-	-	-	9,000	9,000
-	-	-	95,407	95,407
-	-	-	-	250,557
-	-	-	-	185,000
-	-	-	482	122,875
<u>\$ 6,845,750</u>	<u>\$ 708,396</u>	<u>\$ 728,283</u>	<u>\$ 4,033,609</u>	<u>\$ 28,945,272</u>
\$ 230,821	\$ 1,500	\$ 39,486	\$ 49,963	\$ 820,797
157,574	-	-	63,826	585,990
-	-	-	-	221,341
1,577	-	-	5,355	7,610
96,489	-	-	54,061	164,480
-	-	-	27,500	27,500
-	-	-	185,000	185,000
<u>\$ 486,461</u>	<u>\$ 1,500</u>	<u>\$ 39,486</u>	<u>\$ 385,705</u>	<u>\$ 2,012,718</u>
\$ 173,603	\$ 9,978	\$ 6	\$ 662,223	\$ 3,371,336
11,792	2,487	-	1,310	56,240
<u>\$ 185,395</u>	<u>\$ 12,465</u>	<u>\$ 6</u>	<u>\$ 663,533</u>	<u>\$ 3,427,576</u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Road and Bridge
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
(Continued)		
Fund Balances		
Nonspendable		
Inventories	\$ -	\$ 250,557
Prepaid items	122,143	250
Advances to other funds	185,000	-
Notes receivable	-	-
Missing heirs	8,563	-
Restricted for		
Debt service	-	-
Recorder's compliance	219,274	-
Prosecutorial purposes	36,789	-
Law enforcement – Sheriff forfeiture	46,354	-
Gravel pit restoration	151,709	-
Prisoner account	26,712	-
Law enforcement – Sheriff contingencies	-	-
Aquatic invasive species	484,668	-
Permit to carry administration	120,037	-
Veterans grant	3,209	-
Election equipment	3,923	-
Ditch maintenance and construction	-	-
Committed for		
Regional library	-	-
Assigned to		
General government	-	-
Highways and streets	-	1,920,435
Sanitation	-	-
Human services	-	-
Health	-	-
Culture and recreation	-	-
Economic development	-	-
Capital projects	-	-
Unassigned	9,383,868	-
Total Fund Balances	\$ 10,792,249	\$ 2,171,242
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,401,155	\$ 5,228,079

EXHIBIT 3
(Continued)

<u>Human Services</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 250,557
-	-	-	482	122,875
-	-	-	-	185,000
-	-	-	9,000	9,000
-	-	-	-	8,563
-	694,431	-	-	694,431
-	-	-	-	219,274
-	-	-	-	36,789
-	-	-	-	46,354
-	-	-	-	151,709
-	-	-	-	26,712
-	-	-	11,690	11,690
-	-	-	-	484,668
-	-	-	-	120,037
-	-	-	-	3,209
-	-	-	-	3,923
-	-	-	160,016	160,016
-	-	-	60,285	60,285
-	-	-	129,913	129,913
-	-	-	-	1,920,435
-	-	-	671,886	671,886
6,173,894	-	-	-	6,173,894
-	-	-	563,629	563,629
-	-	-	192,999	192,999
-	-	-	1,324,476	1,324,476
-	-	688,791	-	688,791
-	-	-	(140,005)	9,243,863
<u>\$ 6,173,894</u>	<u>\$ 694,431</u>	<u>\$ 688,791</u>	<u>\$ 2,984,371</u>	<u>\$ 23,504,978</u>
<u>\$ 6,845,750</u>	<u>\$ 708,396</u>	<u>\$ 728,283</u>	<u>\$ 4,033,609</u>	<u>\$ 28,945,272</u>

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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION—GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019**

Fund balance – total governmental funds		\$	23,504,978
Amounts reported for governmental activities in the statement of net position are 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.			69,006,595
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.			3,371,336
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 bonds and any related unamortized discounts/premiums	\$	(1,596,946)	
Loan payable		(373,833)	
Other postemployment benefits		(946,169)	
Compensated absences		(1,250,064)	
Net pension liability		(8,594,127)	
Accrued interest payable		<u>(14,897)</u>	(12,776,036)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to other postemployment benefits and pensions that are not recognized in the governmental funds.			
Deferred outflows related to other postemployment benefits	\$	138,835	
Deferred outflows related to pensions		2,172,496	
Deferred inflows related to other postemployment benefits		(24,231)	
Deferred inflows related to pensions		<u>(4,174,544)</u>	<u>(1,887,444)</u>
Net Position of Governmental Activities			<u><u>\$ 81,219,429</u></u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Road and Bridge
Revenues		
Taxes	\$ 8,839,549	\$ 1,837,314
Special assessments	-	-
Licenses and permits	109,643	-
Intergovernmental	2,032,001	4,958,855
Charges for services	1,723,422	588,978
Fines and forfeitures	29,474	-
Gifts and contributions	700	-
Investment earnings	585,525	-
Miscellaneous	486,354	143,894
	\$ 13,806,668	\$ 7,529,041
Total Revenues		
Expenditures		
Current		
General government	\$ 5,098,337	\$ 1,352
Public safety	6,173,344	-
Highways and streets	-	8,256,500
Sanitation	-	-
Human services	-	-
Health	-	-
Culture and recreation	25,700	-
Conservation of natural resources	716,982	-
Economic development	51,500	-
Capital outlay		
General government	-	-
Public safety	-	-
Conservation of natural resources	-	-
Intergovernmental		
General government	51,034	-
Highways and streets	-	506,484
Debt service		
Principal	-	-
Interest	-	-
Administrative and fiscal charges	-	-
	\$ 12,116,897	\$ 8,764,336
Total Expenditures		
Excess of Revenues Over (Under) Expenditures	\$ 1,689,771	\$ (1,235,295)

EXHIBIT 5

<u>Human Services</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,954,545	\$ 652,789	\$ -	\$ 344,850	\$ 14,629,047
-	-	-	441,882	441,882
-	-	-	-	109,643
3,831,710	66,014	19,438	734,936	11,642,954
587,652	-	-	785,622	3,685,674
-	-	-	713	30,187
1,580	-	-	500	2,780
-	-	-	4,166	589,691
211,636	-	92,692	370,575	1,305,151
\$ 7,587,123	\$ 718,803	\$ 112,130	\$ 2,683,244	\$ 32,437,009
\$ -	\$ -	\$ -	\$ 433,381	\$ 5,533,070
-	-	-	-	6,173,344
-	-	-	-	8,256,500
-	-	-	502,261	502,261
7,605,609	-	-	-	7,605,609
-	-	-	1,635,045	1,635,045
-	-	-	551,379	577,079
-	-	-	329,505	1,046,487
-	-	-	27,500	79,000
-	-	490,559	-	490,559
-	-	545,069	-	545,069
-	-	9,438	-	9,438
-	-	-	-	51,034
-	-	-	-	506,484
-	205,000	-	169,456	374,456
-	36,975	-	8,147	45,122
-	2,000	-	-	2,000
\$ 7,605,609	\$ 243,975	\$ 1,045,066	\$ 3,656,674	\$ 33,432,557
\$ (18,486)	\$ 474,828	\$ (932,936)	\$ (973,430)	\$ (995,548)

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Road and Bridge
Other Financing Sources (Uses)		
Transfers in	\$ -	\$ -
Transfers out	(864,968)	-
Loans issued	-	-
	-	-
Total Other Financing Sources (Uses)	\$ (864,968)	\$ -
Net Change in Fund Balances	\$ 824,803	\$ (1,235,295)
Fund Balances – January 1	9,967,446	3,374,638
Increase (decrease) in inventories	-	31,899
Fund Balances – December 31	\$ 10,792,249	\$ 2,171,242

EXHIBIT 5
(Continued)

<u>Human Services</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ - (450,000) -	\$ - (475,000) -	\$ 1,375,000 - -	\$ 864,968 (450,000) 63,278	\$ 2,239,968 (2,239,968) 63,278
<u>\$ (450,000)</u>	<u>\$ (475,000)</u>	<u>\$ 1,375,000</u>	<u>\$ 478,246</u>	<u>\$ 63,278</u>
\$ (468,486)	\$ (172)	\$ 442,064	\$ (495,184)	\$ (932,270)
6,642,380	694,603	246,727	3,479,555	24,405,349
-	-	-	-	31,899
<u><u>\$ 6,173,894</u></u>	<u><u>\$ 694,431</u></u>	<u><u>\$ 688,791</u></u>	<u><u>\$ 2,984,371</u></u>	<u><u>\$ 23,504,978</u></u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES—GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Net change in fund balances – total governmental funds (Exhibit 5) \$ (932,270)

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

In the governmental funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenues between the governmental fund statements and the statement of activities is the increase or decrease in revenues deferred as unavailable.

Unavailable revenue – December 31	\$ 3,371,336	
Unavailable revenue – January 1	<u>(3,107,495)</u>	263,841

Governmental funds report capital outlay 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. In the statement of activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets sold.

Expenditures for general capital assets and infrastructure	\$ 5,557,436	
Net book value of assets disposed	(23,787)	
Current year depreciation expense	<u>(2,817,719)</u>	2,715,930

Proceeds from debt issuances provide current financial resources to funds, but issuing debt increases long-term liabilities in the statement of net position.

Debt issued – loans		(74,569)
---------------------	--	----------

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 payments		
General obligation bonds	\$ 205,000	
Loan payable	<u>169,456</u>	374,456

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

Change in accrued interest payable	\$ 1,536	
Amortization of discounts/premiums	3,850	
Change in compensated absences	10,173	
Change in inventories	31,899	
Change in other postemployment benefits	(17,747)	
Change in deferred other postemployment benefits outflows	51,822	
Change in deferred other postemployment benefits inflows	(24,231)	
Change in deferred pension outflows	(2,905,757)	
Change in deferred pension inflows	2,695,884	
Change in net pension liability	<u>114,351</u>	<u>(38,220)</u>

Net Change in Net Position of Governmental Activities (Exhibit 2) \$ 2,309,168

PROPRIETARY FUND

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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT 7

**STATEMENT OF FUND NET POSITION
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND
DECEMBER 31, 2019**

Assets

Current assets

Cash and pooled investments	\$ 14,829,339
Accounts receivable – net	5,485,663
Inventories	648,949
Prepaid items	289,681

Total current assets	\$ 21,253,632
-----------------------------	----------------------

Restricted assets

Investments	\$ 24,178,101
Restricted by donor	184,096

Total restricted assets	\$ 24,362,197
--------------------------------	----------------------

Noncurrent assets

Investment in joint venture	\$ 670,858
Capital assets	
Nondepreciable	2,959,290
Depreciable – net	15,765,016

Total noncurrent assets	\$ 19,395,164
--------------------------------	----------------------

Total Assets	\$ 65,010,993
---------------------	----------------------

Deferred Outflows of Resources

Deferred interest rate swap	\$ 20,021
Deferred pension outflows	739,426

Total Deferred Outflows of Resources	\$ 759,447
---	-------------------

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**EXHIBIT 7
(Continued)**

**STATEMENT OF FUND NET POSITION
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND
DECEMBER 31, 2019**

Liabilities

Current liabilities

Accounts payable	\$ 1,467,838
Salaries payable	1,825,187
Accrued interest payable	21,000
Estimated third-party payor settlements	189,703
Bonds payable	906,131

Total current liabilities **\$ 4,409,859**

Noncurrent liabilities

Interest Rate Swap	\$ 20,021
Bonds payable	13,499,781
Net pension liability	9,172,239

Total noncurrent liabilities **\$ 22,692,041**

Total Liabilities **\$ 27,101,900**

Deferred Inflows of Resources

Deferred pension inflows	\$ 1,800,416
Deferred gain on refunding	170,510

Total Deferred Inflows of Resources **\$ 1,970,926**

Net Position

Net investment in capital assets	\$ 4,318,394
Restricted by donor	184,096
Unrestricted	32,195,124

Total Net Position **\$ 36,697,614**

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT 8

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Operating Revenues	
Patient services revenues	\$ 36,223,389
Miscellaneous	475,242
	<hr/>
Total Operating Revenues	\$ 36,698,631
Operating Expenses	
Professional care of patients	\$ 23,613,322
Administration and fiscal services	5,353,151
Property, housekeeping, and laundry	1,427,771
Dietary	560,754
Depreciation	2,003,894
Amortization of pension adjustments	210,161
	<hr/>
Total Operating Expenses	\$ 33,169,053
Operating Income (Loss)	\$ 3,529,578
Nonoperating Revenues (Expenses)	
Noncapital contributions	\$ 9,717
Investment earnings	671,876
Interest expense	(388,139)
Other	177,363
	<hr/>
Total Nonoperating Revenues (Expenses)	\$ 470,817
Change in Net Position	\$ 4,000,395
Net Position – January 1	32,697,219
	<hr/>
Net Position – December 31	\$ 36,697,614
	<hr/> <hr/>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT 9

**STATEMENT OF CASH FLOWS
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Cash Flows from Operating Activities	
Receipts from third-party payors and patients	\$ 33,909,527
Other receipts	475,170
Payments to suppliers	(13,552,068)
Payments to employees	(16,637,537)
	<hr/>
Net cash provided by (used in) operating activities	\$ 4,195,092
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	\$ (726,456)
Contributions received restricted for capital assets	187,080
Principal payments on long-term debt	(879,384)
Interest paid	(388,139)
	<hr/>
Net cash provided by (used in) capital and related financing activities	\$ (1,806,899)
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	\$ 49,133,903
Purchase of investments	(48,516,383)
Investment earnings received	671,876
	<hr/>
Net cash provided by (used in) investing activities	\$ 1,289,396
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 3,677,589
Cash and Cash Equivalents, January 1	11,151,750
	<hr/>
Cash and Cash Equivalents, December 31	\$ 14,829,339
	<hr/>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**EXHIBIT 9
(Continued)**

**STATEMENT OF CASH FLOWS
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ <u>3,529,578</u>
 Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 2,003,894
Equity in joint venture	(172,466)
Distributions received from joint venture	172,394
Provision for bad debts	1,222,926
Adjustment to deferred (gain) loss on refunding	(13,200)
(Increase) decrease in accounts receivable	(2,480,435)
(Increase) decrease in inventories	34,810
(Increase) decrease in prepaid items	(57,027)
Increase (decrease) in accounts payable	749,041
Increase (decrease) in salaries payable	51,770
Increase (decrease) in estimated third-party payor settlements	(1,056,354)
Increase (decrease) in net pension liability and related deferred inflows and outflows	<u>210,161</u>
 Total adjustments	 \$ <u>665,514</u>
 Net Cash Provided by (Used in) Operating Activities	 \$ <u>4,195,092</u>
 Noncash Investing, Capital, and Financing Activities	
Cash paid for interest	\$ 388,139

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FIDUCIARY FUNDS

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MEEKER COUNTY
LITCHFIELD, MINNESOTA

EXHIBIT 10

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	<u>Agency</u>
<u>Assets</u>	
Cash and pooled investments	\$ <u><u>629,228</u></u>
<u>Liabilities</u>	
Due to other governments	\$ <u><u>629,228</u></u>

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DISCRETELY PRESENTED COMPONENT UNITS

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT 11

**COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2019**

	<u>Economic Development Authority</u>	<u>Housing and Redevelopment Authority</u>	<u>Total</u>
<u>Assets</u>			
Current assets			
Cash and pooled investments	\$ 1,954,877	\$ 46,700	\$ 2,001,577
Accounts receivable	1,139	864	2,003
Accrued interest receivable	22,899	-	22,899
Due from primary government	27,500	-	27,500
Prepaid items	669	7,642	8,311
	<u>669</u>	<u>7,642</u>	<u>8,311</u>
Total current assets	<u>\$ 2,007,084</u>	<u>\$ 55,206</u>	<u>\$ 2,062,290</u>
Noncurrent assets			
Capital assets			
Nondepreciable	\$ -	\$ 63,966	\$ 63,966
Depreciable – net	-	252,312	252,312
	<u>-</u>	<u>252,312</u>	<u>252,312</u>
Total noncurrent assets	<u>\$ -</u>	<u>\$ 316,278</u>	<u>\$ 316,278</u>
Total Assets	<u>\$ 2,007,084</u>	<u>\$ 371,484</u>	<u>\$ 2,378,568</u>
<u>Deferred Outflows of Resources</u>			
Deferred pension outflows	<u>\$ 3,892</u>	<u>\$ -</u>	<u>\$ 3,892</u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**EXHIBIT 11
(Continued)**

**COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2019**

	<u>Economic Development Authority</u>	<u>Housing and Redevelopment Authority</u>	<u>Total</u>
<u>Liabilities</u>			
Current liabilities			
Accounts payable	\$ 6,692	\$ 2,718	\$ 9,410
Salaries payable	1,797	-	1,797
Due to other governments	2	8,953	8,955
Other accrued liabilities	-	2,090	2,090
Unearned revenue	-	414	414
Customer deposits	-	7,776	7,776
Compensated absences payable – current	1,565	-	1,565
Total current liabilities	<u>\$ 10,056</u>	<u>\$ 21,951</u>	<u>\$ 32,007</u>
Noncurrent liabilities			
Compensated absences payable – long-term	\$ 2,252	\$ -	\$ 2,252
Long-term debt – mortgage	-	162,127	162,127
Net pension liability	76,788	-	76,788
Total noncurrent liabilities	<u>\$ 79,040</u>	<u>\$ 162,127</u>	<u>\$ 241,167</u>
Total Liabilities	<u>\$ 89,096</u>	<u>\$ 184,078</u>	<u>\$ 273,174</u>
<u>Deferred Inflows of Resources</u>			
Deferred pension inflows	<u>\$ 28,391</u>	<u>\$ -</u>	<u>\$ 28,391</u>
<u>Net Position</u>			
Net investment in capital assets	\$ -	\$ 154,151	\$ 154,151
Restricted for other purposes	-	18,472	18,472
Unrestricted	1,893,489	14,783	1,908,272
Total Net Position	<u>\$ 1,893,489</u>	<u>\$ 187,406</u>	<u>\$ 2,080,895</u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Expenses	Program Fees, Charges, Fines, and Other
<u>Functions/Programs</u>		
Economic Development Authority (EDA)	\$ 175,242	\$ 30,125
Housing and Redevelopment Authority (HRA)	402,077	76,989
Total Component Units	\$ 577,319	\$ 107,114

General Revenues

Grants and contributions not restricted
to specific programs
Investment earnings

Total general revenues

Change in Net Position

Net Position – January 1

Net Position – December 31

EXHIBIT 12

Revenues	Net (Expense) Revenue and Changes in Net Position		
	EDA	HRA	Total
Operating Grants and Contributions			
\$ 25,000	\$ (120,117)	\$ -	\$ (120,117)
290,925	-	(34,163)	(34,163)
\$ 315,925	\$ (120,117)	\$ (34,163)	\$ (154,280)
	\$ 179	\$ -	\$ 179
	43,258	160	43,418
	\$ 43,437	\$ 160	\$ 43,597
	\$ (76,680)	\$ (34,003)	\$ (110,683)
	1,970,169	221,409	2,191,578
	\$ 1,893,489	\$ 187,406	\$ 2,080,895

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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

1. Summary of Significant Accounting Policies

Meeker County’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2019. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Meeker County was established February 23, 1856, and is an organized county having the powers, duties, and privileges granted to counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Meeker County (primary government) and its component units for which the County is financially accountable. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

Discretely Presented Component Units

While part of the reporting entity, discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. The following component units of Meeker County are discretely presented:

<u>Component Unit</u>	<u>Component Unit of Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Meeker County Economic Development Authority (EDA)	The Board of Directors consists of two County Commissioners and six members appointed by the County Commissioners. Meeker County is obligated for any debt and any operating deficits of the EDA.	The Meeker County EDA does not issue separate financial statements.
Meeker County Housing and Redevelopment Authority (HRA)	The Board of Directors consists of five members who are appointed by the County Commissioners. Meeker County is obligated for the debt and any operating deficits of the HRA.	Meeker County Housing and Redevelopment Authority 840 North Third Street PO Box 277 Dassel, Minnesota 55325

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Joint Ventures

The County participates in several joint ventures described in Note 5.B.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about Meeker County (the primary government) and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. 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.

In the government-wide statement of net position, both the governmental activities and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Meeker County's net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. Meeker County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities and business-type activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements (Continued)

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Road and Bridge Special Revenue Fund is used to account for restricted revenues from the federal and state government and expenditures of the County Highway Department, which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

The Human Services Special Revenue Fund is used to account for restricted revenue resources from federal, state, and other oversight agencies used for economic assistance and community social services programs.

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, principal, interest, and related costs of the County's long-term debt.

The Capital Projects Fund accounts for financial resources to be used for anticipated capital projects.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The County reports the following major enterprise fund:

The Meeker Memorial Hospital Fund is used to account for the operations of the Meeker Memorial Hospital.

Additionally, the County reports the following fund types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agent capacity.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. 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. Meeker County considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Shared revenues are generally recognized in the period the appropriation goes into effect and the revenues are available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and are available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

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. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in one of the unrestricted fund balance classifications could be used.

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

1. Cash and Cash Equivalents

Meeker County has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2019. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments of governmental and fiduciary funds are credited to the General Fund. Investment earnings on business-type activities are credited to the Meeker Memorial Hospital Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Investment earnings for 2019 were \$585,525.

Meeker 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 Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

3. Receivables and Payables

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Any residual balances outstanding between the primary government and the component units are reported in the government-wide financial statements as “due to/from primary government” and “due to/due from component unit.”

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund to indicate the asset is not in spendable form.

No allowance for uncollectible receivables of the governmental activities or discrete component units have been provided because such amounts are not expected to be material.

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.

Special assessments receivable consist of delinquent special assessments payable in the years 2014 through 2019 and noncurrent special assessments in 2020 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

3. Receivables and Payables (Continued)

The Meeker Memorial Hospital Enterprise Fund grants credit to its patients, most of whom are local residents or are employed by the businesses of Litchfield, Minnesota, and the surrounding area. The Hospital has agreements with third-party payors, which provide for reimbursement to the Hospital at amounts different from its established rates.

Patient accounts receivable, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the services provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Patient accounts receivable due directly from the patients are carried at the original charge for the services provided, less amounts covered by third-party payors and less an estimated allowance for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts; by using historical experience applied to an aging of accounts; and by considering a patient's financial history, credit history, and current economic conditions. Patient accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of the provision for bad debts when received.

The County reports unearned revenue in connection with resources that have been received, but not yet earned.

4. Inventories and Prepaid Items

All inventories are valued at cost using the weighted average method. The inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories in proprietary funds and at the government-wide level are recorded as expenses when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

5. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by Meeker County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value 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, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Building improvements	40 - 50
Office furniture and equipment	20
Machinery and equipment	5 - 25
Infrastructure	50 - 75

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

7. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide and proprietary fund 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. The current portion consists of an amount based on a trend analysis of current usage of vacation and sick leave. The noncurrent portion consists of the remaining amount of vacation and sick leave. Compensated absences are generally paid by the General Fund and other governmental funds that have personal services.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The County reports deferred outflows of resources only under the full accrual basis of accounting associated with interest rate swap, other postemployment benefits (OPEB) and pension plans and, accordingly, are reported only in the statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The County has five types of deferred inflows in this category: unavailable revenue, prepaid property taxes, deferred gain on refunding, deferred OPEB and deferred pension inflows.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

8. Deferred Outflows/Inflows of Resources (Continued)

Prepaid property taxes represent the County's share of tax collections collected prior to year-end that were not due until the following year. Since the property taxes were levied for use in a future year, the revenue is deferred and recognized in the period for which the amount is levied. These amounts arise under both the modified accrual and the full accrual basis of accounting and are reported in both the governmental fund balance sheet and the statement of net position. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent and noncurrent special assessments receivable, grant receivables, money from state-aid highway allotments, and other revenues. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. Unavailable revenue are deferred and recognized as an inflow of resources in the period that amounts become available. The County also reports deferred inflows of resources associated with OPEB and pension benefits. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position. Finally, the County reports a deferred gain on refunding in the major enterprise fund and business-type activities.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported 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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

10. Pension Plan

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. Plan investments are reported at fair value. The pension liability is liquidated through the General Fund and other governmental funds that have personal services.

11. Classification of Net Position

Net position in the government-wide statements is classified in the following categories:

Net investment in capital assets – the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – the amount of net position that does not meet the definition of restricted or net investment in capital assets.

12. Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which Meeker County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

12. Classification of Fund Balances (Continued)

Nonspendable – amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items not expected to be converted to cash.

Restricted – amounts for which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts.

Assigned – amounts the County intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Administrator who has been delegated that authority by Board resolution.

Unassigned – the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

Meeker County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

12. Classification of Fund Balances (Continued)

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

13. Minimum Fund Balance

Meeker County has adopted a minimum fund balance policy for the General Fund. The General Fund is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined it needs to maintain a minimum unrestricted fund balance in the General Fund (committed, assigned, and unassigned) of no less than five months of operating expenditures based on the previous year, or approximately 35 to 50 percent of fund operating revenues. The fund balance policy was adopted by the County Board on December 8, 2011. At December 31, 2019, unrestricted fund balance for the General Fund was at or above the minimum fund balance level.

14. 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 outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

E. Hospital Enterprise Fund – Net Patient and Resident Service Revenue

As services are rendered or goods are provided, patient service revenue is recognized at the Hospital's established rates, with contractual adjustments and charity care allowances deducted to arrive at net patient service revenue. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

The Hospital has agreements with third-party payors that provide for reimbursement at amounts different from its established rates. Blue Cross Blue Shield reimbursements are based on the lower of the Hospital's established rates or a prospectively established rate for most inpatient and outpatient services. The Hospital has also entered into reimbursement agreements with certain other commercial insurance carriers, health maintenance organizations, and preferred provider organizations. Reimbursement under these agreements includes discounts from established charges and prospectively determined daily rates.

The Hospital has elected Critical Access Hospital (CAH) designation. As a CAH, inpatient acute-care services and outpatient services rendered to Medicare program beneficiaries are paid based on a cost-reimbursement method. The Hospital is reimbursed for cost-reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports and audits thereof by the Medicare administrative contractor.

Retroactive contractual adjustments arising under reimbursement agreements with third-party payors are recognized on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The laws and regulations under which the Medicare and Medicaid programs operate are complex, subject to frequent change, and subject to interpretation. As part of operating under these programs, there is a possibility that governmental authorities may review the Hospital's compliance with these laws and regulations. Such review may result in adjustments to reimbursements previously received and subject the Hospital to fines and penalties. Although the outcome of pending reviews cannot be ascertained, management believes the Hospital is in compliance with all applicable laws and regulations and has complied with the requirements of these programs.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

F. Hospital Enterprise Fund – Operating Revenues and Expenses

The Hospital’s statement of revenues, expenses, and changes in fund net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses result from exchange transactions associated with providing health care services (the Hospital’s principal activity) and supporting the activities of the Hospital. Nonexchange revenues, including interest income, grants, and contributions, are reported as nonoperating revenues.

2. Stewardship, Compliance, and Accountability

A. Deficit Fund Equity

The Ditch Special Revenue Fund had a positive fund balance of \$20,011 as of December 31, 2019, although ten ditches had deficit balances. The deficits will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems:

43 ditches with positive balances	\$	160,016
10 ditches with deficit balances		(140,005)
Net Fund Balance	\$	20,011

B. Excess of Expenditures Over Appropriations

The following nonmajor funds had expenditures in excess of budget for the year ended December 31, 2019:

	Expenditures	Final Budget	Excess
County Nurse Special Revenue Fund	\$ 1,635,045	\$ 1,629,051	\$ 5,994
Transfer Station Special Revenue Fund	430,455	235,600	194,855

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Reconciliations of the County's total deposits, cash on hand, and investments to the basic financial statements follows:

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 23,544,626
Petty cash and change funds	2,340
Business-type activities	
Cash and pooled investments	14,829,339
Investments, restricted	24,362,197
Statement of fiduciary net position	
Cash and pooled investments	629,228
Total Cash and Investments	\$ 63,367,730
Deposits	\$ 25,880,436
Petty cash and change funds	2,340
Investments	37,484,954
Total Deposits, Cash on Hand, and Investments	\$ 63,367,730

a. Deposits

The County is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The County is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; state and local general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. It is the County's policy to minimize custodial credit risk over deposits by obtaining collateral or bond for all uninsured amounts on deposit and obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. As of December 31, 2019, the County's deposits were not exposed to custodial credit risk.

b. Investments

The County may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. 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's investment policy is to invest in both short-term and long-term investments to limit exposure to interest rate risk.

At December 31, 2019, the County had the following investments:

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 - 5 Years</u>	<u>5+ Years</u>
Federal Farm Credit Bank	\$ 633,508	\$ -	\$ 633,508	\$ -
MAGIC Fund	29,024,589	29,024,589	-	-
Negotiable CDs	7,826,857	2,595,067	5,231,790	-
Total Investments	<u>\$ 37,484,954</u>	<u>\$ 31,619,656</u>	<u>\$ 5,865,298</u>	<u>\$ -</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

It is the County's policy to invest only in securities that meet the ratings requirements set by state statute.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Credit Risk (Continued)

The County's exposure to credit risk as of December 31, 2019, is as follows:

	<u>S & P Rating</u>	<u>Fair Value</u>
Federal Farm Credit Bank	AA+	\$ 633,508
MAGIC Fund	N/R	29,024,589
Negotiable CDs	N/A	<u>7,826,857</u>
Total		<u>\$ 37,484,954</u>

N/R – Not Rated; N/A – Not Applicable

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 investment or collateral securities in the possession of an outside party. It is the County's policy to minimize custodial credit risk over investments by permitting brokers that obtained investments for the County to hold them only to the extent there is Securities Investor Protection Corporation (SIPC) and excess SIPC coverage available, and securities purchased that exceed excess SIPC coverages shall be transferred to the County's custodian. As of December 31, 2019, Meeker County's investments were not subject to custodial credit risk.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

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. It is the County's policy that investments in the MAGIC Fund, U.S. Treasury securities, U.S. agency securities, and obligations backed by U.S. Treasury and/or U.S. agency securities may be held without limit.

During 2019, the County did not have any investments in any one issuer that represents five percent or more of the County's investments.

Fair Value Measurement

The County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and
- *Level 3:* Unobservable inputs.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Fair Value Measurement (Continued)

At December 31, 2019, the County had the following recurring fair value measurements:

	December 31, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Treasury securities	\$ 633,508	\$ -	\$ 633,508	\$ -
Negotiable CDs	7,826,857	-	7,826,857	-
Interest rate swap	(20,021)	-	(20,021)	-
	<u>\$ 8,440,344</u>	<u>\$ -</u>	<u>\$ 8,440,344</u>	<u>\$ -</u>
Total Investments Included in the Fair Value Hierarchy				
	<u>\$ 8,440,344</u>	<u>\$ -</u>	<u>\$ 8,440,344</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	\$ 11,221,890			
MAGIC Term	17,802,699			
	<u>\$ 29,024,589</u>			
Total Investments Measured at the NAV				
	<u>\$ 29,024,589</u>			

Debt securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries: a market approach by utilizing quoted prices for identical securities in markets that are not active;
- Negotiable CDs: matrix pricing based on the securities' relationship to benchmark quoted prices; and
- Interest Rate Swap: prices based on securities with similar characteristics in active markets.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

MAGIC is a local government investment pool which is quoted at a net asset value (NAV). The County invests in this pool for the purpose of the joint investment of the County's money with those of other counties to enhance the investment earnings accruing to each member. The MAGIC Fund currently consists of the MAGIC Portfolio and the MAGIC Term Series.

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 Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its NAV not reasonably practical.

Shares of MAGIC Term Series are purchased to mature upon pre-determined maturity dates selected by the County at the time of purchase. Should the County need to redeem shares in a MAGIC Term Series prematurely, they must provide notice at least seven days prior to the premature redemption date. The value of a premature redemption is equal to the original price for such share, plus dividends thereon, at the projected yield, less such share's allocation of any losses incurred by the series, less a premature redemption penalty, if any.

2. Receivables

Governmental activities had no allowance for doubtful accounts recorded, while the business-type activities had the following in allowance for doubtful accounts:

	Total Receivables
Business-Type Activities	
Accounts	\$ 11,316,420
Allowance for contractual adjustments	(2,953,757)
Allowance for uncollectible accounts	(2,877,000)
	<hr/>
Total Business-Type Activities	\$ 5,485,663
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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

2. Receivables (Continued)

The County had no receivables scheduled to be collected beyond one year, except for \$487,098 of noncurrent special assessments and \$72,301 in loans.

Loans Receivable

Loans receivable represent amounts owing from business within the County for economic development. The loan receivable is reported in the Revolving Loan Special Revenue Fund. The annual payments to the County for the loans are as follows:

Year Ended December 31	Loans Receivable
2020	\$ 25,361
2021	11,220
2022	5,942
2023	5,942
2024	5,942
2025 - 2029	29,710
2030 - 2034	29,710
2035 - 2039	19,807
Total	\$ 133,634
Less: interest	(38,227)
Present Value of Loans Receivable	\$ 95,407

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,413,650	\$ -	\$ -	\$ 1,413,650
Right-of-way	1,780,956	9,965	-	1,790,921
Construction in progress	1,819,944	148,886	1,731,310	237,520
Total capital assets not depreciated	<u>\$ 5,014,550</u>	<u>\$ 158,851</u>	<u>\$ 1,731,310</u>	<u>\$ 3,442,091</u>
Capital assets depreciated				
Buildings	\$ 19,245,452	\$ 12,734	\$ -	\$ 19,258,186
Building improvements	4,194,856	531,155	-	4,726,011
Office furniture and equipment	5,642,056	324,218	820,770	5,145,504
Machinery and equipment	10,391,526	883,180	435,502	10,839,204
Infrastructure	66,315,027	5,378,608	-	71,693,635
Total capital assets depreciated	<u>\$ 105,788,917</u>	<u>\$ 7,129,895</u>	<u>\$ 1,256,272</u>	<u>\$ 111,662,540</u>
Less: accumulated depreciation for				
Buildings	\$ 10,587,781	\$ 588,256	\$ -	\$ 11,176,037
Building improvements	1,447,876	-	-	1,447,876
Office furniture and equipment	5,427,553	90,852	820,305	4,698,100
Machinery and equipment	6,993,689	701,606	412,180	7,283,115
Infrastructure	20,055,903	1,437,005	-	21,492,908
Total accumulated depreciation	<u>\$ 44,512,802</u>	<u>\$ 2,817,719</u>	<u>\$ 1,232,485</u>	<u>\$ 46,098,036</u>
Total capital assets depreciated, net	<u>\$ 61,276,115</u>	<u>\$ 4,312,176</u>	<u>\$ 23,787</u>	<u>\$ 65,564,504</u>
Governmental Activities Capital Assets, Net	<u>\$ 66,290,665</u>	<u>\$ 4,471,027</u>	<u>\$ 1,755,097</u>	<u>\$ 69,006,595</u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 2,563,928	\$ -	\$ -	\$ 2,563,928
Construction in progress	-	395,362	-	395,362
Total capital assets not depreciated	2,563,928	395,362	-	2,959,290
Capital assets depreciated				
Land improvements	\$ 1,494,438	\$ 15,000	\$ -	\$ 1,509,438
Buildings	29,811,757	-	-	29,811,757
Machinery, furniture, and equipment	21,900,848	316,094	66,821	22,150,121
Total capital assets depreciated	\$ 53,207,043	\$ 331,094	\$ 66,821	\$ 53,471,316
Less: accumulated depreciation for				
Land improvements	\$ 1,108,611	\$ 54,542	\$ -	\$ 1,163,153
Buildings	16,741,734	1,175,571	-	17,917,305
Machinery, furniture, and equipment	17,918,882	773,781	66,821	18,625,842
Total accumulated depreciation	\$ 35,769,227	\$ 2,003,894	\$ 66,821	\$ 37,706,300
Total capital assets depreciated, net	\$ 17,437,816	\$ (1,672,800)	\$ -	\$ 15,765,016
Business-Type Activities				
Capital Assets, Net	<u>\$ 20,001,744</u>	<u>\$ (1,277,438)</u>	<u>\$ -</u>	<u>\$ 18,724,306</u>

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

Governmental Activities	
General government	\$ 524,833
Public safety	120,314
Highways and streets, including depreciation of infrastructure assets	2,033,019
Sanitation	59,986
Human services	17,680
Health	2,186
Culture and recreation	58,399
Conservation of natural resources	1,302
Total Depreciation Expense – Governmental Activities	<u>\$ 2,817,719</u>
Business-Type Activities	
Hospital	<u>\$ 2,003,894</u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2019, is as follows:

1. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Road and Bridge	\$ 628
	Human Services	1,577
	Nonmajor governmental funds	<u>3,830</u>
Total due to General Fund		<u>\$ 6,035</u>
Road and Bridge	Nonmajor governmental funds	<u>\$ 1,237</u>
Human Services	General	\$ 50
	Nonmajor governmental funds	<u>288</u>
Total due to Human Services Fund		<u>\$ 338</u>
Total Due To/From Other Funds		<u><u>\$ 7,610</u></u>

2. Advances From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$ 185,000</u>

The advance from the General Fund to the Ditch Special Revenue Fund is to cover negative cash balances.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers (Continued)

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2019, consisted of the following:

Transfer to Capital Projects Fund from Human Services Fund	\$	450,000	Project funding
Transfer to Capital Projects Fund from Debt Services Fund		475,000	Project funding
Transfer to Capital Projects Fund from nonmajor governmental funds		450,000	Project funding
Transfers to nonmajor governmental funds from General Fund		<u>864,968</u>	Annual appropriation
Total Interfund Transfers	\$	<u>2,239,968</u>	

C. Liabilities

1. Long-Term Debt

The County issues long-term debt obligations to provide for the acquisition, construction, and betterment of major capital facilities and infrastructure.

Bonds and Notes

Governmental Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2019
General obligation bonds					
2012 G.O. Capital Improvement Refunding Bonds	2026	\$200,000 – \$310,000	2.00 – 2.50	\$ 3,175,000	\$ 1,570,000

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

1. Long-Term Debt

Bonds and Notes (Continued)

Business-Type Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2019
2017 Gross Revenue Hospital Facilities Refunding Bonds	2033	\$217,436 – \$1,298,201	2.53	<u>\$ 16,000,000</u>	<u>\$ 14,405,912</u>

Loans Payable

In 2012, the County entered into a loan agreement with the Minnesota Pollution Control Agency for financing of the Minnesota Clean Water Partnership Project. These loans are also secured by special assessments placed on the individual parcels requesting repair of a failing septic system. According to the agreement, the County can borrow as much as \$200,000. The total amount received by the County through December 31, 2016, was \$142,214; accumulated interest was \$3,494. Repayment began in 2017.

In 2016, the County entered into another loan agreement with the Minnesota Pollution Control Agency for financing of the Minnesota Clean Water Partnership Project. These loans are also secured by special assessments placed on the individual parcels requesting repair of a failing septic system. According to the agreement, the County can borrow as much as \$400,000. The total amount received by the County through December 31, 2019, was \$311,347; accumulated interest was \$11,291. Repayment begins in 2020.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

1. Long-Term Debt

Loans Payable (Continued)

In 2019, the County entered into another loan agreement with the Minnesota Pollution Control Agency for financing of the Minnesota Clean Water Partnership Project. These loans are also secured by special assessments placed on the individual parcels requesting repair of a failing septic system. According to the agreement, the County can borrow as much as \$275,000. As of December 31, 2019, the total amount borrowed was \$24,862. Repayment schedules are not currently available for the 2019 loan and are not included in the debt service requirements.

2. Debt Service Requirements

Debt service requirements at December 31, 2019, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds		Septic System Loans	
	Principal	Interest	Principal	Interest
2020	\$ 210,000	\$ 32,825	\$ 44,707	\$ 8,070
2021	215,000	28,575	43,070	7,220
2022	215,000	24,275	39,322	6,355
2023	220,000	19,650	30,170	4,337
2024	230,000	14,588	30,776	3,731
2025 - 2029	480,000	12,126	163,412	9,122
Total	\$ 1,570,000	\$ 132,039	\$ 351,457	\$ 38,835

Business-Type Activities

Year Ending December 31	Gross Hospital Facilities Refunding Bonds	
	Principal	Interest
2020	\$ 906,131	\$ 350,982
2021	933,692	327,937
2022	962,091	304,191
2023	991,354	279,725
2024	1,021,507	254,512
2025 - 2029	5,592,925	866,714
2030 - 2033	3,998,212	165,339
Total	\$ 14,405,912	\$ 2,549,400

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Long-term liabilities					
Bonds payable					
General obligation bonds	\$ 1,775,000	\$ -	\$ 205,000	\$ 1,570,000	\$ 210,000
Add: unamortized premium	30,796	-	3,850	26,946	-
Total bonds payable	\$ 1,805,796	\$ -	\$ 208,850	\$ 1,596,946	\$ 210,000
Loans payable	468,720	74,569	169,456	373,833	44,707
Compensated absences	1,260,237	935,337	945,510	1,250,064	512,526
Governmental Activities Long-Term Liabilities	<u>\$ 3,534,753</u>	<u>\$ 1,009,906</u>	<u>\$ 1,323,816</u>	<u>\$ 3,220,843</u>	<u>\$ 767,233</u>

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Long-term liabilities					
Bonds payable					
Refunding gross revenue hospital facilities bonds	\$ 15,285,296	\$ -	\$ 879,384	\$ 14,405,912	\$ 906,131

For the governmental activities, loans payable are paid by the Septic Loans Special Revenue Fund. Bonded debt is paid from the Debt Service Fund.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

D. Deferred Inflows of Resources

Unavailable Revenue

Unavailable revenue consists of taxes and special assessments receivable, state and federal grants not collected soon enough after year-end to pay liabilities of the current period, money from state-aid highway allotments received but not yet earned, and other revenues. Unavailable revenue at December 31, 2019, is summarized by fund:

	Taxes and Special Assessments	Grants	State-Aid Highway Allotments	Other	Total
Major governmental funds					
General	\$ 108,168	\$ -	\$ -	\$ -	\$ 108,168
Special Revenue					
Road and Bridge	24,171	-	2,393,187	-	2,417,358
Human Services	39,884	133,719	-	-	173,603
Debt Service	9,978	-	-	-	9,978
Capital Projects	6	-	-	-	6
Nonmajor governmental funds					
Regional Library	2,785	-	-	-	2,785
County Nurse	-	74,217	-	-	74,217
Ditch	197,934	-	-	-	197,934
Family Services Building	1,559	-	-	-	1,559
Septic System Loan Program	-	-	-	290,321	290,321
Revolving Loan	-	-	-	95,407	95,407
Total	<u>\$ 384,485</u>	<u>\$ 207,936</u>	<u>\$ 2,393,187</u>	<u>\$ 385,728</u>	<u>\$ 3,371,336</u>

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description

All full-time and certain part-time employees of Meeker County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan), the Public Employees Police and Fire Plan (the Police and Fire Plan), and the Public Employees Local Government Correctional Service Retirement Plan (the Correctional Plan), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description (Continued)

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No Meeker County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years and increasing five percent for each year of service until fully vested after 20 years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the county correctional facility and its inmates are covered by the Correctional Plan (accounted for in the Correctional Fund). For members hired after June 30, 2010, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

b. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

Beginning January 1, 2019, General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

Beginning January 1, 2019, Police and Fire Plan benefit recipients will receive a 1.00 percent post-retirement increase. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Beginning January 1, 2019, Correctional Plan benefit recipients will receive a post-retirement increase equal to 100 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 2.50 percent. If the Correctional Plan's funding status declines to 85 percent or below for two consecutive years or

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

80 percent for one year, the maximum will be lowered from 2.50 percent to 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not yet receiving them, are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In the General Employees Plan, two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Police and Fire Plan members, the annuity accrual rate is 3.00 percent of average salary for each year of service. For Correctional Plan members, the annuity accrual rate is 1.90 percent of average salary for each year of service.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

For General Employees Plan 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. For Police and Fire Plan and Correctional Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high-five salary.

c. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2019. Police and Fire Plan members were required to contribute 11.30 percent of their annual covered salary in 2019. Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2019.

In 2019, the County was required to contribute the following percentages of annual covered salary:

General Employees Plan – Coordinated Plan members	7.50%
Police and Fire Plan	16.95
Correctional Plan	8.75

The Police and Fire Plan member and employer contribution rates increased 0.50 percent and 0.75 percent, respectively, from 2018.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

c. Contributions (Continued)

The County's contributions for the year ended December 31, 2019, to the pension plans were:

General Employees Plan	\$	1,591,584
Police and Fire Plan		259,108
Correctional Plan		77,931

The contributions are equal to the statutorily required contributions as set by state statute.

d. Pension Costs

General Employees Plan

At December 31, 2019, the County reported a liability of \$16,205,457 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2019, 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 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 0.2931 percent. It was 0.2973 percent measured as of June 30, 2018. The County recognized pension expense of \$1,880,826 for its proportionate share of the General Employees Plan's pension expense.

The County also recognized \$37,905 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

The County's proportionate share of the net pension liability	\$ 16,205,457
State of Minnesota's proportionate share of the net pension liability associated with the County	503,757
Total	\$ 16,709,214

The County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 452,739	\$ -
Changes in actuarial assumptions	-	1,289,899
Difference between projected and actual investment earnings	-	1,649,646
Changes in proportion	101,857	235,300
Contributions paid to PERA subsequent to the measurement date	792,482	-
Total	\$ 1,347,078	\$ 3,174,845

The \$792,482 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

Year Ended December 31	Pension Expense Amount
2020	\$ (864,646)
2021	(1,393,339)
2022	(388,379)
2023	26,115

Police and Fire Plan

At December 31, 2019, the County reported a liability of \$1,503,217 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2019, 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 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 0.1412 percent. It was 0.1378 percent measured as of June 30, 2018. The County recognized pension expense of \$192,187 for its proportionate share of the Police and Fire Plan's pension expense.

The County also recognized \$19,062 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan. Legislation requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. In addition, the state will pay direct state aid of \$4.5 million on October 1, 2018, and October 1, 2019, and \$9 million by October 1 of each subsequent year until full funding is reached or July 1, 2048, whichever is earlier.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

The County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 62,550	\$ 232,090
Changes in actuarial assumptions	1,263,333	1,638,377
Difference between projected and actual investment earnings	-	297,323
Changes in proportion	37,401	124,186
Contributions paid to PERA subsequent to the measurement date	145,775	-
Total	\$ 1,509,059	\$ 2,291,976

The \$145,775 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2020	\$ (107,003)
2021	(219,803)
2022	(613,345)
2023	6,690
2024	4,769

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Correctional Plan

At December 31, 2019, the County reported a liability of \$57,692 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2019, 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 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 0.4167 percent. It was 0.3552 percent measured as of June 30, 2018. The County recognized pension expense of \$108,009 for its proportionate share of the Correctional Plan's pension expense.

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,804	\$ 8,845
Changes in actuarial assumptions	-	436,764
Difference between projected and actual investment earnings	-	62,530
Changes in proportion	14,994	-
Contributions paid to PERA subsequent to the measurement date	<u>38,987</u>	<u>-</u>
Total	<u>\$ 55,785</u>	<u>\$ 508,139</u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Correctional Plan (Continued)

The \$38,987 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2020	\$ (256,013)
2021	(222,525)
2022	(13,364)
2023	561

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2019, was \$2,181,022.

e. Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50 percent per year
Active member payroll growth	3.25 percent per year
Investment rate of return	7.50 percent

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan and 2.00 percent for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 30, 2015. The experience study for the Police and Fire Plan was dated August 30, 2016. The experience study for the Correctional Plan was dated February 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study. Inflation and investment assumptions for all plans were reviewed in the experience study report for the General Employees Plan dated June 27, 2019.

The long-term expected rate of return on pension plan investments is 7.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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:

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	35.50%	5.10%
International equity	17.50	5.30
Fixed income	20.00	0.75
Private markets	25.00	5.90
Cash equivalents	2.00	0.00

f. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2019, which remained consistent with 2018. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net positions of the General Employees Plan, the Police and Fire Plan, and the Correctional Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. 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. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2019:

General Employees Plan

- The mortality projection scale was changed from MP-2017 to MP-2018.

Police and Fire Plan

- The mortality projection scale was changed from MP-2017 to MP-2018.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions (Continued)

Correctional Plan

- The mortality projection scale was changed from MP-2017 to MP-2018.

h. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate previously disclosed, 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:

	<u>General Employees Plan</u>		<u>Proportionate Share of the Police and Fire Plan</u>		<u>Correctional Plan</u>	
	<u>Discount Rate</u>	<u>Net Pension Liability</u>	<u>Discount Rate</u>	<u>Net Pension Liability</u>	<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% Decrease	6.50%	\$ 26,640,900	6.50%	\$ 3,285,752	6.50%	\$ 614,878
Current	7.50	16,205,457	7.50	1,503,217	7.50	57,692
1% Increase	8.50	7,588,926	8.50	29,089	8.50	(388,148)

i. Pension Plan Fiduciary Net Position

Detailed information about the 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; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans (Continued)

2. Defined Contribution Plan

Four Board members of Meeker County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the state legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer. Employee and employer 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 two percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by Meeker County during the year ended December 31, 2019, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 6,180	\$ 6,180
Percentage of covered payroll	5.00%	5.00%

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Other Postemployment Benefits (OPEB)

Plan Description

Meeker County administers an other postemployment benefits plan, a single-employer defined benefit health care plan, to eligible retirees and their dependents.

The County provides health insurance benefits for eligible retired employees and their dependents. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

No assets have been accumulated in a trust that meets the criteria in paragraph four of GASB 75. The OPEB plan does not issue a stand-alone financial report.

As of the January 1, 2018, actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Active plan participants	199
Total	207

Total OPEB Liability

The County's total OPEB liability of \$946,169 was determined by an actuarial valuation as of January 1, 2018 and was rolled forward to a measurement date of January 1, 2019. The total OPEB liability is primarily liquidated by funds that have personal services.

The total OPEB liability in the fiscal year-end December 31, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.00 percent
Health care cost trend	6.25 percent, decreasing to 5.00 percent over five years

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

F. Other Postemployment Benefits (OPEB)

Total OPEB Liability (Continued)

The current year discount rate is 3.80 percent, a change from the prior year rate of 3.30 percent. For the current valuation, the discount rate was selected from the 20-year Municipal Bond Yield.

Mortality rates are based on RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire personnel).

The actuarial assumptions are currently based on historical information.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2019	\$ 928,422
Changes for the year	
Service cost	\$ 71,660
Interest	31,579
Differences between expected and actual experience	30,599
Changes of assumptions or other inputs	(29,078)
Benefit payments	(87,013)
Net change	\$ 17,747
Balance at December 31, 2019	\$ 946,169

OPEB Liability Sensitivity

The following presents the total OPEB liability of the County, calculated using the discount rate previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current discount rate:

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

F. Other Postemployment Benefits (OPEB)

OPEB Liability Sensitivity (Continued)

	Discount Rate	Total OPEB Liability
1% Decrease	2.80%	\$ 1,005,379
Current	3.80	946,169
1% Increase	4.80	891,214

The following presents the total OPEB liability of the County, calculated using the health care cost trend previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using health care cost trend rates that are 1.00 percentage point lower or 1.00 percentage point higher than the current health care cost trend rate:

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.25% Decreasing to 4.00%	\$ 861,790
Current	6.25% Decreasing to 5.00%	946,169
1% Increase	7.25% Decreasing to 6.00%	1,045,873

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the County recognized OPEB expense of (\$9,844). The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 25,499	\$ -
Changes in actuarial assumptions	-	24,231
Contributions paid subsequent to the measurement date	113,336	-
Total	\$ 138,835	\$ 24,231

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

F. Other Postemployment Benefits (OPEB)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)

The \$113,336 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	OPEB Expense Amount
2020	\$ 253
2021	253
2022	253
2023	253
2024	256

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2019:

- The discount rate used changed from 3.30 percent to 3.80 percent.

4. Risk Management

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

4. Risk Management (Continued)

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 2019 and 2020. 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. MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

In 2018, the County entered into an agreement with PrimeHealth to provide a mechanism for utilizing a pooled self-funded health insurance program under the authority granted to the counties in Minn. Stat. § 471.59. Premiums are paid to PrimeHealth, who provides bookkeeping services to the entity, including the payment of claims. For 2019, the County has retained risk with a specific annual deductible of \$400,000 per member for the health plan.

The Hospital is covered by professional liability insurance on a claims-made basis. Individual and aggregate claims coverage is \$1,000,000 and \$3,000,000, respectively. The Hospital also has an excess liability policy that provides an additional \$2,000,000 in coverage over the individual and aggregate coverages. Hospital management is of the opinion that insurance coverage is adequate to cover anticipated losses, if any.

5. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities (Continued)

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

The Hospital is involved in various claims, litigations, and judgments. Hospital management believes the ultimate resolution of these matters will not have an adverse effect on the financial position of the Hospital.

B. Joint Ventures

Southwestern Minnesota Adult Mental Health Consortium Board

In November 1997, the Southwestern Minnesota Adult Mental Health Consortium Board was created under the authority of Minn. Stat. § 471.59. Presently, its members include Big Stone, Chippewa, Kandiyohi, Lac qui Parle, McLeod, Meeker, Nobles, Renville, Swift, and Yellow Medicine Counties; Southwest Health and Human Services representing Lincoln, Lyon, Murray, Pipestone, Redwood, and Rock Counties; and Des Moines Valley Health and Human Services (DVHHS), representing Cottonwood and Jackson Counties. The Board is headquartered in Windom, Minnesota, where DVHHS acts as fiscal agent.

The Board shall take actions and enters into such agreements as necessary to plan and develop within the Southwestern Minnesota Adult Mental Health Consortium Board's geographic jurisdiction, a system of care that serves the needs of adults with serious and persistent mental illness. The governing board is composed of one Board member from each of the participating counties. Financing is provided by state proceeds or appropriations for the development of the system of care.

A complete financial report of the Southwestern Minnesota Adult Mental Health Consortium Board can be obtained by contacting DVHHS at 11 Fourth Street, Windom, Minnesota 56111.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

Meeker-McLeod-Sibley Community Health Board

The Meeker-McLeod-Sibley Community Health Board was established pursuant to Minn. Stat. §§ 145A.09 to 145A.14, Minn. Stat. § 471.59, and a joint powers agreement, effective April 19, 1990. The Community Health Board consists of nine members, three each from McLeod, Meeker, and Sibley Counties. The primary function of the joint venture is to provide health services and to promote efficiency and economy in the delivery of health services.

The joint venture is financed primarily from state and federal grants.

Current financial statements are available from the Meeker-McLeod-Sibley Community Health Board, 114 North Holcombe Avenue, Suite 250, Litchfield, Minnesota 55355.

PrimeWest Health

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

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

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

PrimeWest Health (Continued)

Financing is provided by Medical Assistance and General Assistance Medical Care payments from the Minnesota Department of Human Services, initial start-up loans from the member counties, and by proportional contributions from member counties, if necessary, to cover operational costs. Meeker County did not make any contributions to PrimeWest in 2019.

Complete financial information can be obtained from its administrative office at PrimeWest Health, 3905 Dakota Street, Suite 101, Alexandria, Minnesota 56308.

Supporting Hands Nurse Family Partnership

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

The governing board is composed of one Board member from each of the participating counties. Each participating county will contribute to the budget of the Supporting Hands Nurse Family Partnership. In 2019, Meeker County made \$35,417 in contributions to the Partnership.

Renville County acts as fiscal agent for Supporting Hands Nurse Family Partnership. A complete financial report of Supporting Hands Nurse Family Partnership can be obtained from Renville County at Renville County Public Health, Renville County Government Services Center, 105 South 5th Street, Suite 1194, Olivia, Minnesota 56277.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

Central Minnesota Diagnostics, Inc.

The Meeker Memorial Hospital and other hospitals (all unrelated parties to the Hospital) formed a non-profit corporation known as Central Minnesota Diagnostics, Inc. (CMDI). CMDI was organized to provide certain agreed-upon shared services to those hospitals who are members of this corporation. CMDI operates as a non-profit cooperative and allocates income to its member hospitals based on the services the member hospitals purchase from CMDI. The Hospital records its investment in CMDI on the equity method of accounting, which approximates the Hospital's equity in the underlying book value of CMDI.

Putting All Communities Together for Families Collaborative

Putting All Communities Together for Families Collaborative (PACT) was established in 1996 by a joint powers agreement among Kandiyohi, Meeker, Renville, and Yellow Medicine Counties. Effective January 1, 2011, an additional joint powers agreement was entered into to add McLeod County as a fifth county partner to PACT. As a result, the name was changed from PACT 4 Families Collaborative to PACT for Families Collaborative. The joint powers agreements were established to provide coordinated services to children and families. Meeker County has no operational or financial control over the Collaborative. In 2019, Meeker County contributed \$34,950 to the Collaborative.

A county may withdraw from PACT by giving a 30-day written notice to PACT; however, the contribution will remain in the integrated fund for the implementation period. In the event of termination, any property acquired as a result of this agreement and any surplus monies on hand shall be distributed to the parties of this agreement in proportion to their contributions.

Management of PACT is vested in an Executive Board composed of nine members representing all counties. The Board includes an administrative representative of social services, public health services, community corrections, school districts, two parents (one parent of a child diagnosed with a serious emotional disturbance), and three members at large, one of whom is of a mental health background. The Board appoints a fiscal agent to handle and be responsible for safekeeping the funds of PACT.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Putting All Communities Together for Families Collaborative (Continued)

McLeod County Human Services has acted as fiscal agent for PACT since January 1, 2016. Financial information can be obtained from PACT for Families Collaborative, 2200 – 23rd Street Northeast, Suite 2030, Willmar, Minnesota 56201.

Coordinated Enforcement Effort VI Task Force

The Coordinated Enforcement Effort (CEE) VI Task Force was established under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Chippewa, Kandiyohi, Meeker, Swift, and Yellow Medicine Counties; and the Cities of Appleton, Benson, Clara City, Cosmos, Granite Falls, Litchfield, Montevideo, and Willmar.

Control of the Task Force is vested in a Board of Directors comprised of 13 members. The Board consists of the department heads or a designee from each participating full-time member agency.

The Task Force was established to receive and expend federal, state, and local grants and other related funds for the purpose of investigation of burglary, theft, narcotics, stolen property, and crimes of violence. Meeker County has no operational or financial control over the CEE VI Task Force. During the year, Meeker County contributed \$109,815 in funds to the Task Force. In an agent capacity, Kandiyohi County reports the cash transactions of the CEE VI Task Force as an agency fund on its financial statements.

Pioneerland Regional Library System

Meeker County, along with 32 cities and nine other counties, participates in the Pioneerland Regional Library System in order to provide efficient and improved regional library service. The Pioneerland Regional Library System is governed by the Pioneerland Library System Board composed of 35 members appointed by member cities and counties. During the year, Meeker County contributed \$241,084 to the System.

Separate financial information can be obtained from the Pioneerland Regional Library System, 410 – 5th Street Southwest, Willmar, Minnesota 56201.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

Central Minnesota Jobs and Training Services, Inc.

Central Minnesota Jobs and Training Services, Inc. (CMJTS) is a nonprofit employment and training agency and a partner in the Minnesota WorkForce Center System. CMJTS is a joint venture established pursuant to Minn. Stat. ch. 268 and § 471.59, consisting of 11 counties in central Minnesota, including Chisago, Isanti, Kanabec, Kandiyohi, McLeod, Meeker, Mille Lacs, Pine, Renville, Sherburne, and Wright Counties, and is also a partner of Workforce Service Area 5.

CMJTS's mission is to match job seekers, youth, businesses, and those seeking training with the resources available to them. Funding is to be provided through block grants from the U.S. Department of Labor. One County Commissioner from each participating county is appointed to the Joint Powers Board.

Counties Providing Technology

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

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

Financing is primarily from county member contributions. During 2019, Meeker County did not provide any contributions to CPT. Current financial information can be obtained from the Stevens County Auditor/Treasurer, 400 Colorado Avenue, Suite 303, Morris, Minnesota 56267.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items (Continued)

C. Tax Abatements

The County entered into property tax abatement agreements with various developers, under Minn. Stat. §§ 469.1812 through 469.1815, as amended. Under statute, a political subdivision may grant a current or prospective abatement of property taxes if it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement and it will provide benefits, such as increasing or preserving the tax base or providing employment opportunities, in the County. The County has no minimum threshold for reporting tax abatements.

Hilltop Health Care Center, LLC

The County entered into a property tax abatement agreement with Hilltop Health Care Center, LLC, in January 2015, for a period of ten years effective in the years 2016 through 2026. The abatement will equal 60 percent of the County's share of the real estate taxes multiplied by the County's tax rate and multiplied by the percentage of construction completed.

Contractual stipulations require County payments to not exceed \$8,900 annually, or an aggregate amount of \$89,000. Meeker County provided a tax abatement in the form of a tax refund in the amount of \$7,290 for 2019. The developer agreed to construct an approximately 30,000 square-foot expansion to an already existing health care facility, consisting of 34 units of assisted living, 12 of which will be available to residents qualifying for waived services. Further, the developer agreed to create at least five new full-time equivalent jobs within six months of June 30, 2015, and maintain these jobs for the term of the agreement.

Mies Outland, Inc.

The County entered into a property tax abatement agreement with Mies Outland, Inc., in an original agreement dated November 18, 2003, and amended on September 17, 2013, for a period of 18 years, effective in the years 2003 through 2021.

The abatement is contractually set annually at \$6,000 of the County's share of the ad valorem taxes received by the County from the tax abatement property. The County provided a tax abatement in the form of a tax refund in the amount of \$6,000 for 2019. The developer agreed to construct an approximately 18,000 square-foot addition to the company's existing Polaris and John Deere retail sales and service facility, which was amended to include an additional 3,000 square feet to be added to the addition.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

C. Tax Abatements (Continued)

First District Association

The County entered into a property tax abatement agreement with the City of Litchfield and First District Association, dated October 6, 2009, for a period of 20 years, effective in the years 2011 through 2030. The abatement will equal 60 percent of the County's share of the real estate taxes multiplied by the County's tax rate and multiplied by the percentage of construction completed and adjusted for the removal of the value of land and the existing building. Contractual stipulations require aggregate County payments to not exceed \$190,000. Meeker County provided a tax abatement in the form of a tax refund in the amount of \$9,129 for 2019. The developer agreed to construct an approximately 13,350 square-foot facility to house evaporator equipment to process whey.

Quadion, Inc.

The County entered into a property tax abatement agreement with the City of Litchfield and Quadion, Inc., dated November 19, 2013, for a period of up to 15 years, effective in the years 2012 through 2026. The abatement will be determined by subtracting the base tax capacity from the current year tax capacity and then multiplying the increased tax capacity by the County's current tax capacity rate. Contractual stipulations require aggregate County payments not to exceed \$145,000. The County provided a tax abatement in the form of a tax refund in the amount of \$1,470 for 2019. The developer agrees to construct an approximately 30,000 square-foot addition to the developer's existing manufacturing facility and create at least five new full-time equivalent positions over and above the base of 185 full-time equivalent positions at a wage of at least \$12.00 per hour, plus benefits.

D. Subsequent Event

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. Economic activity decreased in 2020, including gasoline sales taxes collected by the State of Minnesota used for funding County State Aid Highways (CSAH) revenue recorded in the County's Road and Bridge Special Revenue Fund. As a result, a decrease of approximately 15 percent of CSAH revenue is expected to be received for calendar year 2021. In addition, it is expected that the County will experience an increase of grant revenues as a result of this pandemic.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

6. Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies

In addition to those identified in Note 1, the County's discretely presented component units have the following significant accounting policies.

Reporting Entities

The Meeker County Economic Development Authority (EDA) is governed by a nine-member Board of Directors: two are County Commissioners, and seven are appointed by the Commissioners. Meeker County is obligated for the debt and any operating deficits of the EDA.

The Meeker County Housing and Redevelopment Authority (HRA) is governed by a six-member Board appointed by the County Commissioners. The HRA has a year-end of June 30, 2019. Meeker County is obligated for the debt and any operating deficits of the HRA.

Because of the significance of their financial relationship, Meeker County considers these entities major component units.

Measurement Focus and Basis of Accounting

The Meeker County EDA and the Meeker County HRA are discrete component units of Meeker County and are accounted for as proprietary fund types. The Meeker County EDA and the Meeker County HRA are reported using the economic resources measurement focus and accounted for on the full accrual basis of accounting.

Financial information is presented as a separate column in the statement of net position and statement of activities.

Cash and Cash Equivalents, Deposits, and Investments

All cash and investments of the Meeker County EDA are on deposit with the County, which also are cash and cash equivalents for the purposes of cash flows. The EDA's pooled cash and investments consist of pooled cash and investments with Meeker County and certificates of deposit. The cash and pooled investments of the EDA are not subject to custodial credit risk.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

6. Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies

Cash and Cash Equivalents, Deposits, and Investments (Continued)

The EDA 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 Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool.

Cash of the Meeker County HRA is in the custody of the HRA. All checking, savings, certificates of deposit, and cash on hand are cash and cash equivalents. As of June 30, 2019, the HRA's deposits were not exposed to custodial credit risk. State statutes authorize the HRA to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the state or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days. As of and during the year ended June 30, 2019, the HRA did not own any investments.

Liabilities

The liability for compensated absences reported for the EDA in the financial statements consists of unpaid, accumulated paid time off. The liability has been calculated using the vesting method, in which leave amounts for employees who currently are eligible to receive termination payments receive such payments upon termination. Compensated absences are accrued when incurred.

Classification of Net Position

Net position in the government-wide statements for the Meeker County EDA and Meeker County HRA is classified in the following categories:

Net investment in capital assets – the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – the amount of net assets for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

6. Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies

Classification of Net Position (Continued)

Unrestricted net position – the amount of net position that does not meet the definition of restricted or net investment in capital assets.

B. Detailed Notes on All Funds

1. Assets

Investments

Interest Rate Risk

The EDA follows the County's investment policy for interest rate risk. At December 31, 2019, the EDA had the following investments:

	<u>Fair Value</u>	<u>Less Than 1 Year</u>
MAGIC Fund	\$ 1,580,595	\$ 1,580,595

Credit Risk

The EDA follows the County's investment policy for credit risk. The MAGIC Fund that the EDA invests in is not rated.

Custodial Credit Risk

As of December 31, 2019, the EDA's investments were not subject to custodial credit risk.

Concentration of Credit Risk

During 2019, the EDA did not have any investments in any one issue that represents five percent or more of the EDA's investments.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

6. Discretely Presented Component Unit Disclosures

B. Detailed Notes on All Funds

1. Assets

Investments

Concentration of Credit Risk (Continued)

The EDA measures and records its investments following the County's fair value measurement guidelines that are established by generally accepted accounting principles. At December 31, 2019, the EDA did not have any investments that had recurring fair value measurements. The EDA had the following investments measured at net asset value:

	<u>December 31, 2019</u>
Investments measured at the net asset value (NAV)	
MAGIC Portfolio	\$ 1,500,000
MAGIC Term	<u>80,595</u>
 Total Investments Measured at the NAV	 <u>\$ 1,580,595</u>

Information regarding these measurements and definition can be found on Note 3.A.1.b.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

6. Discretely Presented Component Unit Disclosures

B. Detailed Notes on All Funds

1. Assets (Continued)

Capital Assets

Capital assets are defined by the Meeker County EDA as assets with an initial, individual cost of more than \$10,000. The EDA had no capital assets activity for the year ended December 31, 2019. Capital assets activity for the year ended June 30, 2019, for the HRA, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Land	\$ 63,966	\$ -	\$ -	\$ 63,966
Capital assets depreciated				
Buildings and equipment	\$ 1,422,130	\$ -	\$ -	\$ 1,422,130
Less: accumulated depreciation for				
Buildings and equipment	\$ 1,122,080	\$ 47,738	\$ -	\$ 1,169,818
Total capital assets depreciated, net	\$ 300,050	\$ (47,738)	\$ -	\$ 252,312
Total Capital Assets, Net	<u>\$ 364,016</u>	<u>\$ (47,738)</u>	<u>\$ -</u>	<u>\$ 316,278</u>

Depreciation expense was charged to functions/programs of the discretely presented component units as follows:

HRA	<u>\$ 47,738</u>
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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

6. Discretely Presented Component Unit Disclosures

B. Detailed Notes on All Funds (Continued)

2. Liabilities

Long-Term Debt

Long-term debt outstanding at June 30, 2019, for the HRA consists of a deferred forgivable mortgage agreement with the Minnesota Housing Finance Agency (MHFA). If there is no default or transfer of the property and all program requirements are met, the debt listed below will be forgiven on the final maturity date.

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Original Issue Amount</u>	<u>Remaining Commitment</u>
MHFA – Publicly Owned Housing Program	2035	0	\$ 162,127	\$ 162,127

Changes in Long-Term Liabilities

The following is a summary of the long-term debt transactions of the EDA for the year ended December 31, 2019.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 12,974</u>	<u>\$ -</u>	<u>\$ 9,157</u>	<u>\$ 3,817</u>	<u>\$ 1,565</u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

6. Discretely Presented Component Unit Disclosures

B. Detailed Notes on All Funds (Continued)

3. Defined Benefit Pension Plan

a. Plan Description

All full-time and certain part-time employees of the Meeker County Economic Development Authority are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan), which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No Meeker County Economic Development Authority employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

b. Contributions

The EDA's contribution for the General Employees Plan for the year ended December 31 2019, was \$4,789. The contributions are equal to the statutorily required contributions as set by state statute.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

6. Discretely Presented Component Unit Disclosures

B. Detailed Notes on All Funds

3. Defined Benefit Pension Plan (Continued)

c. Pension Costs

At December 31, 2019, the EDA reported a liability of \$76,788 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The EDA's proportion of the net pension liability was based on the EDA's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the EDA's proportion was 0.0014 percent. It was 0.0017 percent measured as of June 30, 2018. The EDA recognized pension expense of \$7,403 for its proportionate share of the General Employees Plan's pension expense.

The EDA also recognized \$179 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually.

The EDA's proportionate share of the net pension liability	\$ 76,788
State of Minnesota's proportionate share of the net pension liability associated with the EDA	<u>2,387</u>
Total	<u>\$ 79,175</u>

The EDA reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

6. Discretely Presented Component Unit Disclosures

B. Detailed Notes on All Funds

3. Defined Benefit Pension Plan

c. Pension Costs (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,274	\$ -
Changes in actuarial assumptions	-	6,680
Difference between projected and actual investment earnings	-	9,133
Changes in proportion	-	12,578
Contributions paid to PERA subsequent to the measurement date	1,618	-
Total	\$ 3,892	\$ 28,391

The \$1,618 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2020	\$ (9,198)
2021	(10,949)
2022	(6,093)
2023	123

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

6. Discretely Presented Component Unit Disclosures

B. Detailed Notes on All Funds

3. Defined Benefit Pension Plan (Continued)

d. Pension Liability Sensitivity

The following presents the EDA's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the EDA'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:

	Proportionate Share of the General Employees Plan	
	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 126,235
Current	7.50	76,788
1% Increase	8.50	35,959

Additional pension information regarding benefits provided, contributions, actuarial assumptions, discount rates, and pension plan fiduciary net position can be found in Note 3.E.1.

REQUIRED SUPPLEMENTARY INFORMATION

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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT A-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 8,838,482	\$ 8,838,482	\$ 8,839,549	\$ 1,067
Licenses and permits	93,285	93,285	109,643	16,358
Intergovernmental	2,042,367	2,042,367	2,032,001	(10,366)
Charges for services	1,704,113	1,704,113	1,723,422	19,309
Fines and forfeits	26,000	26,000	29,474	3,474
Gifts and contributions	200	200	700	500
Investment earnings	300,000	300,000	585,525	285,525
Miscellaneous	460,280	460,280	486,354	26,074
Total Revenues	\$ 13,464,727	\$ 13,464,727	\$ 13,806,668	\$ 341,941
Expenditures				
Current				
General government				
Commissioners	\$ 229,563	\$ 229,563	\$ 222,693	\$ 6,870
Courts	82,000	82,000	186,391	(104,391)
Law library	26,497	26,497	19,897	6,600
County administration	311,347	311,347	278,430	32,917
County auditor	225,927	225,927	218,529	7,398
County treasurer	401,110	401,110	379,097	22,013
County assessor	477,541	477,541	411,685	65,856
Accounting and auditing	71,500	71,500	64,438	7,062
Data processing	614,344	614,344	582,426	31,918
Central services	80,300	80,300	52,360	27,940
Attorney	878,707	878,707	849,654	29,053
Recorder	233,205	233,205	316,810	(83,605)
Surveyor	7,500	7,500	-	7,500
Planning and zoning	522,316	522,316	507,538	14,778
Maintenance	482,223	482,223	502,120	(19,897)
Veterans service officer	178,232	178,232	176,246	1,986
Appropriations	25,290	25,290	30,790	(5,500)
Other	338,275	338,275	299,233	39,042
Total general government	\$ 5,185,877	\$ 5,185,877	\$ 5,098,337	\$ 87,540
Public safety				
Sheriff	\$ 5,461,988	\$ 5,461,988	\$ 5,276,851	\$ 185,137
Coroner	67,000	67,000	59,501	7,499
Court services	601,389	601,389	488,224	113,165
E-911 system	127,752	127,752	116,001	11,751
Wireless communication	160,616	160,616	141,150	19,466
Emergency management	76,049	76,049	71,137	4,912
Appropriations	18,500	18,500	20,480	(1,980)
Total public safety	\$ 6,513,294	\$ 6,513,294	\$ 6,173,344	\$ 339,950

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

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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

*EXHIBIT A-1
(Continued)*

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Culture and recreation				
Appropriations	\$ 31,200	\$ 31,200	\$ 25,700	\$ 5,500
Conservation of natural resources				
Aquatic invasive species	\$ 342,967	\$ 342,967	\$ 343,863	\$ (896)
County extension	204,307	204,307	219,926	(15,619)
Extension committee	2,597	2,597	2,425	172
Agricultural inspections	5,000	5,000	5,000	-
Appropriations	145,768	145,768	145,768	-
Total conservation of natural resources	\$ 700,639	\$ 700,639	\$ 716,982	\$ (16,343)
Economic development				
Community development	\$ 67,250	\$ 67,250	\$ 25,000	\$ 42,250
Appropriations	26,500	26,500	26,500	-
Total economic development	\$ 93,750	\$ 93,750	\$ 51,500	\$ 42,250
Intergovernmental				
General government	\$ 70,000	\$ 70,000	\$ 51,034	\$ 18,966
Total Expenditures	\$ 12,594,760	\$ 12,594,760	\$ 12,116,897	\$ 477,863
Excess of Revenues Over (Under)				
Expenditures	\$ 869,967	\$ 869,967	\$ 1,689,771	\$ 819,804
Other Financing Sources (Uses)				
Transfers in	\$ 40,000	\$ 40,000	\$ -	\$ (40,000)
Transfers out	(909,967)	(909,967)	(864,968)	44,999
Total Other Financing Sources (Uses)	\$ (869,967)	\$ (869,967)	\$ (864,968)	\$ 4,999
Net Change in Fund Balance	\$ -	\$ -	\$ 824,803	\$ 824,803
Fund Balance – January 1	9,967,446	9,967,446	9,967,446	-
Fund Balance – December 31	\$ 9,967,446	\$ 9,967,446	\$ 10,792,249	\$ 824,803

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT A-2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,838,910	\$ 1,838,910	\$ 1,837,314	\$ (1,596)
Intergovernmental	4,786,000	4,786,000	4,958,855	172,855
Charges for services	575,000	575,000	588,978	13,978
Miscellaneous	107,000	107,000	143,894	36,894
Total Revenues	\$ 7,306,910	\$ 7,306,910	\$ 7,529,041	\$ 222,131
Expenditures				
Current				
General government				
GIS	\$ -	\$ -	\$ 1,352	\$ (1,352)
Highways and streets				
Administration	\$ 319,549	\$ 319,549	\$ 328,974	\$ (9,425)
Maintenance	2,095,996	2,095,996	2,391,815	(295,819)
Engineering/construction	3,102,806	3,102,806	4,056,925	(954,119)
Equipment, maintenance, and shop	1,363,559	1,363,559	1,478,786	(115,227)
Total highways and streets	\$ 6,881,910	\$ 6,881,910	\$ 8,256,500	\$ (1,374,590)
Intergovernmental				
Highways and streets	\$ 525,000	\$ 525,000	\$ 506,484	\$ 18,516
Total Expenditures	\$ 7,406,910	\$ 7,406,910	\$ 8,764,336	\$ (1,357,426)
Net Change in Fund Balance	\$ (100,000)	\$ (100,000)	\$ (1,235,295)	\$ (1,135,295)
Fund Balance – January 1	3,374,638	3,374,638	3,374,638	-
Increase (decrease) in inventories	-	-	31,899	31,899
Fund Balance – December 31	\$ 3,274,638	\$ 3,274,638	\$ 2,171,242	\$ (1,103,396)

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT A-3

**BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,037,090	\$ 3,037,090	\$ 2,954,545	\$ (82,545)
Intergovernmental	3,478,307	3,478,307	3,831,710	353,403
Charges for services	590,590	590,590	587,652	(2,938)
Gifts and contributions	-	-	1,580	1,580
Miscellaneous	269,192	269,192	211,636	(57,556)
Total Revenues	\$ 7,375,179	\$ 7,375,179	\$ 7,587,123	\$ 211,944
Expenditures				
Current				
Human services				
Income maintenance	\$ 2,230,393	\$ 2,230,393	\$ 2,209,720	\$ 20,673
Social services	5,292,716	5,292,716	5,395,889	(103,173)
Total Expenditures	\$ 7,523,109	\$ 7,523,109	\$ 7,605,609	\$ (82,500)
Excess of Revenues Over (Under) Expenditures	\$ (147,930)	\$ (147,930)	\$ (18,486)	\$ 129,444
Other Financing Sources (Uses)				
Transfers out	-	-	(450,000)	(450,000)
Net Change in Fund Balance	\$ (147,930)	\$ (147,930)	\$ (468,486)	\$ (320,556)
Fund Balance – January 1	6,642,380	6,642,380	6,642,380	-
Fund Balance – December 31	\$ 6,494,450	\$ 6,494,450	\$ 6,173,894	\$ (320,556)

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT A-4

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 71,660	\$ 75,415
Interest	31,579	31,166
Differences between expected and actual experience	30,599	-
Changes of assumption or other inputs	(29,078)	-
Benefit payments	<u>(87,013)</u>	<u>(93,567)</u>
Net change in total OPEB liability	\$ 17,747	\$ 13,014
Total OPEB Liability – Beginning	<u>928,422</u>	<u>915,408</u>
Total OPEB Liability – Ending	<u>\$ 946,169</u>	<u>\$ 928,422</u>
Covered-employee payroll	\$ 11,011,467	\$ 10,754,574
Total OPEB liability (asset) as a percentage of covered-employee payroll	8.59%	8.63%

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT A-5

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2019**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Meeker County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.2931 %	\$ 16,205,457	\$ 503,757	\$ 16,709,214	\$ 20,803,287	77.90 %	80.23 %
2018	0.2973	16,495,656	541,073	17,036,729	20,044,502	82.30	79.53
2017	0.2979	19,018,544	239,156	19,257,700	19,166,313	99.23	75.90
2016	0.2957	23,871,949	311,817	24,183,766	18,245,701	130.84	68.91
2015	0.2972	15,400,185	N/A	15,400,185	17,440,521	88.30	78.19

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.
N/A – Not Applicable

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT A-6

**SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2019**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2019	\$ 1,591,584	\$ 1,591,584	\$ -	\$ 21,221,114	7.50 %
2018	1,525,198	1,525,198	-	20,336,045	7.50
2017	1,473,265	1,473,265	-	19,662,219	7.49
2016	1,396,804	1,396,804	-	18,654,843	7.49
2015	1,327,077	1,327,077	-	17,807,137	7.45

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT A-7

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
ECONOMIC DEVELOPMENT AUTHORITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2019**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with the Meeker County EDA (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.0014 %	\$ 76,788	\$ 2,387	\$ 79,175	\$ 98,389	78.05 %	80.23 %
2018	0.0017	91,638	3,006	94,644	111,027	82.54	79.53
2017	0.0017	107,722	1,354	109,076	108,283	99.48	75.90
2016	0.0017	137,424	1,795	139,219	104,589	131.39	68.91
2015	0.0017	90,364	N/A	90,364	100,223	90.16	78.19

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.
N/A – Not Applicable

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT A-8

**SCHEDULE OF CONTRIBUTIONS
ECONOMIC DEVELOPMENT AUTHORITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2019**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2019	\$ 4,789	\$ 4,789	\$ -	\$ 63,849	7.50 %
2018	8,409	8,409	-	112,127	7.50
2017	8,241	8,241	-	109,885	7.50
2016	7,998	7,998	-	106,643	7.50
2015	7,658	7,658	-	102,111	7.50

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT A-9

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2019**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.1412 %	\$ 1,503,217	\$ 1,509,683	99.57 %	89.26 %
2018	0.1380	1,468,806	1,451,821	101.17	88.84
2017	0.1370	1,849,663	1,411,033	131.09	85.43
2016	0.1430	5,738,839	1,381,373	415.44	63.88
2015	0.1440	1,636,177	1,449,107	112.91	86.61

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT A-10

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2019**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2019	\$ 259,108	\$ 259,108	\$ -	\$ 1,528,660	16.95 %
2018	246,319	246,319	-	1,520,487	16.20
2017	226,557	226,557	-	1,399,201	16.19
2016	231,561	231,561	-	1,429,392	16.20
2015	223,220	223,220	-	1,465,493	15.23

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT A-11

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT CORRECTIONAL SERVICE RETIREMENT PLAN
DECEMBER 31, 2019**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.4167 %	\$ 57,692	\$ 889,745	6.48 %	98.17 %
2018	0.3600	58,420	725,472	8.05	97.64
2017	0.3500	997,504	693,823	143.77	67.89
2016	0.3500	1,278,599	654,007	195.50	58.16
2015	0.3700	57,202	707,121	8.09	96.95

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT A-12

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT CORRECTIONAL SERVICE RETIREMENT PLAN
DECEMBER 31, 2019**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2019	\$ 77,931	\$ 77,931	\$ -	\$ 890,638	8.75 %
2018	70,615	70,615	-	807,028	8.75
2017	60,747	60,747	-	702,633	8.65
2016	58,951	58,951	-	673,727	8.75
2015	60,136	60,136	-	693,592	8.67

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The County's year-end is December 31.

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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all major governmental funds and most nonmajor governmental funds. All appropriations lapse at year-end. On or before mid-August of each year, all departments submit requests for appropriations to the County Auditor so that a budget can be prepared. Before October 31, the proposed budget is presented to the County Board for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations within a department and between departments require approval of the County Board. The legal level of budgetary control—the level at which expenditures may not legally exceed appropriations—is the departmental level. The Board made no supplemental budgetary appropriations throughout the year.

2. Excess of Expenditures Over Budget

The following funds and departments had expenditures in excess of budget for the year ended December 31, 2019:

	Expenditures	Budget	Excess
Major governmental funds			
General Fund			
General government			
Courts	\$ 186,391	\$ 82,000	\$ 104,391
Recorder	316,810	233,205	83,605
Maintenance	502,120	482,223	19,897
Appropriations	30,790	25,290	5,500
Public safety			
Appropriations	20,480	18,500	1,980
Conservation of natural resources			
Aquatic invasive species	343,863	342,967	896
County extension	219,926	204,307	15,619

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

2. Excess of Expenditures Over Budget (Continued)

	Expenditures	Budget	Excess
Road and Bridge Special Revenue Fund			
General government			
GIS	\$ 1,352	\$ -	\$ 1,352
Highways and streets			
Administration	328,974	319,549	9,425
Maintenance	2,391,815	2,095,996	295,819
Engineering/construction	4,056,925	3,102,806	954,119
Equipment, maintenance, and shop	1,478,786	1,363,559	115,227
Human Services Special Revenue Fund			
Human services			
Social services	5,395,889	5,292,716	103,173

3. Other Postemployment Benefits Funded Status

Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75 to pay related benefits.

4. Other Postemployment Benefits – Changes in Significant Actuarial Methods and Assumptions

The following change in actuarial assumptions occurred in 2019:

- The discount rate used changed from 3.30 percent to 3.80 percent.

The following changes in actuarial assumptions occurred in 2018:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- 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 3.50 percent to 3.30 percent.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

5. 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 fiscal year June 30:

General Employees Retirement Plan

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- 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 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2018 (Continued)

- 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 the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.00 percent for active member liability, 15 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to \$21 million in calendar years 2017 and 2018 and returns to \$31 million through calendar year 2031. The state's required contribution is \$16 million in PERA's fiscal years 2018 and 2019 and returns to \$6 million annually through calendar year 2031.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2016 (Continued)

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.
- Post-retirement benefit increases changed to 1.00 percent 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 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Police and Fire Plan

2018 (Continued)

- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.
- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Police and Fire Plan

2017 (Continued)

- The 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 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Local Government Correctional Service Retirement Plan

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Local Government Correctional Service Retirement Plan (Continued)

2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent 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 percent per year to 2.00 percent per year.
- 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 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Post-retirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85 percent for two consecutive years, or 80 percent for one year, the maximum increase will be lowered to 1.50 percent.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Local Government Correctional Service Retirement Plan (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 Scale MP-2016).
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 35 percent for vested members and 1.00 percent for non-vested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

2016

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

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SUPPLEMENTARY INFORMATION

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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT B-1

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 668,041	\$ 668,041	\$ 652,789	\$ (15,252)
Intergovernmental	46,909	49,959	66,014	16,055
Charges for Services	3,050	3,050	-	(3,050)
Total Revenues	\$ 718,000	\$ 721,050	\$ 718,803	\$ (2,247)
Expenditures				
Debt service				
Principal	\$ 205,000	\$ 205,000	\$ 205,000	\$ -
Interest	36,975	36,975	36,975	-
Administrative and fiscal charges	1,025	1,025	2,000	(975)
Total Expenditures	\$ 243,000	\$ 243,000	\$ 243,975	\$ (975)
Excess of Revenues Over (Under) Expenditures	\$ 475,000	\$ 478,050	\$ 474,828	\$ (3,222)
Other Financing Sources (Uses)				
Transfers out	(475,000)	(475,000)	(475,000)	-
Net Change in Fund Balance	\$ -	\$ 3,050	\$ (172)	\$ (3,222)
Fund Balance – January 1	694,603	694,603	694,603	-
Fund Balance – December 31	\$ 694,603	\$ 697,653	\$ 694,431	\$ (3,222)

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively used for specified purposes. The Ditch Fund, the Septic System Loan Program Fund, the Sheriff's Contingent Fund, and the Revolving Loan Fund do not have legally adopted budgets.

The County Parks Fund accounts for funds used to maintain the County's parks. Financing is provided by transfers from the General Fund, intergovernmental grants, and the rental of facilities.

The Regional Library Fund accounts for the County's contribution to the Crow River Regional Library. Financing is provided by property taxes authorized by the County Board.

The County Nurse Fund accounts for funds used by the County Nurse. Financing is provided by transfers from the General Fund, intergovernmental grants, and charges for services.

The Ditch Fund accounts for funds used to maintain County ditches. Financing is provided by special assessments against the benefited properties.

The Transfer Station Fund accounts for the construction and operation of the County's solid waste transfer station facility. Financing is provided by transfers from the General Fund and charges for services.

The Family Services Building Fund accounts for the revenues and expenditures associated with the County's Family Services Building.

The Septic System Loan Program Fund accounts for activity associated with the Lake Minnie Belle Restoration Clean Water Partnership Project. Financing is provided by loans from the State of Minnesota.

The Sheriff's Contingent Fund accounts for funds used in special investigations by the County Sheriff. Financing is provided by forfeitures.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS
(Continued)

The Revolving Loan Fund accounts for the restricted revenues and expenditures associated with the County's economic development loan program. Financing is provided by repayment of existing loans.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	<u>County Parks</u>	<u>Regional Library</u>	<u>County Nurse</u>
<u>Assets</u>			
Cash and pooled investments	\$ 185,873	\$ 59,716	\$ 475,042
Taxes receivable			
Delinquent	-	4,188	-
Special assessments receivable			
Delinquent	-	-	-
Noncurrent	-	-	-
Due from other governments	19,453	-	219,316
Notes receivable	9,000	-	-
Loans receivable	-	-	-
Prepaid items	-	-	-
Total Assets	<u>\$ 214,326</u>	<u>\$ 63,904</u>	<u>\$ 694,358</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 7,879	\$ -	\$ 5,110
Salaries payable	2,779	-	49,354
Due to other funds	12	-	277
Due to other governments	1,657	-	1,771
Due to component unit	-	-	-
Advances from other funds	-	-	-
Total Liabilities	<u>\$ 12,327</u>	<u>\$ -</u>	<u>\$ 56,512</u>
Deferred Inflows of Resources			
Unavailable revenue	\$ -	\$ 2,785	\$ 74,217
Prepaid property taxes	-	834	-
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 3,619</u>	<u>\$ 74,217</u>

Special Revenue Funds						
<u>Ditch</u>	<u>Transfer Station</u>	<u>Family Services Building</u>	<u>Septic System Loan Program</u>	<u>Sheriff's Contingent</u>	<u>Revolving Loan</u>	<u>Total</u>
\$ 115,460	\$ 679,461	\$ 150,931	\$ 34,316	\$ 11,603	\$ 1,351,976	\$ 3,064,378
-	-	2,284	-	-	-	6,472
85,712	-	-	-	-	-	85,712
196,777	-	-	290,321	-	-	487,098
43,699	2,400	105	-	87	-	285,060
-	-	-	-	-	-	9,000
-	-	-	-	-	95,407	95,407
-	-	482	-	-	-	482
\$ 441,648	\$ 681,861	\$ 153,802	\$ 324,637	\$ 11,690	\$ 1,447,383	\$ 4,033,609
\$ 10,597	\$ 11,426	\$ 14,951	\$ -	\$ -	\$ -	\$ 49,963
2,226	3,046	6,421	-	-	-	63,826
4,379	687	-	-	-	-	5,355
21,501	29,132	-	-	-	-	54,061
-	-	-	-	-	27,500	27,500
185,000	-	-	-	-	-	185,000
\$ 223,703	\$ 44,291	\$ 21,372	\$ -	\$ -	\$ 27,500	\$ 385,705
\$ 197,934	\$ -	\$ 1,559	\$ 290,321	\$ -	\$ 95,407	\$ 662,223
-	-	476	-	-	-	1,310
\$ 197,934	\$ -	\$ 2,035	\$ 290,321	\$ -	\$ 95,407	\$ 663,533

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	County Parks	Regional Library	County Nurse
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u> (Continued)			
Fund Balances			
Nonspendable			
Prepaid items	\$ -	\$ -	\$ -
Notes receivable	9,000	-	-
Restricted for			
Law enforcement – Sheriff contingencies	-	-	-
Ditch maintenance and construction	-	-	-
Committed for			
Regional library	-	60,285	-
Assigned to			
General government	-	-	-
Sanitation	-	-	-
Health	-	-	563,629
Culture and recreation	192,999	-	-
Economic development	-	-	-
Unassigned	-	-	-
Total Fund Balances	\$ 201,999	\$ 60,285	\$ 563,629
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 214,326	\$ 63,904	\$ 694,358

EXHIBIT C-1
(Continued)

Special Revenue Funds						
Ditch	Transfer Station	Family Services Building	Septic System Loan Program	Sheriff's Contingent	Revolving Loan	Total
\$ -	\$ -	\$ 482	\$ -	\$ -	\$ -	\$ 482
-	-	-	-	-	-	9,000
-	-	-	-	11,690	-	11,690
160,016	-	-	-	-	-	160,016
-	-	-	-	-	-	60,285
-	-	129,913	-	-	-	129,913
-	637,570	-	34,316	-	-	671,886
-	-	-	-	-	-	563,629
-	-	-	-	-	-	192,999
-	-	-	-	-	1,324,476	1,324,476
(140,005)	-	-	-	-	-	(140,005)
\$ 20,011	\$ 637,570	\$ 130,395	\$ 34,316	\$ 11,690	\$ 1,324,476	\$ 2,984,371
\$ 441,648	\$ 681,861	\$ 153,802	\$ 324,637	\$ 11,690	\$ 1,447,383	\$ 4,033,609

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>County Parks</u>	<u>Regional Library</u>	<u>County Nurse</u>
Revenues			
Taxes	\$ -	\$ 217,961	\$ -
Special assessments	-	-	-
Intergovernmental	-	22,209	628,787
Charges for services	92,291	-	431,565
Fines and forfeits	-	-	-
Gifts and contributions	500	-	-
Investment earnings	-	-	-
Miscellaneous	11,732	-	2,058
Total Revenues	\$ 104,523	\$ 240,170	\$ 1,062,410
Expenditures			
Current			
General government	\$ -	\$ -	\$ -
Sanitation	-	-	-
Health	-	-	1,635,045
Culture and recreation	310,295	241,084	-
Conservation of natural resources	-	-	-
Economic development	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	\$ 310,295	\$ 241,084	\$ 1,635,045
Excess of Revenues Over (Under) Expenditures	\$ (205,772)	\$ (914)	\$ (572,635)
Other Financing Sources (Uses)			
Transfers in	\$ 201,766	\$ -	\$ 663,202
Transfers out	-	-	-
Loans issued	-	-	-
Total Other Financing Sources (Uses)	\$ 201,766	\$ -	\$ 663,202
Net Change in Fund Balance	\$ (4,006)	\$ (914)	\$ 90,567
Fund Balance – January 1	206,005	61,199	473,062
Fund Balance – December 31	\$ 201,999	\$ 60,285	\$ 563,629

EXHIBIT C-2

Special Revenue Funds						
Ditch	Transfer Station	Family Services Building	Septic System Loan Program	Sheriff's Contingent	Revolving Loan	Total
\$ -	\$ -	\$ 126,889	\$ -	\$ -	\$ -	\$ 344,850
342,117	-	-	99,765	-	-	441,882
-	71,110	12,830	-	-	-	734,936
-	261,766	-	-	-	-	785,622
-	-	-	-	713	-	713
-	-	-	-	-	-	500
-	-	-	-	-	4,166	4,166
-	-	329,730	-	-	27,055	370,575
\$ 342,117	\$ 332,876	\$ 469,449	\$ 99,765	\$ 713	\$ 31,221	\$ 2,683,244
\$ -	\$ -	\$ 433,381	\$ -	\$ -	\$ -	\$ 433,381
-	430,455	-	71,806	-	-	502,261
-	-	-	-	-	-	1,635,045
-	-	-	-	-	-	551,379
329,505	-	-	-	-	-	329,505
-	-	-	-	-	27,500	27,500
-	-	-	169,456	-	-	169,456
4,946	-	-	3,201	-	-	8,147
\$ 334,451	\$ 430,455	\$ 433,381	\$ 244,463	\$ -	\$ 27,500	\$ 3,656,674
\$ 7,666	\$ (97,579)	\$ 36,068	\$ (144,698)	\$ 713	\$ 3,721	\$ (973,430)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 864,968
-	-	(450,000)	-	-	-	(450,000)
-	-	-	63,278	-	-	63,278
\$ -	\$ -	\$ (450,000)	\$ 63,278	\$ -	\$ -	\$ 478,246
\$ 7,666	\$ (97,579)	\$ (413,932)	\$ (81,420)	\$ 713	\$ 3,721	\$ (495,184)
12,345	735,149	544,327	115,736	10,977	1,320,755	3,479,555
\$ 20,011	\$ 637,570	\$ 130,395	\$ 34,316	\$ 11,690	\$ 1,324,476	\$ 2,984,371

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT C-3

**BUDGETARY COMPARISON SCHEDULE
COUNTY PARKS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 106,562	\$ 106,562	\$ 92,291	\$ (14,271)
Gifts and contributions	-	-	500	500
Miscellaneous	11,000	11,000	11,732	732
Total Revenues	\$ 117,562	\$ 117,562	\$ 104,523	\$ (13,039)
Expenditures				
Current				
Culture and recreation				
Parks	319,328	319,328	310,295	9,033
Excess of Revenues Over (Under)				
Expenditures	\$ (201,766)	\$ (201,766)	\$ (205,772)	\$ (4,006)
Other Financing Sources (Uses)				
Transfers in	201,766	201,766	201,766	-
Net Change in Fund Balance	\$ -	\$ -	\$ (4,006)	\$ (4,006)
Fund Balance – January 1	206,005	206,005	206,005	-
Fund Balance – December 31	\$ 206,005	\$ 206,005	\$ 201,999	\$ (4,006)

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT C-4

**BUDGETARY COMPARISON SCHEDULE
REGIONAL LIBRARY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 219,158	\$ 219,158	\$ 217,961	\$ (1,197)
Intergovernmental	<u>21,926</u>	<u>21,926</u>	<u>22,209</u>	<u>283</u>
Total Revenues	\$ 241,084	\$ 241,084	\$ 240,170	\$ (914)
Expenditures				
Current				
Culture and recreation	<u>241,084</u>	<u>241,084</u>	<u>241,084</u>	<u>-</u>
Net Change in Fund Balance	\$ -	\$ -	\$ (914)	\$ (914)
Fund Balance – January 1	<u>61,199</u>	<u>61,199</u>	<u>61,199</u>	<u>-</u>
Fund Balance – December 31	<u><u>\$ 61,199</u></u>	<u><u>\$ 61,199</u></u>	<u><u>\$ 60,285</u></u>	<u><u>\$ (914)</u></u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT C-5

**BUDGETARY COMPARISON SCHEDULE
COUNTY NURSE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 577,350	\$ 577,350	\$ 628,787	\$ 51,437
Charges for services	285,000	285,000	431,565	146,565
Miscellaneous	103,500	103,500	2,058	(101,442)
Total Revenues	\$ 965,850	\$ 965,850	\$ 1,062,410	\$ 96,560
Expenditures				
Current				
Health				
Nursing service	1,629,051	1,629,051	1,635,045	(5,994)
Excess of Revenues Over (Under)				
Expenditures	\$ (663,201)	\$ (663,201)	\$ (572,635)	\$ 90,566
Other Financing Sources (Uses)				
Transfers in	663,201	663,201	663,202	1
Net Change in Fund Balance	\$ -	\$ -	\$ 90,567	\$ 90,567
Fund Balance – January 1	473,062	473,062	473,062	-
Fund Balance – December 31	\$ 473,062	\$ 473,062	\$ 563,629	\$ 90,567

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT C-6

**BUDGETARY COMPARISON SCHEDULE
TRANSFER STATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 75,000	\$ 75,000	\$ 71,110	\$ (3,890)
Charges for services	<u>160,600</u>	<u>160,600</u>	<u>261,766</u>	<u>101,166</u>
Total Revenues	\$ 235,600	\$ 235,600	\$ 332,876	\$ 97,276
Expenditures				
Current				
Sanitation				
Solid waste	<u>235,600</u>	<u>235,600</u>	<u>430,455</u>	<u>(194,855)</u>
Net Change in Fund Balance	\$ -	\$ -	\$ (97,579)	\$ (97,579)
Fund Balance – January 1	<u>735,149</u>	<u>735,149</u>	<u>735,149</u>	<u>-</u>
Fund Balance – December 31	<u><u>\$ 735,149</u></u>	<u><u>\$ 735,149</u></u>	<u><u>\$ 637,570</u></u>	<u><u>\$ (97,579)</u></u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT C-7

**BUDGETARY COMPARISON SCHEDULE
FAMILY SERVICES BUILDING SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 128,380	\$ 128,380	\$ 126,889	\$ (1,491)
Intergovernmental	11,160	11,160	12,830	1,670
Miscellaneous	349,830	349,830	329,730	(20,100)
Total Revenues	\$ 489,370	\$ 489,370	\$ 469,449	\$ (19,921)
Expenditures				
Current				
General government				
Central services	489,370	489,370	433,381	55,989
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ 36,068	\$ 36,068
Other Financing Sources (Uses)				
Transfers out	-	-	(450,000)	(450,000)
Net Change in Fund Balance	\$ -	\$ -	\$ (413,932)	\$ (413,932)
Fund Balance – January 1	544,327	544,327	544,327	-
Fund Balance – December 31	\$ 544,327	\$ 544,327	\$ 130,395	\$ (413,932)

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

FIDUCIARY FUNDS

AGENCY FUNDS

The Taxes and Penalties Fund accounts for the collection of taxes and penalties and their payment to the various taxing districts.

The State Fund accounts for the collection and distribution of funds for the State of Minnesota.

The Other Agency Fund accounts for plat contractor fees pertaining to compliance of new developments.

The Select Account Fund accounts for employees' Select Account deposits and withdrawals.

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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT D-1

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 477,740	\$ 17,788,761	\$ 17,918,784	\$ 347,717
<u>Liabilities</u>				
Due to other governments	\$ 477,740	\$ 17,788,761	\$ 17,918,784	\$ 347,717
 <u>STATE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 165,848	\$ 3,008,684	\$ 3,014,680	\$ 159,852
<u>Liabilities</u>				
Due to other governments	\$ 165,848	\$ 3,008,684	\$ 3,014,680	\$ 159,852
 <u>OTHER AGENCY</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 22,688	\$ -	\$ -	\$ 22,688
<u>Liabilities</u>				
Due to other governments	\$ 22,688	\$ -	\$ -	\$ 22,688

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

***EXHIBIT D-1
(Continued)***

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance January 1	Additions	Deductions	Balance December 31
<u>SELECT ACCOUNT</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 100,647</u>	<u>\$ 91,807</u>	<u>\$ 93,483</u>	<u>\$ 98,971</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 100,647</u>	<u>\$ 91,807</u>	<u>\$ 93,483</u>	<u>\$ 98,971</u>
 <u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 766,923</u>	<u>\$ 20,889,252</u>	<u>\$ 21,026,947</u>	<u>\$ 629,228</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 766,923</u>	<u>\$ 20,889,252</u>	<u>\$ 21,026,947</u>	<u>\$ 629,228</u>

ECONOMIC DEVELOPMENT AUTHORITY

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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT E-1

**STATEMENT OF NET POSITION
ECONOMIC DEVELOPMENT AUTHORITY
DECEMBER 31, 2019**

Assets

Cash and pooled investments	\$ 1,954,877
Accounts receivable	1,139
Accrued interest receivable	22,899
Due from primary government	27,500
Prepaid items	669
	<hr/>
Total Assets	\$ 2,007,084

Deferred Outflows of Resources

Deferred pension outflows	\$ 3,892
	<hr/>

Liabilities

Current liabilities

Accounts payable	\$ 6,692
Salaries payable	1,797
Due to other governments	2
Compensated absences payable – current	1,565
	<hr/>

Total current liabilities	\$ 10,056
----------------------------------	------------------

Noncurrent liabilities

Compensated absences payable – long-term	\$ 2,252
Net pension liability	76,788
	<hr/>

Total noncurrent liabilities	\$ 79,040
-------------------------------------	------------------

Total Liabilities	\$ 89,096
--------------------------	------------------

Deferred Inflows of Resources

Deferred pension inflows	\$ 28,391
	<hr/>

Net Position

Unrestricted	\$ 1,893,489
	<hr/> <hr/>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT E-2

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ECONOMIC DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2019**

Operating Revenues	
Administrative fees	\$ 27,500
Intergovernmental revenue	25,000
Miscellaneous	825
	<hr/>
Total Operating Revenues	\$ 53,325
Operating Expenses	
Personnel services	\$ 67,545
Employee benefits and payroll taxes	23,405
General services – repairs and maintenance	301
Administration and fiscal services	49,524
Other services and charges	3,137
Supplies	3,033
Real estate taxes	18,458
Telephone	2,120
Advertising	942
Insurance	2,479
Licenses and dues	3,004
Miscellaneous	67
Web site and internet	1,227
	<hr/>
Total Operating Expenses	\$ 175,242
Operating Income (Loss)	\$ (121,917)
Nonoperating Revenues (Expenses)	
Investment earnings	\$ 43,258
Management fees	1,800
Intergovernmental	179
	<hr/>
Total Nonoperating Revenues (Expenses)	\$ 45,237
Change in Net Position	\$ (76,680)
Net Position – January 1	1,970,169
	<hr/>
Net Position – December 31	\$ 1,893,489
	<hr/> <hr/>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT E-3

**STATEMENT OF CASH FLOWS
ECONOMIC DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2019
Increase (Decrease) in Cash and Cash Equivalents**

Cash Flows from Operating Activities	
Receipts from customers and users	\$ 80,457
Payments to suppliers	(59,183)
Payments to employees	(100,372)
Other nonoperating revenue	<u>1,979</u>
Net cash provided by (used in) operating activities	<u>\$ (77,119)</u>
Cash Flows from Investing Activities	
Investment earnings received	<u>\$ 24,835</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (52,284)
Cash and Cash Equivalents, January 1	<u>2,007,161</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 1,954,877</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating income (loss)	<u>\$ (121,917)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Other nonoperating revenue	\$ 1,979
(Increase) decrease in accounts receivable	(368)
(Increase) decrease in prepaid items	19,107
(Increase) decrease in due from primary government	27,500
Increase (decrease) in accounts payable	6,000
Increase (decrease) in salaries payable	(2,879)
Increase (decrease) in due to other governments	2
Increase (decrease) in compensated absences payable	(9,157)
Increase (decrease) in net pension liability	(14,850)
Increase (decrease) in deferred pension outflows	11,408
Increase (decrease) in deferred pension inflows	<u>6,056</u>
Total adjustments	<u>\$ 44,798</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (77,119)</u></u>

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OTHER SCHEDULES

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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT F-1

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Appropriations and Shared Revenue

State

Highway users tax	\$	4,772,759
County program aid		1,052,464
Market value credit – agricultural		311,973
PERA rate reimbursement		59,756
Disparity reduction aid		14,548
Police aid		174,794
Aquatic invasive species		229,661
Riparian Protection Aid		96,056
E-911		98,333
		98,333

Total appropriations and shared revenue **\$ 6,810,344**

Reimbursement for Services

State

Minnesota Department of Human Services	\$	1,181,243
		1,181,243

Local

Local contributions	\$	89,727
Payments in lieu of taxes		118,278
		118,278

Total local **\$ 208,005**

Grants

State

Minnesota Department/Board of		
Corrections	\$	136,203
Public Safety		22,744
Health		125,728
Natural Resources		83,307
Human Services		899,984
Water and Soil Resources		18,600
Veterans Affairs		20,000
Peace Officer Standards and Training		28,831
Pollution Control Agency		72,310
		72,310

Total state **\$ 1,407,707**

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

***EXHIBIT F-1
(Continued)***

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Grants (Continued)

Federal

Department of Agriculture	\$ 344,688
Justice	42,784
Transportation	1,330
Education	1,296
Health and Human Services	1,667,040
Social Security Administration	<u>1,727</u>

Total federal **\$ 2,058,865**

Total state and federal grants **\$ 3,466,572**

Total Intergovernmental Revenue **\$ 11,666,164**

Intergovernmental Revenue

Governmental funds	\$ 11,642,954
Proprietary fund	<u>23,210</u>

Total Intergovernmental Revenue **\$ 11,666,164**

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

EXHIBIT F-2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Agriculture			
Passed through Meeker-McLeod-Sibley Community Health Services Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Not Provided	\$ 113,869
Passed through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	192MN101S2514	<u>174,992</u>
Total U.S. Department of Agriculture			<u>\$ 288,861</u>
U.S. Department of Justice			
Direct Bulletproof Vest Partnership Program	16.607		\$ 1,937
Passed through Minnesota Department of Public Safety Crime Victim Assistance	16.575	A-CVS-2018- MEEKERAO-00036	<u>40,847</u>
Total U.S. Department of Justice			<u>\$ 42,784</u>
U.S. Department of Transportation			
Passed through Kandiyohi County, Minnesota Highway Safety Cluster State and Community Highway Safety	20.600	A-ENFRC19-2019 KANDICO-0033	<u>\$ 1,330</u>
U.S. Department of Education			
Passed through Meeker-McLeod-Sibley Community Health Services Special Education – Grants for Infants and Families	84.181	Not Provided	<u>\$ 1,660</u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**EXHIBIT F-2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Health and Human Services			
Passed through Meeker-McLeod-Sibley Community Health Services			
Public Health Emergency Preparedness	93.069	Not Provided	\$ 80
Early Hearing Detection and Intervention	93.251	Not Provided	900
TANF Cluster			
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 \$220,993)	93.558	Not Provided	33,053
Block Grants for Prevention and Treatment of Substance Abuse			
Abuse	93.959	Not Provided	57,314
Maternal and Child Health Services Block Grant to the States	93.994	Not Provided	31,688
Passed through Minnesota Department of Health			
Small Rural Hospital Improvement Grant Program	93.301	Not Provided	9,717
Passed through Minnesota Department of Human Services			
Promoting Safe and Stable Families TANF Cluster	93.556	G-1801MNFPS	4,059
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 \$220,993)	93.558	1901MNTANF	187,940
Child Support Enforcement	93.563	1901MNCSES	98,222
Child Support Enforcement (Total Child Support Enforcement CFDA 93.563 \$378,433)	93.563	1901MNCEST	280,211
Refugee and Entrant Assistance - State Administered Programs			
CCDF Cluster	93.566	1901MNRCA	208
Child Care Mandatory and Matching Funds of the Child Care and Development Fund			
Care and Development Fund	93.596	G1901MNCCDF	5,374
Community-Based Child Abuse Prevention Grants	93.590	G-1801MNBCAP	2,608
Basic Health Program (Affordable Care Act)	93.640	7530-20182-09-93640	11,420
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1801MNCWSS	2,982
Foster Care – Title IV-E	93.658	1901MNFOST	94,744
Social Services Block Grant	93.667	G-1901MNSOSR	119,159
Children's Health Insurance Program	93.767	1905MN5021	501
Medicaid Cluster			
Medical Assistance Program	93.778	1905MN5MAP	16,793
Medical Assistance Program (Total Medical Assistance Program CFDA 93.778 \$761,046)	93.778	1905MN5ADM	744,253
Total U.S. Department of Health and Human Services			\$ 1,701,226

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**EXHIBIT F-2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures
U.S. Social Security Administration			
Passed through Minnesota Department of Employment and Economic Development			
Disability Insurance/SSI Cluster			
Social Security – Disability Insurance	96.001	Not Provided	<u>\$ 1,727</u>
Total Federal Awards			<u><u>\$ 2,037,588</u></u>
Totals by Cluster			
Total expenditures for SNAP Cluster			\$ 174,992
Total expenditures for Highway Safety Cluster			1,330
Total expenditures for TANF Cluster			220,993
Total expenditures for CCDF Cluster			5,374
Total expenditures for Medicaid Cluster			761,046
Total expenditures for Disability Insurance/SSI Cluster			1,727

Meeker County did not pass any federal awards through to subrecipients during the year ended December 31, 2019.

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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Meeker County. The County's reporting entity is defined in Note 1 to the financial statements. Meeker County's financial statements include the operations of the Meeker County Housing and Redevelopment Authority (HRA) component unit, which expended \$284,232 in federal awards during the year ended June 30, 2019, which are not included in the Schedule of Expenditures of Federal Awards because the HRA was audited by other auditors.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Meeker County under programs of the federal government for the year ended December 31, 2019. 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 Meeker County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Meeker County.

Expenditures reported on the schedule are reported on the basis of accounting used by the individual funds of Meeker County. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the full accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. De Minimis Cost Rate

Meeker County has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 2,058,865
Grants received more than 60 days after year-end, unavailable in 2019	
Special Education – Grants for Infants and Families	1,012
Early Hearing Detection and Intervention	75
Maternal and Child Health Services Block Grant to the States	12,384
Promoting Safe and Stable Families	33
Temporary Assistance for Needy Families	81,832
Community-Based Child Abuse Prevention Grants	652
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	529
Stephanie Tubbs Jones Child Welfare Services Program	98
Foster Care – Title IV-E	17,389
Unavailable in 2018, recognized as revenue in 2019	
Special Supplemental Nutrition Program for Women, Infants, and Children	(55,827)
Special Education – Grants for Infants and Families	(648)
Early Hearing Detection and Intervention	(450)
PPHF Capacity Building Assistance to Strengthen Public Health Immunization	
Infrastructure and Performance financed in part by Prevention and Public Health Funds	(175)
Block Grants for Prevention and Treatment of Substance Abuse	(20,284)
Maternal and Child Health Services Block Grant to the States	(731)
Promoting Safe and Stable Families	(966)
Temporary Assistance for Needy Families	(55,020)
Community-Based Child Abuse Prevention Grants	(308)
Stephanie Tubbs Jones Child Welfare Services Program	(672)
John H. Chafee Foster Care Program for Successful Transition to Adulthood	(200)
	\$ 2,037,588
Expenditures Per Schedule of Expenditures of Federal Awards	\$ 2,037,588

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MEEKER COUNTY

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JULIE BLAHA
STATE AUDITOR

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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*

Independent Auditor's Report

Board of County Commissioners
Meeker County
Litchfield, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Meeker County, Minnesota, as of and for the year ended December 31, 2019, including the Meeker County Housing and Redevelopment Authority as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 14, 2020. Our report includes a reference to other auditors who audited the financial statements of the Meeker Memorial Hospital, an enterprise fund of Meeker County, and the Meeker County Housing and Redevelopment Authority, a discretely presented component unit of Meeker County, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Meeker Memorial Hospital were not audited in accordance with *Government Auditing Standards*. This report does not include results of our audit testing of the Meeker County Economic Development Authority component unit's internal control over financial reporting or compliance and other matters that are reported on separately within the Management and Compliance Section.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meeker County's internal control over financial reporting 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 the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify a deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting 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 Questioned Costs as item 2019-002 to be a material weakness and item 2019-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meeker County's financial statements are free from 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*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Meeker County failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters, except as described in the Schedule of Findings and Questioned Costs as item 2019-004. 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 the County's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Meeker County's Response to Findings

Meeker County's responses to the internal control and legal compliance findings identified in our audit are described in the Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

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

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

August 14, 2020

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

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JULIE BLAHA
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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

Board of County Commissioners
Meeker County
Litchfield, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Meeker County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2019. Meeker County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Meeker County's basic financial statements include the operations of the Meeker County Housing and Redevelopment Authority (HRA) component unit, which expended \$284,232 in federal awards during the year ended June 30, 2019, which are not included in the Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the Meeker County HRA because it was audited by other auditors.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Meeker 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 the 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 Meeker 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, Meeker 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, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-003. Our opinion on each major federal program is not modified with respect to this matter.

Meeker County's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The 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 Meeker 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.

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 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. A significant deficiency in internal control over compliance is a deficiency, or 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 the attention of those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-003, that we consider to be a significant deficiency.

Meeker County's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. The 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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

August 14, 2020

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**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

Federal Awards

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

The major federal programs are:

SNAP Cluster	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	CFDA No. 10.561
Medicaid Cluster	
Medical Assistance Program	CFDA No. 93.778

The threshold for distinguishing between Types A and B programs was \$750,000.

Meeker County qualified as a low-risk auditee? **No**

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

**II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INTERNAL CONTROL

Finding Number: 2019-001

Prior Year Finding Number: 1996-002

Repeat Finding Since: 1996

Segregation of Duties

Criteria: A good system of internal control provides for adequate segregation of duties so that no one individual handles a transaction from its inception to completion.

Condition: Several of Meeker County's departments that collect fees and record financial transactions lack proper segregation of duties. These departments generally have one staff person who is responsible for billing, collecting, recording, as well as depositing receipts.

Context: Due to the limited number of office personnel within Meeker County, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Meeker County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

Effect: Inadequate segregation of duties could adversely affect the County's ability to detect misstatements to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Cause: The County informed us that, due to the available resources, it would not be able to hire additional qualified accounting staff to segregate duties in every department.

Recommendation: We recommend the County's elected officials and management be aware of the lack of segregation of duties to the accounting functions and, where possible, implement oversight procedures to ensure that the internal control policies and procedures are implemented by staff to the extent possible.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

View of Responsible Official: Concur

Finding Number: 2019-002

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Audit Adjustment

Criteria: A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or 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.

Condition: A material audit adjustment was identified that resulted in significant changes to the County's financial statements.

Context: The inability to detect material misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustment was found in the audit; however, independent external auditors cannot be considered part of the County's internal control.

Effect: The following audit adjustment was reviewed and approved by the appropriate Meeker County staff and is reflected in the financial statements: in the Road and Bridge Major Special Revenue Fund, unavailable revenue was decreased while revenue and fund balance were increased by \$385,172 for Highway User Tax allotments. This adjustment also affected the government-wide financial statements.

Cause: This activity was incorrectly recorded when the financial statement information was prepared due to an oversight in the processes of the Road and Bridge Annual Report and the County's Integrated Financial (IFS) general ledger system.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

Recommendation: We recommend staff implement additional procedures over financial reporting that include a comprehensive review of balances, disclosures, and supporting documentation by a qualified individual to ensure the information is complete and accurate so the County's financial statements are fairly presented in accordance with generally accepted accounting principles.

View of Responsible Official: Concur

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

Finding Number: 2019-003

Prior Year Finding Number: 2018-001

Repeat Finding Since: 2018

Procurement, Suspension, and Debarment

Program: U.S. Department of Agriculture's State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA No. 10.561), Award No. 192MN101S2514, 2019

Pass-Through Agency: Minnesota Department of Human Services

Criteria: Federal regulations provided in Title 2 U.S. *Code of Federal Regulations* § 200.318(i) state that the non-federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. Non-federal entities must follow further federal guidance over full and open competition as provided in Title 2 U.S. *Code of Federal Regulations* § 200.319; and verifying debarment, suspension, and exclusions as provided in Title 2 U.S. *Code of Federal Regulations* §§ 180.300, 200.213, and 200.318(h).

Condition: In a sample of two procurement transactions tested over \$10,000, for one of the items tested, the County had no documentation to meet the verification requirements whether the vendor was debarred, suspended, or whether other exclusions existed.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

Questioned Costs: None.

Context: The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: The County is not in compliance with federal grant requirements.

Cause: The County was conducting checks for suspension, debarment and other exclusions on a quarterly basis, with no documentation maintained. No check was done prior to entering into the contract with the vendor, in accordance with the County's policy.

Recommendation: We recommend the County maintain documentation to demonstrate that vendors were not debarred, suspended, or otherwise excluded from conducting business with the County and this documentation be completed prior to entering into a contract.

View of Responsible Official: Concur

IV. OTHER FINDINGS AND RECOMMENDATIONS

MINNESOTA LEGAL COMPLIANCE

Finding Number: 2019-004

Prior Year Finding Number: 1996-001

Repeat Finding Since: 1996

Ditch Special Revenue Fund – Cash and Equity Balances

Criteria: As stated in Minn. Stat. § 385.04, in part, “. . . every warrant shall be paid only from the cash on hand in the fund from which it may be properly payable.” As allowed by Minn. Stat. § 103E.655, subd. 2, loans may be made from ditch systems with surplus funds or from the General Fund to a ditch with insufficient cash to pay expenditures. The loan must be repaid with interest. Also, a fund balance to be used for repairs may be established under Minn. Stat. § 103E.735, subd. 1, for any drainage system, not to exceed 20 percent of the assessed benefits of the ditch system or \$100,000, whichever is larger.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Condition: Five of the 53 individual drainage systems had deficit cash balances totaling \$28,693, a decrease of \$111,781 from the \$140,474 deficit reported in the prior year. Ten of the 53 individual drainage systems had deficit equity balances totaling \$140,005, a decrease of \$44,863 from the \$184,869 deficit reported in the prior year.

Context: If the County transfers money from one account or fund to a drainage system account, the money, plus accrued interest, must be reimbursed from the proceeds of the drainage system that received the transfer. Ditch systems with negative fund balances indicate that an individual ditch system cannot meet financial obligations.

Effect: Allowing a ditch system to maintain a deficit cash balance, in effect, constitutes an interest-free loan from other County funds and, as such, is in noncompliance with Minnesota law.

Cause: Ditch expenditures were necessary; the ditch levies were not sufficient, and no additional loans were formally made between ditches or other County funds.

Recommendation: We recommend the County continue its efforts in eliminating the ditch system cash and equity deficits by borrowing from an eligible fund with a surplus cash balance, as it has done for other ditch systems, and by levying assessments pursuant to Minn. Stat. § 103E.735, subd. 1, which permits an accumulation of a surplus balance to provide for the repair and maintenance costs of a ditch system.

View of Responsible Official: Concur

MEEKER COUNTY TREASURER'S OFFICE



325 North Sibley Avenue
Litchfield, MN 55355-2155
Phone: (320) 693-5345 Fax: (320) 693-5217

SHARON M. EUERLE
County Treasurer

KATA C. DAHLMAN
Deputy Treasurer

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2019**

Finding Number: 2019-001

Finding Title: Segregation of Duties

Name of Contact Person Responsible for Corrective Action:

Department Heads and/or Supervisors

Corrective Action Planned:

County management continues to evaluate segregation of duties to the accounting functions and has implemented more oversight procedures.

Anticipated Completion Date: On-going

Finding Number 2019-002

Finding Title: Audit Adjustment

Name of Contact Person Responsible for Corrective Action:

Sharon Euerle, Kata Dahlman, Suz Pater

Corrective Action Planned:

Journal Entry was completed twice, once from the Highway Annual Report and once from the 90-day window report in county's Integrated Financial System. Normally items in the 90-day window are not included in the Highway Annual Report, so it was a timing issue. This was adjusted correctly for the Financial Statements and is being reported correctly in there.

Anticipated Completion Date: Completed

Finding Number: 2019-003

Finding Title: Procurement, Suspension, and Debarment

Program: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA No. 10.561)

Name of Contact Person Responsible for Corrective Action:

Paul Bukovich, Social Service Director

Corrective Action Planned:

Will verify for procurement, suspension and disbarment prior to engaging into a service agreement.

Anticipated Completion Date: Immediate

Finding Number: 2019-004

Finding Title: Ditch Special Revenue Fund – Cash and Equity Balances

Name of Contact Person Responsible for Corrective Action:

Barb Loch, County Auditor

Corrective Action Planned:

Meeker County continues to increase individual ditch repair fund balances and pre-billing landowners for anticipated repairs with the intent to bring all systems to a positive cash balance.

Anticipated Completion Date: On-going



MEEKER COUNTY TREASURER'S OFFICE

325 North Sibley Avenue
Litchfield, MN 55355-2155
Phone: (320) 693-5345 Fax: (320) 693-5217

SHARON M. EUERLE
County Treasurer

KATA C. DAHLMAN
Deputy Treasurer

**REPRESENTATION OF MEEKER COUNTY
LITCHFIELD, MINNESOTA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Finding Number: 1996-002
Finding Title: Segregation of Duties

Summary of Condition: Several of Meeker County's departments that collect fees and record financial transactions lack proper segregations of duties. These departments generally have one staff person who is responsible for billing, collecting, recording, as well as depositing receipts.

Summary of Corrective Action Previously Reported: County management continues to evaluate segregation of duties to the accounting functions and has implemented more oversight procedures.

Status: Not Corrected. Management is aware that various offices have been identified to lack segregation of accounting duties and responsibilities. County management continues to evaluate to ensure segregation of duties is in place where possible and feasible, and implemented additional supervisor review where needed.

Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

Finding Number: 2018-001
Finding Title: Procurement, Suspension, and Debarment
Programs: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA No. 10.561) and Medical Assistance Program (CFDA No. 93.778)

Summary of Condition: In a sample of procurement transactions tested over \$3,000, sufficient documentation did not exist for two of the three transactions tested and there was no documentation that vendors were verified to not be debarred, suspended, or whether other exclusions existed. In addition, four out of five micro-purchases (under \$3,000) procurement transactions tested did not have documentation to demonstrate equitable distribution was considered among qualified suppliers.

Summary of Corrective Action Previously Reported: The County adopted a federal procurement policy in 2018 and are working towards compliance for this complex requirement.

Status: Not Corrected. Will verify for procurement, suspension and disbarment prior to engaging into a service agreement.

Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

Finding Number: 1996-001

Finding Title: Ditch Special Revenue Fund – Cash and Equity Balances

Summary of Condition: Eleven of the 53 individual drainage systems had deficit cash balances totaling \$140,474. Five of the 53 individual drainage systems had deficit equity balances totaling \$184,869.

Summary of Corrective Action Previously Reported: The County has taken a more aggressive approach to increase individual ditch repair fund balances and pre-billing landowner assessments for the full-time inspector’s salary. Systems in their final stage of redetermination of benefits at year-end were assessed mid-year 2019.

Status: Partially Corrected. Meeker County continues to increase individual ditch repair fund balances and pre-billing landowners for anticipated repairs with the intent to bring all systems to a positive cash balance.

Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

**MEEKER COUNTY
ECONOMIC DEVELOPMENT AUTHORITY**

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JULIE BLAHA
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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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*

Independent Auditor's Report

Economic Development Authority Board
Meeker County Economic Development Authority
Litchfield, 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 Meeker County, Minnesota, which include as Supplementary Information, the financial statements of the Meeker County Economic Development Authority (EDA), a discretely presented component unit, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 14, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the EDA's internal control over financial reporting 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 the EDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the EDA's internal control over financial reporting.

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the EDA's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the EDA's financial statements are free from 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*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the EDA failed to comply with the provisions of the deposits and investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. 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 the EDA's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on the effectiveness of the EDA's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the EDA's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

August 14, 2020