

# STATE OF MINNESOTA

## Office of the State Auditor



**Julie Blaha**  
**State Auditor**

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**MEEKER COUNTY**  
**(Including the Meeker County Economic**  
**Development Authority)**  
**LITCHFIELD, MINNESOTA**

**YEAR ENDED DECEMBER 31, 2018**

## **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 approximately 600 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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This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay service] for assistance; or visit the Office of the State Auditor's web site: [www.auditor.state.mn.us](http://www.auditor.state.mn.us).

**MEEKER COUNTY**  
**(Including the Meeker County Economic**  
**Development Authority)**  
**LITCHFIELD, MINNESOTA**

**Year Ended December 31, 2018**



**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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LITCHFIELD, MINNESOTA**

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**ORGANIZATION SCHEDULE  
DECEMBER 31, 2018**

		<u>Term Expires</u>
<b>Elected</b>		
<b>Commissioners</b>		
Chair	Beth Oberg	District 1 December 31, 2018
Vice Chair	Mike Huberty	District 5 December 31, 2018
Board Member	Joe Tacheny	District 2 December 31, 2020
Board Member	Bryan Larson	District 3 December 31, 2020
Board Member	Mike Housman	District 4 December 31, 2020
Auditor	Barbara Loch	December 31, 2018
Treasurer	Sharon Euerle	December 31, 2018
Recorder	Christine Paul	December 31, 2018
Sheriff	Brian Cruze	December 31, 2018
Attorney	Brandi Schiefelbein	December 31, 2018
<b>Appointed</b>		
Assessor	Leslie Schroeder	June 1, 2022
Court Administrator	Debra Mueske	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	Dan Miller	Indefinite
County Administrator	Paul Virnig	Indefinite
Planning and Zoning Administrator	Kristin Cote	Indefinite

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**ORGANIZATION SCHEDULE  
MEEKER COUNTY ECONOMIC DEVELOPMENT AUTHORITY  
DECEMBER 31, 2018**

Board Member	Tim Benoit	City of Dassel
Board Member	Barb Hagemeyer	City of Eden Valley
Treasurer	Mike Housman	Meeker County Commissioner
Vice President	Mike Doering	City of Litchfield
Board Member	Mike Huberty	Meeker County Commissioner
President	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
Executive Director	David Krueger	



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JULIE BLAHA  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE 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 information of Meeker County, Minnesota, as of and for the year ended December 31, 2018, including the Meeker County Housing and Redevelopment Authority as of and for the year ended June 30, 2018, 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, ten percent, and ten 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, 2018, including the Meeker County Housing and Redevelopment Authority as of June 30, 2018, 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 – Change in Accounting Principle***

As discussed in Note 1.G. to the financial statements, in 2018, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which represents a change in accounting principles. 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 GASB, 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 21, 2019, 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 component unit'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 21, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018  
(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, 2018. 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, 2018, by \$111,607,480 (net position). Of this amount, \$37,918,804 (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 \$5,904,441 in 2018. This is attributed primarily to an increase in activity.
- As of the close of 2018, Meeker County's governmental funds reported combined ending fund balances of \$24,405,349. Of this fund balance amount, \$21,906,030 was unrestricted by Meeker County, and thus available for spending at the government's discretion.
- At the end of 2018, unassigned fund balance for the General Fund was \$8,616,856, or 73.14 percent, of the total General Fund expenditures for that year.
- Meeker County's total debt decreased by \$1,405,577. The key factor in the decrease was payment on principal. This results in a decrease of 7.42 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 \$111,607,480 at the close of 2018. The largest portion of Meeker County's net position (62.00 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.

	<b>Net Position</b>					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and other assets	\$ 28,884,098	\$ 29,649,120	\$ 42,291,222	\$ 38,676,354	\$ 71,175,320	\$ 68,325,474
Capital assets	<u>66,290,665</u>	<u>63,614,802</u>	<u>20,001,744</u>	<u>21,106,680</u>	<u>86,292,409</u>	<u>84,721,482</u>
Total Assets	<u>\$ 95,174,763</u>	<u>\$ 93,263,922</u>	<u>\$ 62,292,966</u>	<u>\$ 59,783,034</u>	<u>\$ 157,467,729</u>	<u>\$ 153,046,956</u>
Deferred Outflows of Resources	<u>\$ 3,788,619</u>	<u>\$ 5,351,062</u>	<u>\$ 1,650,816</u>	<u>\$ 2,780,794</u>	<u>\$ 5,439,435</u>	<u>\$ 8,131,856</u>
<b>Liabilities</b>						
Long-term liabilities	\$ 13,171,653	\$ 15,807,905	\$ 24,599,700	\$ 26,839,920	\$ 37,771,353	\$ 42,647,825
Other liabilities	<u>1,336,245</u>	<u>1,400,496</u>	<u>3,759,271</u>	<u>3,201,774</u>	<u>5,095,516</u>	<u>4,602,270</u>
Total Liabilities	<u>\$ 14,507,898</u>	<u>\$ 17,208,401</u>	<u>\$ 28,358,971</u>	<u>\$ 30,041,694</u>	<u>\$ 42,866,869</u>	<u>\$ 47,250,095</u>
Deferred Inflows of Resources	<u>\$ 5,545,223</u>	<u>\$ 5,566,039</u>	<u>\$ 2,887,592</u>	<u>\$ 2,434,355</u>	<u>\$ 8,432,815</u>	<u>\$ 8,000,394</u>
<b>Net Position</b>						
Net investment in capital assets	\$ 64,484,869	\$ 61,024,467	\$ 4,716,448	\$ 5,106,680	\$ 69,201,317	\$ 66,131,147
Restricted	4,278,602	5,117,490	208,757	1,027,328	4,487,359	6,144,818
Unrestricted	<u>10,146,790</u>	<u>9,698,587</u>	<u>27,772,014</u>	<u>23,953,771</u>	<u>37,918,804</u>	<u>33,652,358</u>
Total Net Position, as reported	<u>\$ 78,910,261</u>	<u>\$ 75,840,544</u>	<u>\$ 32,697,219</u>	<u>\$ 30,087,779</u>	<u>\$ 111,607,480</u>	<u>\$ 105,928,323</u>
Change in accounting principle*		<u>(225,284)</u>		<u>-</u>		<u>(225,284)</u>
Total Net Position, as restated		<u>\$ 75,615,260</u>		<u>\$ 30,087,779</u>		<u>\$ 105,703,039</u>

\*This is the first year the County implemented postemployment benefit obligations accounting and financial reporting standards in GASB Statements 75. The County had to make a prior year change in accounting principles to record the County's total postemployment benefits obligations liability.

The unrestricted net position amount of \$37,918,804 as of December 31, 2018, may be used to meet the County's ongoing obligations to citizens and creditors. The business-type activities reported in 2018 are comprised of the Meeker Memorial Hospital, an enterprise fund of the primary government.

## Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 4,630,721	\$ 5,211,345	\$ 33,687,900	\$ 35,124,232	\$ 38,318,621	\$ 40,335,577
Operating grants and contributions	10,719,161	9,705,375	-	-	10,719,161	9,705,375
General revenues						
Property taxes	14,040,266	13,634,275	-	-	14,040,266	13,634,275
Gravel taxes	59,724	71,063	-	-	59,724	71,063
Mortgage registry taxes	21,587	20,190	-	-	21,587	20,190
Other taxes	114,807	113,857	-	-	114,807	113,857
Grants and contributions not restricted to specific programs	1,525,875	1,359,950	-	-	1,525,875	1,359,950
Gifts and contributions	-	-	34,350	500	34,350	500
Investment earnings	569,331	316,452	547,192	355,088	1,116,523	671,540
Gain on sale of capital Assets	-	-	40,280	32,725	40,280	32,725
Miscellaneous	103,331	75,612	-	-	103,331	75,612
<b>Total Revenues</b>	<b>\$ 31,784,803</b>	<b>\$ 30,508,119</b>	<b>\$ 34,309,722</b>	<b>\$ 35,512,545</b>	<b>\$ 66,094,525</b>	<b>\$ 66,020,664</b>
<b>Expenses</b>						
General government	\$ 6,202,713	\$ 5,932,058	\$ -	\$ -	\$ 6,202,713	\$ 5,932,058
Public safety	5,982,892	6,227,059	-	-	5,982,892	6,227,059
Highways and streets	6,078,281	5,893,420	-	-	6,078,281	5,893,420
Sanitation	393,585	398,672	-	-	393,585	398,672
Human services	6,689,891	6,627,305	-	-	6,689,891	6,627,305
Hospital	-	-	31,700,282	32,966,088	31,700,282	32,966,088
Health	1,488,327	1,502,236	-	-	1,488,327	1,502,236
Culture and recreation	553,156	474,832	-	-	553,156	474,832
Conservation of natural resources	836,357	752,833	-	-	836,357	752,833
Economic development	219,951	118,500	-	-	219,951	118,500
Interest	44,649	59,470	-	-	44,649	59,470
<b>Total Expenses</b>	<b>\$ 28,489,802</b>	<b>\$ 27,986,385</b>	<b>\$ 31,700,282</b>	<b>\$ 32,966,088</b>	<b>\$ 60,190,084</b>	<b>\$ 60,952,473</b>
<b>Increase in Net Position</b>	<b>\$ 3,295,001</b>	<b>\$ 2,521,734</b>	<b>\$ 2,609,440</b>	<b>\$ 2,546,457</b>	<b>\$ 5,904,441</b>	<b>\$ 5,068,191</b>
Net Position – January 1, as restated (*Note below)	75,615,260	73,318,810	30,087,779	27,541,322	105,703,039	100,860,132
Net Position – December 31, as reported	<u>\$ 78,910,261</u>	<u>\$ 75,840,544</u>	<u>\$ 32,697,219</u>	<u>\$ 30,087,779</u>	<u>\$ 111,607,480</u>	<u>\$ 105,928,323</u>

\*See note on restated January 1 net position on prior page of this report.

### **Governmental Activities**

Meeker County's governmental activities increased the County's net position during 2018 by \$3,295,001.

### **Business-Type Activities**

Business-type activities of the Meeker Memorial Hospital increased Meeker County's net position by \$2,609,440, accounting for 44.19 percent of the total increase in the County's net position. Charges for services decreased \$1,436,332, or 4.09 percent, while expenses were down \$1,265,806, or 3.84 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 \$24,405,349, a decrease of \$585,970 in comparison with the prior year. Of the ending fund balance, \$8,431,987 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 \$8,616,856, while total fund balance was \$9,967,446. 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 73.14 percent of total General Fund expenditures. The ending fund balance for 2018 in the General Fund increased by \$715,306 as compared to the 2017 ending balance.

The Road and Bridge Special Revenue Fund's fund balance at the end of the current fiscal year was \$3,374,638. The ending fund balance in the Road and Bridge Special Revenue Fund decreased by \$15,415.

The Human Services Special Revenue Fund's fund balance at the end of the current fiscal year was \$6,642,380. The ending fund balance in the Human Services Special Revenue Fund decreased by \$108,224, primarily due to a transfer to the Capital Projects Fund.

The Debt Service Fund's fund balance at the end of the current fiscal year was \$694,603. The ending fund balance in the Debt Service Fund decreased by \$78,211.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

There are no differences between the original expenditure budget and the final amended budget. (Meeker County did not amend the 2018 expenditure budget.)

Actual revenues in the General Fund were more than budgeted revenues by \$391,751, primarily due to an overall increase in intergovernmental and investment earnings revenues.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Meeker County's capital assets for its governmental activities at December 31, 2018, totaled \$66,290,665 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The County's governmental investment in capital assets increased \$2,675,863, or 4.04 percent, from the previous year. The major capital asset event was infrastructure.

#### Governmental Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 3,194,606	\$ 3,043,049	\$ 2,563,928	\$ 1,963,928	\$ 5,758,534	\$ 5,006,977
Land improvements	-	-	385,827	455,879	385,827	455,879
Infrastructure	46,259,124	45,549,175	-	-	46,259,124	45,549,175
Buildings	8,657,671	9,184,514	13,070,023	14,339,909	21,727,694	23,524,423
Building improvements	2,746,980	2,575,257	-	-	2,746,980	2,575,257
Machinery, equipment, and office furniture	3,612,340	3,040,762	3,981,966	4,346,964	7,594,306	7,387,726
Construction in progress	1,819,944	222,045	-	-	1,819,944	222,045
Total Capital Assets	\$ 66,290,665	\$ 63,614,802	\$ 20,001,744	\$ 21,106,680	\$ 86,292,409	\$ 84,721,482

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 \$17,529,016. 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	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 1,775,000	\$ 2,215,000	\$ -	\$ -	\$ 1,775,000	\$ 2,215,000
General obligation capital notes	-	340,000	-	-	-	340,000
Gross revenue hospital facilities bonds	-	-	15,285,296	16,000,000	15,285,296	16,000,000
Loan payable	468,720	379,593	-	-	468,720	379,593
Total	\$ 2,243,720	\$ 2,934,593	\$ 15,285,296	\$ 16,000,000	\$ 17,529,016	\$ 18,934,593

The County's debt related to general obligation bonds, gross revenue hospital facilities bonds, capital notes, and loans decreased by \$1,405,577, or 7.42 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 2018, 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 2018 was 4.3 percent, which represents an increase of 0.1 percent from the rate of one year ago. This compares with the state unemployment rate of 3.2 percent.

By the end of 2018, Meeker County approved its balanced 2019 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, 2018**

	<b>Primary Government</b>			<b>Discretely Presented Component Units</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 23,953,362	\$ 11,151,750	\$ 35,105,112	\$ 2,023,486
Petty cash and change funds	2,690	-	2,690	-
Taxes receivable				
Delinquent	258,456	-	258,456	-
Special assessments receivable				
Delinquent	63,785	-	63,785	-
Noncurrent	369,659	-	369,659	-
Accounts receivable – net	87,899	4,228,155	4,316,054	2,700
Accrued interest receivable	314,871	-	314,871	4,476
Due from other governments	3,328,839	-	3,328,839	-
Due from primary government	-	-	-	55,000
Notes receivable	12,000	-	12,000	-
Loans receivable	117,785	-	117,785	-
Inventories	218,658	683,759	902,417	-
Prepaid items	156,094	232,654	388,748	27,149
Restricted assets				
Cash	-	-	-	11,688
Investments	-	24,770,959	24,770,959	-
Restricted by donor	-	208,757	208,757	-
Investment in joint venture	-	670,786	670,786	-
Interest rate swap	-	344,402	344,402	-
Capital assets				
Non-depreciable	5,014,550	2,563,928	7,578,478	63,966
Depreciable – net of accumulated depreciation	61,276,115	17,437,816	78,713,931	300,050
<b>Total Assets</b>	<b>\$ 95,174,763</b>	<b>\$ 62,292,966</b>	<b>\$ 157,467,729</b>	<b>\$ 2,488,515</b>
<b><u>Deferred Outflows of Resources</u></b>				
Deferred other postemployment benefits outflows	\$ 87,013	\$ -	\$ 87,013	\$ -
Deferred pension outflows	3,701,606	1,650,816	5,352,422	15,300
<b>Total Deferred Outflows of Resources</b>	<b>\$ 3,788,619</b>	<b>\$ 1,650,816</b>	<b>\$ 5,439,435</b>	<b>\$ 15,300</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 1  
(Continued)**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

	<b>Primary Government</b>			<b>Discretely Presented Component Units</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b><u>Liabilities</u></b>				
Accounts payable	\$ 563,404	\$ 718,797	\$ 1,282,201	\$ 2,635
Salaries payable	543,093	1,773,417	2,316,510	4,676
Contracts payable	98,907	-	98,907	-
Due to other governments	59,408	-	59,408	4,895
Due to component unit	55,000	-	55,000	-
Accrued interest payable	16,433	21,000	37,433	-
Estimated third-party payor settlements	-	1,246,057	1,246,057	-
Other accrued liabilities	-	-	-	1,572
Unearned revenue	-	-	-	676
Payables from restricted assets				
Customer deposits	-	-	-	8,709
Long-term liabilities				
Due within one year	751,027	879,384	1,630,411	5,319
Due in more than one year	2,783,726	14,405,912	17,189,638	169,782
Net pension liability	8,708,478	9,314,404	18,022,882	91,638
Other postemployment benefits	928,422	-	928,422	-
<b>Total Liabilities</b>	<b>\$ 14,507,898</b>	<b>\$ 28,358,971</b>	<b>\$ 42,866,869</b>	<b>\$ 289,902</b>
<b><u>Deferred Inflows of Resources</u></b>				
Deferred interest rate swap	\$ -	\$ 344,402	\$ 344,402	\$ -
Deferred pension inflows	5,493,781	2,359,480	7,853,261	22,335
Deferred gain on refunding	-	183,710	183,710	-
Prepaid property taxes	51,442	-	51,442	-
<b>Total Deferred Inflows of Resources</b>	<b>\$ 5,545,223</b>	<b>\$ 2,887,592</b>	<b>\$ 8,432,815</b>	<b>\$ 22,335</b>
<b><u>Net Position</u></b>				
Net investment in capital assets	\$ 64,484,869	\$ 4,716,448	\$ 69,201,317	\$ 201,889
Restricted for				
General government	313,573	-	313,573	-
Public safety	184,714	-	184,714	-
Highways and streets	2,254,719	-	2,254,719	-
Human services	12,152	-	12,152	-
Conservation of natural resources	818,841	-	818,841	-
Debt service	694,603	-	694,603	-
Restricted by donor	-	208,757	208,757	-
Restricted for other purposes	-	-	-	2,979
Unrestricted	10,146,790	27,772,014	37,918,804	1,986,710
<b>Total Net Position</b>	<b>\$ 78,910,261</b>	<b>\$ 32,697,219</b>	<b>\$ 111,607,480</b>	<b>\$ 2,191,578</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Expenses</b>	<b>Program Fees, Charges, Fines, and Other</b>
<b><u>Functions/Programs</u></b>		
<b>Primary government</b>		
<b>Governmental activities</b>		
General government	\$ 6,202,713	\$ 936,126
Public safety	5,982,892	1,282,423
Highways and streets	6,078,281	755,238
Sanitation	393,585	413,356
Human services	6,689,891	566,133
Health	1,488,327	327,741
Culture and recreation	553,156	100,285
Conservation of natural resources	836,357	170,230
Economic development	219,951	79,189
Interest	44,649	-
<b>Total governmental activities</b>	<b>\$ 28,489,802</b>	<b>\$ 4,630,721</b>
<b>Business-type activities</b>		
Meeker Memorial Hospital	31,700,282	33,687,900
<b>Total Primary Government</b>	<b>\$ 60,190,084</b>	<b>\$ 38,318,621</b>
<b>Discretely Presented Component Units</b>	<b>\$ 1,116,698</b>	<b>\$ 588,285</b>

**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  
Gain on disposal of capital assets  
Miscellaneous

**Total general revenues**

**Change in Net Position**

**Net Position – January 1, restated (Note 1.G.)**

**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	
\$ 85,940	\$ (5,180,647)	\$ -	\$ (5,180,647)	
553,761	(4,146,708)	-	(4,146,708)	
5,386,004	62,961	-	62,961	
103,659	123,430	-	123,430	
3,550,266	(2,573,492)	-	(2,573,492)	
599,862	(560,724)	-	(560,724)	
18,880	(433,991)	-	(433,991)	
420,789	(245,338)	-	(245,338)	
-	(140,762)	-	(140,762)	
-	(44,649)	-	(44,649)	
<b>\$ 10,719,161</b>	<b>\$ (13,139,920)</b>	<b>\$ -</b>	<b>\$ (13,139,920)</b>	
-	-	1,987,618	1,987,618	
<b>\$ 10,719,161</b>	<b>\$ (13,139,920)</b>	<b>\$ 1,987,618</b>	<b>\$ (11,152,302)</b>	
<b>\$ 361,678</b>				<b>\$ (166,735)</b>
	\$ 14,040,266	\$ -	\$ 14,040,266	\$ -
	59,724	-	59,724	-
	21,587	-	21,587	-
	114,807	-	114,807	-
	1,525,875	-	1,525,875	701
	-	34,350	34,350	-
	569,331	547,192	1,116,523	18,262
	-	40,280	40,280	2,529,352
	103,331	-	103,331	-
	<b>\$ 16,434,921</b>	<b>\$ 621,822</b>	<b>\$ 17,056,743</b>	<b>\$ 2,548,315</b>
	<b>\$ 3,295,001</b>	<b>\$ 2,609,440</b>	<b>\$ 5,904,441</b>	<b>\$ 2,381,580</b>
	<b>75,615,260</b>	<b>30,087,779</b>	<b>105,703,039</b>	<b>(190,002)</b>
	<b>\$ 78,910,261</b>	<b>\$ 32,697,219</b>	<b>\$ 111,607,480</b>	<b>\$ 2,191,578</b>

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**FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUNDS**

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	<b>General</b>	<b>Road and Bridge</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 9,536,022	\$ 3,416,904
Petty cash and change funds	2,690	-
Taxes receivable		
Delinquent	146,633	34,107
Special assessments receivable		
Delinquent	-	-
Noncurrent	-	-
Accounts receivable	28,021	1,974
Accrued interest receivable	310,669	-
Due from other funds	5,294	9,171
Due from other governments	269,377	2,313,093
Notes receivable	-	-
Loans receivable	-	-
Inventories	-	218,658
Advances to other funds	85,000	-
Prepaid items	152,969	1,602
	<b>\$ 10,536,675</b>	<b>\$ 5,995,509</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 149,911	\$ 162,812
Salaries payable	278,529	69,951
Contracts payable	-	38,392
Retainage payable	-	60,515
Due to other funds	131	2,032
Due to other governments	130	163
Due to component unit	-	-
Advances from other funds	-	-
	<b>\$ 428,701</b>	<b>\$ 333,865</b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	\$ 109,901	\$ 2,280,399
Prepaid property taxes	30,627	6,607
	<b>\$ 140,528</b>	<b>\$ 2,287,006</b>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 3**

<u>Human Services</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 6,554,597	\$ 693,730	\$ 269,669	\$ 3,482,440	\$ 23,953,362
-	-	-	-	2,690
56,901	14,700	50	6,065	258,456
-	-	-	63,785	63,785
-	-	-	369,659	369,659
29,558	-	-	28,346	87,899
-	-	-	4,202	314,871
395	-	-	2,053	16,913
495,343	-	-	251,026	3,328,839
-	-	-	12,000	12,000
-	-	-	117,785	117,785
-	-	-	-	218,658
-	-	-	-	85,000
-	-	-	1,523	156,094
<b><u>\$ 7,136,794</u></b>	<b><u>\$ 708,430</u></b>	<b><u>\$ 269,719</u></b>	<b><u>\$ 4,338,884</u></b>	<b><u>\$ 28,986,011</u></b>
\$ 184,400	\$ -	\$ 22,942	\$ 43,339	\$ 563,404
134,491	-	-	60,122	543,093
-	-	-	-	38,392
-	-	-	-	60,515
1,877	-	-	12,873	16,913
58,757	-	-	358	59,408
-	-	-	55,000	55,000
-	-	-	85,000	85,000
<b><u>\$ 379,525</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 22,942</u></b>	<b><u>\$ 256,692</u></b>	<b><u>\$ 1,421,725</u></b>
\$ 104,267	\$ 11,483	\$ 50	\$ 601,395	\$ 3,107,495
10,622	2,344	-	1,242	51,442
<b><u>\$ 114,889</u></b>	<b><u>\$ 13,827</u></b>	<b><u>\$ 50</u></b>	<b><u>\$ 602,637</u></b>	<b><u>\$ 3,158,937</u></b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	<b>General</b>	<b>Road and Bridge</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>(Continued)</b>		
<b>Fund Balances</b>		
Nonspendable		
Inventories	\$ -	\$ 218,658
Prepaid items	152,969	1,602
Advances to other funds	85,000	-
Notes receivable	-	-
Missing heirs	3,684	-
Restricted for		
Debt service	-	-
Recorder's technology equipment	26,838	-
Recorder's compliance	248,989	-
Prosecutorial purposes	35,373	-
Law enforcement – Sheriff forfeiture	28,436	-
Gravel pit restoration	142,756	-
Law enforcement – Sheriff contingencies	-	-
Aquatic invasive species	478,871	-
Permit to carry administration	109,928	-
Veterans grant	1,486	-
Child protection	-	-
Election equipment	36,260	-
Ditch maintenance and construction	-	-
Committed for		
Regional library	-	-
Assigned to		
General government	-	-
Highways and streets	-	3,154,378
Sanitation	-	-
Human services	-	-
Health	-	-
Culture and recreation	-	-
Economic development	-	-
Capital projects	-	-
Unassigned	8,616,856	-
<b>Total Fund Balances</b>	<b>\$ 9,967,446</b>	<b>\$ 3,374,638</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 10,536,675</b>	<b>\$ 5,995,509</b>

The notes to the financial statements are an integral part of this statement.

**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>
\$ -	\$ -	\$ -	\$ -	\$ 218,658
-	-	-	1,523	156,094
-	-	-	-	85,000
-	-	-	12,000	12,000
-	-	-	-	3,684
-	694,603	-	-	694,603
-	-	-	-	26,838
-	-	-	-	248,989
-	-	-	-	35,373
-	-	-	-	28,436
-	-	-	-	142,756
-	-	-	10,977	10,977
-	-	-	-	478,871
-	-	-	-	109,928
-	-	-	-	1,486
12,152	-	-	-	12,152
-	-	-	-	36,260
-	-	-	197,214	197,214
-	-	-	61,199	61,199
-	-	-	542,804	542,804
-	-	-	-	3,154,378
-	-	-	850,885	850,885
6,630,228	-	-	-	6,630,228
-	-	-	473,062	473,062
-	-	-	194,005	194,005
-	-	-	1,320,755	1,320,755
-	-	246,727	-	246,727
-	-	-	(184,869)	8,431,987
<u>\$ 6,642,380</u>	<u>\$ 694,603</u>	<u>\$ 246,727</u>	<u>\$ 3,479,555</u>	<u>\$ 24,405,349</u>
<u>\$ 7,136,794</u>	<u>\$ 708,430</u>	<u>\$ 269,719</u>	<u>\$ 4,338,884</u>	<u>\$ 28,986,011</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, 2018**

<b>Fund balance – total governmental funds</b>	<b>\$</b>	<b>24,405,349</b>
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.		66,290,665
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.		3,107,495
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	\$ (1,805,796)	
Loan payable	(468,720)	
Other postemployment benefits	(928,422)	
Compensated absences	(1,260,237)	
Net pension liability	(8,708,478)	
Accrued interest payable	<u>(16,433)</u>	(13,188,086)
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	\$ 87,013	
Deferred outflows related to pensions	3,701,606	
Deferred inflows related to pensions	<u>(5,493,781)</u>	<u>(1,705,162)</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 78,910,261</u></b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>General</b>	<b>Road and Bridge</b>
<b>Revenues</b>		
Taxes	\$ 8,347,818	\$ 1,838,347
Special assessments	-	-
Licenses and permits	108,859	-
Intergovernmental	2,201,426	6,483,153
Charges for services	1,660,105	581,456
Fines and forfeitures	27,724	-
Gifts and contributions	684	-
Investment earnings	565,128	-
Miscellaneous	414,244	173,782
	<b>\$ 13,325,988</b>	<b>\$ 9,076,738</b>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 4,840,995	\$ 83,252
Public safety	6,096,840	-
Highways and streets	-	8,523,112
Sanitation	-	-
Human services	-	-
Health	-	-
Culture and recreation	25,700	-
Conservation of natural resources	638,702	-
Economic development	118,250	-
<b>Capital outlay</b>		
General government	-	-
Public safety	-	-
Conservation of natural resources	-	-
<b>Intergovernmental</b>		
General government	60,679	-
Highways and streets	-	511,562
<b>Debt service</b>		
Principal	-	-
Interest	-	-
Administrative and fiscal charges	-	-
	<b>\$ 11,781,166</b>	<b>\$ 9,117,926</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 1,544,822</b>	<b>\$ (41,188)</b>

**EXHIBIT 5**

<u>Human Services</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,950,936	\$ 678,541	\$ -	\$ 340,817	\$ 14,156,459
-	-	-	267,200	267,200
-	-	-	-	108,859
3,721,460	70,798	8,300	763,234	13,248,371
566,133	-	-	688,844	3,496,538
-	-	-	1,377	29,101
-	-	20,000	18,880	39,564
-	-	-	4,203	569,331
-	-	12,400	411,579	1,012,005
<b>\$ 7,238,529</b>	<b>\$ 749,339</b>	<b>\$ 40,700</b>	<b>\$ 2,496,134</b>	<b>\$ 32,927,428</b>
\$ -	\$ -	\$ -	\$ 396,344	\$ 5,320,591
-	-	-	-	6,096,840
-	-	-	-	8,523,112
-	-	-	624,376	624,376
6,846,753	-	-	-	6,846,753
-	-	-	1,582,137	1,582,137
-	-	-	555,180	580,880
-	-	-	200,657	839,359
-	-	-	102,500	220,750
-	-	316,388	-	316,388
-	-	49,107	-	49,107
-	-	8,300	-	8,300
-	-	-	-	60,679
-	-	-	-	511,562
-	780,000	-	28,751	808,751
-	46,600	-	7,974	54,574
-	950	-	-	950
<b>\$ 6,846,753</b>	<b>\$ 827,550</b>	<b>\$ 373,795</b>	<b>\$ 3,497,919</b>	<b>\$ 32,445,109</b>
<b>\$ 391,776</b>	<b>\$ (78,211)</b>	<b>\$ (333,095)</b>	<b>\$ (1,001,785)</b>	<b>\$ 482,319</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>General</b>	<b>Road and Bridge</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	\$ -	\$ 40,000
Transfers out	(829,516)	-
Loans issued	-	-
	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (829,516)</b>	<b>\$ 40,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ 715,306</b>	<b>\$ (1,188)</b>
<b>Fund Balances – January 1, restated (Note 1.H.)</b>	<b>9,252,140</b>	<b>3,390,053</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>(14,227)</b>
<b>Fund Balances – December 31</b>	<b>\$ 9,967,446</b>	<b>\$ 3,374,638</b>

**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>
\$ -	\$ -	\$ 500,000	\$ 789,516	\$ 1,329,516
(500,000)	-	-	-	(1,329,516)
<u>-</u>	<u>-</u>	<u>-</u>	<u>117,878</u>	<u>117,878</u>
<u>\$ (500,000)</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 907,394</u>	<u>\$ 117,878</u>
\$ (108,224)	\$ (78,211)	\$ 166,905	\$ (94,391)	\$ 600,197
6,750,604	772,814	79,822	3,573,946	23,819,379
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,227)</u>
<u><u>\$ 6,642,380</u></u>	<u><u>\$ 694,603</u></u>	<u><u>\$ 246,727</u></u>	<u><u>\$ 3,479,555</u></u>	<u><u>\$ 24,405,349</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, 2018**

**Net change in fund balances – total governmental funds (Exhibit 5) \$ 600,197**

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	\$ 3,107,495	
Unavailable revenue – January 1	(4,002,470)	(894,975)

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	\$ 5,408,812	
Net book value of assets disposed	(23,841)	
Current year depreciation expense	(2,709,108)	2,675,863

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		(117,878)
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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	\$ 440,000	
Capital notes	340,000	
Loan payable	28,751	808,751

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	\$ 6,336	
Amortization of discounts/premiums	4,539	
Change in compensated absences	(138,175)	
Change in inventories	(14,227)	
Change in other postemployment benefits, as restated	(13,014)	
Change in deferred other postemployment benefits outflows	87,013	
Change in deferred pension outflows	(1,649,456)	
Change in deferred pension inflows	(377,286)	
Change in net pension liability	2,317,313	223,043

**Net Change in Net Position of Governmental Activities (Exhibit 2) \$ 3,295,001**

**PROPRIETARY FUND**

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 7**

**STATEMENT OF FUND NET POSITION  
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND  
DECEMBER 31, 2018**

**Assets**

**Current assets**

Cash and pooled investments	\$ 11,151,750
Accounts receivable – net	4,228,155
Inventories	683,759
Prepaid items	232,654

**Total current assets** **\$ 16,296,318**

**Restricted assets**

Investments	\$ 24,770,959
Restricted by donor	208,757

**Total restricted assets** **\$ 24,979,716**

**Noncurrent assets**

Investment in joint venture	\$ 670,786
Interest rate swap	344,402
Capital assets	
Nondepreciable	2,563,928
Depreciable – net	17,437,816

**Total noncurrent assets** **\$ 21,016,932**

**Total Assets** **\$ 62,292,966**

**Deferred Outflows of Resources**

Deferred pension outflows	<b><u>\$ 1,650,816</u></b>
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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

***EXHIBIT 7  
(Continued)***

**STATEMENT OF FUND NET POSITION  
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND  
DECEMBER 31, 2018**

**Liabilities**

**Current liabilities**

Accounts payable	\$ 718,797
Salaries payable	1,773,417
Accrued interest payable	21,000
Estimated third-party payor settlements	1,246,057
Bonds payable	879,384

**Total current liabilities** **\$ 4,638,655**

**Noncurrent liabilities**

Bonds payable	\$ 14,405,912
Net pension liability	9,314,404

**Total noncurrent liabilities** **\$ 23,720,316**

**Total Liabilities** **\$ 28,358,971**

**Deferred Inflows of Resources**

Deferred interest rate swap	\$ 344,402
Deferred pension inflows	2,359,480
Deferred gain on refunding	183,710

**Total Deferred Inflows of Resources** **\$ 2,887,592**

**Net Position**

Net investment in capital assets	\$ 4,716,448
Restricted by donor	208,757
Unrestricted	27,772,014

**Total Net Position** **\$ 32,697,219**

**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, 2018**

<b>Operating Revenues</b>	
Patient services revenues	\$ 33,267,525
Miscellaneous	420,375
	<hr/>
<b>Total Operating Revenues</b>	<b>\$ 33,687,900</b>
<b>Operating Expenses</b>	
Professional care of patients	\$ 21,627,633
Administration and fiscal services	5,365,419
Property, housekeeping, and laundry	1,421,415
Dietary	551,248
Depreciation	2,321,133
	<hr/>
<b>Total Operating Expenses</b>	<b>\$ 31,286,848</b>
<b>Operating Income (Loss)</b>	<b>\$ 2,401,052</b>
<b>Nonoperating Revenues (Expenses)</b>	
Noncapital contributions	\$ 34,350
Investment earnings	547,192
Interest expense	(413,434)
Gain (loss) on disposal of assets and other	40,280
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 208,388</b>
<b>Change in Net Position</b>	<b>\$ 2,609,440</b>
<b>Net Position – January 1</b>	<b>30,087,779</b>
	<hr/>
<b>Net Position – December 31</b>	<b>\$ 32,697,219</b>
	<hr/> <hr/>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

***EXHIBIT 9***

**STATEMENT OF CASH FLOWS  
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>Cash Flows from Operating Activities</b>	
Receipts from third-party payors and patients	\$ 34,121,895
Other receipts	421,473
Payments to suppliers	(13,452,587)
Payments to employees	<u>(15,779,994)</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ 5,310,787</u></b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchases of capital assets	\$ (1,216,197)
Contributions received restricted for capital assets	74,630
Principal payments on long-term debt	(714,704)
Interest paid	<u>(413,423)</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<b><u>\$ (2,269,694)</u></b>
<b>Cash Flows from Investing Activities</b>	
Proceeds from sales and maturities of investments	\$ 39,958,791
Purchase of investments	(38,661,841)
Investment earnings received	<u>544,567</u>
<b>Net cash provided by (used in) investing activities</b>	<b><u>\$ 1,841,517</u></b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 4,882,610</b>
<b>Cash and Cash Equivalents, January 1</b>	<b><u>6,269,140</u></b>
<b>Cash and Cash Equivalents, December 31</b>	<b><u>\$ 11,151,750</u></b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

***EXHIBIT 9  
(Continued)***

**STATEMENT OF CASH FLOWS  
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
<b>Operating income (loss)</b>	<b><u>\$ 2,401,052</u></b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>	
Depreciation expense	\$ 2,321,133
Equity in joint venture	(151,081)
Distributions received from joint venture	152,179
Provision for bad debts	1,062,635
Adjustment to deferred (gain) loss on refunding	(13,200)
(Increase) decrease in accounts receivable	(1,021,277)
(Increase) decrease in inventories	(40,026)
(Increase) decrease in prepaid items	61,944
(Increase) decrease in accounts payable	(287,341)
Increase (decrease) in salaries payable	31,817
(Increase) decrease in estimated third-party payor settlements	813,012
Increase (decrease) in net pension liability and related deferred inflows and outflows	<u>(20,060)</u>
<b>Total adjustments</b>	<b><u>\$ 2,909,735</u></b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u><u>\$ 5,310,787</u></u></b>

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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, 2018

	<u>Agency</u>
<b><u>Assets</u></b>	
Cash and pooled investments	\$ <u><u>766,923</u></u>
<b><u>Liabilities</u></b>	
Due to other governments	\$ <u><u>766,923</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, 2018**

	<u>Economic Development Authority</u>	<u>Housing and Redevelopment Authority</u>	<u>Total</u>
<b><u>Assets</u></b>			
<b>Current assets</b>			
Cash and pooled investments	\$ 2,007,161	\$ 16,325	\$ 2,023,486
Accounts receivable – net	771	1,929	2,700
Accrued interest receivable	4,476	-	4,476
Due from primary government	55,000	-	55,000
Prepaid items	19,776	7,373	27,149
	<u>2,087,184</u>	<u>25,627</u>	<u>2,112,811</u>
<b>Total current assets</b>	<b>\$ 2,087,184</b>	<b>\$ 25,627</b>	<b>\$ 2,112,811</b>
<b>Restricted assets</b>			
Cash	\$ -	\$ 11,688	\$ 11,688
	<u>-</u>	<u>11,688</u>	<u>11,688</u>
<b>Total restricted assets</b>	<b>\$ -</b>	<b>\$ 11,688</b>	<b>\$ 11,688</b>
<b>Noncurrent assets</b>			
Capital assets			
Nondepreciable	\$ -	\$ 63,966	\$ 63,966
Depreciable – net	-	300,050	300,050
	<u>-</u>	<u>300,050</u>	<u>300,050</u>
<b>Total noncurrent assets</b>	<b>\$ -</b>	<b>\$ 364,016</b>	<b>\$ 364,016</b>
<b>Total Assets</b>	<b>\$ 2,087,184</b>	<b>\$ 401,331</b>	<b>\$ 2,488,515</b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred pension outflows	\$ 15,300	\$ -	\$ 15,300
	<u>15,300</u>	<u>-</u>	<u>15,300</u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 11  
(Continued)**

**COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 2018**

	<b>Economic Development Authority</b>	<b>Housing and Redevelopment Authority</b>	<b>Total</b>
<b><u>Liabilities</u></b>			
<b>Current liabilities</b>			
Accounts payable	\$ 692	\$ 1,943	\$ 2,635
Salaries payable	4,676	-	4,676
Due to other governments	-	4,895	4,895
Other accrued liabilities	-	1,572	1,572
Unearned revenue	-	676	676
Customer deposits	-	8,709	8,709
Compensated absences payable – current	5,319	-	5,319
	<b>\$ 10,687</b>	<b>\$ 17,795</b>	<b>\$ 28,482</b>
<b>Noncurrent liabilities</b>			
Compensated absences payable – long-term	\$ 7,655	\$ -	\$ 7,655
Long-term debt – mortgage	-	162,127	162,127
Net pension liability	91,638	-	91,638
	<b>\$ 99,293</b>	<b>\$ 162,127</b>	<b>\$ 261,420</b>
	<b>\$ 109,980</b>	<b>\$ 179,922</b>	<b>\$ 289,902</b>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred pension inflows	\$ 22,335	\$ -	\$ 22,335
<b><u>Net Position</u></b>			
Net investment in capital assets	\$ -	\$ 201,889	\$ 201,889
Restricted for other purposes	-	2,979	2,979
Unrestricted	1,970,169	16,541	1,986,710
	<b>\$ 1,970,169</b>	<b>\$ 221,409</b>	<b>\$ 2,191,578</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Expenses</b>	<b>Program Fees, Charges, Fines, and Other</b>
<b><u>Functions/Programs</u></b>		
Economic Development Authority (EDA)	\$ 684,671	\$ 507,005
Housing and Redevelopment Authority (HRA)	432,027	81,280
<b>Total Component Units</b>	<b>\$ 1,116,698</b>	<b>\$ 588,285</b>

**General Revenues**

Grants and contributions not restricted  
to specific programs  
Investment earnings  
Gain on disposal of capital asset

**Total general revenues**

**Change in Net Position**

**Net Position – January 1**

**Net Position – December 31**

**EXHIBIT 12**

<b>Revenues</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>EDA</b>	<b>HRA</b>	<b>Total</b>
<b>Operating Grants and Contributions</b>			
\$ 92,250	\$ (85,416)	\$ -	\$ (85,416)
269,428	-	(81,319)	(81,319)
<b>\$ 361,678</b>	<b>\$ (85,416)</b>	<b>\$ (81,319)</b>	<b>\$ (166,735)</b>
	\$ 701	\$ -	\$ 701
	18,242	20	18,262
	2,529,352	-	2,529,352
	<b>\$ 2,548,295</b>	<b>\$ 20</b>	<b>\$ 2,548,315</b>
	\$ 2,462,879	\$ (81,299)	\$ 2,381,580
	(492,710)	302,708	(190,002)
	<b>\$ 1,970,169</b>	<b>\$ 221,409</b>	<b>\$ 2,191,578</b>

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018. 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**

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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**

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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**

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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  
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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, 2018. 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 2018 were \$565,128.

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.

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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 has been provided because such amounts are not expected to be material.

All receivables of the discretely presented component units are shown net of an allowance for uncollectibles.

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 2013 through 2018 and noncurrent special assessments in 2019 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

**MEEKER COUNTY  
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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 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  
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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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the County did not have any capitalized interest.

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	40 – 50
Furniture	20
Machinery and equipment	5 – 25
Infrastructure	50 – 75

**MEEKER COUNTY  
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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 pension plans and other postemployment benefits (OPEB) 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 pension inflows, deferred interest rate swap, and deferred gain on refunding.

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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 pension and OPEB benefits. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position. Additionally, the County reports a deferred interest rate swap in the major enterprise fund and business-type activities. This deferred inflow of resources is the result of a gain/loss associated with the change in fair value of a derivative instrument. 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.

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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  
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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  
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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, 2018, 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.

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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.

G. Change in Accounting Principles

During the year ended December 31, 2018, the County adopted new accounting guidance by implementing the provisions of GASB Statement 75. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, changes standards for recognizing and measuring OPEB liabilities and related deferred outflows of resources, deferred inflows of resources, and OPEB expense. This statement also requires additional note disclosures and a schedule in the required supplementary information. Beginning net position has been restated to reflect this change.

	Governmental Activities
Net Position, January 1, 2018, as previously reported	\$ 75,840,544
Change in accounting principles	(225,284)
Net Position, January 1, 2018, as restated	\$ 75,615,260

H. Restatement of Fund Balance

During the year ended December 31, 2018, the County combined the Forfeit Property Nonmajor Special Revenue Fund into the General Fund. This change resulted in the restatement of fund balance for the General Fund and Nonmajor Governmental Funds.

	General Fund	Nonmajor Governmental Funds
Net Position, January 1, 2018, as previously reported	\$ 9,130,854	\$ 3,695,232
Change in fund reporting	121,286	(121,286)
Net Position, January 1, 2018, as restated	\$ 9,252,140	\$ 3,573,946

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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2. Stewardship, Compliance, and Accountability

A. Deficit Fund Equity

The Ditch Special Revenue Fund had a positive fund balance of \$12,345 as of December 31, 2018, although five 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:

48 ditches with positive balances	\$	197,214
5 ditches with deficit balances		(184,869)
Net Fund Balance	\$	12,345

B. Excess of Expenditures Over Appropriations

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

	Expenditures	Final Budget	Excess
County Parks Special Revenue Fund	\$ 321,118	\$ 303,783	\$ 17,335
Transfer Station Special Revenue Fund	500,999	230,132	270,867

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	\$ 23,953,362
Petty cash and change funds	2,690
Business-type activities	
Cash and pooled investments	11,151,750
Investments, restricted	24,979,716
Statement of fiduciary net position	
Cash and pooled investments	766,923
Total Cash and Investments	\$ 60,854,441

**MEEKER COUNTY  
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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Deposits	\$ 27,687,733
Petty cash and change funds	2,690
Investments	<u>33,164,018</u>
Total Deposits, Cash on Hand, and Investments	<u>\$ 60,854,441</u>

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.

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, 2018, the County's deposits were not exposed to custodial credit risk.

**MEEKER COUNTY  
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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

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
- (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.

**MEEKER COUNTY  
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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Interest Rate Risk (Continued)

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, 2018, 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 Home Loan Mortgage Corporation Securities	\$ 1,115,136	\$ -	\$ 1,115,136	\$ -
Federal Home Loan Bank Securities	541,427	-	541,427	-
Federal National Mortgage Association Securities	272,561	-	272,561	-
MAGIC Fund	23,967,860	23,967,860	-	-
Negotiable CDs	7,267,034	3,927,303	3,339,731	-
Total Investments	<u>\$ 33,164,018</u>	<u>\$ 27,895,163</u>	<u>\$ 5,268,855</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  
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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, 2018, is as follows:

	<u>S &amp; P Rating</u>	<u>Fair Value</u>
Federal Home Loan Mortgage Corporation Securities	AA+	\$ 1,115,136
Federal Home Loan Bank Securities	AA+	541,427
Federal National Mortgage Association Securities	AA+	272,561
MAGIC Fund	N/R	23,967,860
Negotiable CDs	N/A	<u>7,267,034</u>
Total		<u>\$ 33,164,018</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, 2018, Meeker County's investments were not subject to custodial credit risk.

**MEEKER COUNTY  
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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 2018, 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, 2018, the County had the following recurring fair value measurements:

	December 31, 2018	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	\$ 1,929,124	\$ -	\$ 1,929,124	\$ -
Negotiable CDs	7,267,034	-	7,267,034	-
Interest rate swap	344,402	-	344,402	-
<b>Total Investments Included in the Fair Value Hierarchy</b>	<b>\$ 9,540,560</b>	<b>\$ -</b>	<b>\$ 9,540,560</b>	<b>\$ -</b>
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	\$ 7,985,260			
MAGIC Term	15,982,600			
<b>Total Investments Measured at the NAV</b>	<b>\$ 23,967,860</b>			

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**

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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	\$ 8,254,145
Allowance for contractual adjustments	(2,604,990)
Allowance for uncollectible accounts	(1,421,000)
Total Business-Type Activities	\$ 4,228,155

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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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 \$369,659 of noncurrent special assessments and \$95,407 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
2019	\$ 27,055
2020	27,055
2021	11,220
2022	5,942
2023	5,942
2024 – 2028	29,710
2029 – 2033	29,710
2034 – 2038	25,749
Total	\$ 162,383
Less: interest	(44,598)
Present Value of Loans Receivable	\$ 117,785

**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, 2018, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,373,150	\$ 40,500	\$ -	\$ 1,413,650
Right-of-way	1,669,899	111,057	-	1,780,956
Construction in progress	222,045	1,616,504	18,605	1,819,944
<b>Total capital assets not depreciated</b>	<b>\$ 3,265,094</b>	<b>\$ 1,768,061</b>	<b>\$ 18,605</b>	<b>\$ 5,014,550</b>
Capital assets depreciated				
Buildings	\$ 19,236,123	\$ 78,157	\$ 68,828	\$ 19,245,452
Building improvements	4,023,133	171,723	-	4,194,856
Office furniture and equipment	5,868,120	52,691	278,755	5,642,056
Machinery and equipment	9,654,773	1,317,403	580,650	10,391,526
Infrastructure	64,275,645	2,039,382	-	66,315,027
<b>Total capital assets depreciated</b>	<b>\$ 103,057,794</b>	<b>\$ 3,659,356</b>	<b>\$ 928,233</b>	<b>\$ 105,788,917</b>
Less: accumulated depreciation for				
Buildings	\$ 10,051,609	\$ 581,727	\$ 45,555	\$ 10,587,781
Building improvements	1,447,876	-	-	1,447,876
Office furniture and equipment	5,591,465	114,843	278,755	5,427,553
Machinery and equipment	6,890,666	683,105	580,082	6,993,689
Infrastructure	18,726,470	1,329,433	-	20,055,903
<b>Total accumulated depreciation</b>	<b>\$ 42,708,086</b>	<b>\$ 2,709,108</b>	<b>\$ 904,392</b>	<b>\$ 44,512,802</b>
<b>Total capital assets depreciated, net</b>	<b>\$ 60,349,708</b>	<b>\$ 950,248</b>	<b>\$ 23,841</b>	<b>\$ 61,276,115</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 63,614,802</b>	<b>\$ 2,718,309</b>	<b>\$ 42,446</b>	<b>\$ 66,290,665</b>

**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	\$ 1,963,928	\$ 600,000	\$ -	\$ 2,563,928
Capital assets depreciated				
Land improvements	\$ 1,494,438	\$ -	\$ -	\$ 1,494,438
Buildings	29,748,765	62,992	-	29,811,757
Machinery, furniture, and equipment	21,558,639	554,441	212,232	21,900,848
Total capital assets depreciated	\$ 52,801,842	\$ 617,433	\$ 212,232	\$ 53,207,043
Less: accumulated depreciation for				
Land improvements	\$ 1,038,559	\$ 70,052	\$ -	\$ 1,108,611
Buildings	15,408,856	1,332,878	-	16,741,734
Machinery, furniture, and equipment	17,211,675	918,203	210,996	17,918,882
Total accumulated depreciation	\$ 33,659,090	\$ 2,321,133	\$ 210,996	\$ 35,769,227
Total capital assets depreciated, net	\$ 19,142,752	\$ (1,703,700)	\$ 1,236	\$ 17,437,816
Business-Type Activities Capital Assets, Net	\$ 21,106,680	\$ (1,103,700)	\$ 1,236	\$ 20,001,744

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

Governmental Activities	
General government	\$ 552,062
Public safety	177,476
Highways and streets, including depreciation of infrastructure assets	1,867,679
Sanitation	41,913
Human services	5,687
Health	2,186
Culture and recreation	60,010
Conservation of natural resources	2,095
	<hr/>
Total Depreciation Expense – Governmental Activities	\$ 2,709,108
Business-Type Activities	
Hospital	\$ 2,321,133
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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2018, is as follows:

1. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Road and Bridge	\$ 17
	Human Services	1,877
	Nonmajor governmental funds	<u>3,400</u>
Total due to General Fund		<u>\$ 5,294</u>
Road and Bridge	Nonmajor governmental funds	<u>\$ 9,171</u>
Human Services	General	\$ 131
	Nonmajor governmental funds	<u>264</u>
Total due to Human Services Fund		<u>\$ 395</u>
Nonmajor governmental funds	Road and Bridge	\$ 2,015
	Nonmajor governmental funds	<u>38</u>
Total due to nonmajor governmental Funds		<u>\$ 2,053</u>
Total Due To/From Other Funds		<u>\$ 16,913</u>

2. Advances From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$ 85,000</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, 2018, consisted of the following:

Transfer to Road and Bridge Fund from General Fund	\$ 40,000	To fund GIS program
Transfer to Capital Projects Fund from Human Services Fund	500,000	Project funding
Transfers to nonmajor governmental funds from General Fund	789,516	Annual appropriation
Total Interfund Transfers	\$ 1,329,516	

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, 2018
General obligation bonds					
2012 G.O. Capital Improvement Refunding Bonds	2026	\$200,000 – \$310,000	2.00 – 2.50	\$ 3,175,000	\$ 1,775,000

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

1. Long-Term Debt

Bonds and Notes (Continued)

Business-Type Activities

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rate (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2018</u>
2017 Gross Revenue Hospital Facilities Refunding Bonds	2033	\$217,436 – \$1,298,201	2.53	<u>\$ 16,000,000</u>	<u>\$ 15,285,296</u>

Loans Payable

In 2011, 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 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 \$300,000. The agreement was later amended in 2011 to increase the total to \$600,000. However, only \$300,000 may be borrowed without further authorization from the Minnesota Pollution Control Agency. The total amount received by the County through December 31, 2013, was \$153,356; accumulated interest was \$4,910. Repayment began in 2014.

In 2012, 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 \$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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

1. Long-Term Debt

Loans Payable (Continued)

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. As of December 31, 2018, the total amount borrowed was \$261,640. Repayment schedules are not currently available for the 2016 loan.

2. Debt Service Requirements

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

Governmental Activities

Year Ending December 31	General Obligation Bonds		Septic System Loans	
	Principal	Interest	Principal	Interest
2019	\$ 205,000	\$ 36,975	\$ 29,329	\$ 3,996
2020	210,000	32,825	29,918	3,406
2021	215,000	28,575	30,519	2,804
2022	215,000	24,275	31,133	2,191
2023	220,000	19,650	31,759	1,566
2024 – 2026	710,000	26,714	54,422	1,701
Total	\$ 1,775,000	\$ 169,014	\$ 207,080	\$ 15,664

Business-Type Activities

Year Ending December 31	Gross Hospital Facilities Refunding Bonds	
	Principal	Interest
2019	\$ 879,384	\$ 404,385
2020	906,131	380,161
2021	933,692	355,201
2022	962,091	329,482
2023	991,354	302,980
2024 – 2028	5,427,832	1,088,284
2029 – 2033	5,184,812	305,240
Total	\$ 15,285,296	\$ 3,165,733

**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, 2018, 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	\$ 2,215,000	\$ -	\$ 440,000	\$ 1,775,000	\$ 205,000
Capital notes	340,000	-	340,000	-	-
Add: unamortized premium	35,977	-	5,181	30,796	-
Less: unamortized discounts	(642)	-	(642)	-	-
Total bonds payable	\$ 2,590,335	\$ -	\$ 784,539	\$ 1,805,796	\$ 205,000
Loans payable	379,593	117,878	28,751	468,720	29,329
Compensated absences	1,122,062	984,380	846,205	1,260,237	516,698
Governmental Activities Long-Term Liabilities	<u>\$ 4,091,990</u>	<u>\$ 1,102,258</u>	<u>\$ 1,659,495</u>	<u>\$ 3,534,753</u>	<u>\$ 751,027</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	\$ 16,000,000	\$ -	\$ 714,704	\$ 15,285,296	\$ 879,384

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, 2018, is summarized by fund:

	Taxes and Special Assessments	Grants	State-Aid Highway Allotments	Other	Total
Major governmental funds					
General	\$ 109,901	\$ -	\$ -	\$ -	\$ 109,901
Special Revenue					
Road and Bridge	25,680	-	2,254,719	-	2,280,399
Human Services	43,214	61,053	-	-	104,267
Debt Service	11,483	-	-	-	11,483
Capital Projects	50	-	-	-	50
Nonmajor governmental funds					
Regional Library	2,942	-	-	-	2,942
County Nurse	-	108,919	-	-	108,919
Ditch	41,184	-	-	-	41,184
Family Services Building	1,600	-	-	-	1,600
Septic System Loan Program	-	-	-	328,965	328,965
Revolving Loan	-	-	-	117,785	117,785
Total	<u>\$ 236,054</u>	<u>\$ 169,972</u>	<u>\$ 2,254,719</u>	<u>\$ 446,750</u>	<u>\$ 3,107,495</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**

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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 5.00 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**

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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. Increases are related to the funding ratio of the plan. General Employees Plan and Police and Fire Plan benefit recipients receive a future annual 1.00 percent for the post-retirement benefit increase, while Correctional Plan benefit recipients receive 2.50 percent.

If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will be 2.50 percent. If, after reverting to a 2.50 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.00 percent.

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**

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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 2018. Police and Fire Plan members were required to contribute 10.80 percent of their annual covered salary in 2018. Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2018.

In 2018, the County was required to contribute the following percentages of annual covered salary:

General Employees Retirement Plan – Coordinated Plan members	7.50%
Police and Fire Plan	16.20
Correctional Plan	8.75

The employee and employer contribution rates did not change from the previous year.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

c. Contributions (Continued)

Meeker County's contributions for the year ended December 31, 2018, to the pension plans were:

General Employees Plan	\$	1,525,198
Police and Fire Plan		246,319
Correctional Plan		70,615

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

d. Pension Costs

General Employees Plan

At December 31, 2018, the County reported a liability of \$16,495,656 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the County's proportion was 0.2973 percent. It was 0.2979 percent measured as of June 30, 2017. The County recognized pension expense of \$1,456,998 for its proportionate share of the General Employees Plan's pension expense.

The County also recognized \$126,177 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 for the fiscal years ended June 30, 2018 and 2019, and \$6 million thereafter, through calendar year 2031.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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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	\$ 16,495,656
State of Minnesota's proportionate share of the net pension liability associated with the County	541,073
Total	\$ 17,036,729

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	\$ 437,439	\$ 481,139
Changes in actuarial assumptions	1,558,363	1,855,980
Difference between projected and actual investment earnings	-	1,657,395
Changes in proportion	182,991	131,852
Contributions paid to PERA subsequent to the measurement date	752,531	-
Total	\$ 2,931,324	\$ 4,126,366

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

The \$752,531 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, 2019. 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>
2019	\$ 569,033
2020	(829,968)
2021	(1,350,086)
2022	(336,552)

Police and Fire Plan

At December 31, 2018, the County reported a liability of \$1,468,806 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the County's proportion was 0.138 percent. It was 0.137 percent measured as of June 30, 2017. The County recognized pension expense of \$143,072 for its proportionate share of the Police and Fire Plan's pension expense.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

The County also recognized \$12,402 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.

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	\$ 59,002	\$ 374,669
Changes in actuarial assumptions	1,895,000	2,150,007
Difference between projected and actual investment earnings	-	289,943
Changes in proportion	9,001	166,210
Contributions paid to PERA subsequent to the measurement date	133,577	-
Total	\$ 2,096,580	\$ 2,980,829

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

The \$133,577 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, 2019. 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
2019	\$ (45,460)
2020	(116,729)
2021	(229,530)
2022	(623,070)
2023	(3,037)

Correctional Plan

At December 31, 2018, the County reported a liability of \$58,420 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the County's proportion was 0.36 percent. It was 0.35 percent measured as of June 30, 2017. The County recognized pension expense of (\$67,492) for its proportionate share of the Correctional Plan's pension expense.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Correctional Plan (Continued)

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,043	\$ 6,154
Changes in actuarial assumptions	271,539	673,749
Difference between projected and actual investment earnings	-	65,390
Changes in proportion	11,114	773
Contributions paid to PERA subsequent to the measurement date	38,822	-
Total	\$ 324,518	\$ 746,066

The \$38,822 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, 2019. 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
2019	\$ 28,136
2020	(254,880)
2021	(221,391)
2022	(12,235)

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2018, was \$1,532,578.

e. Actuarial Assumptions

The total pension liability in the June 30, 2018, 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

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, 2018, 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. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

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 arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	36%	5.10%
International stocks	17	5.30
Bonds (fixed income)	20	0.75
Alternative assets (private markets)	25	5.90
Cash	2	0.00

f. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2018, which remained consistent with 2017. 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 position 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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

g. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2018:

General Employees Plan

- 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.

Police and Fire Plan

- 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.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

**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

General Employees Plan (Continued)

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

Correctional Plan

- 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.

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 1.00 percentage point lower or 1.00 percentage point higher than the current discount rate:

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 26,807,552	6.50%	\$ 3,149,212	6.50%	\$ 499,972
Current	7.50	16,495,656	7.50	1,468,806	7.50	58,420
1% Increase	8.50	7,983,479	8.50	79,180	8.50	(294,809)

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

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](http://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.

2. Defined Contribution Plan

Three 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 5.00 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 2.00 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, 2018, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 4,537	\$ 4,537
Percentage of covered payroll	5.00%	5.00%

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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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 \$928,422 was measured as of January 1, 2018, and was determined by an actuarial valuation as of January 1, 2018. The total OPEB liability is primarily liquidated by funds that have personal services.

The total OPEB liability in the fiscal year-end December 31, 2018, 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	6.50 percent, decreasing to 5.00 percent over six 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 3.30 percent, a change from the prior year rate of 3.50 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, 2018, as restated	\$ 915,408
Changes for the year	
Service cost	\$ 75,415
Interest	31,166
Benefit payments	(93,567)
Net change	\$ 13,014
Balance at December 31, 2018	\$ 928,422

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:

	Discount Rate	Total OPEB Liability
1% Decrease	2.30%	\$ 986,834
Current	3.30	928,422
1% Increase	4.30	873,945

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

F. Other Postemployment Benefits (OPEB)

OPEB Liability Sensitivity (Continued)

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	5.50% Decreasing to 4.00%	\$ 851,170
Current	6.50% Decreasing to 5.00%	928,422
1% Increase	7.50% Decreasing to 6.00%	1,019,819

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

For the year ended December 31, 2018, the County recognized OPEB expense of \$73,999. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Employer contributions paid subsequent to the measurement date	\$ 87,013

The \$87,013 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, 2019.

Changes in Actuarial Assumptions

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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

F. Other Postemployment Benefits (OPEB)

Changes in Actuarial Assumptions (Continued)

- 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.

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.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2018 and 2019. 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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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4. Risk Management (Continued)

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 2018, 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.

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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

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-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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

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 he or she represents.

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.

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 2018.

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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

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 2018, Meeker County made \$42,272 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.

Central Minnesota Diagnostics, Inc.

The Meeker Memorial Hospital and other hospitals (all unrelated parties to the Hospital) formed a nonprofit 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 nonprofit 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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

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 2018, 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.

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, Cosmos, Granite Falls, Litchfield, Montevideo, and Willmar.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Coordinated Enforcement Effort VI Task Force (Continued)

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 \$234,062 to the System.

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

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. During 2018, Meeker County contributed \$155,848 to the CMJTS.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

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 2018, Meeker County contributed \$175,000 to CPT. Current financial information can be obtained from the Stevens County Auditor/Treasurer, 400 Colorado Avenue, Suite 303, Morris, Minnesota 56267.

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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

C. Tax Abatements (Continued)

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 \$7,322 for 2018. 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 2018. 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.

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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

C. Tax Abatements

First District Association (Continued)

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 \$9,227 for 2018. 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 \$919 for 2018. 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.

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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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6. Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies

Reporting Entities (Continued)

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, 2018. 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.

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, 2018, 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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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6. Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies

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

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, 2018, 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.

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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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6. Discretely Presented Component Unit Disclosures (Continued)

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, 2018, the EDA had the following investments:

	<u>Fair Value</u>	<u>Less Than 1 Year</u>
MAGIC Fund	\$ 1,558,333	\$ 1,558,333

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, 2018, the EDA's investments were not subject to custodial credit risk.

Concentration of Credit Risk

During 2018, the EDA did not have any investments in any one issue that represents five percent or more of the EDA's investments.

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, 2018, the EDA did not have any investments that had recurring fair value measurements. The EDA had the following investments measured at net asset value:

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

6. Discretely Presented Component Unit Disclosures

B. Detailed Notes on All Funds

1. Assets

Investments

Concentration of Credit Risk (Continued)

	December 31, 2018
Investments measured at the net asset value (NAV)	
MAGIC Portfolio	\$ 1,500,000
MAGIC Term	58,333
Total Investments Measured at the NAV	\$ 1,558,333

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

Receivables

Receivables at December 31, 2018, for the EDA, and at June 30, 2018, for the HRA, are as follows:

	EDA	HRA	Total Receivables
Accounts	\$ 771	\$ 2,924	\$ 3,695
Allowance for uncollectible	-	(995)	(995)
Total accounts – net	\$ 771	\$ 1,929	\$ 2,700
Accrued interest	4,476	-	4,476
Due from primary government	55,000	-	55,000
Total Component Units	\$ 60,247	\$ 1,929	\$ 62,176

**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. Component unit capital asset activity for the year ended December 31, 2018, for the EDA, and for the year ended June 30, 2018, 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				
EDA	\$ 155,988	\$ -	\$ 155,988	\$ -
HRA	63,966	-	-	63,966
Total capital assets not depreciated	<u>\$ 219,954</u>	<u>\$ -</u>	<u>\$ 155,988</u>	<u>\$ 63,966</u>
Capital assets depreciated				
Buildings and equipment				
EDA	\$ 5,262,676	\$ -	\$ 5,262,676	\$ -
HRA	1,418,244	3,886	-	1,422,130
Total capital assets depreciated	<u>\$ 6,680,920</u>	<u>\$ 3,886</u>	<u>\$ 5,262,676</u>	<u>\$ 1,422,130</u>
Less: accumulated depreciation for				
Buildings and equipment				
EDA	\$ 2,894,420	\$ 93,597	\$ 2,988,017	\$ -
HRA	1,068,733	53,347	-	1,122,080
Total accumulated depreciation	<u>\$ 3,963,153</u>	<u>\$ 146,944</u>	<u>\$ 2,988,017</u>	<u>\$ 1,122,080</u>
Total capital assets depreciated, net	<u>\$ 2,717,767</u>	<u>\$ (143,058)</u>	<u>\$ 2,274,659</u>	<u>\$ 300,050</u>
Total Capital Assets, Net	<u>\$ 2,937,721</u>	<u>\$ (143,058)</u>	<u>\$ 2,430,647</u>	<u>\$ 364,016</u>

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

EDA	\$ 93,597
HRA	<u>53,347</u>
Total Depreciation Expense	<u>\$ 146,944</u>

**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, 2018, 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.

Type of Indebtedness	Final Maturity	Interest Rate (%)	Original Issue Amount	Remaining Commitment
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, 2018.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Essential Function Housing Development Revenue Bonds for					
1998	\$ 976,904	\$ -	\$ 976,904	\$ -	\$ -
1999	826,217	-	826,217	-	-
2001	777,628	-	777,628	-	-
2002	614,435	-	614,435	-	-
Total Essential Function Housing Development Revenue Bonds	\$ 3,195,184	\$ -	\$ 3,195,184	\$ -	\$ -
Compensated absences	11,453	1,521	-	12,974	5,319
EDA Long-Term Liabilities	<u>\$ 3,206,637</u>	<u>\$ 1,521</u>	<u>\$ 3,195,184</u>	<u>\$ 12,974</u>	<u>\$ 5,319</u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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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 plan is a tax qualified plan 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 contributions for the General Employees Plan for the year ended December 31, 2018, were \$8,409. The contributions are equal to the contractually required contributions as set by state statute.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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6. Discretely Presented Component Unit Disclosures

B. Detailed Notes on All Funds

3. Defined Benefit Pension Plan (Continued)

c. Pension Costs

At December 31, 2018, the EDA reported a liability of \$91,638 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the EDA's proportion was 0.0017 percent. It was 0.0017 percent measured as of June 30, 2017. The EDA recognized pension expense of \$3,561 for its proportionate share of the General Employees Plan's pension expense.

The EDA also recognized \$701 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 for the fiscal years ended June 30, 2018 and 2019, and \$6 million thereafter, through calendar year 2031.

The EDA's proportionate share of the net pension liability	\$ 91,638
State of Minnesota's proportionate share of the net pension liability associated with the EDA	<u>3,006</u>
Total	<u>\$ 94,644</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	\$ 2,440	\$ 2,640
Changes in actuarial assumptions	8,652	10,343
Difference between projected and actual investment earnings	-	9,352
Contributions paid to PERA subsequent to the measurement date	4,208	-
Total	\$ 15,300	\$ 22,335

The \$4,208 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, 2019. 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
2019	\$ 2,632
2020	(5,077)
2021	(6,828)
2022	(1,970)

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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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 1.00 percentage point lower or 1.00 percentage point higher than the current discount rate:

	Proportionate Share of the General Employees Plan	
	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 148,924
Current	7.50	91,638
1% Increase	8.50	44,351

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.

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**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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 8,349,233	\$ 8,349,233	\$ 8,347,818	\$ (1,415)
Licenses and permits	91,985	91,985	108,859	16,874
Intergovernmental	2,025,491	2,025,491	2,201,426	175,935
Charges for services	1,674,898	1,674,898	1,660,105	(14,793)
Fines and forfeits	26,000	26,000	27,724	1,724
Gifts and contributions	200	200	684	484
Investment earnings	220,000	220,000	565,128	345,128
Miscellaneous	546,430	546,430	414,244	(132,186)
<b>Total Revenues</b>	<b>\$ 12,934,237</b>	<b>\$ 12,934,237</b>	<b>\$ 13,325,988</b>	<b>\$ 391,751</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 204,941	\$ 204,941	\$ 195,315	\$ 9,626
Courts	82,000	82,000	112,705	(30,705)
Law library	25,802	25,802	24,852	950
County administration	328,343	328,343	300,567	27,776
County auditor	275,043	275,043	302,432	(27,389)
County treasurer	389,643	389,643	377,267	12,376
County assessor	486,344	486,344	454,134	32,210
Accounting and auditing	71,000	71,000	55,016	15,984
Data processing	537,223	537,223	509,926	27,297
Central services	52,500	52,500	13,004	39,496
Attorney	857,860	857,860	791,492	66,368
Recorder	226,353	226,353	209,367	16,986
Surveyor	7,500	7,500	-	7,500
Planning and zoning	410,440	410,440	391,787	18,653
Maintenance	464,961	464,961	510,223	(45,262)
Veterans service officer	170,821	170,821	171,242	(421)
Appropriations	24,590	24,590	30,090	(5,500)
Other	423,149	423,149	391,576	31,573
<b>Total general government</b>	<b>\$ 5,038,513</b>	<b>\$ 5,038,513</b>	<b>\$ 4,840,995</b>	<b>\$ 197,518</b>
<b>Public safety</b>				
Sheriff	\$ 5,166,200	\$ 5,166,200	\$ 5,118,881	\$ 47,319
Coroner	66,865	66,865	59,790	7,075
Court services	572,355	572,355	559,196	13,159
E-911 system	127,552	127,552	123,227	4,325
Wireless communication	157,829	157,829	151,405	6,424
Emergency management	74,756	74,756	68,080	6,676
Appropriations	18,000	18,000	16,261	1,739
<b>Total public safety</b>	<b>\$ 6,183,557</b>	<b>\$ 6,183,557</b>	<b>\$ 6,096,840</b>	<b>\$ 86,717</b>

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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Culture and recreation</b>				
Appropriations	\$ 31,200	\$ 31,200	\$ 25,700	\$ 5,500
<b>Conservation of natural resources</b>				
Aquatic invasive species	\$ 335,172	\$ 335,172	\$ 314,590	\$ 20,582
County extension	201,968	201,968	186,103	15,865
Extension committee	2,561	2,561	2,509	52
Agricultural inspections	5,000	5,000	5,000	-
Appropriations	110,500	110,500	130,500	(20,000)
<b>Total conservation of natural resources</b>	<b>\$ 655,201</b>	<b>\$ 655,201</b>	<b>\$ 638,702</b>	<b>\$ 16,499</b>
<b>Economic development</b>				
Community development	\$ 92,250	\$ 92,250	\$ 92,250	\$ -
Appropriations	26,000	26,000	26,000	-
<b>Total economic development</b>	<b>\$ 118,250</b>	<b>\$ 118,250</b>	<b>\$ 118,250</b>	<b>\$ -</b>
<b>Intergovernmental</b>				
General government	\$ 78,000	\$ 78,000	\$ 60,679	\$ 17,321
<b>Total Expenditures</b>	<b>\$ 12,104,721</b>	<b>\$ 12,104,721</b>	<b>\$ 11,781,166</b>	<b>\$ 318,055</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 829,516</b>	<b>\$ 829,516</b>	<b>\$ 1,544,822</b>	<b>\$ 709,806</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(829,516)	(829,516)	(829,516)	-
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 715,306</b>	<b>\$ 709,806</b>
<b>Fund Balance – January 1, restated (Note 1.H.)</b>	<b>9,252,140</b>	<b>9,252,140</b>	<b>9,252,140</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 9,252,140</b>	<b>\$ 9,252,140</b>	<b>\$ 9,967,446</b>	<b>\$ 715,306</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT A-2*

**BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,833,255	\$ 1,833,255	\$ 1,838,347	\$ 5,092
Intergovernmental	4,537,376	4,537,376	6,483,153	1,945,777
Charges for services	555,000	555,000	581,456	26,456
Miscellaneous	75,000	75,000	173,782	98,782
<b>Total Revenues</b>	<b>\$ 7,000,631</b>	<b>\$ 7,000,631</b>	<b>\$ 9,076,738</b>	<b>\$ 2,076,107</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
GIS	\$ 94,848	\$ 94,848	\$ 83,252	\$ 11,596
<b>Highways and streets</b>				
Administration	\$ 419,082	\$ 419,082	\$ 335,775	\$ 83,307
Maintenance	2,033,258	2,033,258	2,182,996	(149,738)
Engineering/construction	2,804,826	2,804,826	4,412,980	(1,608,154)
Equipment, maintenance, and shop	1,248,617	1,248,617	1,591,361	(342,744)
<b>Total highways and streets</b>	<b>\$ 6,505,783</b>	<b>\$ 6,505,783</b>	<b>\$ 8,523,112</b>	<b>\$ (2,017,329)</b>
<b>Intergovernmental</b>				
Highways and streets	440,000	440,000	511,562	(71,562)
<b>Total Expenditures</b>	<b>\$ 7,040,631</b>	<b>\$ 7,040,631</b>	<b>\$ 9,117,926</b>	<b>\$ (2,077,295)</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (40,000)</b>	<b>\$ (40,000)</b>	<b>\$ (41,188)</b>	<b>\$ (1,188)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	40,000	40,000	40,000	-
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,188)</b>	<b>\$ (1,188)</b>
<b>Fund Balance – January 1</b>	<b>3,390,053</b>	<b>3,390,053</b>	<b>3,390,053</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>(14,227)</b>	<b>(14,227)</b>
<b>Fund Balance – December 31</b>	<b>\$ 3,390,053</b>	<b>\$ 3,390,053</b>	<b>\$ 3,374,638</b>	<b>\$ (15,415)</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT A-3*

**BUDGETARY COMPARISON SCHEDULE  
HUMAN SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 3,016,937	\$ 3,016,937	\$ 2,950,936	\$ (66,001)
Intergovernmental	3,260,978	3,260,978	3,721,460	460,482
Charges for services	644,595	644,595	566,133	(78,462)
Miscellaneous	208,834	208,834	-	(208,834)
<b>Total Revenues</b>	<b>\$ 7,131,344</b>	<b>\$ 7,131,344</b>	<b>\$ 7,238,529</b>	<b>\$ 107,185</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 2,208,816	\$ 2,208,816	\$ 2,066,476	\$ 142,340
Social services	5,145,013	5,145,013	4,780,277	364,736
<b>Total Expenditures</b>	<b>\$ 7,353,829</b>	<b>\$ 7,353,829</b>	<b>\$ 6,846,753</b>	<b>\$ 507,076</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (222,485)</b>	<b>\$ (222,485)</b>	<b>\$ 391,776</b>	<b>\$ 614,261</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	(500,000)	(500,000)
<b>Net Change in Fund Balance</b>	<b>\$ (222,485)</b>	<b>\$ (222,485)</b>	<b>\$ (108,224)</b>	<b>\$ 114,261</b>
<b>Fund Balance – January 1</b>	<b>6,750,604</b>	<b>6,750,604</b>	<b>6,750,604</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 6,528,119</b>	<b>\$ 6,528,119</b>	<b>\$ 6,642,380</b>	<b>\$ 114,261</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

***EXHIBIT A-4***

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFITS  
DECEMBER 31, 2018**

	<u>2018</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 75,415
Interest	31,166
Benefit payments	<u>(93,567)</u>
<b>Net change in total OPEB liability</b>	<b>\$ 13,014</b>
<b>Total OPEB Liability – Beginning, as restated</b>	<u><b>915,408</b></u>
<b>Total OPEB Liability – Ending</b>	<u><u><b>\$ 928,422</b></u></u>
Covered-employee payroll	\$ 10,754,574
Total OPEB liability (asset) as a percentage of covered-employee payroll	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, 2018**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>State's Proportionate Share of the Net Pension Liability Associated with Meeker County (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)</b>	<b>Covered Payroll (c)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
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, 2018**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b – a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
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, 2018**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>State's Proportionate Share of the Net Pension Liability Associated with the Meeker County EDA (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)</b>	<b>Covered Payroll (c)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
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, 2018**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
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 EDA'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, 2018**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2018	0.138 %	\$ 1,468,806	\$ 1,451,821	101.17 %	88.84 %
2017	0.137	1,849,663	1,411,033	131.09	85.43
2016	0.143	5,738,839	1,381,373	415.44	63.88
2015	0.144	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, 2018**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b – a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
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, 2018**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2018	0.36 %	\$ 58,420	\$ 725,472	8.05 %	97.64 %
2017	0.35	997,504	693,823	143.77	67.89
2016	0.35	1,278,599	654,007	195.50	58.16
2015	0.37	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, 2018**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
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, 2018

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, 2018:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Major governmental funds			
General Fund			
General government			
Courts	\$ 112,705	\$ 82,000	\$ 30,705
County auditor	302,432	275,043	27,389
Maintenance	510,223	464,961	45,262
Veterans service officer	171,242	170,821	421
Appropriations	30,090	24,590	5,500
Conservation of natural resources			
Appropriations	130,500	110,500	20,000
Road and Bridge Special Fund Revenue Fund			
Highways and streets			
Maintenance	2,182,996	2,033,258	149,738
Engineering/construction	4,412,980	2,804,826	1,608,154
Equipment, maintenance, and shop	1,591,361	1,248,617	342,774
Intergovernmental			
Highways and streets	511,562	440,000	71,562

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Other Postemployment Benefits Funded Status

In 2018, Meeker County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. See Note 3.F. in the notes to the financial statements for additional information regarding the County's other postemployment benefits.

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

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

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.

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

2018

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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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

General Employees Retirement Plan

2018 (Continued)

- 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.

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.
- 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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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

General Employees Retirement Plan

2016 (Continued)

- 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

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.
- 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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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

Public Employees Police and Fire Plan (Continued)

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 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.
- 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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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

Public Employees Police and Fire Plan

2017 (Continued)

- 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

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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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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 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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 677,840	\$ 677,840	\$ 678,541	\$ 701
Intergovernmental	50,110	50,110	70,798	20,688
<b>Total Revenues</b>	<b>\$ 727,950</b>	<b>\$ 727,950</b>	<b>\$ 749,339</b>	<b>\$ 21,389</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 780,000	\$ 780,000	\$ 780,000	\$ -
Interest	46,600	46,600	46,600	-
Administrative and fiscal charges	1,350	1,350	950	400
<b>Total Expenditures</b>	<b>\$ 827,950</b>	<b>\$ 827,950</b>	<b>\$ 827,550</b>	<b>\$ 400</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (100,000)</b>	<b>\$ (100,000)</b>	<b>\$ (78,211)</b>	<b>\$ 21,789</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	100,000	100,000	-	(100,000)
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (78,211)</b>	<b>\$ (78,211)</b>
<b>Fund Balance – January 1</b>	<b>772,814</b>	<b>772,814</b>	<b>772,814</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 772,814</b>	<b>\$ 772,814</b>	<b>\$ 694,603</b>	<b>\$ (78,211)</b>

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**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.

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**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, 2018**

	<u>County Parks</u>	<u>Regional Library</u>	<u>County Nurse</u>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 190,343	\$ 61,043	\$ 433,329
Taxes receivable			
Delinquent	-	3,885	-
Special assessments receivable			
Delinquent	-	-	-
Noncurrent	-	-	-
Accounts receivable	9,702	-	171
Accrued interest receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	202,834
Notes receivable	12,000	-	-
Loans receivable	-	-	-
Prepaid items	-	-	-
<b>Total Assets</b>	<b><u>\$ 212,045</u></b>	<b><u>\$ 64,928</u></b>	<b><u>\$ 636,334</u></b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 3,441	\$ -	\$ 7,020
Salaries payable	2,596	-	47,072
Due to other funds	3	-	261
Due to other governments	-	-	-
Due to component unit	-	-	-
Advances from other funds	-	-	-
<b>Total Liabilities</b>	<b><u>\$ 6,040</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 54,353</u></b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	\$ -	\$ 2,942	\$ 108,919
Prepaid property taxes	-	787	-
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ -</u></b>	<b><u>\$ 3,729</u></b>	<b><u>\$ 108,919</u></b>

**EXHIBIT C-1**

<b>Special Revenue Funds</b>						
<b>Ditch</b>	<b>Transfer Station</b>	<b>Family Services Building</b>	<b>Septic System Loan Program</b>	<b>Sheriff's Contingent</b>	<b>Revolving Loan</b>	<b>Total</b>
\$ 10,047	\$ 725,378	\$ 564,071	\$ 115,736	\$ 10,940	\$ 1,371,553	\$ 3,482,440
-	-	2,180	-	-	-	6,065
63,785	-	-	-	-	-	63,785
40,694	-	-	328,965	-	-	369,659
-	18,473	-	-	-	-	28,346
-	-	-	-	-	4,202	4,202
2,053	-	-	-	-	-	2,053
46,955	1,200	-	-	37	-	251,026
-	-	-	-	-	-	12,000
-	-	-	-	-	117,785	117,785
-	-	1,523	-	-	-	1,523
<b>\$ 163,534</b>	<b>\$ 745,051</b>	<b>\$ 567,774</b>	<b>\$ 444,701</b>	<b>\$ 10,977</b>	<b>\$ 1,493,540</b>	<b>\$ 4,338,884</b>
\$ 16,223	\$ 792	\$ 15,863	\$ -	\$ -	\$ -	\$ 43,339
2,013	2,912	5,529	-	-	-	60,122
6,769	5,840	-	-	-	-	12,873
-	358	-	-	-	-	358
-	-	-	-	-	55,000	55,000
85,000	-	-	-	-	-	85,000
<b>\$ 110,005</b>	<b>\$ 9,902</b>	<b>\$ 21,392</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 55,000</b>	<b>\$ 256,692</b>
\$ 41,184	\$ -	\$ 1,600	\$ 328,965	\$ -	\$ 117,785	\$ 601,395
-	-	455	-	-	-	1,242
<b>\$ 41,184</b>	<b>\$ -</b>	<b>\$ 2,055</b>	<b>\$ 328,965</b>	<b>\$ -</b>	<b>\$ 117,785</b>	<b>\$ 602,637</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	<b>County Parks</b>	<b>Regional Library</b>	<b>County Nurse</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b> (Continued)			
<b>Fund Balances</b>			
Nonspendable			
Prepaid items	\$ -	\$ -	\$ -
Notes receivable	12,000	-	-
Restricted for			
Law enforcement – Sheriff contingencies	-	-	-
Ditch maintenance and construction	-	-	-
Committed for			
Regional library	-	61,199	-
Assigned to			
General government	-	-	-
Sanitation	-	-	-
Health	-	-	473,062
Culture and recreation	194,005	-	-
Economic development	-	-	-
Unassigned	-	-	-
<b>Total Fund Balances</b>	<b>\$ 206,005</b>	<b>\$ 61,199</b>	<b>\$ 473,062</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 212,045</b>	<b>\$ 64,928</b>	<b>\$ 636,334</b>

**EXHIBIT C-1**  
**(Continued)**

<b>Special Revenue Funds</b>						
<b>Ditch</b>	<b>Transfer Station</b>	<b>Family Services Building</b>	<b>Septic System Loan Program</b>	<b>Sheriff's Contingent</b>	<b>Revolving Loan</b>	<b>Total</b>
\$ -	\$ -	\$ 1,523	\$ -	\$ -	\$ -	\$ 1,523
-	-	-	-	-	-	12,000
-	-	-	-	10,977	-	10,977
197,214	-	-	-	-	-	197,214
-	-	-	-	-	-	61,199
-	-	542,804	-	-	-	542,804
-	735,149	-	115,736	-	-	850,885
-	-	-	-	-	-	473,062
-	-	-	-	-	-	194,005
-	-	-	-	-	1,320,755	1,320,755
(184,869)	-	-	-	-	-	(184,869)
<b>\$ 12,345</b>	<b>\$ 735,149</b>	<b>\$ 544,327</b>	<b>\$ 115,736</b>	<b>\$ 10,977</b>	<b>\$ 1,320,755</b>	<b>\$ 3,479,555</b>
<b>\$ 163,534</b>	<b>\$ 745,051</b>	<b>\$ 567,774</b>	<b>\$ 444,701</b>	<b>\$ 10,977</b>	<b>\$ 1,493,540</b>	<b>\$ 4,338,884</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>County Parks</u>	<u>Regional Library</u>	<u>County Nurse</u>
<b>Revenues</b>			
Taxes	\$ -	\$ 211,220	\$ -
Special assessments	-	-	-
Intergovernmental	-	23,068	653,466
Charges for services	97,283	-	314,483
Fines and forfeits	-	-	-
Gifts and contributions	18,880	-	-
Investment earnings	-	-	-
Miscellaneous	7,838	-	13,258
<b>Total Revenues</b>	<b>\$ 124,001</b>	<b>\$ 234,288</b>	<b>\$ 981,207</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	\$ -	\$ -	\$ -
Sanitation	-	-	-
Health	-	-	1,582,137
Culture and recreation	321,118	234,062	-
Conservation of natural resources	-	-	-
Economic development	-	-	-
<b>Debt service</b>			
Principal	-	-	-
Interest	-	-	-
<b>Total Expenditures</b>	<b>\$ 321,118</b>	<b>\$ 234,062</b>	<b>\$ 1,582,137</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (197,117)</b>	<b>\$ 226</b>	<b>\$ (600,930)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	\$ 191,119	\$ -	\$ 598,397
Loans issued	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 191,119</b>	<b>\$ -</b>	<b>\$ 598,397</b>
<b>Net Change in Fund Balance</b>	<b>\$ (5,998)</b>	<b>\$ 226</b>	<b>\$ (2,533)</b>
<b>Fund Balance – January 1, restated (Note 1.H.)</b>	<b>212,003</b>	<b>60,973</b>	<b>475,595</b>
<b>Fund Balance – December 31</b>	<b>\$ 206,005</b>	<b>\$ 61,199</b>	<b>\$ 473,062</b>

**EXHIBIT C-2**

<b>Special Revenue Funds</b>						
<b>Ditch</b>	<b>Transfer Station</b>	<b>Family Services Building</b>	<b>Septic System Loan Program</b>	<b>Sheriff's Contingent</b>	<b>Revolving Loan</b>	<b>Total</b>
\$ -	\$ -	\$ 129,597	\$ -	\$ -	\$ -	\$ 340,817
178,842	-	-	88,358	-	-	267,200
-	72,782	13,918	-	-	-	763,234
-	277,078	-	-	-	-	688,844
-	-	-	-	1,377	-	1,377
-	-	-	-	-	-	18,880
-	-	-	-	-	4,203	4,203
6,405	-	356,147	-	-	27,931	411,579
<b>\$ 185,247</b>	<b>\$ 349,860</b>	<b>\$ 499,662</b>	<b>\$ 88,358</b>	<b>\$ 1,377</b>	<b>\$ 32,134</b>	<b>\$ 2,496,134</b>
\$ -	\$ -	\$ 396,344	\$ -	\$ -	\$ -	\$ 396,344
-	500,999	-	123,377	-	-	624,376
-	-	-	-	-	-	1,582,137
-	-	-	-	-	-	555,180
200,657	-	-	-	-	-	200,657
-	-	-	-	-	102,500	102,500
-	-	-	28,751	-	-	28,751
3,400	-	-	4,574	-	-	7,974
<b>\$ 204,057</b>	<b>\$ 500,999</b>	<b>\$ 396,344</b>	<b>\$ 156,702</b>	<b>\$ -</b>	<b>\$ 102,500</b>	<b>\$ 3,497,919</b>
<b>\$ (18,810)</b>	<b>\$ (151,139)</b>	<b>\$ 103,318</b>	<b>\$ (68,344)</b>	<b>\$ 1,377</b>	<b>\$ (70,366)</b>	<b>\$ (1,001,785)</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 789,516
-	-	-	117,878	-	-	117,878
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 117,878</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 907,394</b>
<b>\$ (18,810)</b>	<b>\$ (151,139)</b>	<b>\$ 103,318</b>	<b>\$ 49,534</b>	<b>\$ 1,377</b>	<b>\$ (70,366)</b>	<b>\$ (94,391)</b>
<b>31,155</b>	<b>886,288</b>	<b>441,009</b>	<b>66,202</b>	<b>9,600</b>	<b>1,391,121</b>	<b>3,573,946</b>
<b>\$ 12,345</b>	<b>\$ 735,149</b>	<b>\$ 544,327</b>	<b>\$ 115,736</b>	<b>\$ 10,977</b>	<b>\$ 1,320,755</b>	<b>\$ 3,479,555</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT C-3*

**BUDGETARY COMPARISON SCHEDULE  
COUNTY PARKS SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 106,564	\$ 106,564	\$ 97,283	\$ (9,281)
Gifts and contributions	-	-	18,880	18,880
Miscellaneous	3,600	3,600	7,838	4,238
<b>Total Revenues</b>	<b>\$ 110,164</b>	<b>\$ 110,164</b>	<b>\$ 124,001</b>	<b>\$ 13,837</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Culture and recreation</b>				
Parks	303,783	303,783	321,118	(17,335)
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (193,619)</b>	<b>\$ (193,619)</b>	<b>\$ (197,117)</b>	<b>\$ (3,498)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	191,119	191,119	191,119	-
<b>Net Change in Fund Balance</b>	<b>\$ (2,500)</b>	<b>\$ (2,500)</b>	<b>\$ (5,998)</b>	<b>\$ (3,498)</b>
<b>Fund Balance – January 1</b>	<b>212,003</b>	<b>212,003</b>	<b>212,003</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 209,503</b>	<b>\$ 209,503</b>	<b>\$ 206,005</b>	<b>\$ (3,498)</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT C-4*

**BUDGETARY COMPARISON SCHEDULE  
REGIONAL LIBRARY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 213,359	\$ 213,359	\$ 211,220	\$ (2,139)
Intergovernmental	<u>20,703</u>	<u>20,703</u>	<u>23,068</u>	<u>2,365</u>
<b>Total Revenues</b>	<b>\$ 234,062</b>	<b>\$ 234,062</b>	<b>\$ 234,288</b>	<b>\$ 226</b>
<b>Expenditures</b>				
<b>Current</b>				
Culture and recreation	<u>234,062</u>	<u>234,062</u>	<u>234,062</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 226</b>	<b>\$ 226</b>
<b>Fund Balance – January 1</b>	<b><u>60,973</u></b>	<b><u>60,973</u></b>	<b><u>60,973</u></b>	<b><u>-</u></b>
<b>Fund Balance – December 31</b>	<b><u><u>\$ 60,973</u></u></b>	<b><u><u>\$ 60,973</u></u></b>	<b><u><u>\$ 61,199</u></u></b>	<b><u><u>\$ 226</u></u></b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT C-5*

**BUDGETARY COMPARISON SCHEDULE  
COUNTY NURSE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 554,550	\$ 554,550	\$ 653,466	\$ 98,916
Charges for services	284,650	284,650	314,483	29,833
Miscellaneous	154,500	154,500	13,258	(141,242)
<b>Total Revenues</b>	<b>\$ 993,700</b>	<b>\$ 993,700</b>	<b>\$ 981,207</b>	<b>\$ (12,493)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Health</b>				
Nursing service	1,592,097	1,592,097	1,582,137	9,960
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (598,397)</b>	<b>\$ (598,397)</b>	<b>\$ (600,930)</b>	<b>\$ (2,533)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	598,397	598,397	598,397	-
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,533)</b>	<b>\$ (2,533)</b>
<b>Fund Balance – January 1</b>	<b>475,595</b>	<b>475,595</b>	<b>475,595</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 475,595</b>	<b>\$ 475,595</b>	<b>\$ 473,062</b>	<b>\$ (2,533)</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT C-6*

**BUDGETARY COMPARISON SCHEDULE  
TRANSFER STATION SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 72,000	\$ 72,000	\$ 72,782	\$ 782
Charges for services	<u>138,132</u>	<u>138,132</u>	<u>277,078</u>	<u>138,946</u>
<b>Total Revenues</b>	<b>\$ 210,132</b>	<b>\$ 210,132</b>	<b>\$ 349,860</b>	<b>\$ 139,728</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Sanitation</b>				
Solid waste	<u>230,132</u>	<u>230,132</u>	<u>500,999</u>	<u>(270,867)</u>
<b>Net Change in Fund Balance</b>	<b>\$ (20,000)</b>	<b>\$ (20,000)</b>	<b>\$ (151,139)</b>	<b>\$ (131,139)</b>
<b>Fund Balance – January 1</b>	<u>886,288</u>	<u>886,288</u>	<u>886,288</u>	<u>-</u>
<b>Fund Balance – December 31</b>	<u><u>\$ 866,288</u></u>	<u><u>\$ 866,288</u></u>	<u><u>\$ 735,149</u></u>	<u><u>\$ (131,139)</u></u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT C-7*

**BUDGETARY COMPARISON SCHEDULE  
FAMILY SERVICES BUILDING SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 131,150	\$ 131,150	\$ 129,597	\$ (1,553)
Intergovernmental	11,982	11,982	13,918	1,936
Miscellaneous	359,664	359,664	356,147	(3,517)
<b>Total Revenues</b>	<b>\$ 502,796</b>	<b>\$ 502,796</b>	<b>\$ 499,662</b>	<b>\$ (3,134)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Central services	502,796	502,796	396,344	106,452
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 103,318</b>	<b>\$ 103,318</b>
<b>Fund Balance – January 1</b>	<b>441,009</b>	<b>441,009</b>	<b>441,009</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 441,009</b>	<b>\$ 441,009</b>	<b>\$ 544,327</b>	<b>\$ 103,318</b>

**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, 2018**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>TAXES AND PENALTIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 830,128	\$ 17,424,625	\$ 17,777,013	\$ 477,740
<b><u>Liabilities</u></b>				
Due to other governments	\$ 830,128	\$ 17,424,625	\$ 17,777,013	\$ 477,740
 <b><u>STATE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 128,860	\$ 2,537,802	\$ 2,500,814	\$ 165,848
<b><u>Liabilities</u></b>				
Due to other governments	\$ 128,860	\$ 2,537,802	\$ 2,500,814	\$ 165,848
 <b><u>OTHER AGENCY</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 22,688	\$ -	\$ -	\$ 22,688
<b><u>Liabilities</u></b>				
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, 2018**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b><u>SELECT ACCOUNT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ 95,049</u>	<u>\$ 98,069</u>	<u>\$ 92,471</u>	<u>\$ 100,647</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ 95,049</u>	<u>\$ 98,069</u>	<u>\$ 92,471</u>	<u>\$ 100,647</u>
 <b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ 1,076,725</u>	<u>\$ 20,060,496</u>	<u>\$ 20,370,298</u>	<u>\$ 766,923</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ 1,076,725</u>	<u>\$ 20,060,496</u>	<u>\$ 20,370,298</u>	<u>\$ 766,923</u>

**ECONOMIC DEVELOPMENT AUTHORITY**

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

***EXHIBIT E-1***

**STATEMENT OF NET POSITION  
ECONOMIC DEVELOPMENT AUTHORITY  
DECEMBER 31, 2018**

**Assets**

Cash and pooled investments	\$ 2,007,161
Accounts receivable	771
Accrued interest receivable	4,476
Due from primary government	55,000
Prepaid items	19,776
	<hr/>
<b>Total Assets</b>	<b>\$ 2,087,184</b>

**Deferred Outflows of Resources**

Deferred pension outflows	\$ 15,300
	<hr/>

**Liabilities**

**Current liabilities**

Accounts payable	\$ 692
Salaries payable	4,676
Compensated absences payable – current	5,319
	<hr/>

<b>Total current liabilities</b>	<b>\$ 10,687</b>
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**Noncurrent liabilities**

Compensated absences payable – long-term	\$ 7,655
Net pension liability	91,638
	<hr/>

<b>Total noncurrent liabilities</b>	<b>\$ 99,293</b>
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<b>Total Liabilities</b>	<b>\$ 109,980</b>
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**Deferred Inflows of Resources**

Deferred pension inflows	\$ 22,335
	<hr/>

**Net Position**

Unrestricted	\$ 1,970,169
	<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, 2018**

<b>Operating Revenues</b>	
Administrative fees	\$ 27,500
Tenant rents	368,711
Intergovernmental revenue	92,250
Miscellaneous	4,090
	<hr/>
<b>Total Operating Revenues</b>	<b>\$ 492,551</b>
<b>Operating Expenses</b>	
Personal services	\$ 121,842
Employee benefits and payroll taxes	28,370
General services – repairs and maintenance	28,906
Administration and fiscal services	6,058
Other services and charges	3,592
Supplies	3,088
Management and caretaking	12,868
Real estate taxes	31,274
Snowplowing	15,413
Telephone	2,450
Utilities	1,691
Water	3,847
Advertising	677
Background checks	67
Insurance	30,449
Licenses and dues	3,209
Interest	234
Miscellaneous	230,668
Web site and internet	1,508
Depreciation	93,597
	<hr/>
<b>Total Operating Expenses</b>	<b>\$ 619,808</b>
<b>Operating Income (Loss)</b>	<b>\$ (127,257)</b>
<b>Nonoperating Revenues (Expenses)</b>	
Investment earnings	\$ 18,242
Management fees	2,400
Intergovernmental	701
Other income	104,304
Interest expense	(64,863)
Gain (loss) on sale of capital assets	2,529,352
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 2,590,136</b>
<b>Change in Net Position</b>	<b>\$ 2,462,879</b>
<b>Net Position – January 1</b>	<b>(492,710)</b>
	<hr/>
<b>Net Position – December 31</b>	<b>\$ 1,970,169</b>
	<hr/> <hr/>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT E-3**

**STATEMENT OF CASH FLOWS  
ECONOMIC DEVELOPMENT AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2018  
Increase (Decrease) in Cash and Cash Equivalents**

<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 417,172
Payments to suppliers	(376,632)
Payments to employees	(153,447)
Other nonoperating revenue	107,405
	<hr/>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (5,502)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Principal paid on long-term debt	\$ (3,195,184)
Interest paid on long-term debt	(67,941)
Proceeds from sale of capital assets	4,960,000
	<hr/>
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>\$ 1,696,875</b>
<b>Cash Flows from Investing Activities</b>	
Investment earnings received	\$ 15,168
	<hr/>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 1,706,541</b>
<b>Cash and Cash Equivalents, January 1</b>	<b>300,620</b>
	<hr/>
<b>Cash and Cash Equivalents, December 31</b>	<b>\$ 2,007,161</b>
	<hr/>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>	
<b>Operating income (loss)</b>	<b>\$ (127,257)</b>
	<hr/>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>	
Depreciation expense	\$ 93,597
Other nonoperating revenue	107,405
(Increase) decrease in accounts receivable	325
(Increase) decrease in prepaid items	15,023
(Increase) decrease in due from primary government	(27,500)
Increase (decrease) in customer deposits	(48,204)
Increase (decrease) in accounts payable	(15,656)
Increase (decrease) in salaries payable	92
Increase (decrease) in compensated absences payable	1,521
Increase (decrease) in net pension liability	(16,084)
Increase (decrease) in deferred outflows	10,924
Increase (decrease) in deferred inflows	312
	<hr/>
<b>Total adjustments</b>	<b>\$ 121,755</b>
	<hr/>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (5,502)</b>
	<hr/>

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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, 2018**

**Appropriations and Shared Revenue**

**State**

Highway users tax	\$	6,280,538
County program aid		1,097,906
Market value credit – agricultural		308,831
PERA rate reimbursement		92,178
Disparity reduction aid		14,558
Police aid		163,852
Aquatic invasive species		349,712
E-911		98,333
		8,405,908

**Total appropriations and shared revenue** **\$ 8,405,908**

**Reimbursement for Services**

**State**

Minnesota Department of Human Services	\$	1,085,128
Minnesota Department of Transportation		4,961
		4,961

**Total reimbursement for services** **\$ 1,090,089**

**Local**

Local contributions	\$	100,645
Payments in lieu of taxes		114,807
		215,452

**Total local** **\$ 215,452**

**Grants**

**State**

Minnesota Department/Board of		
Corrections	\$	159,733
Public Safety		15,784
Health		191,419
Natural Resources		33,308
Secretary of State		55,740
Human Services		779,951
Water and Soil Resources		37,769
Veterans Affairs		10,000
Peace Officer Standards and Training		23,925
Pollution Control Agency		103,659
		1,411,288

**Total state** **\$ 1,411,288**

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT F-1  
(Continued)**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Grants (Continued)**

**Federal**

Department of Agriculture	\$ 341,570
Justice	59,099
Transportation	11,463
Education	2,098
Health and Human Services	1,701,849
Homeland Security	21,088
Social Security Administration	1,402

**Total federal** **\$ 2,138,569**

**Total state and federal grants** **\$ 3,549,857**

**Total Intergovernmental Revenue** **\$ 13,261,306**

**Intergovernmental Revenue**

Governmental funds	\$ 13,248,371
Proprietary fund	12,935

**Total Intergovernmental Revenue** **\$ 13,261,306**

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT F-2**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>			
Passed through Meeker-McLeod-Sibley Community Health Services Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Not Provided	\$ 122,793
Passed through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	182MN101S2514	<u>162,766</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>\$ 285,559</u></b>
<b>U.S. Department of Justice</b>			
Direct Bulletproof Vest Partnership Program	16.607		\$ 1,561
Passed through Minnesota Department of Public Safety Crime Victim Assistance	16.575	A-CVS-2018- MEEKERAO-00036	<u>57,538</u>
<b>Total U.S. Department of Justice</b>			<b><u>\$ 59,099</u></b>
<b>U.S. Department of Transportation</b>			
Passed through City of Glencoe, Minnesota Highway Safety Cluster State and Community Highway Safety (Total State and Community Highway Safety CFDA 20.600 \$11,463)	20.600	A-ENFRC16-2016- GLENCOPD-0052	\$ 153
Passed through Minnesota Department of Public Safety Highway Safety Cluster State and Community Highway Safety (Total State and Community Highway Safety CFDA 20.600 \$11,463)	20.600	F-SAFE18-2018-MEEKERCO	<u>11,310</u>
<b>Total U.S. Department of Transportation</b>			<b><u>\$ 11,463</u></b>
<b>U.S. Department of Education</b>			
Passed through Meeker-McLeod-Sibley Community Health Services Special Education – Grants for Infants and Families	84.181	Not Provided	<b><u>\$ 2,746</u></b>

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

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT F-2  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>
<b>U.S. Department of Health and Human Services</b>			
Passed through Meeker-McLeod-Sibley Community Health Services			
Public Health Emergency Preparedness	93.069	Not Provided	\$ 7,994
Universal Newborn Hearing Screening	93.251	Not Provided	750
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	Not Provided	175
TANF Cluster			
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 \$209,228)	93.558	Not Provided	35,963
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Not Provided	89,950
Maternal and Child Health Services Block Grant to the States	93.994	Not Provided	30,680
Passed through Minnesota Department of Health			
Small Rural Hospital Improvement Grant Program	93.301	Not Provided	8,400
Passed through Minnesota Department of Human Services			
Promoting Safe and Stable Families TANF Cluster	93.556	G-1701MNFSS	3,479
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 \$209,228)	93.558	1801MNTANF	173,265
Child Support Enforcement	93.563	1804MNCSES	95,530
Child Support Enforcement (Total Child Support Enforcement CFDA 93.563 \$368,433)	93.563	1804MNCES	272,903
CCDF Cluster			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1801MNCCDF	5,442
Community-Based Child Abuse Prevention Grants	93.590	G-1702MNERPG	1,971
Basic Health Program (Affordable Care Act)	93.640	7530-20182-09-93640	3,000
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1701MNCWSS	2,802
Foster Care – Title IV-E	93.658	1801MNFOST	131,494
Social Services Block Grant	93.667	G-1801MNSOSR	110,851
Chafee Foster Care Independence Program	93.674	G-1801MNCILP	3,208
Children's Health Insurance Program	93.767	1805MN5R21	313
Medicaid Cluster			
Medical Assistance Program	93.778	1805MN5MAP	15,095
Medical Assistance Program (Total Medical Assistance Program CFDA 93.778 \$703,352)	93.778	1805MN5ADM	688,257
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 1,681,522</b>

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

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT F-2  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>
<b>U.S. Social Security Administration</b>			
Passed through Minnesota Department of Employment and Economic Development			
Disability Insurance/SSI Cluster			
Social Security – Disability Insurance	96.001	Not Provided	<u>\$ 1,402</u>
<b>U.S. Department of Homeland Security</b>			
Passed through Minnesota Department of Public Safety			
Emergency Management Performance Grants	97.042	F-EMPG-2018- MEEKERCO-049	<u>\$ 21,088</u>
<b>Total Federal Awards</b>			<u><u>\$ 2,062,879</u></u>
<b>Totals by Cluster</b>			
Total expenditures for SNAP Cluster			\$ 162,766
Total expenditures for Highway Safety Cluster			11,463
Total expenditures for TANF Cluster			209,228
Total expenditures for CCDF Cluster			5,442
Total expenditures for Medicaid Cluster			703,352
Total expenditures for Disability Insurance/SSI Cluster			1,402

Meeker County did not pass any federal awards through to subrecipients during the year ended December 31, 2018.

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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1. 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 \$263,428 in federal awards during the year ended June 30, 2018, which are not included in the Schedule of Expenditures of Federal Awards because the HRA was audited by other auditors.

2. 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, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Meeker County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Meeker County.

3. Summary of Significant Accounting Policies

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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 2,138,569
Grants received more than 60 days after year-end, unavailable in 2018	
Special Supplemental Nutrition Program for Women, Infants, and Children	55,827
Special Education – Grants for Infants and Families	648
Universal Newborn Hearing Screening	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
Chafee Foster Care Independence Program	200
Unavailable in 2017, recognized as revenue in 2018	
Special Supplemental Nutrition Program for Women, Infants, and Children	(72,054)
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	(39,784)
Environmental Public Health and Emergency Response	(2,203)
Promoting Safe and Stable Families	(1,499)
Temporary Assistance for Needy Families	(43,302)
Child Support Enforcement	(50,715)
Community-Based Child Abuse Prevention Grants	(631)
Stephanie Tubbs Jones Child Welfare Services Program	(783)
	(783)
Expenditures Per Schedule of Expenditures of Federal Awards	\$ 2,062,879



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**MEEKER COUNTY**

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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

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, 2018, including the Meeker County Housing and Redevelopment Authority as of and for the year ended June 30, 2018, 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 21, 2019. 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.

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 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 1996-002, that we consider 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**

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

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 *Minnesota Legal Compliance Audit Guide for Counties*, except as described in the Schedule of Findings and Questioned Costs as item 1996-001. 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.

### **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

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

August 21, 2019

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JULIE BLAHA  
STATE AUDITOR

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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, 2018. 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 \$263,428 in federal awards during the year ended June 30, 2018, 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, 2018.

#### ***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 2018-001. 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 2018-001, 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 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 21, 2019

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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? **No**
- 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, 2018

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding Number 1996-002

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.

**View of Responsible Official:** Concur

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2018

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS**

ITEM ARISING THIS YEAR

Finding Number 2018-001

Procurement, Suspension, and Debarment

**Programs:** U.S. Department of Agriculture's State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA No. 10.561), Award No. 182MN101S2514, 2018

U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778), Award No. 1805MN5ADM, 2018

**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 three procurement transactions tested over \$3,000, the following exceptions were detected in two of the three tested items:

- The history of procurement was not documented.
- No documentation to demonstrate full and open competition was available, nor did the County document a rationale to limit competition.
- For the two transactions tested over \$25,000, the County did not document verification that the vendors were not debarred, suspended, or whether other exclusions existed.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2018

Five micro-purchases (under \$3,000) procurement transactions were also tested. Four of these items did not have documentation to demonstrate equitable distribution was considered among qualified suppliers.

**Questioned Costs:** None.

**Context:** A sample of three vendors within the small purchase threshold were tested for the Medical Assistance Program and the Supplemental Nutrition Assistance Program; two of these vendors were also tested for suspension and debarment.

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 understands the federal procurement requirements and adheres to the compliance requirement as is economically reasonable; however, the documentation that was maintained was not able to demonstrate complete compliance.

**Recommendation:** We recommend the County maintain quotes and/or bids received for a procurement project or document why quotes or bids were not considered necessary (sole source), and provide reasonable explanations and provide equitable distribution for micro-purchases. We further recommend the County maintain documentation to demonstrate that vendors were not debarred, suspended, or otherwise excluded from conducting business with the County.

**View of Responsible Official:** Concur

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2018

**IV. OTHER FINDINGS AND RECOMMENDATIONS**

MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding Number 1996-001

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.

**Condition:** Eleven of the 53 individual drainage systems had deficit cash balances totaling \$140,474, an increase of \$64,422 from the \$76,052 deficit reported in the prior year. Five of the 53 individual drainage systems had deficit equity balances totaling \$184,869, an increase of \$65,637 from the \$119,232 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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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

**V. PREVIOUSLY REPORTED ITEMS RESOLVED**

- 2017-001 Audit Adjustment
- 2017-002 Prompt Payment of Invoices
- 2017-003 Electronic Funds Transfer Policy
- 2017-004 Collateral Assignments



**MEEKER COUNTY TREASURER**

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

SHARON M EUERLE  
County Treasurer

KATA DAHLMAN  
Finance & Accounting Specialist

**REPRESENTATION OF MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Finding Number: 1996-002**  
**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: 2018-001**  
**Finding Title: Procurement, Suspension, and Debarment**  
**Program: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA No. 10.561) and Medical Assistance Program (CFDA No. 93.778)**

Name of Contact Person Responsible for Corrective Action:

Paul Bukovich, Social Service Director

Corrective Action Planned:

Meeker County has had a long standing Purchase Policy. The county adopted the Federal Procurement Policy in 2018. It is a complex requirement and Meeker is working towards compliance.

Anticipated Completion Date: On-going

**Finding Number: 1996-001**

**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:

The county has taken a more aggressive approach to increase individual ditch repair fund balances and pre-billing landowner assessments for our full-time inspector's salary. Systems in their final stage of redetermination of benefits at year-end were assessed mid-year 2019.

Anticipated Completion Date: On-going



**MEEKER COUNTY TREASURER**

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

SHARON M EUERLE  
County Treasurer

KATA DAHLMAN  
Finance & Accounting Specialist

**REPRESENTATION OF MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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: 2017-001**  
**Finding Title: Audit Adjustment**

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

**Summary of Corrective Action Previously Reported:** Highway Funding Classifications flowchart will be used to ensure funding is accounted for properly based on the SAAS Status Report.

**Status:** Fully Corrected. Corrective action was taken.

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:** Sixteen of the 53 individual drainage systems had deficit cash balances totaling \$76,052. Eleven of the 53 individual drainage systems had deficit equity balances totaling \$119,232.

**Summary of Corrective Action Previously Reported:** The County has taken a more aggressive approach to increase individual ditch repair fund balances. The county has also pre-billed assessments to the ditch systems for the full time inspector’s salary.

**Status:** Partially Corrected. Continuing the above previous year corrective action plan, along with systems in their final stage of redetermination of benefits at year-end were assessed mid-year 2019.

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

**Finding Number: 2017-002**

**Finding Title: Prompt Payment of Invoices**

**Summary of Condition:** Four of the 25 invoices tested for compliance with Minn. Stat. §471.425 were not paid within 35 days.

**Summary of Corrective Action Previously Reported:** Management has implemented a corrected procedure, including discussions with the two departments where late payment was noted.

**Status:** Fully Corrected. Corrective action was taken.

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

**Finding Number: 2017-003**

**Finding Title: Electronic Funds Transfer Policy**

**Summary of Condition:** The County Board has not established written policies and procedures regarding the use of electronic funds transfers.

**Summary of Corrective Action Previously Reported:** The County Board will approve written policies and procedures regarding the use of electronic funds transfers.

**Status:** Fully Corrected. Corrective action was taken.

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

**Finding Number: 2017-004**

**Finding Title: Collateral Assignments**

**Summary of Condition:** Meeker County held pledge agreements at banks that did not contain the language required by Minn. Stat. § 118A.03, subd. 4.

**Summary of Corrective Action Previously Reported:** Requests were made to the bank to add appropriate verbiage to be in compliance with Minn. Stat. § 118A.03, subd. 4.

**Status:** Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes \_\_\_\_\_ No   X

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**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, 2018, 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 21, 2019.

### **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**

The *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested in connection with the audit of the EDA's financial statements: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for contracting and bidding or tax increment financing because the EDA did not enter into any contracts that were subject to legal requirements as stipulated by Minnesota statutes, and the EDA does not administer any tax increment financing districts. The testing of compliance with the provisions of the other categories was performed in conjunction with the audit of the financial statements of Meeker County.

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 *Minnesota Legal Compliance Audit Guide for Counties*. 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.

## **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 21, 2019