

# STATE OF MINNESOTA

## Office of the State Auditor



**Rebecca Otto**  
**State Auditor**

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

**YEAR ENDED DECEMBER 31, 2015**

## **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 150 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 700 public pension funds; and

**Tax Increment Financing** - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

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

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

**Year Ended December 31, 2015**



**Audit Practice Division**  
**Office of the State Auditor**  
**State of Minnesota**

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<b>Introductory Section</b>		
Organization Schedule - Meeker County		1
Organization Schedule - Economic Development Authority		2
<b>Financial Section</b>		
Independent Auditor's Report		3
Management's Discussion and Analysis		7
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	1	15
Statement of Activities	2	17
Fund Financial Statements		
Governmental Funds		
Balance Sheet	3	19
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position--Governmental Activities	4	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	5	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities--Governmental Activities	6	28
Proprietary Fund		
Meeker Memorial Hospital Enterprise Fund		
Statement of Fund Net Position	7	29
Statement of Revenues, Expenses, and Changes in Fund Net Position	8	31
Statement of Cash Flows	9	32
Fiduciary Funds		
Statement of Fiduciary Net Position	10	34
Discretely Presented Component Units		
Combining Statement of Net Position	11	35
Combining Statement of Activities	12	37
Notes to the Financial Statements		39

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

TABLE OF CONTENTS

	Exhibit	Page
<b>Financial Section (Continued)</b>		
Required Supplementary Information		
Budgetary Comparison Schedules		
General Fund	A-1	100
Road and Bridge Special Revenue Fund	A-2	102
Human Services Special Revenue Fund	A-3	103
Schedule of Funding Progress - Other Postemployment Benefits	A-4	104
PERA General Employees Retirement Fund		
Schedule of Proportionate Share of Net Pension Liability	A-5	105
Schedule of Contributions	A-6	105
Economic Development Authority		
Schedule of Proportionate Share of Net Pension Liability	A-7	106
Schedule of Contributions	A-8	106
PERA Public Employees Police and Fire Fund		
Schedule of Proportionate Share of Net Pension Liability	A-9	107
Schedule of Contributions	A-10	107
PERA Public Employees Correctional Fund		
Schedule of Proportionate Share of Net Pension Liability	A-11	108
Schedule of Contributions	A-12	108
Notes to the Required Supplementary Information		109
Supplementary Information		
Budgetary Comparison Schedule - Debt Service Fund	B-1	111
Nonmajor Governmental Funds		
Combining Balance Sheet	C-1	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	C-2	118
Budgetary Comparison Schedules		
County Parks Special Revenue Fund	C-3	120
Regional Library Special Revenue Fund	C-4	121
County Nurse Special Revenue Fund	C-5	122
Transfer Station Special Revenue Fund	C-6	123
Family Services Building Special Revenue Fund	C-7	124
Fiduciary Funds		
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	D-1	126

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

TABLE OF CONTENTS

	Exhibit	Page
<b>Financial Section</b>		
Supplementary Information (Continued)		
Economic Development Authority		
Statement of Net Position	E-1	128
Statement of Revenues, Expenses, and Changes in Net Position	E-2	130
Statement of Cash Flows	E-3	131
Other Schedules		
Schedule of Intergovernmental Revenue	F-1	133
Schedule of Expenditures of Federal Awards	F-2	135
Notes to the Schedule of Expenditures of Federal Awards		138
<b>Management and Compliance Section</b>		
Meeker County		
Schedule of Findings and Questioned Costs		140
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		147
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance		150
Economic Development Authority		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		153

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**ORGANIZATION SCHEDULE  
DECEMBER 31, 2015**

			<u>Term Expires</u>
<b>Elected</b>			
Commissioners			
Board Member	Beth Oberg	District 1	December 2018
Vice Chair	Dale Fenrich	District 2	December 2016
Chair	Bryan Larson	District 3	December 2016
Board Member	Mike Housman	District 4	December 2016
Board Member	Mike Huberty	District 5	December 2018
Auditor	Barbara Loch		December 2018
Treasurer	Sharon Euerle		December 2018
Recorder	Christine Paul		December 2018
Sheriff	Brian Cruze		December 2018
Attorney	Brandi Schiefelbein		December 2018
<b>Appointed</b>			
Assessor	Joe Udermann		Indefinite
Court Administrator	Debra Mueske		Indefinite
Coroner/Medical Examiner	A. Quinn Strobl, M.D.		December 2017
Examiner of Titles	Mark Wood		Indefinite
Highway Engineer	Ronald Mortensen		May 2018
Surveyor	Doug Huhn		December 2016
Veterans Service Officer	Donald Dufner		December 2017
Social Services Director	Paul Bukovich		Indefinite
Emergency Management Director	Dan Miller		Indefinite
Department of Motor Vehicles			
Registrar	Sharon Euerle		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, 2015**

Board Member	Reid Danielson	City of Dassel
Board Member	Barb Hagemeyer	City of Eden Valley
Board Member	Mike Housman	Meeker County Commissioner
Board Member	Mike Doering	City of Litchfield
Board Member	Mike Huberty	Meeker County Commissioner
Board Member	Chuck Lietzau	City of Cosmos
Board Member	Gloria Palmer	City of Grove City
President	Mark Smith	City of Darwin
Board Member	Chuck Unterberger	City of Watkins
Executive Director	David Krueger	



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REBECCA OTTO  
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, 2015, including the Meeker County Housing and Redevelopment Authority as of and for the year ended June 30, 2015, 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 11 percent and 32 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports thereon 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, is 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, 2015, including the Meeker County Housing and Redevelopment Authority as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows 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.E. to the financial statements, in 2015 the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 82, *Pension Issues*, 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 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 reports dated August 17, 2016, 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 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 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/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

August 17, 2016

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

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015  
(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, 2015. 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 of Meeker County exceeded its liabilities on December 31, 2015, by \$98,777,075 (net position). Of this amount, \$36,647,971 (unrestricted net position) may be used to meet Meeker County's ongoing obligations to citizens and creditors.
- Meeker County's total net position decreased by \$7,789,069 in 2015. This is attributed primarily to increase in activity offset by the prior period adjustment for the pension liability.
- As of the close of 2015, Meeker County's governmental funds reported combined ending fund balances. Of this fund balance amount, \$19,159,705 was unrestricted by Meeker County, and thus available for spending at the government's discretion.
- At the end of 2015, unassigned fund balance for the General Fund was \$7,398,278, or 71.60 percent, of the total General Fund expenditures for that year.
- Meeker County's total debt decreased by \$1,351,663. The key factors in the decrease were payment on principal and no new debt. This results in a decrease of 4.54 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 and liabilities, 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 Economic Development Authority and the Housing and Redevelopment Authority for which Meeker County is legally accountable. Further financial information for the 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 financial-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 15 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 ten 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 99 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 exceeded liabilities by \$98,777,075 at the close of 2015. The largest portion of Meeker County's net position (59.44 percent) reflects the County's net investment in capital assets (for example, land, buildings, equipment, and infrastructure such as roads and bridges), less any related debt used to acquire those assets that is still outstanding. However, it should be noted that these assets are not available for future spending or for liquidating any remaining debt.

### Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and other assets	\$ 25,374,629	\$ 23,423,458	\$ 40,463,616	\$ 36,288,936	\$ 65,838,245	\$ 59,712,394
Capital assets	62,983,061	60,841,296	22,098,122	23,608,823	85,081,183	84,450,119
<b>Total Assets</b>	<b>\$ 88,357,690</b>	<b>\$ 84,264,754</b>	<b>\$ 62,561,738</b>	<b>\$ 59,897,759</b>	<b>\$ 150,919,428</b>	<b>\$ 144,162,513</b>
Deferred Outflows of Resources	\$ 1,406,534	\$ -	\$ 1,206,096	\$ -	\$ 2,612,630	\$ -
<b>Liabilities</b>						
Long-term liabilities	\$ 15,514,901	\$ 8,028,812	\$ 32,682,278	\$ 24,540,829	\$ 48,197,179	\$ 32,569,641
Other liabilities	1,551,788	2,125,837	2,899,489	2,900,891	4,451,277	5,026,728
<b>Total Liabilities</b>	<b>\$ 17,066,689</b>	<b>\$ 10,154,649</b>	<b>\$ 35,581,767</b>	<b>\$ 27,441,720</b>	<b>\$ 52,648,456</b>	<b>\$ 37,596,369</b>
Deferred Inflows of Resources	\$ 1,146,665	\$ -	\$ 959,862	\$ -	\$ 2,106,527	\$ -
<b>Net Position</b>						
Net investment in capital assets	\$ 58,653,649	\$ 55,667,346	\$ 59,964	\$ (932,006)	\$ 58,713,613	\$ 54,735,340
Restricted	3,226,225	2,592,787	189,266	2,072,962	3,415,491	4,665,749
Unrestricted	9,670,996	15,849,972	26,976,975	31,315,083	36,647,971	47,165,055
<b>Total Net Position, as reported</b>	<b>\$ 71,550,870</b>	<b>\$ 74,110,105</b>	<b>\$ 27,226,205</b>	<b>\$ 32,456,039</b>	<b>\$ 98,777,075</b>	<b>\$ 106,566,144</b>
Change in accounting principle*		(7,940,114)		(8,227,181)		(16,167,295)
<b>Total Net Position, as restated</b>		<b>\$ 66,169,991</b>		<b>\$ 24,228,858</b>		<b>\$ 90,398,849</b>

\*This is the first year the County implemented the new pension accounting and financial reporting standards in GASB Statements 68, 71, and 82. The County had to make a prior year change in accounting principles to record the County's net pension liability and related deferred outflows of resources.

The unrestricted net position amount of \$36,647,971 as of December 31, 2015, may be used to meet the County's ongoing obligations to citizens and creditors. The business-type activities reported in 2015 are comprised of the Meeker Memorial Hospital, an enterprise fund of the primary government.



## Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 5,751,183	\$ 4,930,325	\$ 31,902,563	\$ 31,043,349	\$ 37,653,746	\$ 35,973,674
Operating grants and contributions	9,074,862	8,474,155	-	-	9,074,862	8,474,155
Capital grants and contributions	1,989,368	353,968	-	-	1,989,368	353,968
General revenues						
Property taxes	13,201,297	12,728,883	-	-	13,201,297	12,728,883
Gravel taxes	107,211	87,183	-	-	107,211	87,183
Mortgage registry taxes	16,784	13,244	-	-	16,784	13,244
Other taxes	112,953	122,581	-	-	112,953	122,581
Grants and contributions not restricted to specific programs	1,271,689	1,193,905	-	-	1,271,689	1,193,905
Gifts and contributions	-	-	29,759	25,224	29,759	25,224
Investment income	223,272	393,179	344,368	306,968	567,640	700,147
Gain on sale of capital assets	-	-	27,871	24,519	27,871	24,519
Miscellaneous	365,038	301,999	-	-	365,038	301,999
<b>Total Revenues</b>	<b>\$ 32,113,657</b>	<b>\$ 28,599,422</b>	<b>\$ 32,304,561</b>	<b>\$ 31,400,060</b>	<b>\$ 64,418,218</b>	<b>\$ 59,999,482</b>
<b>Expenses</b>						
General government	\$ 5,438,796	\$ 5,429,102	\$ -	\$ -	\$ 5,438,796	\$ 5,429,102
Public safety	5,942,586	5,984,299	-	-	5,942,586	5,984,299
Highways and streets	5,775,551	4,782,585	-	-	5,775,551	4,782,585
Sanitation	350,657	296,233	-	-	350,657	296,233
Human services	6,459,712	6,325,778	-	-	6,459,712	6,325,778
Hospital	-	-	29,307,214	28,203,264	29,307,214	28,203,264
Health	1,547,999	1,613,983	-	-	1,547,999	1,613,983
Culture and recreation	469,249	452,812	-	-	469,249	452,812
Conservation of natural resources	468,575	372,967	-	-	468,575	372,967
Economic development	188,536	118,500	-	-	188,536	118,500
Interest	91,117	103,729	-	-	91,117	103,729
<b>Total Expenses</b>	<b>\$ 26,732,778</b>	<b>\$ 25,479,988</b>	<b>\$ 29,307,214</b>	<b>\$ 28,203,264</b>	<b>\$ 56,039,992</b>	<b>\$ 53,683,252</b>
<b>Increase in Net Position</b>	<b>\$ 5,380,879</b>	<b>\$ 3,119,434</b>	<b>\$ 2,997,347</b>	<b>\$ 3,196,796</b>	<b>\$ 8,378,226</b>	<b>\$ 6,316,230</b>
Net Position - January 1, as restated (*Note below)	66,169,991	70,990,671	24,228,858	29,259,243	90,398,849	100,249,914
Net Position - December 31, as reported	\$ 71,550,870	\$ 74,110,105	\$ 27,226,205	\$ 32,456,039	\$ 98,777,075	\$ 106,566,144

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

### **Governmental Activities**

Meeker County's governmental activities decreased the County's net position during 2015 by \$2,559,235, including the restatement of net position.

### **Business-Type Activities**

Business-type activities of the Meeker Memorial Hospital decreased Meeker County's net position by \$5,229,834, accounting for 67.14 percent of the total loss in the County's net position. This change was a result of the restated January 1 net position. Charges for services increased \$859,214, or 2.77 percent, while expenses were up \$1,103,950, or 3.91 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 \$21,479,936, an increase of \$1,867,955 in comparison with the prior year. Of the ending fund balance, \$7,380,607 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 \$7,398,278, while total fund balance was \$8,455,598. 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 71.6 percent of total General Fund expenditures. The ending fund balance for 2015 in the General Fund increased by \$1,013,995 as compared to the 2014 ending balance.

The Road and Bridge Special Revenue Fund's fund balance at the end of the current fiscal year was \$3,277,167. The ending fund balance in the Road and Bridge Special Revenue Fund decreased by \$146,664. This is primarily due to increased intergovernmental revenue.

The Human Services Special Revenue Fund's fund balance at the end of the current fiscal year was \$5,026,900. The ending fund balance in the Human Services Special Revenue Fund increased by \$608,481, primarily due to increased revenue.

The Debt Service Fund's fund balance at the end of the current fiscal year was \$731,014. The ending fund balance in the Debt Service Fund increased by \$21,280.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

There are no differences between the original expenditure budget and the final amended budget. (Meeker County did not amend the 2015 expenditure budget.)

Actual revenues in the General Fund were more than budgeted revenues by \$571,792, primarily due to an overall increase in intergovernmental and miscellaneous revenues over budgeted amounts.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Meeker County's capital assets for its governmental activities at December 31, 2015, totaled \$62,983,061 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The County's governmental investment in capital assets increased \$2,141,765, or 3.52 percent, from the previous year. The major capital asset event was infrastructure.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,672,434	\$ 2,542,374	\$ 1,963,928	\$ 1,963,928	\$ 4,636,362	\$ 4,506,302
Land improvements	-	-	605,631	695,897	605,631	695,897
Infrastructure	44,336,602	41,356,380	-	-	44,336,602	41,356,380
Buildings	9,781,053	10,292,701	14,820,373	16,040,659	24,601,426	26,333,360
Buildings improvements	2,718,648	2,713,383	-	-	2,718,648	2,713,383
Machinery, equipment, and office furniture	3,332,540	3,773,505	4,347,856	4,908,339	7,680,396	8,681,844
Construction in progress	141,784	162,953	360,334	-	502,118	162,953
Total Capital Assets	\$ 62,983,061	\$ 60,841,296	\$ 22,098,122	\$ 23,608,823	\$ 85,081,183	\$ 84,450,119

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 \$28,442,137. 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	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 3,290,000	\$ 3,815,000	\$ -	\$ -	\$ 3,290,000	\$ 3,815,000
General obligation capital notes	995,000	1,310,000	-	-	995,000	1,310,000
Gross revenue hospital facilities bonds	-	-	23,770,000	24,315,000	23,770,000	24,315,000
Loan payable	387,137	353,800	-	-	387,137	353,800
Total	\$ 4,672,137	\$ 5,478,800	\$ 23,770,000	\$ 24,315,000	\$ 28,442,137	\$ 29,793,800

The County's debt related to general obligation bonds, gross revenue hospital facilities bonds, capital notes, and loans decreased by \$1,351,663, or 4.54 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 2015, 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 2015 was 5.0 percent, which represents an increase of 0.5 percent from the rate of one year ago. This compares with the state unemployment rate of 3.7 percent.

By the end of 2015, Meeker County approved its balanced 2016 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 Auditor, 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, 2015**

	<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	\$ 20,291,102	\$ 7,971,710	\$ 28,262,812	\$ 290,311
Petty cash and change funds	2,690	-	2,690	-
Investments	-	-	-	141,000
Taxes receivable				
Delinquent - net	288,174	-	288,174	-
Special assessments receivable				
Delinquent - net	982	-	982	-
Noncurrent - net	242,377	-	242,377	-
Accounts receivable - net	151,365	4,206,384	4,357,749	14,809
Accrued interest receivable	122,027	-	122,027	872
Due from other governments	3,363,528	-	3,363,528	-
Due from primary government	-	-	-	27,500
Due from component unit	52	-	52	-
Notes receivable	306,000	-	306,000	-
Loans receivable	115,891	-	115,891	203,341
Advance to component unit	101,670	-	101,670	-
Inventories	267,502	553,989	821,491	-
Prepaid items	121,269	285,239	406,508	38,906
Restricted assets				
Investments	-	24,696,049	24,696,049	-
Restricted by bond indenture	-	1,947,853	1,947,853	-
Restricted by donor	-	94,266	94,266	-
Investment in joint venture	-	708,126	708,126	-
Capital assets				
Non-depreciable	2,814,218	2,324,262	5,138,480	219,954
Depreciable - net of accumulated depreciation	60,168,843	19,773,860	79,942,703	2,837,610
<b>Total Assets</b>	<b>\$ 88,357,690</b>	<b>\$ 62,561,738</b>	<b>\$ 150,919,428</b>	<b>\$ 3,774,303</b>
<b><u>Deferred Outflows of Resources</u></b>				
Deferred pension outflows	<b>\$ 1,406,534</b>	<b>\$ 1,206,096</b>	<b>\$ 2,612,630</b>	<b>\$ 12,246</b>



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 1  
(Continued)**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

	<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	\$ 577,013	\$ 870,931	\$ 1,447,944	\$ 8,423
Salaries payable	486,508	1,640,097	2,126,605	4,280
Contracts payable	95,003	-	95,003	-
Due to other governments	147,279	-	147,279	4,094
Due to primary government	-	-	-	52
Due to component unit	27,500	-	27,500	-
Accrued interest payable	35,479	226,077	261,556	3,106
Estimated third-party payor settlements	-	162,384	162,384	-
Other accrued liabilities	-	-	-	2,686
Unearned revenue	183,006	-	183,006	384
Payables from restricted assets				
Customer deposits	-	-	-	55,829
Long-term liabilities				
Due within one year	1,655,968	570,000	2,225,968	181,725
Due in more than one year	4,927,901	23,416,011	28,343,912	3,588,474
Net pension liability	8,397,297	8,696,267	17,093,564	90,364
Other postemployment benefits	533,735	-	533,735	-
<b>Total Liabilities</b>	<b>\$ 17,066,689</b>	<b>\$ 35,581,767</b>	<b>\$ 52,648,456</b>	<b>\$ 3,939,417</b>
<b><u>Deferred Inflows of Resources</u></b>				
Deferred pension inflows	<b>\$ 1,146,665</b>	<b>\$ 959,862</b>	<b>\$ 2,106,527</b>	<b>\$ 11,585</b>
<b><u>Net Position</u></b>				
Net investment in capital assets	\$ 58,653,649	\$ 59,964	\$ 58,713,613	\$ (502,004)
Restricted for				
General government	371,151	-	371,151	-
Public safety	110,727	-	110,727	-
Highways and streets	1,718,283	-	1,718,283	-
Sanitation	146,588	-	146,588	-
Conservation of natural resources	148,462	-	148,462	-
Debt service	731,014	-	731,014	-
Restricted by bond indenture	-	95,000	95,000	-
Restricted by donor	-	94,266	94,266	-
Unrestricted	9,670,996	26,976,975	36,647,971	337,551
<b>Total Net Position</b>	<b>\$ 71,550,870</b>	<b>\$ 27,226,205</b>	<b>\$ 98,777,075</b>	<b>\$ (164,453)</b>

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

Page 16

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Program Revenues</b>		
	<b>Expenses</b>	<b>Fees, Charges, Fines, and Other</b>	<b>Operating Grants and Contributions</b>
<b><u>Functions/Programs</u></b>			
<b>Primary Government</b>			
<b>Governmental activities</b>			
General government	\$ 5,438,796	\$ 971,323	\$ 10,200
Public safety	5,942,586	1,242,369	467,975
Highways and streets	5,775,551	1,269,463	4,204,136
Sanitation	350,657	246,441	72,967
Human services	6,459,712	811,845	3,163,182
Health	1,547,999	477,050	752,140
Culture and recreation	469,249	77,243	100
Conservation of natural resources	468,575	161,037	404,162
Economic development	188,536	494,412	-
Interest	91,117	-	-
<b>Total governmental activities</b>	<b>\$ 26,732,778</b>	<b>\$ 5,751,183</b>	<b>\$ 9,074,862</b>
<b>Business-type activities</b>			
Meeker Memorial Hospital	29,307,214	31,902,563	-
<b>Total Primary Government</b>	<b>\$ 56,039,992</b>	<b>\$ 37,653,746</b>	<b>\$ 9,074,862</b>
<b>Discretely Presented Component Units</b>	<b>\$ 1,081,312</b>	<b>\$ 739,275</b>	<b>\$ 338,940</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 income  
Gain on disposal of capital assets  
Miscellaneous

**Total general revenues**

**Change in Net Position**

**Net Position - January 1, as restated (See Notes 1.E. and 8.A.)**

**Net Position - December 31**

**EXHIBIT 2**

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets			Discretely Presented Component Units
	Primary Government		Total	
	Governmental Activities	Business-Type Activities		
\$ -	\$ (4,457,273)	\$ -	\$ (4,457,273)	
-	(4,232,242)	-	(4,232,242)	
1,989,368	1,687,416	-	1,687,416	
-	(31,249)	-	(31,249)	
-	(2,484,685)	-	(2,484,685)	
-	(318,809)	-	(318,809)	
-	(391,906)	-	(391,906)	
-	96,624	-	96,624	
-	305,876	-	305,876	
-	(91,117)	-	(91,117)	
<b>\$ 1,989,368</b>	<b>\$ (9,917,365)</b>	<b>\$ -</b>	<b>\$ (9,917,365)</b>	
-	-	2,595,349	2,595,349	
<b>\$ 1,989,368</b>	<b>\$ (9,917,365)</b>	<b>\$ 2,595,349</b>	<b>\$ (7,322,016)</b>	
<b>\$ -</b>				<b>\$ (3,097)</b>
	\$ 13,201,297	\$ -	\$ 13,201,297	\$ -
	107,211	-	107,211	-
	16,784	-	16,784	-
	112,953	-	112,953	-
	1,271,689	-	1,271,689	-
	-	29,759	29,759	-
	223,272	344,368	567,640	2,226
	-	27,871	27,871	-
	365,038	-	365,038	-
	<b>\$ 15,298,244</b>	<b>\$ 401,998</b>	<b>\$ 15,700,242</b>	<b>\$ 2,226</b>
	\$ 5,380,879	\$ 2,997,347	\$ 8,378,226	\$ (871)
	<b>66,169,991</b>	<b>24,228,858</b>	<b>90,398,849</b>	<b>(163,582)</b>
	<b>\$ 71,550,870</b>	<b>\$ 27,226,205</b>	<b>\$ 98,777,075</b>	<b>\$ (164,453)</b>

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## **FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUNDS**

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	<b>General</b>	<b>Road and Bridge</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 7,896,896	\$ 2,596,865
Petty cash and change funds	2,690	-
Taxes receivable		
Delinquent - net	158,717	37,370
Special assessments receivable		
Delinquent - net	-	-
Noncurrent - net	-	-
Accounts receivable - net	39,496	-
Accrued interest receivable	122,027	-
Due from other funds	3,200	5,021
Due from other governments	377,967	2,406,841
Due from component unit	-	-
Notes receivable	300,000	-
Loans receivable	-	-
Inventories	-	267,502
Advance to component unit	-	-
Advances to other funds	11,891	-
Prepaid items	120,451	-
	<b>\$ 9,033,335</b>	<b>\$ 5,313,599</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 180,460	\$ 127,751
Salaries payable	248,034	63,324
Contracts payable	-	95,003
Due to other funds	273	2,152
Due to other governments	27,051	1,411
Due to component unit	-	-
Advances from other funds	-	-
Unearned revenue	-	-
	<b>\$ 455,818</b>	<b>\$ 289,641</b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	<b>\$ 121,919</b>	<b>\$ 1,746,791</b>



**EXHIBIT 3**

<u>Human Services</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,929,922	\$ 726,698	\$ 371,836	\$ 3,768,885	\$ 20,291,102
-	-	-	-	2,690
66,500	19,224	50	6,313	288,174
-	-	-	982	982
-	-	-	242,377	242,377
85,796	-	-	26,073	151,365
-	-	-	-	122,027
492	-	-	1,690	10,403
421,390	-	-	157,330	3,363,528
52	-	-	-	52
-	-	-	6,000	306,000
-	-	-	115,891	115,891
-	-	-	-	267,502
-	-	-	101,670	101,670
-	-	-	-	11,891
-	-	-	818	121,269
<u>\$ 5,504,152</u>	<u>\$ 745,922</u>	<u>\$ 371,886</u>	<u>\$ 4,428,029</u>	<u>\$ 25,396,923</u>
\$ 186,600	\$ -	\$ -	\$ 82,202	\$ 577,013
120,929	-	-	54,221	486,508
-	-	-	-	95,003
2,643	-	-	5,335	10,403
99,917	-	-	18,900	147,279
-	-	-	27,500	27,500
-	-	-	11,891	11,891
-	-	-	183,006	183,006
<u>\$ 410,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 383,055</u>	<u>\$ 1,538,603</u>
<u>\$ 67,163</u>	<u>\$ 14,908</u>	<u>\$ 41</u>	<u>\$ 427,562</u>	<u>\$ 2,378,384</u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	<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	\$ -	\$ 267,502
Prepaid items	120,451	-
Advances to other funds	11,891	-
Advances to component unit	-	-
Notes receivable	300,000	-
Missing heirs	3,717	-
Restricted for		
Debt service	-	-
Recorder's technology equipment	134,180	-
Recorder's compliance	232,187	-
Attorney forfeiture	26,015	-
Gravel tax	146,588	-
Sheriff contingencies	-	-
Permit to carry	77,507	-
Veterans grant	4,784	-
Ditch maintenance and construction	-	-
Committed for		
Regional library	-	-
Assigned to		
General government	-	-
Highways and streets	-	3,009,665
Sanitation	-	-
Human services	-	-
Health	-	-
Culture and recreation	-	-
Economic development	-	-
Capital projects	-	-
Unassigned	7,398,278	-
	<b>\$ 8,455,598</b>	<b>\$ 3,277,167</b>
<b>Total Fund Balances</b>	<b>\$ 8,455,598</b>	<b>\$ 3,277,167</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 9,033,335</b>	<b>\$ 5,313,599</b>

**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>
\$ -	\$ -	\$ -	\$ -	\$ 267,502
-	-	-	1,058	121,509
-	-	-	-	11,891
-	-	-	101,670	101,670
-	-	-	6,000	306,000
-	-	-	-	3,717
-	731,014	-	-	731,014
-	-	-	-	134,180
-	-	-	-	232,187
-	-	-	-	26,015
-	-	-	-	146,588
-	-	-	7,205	7,205
-	-	-	-	77,507
-	-	-	-	4,784
-	-	-	148,462	148,462
-	-	-	60,293	60,293
-	-	-	478,929	478,929
-	-	-	-	3,009,665
-	-	-	845,749	845,749
5,026,900	-	-	-	5,026,900
-	-	-	510,983	510,983
-	-	-	189,698	189,698
-	-	-	1,285,036	1,285,036
-	-	371,845	-	371,845
-	-	-	(17,671)	7,380,607
<u>\$ 5,026,900</u>	<u>\$ 731,014</u>	<u>\$ 371,845</u>	<u>\$ 3,617,412</u>	<u>\$ 21,479,936</u>
<u><u>\$ 5,504,152</u></u>	<u><u>\$ 745,922</u></u>	<u><u>\$ 371,886</u></u>	<u><u>\$ 4,428,029</u></u>	<u><u>\$ 25,396,923</u></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, 2015**

<b>Fund balance - total governmental funds</b>		<b>\$</b>	<b>21,479,936</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.			62,983,061
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.			2,378,384
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	\$	(3,330,420)	
Capital notes payable and any related unamortized discounts/premiums		(998,992)	
Loan payable		(387,137)	
Other postemployment benefits		(533,735)	
Compensated absences		(1,867,320)	
Net pension liability		(8,397,297)	
Accrued interest payable		(35,479)	(15,550,380)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.			
Deferred outflows related to pensions	\$	1,406,534	
Deferred inflows related to pensions		(1,146,665)	259,869
<b>Net Position of Governmental Activities</b>			<b>\$ 71,550,870</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>General</b>	<b>Road and Bridge</b>
<b>Revenues</b>		
Taxes	\$ 7,596,414	\$ 1,687,380
Special assessments	-	-
Licenses and permits	81,616	-
Intergovernmental	1,713,202	5,799,620
Charges for services	1,800,453	1,154,862
Fines and forfeitures	34,116	-
Gifts and contributions	10,200	-
Investment earnings	222,195	-
Miscellaneous	525,992	114,601
	<b>\$ 11,984,188</b>	<b>\$ 8,756,463</b>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 4,540,230	\$ -
Public safety	5,345,121	-
Highways and streets	-	8,512,812
Sanitation	-	-
Human services	-	-
Health	-	-
Culture and recreation	-	-
Conservation of natural resources	352,143	-
Economic development	91,000	-
<b>Capital outlay</b>	-	-
<b>Intergovernmental</b>	3,693	427,101
<b>Debt service</b>		
Principal	-	-
Interest	-	-
Administrative and fiscal charges	-	-
	<b>\$ 10,332,187</b>	<b>\$ 8,939,913</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 1,652,001</b>	<b>\$ (183,450)</b>

**EXHIBIT 5**

<b>Human Services</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 3,010,535	\$ 779,355	\$ 9	\$ 269,774	\$ 13,343,467
-	-	-	156,431	156,431
-	-	-	-	81,616
3,363,513	76,359	11,342	892,571	11,856,607
669,086	-	-	714,687	4,339,088
-	-	-	2,854	36,970
1,195	-	-	10,100	21,495
-	-	-	1,077	223,272
142,759	-	63,050	765,092	1,611,494
<b>\$ 7,187,088</b>	<b>\$ 855,714</b>	<b>\$ 74,401</b>	<b>\$ 2,812,586</b>	<b>\$ 31,670,440</b>
\$ -	\$ -	\$ -	\$ 419,638	\$ 4,959,868
-	-	-	-	5,345,121
-	-	-	-	8,512,812
-	-	-	316,531	316,531
6,578,607	-	-	-	6,578,607
-	-	-	1,615,133	1,615,133
-	-	-	464,424	464,424
-	-	-	109,935	462,078
-	-	-	97,536	188,536
-	-	57,553	-	57,553
-	-	-	-	430,794
-	840,000	-	34,863	874,863
-	91,133	-	6,717	97,850
-	3,301	-	-	3,301
<b>\$ 6,578,607</b>	<b>\$ 934,434</b>	<b>\$ 57,553</b>	<b>\$ 3,064,777</b>	<b>\$ 29,907,471</b>
<b>\$ 608,481</b>	<b>\$ (78,720)</b>	<b>\$ 16,848</b>	<b>\$ (252,191)</b>	<b>\$ 1,762,969</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>General</b>	<b>Road and Bridge</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	\$ -	\$ -
Transfers out	(638,006)	-
Loans issued	-	-
	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (638,006)</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,013,995</b>	<b>\$ (183,450)</b>
<b>Fund Balances - January 1</b>	<b>7,441,603</b>	<b>3,423,831</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>36,786</b>
	<b>-</b>	<b>36,786</b>
<b>Fund Balances - December 31</b>	<b>\$ 8,455,598</b>	<b>\$ 3,277,167</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>
\$ -	\$ 100,000	\$ -	\$ 638,006	\$ 738,006
-	-	(100,000)	-	(738,006)
-	-	-	68,200	68,200
<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ (100,000)</u>	<u>\$ 706,206</u>	<u>\$ 68,200</u>
\$ 608,481	\$ 21,280	\$ (83,152)	\$ 454,015	\$ 1,831,169
4,418,419	709,734	454,997	3,163,397	19,611,981
-	-	-	-	36,786
<u>\$ 5,026,900</u>	<u>\$ 731,014</u>	<u>\$ 371,845</u>	<u>\$ 3,617,412</u>	<u>\$ 21,479,936</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**

**Net change in fund balance - total governmental funds (Exhibit 5) \$ 1,831,169**

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

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	\$ 2,378,384	
Unavailable revenue - January 1	<u>(1,726,615)</u>	651,769

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	\$ 5,175,860	
Current year depreciation expense	<u>(3,034,095)</u>	2,141,765

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		(68,200)
---------------------	--	----------

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	\$ 525,000	
Capital notes	315,000	
Loan payable	<u>34,863</u>	874,863

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	\$ 5,496	
Amortization of discounts/premiums	4,538	
Change in compensated absences	126,136	
Change in inventories	36,786	
Change in other postemployment benefits	(26,129)	
Change in deferred pension outflows, as restated	993,972	
Change in deferred pension inflows	(1,146,665)	
Change in net pension liability, as restated	<u>(44,621)</u>	<u>(50,487)</u>

**Net Change in Net Position of Governmental Activities (Exhibit 2) \$ 5,380,879**

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

**PROPRIETARY FUND**

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 7**

**STATEMENT OF FUND NET POSITION  
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND  
DECEMBER 31, 2015**

**Assets**

**Current assets**

Cash and pooled investments	\$ 7,971,710
Accounts receivable - net	4,206,384
Inventories	553,989
Prepaid items	285,239
	<hr/>

**Total current assets** **\$ 13,017,322**

**Restricted assets**

Investments	\$ 24,696,049
Restricted by bond indenture	1,947,853
Restricted by donor	94,266
	<hr/>

**Total restricted assets** **\$ 26,738,168**

**Noncurrent assets**

Investment in joint venture	\$ 708,126
Capital assets	
Nondepreciable	2,324,262
Depreciable - net	19,773,860
	<hr/>

**Total noncurrent assets** **\$ 22,806,248**

**Total Assets** **\$ 62,561,738**

**Deferred Outflows of Resources**

Deferred pension outflows	<b>\$ 1,206,096</b>
	<hr/>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 7  
(Continued)**

**STATEMENT OF FUND NET POSITION  
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND  
DECEMBER 31, 2015**

**Liabilities**

**Current liabilities**

Accounts payable	\$ 870,931
Salaries payable	1,640,097
Accrued interest payable	226,077
Estimated third-party payor settlements	162,384
Bonds payable	570,000

**Total current liabilities** **\$ 3,469,489**

**Noncurrent liabilities**

Bonds payable	23,416,011
Net pension liability	8,696,267

**Total noncurrent liabilities** **\$ 32,112,278**

**Total Liabilities** **\$ 35,581,767**

**Deferred Inflows of Resources**

Deferred pension inflows	<b>\$ 959,862</b>
--------------------------	-------------------

**Net Position**

Net investment in capital assets	\$ 59,964
Restricted by bond indenture	95,000
Restricted by donor	94,266
Unrestricted	26,976,975

**Total Net Position** **\$ 27,226,205**

**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, 2015**

<b>Operating Revenues</b>	
Patient services revenues	\$ 31,481,606
Miscellaneous	420,957
	<hr/>
<b>Total Operating Revenues</b>	<b>\$ 31,902,563</b>
<b>Operating Expenses</b>	
Professional care of patients	\$ 18,645,692
Administration and fiscal services	5,065,748
Property, housekeeping, and laundry	1,470,175
Dietary	428,701
Depreciation	2,326,980
	<hr/>
<b>Total Operating Expenses</b>	<b>\$ 27,937,296</b>
<b>Operating Income (Loss)</b>	<b>\$ 3,965,267</b>
<b>Nonoperating Revenues (Expenses)</b>	
Noncapital contributions	\$ 29,759
Interest income	375,083
Unrealized gain (loss) on investments	(30,715)
Interest expense	(1,369,918)
Gain (loss) on disposal of assets and other	27,871
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (967,920)</b>
<b>Change in Net Position</b>	<b>\$ 2,997,347</b>
<b>Net Position - January 1, as restated (See Note 1.E.)</b>	<b>24,228,858</b>
	<hr/>
<b>Net Position - December 31</b>	<b>\$ 27,226,205</b>
	<hr/> <hr/>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 9**

**STATEMENT OF CASH FLOWS  
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Cash Flows from Operating Activities</b>	
Receipts from third-party payors and patients	\$ 31,375,598
Other receipts	555,424
Payments to suppliers	(12,039,685)
Payments to employees	<u>(13,172,643)</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ 6,718,694</u></b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchases of capital assets	\$ (816,279)
Contributions received restricted for capital assets	57,630
Principal payments on long-term debt	(545,000)
Interest paid	<u>(1,384,394)</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<b><u>\$ (2,688,043)</u></b>
<b>Cash Flows from Investing Activities</b>	
Proceeds from sales and maturities of investments	\$ 7,180,388
Purchase of investments	(9,279,245)
Investment earnings received	<u>375,083</u>
<b>Net cash provided by (used in) investing activities</b>	<b><u>\$ (1,723,774)</u></b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 2,306,877</b>
<b>Cash and Cash Equivalents, January 1</b>	<b><u>5,664,833</u></b>
<b>Cash and Cash Equivalents, December 31</b>	<b><u><u>\$ 7,971,710</u></u></b>



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

***EXHIBIT 9  
(Continued)***

**STATEMENT OF CASH FLOWS  
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
<b>Operating income (loss)</b>	<b>\$ <u>3,965,267</u></b>
 <b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>	
Depreciation expense	\$ 2,326,980
Equity in joint venture	(227,193)
Distributions received from joint venture	361,660
Provision for bad debts	910,354
(Increase) decrease in accounts receivable	(801,921)
(Increase) decrease in inventories	(4,438)
(Increase) decrease in prepaid items	(37,583)
(Increase) decrease in accounts payable	(16,767)
Increase (decrease) in salaries payable	234,464
(Increase) decrease in estimated third-party payor settlements	(214,441)
Increase (decrease) in net pension liability	<u>222,312</u>
 <b>Total adjustments</b>	 <b>\$ <u>2,753,427</u></b>
 <b>Net Cash Provided by (Used in) Operating Activities</b>	 <b>\$ <u><u>6,718,694</u></u></b>
 <b>Noncash Investing, Capital, and Financing Activities</b>	
Loss on disposal of capital assets	\$ 233,000
Unrealized losses on investments	(30,715)

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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, 2015**

	<u>Agency</u>
<b><u>Assets</u></b>	
Cash and pooled investments	\$ <u><u>560,266</u></u>
<b><u>Liabilities</u></b>	
Due to other governments	\$ <u><u>560,266</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, 2015**

	<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	\$ 221,602	\$ 68,709	\$ 290,311
Investments	141,000	-	141,000
Accounts receivable - net	11,831	2,978	14,809
Accrued interest receivable	872	-	872
Loans receivable	203,341	-	203,341
Due from primary government	27,500	-	27,500
Prepaid items	31,452	7,454	38,906
<b>Total current assets</b>	<b><u>\$ 637,598</u></b>	<b><u>\$ 79,141</u></b>	<b><u>\$ 716,739</u></b>
<b>Noncurrent assets</b>			
Capital assets			
Nondepreciable	\$ 155,988	\$ 63,966	\$ 219,954
Depreciable - net	2,563,088	274,522	2,837,610
<b>Total noncurrent assets</b>	<b><u>\$ 2,719,076</u></b>	<b><u>\$ 338,488</u></b>	<b><u>\$ 3,057,564</u></b>
<b>Total Assets</b>	<b><u>\$ 3,356,674</u></b>	<b><u>\$ 417,629</u></b>	<b><u>\$ 3,774,303</u></b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred pension outflows	<b><u>\$ 12,246</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,246</u></b>



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 11  
(Continued)**

**COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 2015**

	<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	\$ 5,880	\$ 2,543	\$ 8,423
Salaries payable	4,280	-	4,280
Due to primary government	52	-	52
Due to other governments	-	4,094	4,094
Accrued interest payable	3,106	-	3,106
Unearned revenue	-	384	384
Customer deposits	48,119	7,710	55,829
Other accrued liabilities	-	2,686	2,686
Compensated absences payable - current	2,989	-	2,989
Revenue bonds payable - current	178,736	-	178,736
<b>Total current liabilities</b>	<b>\$ 243,162</b>	<b>\$ 17,417</b>	<b>\$ 260,579</b>
<b>Noncurrent liabilities</b>			
Compensated absences payable - long-term	\$ 4,301	\$ -	\$ 4,301
Advance from primary government	101,670	-	101,670
Advance from contributors	101,671	-	101,671
Revenue bonds payable - long-term	3,380,832	-	3,380,832
Net pension liability	90,364	-	90,364
<b>Total noncurrent liabilities</b>	<b>\$ 3,678,838</b>	<b>\$ -</b>	<b>\$ 3,678,838</b>
<b>Total Liabilities</b>	<b>\$ 3,922,000</b>	<b>\$ 17,417</b>	<b>\$ 3,939,417</b>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred pension inflows	\$ 11,585	\$ -	\$ 11,585
<b><u>Net Position</u></b>			
Net investment in capital assets	\$ (840,492)	\$ 338,488	\$ (502,004)
Unrestricted	275,827	61,724	337,551
<b>Total Net Position</b>	<b>\$ (564,665)</b>	<b>\$ 400,212</b>	<b>\$ (164,453)</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Expenses</b>	<b>Fees, Charges, Fines, and Other</b>
<b><u>Functions/Programs</u></b>		
Economic Development Authority (EDA)	\$ 702,401	\$ 638,563
Housing and Redevelopment Authority (HRA)	378,911	100,712
<b>Total Component Units</b>	<b>\$ 1,081,312</b>	<b>\$ 739,275</b>
<b>General Revenues</b>		
Investment income		
<b>Change in Net Position</b>		
<b>Net Position - January 1, as restated</b>		
<b>(See Note 8.A.)</b>		
<b>Net Position - December 31</b>		

**EXHIBIT 12**

<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>EDA</b>	<b>HRA</b>	<b>Total</b>
\$ 91,000	\$ -	\$ 27,162	\$ -	\$ 27,162
247,940	-	-	(30,259)	(30,259)
<b>\$ 338,940</b>	<b>\$ -</b>	<b>\$ 27,162</b>	<b>\$ (30,259)</b>	<b>\$ (3,097)</b>
		2,138	88	2,226
		<b>\$ 29,300</b>	<b>\$ (30,171)</b>	<b>\$ (871)</b>
		<b>(593,965)</b>	<b>430,383</b>	<b>(163,582)</b>
		<b>\$ (564,665)</b>	<b>\$ 400,212</b>	<b>\$ (164,453)</b>

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015. 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 the 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 P. O. 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 7.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 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 general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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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, 2015, based on market prices. 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 2015 were \$222,195.

Meeker County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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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 applicable governmental funds to indicate the asset is not in spendable form.

All receivables, including those 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 2010 through 2015 and noncurrent special assessments in 2016 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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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)

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

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

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

4. Inventories and Prepaid Items

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

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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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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 estimated fair 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  
LITCHFIELD, MINNESOTA**

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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.

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. Currently, the County has one item, deferred pension outflows that qualifies for reporting in this category. These outflows arise only under the full accrual basis of accounting and consist of pension plan contributions paid subsequent to the measurement date and also the differences between projected and actual earnings on pension plan investments 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 so will not be recognized as an inflow of resources (revenue) until that time. Currently, the County has two types of deferred inflows. The governmental funds report unavailable revenue from delinquent taxes receivable, and delinquent and deferred special assessments receivable, and for amounts that are not considered to be available to liquidate liabilities of the current period.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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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)

Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The County also has deferred pension inflows. These inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience and also pension plan changes in proportionate share and, accordingly, are reported only in the statement of net position.

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 effective interest 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.

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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

10. Pension Plan (Continued)

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:

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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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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)

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. 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.



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

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, 2015, 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 and liabilities 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.

E. Change in Accounting Principles

During the year ended December 31, 2015, Meeker County adopted new accounting guidance by implementing the provisions of GASB Statements 68, 71, and 82. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, requires governments providing defined benefit pensions to employees through pension plans administered through trusts to record their proportionate share of the net pension obligation as a liability on their financial statements along with related deferred outflows of resources, deferred inflows of resources, and pension expense. This statement also requires additional note disclosures and schedules in the required supplementary information.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

E. Change in Accounting Principles (Continued)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, addresses an issue regarding amounts associated with contributions made to a pension plan after the measurement date of the net pension liability.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, modifies the measure of payroll that is presented in the required supplementary information schedules.

GASB Statements 68 and 71 require Meeker County to report its proportionate share of the PERA total employers' unfunded pension liability. As a result, beginning net position has been restated to record Meeker County's net pension liability and related deferred outflows of resources.

	Governmental Activities	Business-Type Activities	Total
Net Position, January 1, 2015, as previously reported	\$ 74,110,105	\$ 32,456,039	\$ 106,566,144
Change in accounting principles	(7,940,114)	(8,227,181)	(16,167,295)
Net Position, January 1, 2015, as restated	\$ 66,169,991	\$ 24,228,858	\$ 90,398,849

F. Hospital Enterprise Fund - Net Patient and Resident Service Revenue

As services are rendered at the Hospital, patient service revenue is recorded at the Hospital's established rates, with contractual adjustments and charity care allowance 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. The basis for reimbursement under these agreements is primarily based on fee schedules and discounts from established charges.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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1. Summary of Significant Accounting Policies

F. Hospital Enterprise Fund - Net Patient and Resident Service Revenue (Continued)

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 Hospital utilizes a process to identify and appeal settlements by Medicare and other payors. Additional reimbursement is recorded in the year the appeal is successful.

The laws and regulations under which the Medicare program operates are complex, subject to frequent change, and subject to interpretation. As part of operating under the Medicare program, 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 Medicare reimbursement 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 the Medicare program.

G. 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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

2. Stewardship, Compliance, and Accountability

A. Deficit Fund Equity

The Ditch Special Revenue Fund had a positive fund balance of \$130,791 as of December 31, 2015, although ten ditches had deficit balances. The deficits will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems:

46 ditches with positive balances	\$	148,462
10 ditches with deficit balances		(17,671)
Net Fund Balance	\$	130,791

B. Excess of Expenditures Over Appropriations

The following nonmajor funds had expenditures in excess of budget for the year ended December 31, 2015:

	Expenditures	Final Budget	Excess
County Nurse Special Revenue Fund	\$ 1,615,133	\$ 1,593,663	\$ 21,470
Transfer Station Special Revenue Fund	248,332	225,609	22,723

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	\$	20,291,102
Petty cash and change funds		2,690
Business-type activities		
Cash and pooled investments		7,971,710
Investments, restricted		26,738,168
Statement of fiduciary net position		
Cash and pooled investments		560,266
Total Cash and Investments	\$	55,563,936

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Deposits	\$ 37,737,482
Petty cash and change funds	2,690
Investments	<u>17,823,764</u>
Total Deposits, Cash on Hand, and Investments	<u>\$ 55,563,936</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. The County does not have a deposit policy for custodial credit risk. However, the County complies with Minnesota statutes in establishing authorized collateral for its deposits. As of December 31, 2015, the County's deposits were not exposed to custodial credit risk.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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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  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Interest Rate Risk (Continued)

At December 31, 2015, the County had the following investments:

	Fair Value	Less Than 1 Year	1 - 5 Years	5+ Years
U.S. Treasury Notes	\$ 221,038	\$ 221,038	\$ -	\$ -
Federal Home Loan Mortgage Corporation Securities	850,423	-	651,583	198,840
Federal Home Loan Bank Securities	349,405	-	-	349,405
Federal Farm Credit Bank Securities	260,120	-	260,120	-
Federal National Mortgage Association Securities	1,894,466	-	1,595,726	298,740
MAGIC Fund	5,921,425	5,921,425	-	-
Negotiable CDs	7,992,827	1,156,001	6,491,021	345,805
Money markets	334,060	334,060	-	-
Total Investments	<u>\$ 17,823,764</u>	<u>\$ 7,632,524</u>	<u>\$ 8,998,450</u>	<u>\$ 1,192,790</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirements set by state statute.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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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, 2015, is as follows:

	<u>S &amp; P Rating</u>	<u>Fair Value</u>
U.S. Treasury Notes	AA+	\$ 221,038
Federal Home Loan Mortgage Corporation Securities	AA+	850,423
Federal Home Loan Bank Securities	AA+	349,405
Federal Farm Credit Bank Securities	AA+	260,120
Federal National Mortgage Association Securities	AA+	1,894,466
MAGIC Fund	N/R	5,921,425
Negotiable CDs	N/A	7,992,827
Money markets	N/R	334,060
Total		<u>\$ 17,823,764</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. The County does not have a specific policy for custodial credit risk. As of December 31, 2015, \$9,584,799 of U.S. government securities and Treasury notes in the County's investment balance of \$17,823,764 were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging institution's trust department not in the County's name	<u>\$ 9,584,799</u>
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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy that investments in the MAGIC Fund, U.S. Treasury securities, U.S. agency securities, and obligations backed by U.S. Treasury and/or U.S. agency securities may be held without limit.

Investments in any one issuer that represent five percent or more of the County's investments are:

<u>Issuer</u>	<u>Percent of Total</u>	<u>Reported Amount</u>
Federal National Mortgage Association Securities	10.63%	\$ 1,894,466

2. Receivables

Receivables at December 31, 2015, for the County's governmental activities and business-type activities, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Total Receivables</u>	<u>Amounts Not Scheduled for Collection During the Subsequent Year</u>
Governmental Activities		
Taxes	\$ 288,174	\$ -
Special assessments	243,359	242,377
Accounts	151,365	-
Accrued interest	122,027	-
Due from other governments	3,363,528	-
Notes	306,000	303,000
Loans	115,891	92,638
	<u>\$ 4,590,344</u>	<u>\$ 638,015</u>
Total Governmental Activities		

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

2. Receivables (Continued)

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Business-Type Activities		
Accounts receivable - net	\$ 4,206,384	\$ -

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
2016	\$ 28,064
2017	26,903
2018	24,008
2019	21,113
2020	21,113
2021	5,277
Total	\$ 126,478
Less: interest	(10,587)
Present Value of Loans Receivable	\$ 115,891

**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, 2015, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,075,064	\$ -	\$ -	\$ 1,075,064
Right-of-way	1,467,310	130,060	-	1,597,370
Construction in progress	162,953	141,784	162,953	141,784
Total capital assets not depreciated	<u>\$ 2,705,327</u>	<u>\$ 271,844</u>	<u>\$ 162,953</u>	<u>\$ 2,814,218</u>
Capital assets depreciated				
Buildings	\$ 18,840,494	\$ 39,050	\$ -	\$ 18,879,544
Building improvements	3,955,679	19,485	-	3,975,164
Office furniture and equipment	6,187,973	112,787	229,577	6,071,183
Machinery and equipment	8,761,107	704,667	251,724	9,214,050
Infrastructure	56,448,078	4,190,980	-	60,639,058
Total capital assets depreciated	<u>\$ 94,193,331</u>	<u>\$ 5,066,969</u>	<u>\$ 481,301</u>	<u>\$ 98,778,999</u>
Less: accumulated depreciation for				
Buildings	\$ 8,547,793	\$ 550,698	\$ -	\$ 9,098,491
Building improvements	1,242,296	14,220	-	1,256,516
Office furniture and equipment	5,185,398	648,979	229,577	5,604,800
Machinery and equipment	5,990,177	609,440	251,724	6,347,893
Infrastructure	15,091,698	1,210,758	-	16,302,456
Total accumulated depreciation	<u>\$ 36,057,362</u>	<u>\$ 3,034,095</u>	<u>\$ 481,301</u>	<u>\$ 38,610,156</u>
Total capital assets depreciated, net	<u>\$ 58,135,969</u>	<u>\$ 2,032,874</u>	<u>\$ -</u>	<u>\$ 60,168,843</u>
Governmental Activities Capital Assets, Net	<u>\$ 60,841,296</u>	<u>\$ 2,304,718</u>	<u>\$ 162,953</u>	<u>\$ 62,983,061</u>

Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,963,928	\$ -	\$ -	\$ 1,963,928
Construction in progress	-	360,334	-	360,334
Total capital assets not depreciated	<u>\$ 1,963,928</u>	<u>\$ 360,334</u>	<u>\$ -</u>	<u>\$ 2,324,262</u>
Capital assets depreciated				
Land improvements	\$ 1,465,195	\$ -	\$ -	\$ 1,465,195
Buildings	27,576,529	-	-	27,576,529
Machinery, furniture, and equipment	19,334,498	455,945	9,377	19,781,066
Total capital assets depreciated	<u>\$ 48,376,222</u>	<u>\$ 455,945</u>	<u>\$ 9,377</u>	<u>\$ 48,822,790</u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets

Business-Type Activities (Continued)

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Less: accumulated depreciation for				
Land improvements	\$ 769,298	\$ 90,266	\$ -	\$ 859,564
Buildings	11,535,870	1,220,286	-	12,756,156
Machinery, furniture, and equipment	14,426,159	1,016,428	9,377	15,433,210
	<u>\$ 26,731,327</u>	<u>\$ 2,326,980</u>	<u>\$ 9,377</u>	<u>\$ 29,048,930</u>
Total accumulated depreciation				
Total capital assets depreciated, net	<u>\$ 21,644,895</u>	<u>\$ (1,871,035)</u>	<u>\$ -</u>	<u>\$ 19,773,860</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 23,608,823</u>	<u>\$ (1,510,701)</u>	<u>\$ -</u>	<u>\$ 22,098,122</u>

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

Governmental Activities	
General government	\$ 548,130
Public safety	681,101
Highways and streets, including depreciation of infrastructure assets	1,724,135
Human services	3,001
Health	1,303
Culture and recreation	41,311
Sanitation	33,019
Conservation of natural resources	2,095
	<u>3,034,095</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,034,095</u>
Business-Type Activities	
Hospital	<u>\$ 2,326,980</u>

**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, 2015, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Road and Bridge	\$ 462
	Human Services	2,643
	Other governmental funds	95
Total due to General Fund		\$ 3,200
Road and Bridge	Other governmental funds	\$ 5,021
Human Services	General	\$ 273
	Other governmental funds	219
Total due to Human Services Fund		\$ 492
Other governmental funds	Road and Bridge	\$ 1,690
Total Due To/From Other Funds		\$ 10,403

2. Advances From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	\$ 11,891

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

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2015, consisted of the following:

Transfer to Debt Service Fund from Capital Projects Fund	\$ 100,000	Debt service requirements
Transfers to other governmental funds from General Fund	638,006	Annual appropriation
Total Interfund Transfers	\$ 738,006	

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities

1. Payables

Payables at December 31, 2015, were as follows:

	Governmental Activities	Business-Type Activities
Accounts	\$ 577,013	\$ 870,931
Salaries	486,508	1,640,097
Contracts	95,003	-
Due to other governments	147,279	-
Due to component unit	27,500	-
	<u>\$ 1,333,303</u>	<u>\$ 2,511,028</u>
Total Payables	<u>\$ 1,333,303</u>	<u>\$ 2,511,028</u>

2. Construction Commitments

The County has no active construction projects as of December 31, 2015.

3. 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, 2015
General obligation bonds					
2012 G.O. Capital Improvement Refunding Bonds	2026	\$200,000 - \$310,000	2.00 - 2.50	\$ 3,175,000	\$ 2,590,000
2012B G.O. Law Enforcement Center Refunding Bonds	2018	\$220,000 - \$240,000	0.30 - 0.75	1,150,000	700,000
Total General Obligation Bonds				<u>\$ 4,325,000</u>	<u>\$ 3,290,000</u>
2010 G.O. Capital Notes	2018	\$265,000 - \$340,000	2.00 - 2.75	<u>\$ 2,500,000</u>	<u>\$ 995,000</u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

3. 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, 2015</u>
2007 Gross Revenue Hospital Facilities Bonds	2037	\$425,000 - \$1,825,000	5.00 - 5.75	\$ 26,675,000	\$ 23,770,000

Loans Payable

In 2010, the County entered into loan agreements with the Minnesota Pollution Control Agency for financing of the Minnesota Clean Water Partnership Project. The 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 \$200,000. The total amount received by the County through December 31, 2012, was \$200,000; accumulated interest was \$11,358. Repayment began in 2013.

In 2011, 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 \$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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

3. Long-Term Debt

Loans Payable (Continued)

agreement, the County can borrow as much as \$200,000. As of December 31, 2015, the total amount borrowed was \$98,345. Repayment is estimated to begin in 2016.

Repayment schedules are not currently available for the 2012 loan.

4. Debt Service Requirements

Debt service requirements at December 31, 2015, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds		Capital Notes	
	Principal	Interest	Principal	Interest
2016	\$ 530,000	\$ 56,048	\$ 325,000	\$ 21,256
2017	545,000	48,630	330,000	13,475
2018	440,000	41,925	340,000	4,675
2019	205,000	36,975	-	-
2020	210,000	32,825	-	-
2021 - 2025	1,115,000	96,151	-	-
2026	245,000	6,063	-	-
Total	\$ 3,290,000	\$ 318,617	\$ 995,000	\$ 39,406

Year Ending December 31	Septic System Loans	
	Principal	Interest
2016	\$ 35,366	\$ 5,600
2017	36,076	4,889
2018	36,801	4,164
2019	37,542	3,424
2020	38,296	2,669
2021 - 2024	104,711	3,338
Total	\$ 288,792	\$ 24,084



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

4. Debt Service Requirements (Continued)

Business-Type Activities

Year Ending December 31	Gross Hospital Facilities Bonds	
	Principal	Interest
2016	\$ 570,000	\$ 1,356,463
2017	605,000	1,326,538
2018	635,000	1,294,775
2019	670,000	1,259,056
2020	710,000	1,221,369
2021 - 2025	4,180,000	5,459,639
2026 - 2030	5,535,000	4,114,126
2031 - 2035	7,315,000	2,329,038
2036 - 2037	3,550,000	309,063
Total	<u>\$ 23,770,000</u>	<u>\$ 18,670,067</u>

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015, 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	\$ 3,815,000	\$ -	\$ 525,000	\$ 3,290,000	\$ 530,000
Capital notes	1,310,000	-	315,000	995,000	325,000
Add: unamortized premium	51,519	-	5,180	46,339	-
Less: deferred discounts	(2,569)	-	(642)	(1,927)	-
Total bonds payable	\$ 5,173,950	\$ -	\$ 844,538	\$ 4,329,412	\$ 855,000
Loans payable	353,800	68,200	34,863	387,137	35,366
Compensated absences	1,993,456	894,762	1,020,898	1,867,320	765,602
Governmental Activities					
Long-Term Liabilities	<u>\$ 7,521,206</u>	<u>\$ 962,962</u>	<u>\$ 1,900,299</u>	<u>\$ 6,583,869</u>	<u>\$ 1,655,968</u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

5. Changes in Long-Term Liabilities (Continued)

Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities					
Long-term liabilities					
Bonds payable					
Gross revenue hospital facilities bonds	\$ 24,315,000	\$ -	\$ 545,000	\$ 23,770,000	\$ 570,000
Add: unamortized premium	225,829	-	9,818	216,011	-
Business-Type Activities					
Long-Term Liabilities	<u>\$ 24,540,829</u>	<u>\$ -</u>	<u>\$ 554,818</u>	<u>\$ 23,986,011</u>	<u>\$ 570,000</u>

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

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, and money from state-aid highway allotments received but not yet earned. Unavailable revenue at December 31, 2015, is summarized by fund:

	<u>Taxes and Special Assessments</u>	<u>Grants</u>	<u>State-Aid Highway Allotments</u>	<u>Other</u>	<u>Total</u>
Major governmental funds					
General	\$ 120,852	\$ 1,067	\$ -	\$ -	\$ 121,919
Special Revenue					
Road and Bridge	28,508	-	1,718,283	-	1,746,791
Human Services	50,663	16,500	-	-	67,163
Debt Service	14,908	-	-	-	14,908
Capital Projects	41	-	-	-	41

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

D. Deferred Inflows of Resources

Unavailable Revenue (Continued)

	Taxes and Special Assessments	Grants	State-Aid Highway Allotments	Other	Total
Nonmajor governmental funds					
Regional Library	3,409	-	-	-	3,409
County Nurse	-	63,477	-	-	63,477
Septic System Loan Program	-	-	-	227,768	227,768
Revolving Loan	-	-	-	115,891	115,891
Ditch	15,591	-	-	-	15,591
Family Services Building	1,426	-	-	-	1,426
Total	<u>\$ 235,398</u>	<u>\$ 81,044</u>	<u>\$ 1,718,283</u>	<u>\$ 343,659</u>	<u>\$ 2,378,384</u>

4. Pension Plans

A. Defined Benefit Plans

1. 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 Fund, the Public Employees Police and Fire Fund, and the Local Government Correctional Service Retirement Fund (the Public Employees Correctional Fund), 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.

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a graduated

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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4. Pension Plans

A. Defined Benefit Plans

1. Plan Description (Continued)

schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years and increasing 5 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 Public Employees Correctional Fund. For members hired after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years.

2. 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. Benefit recipients receive a future annual 1.0 percent post-retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 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 1.0 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 five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Employees Retirement Fund Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2).

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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4. Pension Plans

A. Defined Benefit Plans

2. Benefits Provided (Continued)

Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

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

3. 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 Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in 2015. Public Employees Police and Fire Fund members were required to contribute 10.80 percent of their annual covered salary in 2015. Public Employees Correctional Fund members were required to contribute 5.83 percent of their annual covered salary in 2015.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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4. Pension Plans

A. Defined Benefit Plans

3. Contributions (Continued)

In 2015, Meeker County was required to contribute the following percentages of annual covered salary:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.50
Public Employees Police and Fire Fund	16.20
Public Employees Correctional Fund	8.75

The General Employees Retirement Fund Coordinated Plan member and employer contribution rates each reflect a 0.25 percent increase from 2014. The Public Employees Police and Fire Fund member and employer contribution rates increased 0.60 percent and 0.90 percent, respectively, from 2014.

Meeker County's contributions for the year ended December 31, 2015, to the pension plans were:

General Employees Retirement Fund	\$	1,327,077
Public Employees Police and Fire Fund		223,220
Public Employees Correctional Fund		60,136

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

4. Pension Costs

General Employees Retirement Fund

At December 31, 2015, the County reported a liability of \$15,400,185 for its proportionate share of the General Employees Retirement Fund's net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

4. Pension Plans

A. Defined Benefit Plans

4. Pension Costs

General Employees Retirement Fund (Continued)

0.2972 percent. It was 0.3268 percent measured as of June 30, 2014. The County recognized pension expense of \$1,703,176 for its proportionate share of the General Employees Retirement Fund's pension expense.

The County reported its proportionate share of the General Employees Retirement Fund'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	\$ -	\$ 776,431
Difference between projected and actual investment earnings	1,457,864	-
Changes in proportion	-	1,042,862
Contributions paid to PERA subsequent to the measurement date	669,722	-
Total	\$ 2,127,586	\$ 1,819,293

The \$669,722 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, 2016. 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
2016	\$ (241,965)
2017	(241,965)
2018	(241,965)
2019	364,466

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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4. Pension Plans

A. Defined Benefit Plans

4. Pension Costs (Continued)

Public Employees Police and Fire Fund

At December 31, 2015, the County reported a liability of \$1,636,177 for its proportionate share of the Public Employees Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 0.144 percent. It was 0.144 percent measured as of June 30, 2014. The County recognized pension expense of \$281,579 for its proportionate share of the Public Employees Police and Fire Fund's pension expense.

The County also recognized \$12,960 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 Public Employees Police and Fire Fund. Legislation requires the State of Minnesota to contribute \$9 million to the Public Employees Police and Fire Fund each year, starting in fiscal year 2014, until the plan is 90 percent funded.

The County reported its proportionate share of the Public Employees Police and Fire Fund'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	\$ -	\$ 265,334
Difference between projected and actual investment earnings	285,077	-
Contributions paid to PERA subsequent to the measurement date	119,023	-
	_____	_____
Total	\$ 404,100	\$ 265,334
	=====	=====



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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4. Pension Plans

A. Defined Benefit Plans

4. Pension Costs

Public Employees Police and Fire Fund (Continued)

The \$119,023 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, 2016. 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
2016	\$ 18,202
2017	18,202
2018	18,202
2019	18,202
2020	(53,067)

Public Employees Correctional Fund

At December 31, 2015, the County reported a liability of \$57,202 for its proportionate share of the Public Employees Correctional Fund's net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 0.37 percent. It was 0.34 percent measured as of June 30, 2014. The County recognized pension expense of \$61,777 for its proportionate share of the Public Employees Correctional Fund's pension expense.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

4. Pension Plans

A. Defined Benefit Plans

4. Pension Costs

Public Employees Correctional Fund (Continued)

The County reported its proportionate share of the Public Employees Correctional Fund'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	\$ -	\$ 21,900
Difference between projected and actual investment earnings	47,682	-
Changes in proportion	1,697	-
Contributions paid to PERA subsequent to the measurement date	31,406	-
Total	\$ 80,785	\$ 21,900

The \$31,406 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, 2016. 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
2016	\$ 5,186
2017	5,186
2018	5,186
2019	11,921

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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4. Pension Plans

A. Defined Benefit Plans

4. Pension Costs (Continued)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2015, was \$2,046,532.

5. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.75 percent per year
Active member payroll growth	3.50 percent per year
Investment rate of return	7.90 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Fund and the Public Employees Police and Fire Fund, cost of living benefit increases for retirees are assumed to be 1.0 percent effective every January 1 through 2035 and 2037, respectively, and 2.5 percent thereafter. Cost of living benefit increases for retirees are assumed to be 2.5 percent for all years for the Public Employees Correctional Fund.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Retirement Fund was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for the Public Employees Police and Fire Fund was for the period July 1, 2004, through June 30, 2009. The experience study for the Public Employees Correctional Fund was for the period July 1, 2006, through June 30, 2011.

In 2015, an updated experience study was done for PERA's General Employees Retirement Fund for the six-year period ending June 30, 2014, which would result in a larger pension liability. However, PERA will not implement the changes in assumptions until its June 30, 2016, estimate of pension liability.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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4. Pension Plans

A. Defined Benefit Plans

5. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments is 7.9 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	45%	5.50%
International stocks	15	6.00
Bonds	18	1.45
Alternative assets	20	6.40
Cash	2	0.50

6. Discount Rate

The discount rate used to measure the total pension liability was 7.9 percent. The discount rate did not change since the prior measurement date. 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, each of the pension plan's fiduciary net position was 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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4. Pension Plans

A. Defined Benefit Plans (Continued)

7. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
Proportionate share of the General Employees Retirement Fund net pension liability	\$ 24,214,566	\$ 15,400,185	\$ 8,120,862
Public Employees Police and Fire Fund net pension liability	3,188,926	1,636,177	353,336
Public Employees Correctional Fund net pension liability	398,364	57,202	(215,865)

8. 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.

B. Defined Contribution Plan

Three County Commissioners 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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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4. Pension Plans

B. Defined Contribution Plan (Continued)

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, 2015, were:

	Employee	Employer
Contribution amount	\$ 3,993	\$ 3,993
Percentage of covered payroll	5%	5%

5. Postemployment Health Care Plan

A. Plan Description

The County provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical coverage. Medical coverage is administered by Blue Cross Blue Shield. The County provides benefits for retirees, in accordance with Minn. Stat. § 471.61, subd. 2b. It is the County’s policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for County employees and retirees.

B. Funding Policy

Retirees and their spouses contribute to the health care plan at the same rate as County employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the County based on the contract terms with Blue Cross Blue Shield. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2015, the County contributed \$106,102. As of January 1, 2013, there were three retirees receiving health benefits from the County’s health plan.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

5. Postemployment Health Care Plan (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net obligation to the plan.

ARC		\$ 139,873
Interest on net OPEB obligation		22,842
Adjustment to ARC		<u>(30,484)</u>
Annual OPEB cost (expense)		\$ 132,231
Contributions made		<u>(106,102)</u>
Increase in net OPEB obligation		\$ 26,129
Net OPEB Obligation - Beginning of Year		<u>507,606</u>
Net OPEB Obligation - End of Year		<u><u>\$ 533,735</u></u>

The County's annual OPEB cost; the percentage of annual OPEB cost contributed to the plan; and the net OPEB obligation for 2013, 2014, and 2015, was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2013	\$ 133,273	\$ 63,331	47.5%	\$ 457,697
December 31, 2014	132,982	83,073	62.5	507,606
December 31, 2015	132,231	106,102	80.2	533,735

D. Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the County has no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$1,086,913, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,086,913. The covered payroll (annual payroll of active employees covered by the plan) was \$8,610,793, and the ratio of the UAAL to the covered payroll was 12.6 percent.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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5. Postemployment Health Care Plan

D. Funded Status and Funding Progress (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress - Other Postemployment Benefits, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information as it becomes available about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2013, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5 percent discount rate, which is based on the investment yield expected to finance benefits depending on whether the plan is funded in a separate trust (6.5 percent, long-term, similar to a pension plan) or unfunded (4.5 percent, shorter term, based on the County's general assets). The County currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual health care cost trend rate was calculated to be 7.5 percent initially, reduced incrementally to 5.0 percent after 5 years. The UAAL is being amortized as a level dollar amount on a closed basis. The remaining amortization period at January 1, 2013, was 25 years.

6. 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



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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6. Risk Management (Continued)

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 Southwest/West Central Service Cooperative. 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 \$490,000 per claim in 2015 and \$500,000 in 2016. 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.

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. Hospital management is of the opinion that insurance coverage is adequate to cover anticipated losses, if any. Settled claims have not exceeded commercial coverage in any of the past three years.

7. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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7. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities (Continued)

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

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

B. Joint Ventures

Southwestern Minnesota Adult Mental Health Consortium Board

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

The Board shall take actions and enter 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 at the Cottonwood County Family Services Agency, Windom, Minnesota 56101.

Meeker-McLeod-Sibley Community Health Services Board

The Meeker-McLeod-Sibley Community Health Services 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 Services Board consists of

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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7. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Meeker-McLeod-Sibley Community Health Services Board (Continued)

15 members, 5 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. In 2015, Meeker County contributed \$1,020 to the Board.

The joint venture is financed primarily from state and federal grants. McLeod County is the fiscal agent. Current financial statements are available from the McLeod County Auditor-Treasurer's Office, 2391 Hennepin Avenue N., Glencoe, Minnesota 55336.

PrimeWest Rural Minnesota Health Care Access Initiative

The PrimeWest Central County-Based Purchasing Initiative (since renamed PrimeWest Rural Minnesota Health Care Access Initiative) 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 the PrimeWest Rural Minnesota Health Care Access Initiative. 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. In 2015, Meeker County contributed \$34,144 to the Initiative.

Control of the PrimeWest Rural Minnesota Health Care Access Initiative is vested in a Joint Powers Board, composed of two Commissioners from each member county (one active and one alternate). Each member of the Joint Powers Board 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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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7. Summary of Significant Contingencies and Other Items

B. Joint Ventures

PrimeWest Rural Minnesota Health Care Access Initiative (Continued)

Douglas County acts as fiscal agent for the PrimeWest Rural Minnesota Health Care Access Initiative and reports the cash transactions as an investment trust fund on its financial statements. Financing is provided by Medical Assistance and General Assistance Medical Care payments from the Minnesota Department of Human Services.

Complete financial information can be obtained from its administrative office at PrimeWest Health, 2209 Jefferson Street, Suite 101, Alexandria, Minnesota 56308.

Crow River Joint Powers Agreement

In April 1999, the County entered into a joint powers agreement with Carver, Hennepin, Kandiyohi, McLeod, Meeker, Pope, Renville, Sibley, Stearns, and Wright Counties, creating the Crow River Joint Powers Agreement. The Agreement is authorized by Minn. Stat. §§ 103B.311 and 103B.315. The Prairie County Resource Conservation and Development Council is the fiscal agent for this joint powers agreement.

The Board of Directors meets at least two times per year, or more often if needed, at the location to be set by the chair of the Joint Powers Board. The purpose of this agreement is the joint exercise of powers by the counties to promote the orderly water quality improvement and management of the Crow River Watershed through information sharing, education, coordination, and related support to the member counties by assisting in the implementation and goal achievement of comprehensive water plans.

The governing board is composed of one Board member from each of the participating counties. Financing is provided by state proceeds. Current financial statements are not available.

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, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Pipestone, Pope, Redwood, Renville, Stevens, Swift, Traverse, and Yellow Medicine. Southwest Health and Human Services

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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7. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Supporting Hands Nurse Family Partnership (Continued)

represents Lincoln, Lyon, Murray, Pipestone, Redwood, and Rock 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 2015, Meeker County made \$46,480 in contributions to the partnership.

McLeod County acts as fiscal agent for Supporting Hands Nurse Family Partnership. A complete financial report of the Supporting Hands Nurse Family Partnership can be obtained from McLeod County at Supporting Hands Nurse Family Partnership, 830 - 11th Street East, Glencoe, Minnesota 55336.

Central Minnesota Emergency Services Board

The Central Minnesota Regional Radio Board was established in 2007, under the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39. As of June 1, 2011, the Central Minnesota Regional Radio Board changed its name to the Central Minnesota Emergency Services Board. Members include the City of St. Cloud and the Counties of Benton, Big Stone, Douglas, Grant, Kandiyohi, Meeker, Mille Lacs, Morrison, Otter Tail, Pope, Sherburne, Stearns, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Wright.

The purpose of the Central Minnesota Emergency Services Board is to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the State of Minnesota.

The Central Minnesota Emergency Services Board is composed of one Commissioner of each county appointed by their respective County Board and one City Council member from the City appointed by the City Council, as provided in the Central Minnesota Emergency Services Board's by-laws.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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7. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Central Minnesota Emergency Services Board (Continued)

In the event of dissolution of the Central Minnesota Emergency Services Board, all property, assets, and funds of the Board shall be distributed to the parties of the agreement upon termination in direct proportion to their participation and contribution. Any city or county that has withdrawn from the agreement prior to termination of the Board shall share in the distribution of property, assets, and funds of the Board only to the extent they shared in the original expense.

The Central Minnesota Emergency Services Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants. During 2015, Meeker County contributed \$9,916 to the Joint Powers Board.

Complete financial information can be obtained from Central Minnesota Emergency Services Board, City of St. Cloud, Office of the Mayor, City Hall, 400 Second Street South, St. Cloud, Minnesota 56303.

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.

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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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7. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Putting All Communities Together for Families Collaborative (Continued)

services to children and families. Meeker County has no operational or financial control over the Collaborative. In 2015, Meeker County contributed \$35,180 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 the 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 has a mental health background. The Board appoints a fiscal agent to handle and be responsible for safekeeping the funds of PACT.

Renville County Human Services has acted as fiscal agent for PACT since January 1, 2006.

Coordinated Enforcement Effort (CEE) 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.

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 \$106,347 in funds to the Task Force.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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7. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

Pioneerland Regional Library System

Meeker County, along with 32 cities and 9 other counties, participates in the Pioneerland Library System in order to provide efficient and improved regional library service. The Pioneerland 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 \$222,789 to the System.

Separate financial information can be obtained from the Pioneerland Regional Library System, 410 - 5th Street S.W., 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 2015, Meeker County contributed \$159,953 to the CMJTS.

C. Subsequent Event

On July 12, 2016, the County Board declared a state of emergency after the tornado event.

On June 21, 2016, the County Board approved for the issuance and sale of Gross Revenue Hospital Facilities Refunding Notes (2016A and 2016B) not to exceed \$16,000,000 to refinance existing Gross Revenue Hospital Facilities Refunding Note 2007.



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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8. Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies

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

Reporting Entities

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

The Meeker County Housing and Redevelopment Authority (HRA) is governed by a six-member Board appointed by the County Commissioners. The HRA has a year-end of June 30, 2015. 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 accrual basis of accounting.

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

Restatement of Beginning Net Position

On the Meeker County EDA's Statement of Revenues, Expenses, and Changes in Net Position, the net position as of January 1, 2015, has been restated to reflect adjustments for an advance from primary government and advance from contributors.

Net Position, January 1, 2015, as previously reported	\$ (506,272)
Adjustment to increase advances from primary government and contributors	<u>(87,693)</u>
Net Position, January 1, 2015, as restated	<u>\$ (593,965)</u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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8. Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents, Deposits, and Investments

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

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. State statutes authorize the HRA to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the state or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days. All investments held by the HRA at December 31, 2015, were insured or registered, or securities held by the HRA agent in the HRA's name and, therefore, not subject to custodial credit risk.

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

Classification of Net Position

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

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

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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

8. Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies

Classification of Net Position (Continued)

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

B. Detailed Notes on All Funds

1. Assets

Receivables

Receivables at December 31, 2015, for the EDA, and at June 30, 2015, for the HRA, net of applicable allowances for uncollectible accounts, are as follows:

	EDA	HRA	Total Receivables
Accounts	\$ 11,831	\$ 2,978	\$ 14,809
Accrued interest	872	-	872
Loan	203,341	-	203,341
Due from primary government	27,500	-	27,500
Total Component Units	\$ 243,544	\$ 2,978	\$ 246,522

Loans Receivable

Loans receivable represent amounts due from businesses within the County for redevelopment purposes. Funding for these loans was contributed from Meeker County, other local governments, and private organizations.

The annual payments to the EDA for the loans are as follows:

Year Ended December 31	Loans Receivable
2016	\$ 206,660
Less: interest	(3,319)
Present Value of Loans Receivable	\$ 203,341

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

8. 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, 2015, for the EDA, and for the year ended June 30, 2015, for the HRA, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land				
EDA	\$ 155,988	\$ -	\$ -	\$ 155,988
HRA	63,966	-	-	63,966
	<u>\$ 219,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,954</u>
Capital assets depreciated				
Buildings and equipment				
EDA	\$ 5,196,931	\$ -	\$ 4,935	\$ 5,191,996
HRA	1,242,957	9,790	-	1,252,747
	<u>\$ 6,439,888</u>	<u>\$ 9,790</u>	<u>\$ 4,935</u>	<u>\$ 6,444,743</u>
Less: accumulated depreciation for				
Buildings and equipment				
EDA	\$ 2,458,509	\$ 173,090	\$ 2,691	\$ 2,628,908
HRA	933,912	44,313	-	978,225
	<u>\$ 3,392,421</u>	<u>\$ 217,403</u>	<u>\$ 2,691</u>	<u>\$ 3,607,133</u>
Total accumulated depreciation	<u>\$ 3,392,421</u>	<u>\$ 217,403</u>	<u>\$ 2,691</u>	<u>\$ 3,607,133</u>
Total capital assets depreciated, net	<u>\$ 3,047,467</u>	<u>\$ (207,613)</u>	<u>\$ 2,244</u>	<u>\$ 2,837,610</u>
Total Capital Assets, Net	<u>\$ 3,267,421</u>	<u>\$ (207,613)</u>	<u>\$ 2,244</u>	<u>\$ 3,057,564</u>

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

EDA	\$ 173,090
HRA	44,313
Total Depreciation Expense	<u>\$ 217,403</u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

8. Discretely Presented Component Unit Disclosures

B. Detailed Notes on All Funds (Continued)

2. Liabilities

Payables

Payables at December 31, 2015, for the EDA, and at June 30, 2015, for the HRA were as follows:

	EDA	HRA	Total Payables
Accounts	\$ 5,880	\$ 2,543	\$ 8,423
Salaries	4,280	-	4,280
Due to other governments	-	4,094	4,094
Total Payables	\$ 10,160	\$ 6,637	\$ 16,797

Long-Term Debt

Long-term debt outstanding at December 31, 2015, for the EDA consists of the following:

Type of Indebtedness	Final Maturity	Monthly Installment Amounts	Interest Rate (%)	Original Issue Amount	Remaining Commitment
1998 Essential Function Housing Development Revenue Bonds	2029	\$ 8,852	3.80	\$ 1,810,000	\$ 1,109,778
1999 Essential Function Housing Development Revenue Bonds	2030	6,822	3.80	1,400,000	923,263
2001 Essential Function Housing Development Revenue Bonds	2032	5,770	3.80	1,200,000	853,954
2002 Essential Function Housing Development Revenue Bonds	2033	4,465	3.80	930,000	672,573
Totals				\$ 5,340,000	\$ 3,559,568

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

8. Discretely Presented Component Unit Disclosures

B. Detailed Notes on All Funds

2. Liabilities (Continued)

Debt Service Requirements

Revenue bonds' debt service requirements at December 31, 2015, for the EDA were as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 178,736	\$ 132,171
2017	185,648	125,260
2018	192,827	118,081
2019	200,283	110,625
2020	208,028	102,881
2021 - 2025	1,167,205	327,909
2026 - 2030	1,208,025	196,843
2031 - 2033	218,816	19,816
Total	<u>\$ 3,559,568</u>	<u>\$ 1,133,586</u>

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, 2015.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Essential Function Housing Development Revenue Bonds for					
1998	\$ 1,172,528	\$ -	\$ 62,750	\$ 1,109,778	\$ 65,177
1999	969,093	-	45,830	923,263	47,602
2001	890,000	-	36,046	853,954	37,439
2002	700,029	-	27,456	672,573	28,518
Total Essential Function Housing Development Revenue Bonds	<u>\$ 3,731,650</u>	<u>\$ -</u>	<u>\$ 172,082</u>	<u>\$ 3,559,568</u>	<u>\$ 178,736</u>
Compensated absences	<u>3,317</u>	<u>3,973</u>	<u>-</u>	<u>7,290</u>	<u>2,989</u>
EDA Long-Term Liabilities	<u>\$ 3,734,967</u>	<u>\$ 3,973</u>	<u>\$ 172,082</u>	<u>\$ 3,566,858</u>	<u>\$ 181,725</u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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8. Discretely Presented Component Unit Disclosures (Continued)

C. Defined Benefit Pension Plans

1. 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 Fund, which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

2. Contributions

The EDA's contributions for the General Employees Retirement Fund for the year ended December 31, 2015, were \$7,658. The contributions are equal to the contractually required contributions as set by state statute.

3. Pension Costs

At December 31, 2015, the EDA reported a liability of \$90,364 for its proportionate share of the General Employees Retirement Fund's net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the Authority's proportion was 0.0017 percent. It was 0.0019 percent measured as of June 30, 2014. The EDA recognized pension expense of \$9,675 for its proportionate share of the General Employees Retirement Fund's pension expense.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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8. Discretely Presented Component Unit Disclosures

C. Defined Benefit Pension Plans

3. Pension Costs (Continued)

The EDA reported its proportionate share of the General Employees Retirement Fund'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	\$ -	\$ 4,556
Difference between projected and actual investment earnings	8,554	-
Changes in proportion	-	7,029
Contributions paid to PERA subsequent to the measurement date	3,851	-
Total	\$ 12,405	\$ 11,585

The \$3,851 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, 2016. 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
2016	\$ (1,723)
2017	(1,723)
2018	(1,723)
2019	2,138



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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8. Discretely Presented Component Unit Disclosures

C. Defined Benefit Pension Plans (Continued)

4. Pension Liability Sensitivity

The following presents the EDA's proportionate share of the net pension liability calculated using the discount rate of 7.9 percent based on the expected rate of return on investments of PERA, as well as what the EDA's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
Proportionate share of the General Employees Retirement Fund net pension liability	\$ 142,084	\$ 90,364	\$ 47,651

Additional pension information regarding benefits provided, contributions, actuarial assumptions, discount rates, and pension plan fiduciary net position can be found in Note 4.A.

D. Subsequent Event

On July 11, 2016, a tornado caused damage to the EDA's townhouse complex located in Watkins, Minnesota.

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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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 7,577,918	\$ 7,577,918	\$ 7,596,414	\$ 18,496
Licenses and permits	83,015	83,015	81,616	(1,399)
Intergovernmental	1,582,904	1,582,904	1,713,202	130,298
Charges for services	1,684,029	1,684,029	1,800,453	116,424
Fines and forfeits	22,050	22,050	34,116	12,066
Gifts and contributions	200	200	10,200	10,000
Investment earnings	150,000	150,000	222,195	72,195
Miscellaneous	312,280	312,280	525,992	213,712
<b>Total Revenues</b>	<b>\$ 11,412,396</b>	<b>\$ 11,412,396</b>	<b>\$ 11,984,188</b>	<b>\$ 571,792</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 210,444	\$ 210,444	\$ 199,753	\$ 10,691
Courts	50,000	50,000	67,493	(17,493)
Law library	22,000	22,000	23,642	(1,642)
County administration	211,955	211,955	220,862	(8,907)
County auditor	320,155	320,155	312,638	7,517
County treasurer	379,290	379,290	373,101	6,189
County assessor	394,794	394,794	415,764	(20,970)
Accounting and auditing	53,000	53,000	65,036	(12,036)
Data processing	421,219	421,219	444,272	(23,053)
Central services	73,700	73,700	53,475	20,225
Attorney	681,211	681,211	667,656	13,555
Recorder	246,856	246,856	213,217	33,639
Surveyor	7,500	7,500	7,254	246
Planning and zoning	359,891	359,891	372,462	(12,571)
Maintenance	433,094	433,094	427,755	5,339
Veterans service officer	155,340	155,340	151,362	3,978
Appropriations	227,790	227,790	178,433	49,357
Other	307,360	307,360	346,055	(38,695)
<b>Total general government</b>	<b>\$ 4,555,599</b>	<b>\$ 4,555,599</b>	<b>\$ 4,540,230</b>	<b>\$ 15,369</b>
<b>Public safety</b>				
Sheriff	\$ 4,595,400	\$ 4,595,400	\$ 4,460,803	\$ 134,597
Coroner	62,873	62,873	59,385	3,488
Court services	520,366	520,366	473,095	47,271
E-911 system	157,057	157,057	146,585	10,472
Wireless communication	120,757	120,757	113,773	6,984
Emergency management	88,446	88,446	91,480	(3,034)
<b>Total public safety</b>	<b>\$ 5,544,899</b>	<b>\$ 5,544,899</b>	<b>\$ 5,345,121</b>	<b>\$ 199,778</b>

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

Page 100

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT A-1  
(Continued)*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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>Conservation of natural resources</b>				
Planning and zoning	\$ 322,500	\$ 322,500	\$ 173,661	\$ 148,839
County extension	187,448	187,448	171,041	16,407
Extension committee	2,945	2,945	2,441	504
Agricultural inspections	5,000	5,000	5,000	-
<b>Total conservation of natural resources</b>	<u>\$ 517,893</u>	<u>\$ 517,893</u>	<u>\$ 352,143</u>	<u>\$ 165,750</u>
<b>Economic development</b>				
Community development	<u>\$ 91,000</u>	<u>\$ 91,000</u>	<u>\$ 91,000</u>	<u>\$ -</u>
<b>Intergovernmental</b>				
General government	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 3,693</u>	<u>\$ 61,307</u>
<b>Total Expenditures</b>	<u>\$ 10,774,391</u>	<u>\$ 10,774,391</u>	<u>\$ 10,332,187</u>	<u>\$ 442,204</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>\$ 638,005</u>	<u>\$ 638,005</u>	<u>\$ 1,652,001</u>	<u>\$ 1,013,996</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(638,005)</u>	<u>(638,005)</u>	<u>(638,006)</u>	<u>(1)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,013,995</u>	<u>\$ 1,013,995</u>
<b>Fund Balance - January 1</b>	<u>7,441,603</u>	<u>7,441,603</u>	<u>7,441,603</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u><u>\$ 7,441,603</u></u>	<u><u>\$ 7,441,603</u></u>	<u><u>\$ 8,455,598</u></u>	<u><u>\$ 1,013,995</u></u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT A-2*

**BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,693,845	\$ 1,693,845	\$ 1,687,380	\$ (6,465)
Intergovernmental	4,710,744	4,710,744	5,799,620	1,088,876
Charges for services	556,000	556,000	1,154,862	598,862
Miscellaneous	67,000	67,000	114,601	47,601
<b>Total Revenues</b>	<b>\$ 7,027,589</b>	<b>\$ 7,027,589</b>	<b>\$ 8,756,463</b>	<b>\$ 1,728,874</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 348,443	\$ 348,443	\$ 330,238	\$ 18,205
Maintenance	1,725,601	1,725,601	1,935,539	(209,938)
Engineering/construction	3,287,323	3,287,323	5,081,625	(1,794,302)
Equipment, maintenance, and shop	1,381,222	1,381,222	1,165,410	215,812
<b>Total highways and streets</b>	<b>\$ 6,742,589</b>	<b>\$ 6,742,589</b>	<b>\$ 8,512,812</b>	<b>\$ (1,770,223)</b>
<b>Intergovernmental</b>				
Highways and streets	410,000	410,000	427,101	(17,101)
<b>Total Expenditures</b>	<b>\$ 7,152,589</b>	<b>\$ 7,152,589</b>	<b>\$ 8,939,913</b>	<b>\$ (1,787,324)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (125,000)</b>	<b>\$ (125,000)</b>	<b>\$ (183,450)</b>	<b>\$ (58,450)</b>
<b>Fund Balance - January 1</b>	<b>3,423,831</b>	<b>3,423,831</b>	<b>3,423,831</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>36,786</b>	<b>36,786</b>
<b>Fund Balance - December 31</b>	<b>\$ 3,298,831</b>	<b>\$ 3,298,831</b>	<b>\$ 3,277,167</b>	<b>\$ (21,664)</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT A-3*

**BUDGETARY COMPARISON SCHEDULE  
HUMAN SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 3,078,545	\$ 3,078,545	\$ 3,010,535	\$ (68,010)
Intergovernmental	2,985,350	2,985,350	3,363,513	378,163
Charges for services	548,994	548,994	669,086	120,092
Gifts and contributions	-	-	1,195	1,195
Miscellaneous	161,209	161,209	142,759	(18,450)
<b>Total Revenues</b>	<b>\$ 6,774,098</b>	<b>\$ 6,774,098</b>	<b>\$ 7,187,088</b>	<b>\$ 412,990</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 1,917,324	\$ 1,917,324	\$ 2,085,055	\$ (167,731)
Social services	4,856,774	4,856,774	4,493,552	363,222
<b>Total Expenditures</b>	<b>\$ 6,774,098</b>	<b>\$ 6,774,098</b>	<b>\$ 6,578,607</b>	<b>\$ 195,491</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 608,481</b>	<b>\$ 608,481</b>
<b>Fund Balance - January 1</b>	<b>4,418,419</b>	<b>4,418,419</b>	<b>4,418,419</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 4,418,419</b>	<b>\$ 4,418,419</b>	<b>\$ 5,026,900</b>	<b>\$ 608,481</b>



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT A-4**

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS  
DECEMBER 31, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
January 1, 2008	\$ -	\$ 747,876	\$ 747,876	0.00%	\$ 8,158,691	9.2%
January 1, 2010	-	776,300	776,300	0.00	8,692,073	8.9
January 1, 2013	-	1,086,913	1,086,913	0.00	8,610,793	12.6

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT A-5*

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA GENERAL EMPLOYEES RETIREMENT FUND  
DECEMBER 31, 2015**

<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>
2015	0.2972%	\$ 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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT A-6*

**SCHEDULE OF CONTRIBUTIONS  
PERA GENERAL EMPLOYEES RETIREMENT FUND  
DECEMBER 31, 2015**

<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>
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 FUND  
DECEMBER 31, 2015**

<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>
2015	0.0017%	\$ 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.

**MEEKER COUNTY ECONOMIC DEVELOPMENT AUTHORITY  
LITCHFIELD, MINNESOTA**

*EXHIBIT A-8*

**SCHEDULE OF CONTRIBUTIONS  
ECONOMIC DEVELOPMENT AUTHORITY  
PERA GENERAL EMPLOYEES RETIREMENT FUND  
DECEMBER 31, 2015**

<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>
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 FUND  
DECEMBER 31, 2015**

<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</u>	<u>Covered Payroll (b)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
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 FUND  
DECEMBER 31, 2015**

<u>Year Ending</u>	<u>Statutorily Required Contributions (a)</u>	<u>Actual Contributions in Relation to Statutorily Required Contributions (b)</u>	<u>Contribution (Deficiency) Excess (b-a)</u>	<u>Covered Payroll (c)</u>	<u>Actual Contributions as a Percentage of Covered Payroll (b/c)</u>
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 CORRECTIONAL FUND  
DECEMBER 31, 2015**

<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</u>	<u>Covered Payroll (b)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
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 CORRECTIONAL FUND  
DECEMBER 31, 2015**

<u>Year Ending</u>	<u>Statutorily Required Contributions (a)</u>	<u>Actual Contributions in Relation to Statutorily Required Contributions (b)</u>	<u>Contribution (Deficiency) Excess (b-a)</u>	<u>Covered Payroll (c)</u>	<u>Actual Contributions as a Percentage of Covered Payroll (b/c)</u>
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, 2015**

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 appropriation--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, 2015:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Major governmental funds			
General Fund			
General government			
Courts	\$ 67,493	\$ 50,000	\$ 17,493
Law library	23,642	22,000	1,642
County administration	220,862	211,955	8,907
County assessor	415,764	394,794	20,970
Accounting and auditing	65,036	53,000	12,036
Data processing	444,272	421,219	23,053
Planning and zoning	372,462	359,891	12,571
Other	346,055	307,360	38,695
Public safety			
Emergency management	91,480	88,446	3,034

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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2. Excess of Expenditures Over Budget (Continued)

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Road and Bridge Special Revenue Fund			
Highways and streets			
Maintenance	1,935,539	1,725,601	209,938
Engineering/construction	5,081,625	3,287,323	1,794,302
Intergovernmental	427,101	410,000	17,101
Human Services Special Revenue Fund			
Human services			
Income maintenance	2,085,055	1,917,324	167,731



**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 783,606	\$ 783,606	\$ 779,355	\$ (4,251)
Intergovernmental	50,527	50,527	76,359	25,832
<b>Total Revenues</b>	<b>\$ 834,133</b>	<b>\$ 834,133</b>	<b>\$ 855,714</b>	<b>\$ 21,581</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 840,000	\$ 840,000	\$ 840,000	\$ -
Interest	91,133	91,133	91,133	-
Administrative and fiscal charges	3,000	3,000	3,301	(301)
<b>Total Expenditures</b>	<b>\$ 934,133</b>	<b>\$ 934,133</b>	<b>\$ 934,434</b>	<b>\$ (301)</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (100,000)</b>	<b>\$ (100,000)</b>	<b>\$ (78,720)</b>	<b>\$ 21,280</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>\$ 21,280</b>	<b>\$ 21,280</b>
<b>Fund Balance - January 1</b>	<b>709,734</b>	<b>709,734</b>	<b>709,734</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 709,734</b>	<b>\$ 709,734</b>	<b>\$ 731,014</b>	<b>\$ 21,280</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 Forfeit Property 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 a loan from the State of Minnesota.

The Forfeit Property Fund accounts for the revenues and expenditures associated with tax-forfeited property. Financing is provided by County Board authorization and the sale of property.

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS  
(Continued)

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

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, 2015**

	<u>County Parks</u>	<u>Regional Library</u>	<u>County Nurse</u>	<u>Ditch</u>
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 197,633	\$ 59,223	\$ 689,409	\$ 137,726
Taxes receivable				
Delinquent	-	4,479	-	-
Special assessments receivable				
Delinquent	-	-	-	982
Noncurrent	-	-	-	14,609
Accounts receivable - net	-	-	2,103	8,297
Due from other funds	-	-	-	1,690
Due from other governments	12,289	-	124,352	5,528
Notes receivable	6,000	-	-	-
Loans receivable	-	-	-	-
Advance to component unit	-	-	-	-
Prepaid items	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 215,922</u></b>	<b><u>\$ 63,702</u></b>	<b><u>\$ 815,864</u></b>	<b><u>\$ 168,832</u></b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 15,423	\$ -	\$ 8,717	\$ 9,304
Salaries payable	2,253	-	43,778	-
Due to other funds	1,191	-	314	1,255
Due to other governments	1,357	-	5,589	-
Due to component unit	-	-	-	-
Advance from other funds	-	-	-	11,891
Unearned revenue	-	-	183,006	-
<b>Total Liabilities</b>	<b><u>\$ 20,224</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 241,404</u></b>	<b><u>\$ 22,450</u></b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	\$ -	\$ 3,409	\$ 63,477	\$ 15,591



**EXHIBIT C-1**

<b>Special Revenue Funds</b>						
<b>Transfer Station</b>	<b>Family Services Building</b>	<b>Septic System Loan Program</b>	<b>Forfeit Property</b>	<b>Sheriff's Contingent</b>	<b>Revolving Loan</b>	<b>Total</b>
\$ 697,903	\$ 370,197	\$ 155,034	\$ 142,032	\$ 7,192	\$ 1,312,536	\$ 3,768,885
-	1,834	-	-	-	-	6,313
-	-	-	-	-	-	982
-	-	227,768	-	-	-	242,377
15,673	-	-	-	-	-	26,073
-	-	-	-	-	-	1,690
1,200	13,948	-	-	13	-	157,330
-	-	-	-	-	-	6,000
-	-	-	-	-	115,891	115,891
-	-	-	-	-	101,670	101,670
-	818	-	-	-	-	818
<b>\$ 714,776</b>	<b>\$ 386,797</b>	<b>\$ 382,802</b>	<b>\$ 142,032</b>	<b>\$ 7,205</b>	<b>\$ 1,530,097</b>	<b>\$ 4,428,029</b>
\$ 11,526	\$ 36,791	\$ -	\$ 441	\$ -	\$ -	\$ 82,202
2,550	5,640	-	-	-	-	54,221
2,575	-	-	-	-	-	5,335
7,410	4,436	-	108	-	-	18,900
-	-	-	-	-	27,500	27,500
-	-	-	-	-	-	11,891
-	-	-	-	-	-	183,006
<b>\$ 24,061</b>	<b>\$ 46,867</b>	<b>\$ -</b>	<b>\$ 549</b>	<b>\$ -</b>	<b>\$ 27,500</b>	<b>\$ 383,055</b>
<b>\$ -</b>	<b>\$ 1,426</b>	<b>\$ 227,768</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 115,891</b>	<b>\$ 427,562</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	<u>County Parks</u>	<u>Regional Library</u>	<u>County Nurse</u>	<u>Ditch</u>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>				
<b>(Continued)</b>				
<b>Fund Balances</b>				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Advances to component unit	-	-	-	-
Notes receivable	6,000	-	-	-
Restricted for				
Sheriff contingencies	-	-	-	-
Conservation of natural resources	-	-	-	148,462
Committed for				
Regional library	-	60,293	-	-
Assigned to				
General government	-	-	-	-
Sanitation	-	-	-	-
Health	-	-	510,983	-
Culture and recreation	189,698	-	-	-
Economic development	-	-	-	-
Unassigned	-	-	-	(17,671)
<b>Total Fund Balances</b>	<b><u>\$ 195,698</u></b>	<b><u>\$ 60,293</u></b>	<b><u>\$ 510,983</u></b>	<b><u>\$ 130,791</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 215,922</u></b>	<b><u>\$ 63,702</u></b>	<b><u>\$ 815,864</u></b>	<b><u>\$ 168,832</u></b>

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

<b>Special Revenue Funds</b>						
<b>Transfer Station</b>	<b>Family Services Building</b>	<b>Septic System Loan Program</b>	<b>Forfeit Property</b>	<b>Sheriff's Contingent</b>	<b>Revolving Loan</b>	<b>Total</b>
\$ -	\$ 1,058	\$ -	\$ -	\$ -	\$ -	\$ 1,058
-	-	-	-	-	101,670	101,670
-	-	-	-	-	-	6,000
-	-	-	-	7,205	-	7,205
-	-	-	-	-	-	148,462
-	-	-	-	-	-	60,293
-	337,446	-	141,483	-	-	478,929
690,715	-	155,034	-	-	-	845,749
-	-	-	-	-	-	510,983
-	-	-	-	-	-	189,698
-	-	-	-	-	1,285,036	1,285,036
-	-	-	-	-	-	(17,671)
<b>\$ 690,715</b>	<b>\$ 338,504</b>	<b>\$ 155,034</b>	<b>\$ 141,483</b>	<b>\$ 7,205</b>	<b>\$ 1,386,706</b>	<b>\$ 3,617,412</b>
<b>\$ 714,776</b>	<b>\$ 386,797</b>	<b>\$ 382,802</b>	<b>\$ 142,032</b>	<b>\$ 7,205</b>	<b>\$ 1,530,097</b>	<b>\$ 4,428,029</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>County Parks</u>	<u>Regional Library</u>	<u>County Nurse</u>	<u>Ditch</u>
<b>Revenues</b>				
Taxes	\$ -	\$ 203,011	\$ -	\$ -
Special assessments	-	-	-	86,999
Intergovernmental	-	20,298	763,792	-
Charges for services	77,179	-	473,581	-
Fines and forfeits	-	-	-	-
Gifts and contributions	100	-	10,000	-
Investment earnings	-	-	-	-
Miscellaneous	5,366	-	3,469	-
<b>Total Revenues</b>	<b>\$ 82,645</b>	<b>\$ 223,309</b>	<b>\$ 1,250,842</b>	<b>\$ 86,999</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ -	\$ -	\$ -	\$ -
Sanitation	-	-	-	-
Health	-	-	1,615,133	-
Culture and recreation	241,635	222,789	-	-
Conservation of natural resources	-	-	-	109,935
Economic development	-	-	-	-
<b>Debt service</b>				
Principal	-	-	-	-
Interest	-	-	-	614
<b>Total Expenditures</b>	<b>\$ 241,635</b>	<b>\$ 222,789</b>	<b>\$ 1,615,133</b>	<b>\$ 110,549</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (158,990)</b>	<b>\$ 520</b>	<b>\$ (364,291)</b>	<b>\$ (23,550)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 175,863	\$ -	\$ 462,143	\$ -
Loans issued	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 175,863</b>	<b>\$ -</b>	<b>\$ 462,143</b>	<b>\$ -</b>
<b>Net Change in Fund Balance</b>	<b>\$ 16,873</b>	<b>\$ 520</b>	<b>\$ 97,852</b>	<b>\$ (23,550)</b>
<b>Fund Balance - January 1</b>	<b>178,825</b>	<b>59,773</b>	<b>413,131</b>	<b>154,341</b>
<b>Fund Balance - December 31</b>	<b>\$ 195,698</b>	<b>\$ 60,293</b>	<b>\$ 510,983</b>	<b>\$ 130,791</b>

**EXHIBIT C-2**

<b>Special Revenue Funds</b>						
<b>Transfer Station</b>	<b>Family Services Building</b>	<b>Septic System Loan Program</b>	<b>Forfeit Property</b>	<b>Sheriff's Contingent</b>	<b>Revolving Loan</b>	<b>Total</b>
\$ -	\$ 66,763	\$ -	\$ -	\$ -	\$ -	\$ 269,774
-	-	69,432	-	-	-	156,431
72,967	6,736	28,778	-	-	-	892,571
163,927	-	-	-	-	-	714,687
-	-	-	1,800	1,054	-	2,854
-	-	-	-	-	-	10,100
-	-	-	-	-	1,077	1,077
18,000	359,736	-	-	-	378,521	765,092
<b>\$ 254,894</b>	<b>\$ 433,235</b>	<b>\$ 98,210</b>	<b>\$ 1,800</b>	<b>\$ 1,054</b>	<b>\$ 379,598</b>	<b>\$ 2,812,586</b>
\$ -	\$ 397,847	\$ -	\$ 21,791	\$ -	\$ -	\$ 419,638
248,332	-	68,199	-	-	-	316,531
-	-	-	-	-	-	1,615,133
-	-	-	-	-	-	464,424
-	-	-	-	-	-	109,935
-	-	-	-	-	97,536	97,536
-	-	34,863	-	-	-	34,863
-	-	6,103	-	-	-	6,717
<b>\$ 248,332</b>	<b>\$ 397,847</b>	<b>\$ 109,165</b>	<b>\$ 21,791</b>	<b>\$ -</b>	<b>\$ 97,536</b>	<b>\$ 3,064,777</b>
<b>\$ 6,562</b>	<b>\$ 35,388</b>	<b>\$ (10,955)</b>	<b>\$ (19,991)</b>	<b>\$ 1,054</b>	<b>\$ 282,062</b>	<b>\$ (252,191)</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 638,006
-	-	68,200	-	-	-	68,200
<b>\$ -</b>	<b>\$ -</b>	<b>\$ 68,200</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 706,206</b>
<b>\$ 6,562</b>	<b>\$ 35,388</b>	<b>\$ 57,245</b>	<b>\$ (19,991)</b>	<b>\$ 1,054</b>	<b>\$ 282,062</b>	<b>\$ 454,015</b>
<b>684,153</b>	<b>303,116</b>	<b>97,789</b>	<b>161,474</b>	<b>6,151</b>	<b>1,104,644</b>	<b>3,163,397</b>
<b>\$ 690,715</b>	<b>\$ 338,504</b>	<b>\$ 155,034</b>	<b>\$ 141,483</b>	<b>\$ 7,205</b>	<b>\$ 1,386,706</b>	<b>\$ 3,617,412</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT C-3*

**BUDGETARY COMPARISON SCHEDULE  
COUNTY PARKS SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 92,069	\$ 92,069	\$ 77,179	\$ (14,890)
Gifts and contributions	-	-	100	100
Miscellaneous	5,200	5,200	5,366	166
<b>Total Revenues</b>	<b>\$ 97,269</b>	<b>\$ 97,269</b>	<b>\$ 82,645</b>	<b>\$ (14,624)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Culture and recreation</b>				
Parks	273,132	273,132	241,635	31,497
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (175,863)</b>	<b>\$ (175,863)</b>	<b>\$ (158,990)</b>	<b>\$ 16,873</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	175,863	175,863	175,863	-
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,873</b>	<b>\$ 16,873</b>
<b>Fund Balance - January 1</b>	<b>178,825</b>	<b>178,825</b>	<b>178,825</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 178,825</b>	<b>\$ 178,825</b>	<b>\$ 195,698</b>	<b>\$ 16,873</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT C-4*

**BUDGETARY COMPARISON SCHEDULE  
REGIONAL LIBRARY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 204,409	\$ 204,409	\$ 203,011	\$ (1,398)
Intergovernmental	<u>18,380</u>	<u>18,380</u>	<u>20,298</u>	<u>1,918</u>
<b>Total Revenues</b>	<b>\$ 222,789</b>	<b>\$ 222,789</b>	<b>\$ 223,309</b>	<b>\$ 520</b>
<b>Expenditures</b>				
<b>Current</b>				
Culture and recreation	<u>222,789</u>	<u>222,789</u>	<u>222,789</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 520</b>	<b>\$ 520</b>
<b>Fund Balance - January 1</b>	<b><u>59,773</u></b>	<b><u>59,773</u></b>	<b><u>59,773</u></b>	<b><u>-</u></b>
<b>Fund Balance - December 31</b>	<b><u><u>\$ 59,773</u></u></b>	<b><u><u>\$ 59,773</u></u></b>	<b><u><u>\$ 60,293</u></u></b>	<b><u><u>\$ 520</u></u></b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT C-5*

**BUDGETARY COMPARISON SCHEDULE  
COUNTY NURSE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 704,520	\$ 704,520	\$ 763,792	\$ 59,272
Charges for services	423,000	423,000	473,581	50,581
Gifts and contributions	-	-	10,000	10,000
Miscellaneous	4,000	4,000	3,469	(531)
<b>Total Revenues</b>	<b>\$ 1,131,520</b>	<b>\$ 1,131,520</b>	<b>\$ 1,250,842</b>	<b>\$ 119,322</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Health</b>				
Nursing service	1,593,663	1,593,663	1,615,133	(21,470)
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (462,143)</b>	<b>\$ (462,143)</b>	<b>\$ (364,291)</b>	<b>\$ 97,852</b>
<b>Other Financing Source (Uses)</b>				
Transfers in	462,143	462,143	462,143	-
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 97,852</b>	<b>\$ 97,852</b>
<b>Fund Balance - January 1</b>	<b>413,131</b>	<b>413,131</b>	<b>413,131</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 413,131</b>	<b>\$ 413,131</b>	<b>\$ 510,983</b>	<b>\$ 97,852</b>



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT C-6*

**BUDGETARY COMPARISON SCHEDULE  
TRANSFER STATION SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 71,759	\$ 71,759	\$ 72,967	\$ 1,208
Charges for services	135,850	135,850	163,927	28,077
Miscellaneous	18,000	18,000	18,000	-
<b>Total Revenues</b>	<b>\$ 225,609</b>	<b>\$ 225,609</b>	<b>\$ 254,894</b>	<b>\$ 29,285</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Sanitation</b>				
Solid waste	225,609	225,609	248,332	(22,723)
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,562</b>	<b>\$ 6,562</b>
<b>Fund Balance - January 1</b>	<b>684,153</b>	<b>684,153</b>	<b>684,153</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 684,153</b>	<b>\$ 684,153</b>	<b>\$ 690,715</b>	<b>\$ 6,562</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT C-7*

**BUDGETARY COMPARISON SCHEDULE  
FAMILY SERVICES BUILDING SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 66,590	\$ 66,590	\$ 66,763	\$ 173
Intergovernmental	6,161	6,161	6,736	575
Miscellaneous	355,827	355,827	359,736	3,909
<b>Total Revenues</b>	<b>\$ 428,578</b>	<b>\$ 428,578</b>	<b>\$ 433,235</b>	<b>\$ 4,657</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Central services	428,578	428,578	397,847	30,731
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35,388</b>	<b>\$ 35,388</b>
<b>Fund Balance - January 1</b>	<b>303,116</b>	<b>303,116</b>	<b>303,116</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 303,116</b>	<b>\$ 303,116</b>	<b>\$ 338,504</b>	<b>\$ 35,388</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, 2015**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b><u>TAXES AND PENALTIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 234,674	\$ 16,837,444	\$ 16,735,149	\$ 336,969
<b><u>Liabilities</u></b>				
Due to other governments	\$ 234,674	\$ 16,837,444	\$ 16,735,149	\$ 336,969
 <b><u>STATE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 114,447	\$ 2,812,647	\$ 2,816,175	\$ 110,919
<b><u>Liabilities</u></b>				
Due to other governments	\$ 114,447	\$ 2,812,647	\$ 2,816,175	\$ 110,919
 <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, 2015**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>SELECT ACCOUNT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 98,554	\$ 100,276	\$ 109,140	\$ 89,690
<b><u>Liabilities</u></b>				
Due to other governments	\$ 98,554	\$ 100,276	\$ 109,140	\$ 89,690
 <b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 470,363	\$ 19,750,367	\$ 19,660,464	\$ 560,266
<b><u>Liabilities</u></b>				
Due to other governments	\$ 470,363	\$ 19,750,367	\$ 19,660,464	\$ 560,266

**ECONOMIC DEVELOPMENT AUTHORITY**

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

***EXHIBIT E-1***

**STATEMENT OF NET POSITION  
ECONOMIC DEVELOPMENT AUTHORITY  
DECEMBER 31, 2015**

**Assets**

**Current assets**

Cash and pooled investments	\$ 221,602
Investments	141,000
Accounts receivable - net	11,831
Accrued interest receivable	872
Loan receivable	203,341
Due from primary government	27,500
Prepaid items	31,452

**Total current assets** **\$ 637,598**

**Noncurrent assets**

Capital assets	
Nondepreciable	\$ 155,988
Depreciable - net	2,563,088

**Total noncurrent assets** **\$ 2,719,076**

**Total Assets** **\$ 3,356,674**

**Deferred Outflows of Resources**

Deferred pension outflows	<b><u>\$ 12,246</u></b>
---------------------------	-------------------------

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT E-1  
(Continued)**

**STATEMENT OF NET POSITION  
ECONOMIC DEVELOPMENT AUTHORITY  
DECEMBER 31, 2015**

**Liabilities**

**Current liabilities**

Accounts payable	\$ 5,880
Salaries payable	4,280
Due to primary government	52
Accrued interest payable	3,106
Customer deposits	48,119
Compensated absences payable - current	2,989
Revenue bonds payable - current	178,736

**Total current liabilities** **\$ 243,162**

**Noncurrent liabilities**

Compensated absences payable - long-term	\$ 4,301
Advance from primary government	101,670
Advance from contributors	101,671
Revenue bonds payable - long-term	3,380,832
Net pension liability	90,364

**Total noncurrent liabilities** **\$ 3,678,838**

**Total Liabilities** **\$ 3,922,000**

**Deferred Inflows of Resources**

Deferred pension inflows	\$ 11,585
--------------------------	-----------

**Net Position**

Net investment in capital assets	\$ (840,492)
Unrestricted	275,827

**Total Net Position** **\$ (564,665)**

**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, 2015**

<b>Operating Revenues</b>	
Administrative fees	\$ 27,500
Tenant rents	594,618
Intergovernmental revenue	91,000
Miscellaneous	14,645
	<hr/>
<b>Total Operating Revenues</b>	<b>\$ 727,763</b>
	<hr/>
<b>Operating Expenses</b>	
Personal services	\$ 115,743
Employee benefits and payroll taxes	33,758
General services - repairs and maintenance	109,975
Administration and fiscal services	8,333
Other services and charges	417
Supplies	2,459
Management and caretaking	25,305
Real estate taxes	28,621
Snowplowing	5,124
Telephone	1,482
Utilities	4,125
Water	5,196
Advertising	2,046
Background checks	377
Insurance	40,886
Licenses and dues	2,221
Interest	458
Miscellaneous	170
Web site and internet	1,545
Depreciation	173,090
	<hr/>
<b>Total Operating Expenses</b>	<b>\$ 561,331</b>
	<hr/>
<b>Operating Income (Loss)</b>	<b>\$ 166,432</b>
	<hr/>
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	\$ 2,138
Management fees	1,800
Interest expense	(138,826)
Gain (loss) on sale of capital assets	(2,244)
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (137,132)</b>
	<hr/>
<b>Change in Net Position</b>	<b>\$ 29,300</b>
	<hr/>
<b>Net Position - January 1, as restated (See Note 8.A.)</b>	<b>(593,965)</b>
	<hr/>
<b>Net Position - December 31</b>	<b>\$ (564,665)</b>
	<hr/> <hr/>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

***EXHIBIT E-3***

**STATEMENT OF CASH FLOWS  
ECONOMIC DEVELOPMENT AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2015  
Increase (Decrease) in Cash and Cash Equivalents**

<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 753,158
Payments to suppliers	(263,159)
Payments to employees	(143,405)
Other nonoperating revenue	<u>1,800</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ 348,394</u></b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Repayment to contributors	\$ (16,229)
Intergovernmental expense - Meeker County	<u>(16,230)</u>
<b>Net cash provided by (used in) noncapital financing activities</b>	<b><u>\$ (32,459)</u></b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Principal paid on long-term debt	\$ (172,082)
Interest paid on long-term debt	<u>(138,728)</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<b><u>\$ (310,810)</u></b>
<b>Cash Flows from Investing Activities</b>	
Investment earnings received	<u>\$ 2,131</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 7,256</b>
<b>Cash and Cash Equivalents, January 1</b>	<u><b>355,346</b></u>
<b>Cash and Cash Equivalents, December 31</b>	<b><u><u>\$ 362,602</u></u></b>
<b>Cash and Cash Equivalents - Exhibit E-1</b>	
Cash and pooled investments	\$ 221,602
Investments	<u>141,000</u>
<b>Total Cash and Cash Equivalents</b>	<b><u><u>\$ 362,602</u></u></b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT E-3  
(Continued)**

**STATEMENT OF CASH FLOWS  
ECONOMIC DEVELOPMENT AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2015  
Increase (Decrease) in Cash and Cash Equivalents**

<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>	
<b>Operating income (loss)</b>	<b><u>\$ 166,432</u></b>
 <b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>	
Depreciation expense	\$ 173,090
Other nonoperating revenue	1,800
(Increase) decrease in accounts receivable	(10,060)
(Increase) decrease in prepaid items	(24,746)
(Increase) decrease in loans receivable	32,459
(Increase) decrease in due from primary government	52
Increase (decrease) in customer deposits	2,996
Increase (decrease) in accounts payable	275
Increase (decrease) in salaries payable	113
Increase (decrease) in compensated absences payable	3,973
Increase (decrease) in net pension liability	(915)
Increase (decrease) in deferred outflows	(8,660)
Increase (decrease) in deferred inflows	<u>11,585</u>
 <b>Total adjustments</b>	 <b><u>\$ 181,962</u></b>
 <b>Net Cash Provided by (Used in) Operating Activities</b>	 <b><u><u>\$ 348,394</u></u></b>
 <b>Noncash Investing, Capital, and Financing Activities</b>	
Carrying value of disposed assets	\$ 2,244

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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, 2015**

**Shared Revenue**

**State**

Highway users tax	\$	3,525,748
County program aid		906,051
Market value credit - agricultural		312,118
PERA rate reimbursement		24,144
Disparity reduction aid		15,416
Police aid		153,530
Aquatic invasive species		251,830
E-911		98,333
		98,333

**Total shared revenue** **\$ 5,287,170**

**Reimbursement for Services**

**State**

Minnesota Department of Human Services	\$	682,559
Minnesota Department of Transportation		115,596
		115,596

**Total Reimbursement for Services** **\$ 798,155**

**Local**

Local contributions	\$	169,683
Payments in lieu of taxes		112,953
		112,953

**Total local** **\$ 282,636**

**Grants**

**State**

Minnesota Department/Board of		
Corrections	\$	117,650
Public Safety		51,745
Health		130,203
Natural Resources		36,267
Human Services		1,101,187
Water and Soil Resources		113,241
Veterans Affairs		10,000
Peace Officer Standards and Training		8,929
Pollution Control Agency		72,967
		72,967

**Total state** **\$ 1,642,189**

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT F-1  
(Continued)**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Grants (Continued)**

**Federal**

Department of	
Agriculture	\$ 267,098
Commerce	402
Justice	5,179
Transportation	1,993,502
Education	2,009
Health and Human Services	1,567,806
Social Security Administration	1,480
Homeland Security	20,415
	20,415

<b>Total federal</b>	<b>\$ 3,857,891</b>
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<b>Total state and federal grants</b>	<b>\$ 5,500,080</b>
---------------------------------------	---------------------

<b>Total Intergovernmental Revenue</b>	<b>\$ 11,868,041</b>
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**Intergovernmental Revenue**

Governmental funds	\$ 11,856,607
Proprietary fund	11,434
	11,434

<b>Total Intergovernmental Revenue</b>	<b>\$ 11,868,041</b>
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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT F-2*

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Federal Grantor Pass-Through Agency Grant Program 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	\$ 109,380
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	15152MN10152514	<u>157,718</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>\$ 267,098</u></b>
<b>U.S. Department of Commerce</b>			
Passed Through City of Saint Cloud State and Local Implementation Grant Program	11.549	A-SLIGP-2013-CRRB-0001	<u>\$ 402</u>
<b>U.S. Department of Justice</b>			
Direct Bulletproof Vest Partnership Program	16.607	N/A	<u>\$ 5,179</u>
<b>U.S. Department of Transportation</b>			
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	06082	\$ 173,008
Highway Planning and Construction <i>(Total Highway Planning and Construction CFDA 20.205 \$1,989,368)</i>	20.205	1000191	1,816,360
Recreational Trails Program <i>(Total Highway Planning and Construction Cluster \$1,992,192)</i>	20.219	Not Provided	2,824
Passed Through City of Hutchinson State and Community Highway Safety	20.600	A-ENFRC16-2016- GLENCOPD-0052	<u>1,792</u>
<b>Total U.S. Department of Transportation</b>			<b><u>\$ 1,993,984</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	<u>\$ 2,492</u>

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

Page 135

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT F-2  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Federal Grantor Pass-Through Agency Grant Program 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	\$ 31,242
Immunization Cooperative Agreements	93.268	Not Provided	2,500
Temporary Assistance for Needy Families <i>(Total Temporary Assistance for Needy Families CFDA 93.558 \$210,237)</i>	93.558	Not Provided	25,048
Block Grants for Prevention and Treatment of Substance Abuse <i>(Total Block Grants for Prevention and Treatment of Substance Abuse CFDA 93.959 \$234,033)</i>	93.959	Not Provided	48,892
Maternal and Child Health Services Block Grant to the States	93.994	Not Provided	21,569
Passed Through National Association of County and City Health Officials			
Medical Reserve Corps Small Grant Program	93.008	MRC 15-1979	3,500
Passed Through Minnesota Department of Health			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	Not Provided	169
Small Rural Hospital Improvement Grant Program	93.301	Not Provided	8,958
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	Not Provided	827

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT F-2  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Federal Grantor Pass-Through Agency Grant Program 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 (Continued)</b>			
Passed Through Minnesota Department of Human Services			
Promoting Safe and Stable Families	93.556	1401MNFPS	1,755
Temporary Assistance for Needy Families <i>(Total Temporary Assistance for Needy Families CFDA 93.558 \$210,237)</i>	93.558	1502MNTANF	185,189
Child Support Enforcement	93.563	1504MN4005	291,046
Refugee and Entrant Assistance - State-Administered Programs	93.566	1501MNRCA	221
Child Care and Development Block Grant	93.575	G1501MNCCDF	4,882
Community-Based Child Abuse Prevention Grants	93.590	1302MNFPRG	1,236
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1401MNCWSS	845
Foster Care - Title IV-E	93.658	1501MNFOST	66,985
Social Services Block Grant	93.667	1501MNSOSR	124,882
Chafee Foster Care Independence Program	93.674	1401MN1420	2,337
Children's Health Insurance Program	93.767	1405MN5021	72
Medical Assistance Program	93.778	1505MN5ADM	586,028
Block Grants for Prevention and Treatment of Substance Abuse <i>(Total Block Grants for Prevention and Treatment of Substance Abuse CFDA 93.959 \$234,033)</i>	93.959	14B1MNSAPT	<u>185,141</u>
<b>Total U.S. Department of Health and Human Services</b>			<b><u>\$ 1,593,324</u></b>
<b>U.S. Social Security Administration</b>			
Passed Through Minnesota Department of Employment and Economic Development			
Social Security - Disability Insurance	96.001	Not Provided	<b><u>\$ 1,480</u></b>
<b>U.S. Department of Homeland Security</b>			
Passed Through Minnesota Department of Public Safety			
Emergency Management Performance Grants	97.042	F-EMPG-2015-MEEKERCO-1105	\$ 14,928
Emergency Management Performance Grants <i>(Total Emergency Management Performance Grants CFDA 97.042 \$20,415)</i>	97.042	F-EMPG-2015-MEEKERCO-1289	<u>5,487</u>
<b>Total U.S. Department of Homeland Security</b>			<b><u>\$ 20,415</u></b>
<b>Total Federal Awards</b>			<b><u>\$ 3,884,374</u></b>

Meeker County did not pass any federal awards through to subrecipients during the year ended December 31, 2015.

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

Page 137

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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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 component unit, which expended \$247,940 in federal awards during the year ended June 30, 2015, which are not included in the Schedule of Expenditures of Federal Awards because it 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, 2015. 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, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in 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 10 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	\$ 3,857,891
Grants received more than 60 days after year-end, unavailable in 2015	
State and Community Highway Safety	1,067
Special Education - Grants for Infants and Families	483
Public Health Emergency Preparedness	8,846
Child Support Enforcement	16,500
Temporary Assistance for Needy Families	6,262
Block Grants for Prevention and Treatment of Substance Abuse	10,349
Maternal and Child Health Services Block Grant to the States	5,207
Unavailable in 2014, recognized as revenue in 2015	
State and Community Highway Safety	(585)
Centers for Disease Control and Prevention - Investigations and Technical Assistance	(10,089)
Child Care and Development Block Grant	(312)
Block Grants for Prevention and Treatment of Substance Abuse	<u>(11,245)</u>
 Expenditures Per Schedule of Expenditures of Federal Awards	 <u>\$ 3,884,374</u>





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**MEEKER COUNTY**

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**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 generally accepted accounting principles: **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? **None reported**

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)? **No**

The major federal programs are:

Highway Planning and Construction Cluster	
Highway Planning and Construction	CFDA No. 20.205
Recreational Trails Program	CFDA No. 20.219

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

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

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

### INTERNAL CONTROL

#### PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding 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 that 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.

#### Client's Response:

*Meeker County's management is aware that various County offices may lack segregation of accounting duties and responsibilities. The County continues to evaluate to ensure segregation of duties is in place as much as possible and feasible with the staffing available.*

## PREVIOUSLY REPORTED ITEMS RESOLVED

### **Accounting Policies and Procedures (2006-001)**

The County previously did not have Board-approved written procedures covering receipt and deposit of funds, approval and payment of bills, payroll activities, accounting for the inventory process, and annual financial reporting.

### **Resolution**

On December 1, 2015, the County Board adopted a comprehensive accounting policies and procedures manual.

### **Approval of Disbursements (2013-001)**

During internal control testing in prior year, we noted 12 out of 25 Social Services disbursements tested did not have documentation to indicate that they were reviewed and approved by a supervisor or the Director in the Social Services Department.

### **Resolution**

Items tested in the current year had documentation of review and approval.

### **Audit Adjustment (2014-001)**

During the prior year audit, material adjustments were identified that resulted in significant changes to Meeker County's financial statements.

### **Resolution**

Material adjustments were not identified in the current year.

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

### PREVIOUSLY REPORTED ITEMS RESOLVED

### **Supervisory Review Over Eligibility (CFDA Nos. 93.558 and 93.778) (2012-003)**

In the prior year, during our testing of controls over the Medical Assistance Program and Temporary Assistance for Needy Families case files, we noted the County had no documented review process of case files by a supervisor.

### **Resolution**

Documentation of case file reviews is maintained by a supervisor for reviews performed during 2015.

**Activities Allowed or Unallowed and Allowable Costs/Cost Principles -  
Approval of Disbursements (CFDA Nos. 93.563 and 93.778) (2013-002)**

During prior year internal control testing, we noted 17 out of 41 disbursements tested did not have documentation to indicate that they were reviewed and approved by a supervisor or the Director in the Social Services Department.

**Resolution**

Items tested in the current year had documentation of review and approval.

**IV. OTHER FINDINGS AND RECOMMENDATIONS**

A. MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding 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 57 individual drainage systems had deficit cash balances totaling \$8,808, an increase of \$399 from the \$8,409 deficit reported in the prior year. Ten of the 57 individual drainage systems had deficit equity balances totaling \$17,671, an increase of \$13,862 from the \$3,809 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.

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

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



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

Client's Response:

*Management is aware of the provision in Minn. Stat. § 103E.735 to establish repair fund balances. Meeker County analyzes the individual ditch accounts monthly and, annually in November, landowner assessments are determined. The County continues to be more aggressive to accumulate a surplus balance to provide for repair and maintenance costs of the ditch systems.*

PREVIOUSLY REPORTED ITEM RESOLVED

**Prompt Payment of Invoices (2013-004)**

During testing in the prior year, 6 of 25 Social Services invoices tested for compliance with this statute were not paid within 35 days.

**Resolution**

Items tested in the current year were paid within the required 35 days.

B. OTHER MATTER

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding 2013-003

Eligibility Testing

**Program:** U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778)

**Pass-Through Agency:** Minnesota Department of Human Services

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

**Condition:** The state maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. Documentation was not available to support all participant eligibility requirements. A sample of 15 case files were tested; in one case file, assets listed in the application were not verified, nor was the asset information input into MAXIS.

**Questioned Costs:** Not applicable. The County administers the program, but benefits to participants in this program are paid by the State of Minnesota.

**Context:** The State of Minnesota contracts with the County Social Services Department to perform the “intake function” (meeting with the social services recipient to determine income and categorical eligibility), while the state maintains MAXIS, which supports the eligibility determination process and actually pays the benefits to the participants.

**Effect:** The improper input of information into MAXIS increases the risk that clients will receive benefits when they are not eligible.

**Cause:** Program personnel entering case information into MAXIS did not ensure all required information was verified and entered.

**Recommendation:** We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations is properly input into MAXIS. In addition, consideration should be given to providing additional training to program personnel.

Corrective Action Plan:

Name of Contact Person Responsible for Correction Action:

*LoAnn Shepard*

Corrective Action Planned:

- 1. Discussed the importance of verifying all information provided by the client, with a special emphasis on assets and previously reported information, with the worker responsible for this case.*
- 2. Discussed the above information with all staff at unit meeting held on August 14, 2016.*

3. *Will continue to emphasize the need to follow up, verify, and act on any discrepancies between information previously reported and current information reported by the client at the time of recertifications or other changes to the case, both with individual workers and at unit meetings.*
4. *Supervisor will perform monthly targeted audits of cases focusing on asset verification for all unit members, and will audit at least two cases of the responsible worker. Further corrective action and audits will be taken as warranted.*

Anticipated Completion Date:

1. *Completed. Worker acknowledges error and will be especially mindful of these program requirements. Worker understands that work will be under special scrutiny to ensure that appropriate verification and follow-up will occur, and that additional corrective actions will be taken as warranted by supervisory audit.*
2. *Completed.*
3. *On-going throughout the year.*
4. *On-going throughout the year.*

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REBECCA OTTO  
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, 2015, including the Meeker County Housing and Redevelopment Authority as of and for the year ended June 30, 2015, 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 17, 2016. 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*. The results of our testing of the Meeker County Economic Development Authority component unit's internal control over financial reporting and on compliance and other matters 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. However, material weaknesses may exist that have not been identified. 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.

### **Other Matters**

Also included in the Schedule of Findings and Questioned Costs is an unresolved other matter described as item 2013-003.

### **Meeker County's Response to Findings**

Meeker County's responses to the internal control and legal compliance findings and to the other matter identified in our audit have been included in the Schedule of Findings and Questioned Costs. 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/Rebecca Otto

REBECCA OTTO  
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

August 17, 2016

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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 the 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 the County's major federal program for the year ended December 31, 2015. Meeker County's major federal program is 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), a discretely presented component unit, which expended \$247,940 in federal awards during the year ended June 30, 2015, 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 Meeker County's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the County's compliance with those requirements.

### ***Opinion on the 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 its major federal program for the year ended December 31, 2015.

### **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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

August 17, 2016

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**MEEKER COUNTY  
ECONOMIC DEVELOPMENT AUTHORITY**

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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, 2015, 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 17, 2016.

### **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 opinion 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 Other Political Subdivisions*, 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 Other Political Subdivisions*. 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 Other Political Subdivisions* 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/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

August 17, 2016