

**MEEKER COUNTY
(INCLUDING THE MEEKER COUNTY
ECONOMIC DEVELOPMENT AUTHORITY)
LITCHFIELD, MINNESOTA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
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LITCHFIELD, MINNESOTA
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INTRODUCTORY SECTION

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
ORGANIZATION SCHEDULE
MEEKER COUNTY
DECEMBER 31, 2022**

			<u>Term Expires</u>
Elected:			
Commissioners:			
Chair	Beth Oberg	District 1	December 31, 2022
Board Member	Julie Bredeson	District 2	December 31, 2024
Board Member	Paul Johnson	District 3	December 31, 2024
Board Member	Danny Schiefelbein	District 4	December 31, 2024
Vice Chair	Steve Schmitt	District 5	December 31, 2022
Attorney	Brandi Schiefelbein		December 31, 2022
Recorder	Christine Paul		December 31, 2022
Sheriff	Brian Cruze		December 31, 2022
Appointed:			
Auditor	Barbara Loch		Indefinite
Assessor	Vacant		
County Administrator	Andrew Letson		Indefinite
Court Administrator	Katie Bloch		Indefinite
Coroner/Medical Examiner	A. Quinn Piper, M.D.		December 31, 2022
Emergency Management			
Director	Stephanie Johnson		Indefinite
Examiner of Titles	Mark Wood		Indefinite
Land Use Records Director	Greg Schultz		Indefinite
Public Health Director	Diane Winter		Indefinite
Public Works Director	Phillip Schmalz		May 8, 2026
Social Services Director	Paul Bukovich		Indefinite
Surveyor	Doug Huhn		December 31, 2022
Treasurer	Sharon Euerle		Indefinite

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
ORGANIZATION SCHEDULE
MEEKER COUNTY ECONOMIC DEVELOPMENT AUTHORITY
DECEMBER 31, 2022**

Board Member	Terri Boese	City of Dassel
Treasurer	Brent Bengston	City of Eden Valley
President	Steve Schmitt	Meeker County Commissioner
Board Member	Kim Dolan	City of Litchfield
Board Member	Danny Scheifelbien	Meeker County Commissioner
Board Member	Chuck Lietzau	City of Cosmos
Vice President	Eric Holt	City of Grove City
Board Member	Mark Smith	City of Darwin
Board Member	Joe Kuechle	City of Watkins

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Meeker County
Litchfield, Minnesota

Report on the Audit of the Financial Statements

Opinions

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 (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Meeker County's basic financial statements as listed in the table of contents.

In our opinion based on our audit and the report 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 the County, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of (1) the Meeker Memorial Hospital which represents the amounts shown as the business-type activities and major enterprise fund; or (2) the Meeker County HRA, a discretely presented component unit, which represents 14%, 9% and 79%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Meeker Memorial Hospital Enterprise Fund and the Meeker County HRA component unit, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis-of-Matter

As discussed in Note 1 to the financial statements, effective January 1, 2022, the County adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in total OPEB liability and related ratios, the schedule of proportionate share of net pension liability (asset), the schedule of pension contributions, and budgetary comparison schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 the Meeker County's basic financial statements. The supplementary information as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That 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.



CliftonLarsonAllen LLP

Alexandria, Minnesota
September 13, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(UNAUDITED)**

As management of Meeker County, Minnesota (the County), 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, 2022. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements that follow this section. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Meeker County exceeded its liabilities and deferred inflows of resources on December 31, 2022, by \$146,364,961 (net position). Of this amount, \$62,100,533 (unrestricted net position) may be used to meet Meeker County's ongoing obligations to citizens and creditors.
- As of the close of 2022, Meeker County's governmental funds reported combined ending fund balances of \$28,513,428. Of this fund balance amount, \$23,713,220 was unrestricted (committed, assigned and unassigned) and thus available for spending at the government's discretion.
- At the end of 2022, unassigned fund balance for the General Fund was \$6,750,994, or 49.9%, of the total General Fund expenditures for that year.
- Meeker County's total debt decreased by \$4,522,239 This results in a decrease of 23.7% in total outstanding debt of the County. The key factor in the decrease was a result payments made on the Medicare Accelerated and Advance Payment program.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(UNAUDITED)**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements (Continued)

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

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

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

The government-wide financial statements can be found on pages 15 through 17 of this report.

Fund Level Financial Statements

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

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

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(UNAUDITED)**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Level Financial Statements (Continued)

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 pages 18 through 23 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 business-type activity only in detail.

Proprietary fund financial statements can be found on pages 24 through 28 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. Fiduciary 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 34 through 98 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County's financial position. Meeker County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$146,364,961 at the close of 2022. The largest portion of Meeker County's net position (52.8%) 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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(UNAUDITED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and Other Assets	\$ 38,944,607	\$ 35,219,866	\$ 64,513,075	\$ 67,880,875	\$ 103,457,682	\$ 103,100,741
Capital Assets	76,155,546	73,468,317	20,174,735	17,029,709	96,330,281	90,498,026
Total Assets	<u>115,100,153</u>	<u>108,688,183</u>	<u>84,687,810</u>	<u>84,910,584</u>	<u>199,787,963</u>	<u>193,598,767</u>
Deferred Outflows of Resources	8,556,367	6,728,527	5,115,175	4,566,787	13,671,542	11,295,314
Liabilities:						
Long-Term Liabilities	19,709,334	8,530,847	28,509,008	19,947,707	48,218,342	28,478,554
Other Liabilities	8,161,049	6,146,236	8,305,414	11,317,434	16,466,463	17,463,670
Total Liabilities	<u>27,870,383</u>	<u>14,677,083</u>	<u>36,814,422</u>	<u>31,265,141</u>	<u>64,684,805</u>	<u>45,942,224</u>
Deferred Inflows of Resources	1,134,057	8,667,844	1,198,907	6,621,761	2,332,964	15,289,605
Net Position:						
Net Investment in Capital Assets	75,176,895	72,195,408	2,134,051	2,846,713	77,310,946	75,042,121
Restricted	6,564,148	7,422,292	389,334	331,875	6,953,482	7,754,167
Unrestricted	12,911,037	12,454,083	49,266,271	48,411,881	62,177,308	60,865,964
Total Net Position	<u>\$ 94,652,080</u>	<u>\$ 92,071,783</u>	<u>\$ 51,789,656</u>	<u>\$ 51,590,469</u>	<u>\$ 146,441,736</u>	<u>\$ 143,662,252</u>

The unrestricted net position amount of \$62,100,533 as of December 31, 2022, may be used to meet the County's ongoing obligations to citizens and creditors. The business-type activities reported in 2022 are comprised of the Meeker Memorial Hospital, an enterprise fund of the primary government.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(UNAUDITED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 6,096,363	\$ 4,685,500	\$ 47,217,078	\$ 47,169,008	\$ 53,313,441	\$ 51,854,508
Operating Grants and Contributions	14,549,989	13,574,486	369,106	5,061,608	14,919,095	18,636,094
Capital Grants and Contributions	419,269	953,450	-	-	419,269	953,450
General Revenues:						
Property Taxes	15,638,654	15,419,774	-	-	15,638,654	15,419,774
Gravel Taxes	70,785	85,402	-	-	70,785	85,402
Mortgage Registry Taxes	27,248	34,312	-	-	27,248	34,312
Other Taxes	78,284	77,016	-	-	78,284	77,016
Grants and Contributions Not Restricted to Specific Programs	1,487,692	1,495,757	-	-	1,487,692	1,495,757
Gifts and Contributions	-	-	-	-	-	-
Investment Earnings	(159,269)	4,601	668,343	251,976	509,074	256,577
Miscellaneous	721,950	431,589	-	-	721,950	431,589
Total Revenues	<u>38,930,965</u>	<u>36,761,887</u>	<u>48,254,527</u>	<u>52,482,592</u>	<u>87,185,492</u>	<u>89,244,479</u>
Expenses:						
General Government	7,929,007	6,298,700	-	-	7,929,007	6,298,700
Public Safety	7,293,891	6,105,252	-	-	7,293,891	6,105,252
Highways and Streets	7,552,165	6,020,267	-	-	7,552,165	6,020,267
Sanitation	1,047,077	226,214	-	-	1,047,077	226,214
Human Services	8,637,451	8,141,100	-	-	8,637,451	8,141,100
Hospital	-	-	48,055,340	42,549,111	48,055,340	42,549,111
Health	1,537,658	1,467,043	-	-	1,537,658	1,467,043
Culture and Recreation	705,499	614,018	-	-	705,499	614,018
Conservation of Natural Resources	1,433,428	2,129,735	-	-	1,433,428	2,129,735
Economic Development	195,071	571,970	-	-	195,071	571,970
Interest	19,421	33,253	-	-	19,421	33,253
Total Expenses	<u>36,350,668</u>	<u>31,607,552</u>	<u>48,055,340</u>	<u>42,549,111</u>	<u>84,406,008</u>	<u>74,156,663</u>
Change in Net Position before Transfers	2,580,297	5,154,335	199,187	9,933,481	2,779,484	15,087,816
Transfers	-	(100,500)	-	100,500	-	-
Increase in Net Position	<u>2,580,297</u>	<u>5,053,835</u>	<u>199,187</u>	<u>10,033,981</u>	<u>2,779,484</u>	<u>15,087,816</u>
Net Position - January 1,	<u>92,071,783</u>	<u>87,017,948</u>	<u>51,590,469</u>	<u>41,556,488</u>	<u>143,662,252</u>	<u>128,574,436</u>
Net Position - December 31	<u>\$ 94,652,080</u>	<u>\$ 92,071,783</u>	<u>\$ 51,789,656</u>	<u>\$ 51,590,469</u>	<u>\$ 146,441,736</u>	<u>\$ 143,662,252</u>

Governmental Activities

Meeker County's governmental activities increased the County's net position during 2022 by \$2,580,297. The primary reason for this increase is attributed to revenues exceeding expenditures in the general fund, road and bridge fund and human services fund.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(UNAUDITED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities

Business-type activities of the Meeker Memorial Hospital increased Meeker County's net position by \$122,412, accounting for 5% of the total increase in the County's net position. Charges for services increased \$48,070, operating grants decreased \$4,692,502, while expenses decreased \$5,583,004.

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 \$28,513,428, an increase of \$2,179,050 in comparison with the prior year. Of the ending fund balance, \$23,713,220 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 nonspendable 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 \$6,750,994 while total fund balance was \$12,906,738. 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 49.9% of total General Fund expenditures. The ending fund balance for 2022 in the General Fund increased by \$349,228 as compared to the 2021 ending balance.

The Road and Bridge Special Revenue Fund's fund balance at the end of the current fiscal year was \$3,599,911. The ending fund balance in the Road and Bridge Special Revenue Fund increased by \$288,854, due to the timing of state aid payments.

The Human Services Special Revenue Fund's fund balance at the end of the current fiscal year was \$5,728,401. The ending fund balance in the Human Services Special Revenue Fund increased by \$183,268 due to expenditures coming in under budget.

The Debt Service Fund's fund balance at the end of the current fiscal year was \$760,723. The ending fund balance in the Debt Service Fund increased by \$10,581 primarily due to tax levy exceeding debt service requirements.

The Capital Projects Fund's fund balance at the end of the current fiscal year was \$1,149,110. The ending fund balance in the Capital Projects Fund increased by \$305,416, primarily due to transfers in from other funds.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(UNAUDITED)**

GENERAL FUND BUDGETARY HIGHLIGHTS

There are no differences between the original expenditure budget and the final budget. (Meeker County did not amend the 2022 expenditure budget.)

Actual revenues in the General Fund were more than budgeted revenues by \$152,337, primarily due to an overall increase in intergovernmental revenue due to the recognition of the coronavirus state and local fiscal recovery funds. Actual expenditures were less than budget by \$574,656.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Meeker County's capital assets for its governmental activities at December 31, 2022, totaled \$76,155,546 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The County's governmental investment in capital assets increased \$2,687,229, or 3.66%, from the previous year. The increase was primarily due to new infrastructure built during the year.

Governmental Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land, Right of Way	\$ 3,033,173	\$ 3,245,943	\$ 2,563,928	\$ 2,563,929	\$ 5,597,101	\$ 5,809,872
Land Improvements	-	-	233,830	274,670	233,830	274,670
Infrastructure	57,254,022	55,149,303	-	-	57,254,022	55,149,303
Buildings and Improvements	9,627,240	10,226,066	9,413,776	10,535,314	19,041,016	20,761,380
Machinery, Equipment, and Office Furniture	4,703,915	4,556,486	3,237,899	3,655,796	7,941,814	8,212,282
Construction In Progress	1,537,196	290,519	-	-	1,537,196	290,519
Right to Use Assets	-	-	4,725,302	-	4,725,302	-
Total Capital Assets	\$ 76,155,546	\$ 73,468,317	\$ 20,174,735	\$ 17,029,709	\$ 96,330,281	\$ 90,498,026

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(UNAUDITED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

At the end of the current fiscal year, Meeker County had total outstanding debt of \$14,522,761. The governmental activities' portion is backed by the full faith and credit of the government; the business-type activities' gross revenue hospital facilities bonds are a limited obligation of Meeker County, payable solely from gross revenues of the Meeker Memorial Hospital.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 945,000	\$ 1,164,000	\$ -	\$ -	\$ 945,000	\$ 1,164,000
Gross Revenue Hospital Facilities Bonds	-	-	11,603,996	12,566,088	11,603,996	12,566,088
Loan Payable	356,857	358,632	-	-	356,857	358,632
Promissory Note	-	-	1,616,908	1,616,908	1,616,908	1,616,908
Medicare Accelerated and Advance Payments	-	-	-	3,193,331	-	3,193,331
Interest Rate Swap	-	-	-	146,041	-	146,041
Total	\$ 1,301,857	\$ 1,522,632	\$ 13,220,904	\$ 17,522,368	\$ 14,522,761	\$ 19,045,000

The County's total long-term debt, including interest rate swap, decreased by \$4,522,239 or 23.7%, 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 3% of its total market value. At the end of 2022, Meeker County is well below the 3% 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 2022 was 4.4%, which represents an increase of 1.3% from the rate of one year ago. This compares with the state unemployment rate of 3.2%.

By the end of 2022, Meeker County approved its balanced 2023 revenue and expenditure budgets.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Pooled Investments	\$ 32,612,194	\$ 15,411,233	\$ 48,023,427	\$ 1,811,470
Taxes Receivable:				
Delinquent	202,553	-	202,553	-
Special Assessments Receivable:				
Delinquent	309,173	-	309,173	-
Noncurrent	603,794	-	603,794	-
Accounts Receivable, Net	821,293	10,200,855	11,022,148	4,766
Accrued Interest Receivable	105,055	-	105,055	-
Due from Other Governments	2,477,877	-	2,477,877	-
Due from Component Unit	520,213	-	520,213	-
Lease Receivable	693,947	-	693,947	-
Notes Receivable	3,000	-	3,000	-
Loans Receivable	129,486	-	129,486	680,000
Other Receivables	-	259,629	259,629	-
Supplies	-	621,760	621,760	-
Prepaid Items	466,022	347,993	814,015	14,236
Restricted Assets:				
Investments Restricted by Donor	-	389,334	389,334	-
Investments	-	12,000,000	12,000,000	-
Funded Depreciation, Designated by Board	-	24,176,130	24,176,130	-
Investment in Joint Venture	-	640,908	640,908	-
Interest Rate Swap	-	465,233	465,233	-
Capital Assets:				
Nondepreciable	4,570,369	2,563,928	7,134,297	63,966
Depreciable, Net of Accumulated Depreciation	<u>71,585,177</u>	<u>17,610,807</u>	<u>89,195,984</u>	<u>229,341</u>
Total Assets	<u>115,100,153</u>	<u>84,687,810</u>	<u>199,787,963</u>	<u>2,803,779</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Other Postemployment Benefits Outflows	160,809	-	160,809	-
Deferred Pension Outflows	<u>8,395,558</u>	<u>5,115,175</u>	<u>13,510,733</u>	<u>14,939</u>
Total Deferred Outflows of Resources	<u>8,556,367</u>	<u>5,115,175</u>	<u>13,671,542</u>	<u>14,939</u>

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2022**

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts Payable	\$ 1,195,977	\$ 3,169,935	\$ 4,365,912	\$ 26,831
Salaries Payable	918,628	1,532,664	2,451,292	6,120
Retainage Payable	33,651	-	33,651	-
Due to Other Governments	375,107	-	375,107	8,485
Due to Primary Governments	-	-	-	520,213
Accrued Interest Payable	2,884	21,000	23,884	-
Other Accrued Liabilities	-	-	-	2,895
Security Deposit	-	-	-	8,320
Unearned Revenue	3,903,678	-	3,903,678	309
Long-Term Liabilities Due Within One Year:				
Other Postemployment Benefits Liability	61,543	-	61,543	-
Long-Term Liabilities	760,033	3,581,815	4,341,848	1,076
Long-Term Liabilities Due in More Than One Year:				
Net Pension Liability	17,993,955	14,050,139	32,044,094	50,333
Other Postemployment Benefits Liability	893,803	-	893,803	-
Long-Term Liabilities	1,731,124	14,458,869	16,189,993	163,770
Total Liabilities	<u>27,870,383</u>	<u>36,814,422</u>	<u>64,684,805</u>	<u>788,352</u>
DEFERRED INFLOWS OF RESOURCES				
Lease Receivable	681,502	-	681,502	-
Taxes Collected on Subsequent Year Levy	7,239	-	7,239	-
Deferred Gain on Refunding	-	130,910	130,910	-
Interest Rate Swap	-	465,233	465,233	-
Deferred Other Postemployment Benefits Inflows	141,325	-	141,325	-
Deferred Pension Inflows	303,991	602,764	906,755	903
Total Deferred Inflows of Resources	<u>1,134,057</u>	<u>1,198,907</u>	<u>2,332,964</u>	<u>903</u>
NET POSITION				
Net Investment in Capital Assets	75,176,895	2,134,051	77,310,946	132,009
Restricted For:				
General Government	251,708	-	251,708	-
Public Safety	317,919	-	317,919	-
Highways and Streets	1,638,598	-	1,638,598	-
Conservation of Natural Resources	1,125,419	-	1,125,419	-
Economic Development	1,309,150	-	1,309,150	-
Septic Loan Program	382,218	-	382,218	-
Opioid Epidemic Response	777,407	-	777,407	-
Debt Service	761,729	-	761,729	-
Restricted by Donor	-	389,334	389,334	-
Unrestricted	<u>12,911,037</u>	<u>49,266,271</u>	<u>62,177,308</u>	<u>1,897,454</u>
Total Net Position	<u>\$ 94,652,080</u>	<u>\$ 51,789,656</u>	<u>146,441,736</u>	<u>\$ 2,029,463</u>

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Discretely Presented Component Units
					Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT								
Governmental Activities:								
General Government	\$ 7,929,007	\$ 1,528,693	\$ 712,852	\$ 48,500	\$ (5,638,962)	\$ -	\$ (5,638,962)	\$ -
Public Safety	7,293,891	1,360,100	565,125	-	(5,368,666)	-	(5,368,666)	-
Highways and Streets	7,552,165	583,138	6,949,946	370,769	351,688	-	351,688	-
Sanitation	1,047,077	1,048,125	108,289	-	109,337	-	109,337	-
Human Services	8,637,451	1,022,732	4,179,987	-	(3,434,732)	-	(3,434,732)	-
Health	1,537,658	384,406	496,340	-	(656,912)	-	(656,912)	-
Culture and Recreation	705,499	169,169	233,026	-	(303,304)	-	(303,304)	-
Conservation of Natural Resources	1,433,428	-	1,270,674	-	(162,754)	-	(162,754)	-
Economic Development	195,071	-	33,750	-	(161,321)	-	(161,321)	-
Interest	19,421	-	-	-	(19,421)	-	(19,421)	-
Total Governmental Activities	36,350,668	6,096,363	14,549,989	419,269	(15,285,047)	-	(15,285,047)	-
Business-Type Activities:								
Meeker Memorial Hospital	48,055,340	47,217,078	369,106	-	-	(469,156)	(469,156)	-
Total Primary Government	<u>\$ 84,406,008</u>	<u>\$ 53,313,441</u>	<u>\$ 14,919,095</u>	<u>\$ 419,269</u>	(15,285,047)	(469,156)	(15,754,203)	-
Discretely Presented Component Units	<u>\$ 621,300</u>	<u>\$ 131,368</u>	<u>\$ 452,210</u>	<u>\$ 17,060</u>	-	-	-	\$ (20,662)
GENERAL REVENUES								
Property Taxes					15,638,654	-	15,638,654	-
Gravel Taxes					70,785	-	70,785	-
Mortgage Registry and Deed Tax					27,248	-	27,248	-
Payments in Lieu of Tax					78,284	-	78,284	-
Grants and Contributions Not Restricted to Specific Programs					1,487,692	-	1,487,692	-
Investment Earnings (Loss)					(159,269)	668,343	509,074	17,188
Miscellaneous					721,950	-	721,950	119
Total General Revenues					<u>17,865,344</u>	<u>668,343</u>	<u>18,533,687</u>	<u>17,307</u>
CHANGE IN NET POSITION								
					2,580,297	199,187	2,779,484	(3,355)
Net Position - January 1					<u>92,071,783</u>	<u>51,590,469</u>	<u>143,662,252</u>	<u>2,032,818</u>
NET POSITION - DECEMBER 31					<u>\$ 94,652,080</u>	<u>\$ 51,789,656</u>	<u>\$ 146,441,736</u>	<u>\$ 2,029,463</u>

See accompanying Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2022**

ASSETS	General	Road and Bridge	Human Services	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Pooled Investments	\$ 12,125,149	\$ 3,499,585	\$ 6,020,165	\$ 759,615	\$ 5,041,965	\$ 5,165,715	\$ 32,612,194
Taxes Receivable:							
Delinquent	123,405	25,509	44,103	5,088	-	4,448	202,553
Special Assessments Receivable:							
Delinquent	-	-	-	-	-	309,173	309,173
Noncurrent	-	-	-	-	-	603,794	603,794
Accounts Receivable	37,273	-	23,051	-	-	760,969	821,293
Accrued Interest Receivable	105,055	-	-	-	-	-	105,055
Due from Other Funds	164,578	29,181	-	-	-	-	193,759
Due from Other Governments	275,208	1,689,431	383,329	-	-	129,909	2,477,877
Due from Component Unit	520,213	-	-	-	-	-	520,213
Lease Receivable	191,057	-	1,459	-	48,546	452,885	693,947
Notes Receivable	-	-	-	-	-	3,000	3,000
Loans Receivable	62,092	-	-	-	-	67,394	129,486
Advances to Other Funds	521,000	-	-	-	-	-	521,000
Prepaid Items	158,279	291,616	-	-	14,114	2,013	466,022
Total Assets	\$ 14,283,309	\$ 5,535,322	\$ 6,472,107	\$ 764,703	\$ 5,104,625	\$ 7,499,300	\$ 39,659,366
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 281,966	\$ 111,340	\$ 255,683	\$ -	\$ 59,611	\$ 487,377	\$ 1,195,977
Salaries Payable	466,921	128,575	247,656	-	-	75,476	918,628
Retainage Payable	-	33,651	-	-	-	-	33,651
Due to Other Funds	29,181	33	164,194	-	-	351	193,759
Due to Other Governments	309,541	6,315	34,550	-	-	24,701	375,107
Advances from Other Funds	-	-	-	-	-	521,000	521,000
Unearned Revenue	19,471	-	-	-	3,847,987	36,220	3,903,678
Total Liabilities	1,107,080	279,914	702,083	-	3,907,598	1,145,125	7,141,800
DEFERRED INFLOWS OF RESOURCES							
Lease Receivable	188,267	-	1,459	-	47,917	443,859	681,502
Unavailable Revenue	76,563	1,654,654	38,611	3,890	-	1,541,679	3,315,397
Taxes Collected on Subsequent Year Levy	4,661	843	1,553	90	-	92	7,239
Total Deferred Inflows of Resources	269,491	1,655,497	41,623	3,980	47,917	1,985,630	4,004,138

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
DECEMBER 31, 2022**

	General	Road and Bridge	Human Services	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (CONTINUED)							
FUND BALANCES							
Nonspendable:							
Prepaid Items	\$ 158,279	\$ 291,616	\$ -	\$ -	\$ 14,114	\$ 2,013	\$ 466,022
Advances to Other Funds	521,000	-	-	-	-	-	521,000
Loans Receivable	62,092	-	-	-	-	67,394	129,486
Missing Heirs	8,563	-	-	-	-	-	8,563
Restricted For:							
Debt Service	-	-	-	760,723	-	-	760,723
E-911	71,036	-	-	-	-	-	71,036
Recorder's Compliance	232,520	-	-	-	-	-	232,520
Prosecutorial Purposes	17,141	-	-	-	-	-	17,141
Law Enforcement - Sheriff Forfeiture	90,493	-	-	-	-	-	90,493
Extension MOA Contract	5,215	-	-	-	-	-	5,215
Gravel Pit Restoration	192,550	-	-	-	-	-	192,550
Law Enforcement - Sheriff Contingencies	-	-	-	-	-	14,227	14,227
Aquatic Invasive Species	355,665	-	-	-	-	-	355,665
Permit to Carry Administration	125,022	-	-	-	-	-	125,022
Veterans Grant	617	-	-	-	-	-	617
Tax Forfeiture	13,356	-	-	-	-	-	13,356
Ditch Maintenance and Construction	-	-	-	-	-	330,267	330,267
Septic Loan Program	-	-	-	-	-	125,002	125,002
Economic Development	-	-	-	-	-	1,174,362	1,174,362
Opioid Epidemic Response	-	-	-	-	-	166,941	166,941
Committed For:							
Regional Library	-	-	-	-	-	54,036	54,036
Operations of County Parks	-	-	-	-	-	150,092	150,092
Maintenance and Operations of Family Service Building	-	-	-	-	-	542,052	542,052
Assigned To:							
General Government	4,302,195	-	-	-	-	-	4,302,195
Highways and Streets	-	3,308,295	-	-	-	-	3,308,295
Sanitation	-	-	-	-	-	889,971	889,971
Human Services	-	-	5,728,401	-	-	-	5,728,401
Health	-	-	-	-	-	1,174,758	1,174,758
Capital Projects	-	-	-	-	1,134,996	-	1,134,996
Unassigned	6,750,994	-	-	-	-	(322,570)	6,428,424
Total Fund Balances	12,906,738	3,599,911	5,728,401	760,723	1,149,110	4,368,545	28,513,428
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,283,309	\$ 5,535,322	\$ 6,472,107	\$ 764,703	\$ 5,104,625	\$ 7,499,300	\$ 39,659,366

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022**

Fund Balance - Total Governmental Funds \$ 28,513,428

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. 76,155,546

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. 3,315,397

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	(945,000)
Loan Payable	(356,857)
Compensated Absences	(1,189,300)
Accrued Interest Payable	(2,884)
Subtotal	(2,494,041)

The County's Other Postemployment Benefit liability and related deferred inflows and outflows of resources are recorded only in the statement of net position.

Other Postemployment Benefits	(955,346)
Deferred Outflows Related to Other Postemployment Benefits	160,809
Deferred Inflows Related to Other Postemployment Benefits	(141,325)
Subtotal	(935,862)

The County's net pension liability, net pension asset and related deferred inflows and outflows of resources are recorded only in the statement of net position.

Net Pension Liability	(17,993,955)
Deferred Outflows Related to Pensions	8,395,558
Deferred Inflows Related to Pensions	(303,991)
Subtotal	(9,902,388)

Net Position of Governmental Activities \$ 94,652,080

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2022**

	General	Road and Bridge	Human Services	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 9,901,666	\$ 1,924,476	\$ 3,374,426	\$ 215,465	\$ -	\$ 314,854	\$ 15,730,887
Special Assessments	-	-	-	-	-	1,133,919	1,133,919
Licenses and Permits	163,762	-	-	-	-	-	163,762
Intergovernmental	2,253,452	8,224,902	4,419,812	22,040	572,521	874,313	16,367,040
Charges for Services	2,252,222	583,138	422,112	-	-	1,592,212	4,849,684
Fines and Forfeitures	25,918	-	-	-	-	869	26,787
Gifts and Contributions	3,744	-	-	-	-	-	3,744
Investment Earnings (Loss)	(163,362)	-	-	-	629	3,464	(159,269)
Miscellaneous	613,666	91,024	347,422	-	266,929	749,337	2,068,378
Total Revenues	<u>15,051,068</u>	<u>10,823,540</u>	<u>8,563,772</u>	<u>237,505</u>	<u>840,079</u>	<u>4,668,968</u>	<u>40,184,932</u>
EXPENDITURES							
Current:							
General Government	5,880,777	-	-	-	96,720	530,512	6,508,009
Public Safety	6,785,839	-	-	-	-	-	6,785,839
Highways and Streets	-	9,801,951	-	-	-	-	9,801,951
Sanitation	-	-	-	-	-	991,951	991,951
Human Services	-	-	8,380,504	-	-	-	8,380,504
Health	-	-	-	-	-	1,486,525	1,486,525
Culture and Recreation	25,500	-	-	-	-	604,120	629,620
Conservation of Natural Resources	666,271	-	-	-	-	756,623	1,422,894
Economic Development	117,500	-	-	-	-	77,571	195,071
Capital Outlay:							
General Government	-	-	-	-	639,876	-	639,876
Conservation of Natural Resources	-	-	-	-	7,067	-	7,067
Culture and Recreation	-	-	-	-	-	209,440	209,440
Intergovernmental:							
General Government	60,487	-	-	-	-	-	60,487
Highways and Streets	-	732,735	-	-	-	-	732,735
Debt Service:							
Principal	-	-	-	219,000	-	29,575	248,575
Interest	-	-	-	7,924	-	13,028	20,952
Total Expenditures	<u>13,536,374</u>	<u>10,534,686</u>	<u>8,380,504</u>	<u>226,924</u>	<u>743,663</u>	<u>4,699,345</u>	<u>38,121,496</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,514,694	288,854	183,268	10,581	96,416	(30,377)	2,063,436

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	General	Road and Bridge	Human Services	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)							
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ 209,000	\$ 1,044,280	\$ 1,253,280
Transfers Out	(1,253,280)	-	-	-	-	-	(1,253,280)
Insurance Proceeds	87,814	-	-	-	-	-	87,814
Issuance of Loans	-	-	-	-	-	27,800	27,800
Total Other Financing Sources (Uses)	<u>(1,165,466)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,000</u>	<u>1,072,080</u>	<u>115,614</u>
NET CHANGE IN FUND BALANCES	349,228	288,854	183,268	10,581	305,416	1,041,703	2,179,050
Fund Balances - January 1	<u>12,557,510</u>	<u>3,311,057</u>	<u>5,545,133</u>	<u>750,142</u>	<u>843,694</u>	<u>3,326,842</u>	<u>26,334,378</u>
FUND BALANCES - DECEMBER 31	<u>\$ 12,906,738</u>	<u>\$ 3,599,911</u>	<u>\$ 5,728,401</u>	<u>\$ 760,723</u>	<u>\$ 1,149,110</u>	<u>\$ 4,368,545</u>	<u>\$ 28,513,428</u>

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ 2,179,050

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

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

Unavailable Revenue - December 31	3,315,397
Unavailable Revenue - January 1	(4,616,058)
Subtotal	(1,300,661)

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	6,151,519
Net Book Value of Assets Disposed	(270,170)
Current Year Depreciation Expense	(3,194,120)
Subtotal	2,687,229

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	(27,800)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal Payment:	
General Obligation Bonds	219,000
Loan Payable	29,575
Subtotal	248,575

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

Change in Accrued Interest Payable	1,531
Change in Compensated Absences	37,055
Change in Other Postemployment Benefits Liability	62,804
Change in Deferred Other Postemployment Benefits Outflows	(4,503)
Change in Deferred Other Postemployment Benefits Inflows	(101,039)
Change in Deferred Pension Outflows	1,832,343
Change in Deferred Pension Inflows	8,278,246
Change in Net Pension Asset	(69,425)
Change in Net Pension Liability	(11,243,108)
Subtotal	(1,206,096)

Net Change in Net Position of Governmental Activities	\$ 2,580,297
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PROPRIETARY FUND – MEEKER MEMORIAL HOSPITAL FUND

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PROPRIETARY FUND
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

ASSETS

Current Assets:

Cash and Pooled Investments	\$ 15,411,233
Accounts Receivable, Net	10,200,855
Other Receivables	259,629
Supplies	621,760
Prepaid Items	347,993
Total Current Assets	26,841,470

Restricted Assets:

Restricted by Donor	389,334
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Noncurrent Assets:

Investments	12,000,000
Funded Depreciation, Designated by the Board	24,176,130
Investment in Joint Venture	640,908
Interest Rate Swap	465,233
Capital Assets:	
Nondepreciable	2,563,928
Depreciable, Net	17,610,807
Total Noncurrent Assets	57,457,006

Total Assets	84,687,810
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Pension Outflows	5,115,175
Total Deferred Outflows of Resources	5,115,175

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PROPRIETARY FUND
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2022**

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 3,169,935
Salaries Payable	1,532,664
Accrued Interest Payable	21,000
Bonds Payable	2,608,261
Lease Liability	973,554
Total Current Liabilities	<u>8,305,414</u>

Noncurrent Liabilities:

Bonds Payable	10,612,643
Lease Liability	3,846,226
Net Pension Liability	14,050,139
Total Noncurrent Liabilities	<u>28,509,008</u>

Total Liabilities	36,814,422
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DEFERRED INFLOWS OF RESOURCES

Deferred Pension Inflows	602,764
Interest Rate Swap	465,233
Deferred Gain on Refunding	130,910
Total Deferred Inflows of Resources	<u>1,198,907</u>

NET POSITION

Net Investment in Capital Assets	2,134,051
Restricted by Donor	389,334
Unrestricted	49,266,271
Total Net Position	<u><u>\$ 51,789,656</u></u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PROPRIETARY FUND
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022**

OPERATING REVENUES	
Patient Services Revenues	\$ 46,183,447
Miscellaneous	1,033,631
Total Operating Revenues	47,217,078
 OPERATING EXPENSES	
Nursing Services	33,715,475
General and Administrative Services	7,218,671
Property, Housekeeping, and Laundry	1,679,945
Dietary	484,397
Depreciation and Amortization	3,562,439
Amortization of Pension Adjustments	958,881
Total Operating Expenses	47,619,808
 OPERATING LOSS	 (402,730)
 NONOPERATING REVENUES (EXPENSES)	
Interest Expense	(466,355)
Investment Income	668,343
Noncapital Contributions and Grants	311,198
Federal and State Grant Funds	57,908
Other	30,823
Total Nonoperating Revenues (Expenses)	601,917
 CHANGE IN NET POSITION	 199,187
Net Position - January 1	51,590,469
 NET POSITION - DECEMBER 31	 \$ 51,789,656

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PROPRIETARY FUND
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Third-Party Payors and Patients	\$ 41,961,417
Other Receipts	832,183
Payments to Suppliers	(25,742,896)
Payments to Employees	(18,997,233)
Net Cash Used by Operating Activities	<u>(1,946,529)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Noncapital Contributions Received	311,198
Federal and State Grants	57,908
Other Nonoperating Revenues and Expenses	30,823
Net Cash Provided by Noncapital Financing Activities	<u>399,929</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of Capital Assets	(867,102)
Interest Paid on Long Term Debt	(288,713)
Repayment of Long-Term Debt	(962,091)
Cash Paid for Lease Liabilities - Principal	(1,020,583)
Cash Paid for Lease Liabilities - Interest	(177,642)
Net Cash Used by Capital and Related Financing Activities	<u>(3,316,131)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Distributions from Joint Venture	180,002
Purchase of Investments	(12,012,935)
Investment Earnings Received	668,343
Net Cash Used by Investing Activities	<u>(11,164,590)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

(16,027,321)

Cash and Cash Equivalents - January 1

56,004,018

CASH AND CASH EQUIVALENTS - DECEMBER 31

\$ 39,976,697

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PROPRIETARY FUND
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

**RECONCILIATION OF OPERATING LOSS TO
NET CASH USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (402,730)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and Amortization Expense	3,562,440
Equity in Joint Venture	(178,005)
Provision for Bad Debts	(48,693)
Changes in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(308,891)
(Increase) Decrease in Supplies	145,099
(Increase) Decrease in Prepaid Items	(5,843)
(Increase) Decrease in Outflows of Resources	256,976
Increase (Decrease) in Accounts Payable	(5,721,392)
Increase (Decrease) in Salaries Payable	114,153
Increase (Decrease) in Net Pension Liability	7,469,378
Increase (Decrease) in Inflows of Resources	<u>(6,829,021)</u>
Total Adjustments	<u>(1,543,799)</u>
Net Cash Used by Operating Activities	<u>\$ (1,946,529)</u>

**SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING,
CAPITAL, AND FINANCING ACTIVITIES**

Lease Liability for the Acquisition of a Right to Use Leased Asset	<u>\$ 1,616,613</u>
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FIDUCIARY FUNDS

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Pooled Investments	\$ 26,892	\$ 635,277
Taxes Receivable for Other Governments	-	329,998
Total Assets	26,892	965,275
LIABILITIES		
Due to Other Governments	-	614,945
DEFERRED INFLOWS OF RESOURCES		
Taxes Levied for Subsequent Levy	-	10,568
NET POSITION		
Restricted For:		
Individuals, Organizations, and Other Governments	\$ 26,892	\$ 339,762

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2022**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
ADDITIONS		
Contributions:		
Individuals	\$ 128,754	\$ -
Tax Collections for Other Governments	-	23,484,769
Licenses and Fees Collected for the State	-	893,106
Miscellaneous	-	183,350
Total Additions	128,754	24,561,225
DEDUCTIONS		
Beneficiary Payments to Individuals	141,042	-
Payments of Taxes to Other Governments	-	20,815,101
Payments to the State	-	3,516,899
Distribution to Participants	-	241,072
Total Deductions	141,042	24,573,072
CHANGE IN NET POSITION	(12,288)	(11,847)
Net Position - January 1	39,180	351,609
NET POSITION - DECEMBER 31	\$ 26,892	\$ 339,762

See accompanying Notes to Financial Statements.

DISCRETELY PRESENTED COMPONENT UNITS

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	<u>Economic Development Authority</u>	<u>Housing and Redevelopment Authority</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Pooled Investments	\$ 1,736,165	\$ 75,305	\$ 1,811,470
Accounts Receivable	1,962	2,804	4,766
Loans Receivable	635,000	-	635,000
Prepaid Items	700	13,536	14,236
Total Current Assets	<u>2,373,827</u>	<u>91,645</u>	<u>2,465,472</u>
Noncurrent Assets:			
Loans Receivable	45,000	-	45,000
Capital Assets:			
Nondepreciable	-	63,966	63,966
Depreciable, Net	<u>-</u>	<u>229,341</u>	<u>229,341</u>
Total Noncurrent Assets	<u>45,000</u>	<u>293,307</u>	<u>338,307</u>
Total Assets	2,418,827	384,952	2,803,779
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	14,939	-	14,939

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2022**

	Economic Development Authority	Housing and Redevelopment Authority	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 4,868	\$ 21,963	\$ 26,831
Salaries Payable	6,120	-	6,120
Due to Other Governments	-	8,485	8,485
Due to Primary Government	520,213	-	520,213
Other Accrued Liabilities	-	2,895	2,895
Unearned Revenue	-	309	309
Customer Deposits	-	8,320	8,320
Compensated Absences Payable - Current	1,076	-	1,076
Total Current Liabilities	532,277	41,972	574,249
Noncurrent Liabilities:			
Compensated Absences Payable - Long-Term	2,472	-	2,472
Long-Term Debt - Mortgage	-	161,298	161,298
Net Pension Liability	50,333	-	50,333
Total Noncurrent Liabilities	52,805	161,298	214,103
Total Liabilities	585,082	203,270	788,352
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	903	-	903
NET POSITION			
Net Investment in Capital Assets	-	132,009	132,009
Unrestricted	1,847,781	49,673	1,897,454
Total Net Position	\$ 1,847,781	\$ 181,682	\$ 2,029,463

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	EDA	HRA	Total
Economic Development Authority (EDA)	\$ 149,928	\$ 28,850	\$ 90,000	\$ -	\$ (31,078)	\$ -	\$ (31,078)
Housing and Redevelopment Authority (HRA)	471,372	102,518	362,210	17,060	-	10,416	10,416
Total Component Units	<u>\$ 621,300</u>	<u>\$ 131,368</u>	<u>\$ 452,210</u>	<u>\$ 17,060</u>	(31,078)	10,416	(20,662)
GENERAL REVENUES							
Investment Earnings					17,161	27	17,188
Miscellaneous					119	-	119
Total General Revenues					<u>17,280</u>	<u>27</u>	<u>17,307</u>
CHANGE IN NET POSITION							
Net Position - January 1					1,861,579	171,239	2,032,818
NET POSITION - DECEMBER 31							
					<u>\$ 1,847,781</u>	<u>\$ 181,682</u>	<u>\$ 2,029,463</u>

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Meeker County’s (the County) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as of and for the year ended December 31, 2022. The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in U.S. GAAP and used by the County are discussed below.

A. Financial Reporting Entity

The 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 U.S. GAAP, these financial statements present the 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 (the Board) 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 the County are discretely presented:

Component Unit	Component Unit of Reporting Entity Because	Separate Financial Statements
Meeker County Economic Development Authority (EDA)	The Board of Directors consists of two County Commissioners and seven members appointed by the County Commissioners. A financial benefit/burden exists.	The Meeker County EDA does not issue separate financial statements.
Meeker County Housing and Redevelopment Authority (HRA)	The Board of Directors consists of six members, five who are appointed by the County Commissioners. A financial benefit/burden exists.	Meeker County Housing and Redevelopment Authority 840 North Third Street PO Box 277 Dassel, Minnesota 55325

The HRA reports on a June 30 fiscal year-end. HRA balances within this report are as of June 30, 2022.

Joint Ventures

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the 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.

The County's net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The 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.

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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

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.

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 funds:

The Social Welfare Private-Purpose Trust Fund accounts for funds held in trust the County is holding on behalf of individuals receiving social welfare assistance.

Custodial Funds are custodial in nature. These funds account for activity the County holds for others in an agent capacity.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2022. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments of governmental and fiduciary funds are credited to the General Fund. Investment earnings on business-type activities are credited to the Meeker Memorial Hospital Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Investment earnings for 2022 were \$509,074.

The 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 investments in the pool are measured at either the net asset value per share provided by the pool or amortized cost.

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/From Component Unit."

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

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Receivables and Payables (Continued)

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 2015 through 2022 and noncurrent special assessments in 2023 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, Minnesota, and the surrounding area. The Hospital has agreements with third-party payors, which provide for reimbursement to the Hospital at amounts different from its established rates.

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

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

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Leases

For lease contracts for which the County is the lessor, the County determines if an arrangement is a lease at inception. Leases in excess of twelve months are included in lease receivables and deferred inflows of resources.

Lease receivables represent the County's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the County has elected to use its incremental borrowing rate to calculate the present value of expected lease payments.

5. Prepaid Items

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.

6. 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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. 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 the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Right to use leased assets are recognized at the lease commencement date and represent the County's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability, plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from two to eight years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Building Improvements	40-50
Office Furniture and Equipment	20
Machinery and Equipment	5-25
Infrastructure	50-25

8. 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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Compensated Absences (Continued)

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The current portion consists of an amount based on a trend analysis of current usage of vacation and sick leave. The noncurrent portion consists of the remaining amount of vacation and sick leave. Compensated absences are generally paid by the General Fund and other governmental funds that have personnel services.

9. Deferred Outflows/Inflows of Resources

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

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

Taxes collected on subsequent year levy represent the County's share of tax collections collected prior to year-end that were not due until the following year. Since the property taxes were levied for use in a future year, the revenue is deferred and recognized in the period for which the amount is levied. These amounts arise under both the modified accrual and the full accrual basis of accounting and are reported in both the governmental fund balance sheet and the statement of net position.

The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent and noncurrent special assessments receivable, grant receivables, money from state-aid highway allotments, and other revenues. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Deferred Outflows/Inflows of Resources (Continued)

Unavailable revenue is deferred and recognized as an inflow of resources in the period that amounts become available. The County also reports deferred inflows of resources associated with OPEB and pension benefits. OPEB inflows relates to the other postemployment benefits as described in Note 3.F to the financial statements. Pension inflows relates to pension liabilities as described in Note 3.E to the financial statements. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position. Finally, the County reports a deferred gain on a refunding bond issue and interest rate swap in the major enterprise fund and the business-type activities.

10. 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 uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. The pension liability is liquidated through the General Fund and other governmental funds that have personnel services.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. 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.

13. Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the 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.

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 (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 (resolution) it employed to previously commit those amounts.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 Auditor 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.

The 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.

14. Minimum Fund Balance

The 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 35-50% of fund operating revenues. The fund balance policy was adopted by the County Board on December 8, 2011 and updated November 15, 2022. At December 31, 2022, unrestricted fund balance for the General Fund was at or above the minimum fund balance level.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

16. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use- lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The County adopted the requirements of the guidance effective January 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption.

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

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

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

F. Hospital Enterprise Fund – Operating Revenues and Expenses

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures over Budget

The following funds reported expenditures in excess of budget for the year ended December 31, 2022:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Road and Bridge Fund	\$ 10,534,686	\$ 9,724,296	\$ 810,390
County Parks	562,833	403,126	159,707
Transfer Station	964,151	290,756	673,395
Family Services Building	528,882	508,094	20,788

Overages were covered by greater than anticipated revenues and fund balance.

NOTE 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 \$ 32,612,194

Business-Type Activities:

Cash and Pooled Investments 51,587,363

Investments, Restricted 389,334

Statement of Fiduciary Net Position:

Cash and Pooled Investments 662,169

Total Cash and Investments \$ 85,251,060

Deposits \$ 9,854,083

Petty Cash and Change Funds 3,290

Investments 75,393,687

Total Deposits, Cash on Hand,
and Investments \$ 85,251,060

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 10% more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

a. Deposits (Continued)

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. As of December 31, 2022, the County Hospital's uncollateralized deposits total \$1,267,237.

Custodial Credit Risk

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

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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County's investment policy is to invest in both short-term and long-term investments to limit exposure to interest rate risk.

At December 31, 2022, the County had the following investments:

	Fair Value	Less Than 1 Year	1 to 5 Years	5+ Years
Federal Home Loan Mortgage Corporation	\$ 5,520,530	\$ -	\$ 5,520,530	\$ -
Federal National Mortgage Association	235,582	-	235,582	-
MAGIC Fund	65,689,070	65,689,070	-	-
Negotiable CDs	3,948,505	1,427,000	2,521,505	-
Total Investments	<u>\$ 75,393,687</u>	<u>\$ 67,116,070</u>	<u>\$ 8,277,617</u>	<u>\$ -</u>

Credit Risk

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

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

The County's exposure to credit risk as of December 31, 2022 is as follows:

	S & P Rating	Fair Value
Federal Home Loan Mortgage Corporation	AA+	\$ 5,520,530
Federal National Mortgage Association	AA+	235,582
MAGIC Fund	N/R	65,689,070
Negotiable CDs	N/R	3,948,505
Total		<u>\$ 75,393,687</u>

N/R - Not Rated; N/A - Not Applicable

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. It is the County's policy to minimize custodial credit risk over investments by permitting brokers that obtained investments for the County to hold them only to the extent there is Securities Investor Protection Corporation (SIPC) and excess SIPC coverage available, and securities purchased that exceed excess SIPC coverages shall be transferred to the County's custodian. As of December 31, 2022, the County's investments were not subject to custodial credit risk.

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.

At December 31, 2022, the County did not have any investments in any one issuer that represented 5% or more of the County's investments.

Fair Value Measurement

The County measures and records its investments using fair value measurement guidelines established by U.S. GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1 – Quoted prices for identical investments in active markets;

Level 2 – Observable inputs other than quoted market prices; and

Level 3 – Unobservable inputs.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Fair Value Measurement (Continued)

At December 31, 2022, the County had the following recurring fair value measurements:

	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Debt Securities:				
U.S. Treasury Securities	\$ 5,756,112	\$ -	\$ 5,756,112	\$ -
Negotiable CDs	3,948,505	-	3,948,505	-
Total Investments				
Included in the				
Fair Value Hierarchy	\$ 9,704,617	\$ -	\$ 9,704,617	\$ -
Investments Measured at the				
Net Asset Value (NAV):				
MAGIC Term	\$ 20,450,000			
Investments Measured at				
Amortized Cost:				
MAGIC Portfolio	45,239,070			
Total Investments				
Measured at the NAV	\$ 65,689,070			

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

U.S. Treasuries: a market approach by utilizing quoted prices for identical securities in markets that are not active;

Negotiable CDs: matrix pricing based on the securities' relationship to benchmark quoted prices; and

Interest Rate Swap: prices based on securities with similar characteristics in active markets.

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Fair Value Measurement (Continued)

MAGIC Portfolio is valued using amortized cost. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet their redemption request.

The MAGIC term investment pool is valued at net asset value (NAV) as it does not meet the liquidity criteria to be valued at amortized cost. The County would face penalties if early redemptions were made from the term investment pool. There are no unfunded commitments relating to this investment. The County reports its investment in the term investment pool at the NAV per share, the fair value established by the pool.

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

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

2. Receivables

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

	Total Receivables
Business-Type Activities:	
Accounts	\$ 16,478,484
Allowance for Uncollectible Accounts	(6,018,000)
Total Business-Type Activities	\$ 10,460,484

The County had the following receivables scheduled to be collected beyond one year, \$583,379 of noncurrent special assessments, \$564,396 in accounts receivable, \$625,729 lease receivable, and \$159,565 in loans.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Receivables (Continued)

Lease Receivable

The County, acting as lessor, leases government space for under long-term, noncancelable lease agreements. The leases expire in 2023, 2025, 2030 and 2035. During the year ended December 31, 2022, the County recognized \$23,661 and \$86,397 in lease revenue and interest revenue, respectively, pursuant the contract.

Total future minimum lease payments to be received under the lease agreements are as follows:

<u>Year Ended December 31,</u>	Lease Receivable	
	Principal	Interest
2023	\$ 68,218	\$ 21,847
2024	69,772	20,069
2025	62,732	18,221
2026	55,501	16,385
2027	58,318	14,469
2028-2032	281,448	41,810
2033-2035	97,958	4,126
Total	\$ 693,947	\$ 136,927

Notes Receivable

Notes receivable represent amounts owed from a local stockade committee for the purpose of purchasing materials for constructing a building. The note receivable is reported in the County Parks Special Revenue Fund. The annual payments to the County for notes receivable is as follows:

<u>Year Ended December 31,</u>	Note Receivable
2023	\$ 3,000

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Receivables (Continued)

Loans Receivable

Loans receivable represent amounts owed from businesses within the County for economic development. The loan receivables are reported in the General Fund and the Revolving Loan Special Revenue Fund. The annual payments to the County for the loans are as follows:

<u>Year Ended December 31,</u>	<u>Loans Receivable</u>
2023	\$ 22,525
2024	7,452
2025	17,442
2026	17,142
2027	16,842
2028-2032	50,610
2033-2037	29,710
2038-2039	1,981
Total	<u>163,704</u>
Less: Interest	<u>(34,218)</u>
Present Value of Loans Receivable	<u><u>\$ 129,486</u></u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets Not Depreciated:				
Land	\$ 1,412,650	\$ 8,500	\$ (221,270)	\$ 1,199,880
Right-of-Way	1,833,293	-	-	1,833,293
Construction In Progress	290,519	1,658,743	(412,066)	1,537,196
Total Capital Assets Not Depreciated	3,536,462	1,667,243	(633,336)	4,570,369
Capital Assets Depreciated:				
Buildings and Improvements	24,017,378	-	-	24,017,378
Office Furniture and Equipment	4,732,795	51,860	(108,696)	4,675,959
Machinery and Equipment	11,661,271	1,066,824	(195,639)	12,532,456
Infrastructure	79,712,687	3,777,658	-	83,490,345
Total Capital Assets Depreciated	120,124,131	4,896,342	(304,335)	124,716,138
Less Accumulated Depreciation For:				
Buildings and Improvements	13,791,312	598,826	-	14,390,138
Office Furniture and Equipment	4,155,510	135,333	(106,077)	4,184,766
Machinery and Equipment	7,682,070	787,022	(149,358)	8,319,734
Infrastructure	24,563,384	1,672,939	-	26,236,323
Total Accumulated Depreciation	50,192,276	3,194,120	(255,435)	53,130,961
Total Capital Assets Depreciated, Net	69,931,855	1,702,222	(48,900)	71,585,177
Governmental Activities Capital Assets, Net	<u>\$ 73,468,317</u>	<u>\$ 3,369,465</u>	<u>\$ (682,236)</u>	<u>\$ 76,155,546</u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

Business-Type Activities

	*Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets Not Depreciated:				
Land	\$ 2,563,928	\$ -	\$ -	\$ 2,563,928
Capital Assets Depreciated:				
Land Improvements	1,519,189	-	-	1,519,189
Buildings	30,574,523	11,713	-	30,586,236
Fixed Equipment	8,332,210	155,325	-	8,487,535
Movable Equipment	15,807,343	700,065	-	16,507,408
Total Capital Assets Depreciated	56,233,265	867,103	-	57,100,368
Less Accumulated Depreciation For:				
Land Improvements	1,244,519	40,840	-	1,285,359
Buildings	20,039,209	1,133,251	-	21,172,460
Fixed Equipment	6,855,978	207,904	-	7,063,882
Movable Equipment	13,627,779	1,065,383	-	14,693,162
Total Accumulated Depreciation	41,767,485	2,447,378	-	44,214,863
Total Capital Assets Depreciated, Net	14,465,780	(1,580,275)	-	12,885,505
Right to Use Leased Assets				
Buildings	3,093,871	-	-	3,093,871
Equipment	2,746,492	-	-	2,746,492
Total Right to Use Leased Assets Being Amortized	5,840,363	-	-	5,840,363
Accumulated Amortization				
Buildings	-	502,184	-	502,184
Equipment	-	612,877	-	612,877
Total Right to Use Leased Assets Being Amortized	-	1,115,061	-	1,115,061
Net Right to Use Leased Assets	5,840,363	(1,115,061)	-	4,725,302
Business-Type Activities Capital Assets, Net	<u>\$ 22,870,071</u>	<u>\$ (2,695,336)</u>	<u>\$ -</u>	<u>\$ 20,174,735</u>

*The beginning balance was restated due to the implementation of GASB Statement No. 87.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

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

Governmental Activities:	
General Government	\$ 589,307
Public Safety	177,943
Highways and Streets, Including	
Depreciation of Infrastructure Assets	2,293,498
Sanitation	53,554
Human Services	11,599
Health	1,194
Culture and Recreation	66,354
Conservation of Natural Resources	671
Total Depreciation Expense, Governmental Activities	<u>\$ 3,194,120</u>
Business-Type Activities:	
Hospital	<u>\$ 3,562,439</u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2022 was as follows:

1. Due To/From Other Funds

	<u>Amount</u>
Due to General Fund From:	
Road and Bridge	\$ 33
Human Services	164,194
Nonmajor Governmental Funds	<u>351</u>
Total Due to General Fund	164,578
Due to Road and Bridge Fund From:	
General	<u>29,181</u>
Total Due to Road and Bridge Fund	<u>29,181</u>
 Total Due To/From Other Funds	 <u>\$ 193,759</u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

2. Advances From/To Other Funds

Advance from General Fund to: Nonmajor Governmental Funds	<u>\$ 521,000</u>
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The 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, 2022 consisted of the following:

Transfer to Capital Projects Fund from General Fund for: Various Capital Purchases	\$ 209,000
Transfers to Nonmajor Governmental Funds from General Fund for: Annual Appropriation	<u>1,044,280</u>
Total Interfund Transfers	<u><u>\$ 1,253,280</u></u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities

1. Long-Term Debt

a. Governmental Activities

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

b. Business-Type Activities

Bonds Payable – Direct Borrowing

The Gross Revenue Hospital Facilities Refunding Note Series A (Series A Note) was issued in November 2017. The Series A Note paid issuance costs and refinanced a portion of the Series 2007 Note. The interest rate on the note will be adjusted to a per annum rate equal to 67% of the sum of 2% plus the one-month LIBOR in effect as of the 15th day of each calendar month. The note is payable over three-monthly interest-only payments through February 2018, and 180 monthly principal and interest payments of approximately \$40,000, with maturity in February 2033.

The Gross Revenue Hospital Facilities Refunding Note Series B (Series B Note) was issued in November 2017. The Series B Note paid issuance costs and refinanced the remaining portion of the Series 2007 Note. The interest rate on the note will be adjusted to a per annum rate equal to 67% of the sum of 2% plus the one-month LIBOR in effect as of the 15th day of each calendar month. As discussed below, in February 2018, a forward-fixed interest rate swap became effective, fixing the interest rate per annum to 2.53%. The note is payable over three-monthly interest-only payments through February 2018, and 180 monthly principal and interest payments of approximately \$67,000, with maturity in February 2033.

Under the terms of the Series A and Series B Notes (the Notes), the Organization is required to maintain certain deposits with a trustee. Such deposits are included within cash and cash equivalents in the statements of net position, including a depository relationship with the lender in the amount of \$1,000,000. The loan agreement also requires that the Organization satisfy certain measures of financial performance.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

1. Long-Term Debt (Continued)

b. Business-Type Activities (Continued)

Bonds Payable – Direct Borrowing (Continued)

During June 2016, the Organization entered into a forward-fixed interest rate swap (the Swap) in order to convert the Series B Note, to a fixed interest rate in February 2018 (effective date). The initial notional amount of the Swap was \$10 million, and it matures in February 2033. The terms of the Swap call for the Organization to begin paying the counterparty in March 2018 a fixed rate of 2.53% per annum, payable monthly, and the Organization to receive a floating rate of 67.00% of one-month LIBOR plus 1.34%, payable monthly. These amounts are settled utilizing a master netting arrangement that allows the counterparty the right of offset. The counterparty to the Swap is an unrated financial institution, and the Organization does not have a policy requiring collateral held for any counterparty liability as part of the Swap agreement. As of December 31, 2022, the Swap represents an asset of approximately \$465,000.

As a result of the swap being determined effective as a cash flow hedge in hedging an expected transaction, the Swap is reflected on the statements of net position with a corresponding interest rate swap liability and deferred outflow for the year ended December 31, 2022. The change in fair market value of the Swap is reflected as deferred inflow—interest rate swap for the year ended December 31, 2022.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

1. Long-Term Debt (Continued)

b. Business-Type Activities (Continued)

The Hospital will be exposed to variable interest rates if the counterparty to the Swap defaults. As of December 31, 2022, aggregate debt service requirements of the Organization's expected debt instrument (fixed rate and variable rate) and net payments on the associated hedging derivative instrument are presented below. These amounts assume that current interest rates on variable-rate bonds will remain the same for their term. As these rates vary with market conditions, interest payments on variable-rate bonds and net payments on hedging derivative instruments will vary.

<u>Year Ending December 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Hedging Derivative</u>	<u>Total</u>
2023	\$ 619,596	\$ 100,365	\$ 75,971	\$ 795,932
2024	638,442	91,319	69,124	798,885
2025	657,861	81,998	62,068	801,927
2026	677,870	72,393	54,798	805,061
2027	698,488	62,496	47,306	808,290
2028-2032	3,824,342	153,168	115,940	4,093,450
2033	135,898	245	185	136,328
Total	<u>\$ 7,252,497</u>	<u>\$ 561,984</u>	<u>\$ 425,392</u>	<u>\$ 8,239,873</u>

Promissory Note – Direct Borrowing

As part of a collaboration agreement with CentraCare, the Hospital issued a promissory note of approximately \$1,600,000 to CentraCare to cover the Hospital's cost of the installation of an electronic medical record and billing system. The note accrues interest at 4.0%. All principal and accrued interest were payable upon maturity in February 2023, however amounts have not been paid as negotiations are ongoing.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

1. Long-Term Debt (Continued)

c. Bonds and Notes

Governmental 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, 2022</u>
General Obligation Bonds:					
2021 G.O. Capital Improvement Refunding Bonds	2026	\$219,000-\$243,000	.50-.80	\$ 1,164,000	\$ 945,000

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, 2022</u>
2017 Gross Revenue Hospital Facilities Refunding Bonds	2033	\$217,436 - \$1,298,201	2.53	\$ 16,000,000	\$ 11,603,996
Promissory Note with CentraCare	2023	\$0 - \$1,616,908	4.00	1,616,908	1,616,908
Total				<u>\$ 17,616,908</u>	<u>\$ 13,220,904</u>

In 2021, the County issued \$1,164,000 in General Obligation Improvement Refunding Bonds (Series 2021A) for the purpose of effecting current refunds on the Capital Improvement Refunding Bonds, Series 2012 bonds. The bonds carry an interest rate between .50% and .80% and will mature in 2026. The refunding was undertaken to reduce total debt service payments in the amount of \$29,829 during the next five years and resulted in an economic gain of \$29,336.

d. Loans Payable

In 2016, the County entered into a loan agreement with the Minnesota Pollution Control Agency for financing of the Minnesota Clean Water Partnership Project. These loans are also secured by special assessments placed on the individual parcels requesting repair of a failing septic system.

According to the agreement, the County can borrow as much as \$400,000. The total amount received by the County was \$300,056; accumulated interest was \$11,291. Repayment began in 2020. The outstanding balance as of December 31, 2022 totals \$224,359.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

1. Long-Term Debt (Continued)

d. Loans Payable (Continued)

In 2019, the County entered into a loan agreement with the Minnesota Pollution Control Agency for financing of the Minnesota Clean Water Partnership Project. These loans are also secured by special assessments placed on the individual parcels requesting repair of a failing septic system. According to the agreement, the County can borrow as much as \$275,000. Repayment will begin in 2023. The total amount borrowed was \$132,498. The outstanding balance as of December 31, 2022 totals \$132,498.

2. Debt Service Requirements

Debt service requirements at December 31, 2022 were as follows:

a. Governmental Activities

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>		<u>Direct Borrowing Septic System Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 229,000	\$ 5,593	\$ 43,420	\$ 4,337
2024	236,000	4,430	44,026	3,731
2025	237,000	2,892	44,645	3,112
2026	243,000	972	45,276	2,481
2027	-	-	45,919	1,837
2028-2032	-	-	133,571	1,692
Total	<u>\$ 945,000</u>	<u>\$ 13,887</u>	<u>\$ 356,857</u>	<u>\$ 17,190</u>

b. Business-Type Activities

<u>Year Ending December 31,</u>	<u>Business-Type Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,608,262	\$ 302,980
2024	1,021,507	275,671
2025	1,052,577	247,534
2026	1,084,593	218,539
2027	1,117,581	188,663
2028-2032	6,118,947	462,379
2033-2033	217,437	739
Total	<u>\$ 13,220,904</u>	<u>\$ 1,696,505</u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

a. Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
General Obligation Bonds	\$ 1,164,000	\$ -	\$ 219,000	\$ 945,000	\$ 229,000
Loans Payable- Direct Borrowing	358,632	27,800	29,575	356,857	43,420
Compensated Absences	1,226,355	863,677	900,732	1,189,300	487,613
Total	\$ 2,748,987	\$ 891,477	\$ 1,149,307	\$ 2,491,157	\$ 760,033

b. Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Hospital Facilities Refunding Note, Series A	\$ 4,712,283	\$ -	\$ 360,784	\$ 4,351,499	\$ 371,758
Hospital Facilities Refunding Note, Series B	7,853,805	-	601,308	7,252,497	619,595
Promissory Note	1,616,908	-	-	1,616,908	1,616,908
Total	\$ 14,182,996	\$ -	\$ 962,092	\$ 13,220,904	\$ 2,608,261

For the governmental activities, loans payable are paid by the Septic Loans Special Revenue Fund.

4. Leases

The Hospital has entered into various lease agreements for buildings and equipment for various lengths of time. The leases terminate at various dates through August 2029. At January 1, 2022, the Hospital has recognized right to use assets and lease liabilities of \$5,840,363 related to these agreements utilizing the incremental discount rate of 4.5%, consistent with the Hospital's rates available at lease inception or lease implementation for arrangements with similar terms.

Year Ending December 31,	Principal	Interest	Total
2023	\$ 973,554	\$ 195,900	\$ 1,169,454
2024	876,746	155,600	1,032,346
2025	850,946	115,557	966,503
2026	802,538	78,601	881,139
2027	797,302	42,892	840,194
2028-2030	518,694	18,232	536,926
Total	\$ 4,819,780	\$ 606,782	\$ 5,426,562

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Deferred Inflows of Resources

Unavailable Revenue

Unavailable revenue consists of taxes and special assessments receivable, state and federal grants not collected soon enough after year-end to pay liabilities of the current period, money from state-aid highway allotments earned but not yet received, settlement funds and other revenues. Unavailable revenue at December 31, 2022 is summarized by fund:

	Taxes and Special Assessments	Grants	State-Aid Highway Allotments	Other	Total
Major Governmental Funds:					
General	\$ 76,563	\$ -	\$ -	\$ -	\$ 76,563
Special Revenue:					
Road and Bridge	16,056	-	1,638,598	-	1,654,654
Human Services	27,552	11,059	-	-	38,611
Debt Service	3,890	-	-	-	3,890
Nonmajor Governmental Funds:					
Regional Library	1,928	-	-	-	1,928
Ditch	603,794	-	-	-	603,794
Family Services Building	881	-	-	-	881
Septic System Loan Program	257,216	-	-	-	257,216
Revolving Loan	-	-	-	67,394	67,394
Opioid Settlement	-	-	-	610,466	610,466
Total	<u>\$ 987,880</u>	<u>\$ 11,059</u>	<u>\$ 1,638,598</u>	<u>\$ 677,860</u>	<u>\$ 3,315,397</u>

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description

The County participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 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 Plan

All full-time and certain part-time employees of the County are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

a. Plan Description (Continued)

Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

Local Government Correctional Plan

The Correctional Plan was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

b. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan 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 PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For 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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

b. Benefits Provided (Continued)

General Employees Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Correctional Plan Benefits

Benefits for Correctional Plan members first hired after June 30, 2010, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. The annuity accrual rate is 1.9% of average salary for each year of service in that plan. For Correctional Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

b. Benefits Provided (Continued)

Correctional Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 100% of the COLA announced by SSA, with a minimum increase of at least 1% and a maximum of 2.5%. If the plan's funding status declines to 85% or below for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

c. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the County was required to contribute 7.50% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2022, were \$1,753,165. The County's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2022 and the County was required to contribute 17.70% for Police and Fire Plan members. The County's contributions to the Police and Fire Fund for the year ended December 31, 2022, were \$303,873. The County's contributions were equal to the required contributions as set by state statute.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

c. Contributions (Continued)

Correctional Fund Contributions

Correctional Plan members were required to contribute 5.83% of their annual covered salary in fiscal year 2022 and the County was required to contribute 8.75% for Correctional Plan members. The County's contributions to the Correctional Fund for the year ended December 31, 2022, were \$80,210. The County's contributions were equal to the required contributions as set by state statute.

d. Pension Costs

General Employees Plan

At December 31, 2022, the County reported a liability of \$24,485,929 for its proportionate share of the General Employees Plan's net pension liability. The County's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$717,894.

The net pension liability was measured as of June 30, 2022, 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 proportionate share 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.3092% at the end of the measurement period and 0.2867% for the beginning of the period.

County's Proportionate Share of Net Pension Liability	\$ 24,485,929
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	717,894
Total	<u>\$ 25,203,823</u>

For the year ended December 31, 2022, the County recognized pension expense of \$2,355,559 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$107,490 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

d. Pension Costs (Continued)

General Employees Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 193,117	\$ 234,352
Changes in Actuarial Assumptions	5,136,587	96,657
Net Difference Between Projected and Actual Investment Earnings	1,102,444	-
Changes in Proportion	863,876	458,880
Contributions Paid to PERA Subsequent to the Measurement Date	916,489	-
Total	\$ 8,212,513	\$ 789,889

The \$916,489 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 ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2023	\$ 2,306,067
2024	2,305,396
2025	(309,247)
2026	2,203,919

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

d. Pension Costs (Continued)

Police and Fire Plan

At December 31, 2022, the County reported a liability of \$6,192,334 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2022, 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 proportionate share 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1423% at the end of the measurement period and 0.1412% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$270,486.

County's Proportionate Share of Net Pension Liability	\$ 6,192,334
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	270,486
Total	\$ 6,462,820

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

d. Pension Costs (Continued)

Police and Fire Plan Continued

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2022, the County recognized pension expense of \$465,760 for its proportionate share of the Police and Fire Plan's pension expense. The County also recognized \$52,467 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The County recognized \$12,807 for the year ended December 31, 2022 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 378,218	\$ -
Changes in Actuarial Assumptions	3,645,143	37,225
Net Difference Between Projected and Actual Investment Earnings	82,998	-
Changes in Proportion	55,571	26,604
Contributions Paid to PERA Subsequent to the Measurement Date	164,642	-
Total	\$ 4,326,572	\$ 63,829

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

d. Pension Costs (Continued)

Police and Fire Plan Continued

The \$164,642 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 ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2023	\$ 800,923
2024	798,511
2025	708,645
2026	1,272,262
2027	517,760

Correctional Plan

At December 31, 2022, the County reported a liability of \$1,365,831 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2022, 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 proportionate share 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.4109% at the end of the measurement period and 0.4226% for the beginning of the period.

For the year ended December 31, 2022 the County recognized pension expense of \$494,570 for its proportionate share of the Correctional Plan's pension expense.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

d. Pension Costs (Continued)

Correctional Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 45,036
Changes in Actuarial Assumptions	884,552	2,030
Net Difference Between Projected and Actual Investment Earnings	37,755	-
Changes in Proportion	6,890	5,971
Contributions Paid to PERA Subsequent to the Measurement Date	42,451	-
Total	\$ 971,648	\$ 53,037

The \$42,451 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 ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2023	\$ 393,453
2024	411,253
2025	(38,271)
2026	109,725

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

d. Pension Costs (Continued)

Summary

The aggregate amount of net pension asset, net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the County's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated. The table below includes the County's portion of each plan.

Description	General Employees Plan	Police and Fire Fund	Correctional Plan	Total
Net Pension Liability	\$ 24,485,929	\$ 6,192,334	\$ 1,365,831	\$ 32,044,094
Deferred Outflows of Resources				
Related to Pensions	8,212,513	4,326,572	971,648	13,510,733
Deferred Inflows of Resources				
Related to Pensions	789,889	63,829	53,037	906,755
Pension Expense	2,463,049	518,227	494,570	3,475,846

e. Long Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50 %	5.10 %
International Equity	16.50	5.30
Fixed Income	25.00	0.75
Private Markets	25.00	5.90
Total	<u>100.00 %</u>	

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

f. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan, 2.25% for the Police and Fire Plan, and 2.25% for the Correctional Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 2% for the Correction Plan. The Police and Fire Plan benefit increase is fixed at 1% per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0% at age 20 to 3.0% at age 60.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan and the Correctional Plans are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

f. Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.40%.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

Correctional Fund

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.42%.
- The benefit increase assumption was changed from 2.00% per annum to 2.00% per annum through December 31, 2054 and 1.50% per annum thereafter.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

g. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. 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.

In the Police and Fire Fund and Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060 and June 30, 2061 respectively. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund and June 30, 2062 for the Correctional Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40% for the Police and Fire Fund and 5.42% for the Correctional Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

h. Pension Liability Sensitivity

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

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	5.50 %	\$ 38,677,808	4.40 %	\$ 9,371,303	4.42 %	\$ 2,405,844
Current	6.50	24,485,929	5.40	6,192,334	5.42	1,365,831
1% Increase	7.50	12,846,676	6.40	3,622,328	6.42	548,149

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

i. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

2. Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5% 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% of employer contributions and 0.25% of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2022 were:

	Employee	Employer
Contribution Amount	\$ 7,970	\$ 7,970
Percentage of Covered Payroll	5.00 %	5.00 %

F. Other Postemployment Benefits (OPEB)

1. Plan Description

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (OPEB) (Continued)

1. Plan Description (Continued)

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

No assets have been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75.

As of the January 1, 2022, actuarial valuation, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	8
Active Plan Participants	195
Total	<u>203</u>

There are no inactive employees entitled to but not receiving benefits.

2. Total OPEB Liability

The County's total OPEB liability of \$955,346 was measured as of January 1, 2022, and was determined by an actuarial valuation as of January 1, 2022. The total OPEB liability is primarily liquidated by funds that have personnel services.

The total OPEB liability in the fiscal year-end December 31, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary Increases	Service Graded Table
Health Care Cost Trend	6.50%, decreasing to 5% over 5 years then to 4% over the next 48 years

The current year discount rate is 2.00%. For the current valuation, the discount rate was selected from the 20-year Municipal Bond Yield.

Mortality rates are based on Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (OPEB) (Continued)

2. Total OPEB Liability (Continued)

The actuarial assumptions used in the January 1, 2022 valuation were based on four-year experience study for the Public Employees Retirement Association of Minnesota Police and Fire Plan completed in 2020 and the four-year experience study for the Public Employees Retirement Association of Minnesota General Employees Plan completed in 2019.

The actuarial assumptions are currently based on historical information.

3. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2022	\$ 1,018,150
Changes for the Year:	
Service Cost	91,517
Interest	21,142
Differences Between Expected and Actual Experience	65,001
Changes of Assumptions or Other Inputs	(134,789)
Benefit Payments	(105,675)
Net Change	(62,804)
Balance at December 31, 2022	\$ 955,346

4. OPEB Liability Sensitivity

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

	Discount Rate		
	1% Decrease (1.00%)	Current Rate (2.00%)	1% Increase (3.00%)
Total OPEB Liability	\$ 1,023,212	\$ 955,346	\$ 891,783

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (OPEB) (Continued)

4. OPEB Liability Sensitivity (Continued)

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

	Health Care Trend Rate		
	1% Decrease (5.50% Decreasing to 4.00%)	Current Rate (6.50% Decreasing to 5.00%)	1% Increase (7.50% Decreasing to 6.00%)
Total OPEB Liability	\$ 862,340	\$ 955,346	\$ 1,064,849

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

For the year ended December 31, 2022, the County recognized OPEB expense of \$104,281. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 64,366	\$ 19,311
Changes in Actuarial Assumptions Benefits Paid Subsequent to the Measurement Date	34,900	122,014
Total	\$ 160,809	\$ 141,325

The \$61,543 reported as deferred outflows of resources related to OPEB resulting from employer benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (OPEB) (Continued)

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

<u>Year Ended December 31,</u>	<u>OPEB Expense Amount</u>
2023	\$ (8,378)
2024	(8,375)
2025	(8,629)
2026	(5,044)
2027	(11,633)

6. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2022:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The salary increase rates were updated to reflect the latest experience study.
- The retirement and withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%.
- The percent of retiree plan participation was changed from 50% to 40%.
- The percent of married retirees electing spouse coverage was changed from 10% to 0%.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 RISK MANAGEMENT

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

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2022. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining, and the County pays an annual premium to cover current and future losses. MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

In 2018, the County entered into an agreement with PrimeHealth to provide a mechanism for utilizing a pooled self-funded health insurance program under the authority granted to the counties in Minn. Stat. § 471.59. Premiums are paid to PrimeHealth, who provides bookkeeping services to the entity, including the payment of claims. For 2022, the County has retained risk with a maximum aggregate benefit of \$1,000,000 and an annual aggregate deductible of approximately \$1,600,000 for the health plan.

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Contingent Liabilities

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

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

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

B. Joint Ventures

Southwestern Minnesota Adult Mental Health Consortium Board

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

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

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

Meeker-McLeod-Sibley Community Health Services

Meeker-McLeod-Sibley Community Health Services 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 consists of nine members, three each from McLeod, Meeker, and Sibley Counties. The primary function of the joint venture is to provide health services and to promote efficiency and economy in the delivery of health services.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

B. Joint Ventures (Continued)

Meeker-McLeod-Sibley Community Health Services (Continued)

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

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

PrimeWest Health

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

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

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

Financing is provided by Medical Assistance and General Assistance Medical Care payments from the Minnesota Department of Human Services, initial start-up loans from the member counties, and by proportional contributions from member counties, if necessary, to cover operational costs. The County did not make any contributions to PrimeWest in 2022.

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

B. Joint Ventures (Continued)

Supporting Hands Nurse Family Partnership

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

The governing board is composed of one Board member from each of the participating counties. Each participating county will contribute to the budget of the Supporting Hands Nurse Family Partnership. In 2022, the County made \$29,453 in contributions to the Partnership.

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

Central Minnesota Diagnostics, Inc.

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

B. Joint Ventures (Continued)

Putting All Communities Together (PACT) 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 adding 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. This had no effect on PACT's tax identification or filing obligations with the U.S. Department of the Treasury Internal Revenue Service or the Minnesota Secretary of State. The joint powers agreements were established to provide coordinated services to children and families. A county may withdraw from PACT by giving a 30-day written notice to PACT; however, the contribution will remain in the integrated fund for the implementation period. In the event of termination, any property acquired as a result of this agreement and any surplus monies on hand shall be distributed to the parties of this agreement in proportion to their contributions.

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

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

Coordinated Enforcement Effort VI Task Force

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

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

The Task Force was established to receive and expend federal, state, and local grants and other related funds for the purpose of investigation of burglary, theft, narcotics, stolen property, and crimes of violence. The County has no operational or financial control over the CEE VI Task Force. During the year, the County contributed \$128,700 in funds to the Task Force.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

B. Joint Ventures (Continued)

Pioneerland Regional Library System

Meeker County, along with 32 cities and nine other counties, participates in the Pioneerland Regional Library System in order to provide efficient and improved regional library service. The Pioneerland Regional Library System is governed by the Pioneerland Library System Board composed of 35 members appointed by member cities and counties. During the year, the County contributed \$250,727 to the System.

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

Central Minnesota Jobs and Training Services, Inc.

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

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

Counties Providing Technology

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

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

Financing is primarily from county member contributions. During 2022, the County did not provide any contributions to CPT. Current financial information can be obtained from the Stevens County Auditor/Treasurer, 400 Colorado Avenue, Suite 303, Morris, Minnesota 56267.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Tax Abatements

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

Hilltop Health Care Center, LLC

The County entered into a property tax abatement agreement with Hilltop Health Care Center, LLC, in January 2015, for a period of 10 years effective in the years 2016 through 2026. The abatement will equal 60% of the County's share of the real estate taxes multiplied by the County's tax rate and multiplied by the percentage of construction completed.

Contractual stipulations require County payments to not exceed \$8,900 annually, or an aggregate amount of \$89,000. The County provided a tax abatement in the form of a tax refund in the amount of \$6,817 which was paid out in 2022. The developer agreed to construct an approximately 30,000 square-foot expansion to an already existing health care facility, consisting of 34 units of assisted living, 12 of which will be available to residents qualifying for waived services. Further, the developer agreed to create at least five new full-time equivalent jobs within six months of June 30, 2015, and maintain these jobs for the term of the agreement.

First District Association

The County entered into a property tax abatement agreement with the City of Litchfield and First District Association, dated October 6, 2009, for a period of 20 years, effective in the years 2011 through 2030. The abatement will equal 60% of the County's share of the real estate taxes multiplied by the County's tax rate and multiplied by the percentage of construction completed and adjusted for the removal of the value of land and the existing building. Contractual stipulations require aggregate County payments to not exceed \$190,000. The County provided a tax abatement in the form of a tax refund in the amount of \$8,905 was paid out in 2022. The developer agreed to construct an approximately 13,350 square-foot facility to house evaporator equipment to process whey.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Tax Abatements (Continued)

Quadion, Inc.

The County entered into a property tax abatement agreement with the City of Litchfield and Quadion, Inc., dated November 19, 2013, for a period of up to 15 years, effective in the years 2012 through 2026. The abatement will be determined by subtracting the base tax capacity from the current year tax capacity and then multiplying the increased tax capacity by the County's current tax capacity rate. Contractual stipulations require aggregate County payments not to exceed \$145,000. The County provided a tax abatement in the form of a tax refund of \$0 was paid out in 2022. The developer agrees to construct an approximately 30,000 square-foot addition to the developer's existing manufacturing facility and create at least five new full-time equivalent positions over and above the base of 185 full-time equivalent positions at a wage of at least \$12.00 per hour, plus benefits.

NOTE 6 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES

A. Summary of Significant Accounting Policies

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

1. 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, 2022. The County is obligated for the debt and any operating deficits of the HRA.

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

A. Summary of Significant Accounting Policies (Continued)

2. Measurement Focus and Basis of Accounting

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

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

3. Cash and Cash Equivalents, Deposits, and Investments

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

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

Cash of the Meeker County HRA is in the custody of the HRA. All checking, savings, certificates of deposit, and cash on hand are cash and cash equivalents. As of June 30, 2022, the HRA's deposits were not exposed to custodial credit risk. State statutes authorize the HRA to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the state or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days. As of and during the year ended June 30, 2022, the HRA did not own any investments.

4. Liabilities

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

A. Summary of Significant Accounting Policies (Continued)

5. Classification of Net Position

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

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

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

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

B. Detailed Notes on All Funds

1. Assets

a. Investments

Interest Rate Risk

The EDA follows the County's investment policy for interest rate risk. At December 31, 2022, the EDA had the following investments:

	Amortized Cost	Less Than 1 Year
MAGIC Fund	\$ 1,554,781	\$ 1,554,781

Credit Risk

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

Custodial Credit Risk

As of December 31, 2022, the EDA's investments were not subject to custodial credit risk.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

B. Detailed Notes on All Funds (Continued)

1. Assets (Continued)

a. Investments (Continued)

Concentration of Credit Risk

During 2022, the EDA did not have any investments in any one issue that represents 5% or more of the EDA's investments.

The EDA measures and records its investments following the County's fair value measurement guidelines that are established by U.S. GAAP. At December 31, 2022, the EDA did not have any investments that had recurring fair value measurements.

The EDA had the following investments measured at amortized cost:

	December 31, 2022
Investments Measured at Amortized Cost:	
MAGIC Portfolio	\$ 1,554,781

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

b. Capital Assets

Capital assets are defined by the Meeker County EDA as assets with an initial, individual cost of more than \$10,000. The EDA had no capital asset activity for the year ended December 31, 2022. Capital asset activity for the year ended June 30, 2022, for the HRA, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets Not Depreciated:				
Land	\$ 63,966	\$ -	\$ -	\$ 63,966
Capital Assets Depreciated:				
Buildings and Equipment	1,455,364	274,402	(1,500,425)	229,341
Less Accumulated Depreciation For:				
Buildings and Equipment	1,238,984	32,100	(1,271,084)	-
Total Capital Assets Depreciated, Net	216,380	242,302	(229,341)	229,341
Total Capital Assets, Net	\$ 280,346	\$ 242,302	\$ (229,341)	\$ 293,307

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

B. Detailed Notes on All Funds (Continued)

1. Assets (Continued)

b. Capital Assets (Continued)

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

HRA	<u><u>\$ 32,100</u></u>
-----	-------------------------

2. Liabilities

a. Long-Term Debt

Long-term debt outstanding at June 30, 2022, for the HRA, consists of a deferred forgivable mortgage agreement with the Minnesota Housing Finance Agency (MHFA). If there is no default or transfer of the property and all program requirements are met, the debt listed below will be forgiven on the final maturity date.

Type of Indebtedness	Final Maturity	Interest Rate (%)	Original Issue Amount	Remaining Commitment
MHFA - Publicly Owned Housing Program	2050	-	<u><u>\$ 161,298</u></u>	<u><u>\$ 161,298</u></u>

b. 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, 2022.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	<u><u>\$ 4,308</u></u>	<u><u>\$ 5,650</u></u>	<u><u>\$ 6,410</u></u>	<u><u>\$ 3,548</u></u>	<u><u>\$ 1,076</u></u>

3. Defined Benefit Pension Plan

a. Plan Description

The Meeker County Economic Development Authority (EDA) participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

B. Detailed Notes on All Funds (Continued)

3. Defined Benefit Pension Plan (Continued)

a. Plan Description (Continued)

All employees of Meeker County EDA are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

b. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the EDA was required to contribute 7.50% for Coordinated Plan members. The EDA's contributions for the General Employees Plan for the year ended December 31, 2022 were \$3,650. The contributions are equal to the statutorily required contributions as set by state statute.

c. Pension Costs

At December 31, 2022, the EDA reported a liability of \$50,333 for its proportionate share of the General Employees Plan's net pension liability. The EDA's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$1,476.

The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The EDA's proportionate share was 0.0006% at the end of the measurement period and 0.0006% for the beginning of the period.

The EDA's Proportionate Share of the Net Pension Liability	\$ 50,333
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the EDA	1,476
Total	<u>\$ 51,809</u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

B. Detailed Notes on All Funds (Continued)

3. Defined Benefit Pension Plan (Continued)

c. Pension Costs (Continued)

For the year ended December 31, 2022, the EDA recognized pension expense of \$6,736 for its proportionate share of the General Employees Plan's pension expense. In addition, the EDA recognized an additional \$221 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2022, the EDA reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 420	\$ 538
Changes in Actuarial Assumptions	11,391	205
Difference Between Projected and Actual Investment Earnings	874	-
Changes in Proportion	407	160
Contributions Paid to PERA Subsequent to the Measurement Date	1,847	-
Total	<u>\$ 14,939</u>	<u>\$ 903</u>

The \$1,847 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 ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2023	\$ 4,695
2024	4,600
2025	(1,657)
2026	4,551

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

B. Detailed Notes on All Funds (Continued)

3. Defined Benefit Pension Plan (Continued)

d. Pension Liability Sensitivity

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

	1% Decrease (5.50%)	Current Rate (6.50%)	1% Increase (7.50%)
Proportionate Share of the General Employees Plan Net Pension Liability	\$ 79,504	\$ 50,333	\$ 26,409

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

NOTE 7 SUBSEQUENT EVENT

Subsequent to year end, the County Board of Commissioners approved the issuance of general obligation capital improvement plan bonds not to exceed \$6,775,000 for the remodel of the courthouse, law enforcement center and family services center.

REQUIRED SUPPLEMENTARY INFORMATION

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 9,917,322	\$ 9,917,322	\$ 9,901,666	\$ (15,656)
Licenses and Permits	134,235	134,235	163,762	29,527
Intergovernmental	2,060,641	2,060,641	2,253,452	192,811
Charges for Services	2,272,749	2,272,749	2,252,222	(20,527)
Fines and Forfeits	26,000	26,000	25,918	(82)
Gifts and Contributions	700	700	3,744	3,044
Investment Earnings (Loss)	125,000	125,000	(163,362)	(288,362)
Miscellaneous	362,084	362,084	613,666	251,582
Total Revenues	<u>14,898,731</u>	<u>14,898,731</u>	<u>15,051,068</u>	<u>152,337</u>
EXPENDITURES				
Current:				
General Government:				
Commissioners	264,112	264,112	271,235	(7,123)
Courts	150,000	150,000	87,880	62,120
Law Library	22,447	22,447	25,524	(3,077)
County Administration	462,173	462,173	440,947	21,226
County Auditor	364,014	364,014	336,820	27,194
County Treasurer	398,893	398,893	376,599	22,294
County Assessor	527,964	527,964	434,361	93,603
Accounting and Auditing	65,000	65,000	88,784	(23,784)
Data Processing	688,457	688,457	668,861	19,596
Central Services	60,680	60,680	96,837	(36,157)
Attorney	977,553	977,553	887,418	90,135
Recorder	276,590	276,590	236,965	39,625
Surveyor	7,500	7,500	-	7,500
Planning and Zoning	577,311	577,311	588,201	(10,890)
Maintenance	522,687	522,687	799,899	(277,212)
Veterans Service Officer	204,801	204,801	173,717	31,084
Appropriations	21,250	21,250	21,250	-
Others	422,500	422,500	345,479	77,021
Total General Government	<u>6,013,932</u>	<u>6,013,932</u>	<u>5,880,777</u>	<u>133,155</u>
Public Safety:				
Sheriff	6,250,583	6,250,583	6,063,140	187,443
Coroner	63,104	63,104	60,629	2,475
Court Services	386,741	386,741	365,987	20,754
E-911 System	140,728	140,728	123,469	17,259
Wireless Communication	130,229	130,229	67,735	62,494
Emergency Management	79,236	79,236	80,932	(1,696)
Appropriations	22,468	22,468	23,947	(1,479)
Total Public Safety	<u>7,073,089</u>	<u>7,073,089</u>	<u>6,785,839</u>	<u>287,250</u>

See accompanying Notes to Required Supplementary Information.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Current (Continued):				
Culture and Recreation:				
Appropriations	\$ 25,500	\$ 25,500	\$ 25,500	\$ -
Conservation of Natural Resources:				
Aquatic Invasive Species	437,891	437,891	307,075	130,816
County Extension	234,568	234,568	206,099	28,469
Extension Committee	2,597	2,597	2,329	268
Agricultural Inspections	5,000	5,000	5,000	-
Appropriations	<u>145,768</u>	<u>145,768</u>	<u>145,768</u>	<u>-</u>
Total Conservation of Natural Resources	825,824	825,824	666,271	159,553
Economic Development:				
Community Development	90,000	90,000	90,000	-
Appropriations	<u>27,500</u>	<u>27,500</u>	<u>27,500</u>	<u>-</u>
Total Economic Development	117,500	117,500	117,500	-
Intergovernmental:				
General Government	<u>55,185</u>	<u>55,185</u>	<u>60,487</u>	<u>(5,302)</u>
Total Expenditures	<u>14,111,030</u>	<u>14,111,030</u>	<u>13,536,374</u>	<u>574,656</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	787,701	787,701	1,514,694	726,993
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,253,279)	(1,253,279)	(1,253,280)	1
Insurance Proceeds	<u>-</u>	<u>-</u>	<u>87,814</u>	<u>(87,814)</u>
Total Other Financing Sources (Uses)	<u>(1,253,279)</u>	<u>(1,253,279)</u>	<u>(1,165,466)</u>	<u>87,813</u>
NET CHANGE IN FUND BALANCE	<u>\$ (465,578)</u>	<u>\$ (465,578)</u>	349,228	<u>\$ 814,806</u>
Fund Balance - January 1			<u>12,557,510</u>	
FUND BALANCE - DECEMBER 31			<u>\$ 12,906,738</u>	

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,987,434	\$ 1,987,434	\$ 1,924,476	\$ (62,958)
Intergovernmental	6,812,074	6,812,074	8,224,902	1,412,828
Charges for Services	585,000	585,000	583,138	(1,862)
Miscellaneous	339,788	339,788	91,024	(248,764)
Total Revenues	<u>9,724,296</u>	<u>9,724,296</u>	<u>10,823,540</u>	<u>1,099,244</u>
EXPENDITURES				
Current:				
Highways and Streets:				
Administration	418,169	418,169	375,215	42,954
Maintenance	2,656,415	2,656,415	2,938,002	(281,587)
Engineering/Construction	4,766,462	4,766,462	5,377,372	(610,910)
Equipment, Maintenance, and Shop	<u>1,383,250</u>	<u>1,383,250</u>	<u>1,111,362</u>	<u>271,888</u>
Total Highways and Streets	<u>9,224,296</u>	<u>9,224,296</u>	<u>9,801,951</u>	<u>(577,655)</u>
Intergovernmental:				
Highways and Streets	<u>500,000</u>	<u>500,000</u>	<u>732,735</u>	<u>(232,735)</u>
Total Expenditures	<u>9,724,296</u>	<u>9,724,296</u>	<u>10,534,686</u>	<u>(810,390)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	288,854	<u><u>\$ 288,854</u></u>
Fund Balance - January 1			<u>3,311,057</u>	
FUND BALANCE - DECEMBER 31			<u><u>\$ 3,599,911</u></u>	

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,445,977	\$ 3,445,977	\$ 3,374,426	\$ (71,551)
Intergovernmental	4,367,445	4,367,445	4,419,812	52,367
Charges for Services	571,213	571,213	422,112	(149,101)
Miscellaneous	233,233	233,233	347,422	114,189
Total Revenues	<u>8,617,868</u>	<u>8,617,868</u>	<u>8,563,772</u>	<u>(54,096)</u>
EXPENDITURES				
Current:				
Human Services:				
Income Maintenance	2,584,721	2,584,721	2,547,898	36,823
Social Services	<u>6,423,211</u>	<u>6,423,211</u>	<u>5,832,606</u>	<u>590,605</u>
Total Expenditures	<u>9,007,932</u>	<u>9,007,932</u>	<u>8,380,504</u>	<u>627,428</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (390,064)</u></u>	<u><u>\$ (390,064)</u></u>	183,268	<u><u>\$ 573,332</u></u>
Fund Balance - January 1			<u>5,545,133</u>	
FUND BALANCE - DECEMBER 31			<u><u>\$ 5,728,401</u></u>	

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
LAST TEN MEASUREMENT PERIODS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY					
Service Cost	\$ 91,517	\$ 104,593	\$ 89,970	\$ 71,660	\$ 75,415
Interest	21,142	28,905	37,240	31,579	31,166
Differences Between Expected and Actual Experience	65,001	-	(38,625)	30,599	-
Changes of Assumption or Other Inputs	(134,789)	39,542	17,081	(29,078)	-
Benefit Payments	(105,675)	(93,389)	(113,336)	(87,013)	(93,567)
Net Change in Total OPEB Liability	<u>(62,804)</u>	<u>79,651</u>	<u>(7,670)</u>	<u>17,747</u>	<u>13,014</u>
Total OPEB Liability - Beginning	<u>1,018,150</u>	<u>938,499</u>	<u>946,169</u>	<u>928,422</u>	<u>915,408</u>
TOTAL OPEB LIABILITY - ENDING	<u>\$ 955,346</u>	<u>\$ 1,018,150</u>	<u>\$ 938,499</u>	<u>\$ 946,169</u>	<u>\$ 928,422</u>
Covered-Employee Payroll	<u>\$ 11,814,472</u>	<u>\$ 11,791,505</u>	<u>\$ 11,420,344</u>	<u>\$ 11,011,467</u>	<u>\$ 10,754,574</u>
Total OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	8.09 %	8.63 %	8.22 %	8.59 %	8.63 %

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PERA GENERAL EMPLOYEES RETIREMENT PLAN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability with Meeker County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a / c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.3092 %	\$ 24,485,929	\$ 717,894	\$ 25,203,823	\$ 22,373,688	109.44 %	76.70 %
2021	0.2867	12,241,694	373,869	12,615,563	20,643,208	59.30	87.00
2020	0.3001	17,992,367	554,870	18,547,237	21,405,656	84.05	79.10
2019	0.2931	16,205,457	503,757	16,709,214	20,803,287	77.90	80.20
2018	0.2973	16,495,656	541,073	17,036,729	20,044,502	82.30	79.50
2017	0.2979	19,018,544	239,156	19,257,700	19,166,313	99.23	75.90
2016	0.2957	23,871,949	311,817	24,183,766	18,245,701	130.84	68.90
2015	0.2972	15,400,185	N/A	15,400,185	17,440,521	88.30	78.20

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

The measurement date for each year is June 30.

N/A - Not Applicable

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PERA GENERAL EMPLOYEES RETIREMENT PLAN
SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS**

<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>
2022	\$ 1,753,165	\$ 1,753,165	\$ -	\$ 23,375,533	7.50 %
2021	1,604,879	1,604,879	-	21,398,387	7.50
2020	1,608,995	1,608,995	-	21,453,270	7.50
2019	1,591,584	1,591,584	-	21,221,114	7.50
2018	1,525,198	1,525,198	-	20,336,045	7.50
2017	1,473,265	1,473,265	-	19,662,219	7.49
2016	1,396,804	1,396,804	-	18,654,843	7.49
2015	1,327,077	1,327,077	-	17,807,137	7.45

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PERA GENERAL EMPLOYEES RETIREMENT PLAN
ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Meeker County EDA (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a / c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.0006 %	\$ 50,333	\$ 1,476	\$ 51,809	\$ 47,627	105.68 %	76.70 %
2021	0.0006	27,304	834	28,138	49,640	55.00	87.00
2020	0.0006	35,973	1,109	37,082	43,342	83.00	79.06
2019	0.0014	76,788	2,387	79,175	98,389	78.05	80.20
2018	0.0017	91,638	3,006	94,644	111,027	82.54	79.50
2017	0.0017	107,722	1,354	109,076	108,283	99.48	75.90
2016	0.0017	137,424	1,795	139,219	104,589	131.39	68.90
2015	0.0017	90,364	N/A	90,364	100,223	90.16	78.75

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

The measurement date for each year is June 30.

N/A - Not Applicable

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PERA GENERAL EMPLOYEES RETIREMENT PLAN
ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS**

<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>
2022	\$ 3,650	\$ 3,650	\$ -	\$ 48,667	7.50 %
2021	3,723	3,723	-	49,640	7.50
2020	3,283	3,283	-	43,779	7.50
2019	4,789	4,789	-	63,849	7.50
2018	8,409	8,409	-	112,127	7.50
2017	8,241	8,241	-	109,885	7.50
2016	7,998	7,998	-	106,643	7.50
2015	7,658	7,658	-	102,111	7.50

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Meeker County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a / c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.1423 %	\$ 6,192,334	\$ 270,486	\$ 6,462,820	\$ 1,728,965	358.15 %	70.50 %
2021	0.1412	1,089,914	49,017	1,138,931	1,669,197	65.30	93.66
2020	0.1436	1,892,802	44,596	1,937,398	1,622,340	116.67	87.20
2019	0.1412	1,503,217	N/A	1,503,217	1,509,683	99.57	89.30
2018	0.1380	1,468,806	N/A	1,468,806	1,451,821	101.17	88.80
2017	0.1370	1,849,663	N/A	1,849,663	1,411,033	131.09	85.40
2016	0.1430	5,738,839	N/A	5,738,839	1,381,373	415.44	63.90
2015	0.1440	1,636,177	N/A	1,636,177	1,449,107	112.91	82.30

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

The measurement date for each year is June 30.

N/A - Not Applicable

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS**

<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>
2022	\$ 303,873	\$ 303,873	\$ -	\$ 1,716,797	17.70 %
2021	303,549	303,549	-	1,714,966	17.70
2020	293,624	293,624	-	1,658,892	17.70
2019	259,108	259,108	-	1,528,660	16.95
2018	246,319	246,319	-	1,520,487	16.20
2017	226,557	226,557	-	1,399,201	16.19
2016	231,561	231,561	-	1,429,392	16.20
2015	223,220	223,220	-	1,465,493	15.23

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT
CORRECTIONAL SERVICE RETIREMENT PLAN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

<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>
2022	0.4109 %	\$ 1,365,831	\$ 908,190	150.39 %	74.60 %
2021	0.4226	(69,425)	934,318	(7.43)	101.60
2020	0.4067	110,354	884,963	12.47	96.70
2019	0.4167	57,692	889,745	6.48	98.20
2018	0.3600	58,420	725,472	8.05	97.20
2017	0.3500	997,504	693,823	143.77	67.90
2016	0.3500	1,278,599	654,007	195.50	58.20
2015	0.3700	57,202	707,121	8.09	96.90

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
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT
CORRECTIONAL SERVICE RETIREMENT PLAN
SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS**

<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>
2022	\$ 80,210	\$ 80,210	\$ -	\$ 916,686	8.75 %
2021	82,239	82,239	-	939,874	8.75
2020	79,181	79,181	-	904,927	8.75
2019	77,931	77,931	-	891,638	8.74
2018	70,615	70,615	-	807,028	8.75
2017	60,747	60,747	-	702,633	8.65
2016	58,951	58,951	-	673,727	8.75
2015	60,136	60,136	-	693,592	8.67

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022**

NOTE 1 BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America 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 a budget can be prepared. Before October 31, the proposed budget is presented to the County Board for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

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

NOTE 2 EXCESS OF EXPENDITURES OVER BUDGET

The following funds and departments had expenditures in excess of budget for the year ended December 31, 2022:

	Expenditures	Budget	Excess
Major Governmental Funds:			
General Fund:			
Current:			
General Government:			
Commissioners	\$ 271,235	\$ 264,112	\$ 7,123
Law Library	25,524	22,447	3,077
Accounting and Auditing	88,784	65,000	23,784
Central Services	96,837	60,680	36,157
Planning and Zoning	588,201	577,311	10,890
Maintenance	799,899	522,687	277,212
Public Safety:			
Emergency Management	80,932	79,236	1,696
Appropriations	23,947	22,468	1,479
Intergovernmental:			
General Government	60,487	55,185	5,302
Road and Bridge Special Revenue Fund:			
Highways and Streets:			
Maintenance	2,938,002	2,656,415	281,587
Engineering/Construction	5,377,372	4,766,462	610,910
Intergovernmental:			
Highways and Streets	732,735	500,000	232,735

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022**

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the fiscal year June 30:

General Employees Retirement Plan

2022

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2020

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022**

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

General Employees Retirement Plan (Continued)

2020 (Continued)

Changes in Actuarial Assumptions

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%.
- The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.00% for the period July 1, 2020, through December 31, 2023, and 0.00% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase rate was changed from 1.00% per year through 2044 and 2.50% per year thereafter, to 1.25% per year.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022**

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

General Employees Retirement Plan (Continued)

2018 (Continued)

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest.

2017

Changes in Actuarial Assumptions

- The Combined Service Annuity (CSA) loads were changed from 0.80% for active members and 60% for vested and nonvested deferred members (30% for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.00% for active member liability, 15% for vested deferred member liability, and 3.00% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022**

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

General Employees Retirement Plan (Continued)

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter, to 1.00% for all future years.
- The assumed investment rate was changed from 7.90% to 7.50%. The single discount rate was also changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25%. Payroll growth was reduced from 3.50% to 3.25%. Inflation was reduced from 2.75% to 2.50%.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2015

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

Public Employees Police and Fire Plan

2022

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale-2021.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022**

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Public Employees Police and Fire Plan (Continued)

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2020

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022**

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Public Employees Police and Fire Plan (Continued)

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2018

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions

- Annual increases were changed from 1.00% for all years, with no trigger..
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80% to 11.30% and 11.80% of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30% for vested and nonvested, deferred members. The CSA load has been changed to 33% for vested members and 2.00% for nonvested members.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022**

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Public Employees Police and Fire Plan (Continued)

2017 (Continued)

Changes in Actuarial Assumptions (Continued)

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed annual benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.60% per annum to 7.50% per annum.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2037 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%.
- The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022**

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Public Employees Police and Fire Plan (Continued)

2015

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2037 and 2.50% per year thereafter.

Changes in Plan Provisions

- The annual increase to be paid after the attainment of the 90.00% funding threshold was changed from inflation up to 2.50%, to a fixed rate of 2.50%.

Public Employees Local Government Correctional Service Retirement Plan

2022

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.42%.
- The benefit increase assumption was changed from 2.00% per annum to 2.00% per annum through December 31, 2054 and 1.50% per annum thereafter.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022**

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

**Public Employees Local Government Correctional Service Retirement Plan
(Continued)**

2021 (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability lowered.
- Assumed percent married for active members was lowered from 85% to 75%.
- Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2020

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022**

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

**Public Employees Local Government Correctional Service Retirement Plan
(Continued)**

2018

Changes in Actuarial Assumptions

- The single discount rate was changed from 5.96% per annum to 7.50% per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed postretirement benefit increase was changed from 2.50% per year to 2.00% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Annual increases were changed from 2.50% per year with a provision to reduce to 1.00% if the funding status declines to a certain level, to 100% of the Social Security cost of living adjustment, not less than 1.00% and not more than 2.50%, beginning January 1, 2019. If the funding status declines to 85% for two consecutive years, or 80% for one year, the maximum increase will be lowered to 1.50%.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2016).
- The CSA load was 30% for vested and nonvested, deferred members. The CSA load has been changed to 35% for vested members and 1.00% for nonvested members.
- The single discount rate was changed from 5.31% per annum to 5.96% per annum.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022**

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

**Public Employees Local Government Correctional Service Retirement Plan
(Continued)**

2017 (Continued)

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2016

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2015

Changes in Actuarial Assumptions

- There were no changes in plan provisions since the previous valuation.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS FUNDED STATUS

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

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS – CHANGES IN SIGNIFICANT ACTUARIAL METHODS AND ASSUMPTIONS

The following changes occurred in actuarial assumptions:

2022

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022**

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS – CHANGES IN SIGNIFICANT ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

2022 (Continued)

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The salary increase rates were updated to reflect the latest experience study.
- The retirement and withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%.
- The percent of retiree plan participation was changed from 50% to 40%.
- The percent of married retirees electing spouse coverage was changed from 10% to 0%.

2021

- The discount rate used changed from 2.90% to 2.00%.

2020

- The discount rate used changed from 3.80% to 2.90%.
- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and employee classification.

2019

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

2018

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- Mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire personnel).
- The retirement and withdrawal tables for all employees were updated.
- The discount rate was changed from 3.50% to 3.30%.

SUPPLEMENTARY INFORMATION

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 226,297	\$ 226,297	\$ 215,465	\$ (10,832)
Intergovernmental	34,405	34,405	22,040	(12,365)
Total Revenues	<u>260,702</u>	<u>260,702</u>	<u>237,505</u>	<u>(23,197)</u>
EXPENDITURES				
Debt Service:				
Principal	219,000	219,000	219,000	-
Interest	7,922	7,922	7,924	(2)
Administrative and Fiscal Charges	3,000	3,000	-	3,000
Total Expenditures	<u>229,922</u>	<u>229,922</u>	<u>226,924</u>	<u>2,998</u>
NET CHANGE IN FUND BALANCE	<u>\$ 30,780</u>	<u>\$ 30,780</u>	10,581	<u>\$ (20,199)</u>
Fund Balance - January 1			<u>750,142</u>	
FUND BALANCE - DECEMBER 31			<u>\$ 760,723</u>	

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECT FUND
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,255,300	\$ 2,255,300	\$ 572,521	\$ (1,682,779)
Miscellaneous	-	-	266,929	266,929
Total Revenues	<u>2,255,300</u>	<u>2,255,300</u>	<u>839,450</u>	<u>(1,415,850)</u>
EXPENDITURES				
General Government	-	-	96,720	(96,720)
Capital Outlay				
General Government	1,022,600	1,022,600	639,876	382,724
Conservation of Natural Resource	-	-	7,067	(7,067)
Total Expenditures	<u>1,022,600</u>	<u>1,022,600</u>	<u>743,663</u>	<u>278,937</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,232,700	1,232,700	95,787	(1,136,913)
OTHER FINANCING SOURCES (USES)				
Transfer Out	<u>304,000</u>	<u>304,000</u>	<u>209,000</u>	<u>(95,000)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 1,536,700</u></u>	<u><u>\$ 1,536,700</u></u>	304,787	<u><u>\$ (1,231,913)</u></u>
Fund Balance - January 1			<u>843,694</u>	
FUND BALANCE - DECEMBER 31			<u><u>\$ 1,148,481</u></u>	

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

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

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

The Regional Library Fund accounts for the County's contribution to the Pioneerland Library System. 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 charges for services and intergovernmental revenues.

The Family Services Building Fund accounts for the revenues and expenditures associated with the County's Family Services Building. Financing is provided by property taxes authorized by the County Board and rental revenue.

The Septic System Loan Program Fund accounts for activity associated with the Lake Minnie Belle Restoration Clean Water Partnership Project. Initial financing is provided by loans from the state of Minnesota. Ongoing financing is provided by repayment of existing loans.

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.

The Opioid Settlement Fund accounts for the county's portion of the State of Minnesota's share of the national opioid settlement. The funding is restated by the settlement agreement reached with pharmaceutical companies and distributors.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022**

	Special Revenue Funds										Total
	County Parks	Regional Library	County Nurse	Ditch	Transfer Station	Family Services Building	Septic System Loan Program	Sheriff's Contingent	Revolving Loan	Opioid Settlement	
ASSETS											
Cash and Pooled Investments	\$ 146,407	\$ 52,955	\$ 1,156,952	\$ 491,973	\$ 1,212,501	\$ 557,139	\$ 125,002	\$ 14,089	\$ 1,241,756	\$ 166,941	\$ 5,165,715
Taxes Receivable:											
Delinquent	-	3,101	-	-	-	1,347	-	-	-	-	4,448
Special Assessments Receivable:											
Delinquent	-	-	-	51,957	-	-	257,216	-	-	-	309,173
Noncurrent	-	-	-	603,794	-	-	-	-	-	-	603,794
Accounts Receivable	3,000	-	-	-	147,503	-	-	-	-	610,466	760,969
Due from Other Governments	10,749	-	78,897	40,125	-	-	-	138	-	-	129,909
Lease Receivable	-	-	-	-	-	452,885	-	-	-	-	452,885
Notes Receivable	3,000	-	-	-	-	-	-	-	-	-	3,000
Loans Receivable	-	-	-	-	-	-	-	-	67,394	-	67,394
Prepaid Items	188	-	135	-	833	857	-	-	-	-	2,013
Total Assets	163,344	56,056	1,235,984	1,187,849	1,360,837	1,012,228	382,218	14,227	1,309,150	777,407	7,499,300
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES											
LIABILITIES											
Accounts Payable	5,735	-	5,129	32,082	429,299	15,132	-	-	-	-	487,377
Salaries Payable	6,145	-	54,368	3,744	1,772	9,447	-	-	-	-	75,476
Due to Other Funds	-	-	-	351	-	-	-	-	-	-	351
Due to Other Governments	1,184	-	1,594	19,181	2,742	-	-	-	-	-	24,701
Advances from Other Funds	-	-	-	521,000	-	-	-	-	-	-	521,000
Unearned Revenue	-	-	-	-	36,220	-	-	-	-	-	36,220
Total Liabilities	13,064	-	61,091	576,358	470,033	24,579	-	-	-	-	1,145,125
DEFERRED INFLOWS OF RESOURCES											
Lease Receivable	-	-	-	-	-	443,859	-	-	-	-	443,859
Unavailable Revenue	-	1,928	-	603,794	-	881	257,216	-	67,394	610,466	1,541,679
Prepaid Property Taxes	-	92	-	-	-	-	-	-	-	-	92
Total Deferred Inflows of Resources	-	2,020	-	603,794	-	444,740	257,216	-	67,394	610,466	1,985,630

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2022**

	Special Revenue Funds										
	County Parks	Regional Library	County Nurse	Ditch	Transfer Station	Family Services Building	Septic System Loan Program	Sheriff's Contingent	Revolving Loan	Opioid Settlement	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (CONTINUED)											
FUND BALANCES											
Nonspendable:											
Prepaid Items	\$ 188	\$ -	\$ 135	\$ -	\$ 833	\$ 857	\$ -	\$ -	\$ -	\$ -	\$ 2,013
Loans Receivable	-	-	-	-	-	-	-	-	67,394	-	67,394
Restricted For:											
Law Enforcement -											
Sheriff Contingencies	-	-	-	-	-	-	-	14,227	-	-	14,227
Ditch Maintenance and											
Construction	-	-	-	330,267	-	-	-	-	-	-	330,267
Septic Loan Program	-	-	-	-	-	-	125,002	-	-	-	125,002
Economic Development	-	-	-	-	-	-	-	-	1,174,362	-	1,174,362
Opioid Epidemic Response	-	-	-	-	-	-	-	-	-	166,941	166,941
Committed For:											
Regional Library	-	54,036	-	-	-	-	-	-	-	-	54,036
Operations of County Parks	150,092	-	-	-	-	-	-	-	-	-	150,092
Maintenance and Operations of											
Family Service Building	-	-	-	-	-	542,052	-	-	-	-	542,052
Assigned To:											
Sanitation	-	-	-	-	889,971	-	-	-	-	-	889,971
Health	-	-	1,174,758	-	-	-	-	-	-	-	1,174,758
Unassigned	-	-	-	(322,570)	-	-	-	-	-	-	(322,570)
Total Fund Balances	<u>150,280</u>	<u>54,036</u>	<u>1,174,893</u>	<u>7,697</u>	<u>890,804</u>	<u>542,909</u>	<u>125,002</u>	<u>14,227</u>	<u>1,241,756</u>	<u>166,941</u>	<u>4,368,545</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 163,344</u>	<u>\$ 56,056</u>	<u>\$ 1,235,984</u>	<u>\$ 1,187,849</u>	<u>\$ 1,360,837</u>	<u>\$ 1,012,228</u>	<u>\$ 382,218</u>	<u>\$ 14,227</u>	<u>\$ 1,309,150</u>	<u>\$ 777,407</u>	<u>\$ 7,499,300</u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2022**

	Special Revenue Funds										
	County Parks	Regional Library	County Nurse	Ditch	Transfer Station	Family Services Building	Septic System Loan Program	Sheriff's Contingent	Revolving Loan	Opioid Settlement	Total
REVENUES											
Taxes	\$ -	\$ 220,050	\$ -	\$ -	\$ -	\$ 94,804	\$ -	\$ -	\$ -	\$ -	\$ 314,854
Special Assessments	-	-	-	1,076,589	-	-	57,330	-	-	-	1,133,919
Intergovernmental	180,000	22,559	587,301	-	74,840	9,613	-	-	-	-	874,313
Charges for Services	158,663	-	384,406	-	1,049,143	-	-	-	-	-	1,592,212
Fines and Forfeits	-	-	-	-	-	-	-	869	-	-	869
Investment Earnings	-	-	-	-	-	-	-	-	3,464	-	3,464
Miscellaneous	10,531	-	8,177	10,961	-	541,707	-	-	9,390	168,571	749,337
Total Revenues	349,194	242,609	979,884	1,087,550	1,123,983	646,124	57,330	869	12,854	168,571	4,668,968
EXPENDITURES											
Current:											
General Government	-	-	-	-	-	528,882	-	-	-	1,630	530,512
Sanitation	-	-	-	-	964,151	-	27,800	-	-	-	991,951
Health	-	-	1,486,525	-	-	-	-	-	-	-	1,486,525
Culture and Recreation	353,393	250,727	-	-	-	-	-	-	-	-	604,120
Conservation of Natural Resources	-	-	-	756,623	-	-	-	-	-	-	756,623
Economic Development	-	-	-	-	-	-	-	-	77,571	-	77,571
Capital Outlay:											
Culture and Recreation	209,440	-	-	-	-	-	-	-	-	-	209,440
Debt Service:											
Principal	-	-	-	-	-	-	29,575	-	-	-	29,575
Interest	-	-	-	8,096	-	-	4,932	-	-	-	13,028
Total Expenditures	562,833	250,727	1,486,525	764,719	964,151	528,882	62,307	-	77,571	1,630	4,699,345
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(213,639)	(8,118)	(506,641)	322,831	159,832	117,242	(4,977)	869	(64,717)	166,941	(30,377)
OTHER FINANCING SOURCES (USES)											
Transfers In	279,544	-	764,736	-	-	-	-	-	-	-	1,044,280
Issuance of Loans	-	-	-	-	-	-	27,800	-	-	-	27,800
Total Other Financing Sources (Uses)	279,544	-	764,736	-	-	-	27,800	-	-	-	1,072,080
NET CHANGE IN FUND BALANCE	65,905	(8,118)	258,095	322,831	159,832	117,242	22,823	869	(64,717)	166,941	1,041,703
Fund Balance - January 1	84,375	62,154	916,798	(315,134)	730,972	425,667	102,179	13,358	1,306,473	-	3,326,842
FUND BALANCE - DECEMBER 31	\$ 150,280	\$ 54,036	\$ 1,174,893	\$ 7,697	\$ 890,804	\$ 542,909	\$ 125,002	\$ 14,227	\$ 1,241,756	\$ 166,941	\$ 4,368,545

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
COUNTY PARKS SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 180,000	\$ 180,000
Charges for Services	115,382	115,382	158,663	43,281
Miscellaneous	8,200	8,200	10,531	2,331
Total Revenues	<u>123,582</u>	<u>123,582</u>	<u>349,194</u>	<u>225,612</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Parks	368,126	368,126	353,393	14,733
Capital Outlay:				
Culture and Recreation:				
Parks	<u>35,000</u>	<u>35,000</u>	<u>209,440</u>	<u>(174,440)</u>
Total Expenditures	<u>403,126</u>	<u>403,126</u>	<u>562,833</u>	<u>(159,707)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(279,544)	(279,544)	(213,639)	65,905
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>279,544</u>	<u>279,544</u>	<u>279,544</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	65,905	<u>\$ 65,905</u>
Fund Balance - January 1			<u>84,375</u>	
FUND BALANCE - DECEMBER 31			<u>\$ 150,280</u>	

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
REGIONAL LIBRARY SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 228,011	\$ 228,011	\$ 220,050	\$ (7,961)
Intergovernmental	22,882	22,882	22,559	(323)
Total Revenues	<u>250,893</u>	<u>250,893</u>	<u>242,609</u>	<u>(8,284)</u>
EXPENDITURES				
Current:				
Culture and Recreation	<u>250,727</u>	<u>250,727</u>	<u>250,727</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 166</u>	<u>\$ 166</u>	(8,118)	<u>\$ (8,284)</u>
Fund Balance - January 1			<u>62,154</u>	
FUND BALANCE - DECEMBER 31			<u>\$ 54,036</u>	

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
COUNTY NURSE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 414,571	\$ 414,571	\$ 587,301	\$ 172,730
Charges for Services	358,600	358,600	384,406	25,806
Miscellaneous	5,000	5,000	8,177	3,177
Total Revenues	<u>778,171</u>	<u>778,171</u>	<u>979,884</u>	<u>201,713</u>
EXPENDITURES				
Current:				
Health:				
Nursing Service	<u>1,569,907</u>	<u>1,569,907</u>	<u>1,486,525</u>	<u>83,382</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(791,736)	(791,736)	(506,641)	285,095
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>764,736</u>	<u>764,736</u>	<u>764,736</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (27,000)</u>	<u>\$ (27,000)</u>	258,095	<u>\$ 285,095</u>
Fund Balance - January 1			<u>916,798</u>	
FUND BALANCE - DECEMBER 31			<u>\$ 1,174,893</u>	

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
TRANSFER STATION SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 72,000	\$ 72,000	\$ 74,840	\$ 2,840
Charges for Services	218,780	218,780	1,049,143	830,363
Miscellaneous	22,000	22,000	-	(22,000)
Total Revenues	<u>312,780</u>	<u>312,780</u>	1,123,983	811,203
EXPENDITURES				
Current:				
Sanitation:				
Solid Waste	<u>290,756</u>	<u>290,756</u>	<u>964,151</u>	<u>(673,395)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 22,024</u>	<u>\$ 22,024</u>	159,832	<u>\$ 137,808</u>
Fund Balance - January 1			<u>730,972</u>	
FUND BALANCE - DECEMBER 31			<u>\$ 890,804</u>	

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
FAMILY SERVICES BUILDING SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 97,579	\$ 97,579	\$ 94,804	\$ (2,775)
Intergovernmental	9,871	9,871	9,613	(258)
Miscellaneous	524,491	524,491	541,707	17,216
Total Revenues	<u>631,941</u>	<u>631,941</u>	<u>646,124</u>	<u>14,183</u>
EXPENDITURES				
Current:				
General Government:				
Central Services	<u>508,094</u>	<u>508,094</u>	<u>528,882</u>	<u>(20,788)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	123,847	123,847	117,242	(6,605)
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>	<u>95,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 28,847</u>	<u>\$ 28,847</u>	117,242	<u>\$ 88,395</u>
Fund Balance - January 1			<u>425,667</u>	
FUND BALANCE - DECEMBER 31			<u>\$ 542,909</u>	

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
FIDUCIARY FUNDS
CUSTODIAL FUNDS**

The Estate Recoveries Fund accounts for the collection of estate recoveries and payments to the state of Minnesota.

The Jail Inmate Fund accounts for any funds collected from the jail inmates at the time of booking or other monies brought in for their personal use, and the disbursement of these funds for commissary purchases, bonds, booking fees, and other similar fees.

The State Revenue Fund accounts for the collection and payment of the state's share of fees, fines, and mortgage registry and state deed taxes collected by the County.

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
FIDUCIARY FUNDS – CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022**

	Estate Recoveries	Jail Inmate	State Revenue	Taxes and Penalties	Total Custodial Funds
ASSETS					
Cash and Pooled Investments	\$ 203,323	\$ 9,763	\$ 63,692	\$ 358,499	\$ 635,277
Taxes Receivable for Other Governments	-	-	5,736	324,262	329,998
Total Assets	<u>203,323</u>	<u>9,763</u>	<u>69,428</u>	<u>682,761</u>	<u>965,275</u>
LIABILITIES					
Due to Other Governments	<u>203,323</u>	<u>-</u>	<u>63,692</u>	<u>347,930</u>	<u>614,945</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes Levied for Subsequent Period	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,568</u>	<u>10,568</u>
NET POSITION					
Restricted for:					
Individuals, Organizations, and Other Governments	<u>\$ -</u>	<u>\$ 9,763</u>	<u>\$ 5,736</u>	<u>\$ 324,263</u>	<u>\$ 339,762</u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
FIDUCIARY FUNDS – CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2022**

	Estate Recoveries	Jail Inmate	State Revenues	Taxes and Penalties	Total Custodial Funds
ADDITIONS					
Tax Collections for Other Governments	\$ -	\$ -	\$ 2,617,900	\$ 20,866,869	\$ 23,484,769
Licenses and Fees Collected for the State	794,058	-	99,048	-	893,106
Miscellaneous	-	183,350	-	-	183,350
Total Additions	<u>794,058</u>	<u>183,350</u>	<u>2,716,948</u>	<u>20,866,869</u>	<u>24,561,225</u>
DEDUCTIONS					
Payments of Taxes to Other Governments	-	-	-	20,815,101	20,815,101
Payments to the State	794,058	-	2,722,841	-	3,516,899
Distributions to Participants	-	241,072	-	-	241,072
Total Deductions	<u>794,058</u>	<u>241,072</u>	<u>2,722,841</u>	<u>20,815,101</u>	<u>24,573,072</u>
CHANGE IN NET POSITION	-	(57,722)	(5,893)	51,768	(11,847)
Net Position - January 1	-	67,485	11,629	272,495	351,609
NET POSITION - DECEMBER 31	<u>\$ -</u>	<u>\$ 9,763</u>	<u>\$ 5,736</u>	<u>\$ 324,263</u>	<u>\$ 339,762</u>

ECONOMIC DEVELOPMENT AUTHORITY

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

ASSETS

Current Assets:

Cash and Pooled Investments	\$ 1,736,165
Accounts Receivable	1,962
Loan Receivable	635,000
Prepaid Items	700
Total Current Assets	2,373,827

Noncurrent Assets:

Loan Receivable	45,000
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Total Assets	2,418,827
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Pension Outflows	14,939
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LIABILITIES

Current Liabilities:

Accounts Payable	4,868
Salaries Payable	6,120
Due to Primary Government	520,213
Compensated Absences Payable - Current	1,076
Total Current Liabilities	532,277

Noncurrent Liabilities:

Compensated Absences Payable - Long-Term	2,472
Net Pension Liability	50,333
Total Noncurrent Liabilities	52,805

Total Liabilities	585,082
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DEFERRED INFLOWS OF RESOURCES

Deferred Pension Inflows	903
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NET POSITION

Unrestricted	\$ 1,847,781
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**MEEKER COUNTY
LITCHFIELD, MINNESOTA
ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022**

OPERATING REVENUES

Administrative Fees	\$ 27,500
Intergovernmental Revenue	90,000
Total Operating Revenues	117,500

OPERATING EXPENSES

Personnel Services	71,377
Professional Services	53,301
Administration and Fiscal Services	5,760
Other Services and Charges	1,310
Supplies	868
Grants	10,000
Telephone	615
Advertising	603
Insurance	2,027
Licenses and Dues	3,015
Website and Internet	1,052
Total Operating Expenses	149,928

OPERATING LOSS

(32,428)

NONOPERATING REVENUES (EXPENSES)

Investment Earnings	17,161
Management Fees	1,350
Miscellaneous	119
Total Nonoperating Revenues (Expenses)	18,630

CHANGE IN NET POSITION

(13,798)

Net Position - January 1

1,861,579

NET POSITION - DECEMBER 31

\$ 1,847,781

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers and Users	\$ 118,022
Receipts from Loan Recipients	600,000
Payments to Suppliers	(77,178)
Payments to Employees	(69,371)
Payments to Loan Recipients	(600,000)
Other Nonoperating Revenue	1,469
Net Cash Used by Operating Activities	(27,058)

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Earnings Received	18,040
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NET INCREASE IN CASH AND CASH EQUIVALENTS

25,662

Cash and Cash Equivalents - January 1

1,710,503

CASH AND CASH EQUIVALENTS - DECEMBER 31

\$ 1,736,165

**RECONCILIATION OF OPERATING LOSS TO
NET CASH USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (32,428)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Other Nonoperating Revenue	1,469
(Increase) Decrease in Accounts Receivable	522
(Increase) Decrease in Deferred Pension Outflows	4,422
Increase (Decrease) in Accounts Payable	1,373
Increase (Decrease) in Salaries Payable	(316)
Increase (Decrease) in Compensated Absences Payable	(760)
Increase (Decrease) in Net Pension Liability	23,029
Increase (Decrease) in Deferred Pension Inflows	(24,369)
Total Adjustments	5,370
Net Cash Used by Operating Activities	\$ (27,058)

OTHER SCHEDULES

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
OTHER SCHEDULES
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2022**

APPROPRIATIONS AND SHARED REVENUE

State:

Highway Users Tax	\$ 7,638,026
County Program Aid	1,170,978
Market Value Credit - Agricultural	301,297
PERA Aid	46,798
SCORE	74,840
Disparity Reduction Aid	14,961
Police Aid	184,469
Aquatic Invasive Species	227,716
Riparian Protection Aid	98,769
E-911	195,078
Total Appropriations and Shared Revenue	9,952,932

REIMBURSEMENT FOR SERVICES

State:

Minnesota Department of Human Services	1,396,404
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LOCAL

Local Contributions	37,879
Payments in Lieu of Taxes	88,863
Total Local	126,742

GRANTS

State:

Minnesota Department/Board of:

Corrections	72,547
Public Safety	10,612
Health	156,327
Natural Resources	240,092
Management and Budget	3,488
Human Services	924,785
Veterans Affairs	10,000
Peace Officer Standards and Training	26,385
Pollution Control Agency	108,514
Supreme Court	33,750
Total State	1,586,500

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
OTHER SCHEDULES
SCHEDULE OF INTERGOVERNMENTAL REVENUE (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

GRANTS (CONTINUED)

Federal:

Department of:

Agriculture	\$ 320,837
Justice	78,751
Transportation	381,105
Treasury	531,705
Education	2,267
Health and Human Services	2,009,387
Homeland Security	38,318
Total Federal	<u>3,362,370</u>

Total Grants	<u>4,948,870</u>
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Total Intergovernmental Revenue	<u>\$ 16,424,948</u>
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INTERGOVERNMENTAL REVENUE

Governmental Funds	\$ 16,367,040
Proprietary Fund	57,908
Total Intergovernmental Revenue	<u>\$ 16,424,948</u>

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
OTHER SCHEDULES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022**

Federal Grantor Pass-Through Agency Grant Program Title or Cluster Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Numbers	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Meeker-McLeod-Sibley Community Health Services:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	222MN004W1003	\$ 88,348	\$ -
Passed Through Minnesota Department of Human Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	222MN101S2514	232,489	-
Total U.S. Department of Agriculture			320,837	-
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety:				
Crime Victim Assistance	16.575	F-CVS-2022-MEEKERAO	75,392	-
Direct				
Bullet Proof Vest Partnership Program	16.607	N/A	3,359	-
Total U.S. Department of Justice			78,751	-
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	1030047	370,769	-
Passed Through Minnesota Department of Public Safety:				
Passed Through City of Saint Cloud, Minnesota:				
E-911 Grant Program	20.615	A-DECN-NGGIS-2019-CMESB-1	10,336	-
Total U.S. Department of Transportation			381,105	-
U.S. Department of the Treasury				
Direct				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	481,705	-
Local Assistance and Tribal Consistency Fund	21.032	N/A	50,000	-
Total U.S. Department of the Treasury			531,705	-
U.S. Department of Education				
Passed Through Meeker-McLeod-Sibley Community Health Services:				
Special Education - Grants for Infants and Families	84.181	BO4MC32551	2,267	-

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
OTHER SCHEDULES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Federal Grantor Pass-Through Agency Grant Program Title or Cluster Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Numbers	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed Through Meeker-McLeod-Sibley Community Health Services:				
Environmental Public Health and Emergency Response	93.070	NU90TP922026	\$ 7,812	\$ -
Early Hearing Detection and Intervention	93.251	NU50DD000096	1,125	-
Immunization Cooperative Agreements	93.268	NH23IP922628	132,565	-
Centers for Disease Control and Prevention				
Investigations and Technical Assistance	93.283	2201MNTANF	2,289	-
Public Health Emergency Response:				
Cooperative Agreement for Emergency Response:				
Public Health Crisis ResponsePublic Health Crisis Response	93.354	NU90TP922026	4,625	-
Temporary Assistance for Needy Families	93.558	2501MNTANF	28,599	-
(Total Temporary Assistance for Needy Families 93.558 \$215,832)				
Medicaid Cluster:				
Medical Assistance Program	93.778	2205MN5ADM	22,158	-
(Total Medical Assistance Program 93.778 \$722,135)				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B08TI083458	54,477	-
Maternal and Child Health Services Block Grant to the States	93.994	BO4MC32551	20,728	-
Passed Through Minnesota Department of Human Services:				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2101MNFPS	2,800	-
Temporary Assistance for Needy Families	93.558	2201MNTANF	187,233	-
(Total Temporary Assistance for Needy Families 93.558 \$215,832)				
Child Support Enforcement (Total Child Support Enforcement \$360,005)	93.563	2201MNCSES	84,297	-
Child Support Enforcement (Total Child Support Enforcement \$360,005)	93.563	2201MNCCEST	275,708	-
Refugee and Entrant Assistance - State Administered Programs	93.566	2201MNRDMA	385	-
CCDF Cluster:				
Child Care and Development Block Grant	93.575	2201MNCDF	4,403	-
Community-Based Child Abuse Prevention Grants	93.590	2101MNBCAP	3,161	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2101MNCWSS	3,193	-
Foster Care - Title IV-E	93.658	2201MNFOST	115,383	-
Social Services Block Grant	93.667	2201MNSOSR	116,068	-
Child Abuse and Neglect State Grants	93.669	2201MNNCAN	4,139	-
John H. Chafee Foster Care Program for				
Successful Transition to Adulthood	93.674	2201MNCILC	34,014	-
Children's Health Insurance Program	93.767	2205MN5021	1,260	-
Medicaid Cluster:				
Medical Assistance Program	93.778	2205MN5MAP	17,465	-
Medical Assistance Program	93.778	2205MN5ADM	682,512	-
(Total Medical Assistance Program 93.778 \$722,135)				
Total U.S. Department of Health and Human Services			1,806,399	-
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources:				
Boating Safety Financial Assistance	97.012	R29G70CGBLA19	6,755	-
Passed Through Minnesota Department of Public Safety:				
Emergency Management Performance Grants	97.042	F-EMPG-2020-MEEKERCO	31,563	-
Total U.S. Department of Homeland Security			38,318	-
Total Expenditures of Federal Awards			<u>\$ 3,159,382</u>	<u>\$ -</u>
Totals by Cluster:				
Total expenditures for SNAP Cluster			\$ 232,489	
Total expenditures for Highway Planning and Construction Cluster			370,769	
Total expenditures for CCDF Cluster			4,403	
Total expenditures for Medicaid Cluster			722,135	

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Meeker County. The County's reporting entity is defined in Note 1 to the financial statements. The County's financial statements include the operations of the Meeker County Housing and Redevelopment Authority (HRA) component unit, which expended \$336,941 in federal awards during the year ended June 30, 2022, and the operations of the Meeker Memorial Hospital, an enterprise fund, which expended \$57,908 in federal awards for the year ended December 31, 2022 which are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2022, because they were audited by other auditors.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2022. 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) from the Office of Management and Budget (OMB). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

C. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022**

NOTE 2 RECONCILIATION TO SCHEDULE OF INTERGOVERNMENTAL REVENUE

Federal Grant Revenue Per Schedule of Intergovernmental Revenue		\$ 3,362,370
Grants Received More Than 60 Days After Year-End, Unavailable in 2022:		
Temporary Assistance for Needy Families		8,100
Stephanie Tubbs Jones Child Welfare Services Program		1,314
Environmental Public Health and Emergency Response		3,334
Grants Audited by Other Auditors		(57,908)
Unavailable in 2021, Recognized as Revenue in 2022:		
MaryLee Allen Promoting Safe and Stable Families Program		(350)
Temporary Assistance for Needy Families		(46,000)
Temporary Assistance for Needy Families		(106,869)
Community-Based Child Abuse Prevention Grants		(2,038)
Stephanie Tubbs Jones Child Welfare Services Program		(1,024)
Children's Health Insurance Program		(702)
Child Abuse and Neglect State Grants		(770)
Early Hearing Detection and Intervention		(75)
		(167,838)
Expenditures Per Schedule of Expenditures of Federal Awards		\$ 3,159,382

REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS* AND SINGLE AUDIT



**INDEPENDENT AUDITORS' 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**

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 (the County), Minnesota, as of and for the year ended December 31, 2022, including the Meeker County Housing and Redevelopment Authority as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 13, 2023. Our report includes a reference to other auditors who audited the financial statements of the Meeker Memorial Hospital, an enterprise fund of the County, and the Meeker County Housing and Redevelopment Authority, a discretely presented component unit of the 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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* 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 a combination of deficiencies, in internal control, 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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*.

The County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control 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 and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Alexandria, Minnesota
September 13, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of County Commissioners
Meeker County
Litchfield, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Meeker County's (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2022. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Other Matter – Federal Expenditures Not included in the Compliance Audit

The County's basic financial statements include the operations of the Meeker County Housing and Redevelopment Authority (HRA) component unit, which expended \$336,941 in federal awards during the year ended June 30, 2022, and the operations of the Meeker Memorial Hospital, an enterprise fund, which expended \$57,908 in federal awards for the year ended December 31, 2022 which are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2022. Our audit, described below, did not include the operations of the Meeker County HRA or Meeker Memorial Hospital because those entities engaged other auditors to perform an audit of compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-005. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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 a 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 attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-004 and 2022-005, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



CliftonLarsonAllen LLP

Alexandria, Minnesota
September 13, 2023

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? x yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster:
21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Funds
93.778	Medicaid Cluster: Medical Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes x no

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Section II – Financial Statement Findings

2022-001: LACK OF SEGREGATION OF DUTIES

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria or specific requirement: Management should always be aware of the need to have adequate segregation of duties regarding the processing of transactions for the County. In addition, management should be aware that the concentration of duties and responsibilities in one or very few individuals is not desirable from an internal control perspective.

Condition and Context: Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control, is not in place for various departments/offices in the County. Also some areas do not have proper review due to limited personnel resulting in the lack of some controls.

Cause: Several of the 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.

Effect: The lack of adequate segregation of duties can result in incorrect financial information, failure to detect misstatements or misappropriates, and the lack of adherence to the County's procedures.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2021-001.

Recommendation: We recommend management be aware of the lack of segregation of duties within the accounting functions and provide oversight to ensure the internal control policies and procedures are being implemented by organization staff.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. The County will review the accounting functions and segregate them if deemed cost-beneficial.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Section II – Financial Statement Findings (Continued)

2022-002: MATERIAL AUDIT ADJUSTMENTS

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria or specific requirement: County management is responsible for establishing and maintaining internal controls for the proper recording of all County's revenues and expenditures, including reclassifications between funds and activity of all investing and savings accounts.

Condition and Context: As part of the audit, we proposed material adjustments for closing the County's books at year-end including recording of accruals, recognizing the net pension liability, other postemployment benefit liability and the related deferred inflows and outflows of resources, adjust loan proceeds and transfers between funds, recognize highway state aid as receivable, to properly state unearned revenue, and to properly state interorganizational borrowing.

Cause: Material audit adjustments were identified that resulted in significant changes to the County's financial statements.

Effect: The lack of sufficient controls over year-end reporting increases the likelihood that a material misstatement would not be prevented or detected.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2021-002.

Recommendation: In order to strengthen internal controls, we recommend management enhance its internal controls over financial reporting, procedures, and processes to ensure complete and accurate financial reporting. Year-end closing procedures should be expanded to ensure all transactions have been accounted for, appropriate accounting standards have been applied and transactions are reported in the proper account. External training should be considered for those involved in year-end reporting.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Management will continue to work at eliminating the need for audit adjustments through learning about new GASB standards and reviewing work performed by department personnel.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Section II – Financial Statement Findings (Continued)

2022-003: FINANCIAL REPORTING PROCESS

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria or specific requirement: Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Condition and Context: The board of county commissioners and management of the County share the ultimate responsibility for the County's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The County engages CLA to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the County's internal control system. As part of its internal control over the preparation of the financial statements, including disclosures, the County has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of generally accepted accounting principles and knowledge of the County's activities and operations.

Cause: The County personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the County's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

Effect: The lack of internal controls over annual financial reporting may result in misstatement of the financial statements.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2021-003.

Recommendation: The County should evaluate their financial reporting processes and controls, including the expertise of its internal staff, to determine whether additional controls over the preparation of annual financial statements can be implemented to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Management will continue to rely on the audit firm to draft the financial statements and the related notes to the financial statements, and will review, approve, and accept responsibility for the annual financial statements prior to their issuance.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs

2022-004: SUSPENSION AND DEBARMENT

Federal Agency: U.S. Department of Treasury

Federal Program Name: COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Federal Award Identification Number and Year: SLFRP1480, 2022

Award Period: Year Ended December 31, 2022

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or Specific Requirement: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires compliance with the provisions of procurement, suspension, and debarment. Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction.

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 and Context: During our testing, it was noted that the County did not perform procedures to ensure vendors were not suspended or debarred for 1 of 3 procurement transactions tested.

Questioned Costs: None

Cause: Misunderstanding of the federal suspension and debarment provisions.

Effect: The auditor noted no instances of noncompliance with the provisions of suspension, and debarment; however, the lack of internal controls over these compliance requirements provides an opportunity for noncompliance.

Repeat Finding: No.

Recommendation: We recommend the County design procedures and controls to ensure compliance with suspension and debarment provisions.

Views of responsible officials: There is no disagreement with the audit finding.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs

2022-005: ELIGIBILITY

Federal Agency: U.S. Department of Health and Human Services

Federal Program Name: Medical Assistance

Assistance Listing Number: 93.778

Federal Award Identification Number and Year: 2205MN5MAP and 2205MN5ADM, 2022

Pass-Through Agency: Minnesota Department of Human Services and Meeker-McLeod-Sibley Community Health Services

Pass-Through Number: 2205MN5MAP and 2205MN5ADM

Award Period: Year Ended December 31, 2022

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matters

Criteria or specific requirement: Section 1940 of the Social Security Act (42 USC 1396w) requires the County to have a mechanism in place to verify assets, through access to information held by financial institutions, for purposes of determining or renewing Medicaid eligibility when an asset test is applicable for aged, blind, and disabled Medicaid applicants or beneficiaries.

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 and Context During eligibility testing, it was noted that 1 of 40 casefiles tested had a discrepancy between the County Maxis system and the supporting documentation received from the applicant. No casefile review was performed.

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

Cause: Error in inputting the information and lack of supervisory review of case files.

Effect: Errors made in determining eligibility may not be discovered and benefits may be issued to clients who are not eligible.

Repeat Finding: No.

Recommendation: We recommend the County implement additional procedures to provide reasonable assurance that necessary documentation is properly input in MAXIS. Case file reviews should be performed.

Views of responsible officials: There is no disagreement with the audit finding.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Section IV – Other Findings and Recommendations

MINNESOTA LEGAL COMPLIANCE

2022-006: CREDIT CARD AUTHORIZATION

Criteria or specific requirement: State Statute 375.171 states a county board may authorize the use of a credit card by any county officer or employee otherwise authorized to make a purchase on behalf of the county.

Condition and Context: During our audit we noted the County did not retain documentation to support the County board approval of the public health department credit card.

Cause: Management oversight.

Effect: The County is not in compliance with Minnesota State Statute.

Repeat Finding: No.

Recommendation: We recommend the County implement a formal review and approval process to ensure the Board has approved all credit cards.

Views of responsible officials: There is no disagreement with the audit finding.

Section V – Previously Reported Item Resolved

None



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

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 (the County) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 13, 2023. Our report includes a reference to other auditors who audited the financial statements of the Meeker Memorial Hospital and the Meeker County Housing and Redevelopment Authority (HRA), a discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of compliance that are reported on separately by those auditors.

In connection with our audit, we noted that the County failed to comply with provisions of the claims and disbursements section of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the schedule of findings and questions costs as item 2022-006. Also, in connection with our audit, nothing came to our attention that caused us to believe that Meeker County failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the legal compliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Board of County Commissioners
Meeker County

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Alexandria, Minnesota
September 13, 2023