

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

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LITCHFIELD, MINNESOTA
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INTRODUCTORY SECTION

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
ORGANIZATION SCHEDULE
MEEKER COUNTY
DECEMBER 31, 2023**

| | | | <u>Term Expires</u> |
|---------------------------|----------------------|------------|---------------------|
| Elected: | | | |
| Commissioners: | | | |
| Board Member | Beth Oberg | District 1 | December 31, 2026 |
| Board Member | Julie Bredeson | District 2 | December 31, 2024 |
| Board Member | Paul Johnson | District 3 | December 31, 2024 |
| Vice Chair | Danny Schiefelbein | District 4 | December 31, 2024 |
| Chair | Steve Schmitt | District 5 | December 31, 2026 |
| Attorney | Brandi Schiefelbein | | December 31, 2026 |
| Recorder | Christine Paul | | December 31, 2026 |
| Sheriff | Brian Cruze | | December 31, 2026 |
| | | | |
| 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, 2027 |
| 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, 2024 |
| Treasurer | Sharon Euerle | | Indefinite |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
ORGANIZATION SCHEDULE
MEEKER COUNTY ECONOMIC DEVELOPMENT AUTHORITY
DECEMBER 31, 2023**

| | | |
|----------------|--------------------|----------------------------|
| 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, 2023, 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, 2023, 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 the Meeker County HRA, a discretely presented component unit, which represents 19%, 16% and 73%, 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 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.

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.

Board of County Commissioners
Meeker County

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, 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 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(UNAUDITED)**

As management of Meeker County, Minnesota (the County), we offer the readers of the County financial statements this narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2023. 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 the County exceeded its liabilities and deferred inflows of resources on December 31, 2023, by \$155,174,972 (net position). Of this amount, \$66,329,927 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- As of the close of 2023, the County's governmental funds reported combined ending fund balances of \$34,181,747. Of this fund balance amount, \$25,187,635 was unrestricted (committed, assigned and unassigned) and thus available for spending at the government's discretion.
- At the end of 2023, unassigned fund balance for the General Fund was \$8,376,489, or 59.6%, of the total General Fund expenditures for that year.
- The County's total debt increased by \$784,318. This results in an increase of 5.4% in total outstanding debt of the County. The key factor in the increase was the issuance of General Obligation bonds during the year, offset with debt repayments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the County's basic financial statements. The 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 the County's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the 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 the County is improving or deteriorating.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(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).

The 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 the 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 the County represent the Meeker Memorial Hospital.

The government-wide statements include not only the financial data for the County itself (known as the primary government), but also the legally separate component units of Meeker County Economic Development Authority and Meeker County Housing and Redevelopment Authority, for which the County is legally accountable. Further financial information for 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. The 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 the 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, 2023
(UNAUDITED)**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Level Financial Statements (Continued)

The 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 the 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 97 of this report.

Other information regarding the 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. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$155,174,972 at the close of 2023. The largest portion of the County's net position (52.5%) 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, 2023
(UNAUDITED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

| | Net Position | | | | | |
|-----------------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Assets: | | | | | | |
| Current and Other Assets | \$ 44,456,122 | \$ 38,944,607 | \$ 67,775,208 | \$ 64,513,075 | \$ 112,231,330 | \$ 103,457,682 |
| Capital Assets | 79,835,702 | 76,155,546 | 19,993,225 | 20,174,735 | 99,828,927 | 96,330,281 |
| Total Assets | <u>124,291,824</u> | <u>115,100,153</u> | <u>87,768,433</u> | <u>84,687,810</u> | <u>212,060,257</u> | <u>199,787,963</u> |
| Deferred Outflows of Resources | 6,015,051 | 8,556,367 | 3,565,843 | 5,115,175 | 9,580,894 | 13,671,542 |
| Liabilities: | | | | | | |
| Long-Term Liabilities | 11,346,723 | 19,709,334 | 24,983,912 | 28,509,008 | 36,330,635 | 48,218,342 |
| Other Liabilities | 11,250,377 | 8,161,049 | 7,223,314 | 8,305,414 | 18,473,691 | 16,466,463 |
| Total Liabilities | <u>22,597,100</u> | <u>27,870,383</u> | <u>32,207,226</u> | <u>36,814,422</u> | <u>54,804,326</u> | <u>64,684,805</u> |
| Deferred Inflows of Resources | 7,675,137 | 1,134,057 | 3,986,716 | 1,198,907 | 11,661,853 | 2,332,964 |
| Net Position: | | | | | | |
| Net Investment in | | | | | | |
| Capital Assets | 78,293,218 | 75,176,895 | 3,208,096 | 2,134,051 | 81,501,314 | 77,310,946 |
| Restricted | 6,911,786 | 6,564,148 | 431,945 | 389,334 | 7,343,731 | 6,953,482 |
| Unrestricted | 14,829,634 | 12,911,037 | 51,500,293 | 49,266,271 | 66,329,927 | 62,177,308 |
| Total Net Position | <u>\$ 100,034,638</u> | <u>\$ 94,652,080</u> | <u>\$ 55,140,334</u> | <u>\$ 51,789,656</u> | <u>\$ 155,174,972</u> | <u>\$ 146,441,736</u> |

The unrestricted net position amount of \$66,329,927 as of December 31, 2023, may be used to meet the County's ongoing obligations to citizens and creditors. The business-type activities reported in 2023 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, 2023
(UNAUDITED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 7,728,036 | \$ 6,096,363 | \$ 50,459,938 | \$ 47,217,078 | \$ 58,187,974 | \$ 53,313,441 |
| Operating Grants and Contributions | 15,251,667 | 14,549,989 | 1,632,445 | 369,106 | 16,884,112 | 14,919,095 |
| Capital Grants and Contributions | 334,729 | 419,269 | - | - | 334,729 | 419,269 |
| General Revenues: | | | | | | |
| Property Taxes | 16,104,260 | 15,638,654 | - | - | 16,104,260 | 15,638,654 |
| Gravel Taxes | 70,845 | 70,785 | - | - | 70,845 | 70,785 |
| Mortgage Registry Taxes | 20,824 | 27,248 | - | - | 20,824 | 27,248 |
| Other Taxes | 76,045 | 78,284 | - | - | 76,045 | 78,284 |
| Grants and Contributions | | | | | | |
| Not Restricted to | | | | | | |
| Specific Programs | 1,514,322 | 1,487,692 | - | - | 1,514,322 | 1,487,692 |
| Investment Earnings | 2,092,949 | (159,269) | 2,017,833 | 668,343 | 4,110,782 | 509,074 |
| Miscellaneous | 720,991 | 721,950 | - | - | 720,991 | 721,950 |
| Total Revenues | 43,914,668 | 38,930,965 | 54,110,216 | 48,254,527 | 98,024,884 | 87,185,492 |
| Expenses: | | | | | | |
| General Government | 7,014,495 | 7,929,007 | - | - | 7,014,495 | 7,929,007 |
| Public Safety | 7,853,579 | 7,293,891 | - | - | 7,853,579 | 7,293,891 |
| Highways and Streets | 8,584,784 | 7,552,165 | - | - | 8,584,784 | 7,552,165 |
| Sanitation | 1,897,575 | 1,047,077 | - | - | 1,897,575 | 1,047,077 |
| Human Services | 9,604,801 | 8,637,451 | - | - | 9,604,801 | 8,637,451 |
| Hospital | - | - | 50,759,538 | 48,055,340 | 50,759,538 | 48,055,340 |
| Health | 1,304,150 | 1,537,658 | - | - | 1,304,150 | 1,537,658 |
| Culture and Recreation | 802,283 | 705,499 | - | - | 802,283 | 705,499 |
| Conservation of | | | | | | |
| Natural Resources | 1,141,356 | 1,433,428 | - | - | 1,141,356 | 1,433,428 |
| Economic Development | 186,432 | 195,071 | - | - | 186,432 | 195,071 |
| Interest | 142,655 | 19,421 | - | - | 142,655 | 19,421 |
| Total Expenses | 38,532,110 | 36,350,668 | 50,759,538 | 48,055,340 | 89,291,648 | 84,406,008 |
| Increase in Net Position | 5,382,558 | 2,580,297 | 3,350,678 | 199,187 | 8,733,236 | 2,779,484 |
| Net Position - January 1, | 94,652,080 | 92,071,783 | 51,789,656 | 51,590,469 | 146,441,736 | 143,662,252 |
| Net Position - December 31 | <u>\$ 100,034,638</u> | <u>\$ 94,652,080</u> | <u>\$ 55,140,334</u> | <u>\$ 51,789,656</u> | <u>\$ 155,174,972</u> | <u>\$ 146,441,736</u> |

Governmental Activities

The County's governmental activities increased the County's net position during 2023 by \$5,382,558. The primary reason for this increase is attributed to an increase in investment earnings.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(UNAUDITED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities

Business-type activities of the Meeker Memorial Hospital increased the County's net position by \$3,350,678, accounting for 38.4% of the total increase in the County's net position. Charges for services increased \$3,242,860, operating grants decreased \$1,263,339, while expenses increased \$2,704,198.

Financial Analysis of the Government's Funds

As noted earlier, the 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, the County's governmental funds reported combined ending fund balances of \$34,181,747, an increase of \$5,668,319 in comparison with the prior year. Of the ending fund balance, \$8,197,296 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 the County. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$8,376,489 while total fund balance was \$12,529,230. 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 59.6% of total General Fund expenditures. The ending fund balance for 2023 in the General Fund decreased by \$377,508 as compared to the 2022 ending balance.

The Road and Bridge Special Revenue Fund's fund balance at the end of the current fiscal year was \$3,041,364. The ending fund balance in the Road and Bridge Special Revenue Fund decreased by \$558,547, 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 \$4,519,980. The ending fund balance in the Human Services Special Revenue Fund decreased by \$1,208,421 due to the timing of charges for services reimbursements.

The Debt Service Fund's fund balance at the end of the current fiscal year was \$687,891. The ending fund balance in the Debt Service Fund decreased by \$72,832 primarily due to debt service requirements exceeding tax levy.

The Capital Projects Fund's fund balance at the end of the current fiscal year was \$8,327,209. The ending fund balance in the Capital Projects Fund increased by \$7,178,099, primarily due to the issuance of new bonds and transfers from the general fund.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(UNAUDITED)**

GENERAL FUND BUDGETARY HIGHLIGHTS

There are no differences between the original expenditure budget and the final budget (the County did not amend the 2023 expenditure budget).

Actual revenues in the General Fund were more than budgeted revenues by \$2,677,488, primarily due to higher than anticipated in investment earnings. Actual expenditures were less than budget by \$1,247,250.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's capital assets for its governmental activities at December 31, 2023, totaled \$79,835,702 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The County's governmental investment in capital assets increased \$3,680,156, or 4.8%, 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 | |
|---|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land, Right of Way | \$ 3,033,173 | \$ 3,033,173 | \$ 2,563,928 | \$ 2,563,928 | \$ 5,597,101 | \$ 5,597,101 |
| Land Improvements | - | - | 192,991 | 233,830 | 192,991 | 233,830 |
| Infrastructure | 61,369,075 | 57,254,022 | - | - | 61,369,075 | 57,254,022 |
| Buildings and Improvements | 9,029,436 | 9,627,240 | 8,280,232 | 9,413,776 | 17,309,668 | 19,041,016 |
| Machinery, Equipment, and Office Furniture | 4,484,194 | 4,703,915 | 2,940,161 | 3,237,899 | 7,424,355 | 7,941,814 |
| Construction In Progress | 1,919,824 | 1,537,196 | 438,488 | - | 2,358,312 | 1,537,196 |
| Right to Use Assets | - | - | 5,577,425 | 4,725,302 | 5,577,425 | 4,725,302 |
| Total Capital Assets | \$ 79,835,702 | \$ 76,155,546 | \$ 19,993,225 | \$ 20,174,735 | \$ 99,828,927 | \$ 96,330,281 |

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, 2023
(UNAUDITED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

At the end of the current fiscal year, the County had total outstanding debt of \$15,307,079. 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 the County, payable solely from gross revenues of the Meeker Memorial Hospital.

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| General Obligation Bonds | \$ 4,381,000 | \$ 945,000 | \$ - | \$ - | \$ 4,381,000 | \$ 945,000 |
| Gross Revenue Hospital Facilities Bonds | - | - | 10,612,642 | 11,603,996 | 10,612,642 | 11,603,996 |
| Loan Payable | 313,437 | 356,857 | - | - | 313,437 | 356,857 |
| Promissory Note | - | - | - | 1,616,908 | - | 1,616,908 |
| Total | \$ 4,694,437 | \$ 1,301,857 | \$ 10,612,642 | \$ 13,220,904 | \$ 15,307,079 | \$ 14,522,761 |

The County's total long-term debt, including interest rate swap, increased by \$784,318 or 5.4%, during the fiscal year.

The 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 2023, the 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 2023 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 2023, Meeker County approved its balanced 2024 revenue and expenditure budgets.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the 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, 2023**

| | Primary Government | | | Discretely Presented Component Units |
|--|----------------------------|-----------------------------|--------------------|---|
| | Governmental Activities | Business-Type Activities | Total | |
| ASSETS | | | | |
| Cash and Pooled Investments | \$ 37,785,624 | \$ 32,979,060 | \$ 70,764,684 | \$ 1,881,004 |
| Taxes Receivable: | | | | |
| Delinquent | 189,670 | - | 189,670 | - |
| Special Assessments Receivable: | | | | |
| Delinquent | 207,888 | - | 207,888 | - |
| Noncurrent | 346,275 | - | 346,275 | - |
| Accounts Receivable, Net | 808,591 | 5,995,717 | 6,804,308 | 13,270 |
| Estimated Third-Party Payor Settlements | - | 1,184,299 | 1,184,299 | - |
| Accrued Interest Receivable | 303,893 | - | 303,893 | 6,569 |
| Due from Other Governments | 3,005,872 | - | 3,005,872 | - |
| Due from Component Unit | 435,483 | - | 435,483 | - |
| Lease Receivable | 667,189 | - | 667,189 | - |
| Loans Receivable | 159,814 | - | 159,814 | 680,000 |
| Other Receivables | - | 192,048 | 192,048 | - |
| Supplies | - | 786,896 | 786,896 | - |
| Prepaid Items | 545,823 | 426,445 | 972,268 | 10,774 |
| Restricted Assets: | | | | |
| Investments Restricted by Donor | - | 431,945 | 431,945 | - |
| Funded Depreciation, Designated by Board | - | 24,604,477 | 24,604,477 | - |
| Investment in Joint Venture | - | 807,720 | 807,720 | - |
| Interest Rate Swap | - | 366,601 | 366,601 | - |
| Capital Assets: | | | | |
| Nondepreciable | 4,952,997 | 3,002,416 | 7,955,413 | 63,966 |
| Depreciable, Net of Accumulated Depreciation/Amortization | 74,882,705 | 16,990,809 | 91,873,514 | 254,839 |
| Total Assets | <u>124,291,824</u> | <u>87,768,433</u> | <u>212,060,257</u> | <u>2,910,422</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred Other Postemployment Benefits Outflows | 147,719 | - | 147,719 | - |
| Deferred Pension Outflows | <u>5,867,332</u> | <u>3,565,843</u> | <u>9,433,175</u> | <u>9,517</u> |
| Total Deferred Outflows of Resources | 6,015,051 | 3,565,843 | 9,580,894 | 9,517 |

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2023**

| | Primary Government | | | Discretely Presented Component Units |
|---|----------------------------|-----------------------------|-----------------------|---|
| | Governmental Activities | Business-Type Activities | Total | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 1,842,258 | \$ 3,443,298 | \$ 5,285,556 | \$ 9,235 |
| Salaries Payable | 922,397 | 1,635,173 | 2,557,570 | 2,942 |
| Retainage Payable | 81,086 | - | 81,086 | - |
| Due to Other Governments | 376,266 | - | 376,266 | 8,480 |
| Due to Primary Governments | - | - | - | 435,483 |
| Accrued Interest Payable | 27,556 | 21,000 | 48,556 | - |
| Other Accrued Liabilities | - | - | - | 3,084 |
| Security Deposit | - | - | - | 8,282 |
| Unearned Revenue | 2,802,012 | - | 2,802,012 | 193 |
| Long-Term Liabilities Due Within One Year: | | | | |
| Other Postemployment Benefits Liability | 73,825 | - | 73,825 | - |
| Long-Term Liabilities | 765,857 | 2,123,843 | 2,889,700 | 1,054 |
| Long-Term Liabilities Due in More Than One Year: | | | | |
| Net Pension Liability | 9,703,682 | 10,322,626 | 20,026,308 | 37,743 |
| Other Postemployment Benefits Liability | 803,359 | - | 803,359 | - |
| Long-Term Liabilities | 5,198,802 | 14,661,286 | 19,860,088 | 162,545 |
| Total Liabilities | <u>22,597,100</u> | <u>32,207,226</u> | <u>54,804,326</u> | <u>669,041</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Lease Receivable | 643,652 | - | 643,652 | - |
| Taxes Collected on Subsequent Year Levy | 62,282 | - | 62,282 | - |
| Deferred Gain on Refunding | - | 117,710 | 117,710 | - |
| Interest Rate Swap | - | 366,601 | 366,601 | - |
| Deferred Other Postemployment Benefits Inflows | 197,327 | - | 197,327 | - |
| Deferred Pension Inflows | 6,771,876 | 3,502,405 | 10,274,281 | 12,745 |
| Total Deferred Inflows of Resources | <u>7,675,137</u> | <u>3,986,716</u> | <u>11,661,853</u> | <u>12,745</u> |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 78,293,218 | 3,208,096 | 81,501,314 | 157,507 |
| Restricted For: | | | | |
| General Government | 218,289 | - | 218,289 | - |
| Public Safety | 986,885 | - | 986,885 | - |
| Highways and Streets | 1,796,575 | - | 1,796,575 | - |
| Conservation of Natural Resources | 901,164 | - | 901,164 | - |
| Economic Development | 1,231,080 | - | 1,231,080 | - |
| Septic Loan Program | 342,310 | - | 342,310 | - |
| Opioid Epidemic Response | 772,230 | - | 772,230 | - |
| Debt Service | 663,253 | - | 663,253 | - |
| Restricted by Donor | - | 431,945 | 431,945 | - |
| Unrestricted | <u>14,829,634</u> | <u>51,500,293</u> | <u>66,329,927</u> | <u>2,046,454</u> |
| Total Net Position | <u>\$ 100,034,638</u> | <u>\$ 55,140,334</u> | <u>\$ 155,174,972</u> | <u>\$ 2,238,153</u> |

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

| 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 | \$ 7,014,495 | \$ 1,504,510 | \$ 1,449,599 | \$ - | \$ (4,060,386) | \$ - | \$ (4,060,386) | \$ - |
| Public Safety | 7,853,579 | 1,310,404 | 1,209,998 | - | (5,333,177) | - | (5,333,177) | - |
| Highways and Streets | 8,584,784 | 633,178 | 7,669,512 | 334,729 | 52,635 | - | 52,635 | - |
| Sanitation | 1,897,575 | 2,058,452 | 80,289 | - | 241,166 | - | 241,166 | - |
| Human Services | 9,604,801 | 1,885,155 | 3,546,513 | - | (4,173,133) | - | (4,173,133) | - |
| Health | 1,304,150 | 211,215 | 519,129 | - | (573,806) | - | (573,806) | - |
| Culture and Recreation | 802,283 | 125,122 | 35,843 | - | (641,318) | - | (641,318) | - |
| Conservation of Natural Resources | 1,141,356 | - | 740,784 | - | (400,572) | - | (400,572) | - |
| Economic Development | 186,432 | - | - | - | (186,432) | - | (186,432) | - |
| Interest | 142,655 | - | - | - | (142,655) | - | (142,655) | - |
| Total Governmental Activities | 38,532,110 | 7,728,036 | 15,251,667 | 334,729 | (15,217,678) | - | (15,217,678) | - |
| Business-Type Activities: | | | | | | | | |
| Meeker Memorial Hospital | 50,759,538 | 50,459,938 | 1,632,445 | - | - | 1,332,845 | 1,332,845 | - |
| Total Primary Government | \$ 89,291,648 | \$ 58,187,974 | \$ 16,884,112 | \$ 334,729 | (15,217,678) | 1,332,845 | (13,884,833) | - |
| DISCRETELY PRESENTED COMPONENT UNITS | | | | | | | | |
| | \$ 671,765 | \$ 125,029 | \$ 666,222 | \$ - | - | - | - | 119,486 |
| GENERAL REVENUES | | | | | | | | |
| Property Taxes | | | | | 16,104,260 | - | 16,104,260 | - |
| Gravel Taxes | | | | | 70,845 | - | 70,845 | - |
| Mortgage Registry and Deed Tax | | | | | 20,824 | - | 20,824 | - |
| Payments in Lieu of Tax | | | | | 76,045 | - | 76,045 | - |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 1,514,322 | - | 1,514,322 | - |
| Investment Earnings | | | | | 2,092,949 | 2,017,833 | 4,110,782 | 71,712 |
| Miscellaneous | | | | | 720,991 | - | 720,991 | 17,492 |
| Total General Revenues | | | | | 20,600,236 | 2,017,833 | 22,618,069 | 89,204 |
| CHANGE IN NET POSITION | | | | | | | | |
| | | | | | 5,382,558 | 3,350,678 | 8,733,236 | 208,690 |
| Net Position - January 1 | | | | | 94,652,080 | 51,789,656 | 146,441,736 | 2,029,463 |
| NET POSITION - DECEMBER 31 | | | | | \$ 100,034,638 | \$ 55,140,334 | \$ 155,174,972 | \$ 2,238,153 |

See accompanying Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2023**

| ASSETS | General | Road and Bridge | Human Services | Debt Service | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|---------------------|-------------------|----------------------|-----------------------------------|--------------------------------|
| Cash and Pooled Investments | \$ 12,121,759 | \$ 2,828,041 | \$ 4,857,889 | \$ 687,946 | \$ 11,773,510 | \$ 5,516,479 | \$ 37,785,624 |
| Taxes Receivable: | | | | | | | |
| Delinquent | 119,161 | 22,736 | 40,885 | 3,853 | - | 3,035 | 189,670 |
| Special Assessments Receivable: | | | | | | | |
| Delinquent | - | - | - | - | - | 207,888 | 207,888 |
| Noncurrent | - | - | - | - | - | 346,275 | 346,275 |
| Accounts Receivable | 65,626 | - | - | - | - | 742,965 | 808,591 |
| Accrued Interest Receivable | 303,893 | - | - | - | - | - | 303,893 |
| Due from Other Funds | 3,712 | 28,365 | - | - | - | 172,260 | 204,337 |
| Due from Other Governments | 287,205 | 1,846,965 | 673,926 | - | - | 197,776 | 3,005,872 |
| Lease Receivable | 169,666 | - | 41,460 | - | 29,501 | 426,562 | 667,189 |
| Loans Receivable | 50,000 | - | - | - | - | 109,814 | 159,814 |
| Advances to Other Funds | 310,500 | - | - | - | - | - | 310,500 |
| Prepaid Items | 121,946 | 400,564 | - | - | 21,401 | 1,912 | 545,823 |
| Total Assets | \$ 13,988,951 | \$ 5,126,671 | \$ 5,614,160 | \$ 691,799 | \$ 11,824,412 | \$ 7,724,966 | \$ 44,970,959 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ 244,764 | \$ 83,036 | \$ 297,042 | \$ - | \$ 815,170 | \$ 402,246 | \$ 1,842,258 |
| Salaries Payable | 476,408 | 110,015 | 260,772 | - | - | 75,202 | 922,397 |
| Retainage Payable | - | 81,086 | - | - | - | - | 81,086 |
| Due to Other Funds | 28,165 | 42 | 174,294 | - | - | 1,836 | 204,337 |
| Due to Other Governments | 320,174 | 5,765 | 43,781 | - | - | 6,546 | 376,266 |
| Advances from Other Funds | - | - | - | - | - | 310,500 | 310,500 |
| Unearned Revenue | 112,509 | - | - | - | 2,653,283 | 36,220 | 2,802,012 |
| Total Liabilities | 1,182,020 | 279,944 | 775,889 | - | 3,468,453 | 832,550 | 6,538,856 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Lease Receivable | 164,734 | - | 41,350 | - | 28,750 | 408,818 | 643,652 |
| Unavailable Revenue | 77,117 | 1,796,575 | 261,140 | 2,918 | - | 1,406,672 | 3,544,422 |
| Taxes Collected on Subsequent Year Levy | 35,850 | 8,788 | 15,801 | 990 | - | 853 | 62,282 |
| Total Deferred Inflows of Resources | 277,701 | 1,805,363 | 318,291 | 3,908 | 28,750 | 1,816,343 | 4,250,356 |

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
DECEMBER 31, 2023**

| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (CONTINUED) | General | Road and Bridge | Human Services | Debt Service | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|---------------------|-------------------|----------------------|-----------------------------------|--------------------------------|
| FUND BALANCES | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepaid Items | \$ 121,946 | \$ 400,564 | \$ - | \$ - | \$ 21,401 | \$ 1,912 | \$ 545,823 |
| Advances to Other Funds | 310,500 | - | - | - | - | - | 310,500 |
| Loans Receivable | 50,000 | - | - | - | - | 109,814 | 159,814 |
| Missing Heirs | 8,563 | - | - | - | - | - | 8,563 |
| Restricted For: | | | | | | | |
| Debt Service | - | - | - | 687,891 | - | - | 687,891 |
| E-911 | 129,356 | - | - | - | - | - | 129,356 |
| Recorder's Compliance | 103,164 | - | - | - | - | - | 103,164 |
| Prosecutorial Purposes | 39,381 | - | - | - | - | - | 39,381 |
| Law Enforcement - Sheriff Forfeiture | 90,493 | - | - | - | - | - | 90,493 |
| Gravel Pit Restoration | 142,041 | - | - | - | - | - | 142,041 |
| Law Enforcement - Sheriff Contingencies | - | - | - | - | - | 14,879 | 14,879 |
| Aquatic Invasive Species | 349,320 | - | - | - | - | - | 349,320 |
| Permit to Carry Administration | 124,549 | - | - | - | - | - | 124,549 |
| Veterans Grant | 985 | - | - | - | - | - | 985 |
| Tax Forfeiture | 13,543 | - | - | - | - | - | 13,543 |
| Public Safety Aid | 588,227 | - | - | - | - | - | 588,227 |
| Statewide Local Housing | 100,597 | - | - | - | - | - | 100,597 |
| Capital Projects | - | - | - | - | 3,738,955 | - | 3,738,955 |
| Ditch Maintenance and Construction | - | - | - | - | - | 376,965 | 376,965 |
| Septic Loan Program | - | - | - | - | - | 151,499 | 151,499 |
| Economic Development | - | - | - | - | - | 1,121,266 | 1,121,266 |
| Opioid Epidemic Response | - | - | - | - | - | 196,301 | 196,301 |
| Committed For: | | | | | | | |
| Regional Library | - | - | - | - | - | 15,882 | 15,882 |
| Operations of County Parks | - | - | - | - | - | 197,970 | 197,970 |
| Maintenance and Operations of Family Service Building | - | - | - | - | - | 622,820 | 622,820 |
| Assigned To: | | | | | | | |
| General Government | 1,980,076 | - | - | - | - | - | 1,980,076 |
| Highways and Streets | - | 2,640,800 | - | - | - | - | 2,640,800 |
| Sanitation | - | - | - | - | - | 1,199,854 | 1,199,854 |
| Human Services | - | - | 4,519,980 | - | - | - | 4,519,980 |
| Health | - | - | - | - | - | 1,246,104 | 1,246,104 |
| Capital Projects | - | - | - | - | 4,566,853 | - | 4,566,853 |
| Unassigned | 8,376,489 | - | - | - | - | (179,193) | 8,197,296 |
| Total Fund Balances | <u>12,529,230</u> | <u>3,041,364</u> | <u>4,519,980</u> | <u>687,891</u> | <u>8,327,209</u> | <u>5,076,073</u> | <u>34,181,747</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 13,988,951</u> | <u>\$ 5,126,671</u> | <u>\$ 5,614,160</u> | <u>\$ 691,799</u> | <u>\$ 11,824,412</u> | <u>\$ 7,724,966</u> | <u>\$ 44,970,959</u> |

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, 2023**

| | |
|--|----------------|
| Fund Balance - Total Governmental Funds | \$ 34,181,747 |
| 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. | 79,835,702 |
| 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. | 3,544,422 |
| 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 | (4,381,000) |
| Bond Premiums | (85,269) |
| Loan Payable | (313,437) |
| Compensated Absences | (1,184,953) |
| Accrued Interest Payable | (27,556) |
| Subtotal | (5,992,215) |
| 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 | (877,184) |
| Deferred Outflows Related to Other Postemployment Benefits | 147,719 |
| Deferred Inflows Related to Other Postemployment Benefits | (197,327) |
| Subtotal | (926,792) |
| 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 | (9,703,682) |
| Deferred Outflows Related to Pensions | 5,867,332 |
| Deferred Inflows Related to Pensions | (6,771,876) |
| Subtotal | (10,608,226) |
| Net Position of Governmental Activities | \$ 100,034,638 |

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2023**

| | General | Road and Bridge | Human Services | Debt Service | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-------------------|--------------------|-------------------|-----------------|---------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | | | | |
| Taxes | \$ 10,507,527 | \$ 1,844,012 | \$ 3,398,530 | \$ 195,320 | \$ - | \$ 200,552 | \$ 16,145,941 |
| Special Assessments | - | - | - | - | - | 712,707 | 712,707 |
| Licenses and Permits | 185,959 | - | - | - | - | - | 185,959 |
| Intergovernmental | 3,150,568 | 8,011,231 | 4,229,120 | 21,002 | 1,250,236 | 431,919 | 17,094,076 |
| Charges for Services | 2,195,009 | 633,178 | 149,155 | - | - | 2,387,682 | 5,365,024 |
| Fines and Forfeitures | 28,357 | - | - | - | - | 652 | 29,009 |
| Gifts and Contributions | 30,866 | - | 186,734 | - | - | - | 217,600 |
| Investment Earnings | 2,088,576 | - | - | - | - | 4,373 | 2,092,949 |
| Miscellaneous | 499,190 | 140,275 | 297,844 | - | 47,970 | 889,810 | 1,875,089 |
| Total Revenues | <u>18,686,052</u> | <u>10,628,696</u> | <u>8,261,383</u> | <u>216,322</u> | <u>1,298,206</u> | <u>4,627,695</u> | <u>43,718,354</u> |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | 5,655,492 | - | - | - | 79,777 | 510,589 | 6,245,858 |
| Public Safety | 7,409,822 | - | - | - | - | - | 7,409,822 |
| Highways and Streets | - | 10,656,716 | - | - | - | - | 10,656,716 |
| Sanitation | - | - | - | - | - | 1,845,168 | 1,845,168 |
| Human Services | - | - | 9,469,804 | - | - | - | 9,469,804 |
| Health | - | - | - | - | - | 1,291,634 | 1,291,634 |
| Culture and Recreation | 25,200 | - | - | - | - | 680,057 | 705,257 |
| Conservation of Natural Resources | 698,075 | - | - | - | - | 437,756 | 1,135,831 |
| Economic Development | 158,932 | - | - | - | - | 27,500 | 186,432 |
| Capital Outlay: | | | | | | | |
| General Government | - | - | - | - | 1,801,197 | - | 1,801,197 |
| Conservation of Natural Resources | - | - | - | - | 5,532 | - | 5,532 |
| Culture and Recreation | - | - | - | - | - | 23,344 | 23,344 |
| Intergovernmental: | | | | | | | |
| General Government | 102,779 | - | - | - | - | - | 102,779 |
| Highways and Streets | - | 530,527 | - | - | - | - | 530,527 |
| Debt Service: | | | | | | | |
| Principal | - | - | - | 229,000 | - | 43,420 | 272,420 |
| Interest | - | - | - | 5,593 | - | 14,959 | 20,552 |
| Bond Issue Costs and Fiscal Agent Fees | - | - | - | 54,561 | 42,870 | - | 97,431 |
| Total Expenditures | <u>14,050,300</u> | <u>11,187,243</u> | <u>9,469,804</u> | <u>289,154</u> | <u>1,929,376</u> | <u>4,874,427</u> | <u>41,800,304</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 4,635,752 | (558,547) | (1,208,421) | (72,832) | (631,170) | (246,732) | 1,918,050 |

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, 2023**

| | General | Road and Bridge | Human Services | Debt Service | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------------|----------------------|---------------------|---------------------|-------------------|---------------------|-----------------------------------|--------------------------------|
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers In | \$ - | \$ - | \$ - | \$ - | \$ 4,059,000 | \$ 1,133,260 | \$ 5,192,260 |
| Transfers Out | (5,013,260) | - | - | - | - | (179,000) | (5,192,260) |
| Issuance of Long-Term Debt | - | - | - | - | 3,665,000 | - | 3,665,000 |
| Issuance of Bond Premiums | - | - | - | - | 85,269 | - | 85,269 |
| Total Other Financing Sources (Uses) | <u>(5,013,260)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,809,269</u> | <u>954,260</u> | <u>3,750,269</u> |
| NET CHANGE IN FUND BALANCES | (377,508) | (558,547) | (1,208,421) | (72,832) | 7,178,099 | 707,528 | 5,668,319 |
| Fund Balances - January 1 | <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> |
| FUND BALANCES - DECEMBER 31 | <u>\$ 12,529,230</u> | <u>\$ 3,041,364</u> | <u>\$ 4,519,980</u> | <u>\$ 687,891</u> | <u>\$ 8,327,209</u> | <u>\$ 5,076,073</u> | <u>\$ 34,181,747</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, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 5,668,319

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 | 3,544,422 |
| Unavailable Revenue - January 1 | (3,315,397) |
| Subtotal | 229,025 |

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 | 7,038,600 |
| Net Book Value of Assets Disposed | (9,476) |
| Current Year Depreciation Expense | (3,348,968) |
| Subtotal | 3,680,156 |

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

| | |
|--------------------------|-------------|
| General Obligation Bonds | (3,665,000) |
| Bond Premiums | (85,269) |
| Subtotal | (3,750,269) |

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 | 229,000 |
| Loan Payable | 43,420 |
| Subtotal | 272,420 |

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 | (24,672) |
| Change in Compensated Absences | 4,347 |
| Change in Other Postemployment Benefits Liability | 78,162 |
| Change in Deferred Other Postemployment Benefits Outflows | (13,090) |
| Change in Deferred Other Postemployment Benefits Inflows | (56,002) |
| Change in Deferred Pension Outflows | (2,528,226) |
| Change in Deferred Pension Inflows | (6,467,885) |
| Change in Net Pension Liability | 8,290,273 |
| Subtotal | (717,093) |

Net Change in Net Position of Governmental Activities \$ 5,382,558

See accompanying Notes to Financial Statements.

PROPRIETARY FUND – MEEKER MEMORIAL HOSPITAL FUND

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PROPRIETARY FUND
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

ASSETS

Current Assets:

| | |
|---|---------------|
| Cash and Cash Equivalents | \$ 32,979,060 |
| Accounts Receivable, Net | 5,995,717 |
| Estimated Third-Party Payor Settlements | 1,184,299 |
| Other Receivables | 192,048 |
| Supplies | 786,896 |
| Prepaid Items | 426,445 |
| Total Current Assets | 41,564,465 |

Restricted Assets:

| | |
|---------------------|---------|
| Restricted by Donor | 431,945 |
|---------------------|---------|

Noncurrent Assets:

Funded Depreciation, Designated by the Board:

| | |
|-----------------------------|------------|
| Cash and Cash Equivalents | 708,332 |
| Investments | 23,896,145 |
| Investment in Joint Venture | 807,720 |
| Interest Rate Swap | 366,601 |

Capital Assets:

| | |
|-------------------------|------------|
| Nondepreciable | 3,002,416 |
| Depreciable, Net | 16,990,809 |
| Total Noncurrent Assets | 45,772,023 |

| | |
|--------------|------------|
| Total Assets | 87,768,433 |
|--------------|------------|

DEFERRED OUTFLOWS OF RESOURCES

| | |
|---------------------------|-----------|
| Deferred Pension Outflows | 3,565,843 |
|---------------------------|-----------|

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PROPRIETARY FUND
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2023**

LIABILITIES

Current Liabilities:

| | |
|---------------------------|--------------|
| Accounts Payable | \$ 3,443,298 |
| Salaries Payable | 1,635,173 |
| Accrued Interest Payable | 21,000 |
| Bonds Payable | 1,021,507 |
| Lease Liability | 1,102,336 |
| Total Current Liabilities | 7,223,314 |

Noncurrent Liabilities:

| | |
|------------------------------|------------|
| Bonds Payable | 9,591,135 |
| Lease Liability | 5,070,151 |
| Net Pension Liability | 10,322,626 |
| Total Noncurrent Liabilities | 24,983,912 |

| | |
|-------------------|------------|
| Total Liabilities | 32,207,226 |
|-------------------|------------|

DEFERRED INFLOWS OF RESOURCES

| | |
|-------------------------------------|-----------|
| Deferred Pension Inflows | 3,502,405 |
| Interest Rate Swap | 366,601 |
| Deferred Gain on Refunding | 117,710 |
| Total Deferred Inflows of Resources | 3,986,716 |

NET POSITION

| | |
|----------------------------------|---------------|
| Net Investment in Capital Assets | 3,208,096 |
| Restricted by Donor | 431,945 |
| Unrestricted | 51,500,293 |
| Total Net Position | \$ 55,140,334 |

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PROPRIETARY FUND
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023**

| | |
|---|-------------------|
| OPERATING REVENUES | |
| Patient Services Revenues | \$ 48,492,044 |
| Miscellaneous | 1,967,894 |
| Total Operating Revenues | 50,459,938 |
| OPERATING EXPENSES | |
| Nursing Services | 35,222,341 |
| General and Administrative Services | 8,074,193 |
| Property, Housekeeping, and Laundry | 1,941,574 |
| Dietary | 518,202 |
| Depreciation and Amortization | 3,584,923 |
| Amortization of Pension Adjustments | 722,739 |
| Total Operating Expenses | 50,063,972 |
| OPERATING INCOME | 395,966 |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest Expense | (657,391) |
| Investment Income | 2,017,833 |
| Noncapital Contributions and Grants | 1,632,445 |
| Other | (38,175) |
| Total Nonoperating Revenues (Expenses) | 2,954,712 |
| CHANGE IN NET POSITION | 3,350,678 |
| Net Position - January 1 | 51,789,656 |
| NET POSITION - DECEMBER 31 | \$ 55,140,334 |

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, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|------------------|
| Receipts from Third-Party Payors and Patients | \$ 51,512,883 |
| Other Receipts | 1,698,801 |
| Payments to Suppliers | (24,313,194) |
| Payments to Employees | (21,478,913) |
| Net Cash Provided by Operating Activities | <u>7,419,577</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|--|-----------------|
| Noncapital Contributions Received | 15,537 |
| Other Nonoperating Revenues and Expenses | (38,175) |
| Net Cash Used by Noncapital Financing Activities | <u>(22,638)</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|---|--------------------|
| Purchases of Capital Assets | (988,679) |
| Interest Paid on Long Term Debt | (210,830) |
| Repayment of Long-Term Debt | (991,354) |
| Cash Paid for Lease Liabilities - Principal | (1,062,027) |
| Cash Paid for Lease Liabilities - Interest | (292,959) |
| Net Cash Used by Capital and Related Financing Activities | <u>(3,545,849)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---------------------------------------|--------------------|
| Distributions from Joint Venture | 169,862 |
| Purchase of Investments | (23,896,145) |
| Proceeds from Sale of Investments | 12,000,000 |
| Investment Earnings Received | 2,017,833 |
| Net Cash Used by Investing Activities | <u>(9,708,450)</u> |

NET DECREASE IN CASH AND CASH EQUIVALENTS

(5,857,360)

Cash and Cash Equivalents - January 1

39,976,697

CASH AND CASH EQUIVALENTS - DECEMBER 31

\$ 34,119,337

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
PROPRIETARY FUND
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

| | |
|---|--------------|
| Operating Income | \$ 395,966 |
| Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities: | |
| Depreciation and Amortization Expense | 3,584,923 |
| Equity in Joint Venture | (336,674) |
| Provision for Bad Debts | 301,117 |
| Changes in Assets and Liabilities | |
| (Increase) Decrease in Accounts Receivable | 2,787,303 |
| (Increase) Decrease in Supplies | (165,136) |
| (Increase) Decrease in Prepaid Items | (133,422) |
| (Increase) Decrease in Outflows of Resources | 4,448,973 |
| Increase (Decrease) in Accounts Payable | 273,363 |
| Increase (Decrease) in Salaries Payable | 102,509 |
| Increase (Decrease) in Net Pension Liability | (3,727,513) |
| Increase (Decrease) in Inflows of Resources | (111,832) |
| Total Adjustments | 7,023,611 |
| Net Cash Provided by Operating Activities | \$ 7,419,577 |

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

| | |
|--|--------------|
| Lease Liability for the Acquisition of a Right to Use Leased Asset | \$ 2,414,734 |
|--|--------------|

FIDUCIARY FUNDS

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023**

| | Social Welfare Private-Purpose Trust Fund | Custodial Funds |
|---|---|--------------------|
| ASSETS | | |
| Cash and Pooled Investments | \$ 13,692 | \$ 1,148,242 |
| Taxes Receivable for Other Governments | - | 333,081 |
| Total Assets | 13,692 | 1,481,323 |
| LIABILITIES | | |
| Due to Other Governments | - | 1,087,282 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Taxes Collected on Subsequent Year Levy | - | 62,282 |
| NET POSITION | | |
| Restricted For: | | |
| Individuals, Organizations, and Other Governments | \$ 13,692 | \$ 331,759 |

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2023**

| | Social Welfare Private-Purpose Trust Fund | Custodial Funds |
|---|---|--------------------|
| ADDITIONS | | |
| Contributions: | | |
| Individuals | \$ 95,648 | \$ - |
| Tax Collections for Other Governments | - | 24,190,745 |
| Licenses and Fees Collected for the State | - | 921,515 |
| Miscellaneous | - | 189,453 |
| Total Additions | 95,648 | 25,301,713 |
| DEDUCTIONS | | |
| Beneficiary Payments to Individuals | 108,848 | - |
| Payments of Taxes to Other Governments | - | 22,087,620 |
| Payments to the State | - | 3,029,597 |
| Distributions to Participants | - | 192,499 |
| Total Deductions | 108,848 | 25,309,716 |
| CHANGE IN NET POSITION | (13,200) | (8,003) |
| Net Position - January 1 | 26,892 | 339,762 |
| NET POSITION - DECEMBER 31 | \$ 13,692 | \$ 331,759 |

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, 2023**

| | Economic Development Authority | Housing and Redevelopment Authority | Total |
|---------------------------------------|--------------------------------------|---|--------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Pooled Investments | \$ 1,671,789 | \$ 209,215 | \$ 1,881,004 |
| Accounts Receivable | 10,807 | 2,463 | 13,270 |
| Accrued Interest Receivable | 6,569 | - | 6,569 |
| Loans Receivable | 680,000 | - | 680,000 |
| Prepaid Items | - | 10,774 | 10,774 |
| Total Current Assets | 2,369,165 | 222,452 | 2,591,617 |
| Noncurrent Assets: | | | |
| Capital Assets: | | | |
| Nondepreciable | - | 63,966 | 63,966 |
| Depreciable, Net | - | 254,839 | 254,839 |
| Total Noncurrent Assets | - | 318,805 | 318,805 |
| Total Assets | 2,369,165 | 541,257 | 2,910,422 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Pension Outflows | 9,517 | - | 9,517 |

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2023**

| | Economic Development Authority | Housing and Redevelopment Authority | Total |
|--|--------------------------------------|---|--------------|
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | \$ 4,662 | \$ 4,573 | \$ 9,235 |
| Salaries Payable | 2,942 | - | 2,942 |
| Due to Other Governments | - | 8,480 | 8,480 |
| Due to Primary Government | 435,483 | - | 435,483 |
| Other Accrued Liabilities | - | 3,084 | 3,084 |
| Unearned Revenue | - | 193 | 193 |
| Customer Deposits | - | 8,282 | 8,282 |
| Compensated Absences Payable - Current | 1,054 | - | 1,054 |
| Total Current Liabilities | 444,141 | 24,612 | 468,753 |
| Noncurrent Liabilities: | | | |
| Compensated Absences Payable - Long-Term | 1,247 | - | 1,247 |
| Long-Term Debt - Mortgage | - | 161,298 | 161,298 |
| Net Pension Liability | 37,743 | - | 37,743 |
| Total Noncurrent Liabilities | 38,990 | 161,298 | 200,288 |
| Total Liabilities | 483,131 | 185,910 | 669,041 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Pension Inflows | 12,745 | - | 12,745 |
| NET POSITION | | | |
| Net Investment in Capital Assets | - | 157,507 | 157,507 |
| Restricted for Other Purposes | - | 34,192 | 34,192 |
| Unrestricted | 1,882,806 | 163,648 | 2,046,454 |
| Total Net Position | \$ 1,882,806 | \$ 355,347 | \$ 2,238,153 |

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

| 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) | \$ 202,847 | \$ 27,500 | \$ 121,400 | \$ - | \$ (53,947) | \$ - | \$ (53,947) |
| Housing and Redevelopment Authority (HRA) | 468,918 | 97,529 | 544,822 | - | - | 173,433 | 173,433 |
| Total Component Units | <u>\$ 671,765</u> | <u>\$ 125,029</u> | <u>\$ 666,222</u> | <u>\$ -</u> | (53,947) | 173,433 | 119,486 |
| GENERAL REVENUES | | | | | | | |
| Investment Earnings | | | | | 71,480 | 232 | 71,712 |
| Miscellaneous | | | | | 17,492 | - | 17,492 |
| Total General Revenues | | | | | <u>88,972</u> | <u>232</u> | <u>89,204</u> |
| CHANGE IN NET POSITION | | | | | | | |
| Net Position - January 1 | | | | | 1,847,781 | 181,682 | 2,029,463 |
| NET POSITION - DECEMBER 31 | | | | | | | |
| | | | | | <u>\$ 1,882,806</u> | <u>\$ 355,347</u> | <u>\$ 2,238,153</u> |

See accompanying Notes to Financial Statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023. 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, 2023.

Joint Ventures

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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.

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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

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, 2023**

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, 2023**

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, 2023. 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 2023 were \$4,110,782.

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, 2023**

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 2023 and noncurrent special assessments in 2024 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.

4. 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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Restricted Assets

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

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by 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 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 |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements.

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes 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 net position and the governmental funds balance sheet includes 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.

The lease related deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus any payments received at or before the start of the lease term that relates 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 inflow of resources is recognized in a systematic and rational manner over the term of the lease.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Deferred Outflows/Inflows of Resources (Continued)

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.

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.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Pension Plan

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

11. Classification of Net Position

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

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

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

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

12. Classification of Fund Balances

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 Fund Balances (Continued)

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

Committed – Amounts that can be used only for the specific purposes imposed by formal action (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.

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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. 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, 2023, unrestricted fund balance for the General Fund was at or above the minimum fund balance level.

14. Use of Estimates

The preparation of financial statements in conformity with 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.

15. Adoption of New Accounting Standards

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The County adopted the requirements of the guidance effective January 1, 2023, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not have any impact on the financial statements.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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, 2023**

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, 2023:

| | <u>Expenditures</u> | <u>Budget</u> | <u>Excess</u> |
|-----------------------|---------------------|---------------|---------------|
| Debt Service Fund | \$ 289,154 | \$ 286,593 | \$ 2,561 |
| County Parks Fund | 442,645 | 442,545 | 100 |
| Transfer Station Fund | 1,845,168 | 1,818,688 | 26,480 |

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 \$ 37,785,624

Business-Type Activities:

Cash and Cash Equivalents 32,979,060

Investments, Restricted 431,945

Funded Depreciation, Designated by Board 24,604,477

Statement of Fiduciary Net Position:

Cash and Pooled Investments 1,161,934

Total Cash and Investments \$ 96,963,040

Deposits \$ 20,638,085

Petty Cash and Change Funds 3,290

Investments 76,321,665

Total Deposits, Cash on Hand,
and Investments \$ 96,963,040

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, 2023**

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, 2023, the County Hospital’s uncollateralized deposits total \$303,676.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County’s deposits may not be returned to it. It is the County’s policy to minimize custodial credit risk over deposits by obtaining collateral or bond for all uninsured amounts on deposit and obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. As of December 31, 2023, the County’s deposits were not exposed to custodial credit risk.

b. Investments

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

1. Securities which are direct obligations or are guaranteed or insured issues of the United States, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, subd. 6;
2. Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
3. General obligations of the state of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
4. Bankers’ acceptances of United States banks;
5. Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
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, 2023**

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, 2023, the County had the following investments:

| | Total | Less Than 1 Year | 1 to 5 Years | 5+ Years |
|------------------------|----------------------|----------------------|---------------------|-------------|
| Federal Home Loan Bank | \$ 5,752,284 | \$ 487,280 | \$ 5,265,004 | \$ - |
| MAGIC Fund | 64,158,523 | 64,158,523 | - | - |
| Negotiable CDs | 6,410,858 | 4,466,271 | 1,944,587 | - |
| Total Investments | <u>\$ 76,321,665</u> | <u>\$ 69,112,074</u> | <u>\$ 7,209,591</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, 2023 is as follows:

| | <u>S & P Rating</u> | <u>Fair Value</u> |
|------------------------|-------------------------|----------------------|
| Federal Home Loan Bank | AA+ | \$ 5,752,284 |
| MAGIC Fund | N/R | 64,158,523 |
| Negotiable CDs | N/R | 6,410,858 |
| Total | | <u>\$ 76,321,665</u> |

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, 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, 2023, 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, 2023**

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, 2023, the County had the following recurring fair value measurements:

| | Fair Value | Level 1 | Level 2 | Level 3 |
|--|---------------|---------|---------------|---------|
| Investments by Fair Value Level: | | | | |
| Federal Home Loan Bank | \$ 5,752,284 | \$ - | \$ 5,752,284 | \$ - |
| Negotiable CDs | 6,410,858 | - | 6,410,858 | - |
| Total Investments Included in the Fair Value Hierarchy | \$ 12,163,142 | \$ - | \$ 12,163,142 | \$ - |
| Investments Measured at the Net Asset Value (NAV): | | | | |
| MAGIC Term | \$ 32,756,145 | | | |
| Investments Measured at Amortized Cost: | | | | |
| MAGIC Portfolio | 31,402,378 | | | |
| Total Investments Measured at the NAV | \$ 64,158,523 | | | |

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, 2023**

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 | \$ 12,435,717 |
| Allowance for Uncollectible Accounts | (6,440,000) |
| Total Business-Type Activities | \$ 5,995,717 |

The County had the following receivables scheduled to be collected beyond one year, \$346,275 of noncurrent special assessments, \$575,929 in accounts receivable, \$849,760 lease receivable, and \$141,124 in loans.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 between 2025 and 2035. During the year ended December 31, 2023, the County recognized \$80,881 and \$22,081 in lease revenue and interest revenue, respectively, pursuant the contract.

Principal and interest requirements to maturity under the lease agreements are as follows:

| <u>Year Ended December 31,</u> | Lease Receivable | |
|--------------------------------|------------------|------------|
| | Principal | Interest |
| 2024 | \$ 81,177 | \$ 21,560 |
| 2025 | 74,619 | 19,231 |
| 2026 | 66,396 | 16,896 |
| 2027 | 62,042 | 14,692 |
| 2028 | 64,799 | 12,525 |
| 2029-2033 | 268,904 | 32,317 |
| 2034-2035 | 49,252 | 1,165 |
| Total | \$ 667,189 | \$ 118,386 |

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> | Loans Receivable |
|-----------------------------------|---------------------|
| 2024 | \$ 18,690 |
| 2025 | 26,080 |
| 2026 | 25,780 |
| 2027 | 25,480 |
| 2028 | 25,180 |
| 2029-2033 | 53,311 |
| 2034-2038 | 27,036 |
| Total | 201,557 |
| Less: Interest | (41,743) |
| Present Value of Loans Receivable | \$ 159,814 |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

Governmental Activities

| | Beginning Balance | Increase | Decrease | Ending Balance |
|--|----------------------|---------------------|-----------------------|----------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 1,199,880 | \$ - | \$ - | \$ 1,199,880 |
| Right-of-Way | 1,833,293 | - | - | 1,833,293 |
| Construction In Progress | 1,537,196 | 1,841,680 | (1,459,052) | 1,919,824 |
| Total Capital Assets Not Depreciated | 4,570,369 | 1,841,680 | (1,459,052) | 4,952,997 |
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | 24,017,378 | - | - | 24,017,378 |
| Office Furniture and Equipment | 4,675,959 | 70,473 | (107,059) | 4,639,373 |
| Machinery and Equipment | 12,532,456 | 681,560 | (395,340) | 12,818,676 |
| Infrastructure | 83,490,345 | 5,903,939 | - | 89,394,284 |
| Total Capital Assets Depreciated | 124,716,138 | 6,655,972 | (502,399) | 130,869,711 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | 14,390,138 | 597,804 | - | 14,987,942 |
| Office Furniture and Equipment | 4,184,766 | 135,392 | (104,333) | 4,215,825 |
| Machinery and Equipment | 8,319,734 | 826,886 | (388,590) | 8,758,030 |
| Infrastructure | 26,236,323 | 1,788,886 | - | 28,025,209 |
| Total Accumulated Depreciation | 53,130,961 | 3,348,968 | (492,923) | 55,987,006 |
| Total Capital Assets Depreciated, Net | 71,585,177 | 3,307,004 | (9,476) | 74,882,705 |
| Governmental Activities Capital Assets, Net | <u>\$ 76,155,546</u> | <u>\$ 5,148,684</u> | <u>\$ (1,468,528)</u> | <u>\$ 79,835,702</u> |

The County entered into construction contracts which have not been completed as of December 31, 2023. The projects contract amount and amount remaining are as follows:

| | Remaining Balance | Contract Amount |
|--|----------------------|---------------------|
| Courthouse and Family Service Building | \$ 8,880,842 | \$ 9,410,501 |
| Courthouse Roof Project | 190,858 | 580,905 |
| Total Construction Projects | <u>\$ 9,071,700</u> | <u>\$ 9,991,406</u> |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 |
| Construction In Progress | - | 438,488 | - | 438,488 |
| Total Capital Assets Not Depreciated | 2,563,928 | \$ 438,488 | \$ - | \$ 3,002,416 |
| Capital Assets Depreciated: | | | | |
| Land Improvements | 1,519,189 | - | - | 1,519,189 |
| Buildings | 30,586,236 | - | - | 30,586,236 |
| Fixed Equipment | 8,487,535 | 250,245 | - | 8,737,780 |
| Movable Equipment | 16,507,408 | 249,113 | (86,117) | 16,670,404 |
| Total Capital Assets Depreciated | 57,100,368 | 499,358 | (86,117) | 57,513,609 |
| Less Accumulated Depreciation For: | | | | |
| Land Improvements | 1,285,359 | 40,839 | - | 1,326,198 |
| Buildings | 21,172,460 | 1,133,544 | - | 22,306,004 |
| Fixed Equipment | 7,063,882 | 226,889 | - | 7,290,771 |
| Movable Equipment | 14,693,162 | 540,143 | (56,053) | 15,177,252 |
| Total Accumulated Depreciation | 44,214,863 | 1,941,415 | (56,053) | 46,100,225 |
| Total Capital Assets Depreciated, Net | 12,885,505 | (1,442,057) | (30,064) | 11,413,384 |
| Right to Use Leased Assets | | | | |
| Buildings | 3,093,871 | 1,641,965 | (2,740,621) | 1,995,215 |
| Equipment | 2,746,492 | 2,695,249 | (347,863) | 5,093,878 |
| Total Right to Use Leased Assets Being Amortized | 5,840,363 | 4,337,214 | (3,088,484) | 7,089,093 |
| Accumulated Amortization | | | | |
| Buildings | 502,184 | 483,952 | (788,018) | 198,118 |
| Equipment | 612,877 | 1,159,556 | (458,883) | 1,313,550 |
| Total Right to Use Leased Assets Being Amortized | 1,115,061 | 1,643,508 | (1,246,901) | 1,511,668 |
| Net Right to Use Leased Assets | 4,725,302 | 2,693,706 | (1,841,583) | 5,577,425 |
| Business-Type Activities Capital Assets, Net | <u>\$ 20,174,735</u> | <u>\$ 1,251,649</u> | <u>\$ (1,871,647)</u> | <u>\$ 19,993,225</u> |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

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

Governmental Activities:

| | |
|--|--------------|
| General Government | \$ 607,042 |
| Public Safety | 178,220 |
| Highways and Streets, Including Depreciation of Infrastructure Assets | 2,426,920 |
| Sanitation | 51,423 |
| Human Services | 7,738 |
| Health | 1,194 |
| Culture and Recreation | 75,760 |
| Conservation of Natural Resources | 671 |
| Total Depreciation Expense, Governmental Activities | \$ 3,348,968 |

Business-Type Activities:

| | |
|----------|--------------|
| Hospital | \$ 3,584,923 |
|----------|--------------|

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2023 was as follows:

1. Due To/From Other Funds

| | Amount |
|--|------------|
| Due to General Fund From: | |
| Road and Bridge | \$ 42 |
| Human Services | 1,874 |
| Nonmajor Governmental Funds | 1,796 |
| Total Due to General Fund | 3,712 |
| Due to Road and Bridge Fund From: | |
| General | 28,165 |
| Human Services | 200 |
| Total Due to Road and Bridge Fund | 28,365 |
| Due to Nonmajor Governmental Funds From: | |
| Human Services | 172,220 |
| Nonmajor Governmental Funds | 40 |
| Total Due To/From Other Funds | \$ 204,337 |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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>\$ 310,500</u> |

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, 2023 consisted of the following:

| | |
|--|---------------------|
| Transfer to Capital Projects Fund | |
| from General Fund for: | |
| Facility Improvements at the Courthouse, | |
| Law Enforcement and Family Service | \$ 3,880,000 |
| Transfer to Capital Projects Fund | |
| from Nonmajor Governmental Funds for: | |
| Various Capital Purchases | 179,000 |
| Transfers to Nonmajor Governmental Funds | |
| from General Fund for: | |
| Annual Appropriation | <u>1,133,260</u> |
| Total Interfund Transfers | <u>\$ 5,192,260</u> |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023**

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, 2023, the Swap represents an asset of approximately \$367,000.

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, 2023. The change in fair market value of the Swap is reflected as deferred inflow—interest rate swap for the year ended December 31, 2023.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, 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> |
|---------------------------------|---------------------|-------------------|-------------------------------|---------------------|
| 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 | 719,734 | 52,302 | 39,584 | 811,620 |
| 2029-2033 | 3,240,505 | 101,186 | 76,532 | 3,418,223 |
| Total | <u>\$ 6,632,900</u> | <u>\$ 461,694</u> | <u>\$ 349,412</u> | <u>\$ 7,444,006</u> |

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, 2023</u> |
|---|---------------------------|--------------------------------|------------------------------|--------------------------------------|--|
| General Obligation Bonds: | | | | | |
| 2021 G.O. Capital Improvement Refunding Bonds | 2026 | \$219,000- \$243,000 | .50-.80 | \$ 1,164,000 | \$ 716,000 |
| 2023 G.O. Capital Improvement Plan Bonds | 2044 | \$75,000 - \$275,000 | 4.25 -5.00 | <u>3,665,000</u> | <u>3,665,000</u> |
| Total | | | | <u>\$ 4,829,000</u> | <u>\$ 4,381,000</u> |

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, 2023</u> |
|---|---------------------------|--------------------------------|------------------------------|--------------------------------------|--|
| 2017 Gross Revenue Hospital Facilities Refunding Bonds | 2033 | \$217,436 - \$1,298,201 | 2.53 | \$ 16,000,000 | \$ 10,612,642 |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

1. Long-Term Debt (Continued)

c. Bonds and Notes (Continued)

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.

In 2023, the County issued \$3,665,000 in General Obligation Capital Improvement Plan Bonds (Series 2023A) for the purpose of financing a portion of the cost of remodeling the courthouse, law enforcement center, and family services center. The bonds carry an interest rate between 4.24% and 5.00% and will mature in 2044.

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, 2023 totals \$194,188.

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 began in 2023. The total amount borrowed was \$132,498. The outstanding balance as of December 31, 2023 totals \$119,249.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

2. Debt Service Requirements

Debt service requirements at December 31, 2023 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> |
| 2024 | \$ 236,000 | \$ 2,510 | \$ 44,026 | \$ 3,731 |
| 2025 | 312,000 | 212,058 | 44,645 | 3,112 |
| 2026 | 363,000 | 167,019 | 45,276 | 2,481 |
| 2027 | 125,000 | 159,075 | 45,919 | 1,837 |
| 2028 | 130,000 | 152,825 | 46,576 | 1,181 |
| 2029-2033 | 770,000 | 658,375 | 86,995 | 511 |
| 2034-2038 | 970,000 | 452,575 | - | - |
| 2039-2043 | 1,200,000 | 224,376 | - | - |
| 2044 | 275,000 | 12,375 | - | - |
| Total | <u>\$ 4,381,000</u> | <u>\$ 2,041,188</u> | <u>\$ 313,437</u> | <u>\$ 12,853</u> |

b. Business-Type Activities

| <u>Year Ending December 31.</u> | <u>Business-Type Debt</u> | |
|---------------------------------|---------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2024 | \$ 1,021,507 | \$ 116,054 |
| 2025 | 1,052,577 | 103,914 |
| 2026 | 1,084,593 | 91,741 |
| 2027 | 1,117,581 | 79,198 |
| 2028 | 1,151,574 | 66,466 |
| 2029-2033 | 5,184,810 | 308,299 |
| Total | <u>\$ 10,612,642</u> | <u>\$ 765,672</u> |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023 was as follows:

a. Governmental Activities

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------------|----------------------|---------------------|---------------------|---------------------|------------------------|
| Bonds Payable: | | | | | |
| General Obligation Bonds | \$ 945,000 | \$ 3,665,000 | \$ 229,000 | \$ 4,381,000 | \$ 236,000 |
| Add: Unamortized Premium | - | 85,269 | - | 85,269 | - |
| Total Bonds Payable | 945,000 | 3,750,269 | 229,000 | 4,466,269 | 236,000 |
| Loans Payable- Direct Borrowing | 356,857 | - | 43,420 | 313,437 | 44,026 |
| Compensated Absences | 1,189,300 | 1,076,590 | 1,080,937 | 1,184,953 | 485,831 |
| Total | \$ 2,491,157 | \$ 4,826,859 | \$ 1,353,357 | \$ 5,964,659 | \$ 765,857 |

b. Business-Type Activities

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|-------------|---------------------|----------------------|------------------------|
| Hospital Facilities Refunding Note, Series A | \$ 4,351,499 | \$ - | \$ 371,757 | \$ 3,979,742 | \$ 383,065 |
| Hospital Facilities Refunding Note, Series B | 7,252,497 | - | 619,597 | 6,632,900 | 638,442 |
| Promissory Note - Direct | 1,616,908 | - | 1,616,908 | - | - |
| Total | \$ 13,220,904 | \$ - | \$ 2,608,262 | \$ 10,612,642 | \$ 1,021,507 |

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 April 2031. At January 1, 2022, the Hospital has recognized right to use assets and lease liabilities of \$6,172,487 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 |
|--------------------------|---------------------|-------------------|---------------------|
| 2024 | \$ 1,102,336 | \$ 255,929 | \$ 1,358,265 |
| 2025 | 1,167,017 | 203,404 | 1,370,421 |
| 2026 | 1,089,448 | 152,610 | 1,242,058 |
| 2027 | 1,045,894 | 105,219 | 1,151,113 |
| 2028 | 693,684 | 78,431 | 772,115 |
| 2029-2031 | 1,074,108 | 52,692 | 1,126,800 |
| Total | \$ 6,172,487 | \$ 848,285 | \$ 7,020,772 |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023 is summarized by fund:

| | Taxes and Special Assessments | Grants | State-Aid Highway Allotments | Other | Total |
|------------------------------|-------------------------------------|-------------------|------------------------------------|-------------------|---------------------|
| Major Governmental Funds: | | | | | |
| General | \$ 77,117 | \$ - | \$ - | \$ - | \$ 77,117 |
| Special Revenue: | | | | | |
| Road and Bridge | 15,037 | - | 1,781,538 | - | 1,796,575 |
| Human Services | 26,766 | 234,374 | - | - | 261,140 |
| Debt Service | 2,918 | - | - | - | 2,918 |
| Nonmajor Governmental Funds: | | | | | |
| Regional Library | 1,747 | - | - | - | 1,747 |
| County Nurse | 181,700 | - | - | - | 181,700 |
| Ditch | 346,275 | - | - | - | 346,275 |
| Family Services Building | 396 | - | - | - | 396 |
| Septic System Loan Program | 190,811 | - | - | - | 190,811 |
| Revolving Loan | - | - | - | 109,814 | 109,814 |
| Opioid Settlement | - | - | - | 575,929 | 575,929 |
| Total | <u>\$ 842,767</u> | <u>\$ 234,374</u> | <u>\$ 1,781,538</u> | <u>\$ 685,743</u> | <u>\$ 3,544,422</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, 2023**

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, 2023**

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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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, 2023**

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%. In 2023, legislation clarified that if the annual increase cap was reduced to 1%, there is a way to return to the 2.5% increase if certain criteria are met. 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.

In 2023, the legislature allocated funding for a one-time lump-sum payment to General Employee and Police and Fire Plan benefit recipients. Eligibility criteria and the payment amount is specified in statute. The one-time payment is non-compounding towards future benefits.

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 2023 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, 2023, were \$1,940,336. 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 2023 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, 2023, were \$314,654. 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, 2023**

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 2023 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, 2023, were \$82,051. The County's contributions were equal to the required contributions as set by state statute.

d. Pension Costs

General Employees Plan

At December 31, 2023, the County reported a liability of \$17,543,154 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 \$483,653.

The net pension liability was measured as of June 30, 2023, 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.3132% at the end of the measurement period and 0.3092% for the beginning of the period.

| | |
|--|----------------------|
| County's Proportionate Share of Net Pension Liability | \$ 17,543,154 |
| State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County | 483,653 |
| Total | <u>\$ 18,026,807</u> |

For the year ended December 31, 2023, the County recognized pension expense of \$2,955,156 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$2,174 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, 2023**

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)

At December 31, 2023, 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 | \$ 576,125 | \$ 120,852 |
| Changes in Actuarial Assumptions | 2,839,991 | 4,808,431 |
| Net Difference Between Projected and Actual Investment Earnings | - | 656,055 |
| Changes in Proportion | 986,088 | 355,227 |
| Contributions Paid to PERA Subsequent to the Measurement Date | 984,297 | - |
| Total | \$ 5,386,501 | \$ 5,940,565 |

The \$984,297 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31, | Pension Expense Amount |
|-------------------------|------------------------------|
| 2024 | \$ 609,725 |
| 2025 | (2,246,782) |
| 2026 | 479,266 |
| 2027 | (380,570) |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, the County reported a liability of \$2,312,279 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1339% at the end of the measurement period and 0.1423% 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, 2023. 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, 2022. 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 \$93,145.

| | |
|--|--------------|
| County's Proportionate Share of Net Pension Liability | \$ 2,312,279 |
| State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County | 93,145 |
| Total | \$ 2,405,424 |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, the County recognized pension expense of \$673,032 for its proportionate share of the Police and Fire Plan's pension expense. The County also recognized \$(5,610) 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 \$12,051 for the year ended December 31, 2023 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.

At December 31, 2023, 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 | \$ 637,573 | \$ - |
| Changes in Actuarial Assumptions | 2,683,213 | 3,251,092 |
| Net Difference Between Projected and Actual Investment Earnings | - | 111,001 |
| Changes in Proportion | 33,825 | 124,397 |
| Contributions Paid to PERA Subsequent to the Measurement Date | 168,994 | - |
| Total | \$ 3,523,605 | \$ 3,486,490 |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 \$168,994 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, 2024. 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> |
|--------------------------------|---------------------------------------|
| 2024 | \$ 91,957 |
| 2025 | 6,810 |
| 2026 | 536,752 |
| 2027 | (172,819) |
| 2028 | (594,579) |

Correctional Plan

At December 31, 2023, the County reported a liability of \$170,875 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.3780% at the end of the measurement period and 0.4109% for the beginning of the period.

For the year ended December 31, 2023 the County recognized pension expense of \$129,864 for its proportionate share of the Correctional Plan's pension expense.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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)

At December 31, 2023, 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 | \$ 65,812 | \$ 15,004 |
| Changes in Actuarial Assumptions | 406,863 | 779,553 |
| Net Difference Between Projected and Actual Investment Earnings | - | 21,830 |
| Changes in Proportion | 3,447 | 30,839 |
| Contributions Paid to PERA Subsequent to the Measurement Date | 46,947 | - |
| Total | \$ 523,069 | \$ 847,226 |

The \$46,947 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31, | Pension Expense Amount |
|-------------------------|------------------------------|
| 2024 | \$ (6,170) |
| 2025 | (419,988) |
| 2026 | 73,088 |
| 2027 | (18,034) |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 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 | \$ 17,543,154 | \$ 2,312,279 | \$ 170,875 | \$ 20,026,308 |
| Deferred Outflows of Resources | | | | |
| Related to Pensions | 5,386,501 | 3,523,605 | 523,069 | 9,433,175 |
| Deferred Inflows of Resources | | | | |
| Related to Pensions | 5,940,565 | 3,486,490 | 847,226 | 10,274,281 |
| Pension Expense | 2,912,941 | 667,422 | 129,864 | 3,710,227 |

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, 2023**

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, 2023, 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 7.0%. 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 7.0% 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, Police and Fire Plan, and the Correctional Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan, 1% for the Police and Fire Plan, and 2% for the Correctional Plan.

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 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 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, 2023**

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 2023:

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.4% to 7.00%.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

f. Actuarial Methods and Assumptions (Continued)

Police and Fire Fund (Continued)

- The total and permanent duty disability benefit was increased, effective July 1, 2023.

Correctional Fund

Changes in Actuarial Assumptions:

- The investment return rate was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.42% to 7.00%.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of \$5.3 million will be contributed to the Plan on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.50%. The maximum increase is 1.50% and the Plan's funding ratio improves to 85% for two consecutive years on a market value of assets basis.

g. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.00%. 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, Police and Fire and Correctional Plans were 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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. Defined Benefit Pension Plans (Continued)

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 (Asset) |
| 1% Decrease | 6.00 % | \$ 31,035,247 | 6.00 % | \$ 4,587,837 | 6.00 % | \$ 900,702 |
| Current | 7.00 | 17,543,154 | 7.00 | 2,312,279 | 7.00 | 170,875 |
| 1% Increase | 8.00 | 6,445,393 | 8.00 | 441,466 | 8.00 | (411,434) |

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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

2. Defined Contribution Plan (Continued)

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2023 were:

| | Employee | Employer |
|-------------------------------|----------|----------|
| Contribution Amount | \$ 7,966 | \$ 7,966 |
| 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.

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 | | 203 |

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (OPEB) (Continued)

2. Total OPEB Liability

The County's total OPEB liability of \$877,184 was measured as of January 1, 2023, and was determined by an actuarial valuation as of January 1, 2022. Updating procedures were used to roll forward the total OPEB liability to the measurement date. The total OPEB liability is primarily liquidated by funds that have personnel services. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll forward techniques.

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 | 2.50% |
| 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 4.00%. 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.

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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (OPEB) (Continued)

3. Changes in the Total OPEB Liability

| | Total OPEB Liability |
|--|-------------------------|
| Balance at January 1, 2023 | \$ 955,346 |
| Changes for the Year: | |
| Service Cost | 71,166 |
| Interest | 19,918 |
| Changes of Assumptions or Other Inputs | (107,703) |
| Benefit Payments | (61,543) |
| Net Change | (78,162) |
| Balance at December 31, 2023 | \$ 877,184 |

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 (3.00%) | Current Rate (4.00%) | 1% Increase (5.00%) |
| Total OPEB Liability | \$ 940,438 | \$ 877,184 | \$ 818,700 |

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 (5.25% Decreasing to 4.00%) | Current Rate (6.25% Decreasing to 5.00%) | 1% Increase (7.25% Decreasing to 6.00%) |
| Total OPEB Liability | \$ 789,338 | \$ 877,184 | \$ 980,535 |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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

For the year ended December 31, 2023, the County recognized OPEB expense of \$64,755. 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 | \$ 48,432 | \$ 12,873 |
| Changes in Actuarial Assumptions | 25,462 | 184,454 |
| Benefits Paid Subsequent to the Measurement Date | 73,825 | - |
| Total | \$ 147,719 | \$ 197,327 |

The \$73,825 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended December 31, | OPEB Expense Amount |
|-------------------------|---------------------------|
| 2024 | \$ (26,326) |
| 2025 | (26,580) |
| 2026 | (22,995) |
| 2027 | (29,584) |
| 2028 | (17,948) |

6. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2023:

- The discount rate was changed from 2.00% to 4.00%.
- The inflation rate was changed from 2.00% to 2.50%.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 2023. 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 2023, 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, 2023**

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, 2023**

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 2023.

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, 2023**

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 2023, the County made \$22,384 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, 2023**

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 \$134,550 in funds to the Task Force.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 \$260,756 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 2023, 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, 2023**

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 \$6,183 which was paid out in 2023. 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 \$7,838 was paid out in 2023. 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, 2023**

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 did not provide a tax abatement refund in 2023. The developer agrees to construct an approximately 30,000 square-foot addition to the developer's existing manufacturing facility and create at least five new full-time equivalent positions over and above the base of 185 full-time equivalent positions at a wage of at least \$12.00 per hour, plus benefits.

D. Opioid Settlement Funds

The County is a participating government in the opioid settlement with pharmaceutical manufacturers, distributors, and pharmacy chains. The county is expected to receive \$575,929 over the next 16 years. The majority of the funds are intended for opioid abatement. The *Minnesota Opioids State-Subdivision Memorandum of Agreement (MOA)* identifies the requirements for Minnesota governments participating in the settlement. Pursuant to the terms of MOA the county created a special revenue fund. Funds are restricted until expended. The MOA requires that the county recognize the settlement revenues when the annual distribution is made to the participating governments. The county has recorded the entire settlement as receivable and since the funding is not available reported a deferred inflows for the unavailable revenue. For the year ended December 31, 2023, the County received \$40,350. as part of the settlement.

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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

A. Summary of Significant Accounting Policies (Continued)

1. Reporting Entities (Continued)

The Meeker County Housing and Redevelopment Authority (HRA) is governed by a six-member Board appointed by the County Commissioners. The HRA has a year-end of June 30, 2023. 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.

2. Measurement Focus and Basis of Accounting

The Meeker County EDA and the Meeker County HRA are discrete component units of the 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, 2023, 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, 2023, the HRA did not own any investments.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

A. Summary of Significant Accounting Policies (Continued)

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.

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, 2023, the EDA had the following investments:

| | Amortized Cost | Less Than 1 Year |
|------------|----------------|---------------------|
| MAGIC Fund | \$ 1,671,789 | \$ 1,671,789 |

Credit Risk

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

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

B. Detailed Notes on All Funds (Continued)

1. Assets (Continued)

a. Investments (Continued)

Custodial Credit Risk

As of December 31, 2023, the EDA's investments were not subject to custodial credit risk.

Concentration of Credit Risk

During 2023, 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, 2023, 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, 2023 |
|---|----------------------|
| Investments Measured at Amortized Cost: | |
| MAGIC Term | \$ 786,000 |
| MAGIC Portfolio | 885,789 |
| Total Investments | \$ 1,671,789 |

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, 2023. Capital asset activity for the year ended June 30, 2023, 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 | 229,341 | 32,272 | - | 261,613 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Equipment | - | 6,774 | - | 6,774 |
| Total Capital Assets Depreciated, Net | 229,341 | 25,498 | - | 254,839 |
| Total Capital Assets, Net | \$ 293,307 | \$ 25,498 | \$ - | \$ 318,805 |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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>\$ 6,774</u> |
|-----|-----------------|

2. Liabilities

a. Long-Term Debt

Long-term debt outstanding at June 30, 2023, for the HRA, consists of a deferred forgivable mortgage agreement with the Minnesota Housing Finance Agency (MHFA). If there is no default or transfer of the property and all program requirements are met, the debt listed below will be forgiven on the final maturity date.

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

b. Changes in Long-Term Liabilities

The following is a summary of the long-term debt transactions of the EDA and HRA for the year ended December 31, 2023.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|----------------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| EDA: | | | | | |
| Compensated Absences | \$ 3,548 | \$ 6,751 | \$ 7,998 | \$ 2,301 | \$ 1,054 |
| HRA: | | | | | |
| Forgivable Mortgage | 161,298 | - | - | 161,298 | - |
| Total | <u>\$ 164,846</u> | <u>\$ 6,751</u> | <u>\$ 7,998</u> | <u>\$ 163,599</u> | <u>\$ 1,054</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, 2023**

NOTE 6 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

B. Detailed Notes on All Funds (Continued)

3. Defined Benefit Pension Plan (Continued)

a. Plan Description

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 2023 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, 2023 were \$3,777. The contributions are equal to the statutorily required contributions as set by state statute.

c. Pension Costs

At December 31, 2023, the EDA reported a liability of \$37,743 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 \$1,041.

The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The EDA's proportionate share was 0.0007% 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 | \$ 37,743 |
| State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the EDA | 1,041 |
| Total | <u>\$ 38,784</u> |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, the EDA recognized pension expense of \$5,782 for its proportionate share of the General Employees Plan's pension expense. In addition, the EDA recognized an additional \$5 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, 2023, 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:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Economic Experience | \$ 1,239 | \$ 260 |
| Changes in Actuarial Assumptions | 6,110 | 10,345 |
| Difference Between Projected and Actual Investment Earnings | - | 1,411 |
| Changes in Proportion | 64 | 729 |
| Contributions Paid to PERA Subsequent to the Measurement Date | 2,104 | - |
| Total | \$ 9,517 | \$ 12,745 |

The \$2,104 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31, | Pension Expense Amount |
|-------------------------|------------------------------|
| 2024 | \$ 729 |
| 2025 | (5,919) |
| 2026 | 677 |
| 2027 | (819) |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 (6.0%) | Current Rate (7.0%) | 1% Increase (8.0%) |
|--|-----------------------|------------------------|-----------------------|
| Proportionate Share of the General Employees Plan Net Pension Liability | \$ 66,770 | \$ 37,743 | \$ 13,867 |

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

REQUIRED SUPPLEMENTARY INFORMATION

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|----------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 10,857,228 | \$ 10,857,228 | \$ 10,507,527 | \$ (349,701) |
| Licenses and Permits | 123,265 | 123,265 | 185,959 | 62,694 |
| Intergovernmental | 2,134,485 | 2,134,485 | 3,150,568 | 1,016,083 |
| Charges for Services | 2,310,586 | 2,310,586 | 2,195,009 | (115,577) |
| Fines and Forfeits | 24,500 | 24,500 | 28,357 | 3,857 |
| Gifts and Contributions | 500 | 500 | 30,866 | 30,366 |
| Investment Earnings (Loss) | 150,000 | 150,000 | 2,088,576 | 1,938,576 |
| Miscellaneous | 408,000 | 408,000 | 499,190 | 91,190 |
| Total Revenues | <u>16,008,564</u> | <u>16,008,564</u> | <u>18,686,052</u> | <u>2,677,488</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government: | | | | |
| Commissioners | 258,450 | 258,450 | 266,012 | (7,562) |
| Courts | 150,000 | 150,000 | 115,837 | 34,163 |
| Law Library | 21,983 | 21,983 | 9,057 | 12,926 |
| County Administration | 495,267 | 495,267 | 483,707 | 11,560 |
| County Auditor | 274,145 | 274,145 | 325,512 | (51,367) |
| County Treasurer | 427,005 | 427,005 | 386,493 | 40,512 |
| County Assessor | 518,436 | 518,436 | 399,657 | 118,779 |
| Accounting and Auditing | 85,435 | 85,435 | 104,537 | (19,102) |
| Data Processing | 746,146 | 746,146 | 597,798 | 148,348 |
| Central Services | 67,875 | 67,875 | 87,978 | (20,103) |
| Attorney | 1,006,270 | 1,006,270 | 919,872 | 86,398 |
| Recorder | 271,320 | 271,320 | 268,267 | 3,053 |
| Surveyor | 7,500 | 7,500 | 1,063 | 6,437 |
| Planning and Zoning | 633,065 | 633,065 | 585,730 | 47,335 |
| Maintenance | 545,300 | 545,300 | 615,439 | (70,139) |
| Veterans Service Officer | 191,833 | 191,833 | 187,333 | 4,500 |
| Appropriations | 23,200 | 23,200 | 23,200 | - |
| Others | 576,680 | 576,680 | 278,000 | 298,680 |
| Total General Government | <u>6,299,910</u> | <u>6,299,910</u> | <u>5,655,492</u> | <u>644,418</u> |
| Public Safety: | | | | |
| Sheriff | 6,971,296 | 6,971,296 | 6,668,981 | 302,315 |
| Coroner | 63,250 | 63,250 | 58,714 | 4,536 |
| Court Services | 403,551 | 403,551 | 391,537 | 12,014 |
| E-911 System | 284,526 | 284,526 | 118,242 | 166,284 |
| Wireless Communication | 205,488 | 205,488 | 55,414 | 150,074 |
| Emergency Management | 90,790 | 90,790 | 92,987 | (2,197) |
| Appropriations | 23,947 | 23,947 | 23,947 | - |
| Total Public Safety | <u>8,042,848</u> | <u>8,042,848</u> | <u>7,409,822</u> | <u>633,026</u> |

See accompanying Notes to Required Supplementary Information.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|-----------------------|-----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| EXPENDITURES (CONTINUED) | | | | |
| Current (Continued): | | | | |
| Culture and Recreation: | | | | |
| Appropriations | \$ 25,200 | \$ 25,200 | \$ 25,200 | \$ - |
| Conservation of Natural Resources: | | | | |
| Aquatic Invasive Species | 332,555 | 332,555 | 311,919 | 20,636 |
| County Extension | 237,704 | 237,704 | 230,914 | 6,790 |
| Extension Committee | 2,917 | 2,917 | 3,474 | (557) |
| Agricultural Inspections | 5,000 | 5,000 | 5,000 | - |
| Appropriations | <u>146,768</u> | <u>146,768</u> | <u>146,768</u> | <u>-</u> |
| Total Conservation of Natural Resources | 724,944 | 724,944 | 698,075 | 26,869 |
| Economic Development: | | | | |
| Community Development | 105,000 | 105,000 | 105,000 | - |
| Appropriations | <u>34,000</u> | <u>34,000</u> | <u>53,932</u> | <u>(19,932)</u> |
| Total Economic Development | 139,000 | 139,000 | 158,932 | (19,932) |
| Intergovernmental: | | | | |
| General Government | <u>65,648</u> | <u>65,648</u> | <u>102,779</u> | <u>(37,131)</u> |
| Total Expenditures | <u>15,297,550</u> | <u>15,297,550</u> | <u>14,050,300</u> | <u>1,247,250</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 711,014 | 711,014 | 4,635,752 | 3,924,738 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | <u>(5,013,260)</u> | <u>(5,013,260)</u> | <u>(5,013,260)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (4,302,246)</u> | <u>\$ (4,302,246)</u> | (377,508) | <u>\$ 3,924,738</u> |
| Fund Balance - January 1 | | | <u>12,906,738</u> | |
| FUND BALANCE - DECEMBER 31 | | | <u>\$ 12,529,230</u> | |

See accompanying Notes to Required Supplementary Information.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------------|-------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 1,911,924 | \$ 1,911,924 | \$ 1,844,012 | \$ (67,912) |
| Intergovernmental | 8,329,768 | 8,329,768 | 8,011,231 | (318,537) |
| Charges for Services | 708,400 | 708,400 | 633,178 | (75,222) |
| Miscellaneous | 258,285 | 258,285 | 140,275 | (118,010) |
| Total Revenues | <u>11,208,377</u> | <u>11,208,377</u> | <u>10,628,696</u> | <u>(579,681)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Highways and Streets: | | | | |
| Administration | 418,060 | 418,060 | 404,494 | 13,566 |
| Maintenance | 2,962,850 | 2,962,850 | 2,813,044 | 149,806 |
| Engineering/Construction | 5,903,825 | 5,903,825 | 5,884,711 | 19,114 |
| Equipment, Maintenance, and Shop | <u>1,298,642</u> | <u>1,298,642</u> | <u>1,554,467</u> | <u>(255,825)</u> |
| Total Highways and Streets | <u>10,583,377</u> | <u>10,583,377</u> | <u>10,656,716</u> | <u>(73,339)</u> |
| Intergovernmental: | | | | |
| Highways and Streets | <u>625,000</u> | <u>625,000</u> | <u>530,527</u> | <u>94,473</u> |
| Total Expenditures | <u>11,208,377</u> | <u>11,208,377</u> | <u>11,187,243</u> | <u>21,134</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | (558,547) | <u>\$ (558,547)</u> |
| Fund Balance - January 1 | | | <u>3,599,911</u> | |
| FUND BALANCE - DECEMBER 31 | | | <u>\$ 3,041,364</u> | |

See accompanying Notes to Required Supplementary Information.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 3,730,645 | \$ 3,730,645 | \$ 3,398,530 | \$ (332,115) |
| Intergovernmental | 4,289,831 | 4,289,831 | 4,229,120 | (60,711) |
| Charges for Services | 583,279 | 583,279 | 149,155 | (434,124) |
| Gifts and Contributions | - | - | 186,734 | 186,734 |
| Miscellaneous | 562,020 | 562,020 | 297,844 | (264,176) |
| Total Revenues | <u>9,165,775</u> | <u>9,165,775</u> | <u>8,261,383</u> | <u>(904,392)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Human Services: | | | | |
| Income Maintenance | 2,924,764 | 2,924,764 | 2,917,707 | 7,057 |
| Social Services | 6,896,311 | 6,896,311 | 6,552,097 | 344,214 |
| Total Expenditures | <u>9,821,075</u> | <u>9,821,075</u> | <u>9,469,804</u> | <u>351,271</u> |
| NET CHANGE IN FUND BALANCE | <u><u>\$ (655,300)</u></u> | <u><u>\$ (655,300)</u></u> | (1,208,421) | <u><u>\$ (553,121)</u></u> |
| Fund Balance - January 1 | | | <u>5,728,401</u> | |
| FUND BALANCE - DECEMBER 31 | | | <u><u>\$ 4,519,980</u></u> | |

See accompanying Notes to Required Supplementary Information.

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| TOTAL OPEB LIABILITY | | | | | | |
| Service Cost | \$ 71,166 | \$ 91,517 | \$ 104,593 | \$ 89,970 | \$ 71,660 | \$ 75,415 |
| Interest | 19,918 | 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 | (107,703) | (134,789) | 39,542 | 17,081 | (29,078) | - |
| Benefit Payments | <u>(61,543)</u> | <u>(105,675)</u> | <u>(93,389)</u> | <u>(113,336)</u> | <u>(87,013)</u> | <u>(93,567)</u> |
| Net Change in Total OPEB Liability | (78,162) | (62,804) | 79,651 | (7,670) | 17,747 | 13,014 |
| Total OPEB Liability - Beginning | <u>955,346</u> | <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>\$ 877,184</u> | <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>\$ 12,168,906</u> | <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 | 7.21 % | 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 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 |
|------------------|--|---|--|--|---------------------|--|--|
| 2023 | 0.3132 % | \$ 17,543,154 | \$ 483,653 | \$ 18,026,807 | \$ 25,606,808 | 68.51 % | 83.10 % |
| 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> |
|--------------------|---|---|---|------------------------------------|--|
| 2023 | \$ 1,940,336 | \$ 1,940,336 | \$ - | \$ 25,871,147 | 7.50 % |
| 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 |
|------------------|--|---|--|--|---------------------|--|--|
| 2023 | 0.0012 % | \$ 37,743 | \$ 1,041 | \$ 38,784 | \$ 47,176 | 80.00 % | 83.10 % |
| 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

See accompanying Notes to Required Supplementary Information.

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

| Year Ending | Statutorily Required Contributions (a) | Actual Contributions in Relation to Statutorily Required Contributions (b) | Contribution (Deficiency) Excess (b - a) | Covered Payroll (c) | Actual Contributions as a Percentage of Covered Payroll (b / c) |
|-------------|---|--|---|---------------------------|--|
| 2023 | \$ 3,777 | \$ 3,777 | \$ - | \$ 50,360 | 7.50 % |
| 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 |
|------------------|--|---|--|--|---------------------|--|--|
| 2023 | 0.1339 % | \$ 2,312,279 | \$ 93,145 | \$ 2,405,424 | \$ 1,753,118 | 131.90 % | 86.47 % |
| 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**

| Year Ending | Statutorily Required Contributions (a) | Actual Contributions in Relation to Statutorily Required Contributions (b) | Contribution (Deficiency) Excess (b - a) | Covered Payroll (c) | Actual Contributions as a Percentage of Covered Payroll (b / c) |
|-------------|---|--|---|---------------------------|--|
| 2023 | \$ 314,654 | \$ 314,654 | \$ - | \$ 1,777,706 | 17.70 % |
| 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**

| Measurement Date | Employer's Proportion of the Net Pension Liability (Asset) | Employer's Proportionate Share of the Net Pension Liability (Asset) (a) | Covered Payroll (b) | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a / b) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---------------------|---|--|------------------------|--|--|
| 2023 | 0.3780 % | \$ 170,875 | \$ 886,338 | 19.28 % | 95.94 % |
| 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> |
|--------------------|---|---|---|------------------------------------|--|
| 2023 | \$ 82,051 | \$ 82,051 | \$ - | \$ 937,726 | 8.75 % |
| 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, 2023**

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, 2023:

| | Expenditures | Budget | Excess |
|---------------------------------------|--------------|------------|----------|
| Major Governmental Funds: | | | |
| General Fund: | | | |
| Current: | | | |
| General Government: | | | |
| Commissioners | \$ 266,012 | \$ 258,450 | \$ 7,562 |
| County Auditor | 325,512 | 274,145 | 51,367 |
| Accounting and Auditing | 104,537 | 85,435 | 19,102 |
| Central Services | 87,978 | 67,875 | 20,103 |
| Maintenance | 615,439 | 545,300 | 70,139 |
| Public Safety: | | | |
| Emergency Management | 92,987 | 90,790 | 2,197 |
| Conservation of Natural Resources: | | | |
| Extension Committee | 3,474 | 2,917 | 557 |
| Economic Development: | | | |
| Appropriations | 53,932 | 34,000 | 19,932 |
| Intergovernmental: | | | |
| General Government | 102,779 | 65,648 | 37,131 |
| Road and Bridge Special Revenue Fund: | | | |
| Current: | | | |
| Highways and Streets: | | | |
| Equipment, Maintenance, and Shop | 1,554,467 | 1,298,642 | 255,825 |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

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

2023

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

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

General Employees Retirement Plan (Continued)

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.
- 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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

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

General Employees Retirement Plan (Continued)

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.

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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

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

General Employees Retirement Plan (Continued)

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.

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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

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

General Employees Retirement Plan (Continued)

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

2023

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.4% to 7.00%.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

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, 2023**

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, 2023**

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, 2023**

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, 2023**

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

2023

Changes in Actuarial Assumptions

- The investment return rate was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.42% to 7.00%.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of \$5.3 million will be contributed to the Plan on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.50%. The maximum increase is 1.50% and the Plan's funding ratio improves to 85% for two consecutive years on a market value of assets basis.

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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

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

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.
- 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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

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)**

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 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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

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

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.

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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

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:

2023

- The discount rate was changed from 2.00% to 4.00%.
- The inflation rate was changed from 2.50% to 2.00%.

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%.

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.

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

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

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, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|----------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 207,693 | \$ 207,693 | \$ 195,320 | \$ (12,373) |
| Intergovernmental | 28,900 | 28,900 | 21,002 | (7,898) |
| Total Revenues | <u>236,593</u> | <u>236,593</u> | <u>216,322</u> | <u>(20,271)</u> |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 229,000 | 229,000 | 229,000 | - |
| Interest | 5,593 | 5,593 | 5,593 | - |
| Administrative and Fiscal Charges | 52,000 | 52,000 | 54,561 | (2,561) |
| Total Expenditures | <u>286,593</u> | <u>286,593</u> | <u>289,154</u> | <u>(2,561)</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (50,000) | (50,000) | (72,832) | (22,832) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (3,950,000) | (3,950,000) | - | 3,950,000 |
| Issuance of Long-Term Debt | 4,000,000 | 4,000,000 | - | (4,000,000) |
| Total Other Financing Sources (Uses) | <u>50,000</u> | <u>50,000</u> | <u>-</u> | <u>(50,000)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | (72,832) | <u>\$ (72,832)</u> |
| Fund Balance - January 1 | | | <u>760,723</u> | |
| FUND BALANCE - DECEMBER 31 | | | <u>\$ 687,891</u> | |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECT FUND
YEAR ENDED DECEMBER 31, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|-------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ - | \$ 1,250,236 | \$ 1,250,236 |
| Miscellaneous | - | - | 47,970 | 47,970 |
| Total Revenues | - | - | 1,298,206 | 1,298,206 |
| EXPENDITURES | | | | |
| General Government | 97,000 | 97,000 | 79,777 | 17,223 |
| Capital Outlay: | | | | |
| General Government | 7,689,523 | 7,689,523 | 1,801,197 | 5,888,326 |
| Conservation of Natural Resource | - | - | 5,532 | (5,532) |
| Debt Service: | | | | |
| Bond Issue Costs | - | - | 42,870 | (42,870) |
| Total Expenditures | <u>7,786,523</u> | <u>7,786,523</u> | <u>1,929,376</u> | <u>5,857,147</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (7,786,523) | (7,786,523) | (631,170) | 7,155,353 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer Out | 8,009,000 | 8,009,000 | 4,059,000 | (3,950,000) |
| Issuance of Long-Term Debt | - | - | 3,750,269 | 3,750,269 |
| Total Other Financing Sources (Uses) | <u>8,009,000</u> | <u>8,009,000</u> | <u>7,809,269</u> | <u>(199,731)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 222,477</u> | <u>\$ 222,477</u> | 7,178,099 | <u>\$ 6,955,622</u> |
| Fund Balance - January 1 | | | <u>1,149,110</u> | |
| FUND BALANCE - DECEMBER 31 | | | <u>\$ 8,327,209</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, 2023**

| | 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 |
| ASSETS | | | | | | | | | | | |
| Cash and Pooled Investments | \$ 188,792 | \$ 15,873 | \$ 1,299,663 | \$ 494,387 | \$ 1,466,469 | \$ 457,561 | \$ 151,499 | \$ 14,854 | \$ 1,231,080 | \$ 196,301 | \$ 5,516,479 |
| Taxes Receivable: | | | | | | | | | | | |
| Delinquent | - | 2,609 | - | - | - | 426 | - | - | - | - | 3,035 |
| Special Assessments Receivable: | | | | | | | | | | | |
| Delinquent | - | - | - | 17,077 | - | - | 190,811 | - | - | - | 207,888 |
| Noncurrent | - | - | - | 346,275 | - | - | - | - | - | - | 346,275 |
| Accounts Receivable | 11,121 | - | - | 4,840 | 151,075 | - | - | - | - | 575,929 | 742,965 |
| Due from Other Funds | - | - | - | - | 40 | 172,220 | - | - | - | - | 172,260 |
| Due from Other Governments | 15,367 | - | 181,700 | 684 | - | - | - | 25 | - | - | 197,776 |
| Lease Receivable | - | - | - | - | - | 426,562 | - | - | - | - | 426,562 |
| Loans Receivable | - | - | - | - | - | - | - | - | 109,814 | - | 109,814 |
| Prepaid Items | 437 | - | 319 | - | - | 1,156 | - | - | - | - | 1,912 |
| Total Assets | 215,717 | 18,482 | 1,481,682 | 863,263 | 1,617,584 | 1,057,925 | 342,310 | 14,879 | 1,340,894 | 772,230 | 7,724,966 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | | |
| Accounts Payable | 4,695 | - | 3,459 | 6,922 | 378,203 | 8,967 | - | - | - | - | 402,246 |
| Salaries Payable | 11,345 | - | 49,440 | - | 3,008 | 11,409 | - | - | - | - | 75,202 |
| Due to Other Funds | 42 | - | - | 1,794 | - | - | - | - | - | - | 1,836 |
| Due to Other Governments | 1,228 | - | 660 | - | 299 | 4,359 | - | - | - | - | 6,546 |
| Advances from Other Funds | - | - | - | 310,500 | - | - | - | - | - | - | 310,500 |
| Unearned Revenue | - | - | - | - | 36,220 | - | - | - | - | - | 36,220 |
| Total Liabilities | 17,310 | - | 53,559 | 319,216 | 417,730 | 24,735 | - | - | - | - | 832,550 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | | | |
| Lease Receivable | - | - | - | - | - | 408,818 | - | - | - | - | 408,818 |
| Unavailable Revenue | - | 1,747 | 181,700 | 346,275 | - | 396 | 190,811 | - | 109,814 | 575,929 | 1,406,672 |
| Prepaid Property Taxes | - | 853 | - | - | - | - | - | - | - | - | 853 |
| Total Deferred Inflows of Resources | - | 2,600 | 181,700 | 346,275 | - | 409,214 | 190,811 | - | 109,814 | 575,929 | 1,816,343 |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2023**

| | 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 | \$ 437 | \$ - | \$ 319 | \$ - | \$ - | \$ 1,156 | \$ - | \$ - | \$ - | \$ - | \$ 1,912 |
| Loans Receivable | - | - | - | - | - | - | - | 109,814 | - | - | 109,814 |
| Restricted For: | | | | | | | | | | | |
| Law Enforcement - | | | | | | | | | | | |
| Sheriff Contingencies | - | - | - | - | - | - | - | 14,879 | - | - | 14,879 |
| Ditch Maintenance and Construction | - | - | - | 376,965 | - | - | - | - | - | - | 376,965 |
| Septic Loan Program | - | - | - | - | - | 151,499 | - | - | - | - | 151,499 |
| Economic Development | - | - | - | - | - | - | - | 1,121,266 | - | - | 1,121,266 |
| Opioid Epidemic Response | - | - | - | - | - | - | - | - | 196,301 | - | 196,301 |
| Committed For: | | | | | | | | | | | |
| Regional Library | - | 15,882 | - | - | - | - | - | - | - | - | 15,882 |
| Operations of County Parks | 197,970 | - | - | - | - | - | - | - | - | - | 197,970 |
| Maintenance and Operations of Family Service Building | - | - | - | - | - | 622,820 | - | - | - | - | 622,820 |
| Assigned To: | | | | | | | | | | | |
| Sanitation | - | - | - | - | 1,199,854 | - | - | - | - | - | 1,199,854 |
| Health | - | - | 1,246,104 | - | - | - | - | - | - | - | 1,246,104 |
| Unassigned | - | - | - | (179,193) | - | - | - | - | - | - | (179,193) |
| Total Fund Balances | 198,407 | 15,882 | 1,246,423 | 197,772 | 1,199,854 | 623,976 | 151,499 | 14,879 | 1,231,080 | 196,301 | 5,076,073 |
| | | | | | | | | | | | |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 215,717 | \$ 18,482 | \$ 1,481,682 | \$ 863,263 | \$ 1,617,584 | \$ 1,057,925 | \$ 342,310 | \$ 14,879 | \$ 1,340,894 | \$ 772,230 | \$ 7,724,966 |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2023**

| | 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 | \$ - | \$ 200,552 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 200,552 |
| Special Assessments | - | - | - | 638,453 | - | - | 74,254 | - | - | - | 712,707 |
| Intergovernmental | - | 22,050 | 337,429 | - | 72,440 | - | - | - | - | - | 431,919 |
| Charges for Services | 116,689 | - | 211,215 | - | 2,059,778 | - | - | - | - | - | 2,387,682 |
| Fines and Forfeits | - | - | - | - | - | - | - | 652 | - | - | 652 |
| Investment Earnings | - | - | - | - | - | - | - | - | 4,373 | - | 4,373 |
| Miscellaneous | 54,300 | - | 1,043 | - | 22,000 | 759,666 | - | - | 12,451 | 40,350 | 889,810 |
| Total Revenues | 170,989 | 222,602 | 549,687 | 638,453 | 2,154,218 | 759,666 | 74,254 | 652 | 16,824 | 40,350 | 4,627,695 |
| EXPENDITURES | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| General Government | - | - | - | - | - | 499,599 | - | - | - | 10,990 | 510,589 |
| Sanitation | - | - | - | - | 1,845,168 | - | - | - | - | - | 1,845,168 |
| Health | - | - | 1,291,634 | - | - | - | - | - | - | - | 1,291,634 |
| Culture and Recreation | 419,301 | 260,756 | - | - | - | - | - | - | - | - | 680,057 |
| Conservation of Natural Resources | - | - | - | 437,756 | - | - | - | - | - | - | 437,756 |
| Economic Development | - | - | - | - | - | - | - | - | 27,500 | - | 27,500 |
| Capital Outlay: | | | | | | | | | | | |
| Culture and Recreation | 23,344 | - | - | - | - | - | - | - | - | - | 23,344 |
| Debt Service: | | | | | | | | | | | |
| Principal | - | - | - | - | - | - | 43,420 | - | - | - | 43,420 |
| Interest | - | - | - | 10,622 | - | - | 4,337 | - | - | - | 14,959 |
| Total Expenditures | 442,645 | 260,756 | 1,291,634 | 448,378 | 1,845,168 | 499,599 | 47,757 | - | 27,500 | 10,990 | 4,874,427 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (271,656) | (38,154) | (741,947) | 190,075 | 309,050 | 260,067 | 26,497 | 652 | (10,676) | 29,360 | (246,732) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | |
| Transfers In | 319,783 | - | 813,477 | - | - | - | - | - | - | - | 1,133,260 |
| Transfers Out | - | - | - | - | - | (179,000) | - | - | - | - | (179,000) |
| Total Other Financing Sources (Uses) | 319,783 | - | 813,477 | - | - | (179,000) | - | - | - | - | 954,260 |
| NET CHANGE IN FUND BALANCE | 48,127 | (38,154) | 71,530 | 190,075 | 309,050 | 81,067 | 26,497 | 652 | (10,676) | 29,360 | 707,528 |
| Fund Balance - January 1 | 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 |
| FUND BALANCE - DECEMBER 31 | \$ 198,407 | \$ 15,882 | \$ 1,246,423 | \$ 197,772 | \$ 1,199,854 | \$ 623,976 | \$ 151,499 | \$ 14,879 | \$ 1,231,080 | \$ 196,301 | \$ 5,076,073 |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
COUNTY PARKS SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|----------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for Services | \$ 113,712 | \$ 113,712 | \$ 116,689 | \$ 2,977 |
| Miscellaneous | 9,100 | 9,100 | 54,300 | 45,200 |
| Total Revenues | <u>122,812</u> | <u>122,812</u> | <u>170,989</u> | <u>48,177</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and Recreation: | | | | |
| Parks | 401,345 | 401,345 | 419,301 | (17,956) |
| Capital Outlay: | | | | |
| Culture and Recreation: | | | | |
| Parks | <u>41,200</u> | <u>41,200</u> | <u>23,344</u> | <u>17,856</u> |
| Total Expenditures | <u>442,545</u> | <u>442,545</u> | <u>442,645</u> | <u>(100)</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (319,733) | (319,733) | (271,656) | 48,077 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | <u>319,783</u> | <u>319,783</u> | <u>319,783</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 50</u> | <u>\$ 50</u> | 48,127 | <u>\$ 48,077</u> |
| Fund Balance - January 1 | | | <u>150,280</u> | |
| FUND BALANCE - DECEMBER 31 | | | <u>\$ 198,407</u> | |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
REGIONAL LIBRARY SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|--------------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 208,006 | \$ 208,006 | \$ 200,552 | \$ (7,454) |
| Intergovernmental | 22,750 | 22,750 | 22,050 | (700) |
| Total Revenues | <u>230,756</u> | <u>230,756</u> | <u>222,602</u> | <u>(8,154)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and Recreation | <u>260,756</u> | <u>260,756</u> | <u>260,756</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (30,000)</u> | <u>\$ (30,000)</u> | (38,154) | <u>\$ (8,154)</u> |
| Fund Balance - January 1 | | | <u>54,036</u> | |
| FUND BALANCE - DECEMBER 31 | | | <u>\$ 15,882</u> | |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
COUNTY NURSE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|--------------------|--------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 451,431 | \$ 451,431 | \$ 337,429 | \$ (114,002) |
| Charges for Services | 220,100 | 220,100 | 211,215 | (8,885) |
| Miscellaneous | 5,000 | 5,000 | 1,043 | (3,957) |
| Total Revenues | <u>676,531</u> | <u>676,531</u> | <u>549,687</u> | <u>(126,844)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Health: | | | | |
| Nursing Service | <u>1,514,008</u> | <u>1,514,008</u> | <u>1,291,634</u> | <u>222,374</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (837,477) | (837,477) | (741,947) | 95,530 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | <u>813,477</u> | <u>813,477</u> | <u>813,477</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (24,000)</u> | <u>\$ (24,000)</u> | 71,530 | <u>\$ 95,530</u> |
| Fund Balance - January 1 | | | <u>1,174,893</u> | |
| FUND BALANCE - DECEMBER 31 | | | <u>\$ 1,246,423</u> | |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
TRANSFER STATION SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|-------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 77,000 | \$ 77,000 | \$ 72,440 | \$ (4,560) |
| Charges for Services | 1,902,400 | 1,902,400 | 2,059,778 | 157,378 |
| Miscellaneous | 22,000 | 22,000 | 22,000 | - |
| Total Revenues | <u>2,001,400</u> | <u>2,001,400</u> | <u>2,154,218</u> | <u>152,818</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Sanitation: | | | | |
| Solid Waste | 1,818,688 | 1,818,688 | 1,845,168 | (26,480) |
| NET CHANGE IN FUND BALANCE | <u>\$ 182,712</u> | <u>\$ 182,712</u> | 309,050 | <u>\$ 126,338</u> |
| Fund Balance - January 1 | | | <u>890,804</u> | |
| FUND BALANCE - DECEMBER 31 | | | <u>\$ 1,199,854</u> | |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
FAMILY SERVICES BUILDING SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|--------------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous | \$ 688,800 | \$ 688,800 | \$ 759,666 | \$ 70,866 |
| Total Revenues | <u>688,800</u> | <u>688,800</u> | <u>759,666</u> | <u>70,866</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government: | | | | |
| Central Services | <u>536,550</u> | <u>536,550</u> | <u>499,599</u> | <u>36,951</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 152,250 | 152,250 | 260,067 | 107,817 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | <u>(179,000)</u> | <u>(179,000)</u> | <u>(179,000)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (26,750)</u> | <u>\$ (26,750)</u> | 81,067 | <u>\$ 107,817</u> |
| Fund Balance - January 1 | | | <u>542,909</u> | |
| FUND BALANCE - DECEMBER 31 | | | <u>\$ 623,976</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, 2023**

| | Estate Recoveries | Jail Inmate | State Revenue | Taxes and Penalties | Total Custodial Funds |
|---|----------------------|-----------------|------------------|------------------------|-----------------------------|
| ASSETS | | | | | |
| Cash and Pooled Investments | \$ 527,164 | \$ 6,717 | \$ 74,722 | \$ 539,639 | \$ 1,148,242 |
| Taxes Receivable for Other Governments | - | - | 5,687 | 327,394 | 333,081 |
| Total Assets | <u>527,164</u> | <u>6,717</u> | <u>80,409</u> | <u>867,033</u> | <u>1,481,323</u> |
| LIABILITIES | | | | | |
| Due to Other Governments | 527,164 | - | 74,722 | 485,396 | 1,087,282 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Taxes Collected on Subsequent Year Levy | - | - | - | 62,282 | 62,282 |
| NET POSITION | | | | | |
| Restricted for: Individuals, Organizations, and Other Governments | <u>\$ -</u> | <u>\$ 6,717</u> | <u>\$ 5,687</u> | <u>\$ 319,355</u> | <u>\$ 331,759</u> |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
FIDUCIARY FUNDS – CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2023**

| | Estate Recoveries | Jail Inmate | State Revenues | Taxes and Penalties | Total Custodial Funds |
|--|----------------------|-----------------|-------------------|------------------------|-----------------------------|
| ADDITIONS | | | | | |
| Tax Collections for Other Governments | \$ - | \$ - | \$ 2,108,033 | \$ 22,082,712 | \$ 24,190,745 |
| Licenses and Fees Collected for the State | 833,286 | - | 88,229 | - | 921,515 |
| Miscellaneous | - | 189,453 | - | - | 189,453 |
| Total Additions | <u>833,286</u> | <u>189,453</u> | <u>2,196,262</u> | <u>22,082,712</u> | <u>25,301,713</u> |
| DEDUCTIONS | | | | | |
| Payments of Taxes to Other Governments | - | - | - | 22,087,620 | 22,087,620 |
| Payments to the State | 833,286 | - | 2,196,311 | - | 3,029,597 |
| Distributions to Participants | - | 192,499 | - | - | 192,499 |
| Total Deductions | <u>833,286</u> | <u>192,499</u> | <u>2,196,311</u> | <u>22,087,620</u> | <u>25,309,716</u> |
| CHANGE IN NET POSITION | - | (3,046) | (49) | (4,908) | (8,003) |
| Net Position - January 1 | - | 9,763 | 5,736 | 324,263 | 339,762 |
| NET POSITION - DECEMBER 31 | <u>\$ -</u> | <u>\$ 6,717</u> | <u>\$ 5,687</u> | <u>\$ 319,355</u> | <u>\$ 331,759</u> |

ECONOMIC DEVELOPMENT AUTHORITY

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

ASSETS

Current Assets:

| | |
|-----------------------------|----------------|
| Cash and Pooled Investments | \$ 1,671,789 |
| Accounts Receivable | 10,807 |
| Accrued Interest Receivable | 6,569 |
| Loans Receivable | <u>680,000</u> |

| | |
|--------------|-----------|
| Total Assets | 2,369,165 |
|--------------|-----------|

DEFERRED OUTFLOWS OF RESOURCES

| | |
|---------------------------|-------|
| Deferred Pension Outflows | 9,517 |
|---------------------------|-------|

LIABILITIES

Current Liabilities:

| | |
|--|--------------|
| Accounts Payable | 4,662 |
| Salaries Payable | 2,942 |
| Due to Primary Government | 435,483 |
| Compensated Absences Payable - Current | <u>1,054</u> |
| Total Current Liabilities | 444,141 |

Noncurrent Liabilities:

| | |
|--|---------------|
| Compensated Absences Payable - Long-Term | 1,247 |
| Net Pension Liability | <u>37,743</u> |
| Total Noncurrent Liabilities | <u>38,990</u> |

| | |
|-------------------|---------|
| Total Liabilities | 483,131 |
|-------------------|---------|

DEFERRED INFLOWS OF RESOURCES

| | |
|--------------------------|---------------|
| Deferred Pension Inflows | <u>12,745</u> |
|--------------------------|---------------|

NET POSITION

| | |
|--------------|----------------------------|
| Unrestricted | <u><u>\$ 1,882,806</u></u> |
|--------------|----------------------------|

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023**

OPERATING REVENUES

| | |
|---------------------------|-----------|
| Administrative Fees | \$ 27,500 |
| Intergovernmental Revenue | 121,400 |
| Total Operating Revenues | 148,900 |

OPERATING EXPENSES

| | |
|------------------------------------|---------|
| Personnel Services | 71,622 |
| Professional Services | 98,427 |
| Administration and Fiscal Services | 9,550 |
| Other Services and Charges | 500 |
| Supplies | 387 |
| Telephone | 2,663 |
| Advertising | 1,618 |
| Insurance | 2,260 |
| Licenses and Dues | 4,036 |
| Miscellaneous | 1,082 |
| Website and Internet | 10,702 |
| Total Operating Expenses | 202,847 |

OPERATING LOSS

(53,947)

NONOPERATING REVENUES (EXPENSES)

| | |
|--|--------|
| Investment Earnings | 71,480 |
| Miscellaneous | 17,492 |
| Total Nonoperating Revenues (Expenses) | 88,972 |

CHANGE IN NET POSITION

35,025

Net Position - January 1

1,847,781

NET POSITION - DECEMBER 31

\$ 1,882,806

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---------------------------------------|------------|
| Receipts from Customers and Users | \$ 140,055 |
| Payments to Suppliers | (130,731) |
| Payments to Employees | (71,373) |
| Other Nonoperating Revenue | 17,492 |
| Net Cash Used by Operating Activities | (44,557) |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|---------------------------------|----------|
| Repayment to Primary Government | (84,730) |
|---------------------------------|----------|

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|------------------------------|--------|
| Investment Earnings Received | 64,911 |
|------------------------------|--------|

NET DECREASE IN CASH AND CASH EQUIVALENTS

(64,376)

Cash and Cash Equivalents - January 1

1,736,165

CASH AND CASH EQUIVALENTS - DECEMBER 31

\$ 1,671,789

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

| | |
|--|-------------|
| Operating Loss | \$ (53,947) |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities: | |
| Other Nonoperating Revenue | 17,492 |
| (Increase) Decrease in Accounts Receivable | (8,845) |
| (Increase) Decrease in Prepaid Items | 700 |
| (Increase) Decrease in Deferred Pension Outflows | 5,422 |
| Increase (Decrease) in Accounts Payable | (206) |
| Increase (Decrease) in Salaries Payable | (3,178) |
| Increase (Decrease) in Compensated Absences Payable | (1,247) |
| Increase (Decrease) in Net Pension Liability | (12,590) |
| Increase (Decrease) in Deferred Pension Inflows | 11,842 |
| Total Adjustments | 9,390 |
| Net Cash Used by Operating Activities | \$ (44,557) |

OTHER SCHEDULES

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
OTHER SCHEDULES
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2023**

APPROPRIATIONS AND SHARED REVENUE

State:

| | |
|---|-------------------|
| Highway Users Tax | \$ 7,479,384 |
| County Program Aid | 1,188,356 |
| Market Value Credit - Agricultural | 312,634 |
| PERA Aid | 44,762 |
| Local Housing Aid | 100,597 |
| Local Homeless Prevention Aid | 20,466 |
| SCORE | 72,440 |
| Disparity Reduction Aid | 12,875 |
| Public Safety Aid | 588,227 |
| Police Aid | 199,640 |
| Aquatic Invasive Species | 227,272 |
| Riparian Protection Aid | 98,835 |
| E-911 | <u>246,838</u> |
| Total Appropriations and Shared Revenue | <u>10,592,326</u> |

REIMBURSEMENT FOR SERVICES

State:

| | |
|--|---------|
| Minnesota Department of Human Services | 946,179 |
|--|---------|

LOCAL

| | |
|---------------------------|----------------|
| Local Contributions | 33,880 |
| Payments in Lieu of Taxes | <u>96,617</u> |
| Total Local | <u>130,497</u> |

GRANTS

State:

Minnesota Department/Board of:

| | |
|--------------------------------------|------------------|
| Corrections | 175,385 |
| Public Safety | 46,203 |
| Health | 97,023 |
| Natural Resources | 41,375 |
| Management and Budget | 7,014 |
| Human Services | 1,109,913 |
| Veterans Affairs | 10,000 |
| Peace Officer Standards and Training | 27,275 |
| Pollution Control Agency | <u>132,578</u> |
| Total State | <u>1,646,766</u> |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
OTHER SCHEDULES
SCHEDULE OF INTERGOVERNMENTAL REVENUE (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

GRANTS (CONTINUED)

Federal:

Department of:

| | |
|---------------------------|------------------|
| Agriculture | \$ 329,329 |
| Justice | 43,499 |
| Transportation | 334,729 |
| Treasury | 1,244,704 |
| Education | 1,269 |
| Health and Human Services | 1,812,893 |
| Homeland Security | 11,885 |
| Total Federal | <u>3,778,308</u> |

| | |
|--------------|------------------|
| Total Grants | <u>5,425,074</u> |
|--------------|------------------|

| | |
|---------------------------------|-----------------------------|
| Total Intergovernmental Revenue | <u><u>\$ 17,094,076</u></u> |
|---------------------------------|-----------------------------|

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
OTHER SCHEDULES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

| 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 | \$ 30,970 | \$ - |
| Passed Through Minnesota Department of Human Services: | | | | |
| SNAP Cluster: | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 232MN101S2514 | <u>298,359</u> | <u>-</u> |
| Total U.S. Department of Agriculture | | | 329,329 | - |
| U.S. Department of Justice | | | | |
| Passed Through Minnesota Department of Public Safety: | | | | |
| Crime Victim Assistance | 16.575 | F-CVS-2022-MEEKERAO | <u>43,499</u> | <u>-</u> |
| Total U.S. Department of Justice | | | 43,499 | - |
| U.S. Department of Transportation | | | | |
| Passed Through Minnesota Department of Transportation: | | | | |
| Highway Planning and Construction | 20.205 | 1052198 | <u>334,729</u> | <u>-</u> |
| Total U.S. Department of Transportation | | | 334,729 | - |
| U.S. Department of the Treasury | | | | |
| Direct | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | N/A | 1,194,704 | - |
| COVID-19 Local Assistance and Tribal Consistency Fund | 21.032 | N/A | <u>50,000</u> | <u>-</u> |
| Total U.S. Department of the Treasury | | | 1,244,704 | - |
| U.S. Department of Education | | | | |
| Passed Through Meeker-McLeod-Sibley Community Health Services: | | | | |
| Special Education - Grants for Infants and Families | 84.181 | BO4MC32551 | 1,269 | - |

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, 2023**

| 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 | Not Available | \$ 7,677 | \$ - |
| Early Hearing Detection and Intervention | 93.251 | H61MC00035 | 1,950 | - |
| Immunization Cooperative Agreements | 93.268 | NH23IP922628 | 36,724 | - |
| Temporary Assistance for Needy Families | 93.558 | 2501MNTANF | 20,120 | - |
| (Total Temporary Assistance for Needy Families 93.558 \$182,691) | | | | |
| Medicaid Cluster: | | | | |
| Medical Assistance Program | 93.778 | 2305MN5ADM | 14,817 | - |
| (Total Medical Assistance Program 93.778 \$891,620) | | | | |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | B08TI083458 | 26,863 | - |
| Maternal and Child Health Services Block Grant to the States | 93.994 | BO4MC32551 | 22,832 | - |
| Passed Through Minnesota Department of Human Services: | | | | |
| MaryLee Allen Promoting Safe and Stable Families Program | 93.556 | 2201MNFPS | 2,653 | - |
| Temporary Assistance for Needy Families | 93.558 | 2301MNTANF | 162,571 | - |
| (Total Temporary Assistance for Needy Families 93.558 \$182,691) | | | | |
| Child Support Enforcement Research | 93.563 | 2301MNCSES | 94,126 | - |
| Child Support Enforcement Research | 93.563 | 2301MNCES | 330,751 | - |
| Refugee and Entrant Assistance - State Administered Programs | 93.566 | 2301MNRMA | 1,045 | - |
| CCDF Cluster: | | | | |
| Child Care and Development Block Grant | 93.575 | 2301MNCCDF | 3,769 | - |
| Community-Based Child Abuse Prevention Grants | 93.590 | 2201MNBCAP | 1,813 | - |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | 2201MNCWSS | 4,207 | - |
| Foster Care - Title IV-E | 93.658 | 2301MNFOST | 73,858 | - |
| Social Services Block Grant | 93.667 | 2301MNSOSR | 122,136 | - |
| Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | 93.323 | NU5DCK000508 | 3,514 | - |
| Elder Abuse Prevention Interventions Program | 93.747 | 2101MNAPC6 | 1,256 | - |
| Children's Health Insurance Program | 93.767 | 2305MN5021 | 1,194 | - |
| Medicaid Cluster: | | | | |
| Medical Assistance Program | 93.778 | 2305MN5MAP | 15,728 | - |
| Medical Assistance Program | 93.778 | 2305MN5ADM | 861,075 | - |
| (Total Medical Assistance Program 93.778 \$891,620) | | | | |
| Total U.S. Department of Health and Human Services | | | 1,810,679 | - |
| U.S. Department of Homeland Security | | | | |
| Passed Through Minnesota Department of Natural Resources: | | | | |
| Boating Safety Financial Assistance | 97.012 | R29G70CGBLA21 | 11,885 | - |
| Total U.S. Department of Homeland Security | | | 11,885 | - |
| Total Expenditures of Federal Awards | | | <u>\$ 3,776,094</u> | <u>\$ -</u> |
| Totals by Cluster: | | | | |
| Total expenditures for SNAP Cluster | | | \$ 298,359 | |
| Total expenditures for CCDF Cluster | | | 3,769 | |
| Total expenditures for Medicaid Cluster | | | 891,620 | |

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, 2023**

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 \$511,934 in federal awards during the year ended June 30, 2023, which are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2023, because it was audited by other auditors. The operations of the Meeker Memorial Hospital, an enterprise fund, did not expend any federal awards for the year ended December 31, 2023.

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, 2023. 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, 2023**

NOTE 2 RECONCILIATION TO SCHEDULE OF INTERGOVERNMENTAL REVENUE

| | | |
|---|--|----------------------------|
| Federal Grant Revenue Per Schedule of Intergovernmental Revenue | | \$ 3,778,308 |
| Grants Received More Than 60 Days After Year-End, Unavailable in 2023: | | |
| MaryLee Allen Promoting Safe and Stable Families Program | | 663 |
| Temporary Assistance for Needy Families | | 9,210 |
| Stephanie Tubbs Jones Child Welfare Services Program | | 660 |
| Unavailable in 2022, Recognized as Revenue in 2023: | | |
| MaryLee Allen Promoting Safe and Stable Families Program | | (737) |
| Environmental Public Health and Emergency Response | | (3,334) |
| Temporary Assistance for Needy Families | | (7,363) |
| Stephanie Tubbs Jones Child Welfare Services Program | | <u>(1,313)</u> |
| Expenditures Per Schedule of Expenditures of Federal Awards | | <u><u>\$ 3,776,094</u></u> |

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, 2023, including the Meeker County Housing and Redevelopment Authority as of and for the year ended June 30, 2023, 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 30, 2024. Our report includes a reference to other auditors who audited the financial statements of 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 a significant deficiency.

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 2023-002 and 2023-003 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 2023-001 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 30, 2024



**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, 2023. 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, 2023.

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 \$511,934 in federal awards during the year ended June 30, 2023, which is not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2023. Our compliance audit, described in the *Opinion on Each Major Federal Program*, does not include the operations of the HRA because the HRA 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 2023-004. 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 2023-004 and 2023-005, 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 30, 2024

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

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 |
|--|---|
| 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: | \$ <u> 750,000 </u> |
| Auditee qualified as low-risk auditee? | <u> </u> yes <u> x </u> no |

**MEEKER COUNTY
LITCHFIELD, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Section II – Financial Statement Findings

2023-001: 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 2022-001.

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, 2023**

Section II – Financial Statement Findings (Continued)

2023-002: 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 2022-002.

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, 2023**

Section II – Financial Statement Findings (Continued)

2023-003: 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 2022-003.

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, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs

2023-004: REPORTING

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: 2305MN5MAP and 2305MN5ADM, 2023

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

Pass-Through Number: 2305MN5MAP and 2305MN5ADM

Award Period: Year Ended December 31, 2023

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

Criteria or Specific Requirement: 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. The DHS-2550 cost report is used by the Minnesota Department of Human Services (DHS) in conjunction with the county's Income Maintenance Random Moment Time Study (IMRMS) data to determine allowable costs for reimbursement by various federal programs. Expenditures and revenue must have been disbursed or received during the quarter being reported.

Condition and Context: The fourth quarter DHS-2250 cost report did not reflect fourth quarter expenditures and was not formally reviewed and approved.

Questioned Costs: Projected \$35,118.

Cause: Turnover within the department.

Effect: The County could receive incorrect federal funding for the program if expenditures are not reviewed and reported timely.

Repeat Finding: No.

Recommendation: We recommend the County design procedures and controls to ensure all reports are formally reviewed and represent actual expenditures incurred during the period being reported.

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, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs

2023-005: 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: 2305MN5MAP and 2305MN5ADM, 2023

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

Pass-Through Number: 2305MN5MAP and 2305MN5ADM

Award Period: Year Ended December 31, 2023

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: 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 casefile review was not performed for quarters one and two.

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

Cause: 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: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2022-005.

Recommendation: We recommend the County implement additional procedures to ensure case file reviews are being performed on a regular basis.

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, 2023**

Section IV – Other Findings and Recommendations

None reported.

Section V – Previously Reported Item Resolved

2022-004: SUSPENSION AND DEBARMENT

2022-006: CREDIT CARD AUTHORIZATION



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, 2023, 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 30, 2024. Our report includes a reference to other auditors who audited the financial statements of the Meeker County Housing and Redevelopment Authority (HRA), and Meeker Memorial Hospital, 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, nothing came to our attention that caused us to believe that County failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, 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.

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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Alexandria, Minnesota
September 30, 2024



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.