

# STATE OF MINNESOTA

## Office of the State Auditor



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

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**MEEKER COUNTY**  
**LITCHFIELD, MINNESOTA**

**YEAR ENDED DECEMBER 31, 2009**

## **Description of the Office of the State Auditor**

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

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

The State Auditor performs approximately 160 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

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

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

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

**Pension** - monitors investment, financial, and actuarial reporting for approximately 730 public pension funds; and

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

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

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**Year Ended December 31, 2009**



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

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

ORGANIZATION  
DECEMBER 31, 2009

			<u>Term Expires</u>
Elected			
Commissioners			
Board Member	Jim Swenson	District 1	January 2011
Board Member	Dave Gabrielson	District 2	January 2011
Chair	Amy Wilde	District 3	January 2011
Vice Chair	Wallace Strand	District 4	January 2011
Board Member	Roney Kutzke	District 5	January 2013
Attorney	Stephanie Beckman		January 2011
Auditor	Barbara Loch		January 2011
Treasurer	Sharon Euerle		January 2011
Recorder	Elaine Lenhard		January 2011
Sheriff	Jeff Norlin		January 2011
Appointed			
Assessor	Robert Anderson		January 2012
Court Administrator	Theresa Fredrickson		Indefinite
Coroner*	Janis C. Amatuzio, M.D.		Indefinite
Examiner of Titles	Mark Wood		Indefinite
Highway Engineer	Ronald Mortensen		May 2010
Surveyor	Doug Huhn		December 2010
Veterans Service Officer	Charles Unterberger		May 2011
Welfare Director	Clark Gustafson		Indefinite
Emergency Management Director*	Jeff Norlin		Indefinite
Department of Motor Vehicles			
Registrar	Sharon Euerle		Indefinite
County Administrator	Paul Virnig		Indefinite
Planning and Zoning Administrator	John Boe		Indefinite

\*Coroner and Emergency Management Director positions have changed during 2010.

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REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

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### INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Meeker County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Meeker County, Minnesota, as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of (1) the Meeker Memorial Hospital, which represent the amounts shown as the business-type activities and the major proprietary fund; and (2) the Meeker County Housing and Redevelopment Authority, which represents 12 percent, 114 percent, and 40 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and, our opinion, insofar as it relates to the amounts included for the Meeker Memorial Hospital Enterprise Fund and the Housing and Redevelopment Authority component unit, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Meeker Memorial Hospital were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Meeker County as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, the Road and Bridge Special Revenue Fund, and the Human Services Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Meeker County's basic financial statements. The supplementary information and other schedule listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2010, on our consideration of Meeker County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

September 27, 2010

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

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

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2009  
(Unaudited)**

As management of Meeker County, Minnesota, we offer the readers of the Meeker County financial statements this narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements that follow this section. All amounts, unless otherwise indicated, are expressed in whole dollars.

**FINANCIAL HIGHLIGHTS**

- The assets of Meeker County exceeded its liabilities on December 31, 2009, by \$84,411,079 (net assets). Of this amount, \$27,458,626 (unrestricted net assets) may be used to meet Meeker County's ongoing obligations to citizens and creditors.
- Meeker County's total net assets increased by \$3,019,065 in 2009. This is attributed primarily to an increase in activity.
- As of the close of 2009, Meeker County's governmental funds reported combined ending fund balances of \$14,201,880, a decrease of \$891,980 in comparison with the prior year. Of this fund balance amount, \$958,392 was unreserved and undesignated by Meeker County, and thus available for spending at the government's discretion.
- At the end of 2009, unreserved fund balance for the General Fund was \$5,110,202, or 55.49 percent, of the total General Fund expenditures for that year.
- Meeker County's total debt decreased by \$1,382,315, or 3.70 percent. The key factor in the decrease was payment of principal and no new debt.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

## **Government-Wide Financial Statements**

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

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

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

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

## **Fund Level Financial Statements**

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

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

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

Meeker County reports 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, Revolving Loan Special Revenue Fund, and Capital Projects Fund--all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements after the notes to the financial statements.

Governmental fund financial statements can be found on Exhibits 3 through 9 of this report.

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

Proprietary fund financial statements can be found on Exhibits 10 through 12 of this report.

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

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 38 through 81 of this report.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net assets serve as a useful indicator of the County's financial position. Meeker County's assets exceeded liabilities by \$84,411,079 at the close of 2009. The largest portion of Meeker County's net assets (61.78 percent) reflects the County's investment in capital assets (for example, land, buildings, equipment, and infrastructure such as roads and bridges), less any related debt used to acquire those assets that is still outstanding. However, it should be noted that these assets are not available for future spending or for liquidating any remaining debt.

### Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008 (Restated)	2009	2008	2009	2008 (Restated)
<b>Assets</b>						
Current and other assets	\$ 19,397,727	\$ 19,226,659	\$ 21,358,407	\$ 32,203,595	\$ 40,756,134	\$ 51,430,254
Capital assets	56,915,139	54,942,078	32,163,366	21,624,448	89,078,505	76,566,526
<b>Total Assets</b>	<b>\$ 76,312,866</b>	<b>\$ 74,168,737</b>	<b>\$ 53,521,773</b>	<b>\$ 53,828,043</b>	<b>\$ 129,834,639</b>	<b>\$ 127,996,780</b>
<b>Liabilities</b>						
Long-term liabilities	\$ 12,439,378	\$ 12,563,063	\$ 26,983,760	\$ 27,017,121	\$ 39,423,138	\$ 39,580,184
Other liabilities	2,739,402	2,687,193	3,261,020	4,337,389	6,000,422	7,024,582
<b>Total Liabilities</b>	<b>\$ 15,178,780</b>	<b>\$ 15,250,256</b>	<b>\$ 30,244,780</b>	<b>\$ 31,354,510</b>	<b>\$ 45,423,560</b>	<b>\$ 46,604,766</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	\$ 47,585,610	\$ 44,553,769	\$ 4,562,169	\$ 7,638,411	\$ 52,147,779	\$ 52,192,180
Restricted	1,263,936	2,100,322	3,540,738	3,037,771	4,804,674	5,138,093
Unrestricted	12,284,540	12,264,390	15,174,086	11,797,351	27,458,626	24,061,741
<b>Total Net Assets</b>	<b>\$ 61,134,086</b>	<b>\$ 58,918,481</b>	<b>\$ 23,276,993</b>	<b>\$ 22,473,533</b>	<b>\$ 84,411,079</b>	<b>\$ 81,392,014</b>

The unrestricted net assets amount of \$27,458,626 as of December 31, 2009, may be used to meet the County's ongoing obligations to citizens and creditors. Business-type activities reported in 2009 are Meeker Memorial Hospital, an enterprise fund of the primary government.

## Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008 (Restated)	2009	2008	2009	2008 (Restated)
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 4,628,708	\$ 5,413,930	\$ 23,556,613	\$ 21,380,213	\$ 28,185,321	\$ 26,794,143
Operating grants and contributions	6,090,224	5,999,343	-	-	6,090,224	5,999,343
Capital grants and contributions	2,217,636	1,656,384	222,563	259,083	2,440,199	1,915,467
General revenues						
Property taxes	10,284,579	9,636,727	-	-	10,284,579	9,636,727
Gravel taxes	70,069	41,232	-	-	70,069	41,232
Mortgage registry taxes	17,049	15,241	-	-	17,049	15,241
Other taxes	66,743	59,282	-	-	66,743	59,282
Grants and contributions not restricted to specific programs	1,911,602	1,766,972	-	-	1,911,602	1,766,972
Gifts and contributions	-	-	26,162	151,608	26,162	151,608
Investment income	189,980	577,842	107,722	504,597	297,702	1,082,439
Gain on sale of capital assets	28,428	17,775	10,454	2,249	38,882	20,024
Miscellaneous	10,932	10,370	-	-	10,932	10,370
<b>Total Revenues</b>	<b>\$ 25,515,950</b>	<b>\$ 25,195,098</b>	<b>\$ 23,923,514</b>	<b>\$ 22,297,750</b>	<b>\$ 49,439,464</b>	<b>\$ 47,492,848</b>
<b>Expenses</b>						
General government	\$ 5,446,830	\$ 5,044,366	\$ -	\$ -	\$ 5,446,830	\$ 5,044,366
Public safety	4,238,542	3,955,592	-	-	4,238,542	3,955,592
Highways and streets	4,416,577	4,192,668	-	-	4,416,577	4,192,668
Sanitation	222,504	237,828	-	-	222,504	237,828
Human services	6,168,879	5,474,129	-	-	6,168,879	5,474,129
Hospital	-	-	23,120,054	20,017,120	23,120,054	20,017,120
Health	1,458,415	1,376,203	-	-	1,458,415	1,376,203
Culture and recreation	446,704	472,826	-	-	446,704	472,826
Conservation of natural resources	377,131	384,017	-	-	377,131	384,017
Economic development	186,893	272,250	-	-	186,893	272,250
Interest	337,870	324,030	-	-	337,870	324,030
<b>Total Expenses</b>	<b>\$ 23,300,345</b>	<b>\$ 21,733,909</b>	<b>\$ 23,120,054</b>	<b>\$ 20,017,120</b>	<b>\$ 46,420,399</b>	<b>\$ 41,751,029</b>
<b>Increase in Net Assets</b>	<b>\$ 2,215,605</b>	<b>\$ 3,461,189</b>	<b>\$ 803,460</b>	<b>\$ 2,280,630</b>	<b>\$ 3,019,065</b>	<b>\$ 5,741,819</b>
Net Assets - January 1, as Restated	58,918,481	55,457,292	22,473,533	20,192,903	81,392,014	75,650,195
<b>Net Assets - December 31</b>	<b>\$ 61,134,086</b>	<b>\$ 58,918,481</b>	<b>\$ 23,276,993</b>	<b>\$ 22,473,533</b>	<b>\$ 84,411,079</b>	<b>\$ 81,392,014</b>

### Governmental Activities

Meeker County's governmental activities increased the County's net assets during 2009 by \$2,215,605.

### Business-Type Activities

Business-type activities of the Meeker Memorial Hospital increased Meeker County's net assets by \$803,460, accounting for 26.61 percent of the total growth in the County's net assets. Fees, charges, fines, and others increased \$2,176,400, or 10.18 percent, while expenses were up \$3,102,934, or 15.50 percent.

## **Financial Analysis of the Government's Funds**

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

### **Governmental Funds**

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

As of the end of the current fiscal year, Meeker County's governmental funds reported combined ending fund balances of \$14,201,880, a decrease of \$891,980 in comparison with the prior year. The majority of this amount, \$12,734,520, consists of unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for various reasons.

The General Fund is the chief operating fund for Meeker County. At the end of the current fiscal year, it had an unreserved fund balance of \$5,110,202, while total fund balance was \$5,780,900. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total expenditures. Unreserved fund balance represents 55.49 percent of total General Fund expenditures. In 2009, ending fund balance in the General Fund decreased by \$375,353. The primary reason for this decrease was an increase in public safety expenditures.

The Road and Bridge Special Revenue Fund's unreserved fund balance of \$306,942 at year-end represents 4.15 percent of the fund's annual expenditures. Unreserved fund balance decreased \$558,429 during 2009, primarily due to an increase in liabilities and debt service expenditures.

The Human Services Special Revenue Fund's unreserved fund balance of \$4,393,719 at year-end represents 68.82 percent of the fund's annual expenditures. Unreserved fund balance increased \$124,531 during 2009, primarily due to revenues exceeding expenditures.

The Revolving Loan Special Revenue Fund's unreserved fund balance of \$628,735 at year-end represents an increase of \$45,043 during 2009, due to decreased liabilities and increased fund balance.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

There are no differences between the original expenditure budget and the final amended budget. (Meeker County did not amend the 2009 expenditure budget.)

Actual revenues exceeded budgeted revenues by \$182,103, primarily due to increased intergovernmental revenues and charges for services.

Actual expenditures were above budgeted expenditures by \$37,269, related in part to general government appropriations and public safety wireless communication expenditures.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Meeker County's capital assets for its governmental activities at December 31, 2009, totaled \$56,915,139 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The County's investment in capital assets increased \$1,589,345, or 2.87 percent, from the previous year. The major capital asset events were infrastructure.

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008 (Restated)	2009	2008	2009	2008 (Restated)
Land	\$ 2,362,556	\$ 2,264,991	\$ 1,551,009	\$ 1,340,234	\$ 3,913,565	\$ 3,605,225
Land improvements	-	-	1,007,041	70,310	1,007,041	70,310
Infrastructure	36,976,424	34,466,092	-	-	36,976,424	34,466,092
Buildings	11,911,897	12,290,490	21,722,267	1,381,848	33,634,164	13,672,338
Buildings improvements	2,967,832	3,123,541	-	-	2,967,832	3,123,541
Machinery, equipment, and office furniture	2,677,412	2,688,758	5,634,667	3,147,282	8,312,079	5,836,040
Construction in progress	19,018	108,206	2,248,382	15,684,774	2,267,400	15,792,980
<b>Total Capital Assets</b>	<b>\$ 56,915,139</b>	<b>\$ 54,942,078</b>	<b>\$ 32,163,366</b>	<b>\$ 21,624,448</b>	<b>\$ 89,078,505</b>	<b>\$ 76,566,526</b>

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

### Long-Term Debt

At the end of the current fiscal year, Meeker County had a total outstanding debt of \$36,002,462. The governmental activities portion is backed by the full faith and credit of the government; the business-type activities portion is a limited obligation of Meeker County, payable solely from gross revenues of the Meeker Memorial Hospital.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 8,760,000	\$ 9,870,000	\$ -	\$ -	\$ 8,760,000	\$ 9,870,000
Gross revenue hospital facilities bonds	-	-	26,675,000	26,675,000	26,675,000	26,675,000
Certificates of participation	560,000	825,000	-	-	560,000	825,000
Loan payable	7,462	14,777	-	-	7,462	14,777
<b>Total</b>	<b>\$ 9,327,462</b>	<b>\$ 10,709,777</b>	<b>\$ 26,675,000</b>	<b>\$ 26,675,000</b>	<b>\$ 36,002,462</b>	<b>\$ 37,384,777</b>

The County's debt related to general obligation bonds, gross revenue hospital facilities bonds, certificates of participation, capital notes, and loans decreased by \$1,382,315 or (3.70 percent) during the fiscal year due to payment on principal and no new debt.

Meeker County's bond rating is A2 from Moody's.

Minnesota statutes limit the amount of debt a county may levy to three percent of its total market value. At the end of 2009, Meeker County is well below the three percent debt limit imposed by state statutes.

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

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The unemployment rate for Meeker County at the end of 2009 was 9.4 percent. This compares with the state unemployment rate of 7.4 percent and shows a County increase from the rate of one year ago of 0.5 percent.

By the end of 2009, Meeker County approved its balanced 2010 revenue and expenditure budgets.

### **REQUESTS FOR INFORMATION**

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



## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT 1*

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2009**

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and pooled investments	\$ 15,610,598	\$ 3,763,119	\$ 19,373,717	\$ 256,597
Petty cash and change funds	2,690	-	2,690	-
Investments	3,952	-	3,952	252,097
Taxes receivable				
Prior - net	368,840	-	368,840	-
Special assessments receivable				
Prior - net	5,947	-	5,947	-
Noncurrent - net	99,569	-	99,569	-
Accounts receivable - net	57,596	3,572,889	3,630,485	3,545
Accrued interest receivable	74,191	-	74,191	2,183
Due from other governments	1,657,457	-	1,657,457	-
Notes receivable	309,000	-	309,000	-
Loans receivable	753,514	-	753,514	1,375,879
Leases receivable	109,084	-	109,084	-
Estimated third-party payor settlements	-	743,763	743,763	-
Inventories	198,275	469,649	667,924	-
Prepaid items	45,554	420,476	466,030	30,893
Restricted assets				
Investments	-	8,590,649	8,590,649	-
Restricted by bond indenture	-	1,937,337	1,937,337	-
Restricted by donor	-	914,500	914,500	-
Deferred charges	101,460	-	101,460	43,842
Other assets	-	375,387	375,387	-
Investment in joint venture	-	570,638	570,638	-
Capital assets				
Non-depreciable	2,381,574	3,799,391	6,180,965	219,954
Depreciable - net of accumulated depreciation	54,533,565	28,363,975	82,897,540	3,987,559
<b>Total Assets</b>	<b>\$ 76,312,866</b>	<b>\$ 53,521,773</b>	<b>\$ 129,834,639</b>	<b>\$ 6,172,549</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 1  
(Continued)**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2009**

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities</b>				
Accounts payable	\$ 425,726	\$ 1,128,097	\$ 1,553,823	\$ 18,897
Salaries payable	576,885	1,265,101	1,841,986	7,520
Other accrued liabilities	-	-	-	4,809
Contracts payable	252,435	617,423	869,858	-
Due to other governments	702,090	-	702,090	1,000,000
Accrued interest payable	124,668	250,399	375,067	2,444
Unearned revenue	657,598	-	657,598	-
Deferred rent income	-	-	-	22,102
Payable from restricted assets				
Rent deposits	-	-	-	43,880
Tenant security deposits	-	-	-	6,950
Long-term liabilities				
Due within one year	2,170,629	455,054	2,625,683	119,190
Due in more than one year	10,268,749	26,528,706	36,797,455	4,356,331
<b>Total Liabilities</b>	<b>\$ 15,178,780</b>	<b>\$ 30,244,780</b>	<b>\$ 45,423,560</b>	<b>\$ 5,582,123</b>
<b>Net Assets</b>				
Invested in capital assets - net of related debt	\$ 47,585,610	\$ 4,562,169	\$ 52,147,779	\$ 471,000
Restricted for				
Highways and streets	530,268	-	530,268	-
Capital projects	444,465	-	444,465	-
Debt service	224,678	-	224,678	-
Restricted by bond indenture	-	2,258,619	2,258,619	-
Restricted by donor	-	1,282,119	1,282,119	-
Other purposes	64,525	-	64,525	31,529
Unrestricted	12,284,540	15,174,086	27,458,626	87,897
<b>Total Net Assets</b>	<b>\$ 61,134,086</b>	<b>\$ 23,276,993</b>	<b>\$ 84,411,079</b>	<b>\$ 590,426</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b><u>Functions/Programs</u></b>			
<b>Primary government</b>			
<b>Governmental activities</b>			
General government	\$ 5,446,830	\$ 1,173,239	\$ 9,107
Public safety	4,238,542	1,119,191	491,240
Highways and streets	4,416,577	581,394	1,634,531
Sanitation	222,504	121,815	-
Human services	6,168,879	827,802	2,691,843
Health	1,458,415	500,820	1,081,689
Culture and recreation	446,704	61,770	1,000
Conservation of natural resources	377,131	111,797	180,814
Economic development	186,893	130,880	-
Interest	337,870	-	-
	<b>\$ 23,300,345</b>	<b>\$ 4,628,708</b>	<b>\$ 6,090,224</b>
<b>Business-type activities</b>			
Hospital	23,120,054	23,556,613	-
	<b>\$ 46,420,399</b>	<b>\$ 28,185,321</b>	<b>\$ 6,090,224</b>
<b>Discretely Presented Component Units</b>	<b>\$ 1,149,117</b>	<b>\$ 672,858</b>	<b>\$ 374,026</b>

**General Revenues**

Property taxes  
Gravel taxes  
Mortgage registry and deed tax  
Payments in lieu of tax  
Grants and contributions not restricted to specific programs  
Gifts and contributions  
Investment income  
Gain on disposal of capital assets  
Miscellaneous

**Total general revenues**

**Change in Net Assets**

**Net Assets - January 1, as restated (see Note 2.D.)**

**Net Assets - December 31**

**EXHIBIT 2**

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets			Discretely Presented Component Units
	Primary Government		Total	
	Governmental Activities	Business-Type Activities		
\$ -	\$ (4,264,484)	\$ -	\$ (4,264,484)	
40,050	(2,588,061)	-	(2,588,061)	
2,177,586	(23,066)	-	(23,066)	
-	(100,689)	-	(100,689)	
-	(2,649,234)	-	(2,649,234)	
-	124,094	-	124,094	
-	(383,934)	-	(383,934)	
-	(84,520)	-	(84,520)	
-	(56,013)	-	(56,013)	
-	(337,870)	-	(337,870)	
<b>\$ 2,217,636</b>	<b>\$ (10,363,777)</b>	<b>\$ -</b>	<b>\$ (10,363,777)</b>	
222,563	-	659,122	659,122	
<b>\$ 2,440,199</b>	<b>\$ (10,363,777)</b>	<b>\$ 659,122</b>	<b>\$ (9,704,655)</b>	
<b>\$ 67,847</b>				<b>\$ (34,386)</b>
	\$ 10,284,579	\$ -	\$ 10,284,579	\$ -
	70,069	-	70,069	-
	17,049	-	17,049	-
	66,743	-	66,743	-
	1,911,602	-	1,911,602	-
	-	26,162	26,162	-
	189,980	107,722	297,702	5,043
	28,428	10,454	38,882	-
	10,932	-	10,932	-
	<b>\$ 12,579,382</b>	<b>\$ 144,338</b>	<b>\$ 12,723,720</b>	<b>\$ 5,043</b>
	\$ 2,215,605	\$ 803,460	\$ 3,019,065	\$ (29,343)
	<b>58,918,481</b>	<b>22,473,533</b>	<b>81,392,014</b>	<b>619,769</b>
	<b>\$ 61,134,086</b>	<b>\$ 23,276,993</b>	<b>\$ 84,411,079</b>	<b>\$ 590,426</b>

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**FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUNDS**

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

	<b>General</b>	<b>Road and Bridge</b>
<u><b>Assets</b></u>		
Cash and pooled investments	\$ 5,576,408	\$ 1,792,819
Petty cash and change funds	2,690	-
Investments	3,952	-
Taxes receivable		
Delinquent	200,891	44,469
Special assessments receivable		
Delinquent	-	-
Noncurrent	-	-
Accounts receivable - net	19,913	-
Accrued interest receivable	74,191	-
Due from other funds	11,768	30,410
Due from other governments	335,065	904,641
Notes receivable	309,000	-
Loans receivable	-	-
Leases receivable	-	-
Inventories	-	198,275
Advances to other funds	25,398	-
Prepaid items	41,584	-
	<b>\$ 6,600,860</b>	<b>\$ 2,970,614</b>
<b>Total Assets</b>	<b>\$ 6,600,860</b>	<b>\$ 2,970,614</b>

**EXHIBIT 3**

<u>Human Services</u>	<u>Revolving Loan</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 5,031,743	\$ 623,022	\$ 241,491	\$ 2,345,115	\$ 15,610,598
-	-	-	-	2,690
-	-	-	-	3,952
84,804	-	54	38,622	368,840
-	-	-	5,947	5,947
-	-	-	99,569	99,569
13,568	5,713	-	18,402	57,596
-	-	-	-	74,191
902	-	-	15,119	58,199
223,091	-	-	194,660	1,657,457
-	-	-	-	309,000
-	533,514	220,000	-	753,514
-	-	1,200	107,884	109,084
-	-	-	-	198,275
-	-	-	-	25,398
-	-	-	3,970	45,554
<u>\$ 5,354,108</u>	<u>\$ 1,162,249</u>	<u>\$ 462,745</u>	<u>\$ 2,829,288</u>	<u>\$ 19,379,864</u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

	<b>General</b>	<b>Road and Bridge</b>
<b><u>Liabilities and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 135,783	\$ 76,619
Salaries payable	280,403	98,066
Contracts payable	-	240,647
Due to other funds	39,962	2,879
Due to other governments	120,234	2,732
Deferred revenue - unavailable	228,578	930,136
Advances from other funds - governmental	-	-
Advances from other governments	-	1,089,267
Deferred revenue - unearned	15,000	-
	<b>\$ 819,960</b>	<b>\$ 2,440,346</b>
<b>Fund Balances</b>		
Reserved for		
Debt service	\$ -	\$ -
Missing heirs	3,502	-
Advances to other funds	25,398	-
Note receivable	309,000	-
Prepaid items	41,584	-
Recorder's equipment	6,693	-
Inventories	-	198,275
Encumbrances	-	25,051
Long-term receivables	-	-
Gravel tax	61,023	-
Recorder's compliance	223,498	-
Unreserved		
Designated for cash flows	5,110,202	306,942
Designated for economic development	-	-
Designated for future expenditures	-	-
Unreserved, reported in nonmajor		
Special revenue funds	-	-
	<b>\$ 5,780,900</b>	<b>\$ 530,268</b>
<b>Total Fund Balances</b>	<b>\$ 5,780,900</b>	<b>\$ 530,268</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,600,860</b>	<b>\$ 2,970,614</b>

**EXHIBIT 3**  
**(Continued)**

<u>Human Services</u>	<u>Revolving Loan</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 182,134	\$ -	\$ 5,238	\$ 25,952	\$ 425,726
129,354	-	-	69,062	576,885
-	-	11,788	-	252,435
11,083	-	-	4,275	58,199
544,057	-	-	35,067	702,090
93,761	-	54	137,857	1,390,386
-	-	-	25,398	25,398
-	-	-	-	1,089,267
-	533,514	1,200	107,884	657,598
<b>\$ 960,389</b>	<b>\$ 533,514</b>	<b>\$ 18,280</b>	<b>\$ 405,495</b>	<b>\$ 5,177,984</b>
\$ -	\$ -	\$ -	\$ 349,366	\$ 349,366
-	-	-	-	3,502
-	-	-	-	25,398
-	-	-	-	309,000
-	-	-	3,970	45,554
-	-	-	-	6,693
-	-	-	-	198,275
-	-	-	-	25,051
-	-	220,000	-	220,000
-	-	-	-	61,023
-	-	-	-	223,498
2,705,713	-	-	-	8,122,857
-	628,735	-	-	628,735
1,688,006	-	224,465	-	1,912,471
-	-	-	2,070,457	2,070,457
<b>\$ 4,393,719</b>	<b>\$ 628,735</b>	<b>\$ 444,465</b>	<b>\$ 2,423,793</b>	<b>\$ 14,201,880</b>
<b>\$ 5,354,108</b>	<b>\$ 1,162,249</b>	<b>\$ 462,745</b>	<b>\$ 2,829,288</b>	<b>\$ 19,379,864</b>

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 4**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2009**

<b>Fund balance - total governmental funds</b>		<b>\$ 14,201,880</b>
Amounts reported for governmental activities in the statement of net assets 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.		56,915,139
Debt issuance costs are expended in the governmental funds, but are reported as an asset in the statement of net assets and amortized to interest expense over the life of the debt.		101,460
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		1,390,386
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds and any related unamortized discounts/premiums	\$ (9,329,529)	
Loan payable	(7,462)	
Compensated absences	(1,849,190)	
Accrued interest payable	(124,668)	
Other postemployment benefits	(163,930)	(11,474,779)
<b>Net Assets of Governmental Activities</b>		<b><u><u>\$ 61,134,086</u></u></b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>General</b>	<b>Road and Bridge</b>
<b>Revenues</b>		
Taxes	\$ 5,791,867	\$ 1,159,025
Special assessments	-	-
Licenses and permits	16,508	-
Intergovernmental	1,889,403	4,192,606
Charges for services	1,574,068	486,416
Fines and forfeits	27,436	-
Gifts and contributions	492	-
Investment earnings	183,924	-
Miscellaneous	408,892	101,828
	<b>\$ 9,892,590</b>	<b>\$ 5,939,875</b>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 4,471,178	\$ -
Public safety	4,234,216	-
Highways and streets	-	6,414,720
Sanitation	114,584	-
Human services	-	-
Health	-	-
Culture and recreation	-	-
Conservation of natural resources	278,926	-
Economic development	95,000	-
<b>Capital outlay</b>	15,020	-
<b>Intergovernmental</b>	-	308,821
<b>Debt service</b>		
Principal	-	600,000
Interest	-	79,884
Note issuance costs	-	-
	<b>\$ 9,208,924</b>	<b>\$ 7,403,425</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 683,666</b>	<b>\$ (1,463,550)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	\$ -	\$ 734,235
Transfers out	(1,059,019)	-
Notes issued	-	-
	<b>\$ (1,059,019)</b>	<b>\$ 734,235</b>
<b>Net Change in Fund Balances</b>	<b>\$ (375,353)</b>	<b>\$ (729,315)</b>
<b>Fund Balances - January 1</b>	<b>6,156,253</b>	<b>1,285,260</b>
<b>Increase (decrease) in reserved for inventories</b>	<b>-</b>	<b>(25,677)</b>
<b>Fund Balances - December 31</b>	<b>\$ 5,780,900</b>	<b>\$ 530,268</b>

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

**EXHIBIT 5**

<u>Human Services</u>	<u>Revolving Loan</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,298,719	\$ -	\$ -	\$ 1,134,444	\$ 10,384,055
-	-	-	95,124	95,124
-	-	-	-	16,508
3,360,808	-	40,050	939,234	10,422,101
446,409	-	-	677,501	3,184,394
-	-	-	1,386	28,822
-	-	-	1,500	1,992
-	6,056	-	-	189,980
400,321	130,880	113,866	492,818	1,648,605
<b>\$ 6,506,257</b>	<b>\$ 136,936</b>	<b>\$ 153,916</b>	<b>\$ 3,342,007</b>	<b>\$ 25,971,581</b>
\$ -	\$ -	\$ -	\$ 347,230	\$ 4,818,408
-	-	-	-	4,234,216
-	-	-	-	6,414,720
-	-	-	90,253	204,837
6,384,586	-	-	-	6,384,586
-	-	-	1,560,081	1,560,081
-	-	-	463,075	463,075
-	-	-	98,205	377,131
-	91,893	-	-	186,893
-	-	123,165	4,164	142,349
-	-	-	-	308,821
-	-	-	1,016,550	1,616,550
-	-	-	278,207	358,091
-	-	-	2,361	2,361
<b>\$ 6,384,586</b>	<b>\$ 91,893</b>	<b>\$ 123,165</b>	<b>\$ 3,860,126</b>	<b>\$ 27,072,119</b>
<b>\$ 121,671</b>	<b>\$ 45,043</b>	<b>\$ 30,751</b>	<b>\$ (518,119)</b>	<b>\$ (1,100,538)</b>
\$ -	\$ -	\$ -	\$ 846,906	\$ 1,581,141
-	-	-	(522,122)	(1,581,141)
-	-	-	234,235	234,235
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 559,019</b>	<b>\$ 234,235</b>
<b>\$ 121,671</b>	<b>\$ 45,043</b>	<b>\$ 30,751</b>	<b>\$ 40,900</b>	<b>\$ (866,303)</b>
<b>4,272,048</b>	<b>583,692</b>	<b>413,714</b>	<b>2,382,893</b>	<b>15,093,860</b>
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,677)</b>
<b>\$ 4,393,719</b>	<b>\$ 628,735</b>	<b>\$ 444,465</b>	<b>\$ 2,423,793</b>	<b>\$ 14,201,880</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 6**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES**

**Net change in fund balance - total governmental funds (Exhibit 5) \$ (866,303)**

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

In the 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 fund statements and statement of activities is the increase or decrease in revenues deferred as unavailable.

Deferred revenue - December 31	\$ 1,390,386	
Deferred revenue - January 1	(1,481,908)	(91,522)

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 assets differs from the change in fund balance by the net book value of the assets sold.

Expenditures for general capital assets and infrastructure	\$ 4,185,826	
Net book value of assets sold	(16,672)	
Current year depreciation	(2,196,093)	1,973,061

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

Debt issued		
Capital equipment notes		(234,235)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal payments		
General obligation bonds	\$ 1,110,000	
Certificates of participation	265,000	
Capital equipment notes	234,235	
Loan payable	7,315	1,616,550

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

Change in accrued interest payable	\$ 15,973	
Amortization of discounts/premiums and deferred issuance charges	6,609	
Change in compensated absences	(101,860)	
Change in inventories	(25,677)	
Change in other postemployment benefits	(76,991)	(181,946)

**Change in Net Assets of Governmental Activities (Exhibit 2) \$ 2,215,605**

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT 7*

**BUDGETARY COMPARISON STATEMENT  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 5,773,077	\$ 5,773,077	\$ 5,791,867	\$ 18,790
Licenses and permits	10,685	10,685	16,508	5,823
Intergovernmental	1,761,493	1,761,493	1,889,403	127,910
Charges for services	1,437,627	1,437,627	1,574,068	136,441
Fines and forfeits	30,735	30,735	27,436	(3,299)
Gifts and contributions	250	250	492	242
Investment earnings	400,000	400,000	183,924	(216,076)
Miscellaneous	296,620	296,620	408,892	112,272
<b>Total Revenues</b>	<b>\$ 9,710,487</b>	<b>\$ 9,710,487</b>	<b>\$ 9,892,590</b>	<b>\$ 182,103</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 222,350	\$ 222,350	\$ 210,704	\$ 11,646
Courts	25,000	25,000	28,329	(3,329)
Court services	415,063	415,063	396,086	18,977
Law library	30,685	30,685	38,971	(8,286)
County administration	113,348	113,348	112,024	1,324
County auditor	276,737	276,737	268,107	8,630
County treasurer	317,439	317,439	303,976	13,463
County assessor	295,233	295,233	281,533	13,700
Accounting and auditing	56,000	56,000	73,897	(17,897)
Data processing	274,551	274,551	259,041	15,510
Central services	74,500	74,500	26,488	48,012
Attorney	619,656	619,656	604,685	14,971
Recorder	205,500	205,500	178,444	27,056
Surveyor	10,000	10,000	7,935	2,065
Planning and zoning	420,367	420,367	372,912	47,455
Maintenance	412,458	412,458	358,413	54,045
Veterans service officer	147,639	147,639	151,956	(4,317)
Appropriations	220,100	220,100	412,894	(192,794)
Other	302,776	302,776	384,783	(82,007)
<b>Total general government</b>	<b>\$ 4,439,402</b>	<b>\$ 4,439,402</b>	<b>\$ 4,471,178</b>	<b>\$ (31,776)</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 7  
(Continued)**

**BUDGETARY COMPARISON STATEMENT  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Public safety</b>				
Sheriff	\$ 3,977,816	\$ 3,977,816	\$ 3,924,500	\$ 53,316
Coroner	65,788	65,788	67,416	(1,628)
E-911 system	99,900	99,900	45,883	54,017
Wireless communication	-	-	141,748	(141,748)
Emergency management	68,812	68,812	54,669	14,143
<b>Total public safety</b>	<b>\$ 4,212,316</b>	<b>\$ 4,212,316</b>	<b>\$ 4,234,216</b>	<b>\$ (21,900)</b>
<b>Sanitation</b>				
Solid waste	<b>\$ 108,466</b>	<b>\$ 108,466</b>	<b>\$ 114,584</b>	<b>\$ (6,118)</b>
<b>Conservation of natural resources</b>				
County extension	\$ 271,971	\$ 271,971	\$ 271,615	\$ 356
Extension committee	3,000	3,000	2,311	689
Agricultural inspections	5,000	5,000	5,000	-
<b>Total conservation of natural resources</b>	<b>\$ 279,971</b>	<b>\$ 279,971</b>	<b>\$ 278,926</b>	<b>\$ 1,045</b>
<b>Economic development</b>				
Community development	<b>\$ 111,500</b>	<b>\$ 111,500</b>	<b>\$ 95,000</b>	<b>\$ 16,500</b>
<b>Capital outlay</b>				
General government	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ 15,020</b>	<b>\$ 4,980</b>
<b>Total Expenditures</b>	<b>\$ 9,171,655</b>	<b>\$ 9,171,655</b>	<b>\$ 9,208,924</b>	<b>\$ (37,269)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 538,832</b>	<b>\$ 538,832</b>	<b>\$ 683,666</b>	<b>\$ 144,834</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(559,019)	(559,019)	(1,059,019)	(500,000)
<b>Net Change in Fund Balance</b>	<b>\$ (20,187)</b>	<b>\$ (20,187)</b>	<b>\$ (375,353)</b>	<b>\$ (355,166)</b>
<b>Fund Balance - January 1</b>	<b>6,156,253</b>	<b>6,156,253</b>	<b>6,156,253</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 6,136,066</b>	<b>\$ 6,136,066</b>	<b>\$ 5,780,900</b>	<b>\$ (355,166)</b>

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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT 8*

**BUDGETARY COMPARISON STATEMENT  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,136,840	\$ 1,136,840	\$ 1,159,025	\$ 22,185
Intergovernmental	5,025,009	5,025,009	4,192,606	(832,403)
Charges for services	502,000	502,000	486,416	(15,584)
Miscellaneous	55,600	55,600	101,828	46,228
<b>Total Revenues</b>	<b>\$ 6,719,449</b>	<b>\$ 6,719,449</b>	<b>\$ 5,939,875</b>	<b>\$ (779,574)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 403,737	\$ 403,737	\$ 351,144	\$ 52,593
Maintenance	1,394,365	1,394,365	1,680,334	(285,969)
Engineering/construction	3,591,897	3,591,897	3,570,088	21,809
Equipment, maintenance, and shop	1,027,685	1,027,685	813,154	214,531
<b>Total highways and streets</b>	<b>\$ 6,417,684</b>	<b>\$ 6,417,684</b>	<b>\$ 6,414,720</b>	<b>\$ 2,964</b>
<b>Capital outlay</b>				
Highways and streets	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ -</b>	<b>\$ 1,000</b>
<b>Debt service</b>				
Principal	\$ 600,000	\$ 600,000	\$ 600,000	\$ -
Interest	85,000	85,000	79,884	5,116
<b>Total debt service</b>	<b>\$ 685,000</b>	<b>\$ 685,000</b>	<b>\$ 679,884</b>	<b>\$ 5,116</b>
<b>Intergovernmental</b>				
Highways and streets	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ 308,821</b>	<b>\$ (8,821)</b>
<b>Total Expenditures</b>	<b>\$ 7,403,684</b>	<b>\$ 7,403,684</b>	<b>\$ 7,403,425</b>	<b>\$ 259</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (684,235)</b>	<b>\$ (684,235)</b>	<b>\$ (1,463,550)</b>	<b>\$ (779,315)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	234,235	234,235	734,235	500,000
<b>Net Change in Fund Balance</b>	<b>\$ (450,000)</b>	<b>\$ (450,000)</b>	<b>\$ (729,315)</b>	<b>\$ (279,315)</b>
<b>Fund Balance - January 1</b>	<b>1,285,260</b>	<b>1,285,260</b>	<b>1,285,260</b>	<b>-</b>
<b>Increase (decrease) in reserved for inventories</b>	<b>-</b>	<b>-</b>	<b>(25,677)</b>	<b>(25,677)</b>
<b>Fund Balance - December 31</b>	<b>\$ 835,260</b>	<b>\$ 835,260</b>	<b>\$ 530,268</b>	<b>\$ (304,992)</b>

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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*EXHIBIT 9*

**BUDGETARY COMPARISON STATEMENT  
HUMAN SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 2,522,000	\$ 2,522,000	\$ 2,298,719	\$ (223,281)
Intergovernmental	2,378,647	2,378,647	3,360,808	982,161
Charges for services	170,219	170,219	446,409	276,190
Miscellaneous	287,888	287,888	400,321	112,433
<b>Total Revenues</b>	<b>\$ 5,358,754</b>	<b>\$ 5,358,754</b>	<b>\$ 6,506,257</b>	<b>\$ 1,147,503</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 1,673,750	\$ 1,673,750	\$ 2,320,184	\$ (646,434)
Social services	3,685,004	3,685,004	4,064,402	(379,398)
<b>Total Expenditures</b>	<b>\$ 5,358,754</b>	<b>\$ 5,358,754</b>	<b>\$ 6,384,586</b>	<b>\$ (1,025,832)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 121,671</b>	<b>\$ 121,671</b>
<b>Fund Balance - January 1</b>	<b>4,272,048</b>	<b>4,272,048</b>	<b>4,272,048</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 4,272,048</b>	<b>\$ 4,272,048</b>	<b>\$ 4,393,719</b>	<b>\$ 121,671</b>



**PROPRIETARY FUND**

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 10**

**STATEMENT OF FUND NET ASSETS  
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND  
DECEMBER 31, 2009**

**Assets**

**Current assets**

Cash and pooled investments	\$ 3,763,119
Accounts receivable - net	3,572,889
Estimated third-party payor settlements	743,763
Inventories	469,649
Prepaid items	420,476

**Total current assets** **\$ 8,969,896**

**Restricted assets**

Investments	\$ 8,590,649
Restricted by bond indenture	1,937,337
Restricted by donor	914,500

**Total restricted assets** **\$ 11,442,486**

**Noncurrent assets**

Investment in joint venture	\$ 570,638
Other assets	375,387
Capital assets	
Nondepreciable	3,799,391
Depreciable - net	28,363,975

**Total noncurrent assets** **\$ 33,109,391**

**Total Assets** **\$ 53,521,773**

**Liabilities**

**Current liabilities**

Accounts payable	\$ 1,128,097
Salaries payable	1,265,101
Accrued interest payable	250,399
Contracts payable	617,423
Bonds payable	425,000
Capital lease payable	30,054

**Total current liabilities** **\$ 3,716,074**

**Noncurrent liabilities**

Bonds payable	\$ 26,524,922
Capital lease payable	3,784

**Total noncurrent liabilities** **\$ 26,528,706**

**Total Liabilities** **\$ 30,244,780**

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

***EXHIBIT 10  
(Continued)***

**STATEMENT OF FUND NET ASSETS  
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND  
DECEMBER 31, 2009**

**Net Assets**

Invested in capital assets, net of related debt	\$ 4,562,169
Restricted by bond indenture	2,258,619
Restricted by donor	1,282,119
Unrestricted	<u>15,174,086</u>
<b>Total Net Assets</b>	<b><u><u>\$ 23,276,993</u></u></b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 11**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Operating Revenues</b>	
Patient services revenues	\$ 23,096,567
Miscellaneous	460,046
	<hr/>
<b>Total Operating Revenues</b>	<b>\$ 23,556,613</b>
<b>Operating Expenses</b>	
Professional care of patients	\$ 14,972,477
Administration and fiscal services	4,155,811
Property, housekeeping, and laundry	1,110,225
Dietary	385,591
Depreciation	1,816,119
	<hr/>
<b>Total Operating Expenses</b>	<b>\$ 22,440,223</b>
<b>Operating Income (Loss)</b>	<b>\$ 1,116,390</b>
<b>Nonoperating Revenues (Expenses)</b>	
Noncapital contributions	\$ 26,162
Interest income	252,947
Unrealized gain (loss) on investments	(145,225)
Interest expense	(679,831)
Gain (loss) on disposal of assets and other	10,454
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (535,493)</b>
<b>Excess of Revenues Over (Under) Expenses Before Capital Contributions</b>	<b>\$ 580,897</b>
Capital contributions	222,563
	<hr/>
<b>Change in Net Assets</b>	<b>\$ 803,460</b>
<b>Net Assets - January 1</b>	<b>22,473,533</b>
	<hr/>
<b>Net Assets - December 31</b>	<b>\$ 23,276,993</b>
	<hr/> <hr/>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 12**

**STATEMENT OF CASH FLOWS  
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Cash Flows from Operating Activities</b>	
Receipts from third-party payors and patients	\$ 22,196,597
Other receipts	261,635
Payments to suppliers	(10,495,058)
Payments to employees	(9,859,737)
	<hr/>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 2,103,437</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Proceeds from sale of capital assets	\$ 2,100
Purchases of capital assets	(13,405,635)
Contributions received restricted for capital assets	313,908
Principal payments on long-term debt	(33,361)
Interest paid	(679,831)
	<hr/>
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>\$ (13,802,819)</b>
<b>Cash Flows from Investing Activities</b>	
Proceeds from sales and maturities of investments	\$ 21,598,450
Purchase of investments	(8,129,546)
Investment earnings received	289,563
	<hr/>
<b>Net cash provided by (used in) investing activities</b>	<b>\$ 13,758,467</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 2,059,085</b>
<b>Cash and Cash Equivalents - January 1</b>	<b>1,704,034</b>
	<hr/>
<b>Cash and Cash Equivalents - December 31</b>	<b>\$ 3,763,119</b>
	<hr/> <hr/>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 12  
(Continued)**

**STATEMENT OF CASH FLOWS  
MEEKER MEMORIAL HOSPITAL ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	<b>\$ 1,116,390</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>	
Depreciation expense	\$ 1,816,119
Equity in joint venture	(375,024)
Distributions received from joint venture	176,613
(Increase) decrease in accounts receivable	(899,970)
(Increase) decrease in inventories	71,784
(Increase) decrease in prepaid items	(89,604)
(Increase) decrease in accounts payable	399,624
(Increase) decrease in salaries payable	(112,495)
<b>Total adjustments</b>	<b>\$ 987,047</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 2,103,437</b>
<b>Noncash Investing, Capital, and Financing Activities</b>	
Construction in progress financed with payables	\$ 617,423
Unrealized losses on investments	(145,225)

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**FIDUCIARY FUNDS**

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MEEKER COUNTY  
LITCHFIELD, MINNESOTA

EXHIBIT 13

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2009

	<u>Agency</u>
<b><u>Assets</u></b>	
Cash and pooled investments	\$ <u><u>437,719</u></u>
<b><u>Liabilities</u></b>	
Due to other governments	\$ <u><u>437,719</u></u>

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**DISCRETELY PRESENTED COMPONENT UNITS**

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 14**

**COMBINING STATEMENT OF NET ASSETS  
DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 2009**

	<u>Economic Development Authority</u>	<u>Housing and Redevelopment Authority</u>	<u>Total</u>
<b><u>Assets</u></b>			
<b>Current assets</b>			
Cash and pooled investments	\$ 132,580	\$ 124,017	\$ 256,597
Investments	141,000	111,097	252,097
Accounts receivable - net	2,688	857	3,545
Accrued interest receivable	2,183	-	2,183
Loans receivable	1,375,879	-	1,375,879
Prepaid items	24,055	6,838	30,893
<b>Total current assets</b>	<b>\$ 1,678,385</b>	<b>\$ 242,809</b>	<b>\$ 1,921,194</b>
<b>Noncurrent assets</b>			
Deferred debt issuance costs	\$ 43,842	\$ -	\$ 43,842
Capital assets			
Nondepreciable	155,988	63,966	219,954
Depreciable - net	3,580,525	407,034	3,987,559
<b>Total noncurrent assets</b>	<b>\$ 3,780,355</b>	<b>\$ 471,000</b>	<b>\$ 4,251,355</b>
<b>Total Assets</b>	<b>\$ 5,458,740</b>	<b>\$ 713,809</b>	<b>\$ 6,172,549</b>
<b><u>Liabilities</u></b>			
<b>Current liabilities</b>			
Accounts payable	\$ 10,575	\$ 8,322	\$ 18,897
Salaries payable	7,520	-	7,520
Accrued expenses	-	4,809	4,809
Due to other governments	1,000,000	-	1,000,000
Deferred rent income	-	22,102	22,102
Accrued interest payable	2,444	-	2,444
Customer deposits	43,880	-	43,880
Tenant security deposits	-	6,950	6,950
Compensated absences payable - current	3,316	-	3,316
Revenue bonds payable - current	115,874	-	115,874
<b>Total current liabilities</b>	<b>\$ 1,183,609</b>	<b>\$ 42,183</b>	<b>\$ 1,225,792</b>
<b>Noncurrent liabilities</b>			
Compensated absences payable - long-term	\$ 4,773	\$ -	\$ 4,773
Revenue bonds payable - long-term	4,351,558	-	4,351,558
<b>Total noncurrent liabilities</b>	<b>\$ 4,356,331</b>	<b>\$ -</b>	<b>\$ 4,356,331</b>
<b>Total Liabilities</b>	<b>\$ 5,539,940</b>	<b>\$ 42,183</b>	<b>\$ 5,582,123</b>

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

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**EXHIBIT 14  
(Continued)**

**COMBINING STATEMENT OF NET ASSETS  
DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 2009**

	<u>Economic Development Authority</u>	<u>Housing and Redevelopment Authority</u>	<u>Total</u>
<b><u>Net Assets</u></b>			
Invested in capital assets - net of related debt	\$ -	\$ 471,000	\$ 471,000
Restricted for other purposes	-	31,529	31,529
Unrestricted	(81,200)	169,097	87,897
<b>Total Net Assets</b>	<b><u>\$ (81,200)</u></b>	<b><u>\$ 671,626</u></b>	<b><u>\$ 590,426</u></b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Expenses</b>	<b>Fees, Charges, Fines, and Other</b>
<b><u>Functions/Programs</u></b>		
Economic Development Authority (EDA)	\$ 735,916	\$ 570,232
Housing and Redevelopment Authority (HRA)	413,201	102,626
<b>Total Component Units</b>	<b>\$ 1,149,117</b>	<b>\$ 672,858</b>
	<b>General Revenues</b>	
	Investment income	
	<b>Change in Net Assets</b>	
	<b>Net Assets - Beginning</b>	
	<b>Net Assets - Ending</b>	



**EXHIBIT 15**

<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>EDA</b>	<b>HRA</b>	<b>Total</b>
\$ 95,000	\$ -	\$ (70,684)	\$ -	\$ (70,684)
279,026	67,847	-	36,298	36,298
<b>\$ 374,026</b>	<b>\$ 67,847</b>	<b>\$ (70,684)</b>	<b>\$ 36,298</b>	<b>\$ (34,386)</b>
		3,680	1,363	5,043
		<b>\$ (67,004)</b>	<b>\$ 37,661</b>	<b>\$ (29,343)</b>
		<b>(14,196)</b>	<b>633,965</b>	<b>619,769</b>
		<b>\$ (81,200)</b>	<b>\$ 671,626</b>	<b>\$ 590,426</b>

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

1. Summary of Significant Accounting Policies

Meeker County’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2009. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

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

Discretely Presented Component Units

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

<u>Component Unit</u>	<u>Component Unit of Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Meeker County Economic Development Authority (EDA)	The Board of Directors consists of two County Commissioners and five members appointed by the County Commissioners. Meeker County is obligated for the debt and any operating deficits of the EDA.	The Meeker County EDA does not issue separate financial statements.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Discretely Presented Component Units (Continued)

<u>Component Unit</u>	<u>Component Unit of Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Meeker County Housing and Redevelopment Authority (HRA)	The Board of Directors consists of five members who are appointed by the County Commissioners. Meeker County is obligated for the debt and any operating deficits of the HRA.	Meeker County Housing and Redevelopment Authority 840 North Third Street P. O. Box 277 Dassel, Minnesota 55325

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net assets and the statement of activities) display information about Meeker County (the primary government) and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

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

Meeker County's net assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. Meeker County first utilizes restricted resources to finance qualifying activities.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

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.

In relation to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Meeker Memorial Hospital has elected not to apply the provisions of pronouncements of FASB issued after November 30, 1989.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

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

The Road and Bridge Special Revenue Fund is used to account for revenues 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 economic assistance and community social services programs.

The Revolving Loan Special Revenue Fund accounts for the revenues and expenditures associated with the County's economic development loan program.

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 fund types:

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

The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal, interest, and related costs of general long-term debt.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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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 accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Meeker County considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt 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.

D. Assets, Liabilities, and Net Assets or Equity

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  
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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (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, 2009, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments of governmental and fiduciary funds are credited to the General Fund. Investment earnings on business-type activities are credited to the Meeker Memorial Hospital Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Investment earnings for 2009 were \$189,980.

Meeker County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission (SEC), but does operate in a manner consistent with Rule 2a-7 prescribed by the SEC pursuant to the Investment Company Act of 1940 (17 C.F.R. § 270.2a-7). Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares.

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."

Advances to other funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.



**MEEKER COUNTY  
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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

3. Receivables and Payables (Continued)

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

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due May 15 and the second half payment due October 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

6. Capital Assets (Continued)

individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the County did not have any capitalized interest.

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

<u>Assets</u>	<u>Years</u>
Buildings	25 - 75
Building improvements	20 - 30
Public domain infrastructure	25 - 75
Furniture, equipment, and vehicles	3 - 15

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 the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**MEEKER COUNTY  
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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

8. Deferred Revenue

All County funds and government-wide financial statements defer revenue for resources that have been received but not yet earned. Governmental funds report deferred revenue in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period.

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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans subject to change.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations within a department and between departments require approval of the County Board. The legal level of budgetary control--the level at which expenditures may not legally exceed appropriation--is the fund or departmental level. The Board made some supplemental budgetary appropriations throughout the year; however, none were material.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

2. Stewardship, Compliance, and Accountability (Continued)

B. Deficit Fund Equity

The Ditch Special Revenue Fund had a positive balance of \$98,762 as of December 31, 2009, although eight ditches had deficit balances. The deficits will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems:

41 ditches with positive balances	\$	139,537
8 ditches with deficit balances		(40,775)
Net Fund Balance	\$	98,762

C. Excess of Expenditures Over Budget

The following funds and departments had expenditures in excess of budget for the year ended December 31, 2009:

	Expenditures	Budget	Excess
Major governmental funds			
General Fund			
General government			
Courts	\$ 28,329	\$ 25,000	\$ 3,329
Law library	38,971	30,685	8,286
Accounting and auditing	73,897	56,000	17,897
Veterans service officer	151,956	147,639	4,317
Appropriations	412,894	220,100	192,794
Other	384,783	302,776	82,007
Public Safety			
Coroner	67,416	65,788	1,628
Wireless communication	141,748	-	141,748
Sanitation			
Solid Waste	114,584	108,466	6,118
Road and Bridge Special Revenue Fund			
Highways and Streets			
Maintenance	1,680,334	1,394,365	285,969
Intergovernmental			
Highways and streets	308,821	300,000	8,821
Human Services Special Revenue Fund			
Human Services			
Income maintenance	2,320,184	1,673,750	646,434
Social services	4,064,402	3,685,004	379,398
Other governmental funds			
County Parks Special Revenue Fund	330,410	232,895	97,515
Culture and recreation			
Parks	267,653	247,978	19,675

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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2. Stewardship, Compliance, and Accountability (Continued)

D. Prior Period Adjustment

Net assets at January 1, 2009, for governmental funds have been restated to reflect a correction of building improvements.

	Amount
Balance January 1, 2009	\$ 59,302,197
Prior period adjustment for capital asset addition	(383,716)
	\$ 58,918,481

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 assets	
Governmental activities	
Cash and pooled investments	\$ 15,610,598
Petty cash and change funds	2,690
Investments	3,952
Business-type activities	
Cash and pooled investments	3,763,119
Investments, restricted	11,442,486
Statement of fiduciary net assets	
Cash and pooled investments	437,719
Total Cash and Investments	\$ 31,260,564
Deposits	\$ 15,498,411
Petty cash and change funds	2,690
Investments	15,759,463
Total Deposits, Cash on Hand, and Investments	\$ 31,260,564

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

a. Deposits

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. However, the County complies with Minnesota statutes in establishing authorized collateral for its deposits. As of December 31, 2009, the County's deposits were not exposed to custodial credit risk.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

b. Investments

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

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

Interest Rate Risk

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



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Interest Rate Risk (Continued)

At December 31, 2009, the County had the following investments:

	Fair Value	Less Than 1 Year	1 - 5 Years	5+ Years
U.S. government securities	\$ 2,672,195	\$ 562,305	\$ 2,001,265	\$ 108,625
Treasury notes/bonds	3,529,361	696,320	1,812,012	1,021,029
Investment pool/MAGIC Fund	2,060,561	2,060,561	-	-
Negotiable certificates of deposit	3,831,604	1,567,604	2,264,000	-
Money markets	3,588,167	3,588,167	-	-
Equity securities	77,575	77,575	-	-
<b>Total Investments</b>	<b>\$ 15,759,463</b>	<b>\$ 8,552,532</b>	<b>\$ 6,077,277</b>	<b>\$ 1,129,654</b>

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, 2009, is as follows:

	S & P Rating	Fair Value
U.S. government securities	AAA	\$ 2,672,195
Treasury notes/bonds	AAA	3,529,361
Investment pool/MAGIC Fund	N/R	2,060,561
Negotiable certificates of deposit	N/A	3,831,604
Money markets	AAA	3,588,167
Equity securities	N/A	77,575
<b>Total</b>		<b>\$ 15,759,463</b>

N/R - Not rated

N/A - Not applicable

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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. The County does not have a specific policy for custodial credit risk. As of December 31, 2009, \$6,420,233 of U.S. government securities and Treasury notes in the County's investment balance of \$15,759,463 were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging institution's trust department not in the County's name	\$ <u>6,420,233</u>
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Concentration of Credit Risk

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

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

Issuer	Reported Amount
Wells Fargo Brokerage Services	\$ 1,620,840
PFM Asset Management	3,856,566
Wachovia	2,563,666
Treasury Note	2,045,420

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

Receivables at December 31, 2009, for the County's governmental activities and business-type activities, including the applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
<b>Governmental Activities</b>		
Taxes	\$ 368,840	\$ -
Special assessments	105,516	99,569
Accounts	57,596	-
Accrued interest	74,191	-
Due from other governments	1,657,457	-
Notes	309,000	6,000
Loans	753,514	267,929
Leases	109,084	53,766
Total Governmental Activities	\$ 3,435,198	\$ 427,264
 <b>Business-Type Activities</b>		
Accounts receivable - net	\$ 3,572,889	\$ -

Leases Receivable

Independent School District (ISD) No. 465 has entered into two lease agreements with Meeker County for use of the auditorium and office space in the County's Family Services Building. At December 31, 2009, the building is carried in the County's capital assets at \$4,369,741, net of depreciation.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

2. Receivables

Leases Receivable (Continued)

- (1) For the auditorium lease of the Family Services Building, ISD No. 465 pays semi-annual lease amounts for the first 15 years equal to seven percent of the County's debt service payments for the certificates of participation sold during 1995 to finance the renovation of the Family Services Building.
- (2) The office space lease at the Family Services Building is for 15 years commencing on June 1, 1996, and ending May 31, 2011. ISD No. 465 pays semi-annual lease amounts equal to 11 percent of the County's debt service payments for these certificates of participation. The lease payments are due ten days prior to the County's debt payment dates.

The office space lease at 120 North Sibley Avenue is leased to the Heartland Community Action Agency and the Meeker County Food Shelf. The leases are for five years commencing on March 15, 2005, and ending March 14, 2010. Each lease requires monthly payments of \$300, totaling \$36,000 at the end of the lease term. The lease payments are due on the first day of each calendar month.

Amounts due under the lease agreements have been recorded as leases receivable and deferred revenue in the Family Services Building Fund at December 31, 2009.

The additional payments are as follows:

	ISD No. 465 Auditorium	ISD No. 465 Office Space	Heartland Community Action Agency	Meeker County Food Shelf	Total
2010	\$ 21,046	\$ 33,072	\$ 600	\$ 600	\$ 55,318
2011	20,909	32,857	-	-	53,766
Total	<u>\$ 41,955</u>	<u>\$ 65,929</u>	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ 109,084</u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

Governmental Activities

	Beginning Balance, As Restated	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 2,264,991	\$ 97,565	\$ -	\$ 2,362,556
Construction in progress	108,206	18,516	107,704	19,018
Total capital assets not depreciated	\$ 2,373,197	\$ 116,081	\$ 107,704	\$ 2,381,574
Capital assets depreciated				
Buildings	\$ 18,211,350	\$ 40,000	\$ -	\$ 18,251,350
Building improvements	3,445,780	17,779	-	3,463,559
Office furniture and equipment	2,954,562	141,712	89,567	3,006,707
Machinery and equipment	6,191,870	534,020	127,865	6,598,025
Infrastructure	43,457,597	3,443,938	-	46,901,535
Total capital assets depreciated	\$ 74,261,159	\$ 4,177,449	\$ 217,432	\$ 78,221,176
Less: accumulated depreciation for				
Buildings	\$ 5,920,860	\$ 418,593	\$ -	\$ 6,339,453
Building improvements	322,239	173,488	-	495,727
Office furniture and equipment	2,226,454	198,953	84,754	2,340,653
Machinery and equipment	4,231,220	471,453	116,006	4,586,667
Infrastructure	8,991,505	933,606	-	9,925,111
Total accumulated depreciation	\$ 21,692,278	\$ 2,196,093	\$ 200,760	\$ 23,687,611
Total capital assets depreciated, net	\$ 52,568,881	\$ 1,981,356	\$ 16,672	\$ 54,533,565
Governmental Activities Capital Assets, Net	\$ 54,942,078	\$ 2,097,437	\$ 124,376	\$ 56,915,139

Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,340,234	\$ 203,089	\$ (7,686)	\$ 1,551,009
Construction in progress	15,684,774	11,317,666	24,754,058	2,248,382
Total capital assets not depreciated	\$ 17,025,008	\$ 11,520,755	\$ 24,746,372	\$ 3,799,391

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets

Business-Type Activities (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Land improvements	\$ 317,664	\$ 68,972	\$ (913,937)	\$ 1,300,573
Buildings	4,823,763	349,907	(20,789,701)	25,963,371
Machinery, furniture, and equipment	12,303,492	456,525	(2,480,028)	15,240,045
Total capital assets depreciated	\$ 17,444,919	\$ 875,404	\$ (24,183,666)	\$ 42,503,989
Less: accumulated depreciation for				
Land improvements	\$ 247,354	\$ 46,178	\$ -	\$ 293,532
Buildings	3,441,915	799,189	-	4,241,104
Machinery, furniture, and equipment	9,156,210	970,752	521,584	9,605,378
Total accumulated depreciation	\$ 12,845,479	\$ 1,816,119	\$ 521,584	\$ 14,140,014
Total capital assets depreciated, net	\$ 4,599,440	\$ (940,715)	\$ (24,705,250)	\$ 28,363,975
Business-Type Activities				
Capital Assets, Net	\$ 21,624,448	\$ 10,580,040	\$ 41,122	\$ 32,163,366

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

Governmental Activities	
General government	\$ 601,747
Public safety	206,048
Highways and streets, including depreciation of infrastructure assets	1,331,292
Human services	10,559
Health	2,852
Culture and recreation	25,928
Sanitation	17,667
Total Depreciation Expense - Governmental Activities	\$ 2,196,093
Business-Type Activities	
Hospital	\$ 1,816,119

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2009, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Road and Bridge	\$ 2,879
	Human Services	6,777
	Other governmental	2,112
Total due to General Fund		\$ 11,768
Road and Bridge	General	\$ 28,886
	Other governmental	1,524
Total due to Road and Bridge Special Revenue Fund		\$ 30,410
Human Services	General	\$ 902
Other governmental	General	\$ 10,813
	Human Services	4,306
Total due to other governmental funds		\$ 15,119
Total Due To/From Other Funds		\$ 58,199

2. Advances From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental	\$ 25,398

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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

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

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, consisted of the following:

Transfers to other governmental funds from General Fund	\$ 559,019	Annual appropriation and capital project funding
Other governmental funds	<u>287,887</u>	Debt service requirements
Total transfers to other governmental funds	<u>\$ 846,906</u>	
Transfer to Road and Bridge Special Revenue Fund from General Fund	\$ 500,000	Road construction projects
Other governmental funds	<u>234,235</u>	Debt service requirements
Total transfers to Road and Bridge Special Revenue Fund	<u>\$ 734,235</u>	
Total Interfund Transfers	<u><u>\$ 1,581,141</u></u>	

C. Liabilities

1. Payables

Payables at December 31, 2009, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts	\$ 425,726	\$ 1,128,097
Salaries	576,885	1,265,101
Contracts	252,435	617,423
Due to other governments	<u>702,090</u>	<u>-</u>
Total Payables	<u><u>\$ 1,957,136</u></u>	<u><u>\$ 3,010,621</u></u>



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

2. Construction Commitments

The County has active construction projects as of December 31, 2009. The projects include the following:

Governmental Activities

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Road and Bridge Special Revenue Fund		
Roads and bridges	\$ 2,209,791	\$ 25,051

Business-Type Activities

Hospital		
Hospital renovations	\$ 25,760,000	\$ -

3. Capital Leases

The County has entered into a capital lease agreement for certain hospital equipment. This agreement qualifies as a capital lease for accounting purposes. The equipment is recorded in the Meeker Memorial Hospital Enterprise Fund as a capital asset at the net book value of \$33,900. The capital lease obligation is payable in monthly installments of \$2,854, discounted at a rate of 6.9 percent.

The schedule of the future minimum lease payments under the capital lease together with the present value of the net minimum lease payments is as follows:

<u>Year Ending December 31</u>	<u>Business-Type Activities</u>
2010	\$ 31,405
2011	2,862
2012	1,192
Total lease payments	\$ 35,459
Less: amount representing interest	(1,621)
Total Principal Payments	\$ 33,838

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

4. Long-Term Debt

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

Bonds and Notes

Governmental Activities

<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, 2009</u>
General obligation bonds					
2002 G.O. EDA Lease Revenue Bonds	2012	\$100,000 - \$145,000	3.00 - 4.50	\$ 1,200,000	\$ 415,000
2005 Refunding G.O. Law Enforcement Bonds	2018	\$165,000 - \$245,000	3.00 - 3.65	2,210,000	1,875,000
2006 G.O. Capital Improvement Bonds	2026	\$105,000 - \$295,000	3.875 - 4.05	4,600,000	4,070,000
2008 G.O. State Aid Highway Bonds	2013	\$600,000	2.25 - 3.00	<u>3,000,000</u>	<u>2,400,000</u>
Total General Obligation Bonds				<u>\$ 11,010,000</u>	<u>\$ 8,760,000</u>
Refunding Certificates of Participation 2003	2011	\$240,000 - \$285,000	2.00 - 3.50	<u>\$ 2,060,000</u>	<u>\$ 560,000</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, 2009</u>
2007 Gross Revenue Hospital Facilities Bonds	2037	\$425,000 - \$1,825,000	5.00 - 5.75	<u>\$ 26,675,000</u>	<u>\$ 26,675,000</u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

4. Long-Term Debt (Continued)

Loans Payable

In 2001, the County entered into a loan agreement with the Minnesota Pollution Control Agency for financing of the Lake Minnie Belle Restoration Project. The loan is secured by special assessments placed on the individual parcels requesting repair of a failing septic system.

<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, 2009</u>
2001 Septic Loans	2010	\$ 3,104 - \$ 3,750	2.00	<u>\$ 68,343</u>	<u>\$ 7,462</u>

5. Debt Service Requirements

Debt service requirements at December 31, 2009, were as follows:

Governmental Activities

<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>		<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,130,000	\$ 295,775	\$ 275,000	\$ 14,444
2011	1,160,000	261,430	285,000	4,988
2012	1,180,000	225,028	-	-
2013	1,050,000	189,488	-	-
2014	465,000	154,960	-	-
2015 - 2019	2,150,000	507,553	-	-
2020 - 2024	1,110,000	219,630	-	-
2025 - 2027	515,000	21,161	-	-
Total	<u>\$ 8,760,000</u>	<u>\$ 1,875,025</u>	<u>\$ 560,000</u>	<u>\$ 19,432</u>

<u>Year Ending December 31</u>	<u>Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2010	<u>\$ 7,462</u>	<u>\$ 112</u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

5. Debt Service Requirements (Continued)

Business-Type Activities

Year Ending December 31	Gross Hospital Facilities Bonds	
	Principal	Interest
2010	\$ 425,000	\$ 1,502,394
2011	450,000	1,481,144
2012	470,000	1,458,644
2013	495,000	1,435,144
2014	520,000	1,410,394
2015 - 2019	3,025,000	6,621,226
2020 - 2024	3,960,000	5,684,488
2025 - 2029	5,230,000	4,414,851
2030 - 2034	6,920,000	2,726,938
2035 - 2038	5,180,000	606,913
Total	<u>\$ 26,675,000</u>	<u>\$ 27,342,136</u>

6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2009, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Long-term liabilities					
Bonds payable					
General obligation bonds	\$ 9,870,000	\$ -	\$ 1,110,000	\$ 8,760,000	\$ 1,130,000
Certificates of participation	825,000	-	265,000	560,000	275,000
Capital equipment notes	-	234,235	234,235	-	-
Add: unamortized premium	22,761	-	1,520	21,241	-
Less: deferred amounts for issuance discounts	(3,744)	(12,300)	(4,332)	(11,712)	-
Total bonds payable	\$ 10,714,017	\$ 221,935	\$ 1,606,423	\$ 9,329,529	\$ 1,405,000

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

6. Changes in Long-Term Liabilities

Governmental Activities (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loans payable	14,777	-	7,315	7,462	7,462
Advance from other governments	-	1,089,267	-	1,089,267	-
Other postemployment benefits	86,939	76,991	-	163,930	-
Compensated absences	1,747,330	868,139	766,280	1,849,189	758,167
Governmental Activities Long-Term Liabilities	<u>\$ 12,563,063</u>	<u>\$ 2,256,332</u>	<u>\$ 2,380,018</u>	<u>\$ 12,439,377</u>	<u>\$ 2,170,629</u>

Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities Long-term liabilities Bonds payable					
Gross revenue hospital facilities bonds	\$ 26,675,000	\$ -	\$ -	\$ 26,675,000	\$ 425,000
Add: unamortized premium	274,922	-	-	274,922	-
Total bonds payable	\$ 26,949,922	\$ -	\$ -	\$ 26,949,922	\$ 425,000
Capital lease payable	67,199	-	33,361	33,838	30,054
Business-Type Activities Long-Term Liabilities	<u>\$ 27,017,121</u>	<u>\$ -</u>	<u>\$ 33,361</u>	<u>\$ 26,983,760</u>	<u>\$ 455,054</u>

7. Prior Year's Refunded Debt

In 2003, the County defeased certificates of participation issued July 1, 1995, by creating a separate irrevocable fund. Refunding certificates of participation of 2003 in the principal amount of \$2,060,000 were issued, and the proceeds were used to purchase U.S. government securities that were placed in the trust fund. The investments and earnings on the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes,

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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3. Detailed Notes on All Funds

C. Liabilities

7. Prior Year's Refunded Debt (Continued)

the debt has been considered defeased and, therefore, removed as a liability from the County's government-wide financial statements. As of December 31, 2009, the amount of defeased debt outstanding not included in the financial statements was \$565,000.

4. Pension Plans

A. Defined Benefit Plans

1. Plan Description

All full-time and certain part-time employees of Meeker County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Local Government Correctional Service Retirement Fund (the Public Employees Correctional Fund), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356.

Public Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailer/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are covered by the Public Employees Correctional Fund.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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4. Pension Plans

A. Defined Benefit Plans

1. Plan Description (Continued)

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement 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 Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service.

For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

For all Public Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund members, and all Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund members and Public Employees Correctional Fund members, and either 65 or 66 (depending on date hired) for Public Employees Retirement Fund members. A reduced retirement annuity is also available to eligible members seeking early retirement.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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4. Pension Plans

A. Defined Benefit Plans

1. Plan Description (Continued)

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

2. Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.00 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 9.40 percent. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll in 2009:

Public Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	6.75
Public Employees Police and Fire Fund	14.10
Public Employees Correctional Fund	8.75



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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4. Pension Plans

A. Defined Benefit Plans

2. Funding Policy (Continued)

The County's contributions for the years ending December 31, 2009, 2008, and 2007, for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Public Employees Retirement Fund	\$ 494,578	\$ 448,765	\$ 783,978
Public Employees Police and Fire Fund	144,664	117,372	86,881
Public Employees Correctional Fund	51,442	44,225	43,074

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

B. Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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4. Pension Plans

B. Defined Contribution Plan (Continued)

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2009, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 2,942	\$ 2,942
Percentage of covered payroll	5%	5%

Required contribution rates were 5.00 percent.

5. Postemployment Health Care Plan

A. Plan Description

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

B. Funding Policy

Retirees and their spouses contribute to the health care plan at the same rate as County employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the County based on the contract terms with Blue Cross Blue Shield. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2009, the County contributed \$35,410. As of January 1, 2009, there were approximately five retirees receiving health benefits from the County's health plan.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

5. Postemployment Health Care Plan (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

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

ARC	\$ 112,401
Interest on net OPEB obligation	-
Adjustment to ARC	-
	-
Annual OPEB cost (expense)	\$ 112,401
Contributions made	(35,410)
	-
Increase in net OPEB obligation	\$ 76,991
Net OPEB Obligation - Beginning of Year	86,939
	-
Net OPEB Obligation - End of Year	\$ 163,930

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and 2009 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2008	\$ 112,401	\$ 25,462	22.7%	\$ 86,939
December 31, 2009	112,401	35,410	31.5	163,930

D. Funded Status and Funding Progress

As of January 1, 2008, the most recent actuarial valuation date, the County has no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$747,876, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$747,876. The covered payroll (annual payroll of active employees covered by the plan) was \$8,158,691, and the ratio of the UAAL to the covered payroll was 9.2 percent.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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5. Postemployment Health Care Plan

D. Funded Status and Funding Progress (Continued)

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

E. Actuarial Methods and Assumptions

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

In the January 1, 2008, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5 percent discount rate, which is based on the investment yield expected to finance benefits depending on whether the plan is funded in a separate trust (6.5 percent, long-term, similar to a pension plan) or unfunded (4.5 percent, shorter term, based on County's general assets). The County currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual health care cost trend rate was calculated to be 9.0 percent initially, reduced incrementally to 5.0 percent after 8 years. Both percents included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2009, was 29 years.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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6. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT), formerly the Minnesota Counties Insurance Trust. The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For 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 four 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 \$430,000 per claim in 2009 and \$450,000 per claim in 2010. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

The Hospital is covered by professional liability insurance on a claims-made basis. Individual and aggregate claims coverage is \$2,000,000 and \$4,000,000, respectively. Hospital management is of the opinion that insurance coverage is adequate to cover anticipated losses, if any.

7. Summary of Significant Contingencies and Other Items

A. Subsequent Events

On January 27, 2010, the County Board approved the issuance of \$2,500,000 General Obligation Capital Notes, Series 2009. The notes have an interest rate ranging from 2.00 percent to 2.75 percent and a final maturity date of February 1, 2018.

On July 21, 2010, the County Board approved the issuance of a \$250,000 General Obligation Certificate of Indebtedness. The certificate has an interest rate of 2.0 percent and will mature within one year.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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

B. 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.

C. Joint Ventures

Southwestern Minnesota Adult Mental Health Consortium Board

In November 1997, the County entered into a joint powers agreement with Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, McLeod, Nobles, Pipestone, Redwood, Renville, Rock, Swift, and Yellow Medicine Counties; and Lincoln, Lyon, and Murray Counties, represented by the Lincoln, Lyon, & Murray Human Services Board; creating and operating the Southwestern Minnesota Adult Mental Health Consortium Board under the authority of Minn. Stat. § 471.59. The Board takes actions and enters into such agreements as necessary to plan and develop, within the Board's geographic jurisdiction, a system of care that will serve 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. Current financial statements are available at the Cottonwood County Family Services Agency, Windom, Minnesota 56101.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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7. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Meeker-McLeod-Sibley Community Health Services Board

The Meeker-McLeod-Sibley Community Health Services Board was established pursuant to Minn. Stat. §§ 145A.09 to 145A.16, Minn. Stat. § 471.59, and a joint powers agreement, effective April 19, 1990. The Community Health Services Board consists of 15 members, 5 each from McLeod, Meeker, and Sibley Counties. The primary function of the joint venture is to provide health services and to promote efficiency and economy in the delivery of health services.

The joint venture is financed primarily from state and federal grants. McLeod County is the fiscal agent. Current financial statements are available at its offices at 114 North Holcombe Avenue, Suite 250, Litchfield, Minnesota 55355.

Prime West Central County-Based Purchasing Initiative

In December 1998, Meeker County became a member of the Prime West Central County-Based Purchasing Initiative Joint Powers Board with Big Stone, Douglas, Grant, McLeod, Pipestone, Pope, Renville, Stevens, and Traverse Counties. Meeker County, in partnership with these nine counties, is organized to directly purchase health care services for county residents who are eligible for Medical Assistance and General Assistance Medical Care. 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.

Funding from the state is the revenue source for this program.

Douglas County acts as fiscal agent for the Prime West Central County-Based Purchasing Initiative and reports the cash transactions as an investment trust fund on its financial statements. Complete financial information can be obtained from its administrative office at Prime West Health Systems, Douglas County Courthouse, 305 - 8th Avenue West, Alexandria, Minnesota 56308.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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7. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Crow River Joint Powers Agreement

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

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

The governing board comprises one County Commissioner from each member county. Financing is provided by state proceeds. Current financial statements are not available.

Supporting Hands Nurse Family Partnership

The Supporting Hands Nurse Family Partnership was established pursuant to Minn Stat. §§ 145A.17 and 471.59 and a joint powers agreement, effective June 5, 2007. The Board is comprised of 12 members, which consist of an appointed Commissioner from each participating county. McLeod County is the fiscal agent. The primary purpose of the joint venture is to improve the health and life course of low-income, first-time mothers and their children.

The joint venture is financed primarily by contributions from participating counties. Audited financial statements are available at the McLeod County Auditor's Office, 2385 Hennepin Avenue North, Glencoe, Minnesota 55336.



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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7. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Central Minnesota Regional Radio Board

The Central Minnesota Regional Radio Board was established in 2007, under the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39, and includes the City of St. Cloud and the Counties of Benton, Big Stone, Douglas, Grant, Kandiyohi, Meeker, Morrison, Otter Tail, Pope, Sherburne, Stearns, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Wright.

The purpose of the Central Minnesota Regional Radio Board is to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the State of Minnesota. The Central Minnesota Regional Radio Board is composed of one Commissioner of each county appointed by the respective County Board and one City Council member from each city appointed by the respective City Council, as provided in the Central Minnesota Regional Radio Board's by-laws.

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

The Central Minnesota Regional Radio Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants. Complete financial information can be obtained from Central Minnesota Regional Radio Board, City of St. Cloud, Office of the Mayor, City Hall, 400 Second Street South, St. Cloud, Minnesota 56303.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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8. Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies

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

Reporting Entities

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

The Meeker County Housing and Redevelopment Authority (HRA) is governed by a five-member Board appointed by the County Commissioners. The HRA has a year-end of June 30, 2009. Meeker County is obligated for the debt and any operating deficits of the HRA.

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

Basis of Presentation

The Meeker County HRA and the Meeker County EDA are discrete component units of Meeker County. The EDA does not prepare separate audited financial statements.

Basis of Accounting

The Meeker County HRA and the Meeker County EDA are accounted for on the accrual basis of accounting.

Cash and Pooled Investments

All cash and investments of the Meeker County EDA are on deposit with the County and so are cash and cash equivalents for the purposes of cash flows.

Cash of the Meeker County HRA is in the custody of the HRA.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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8. Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies (Continued)

Compensated Absences

The liability for compensated absences reported 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 both employees who currently are eligible to receive termination payments. Compensated absences are accrued when incurred.

B. Detailed Notes on All Funds

1. Assets

Receivables

Receivables at December 31, 2009, for the EDA, and at June 30, 2009, for the HRA, including the applicable allowances for uncollectible accounts, are as follows:

	EDA	HRA	Total Receivables
Accounts	\$ 2,688	\$ 857	\$ 3,545
Accrued interest	2,183	-	2,183
Loans	1,375,879	-	1,375,879
Total Component Units	\$ 1,380,750	\$ 857	\$ 1,381,607

Loans Receivable

Loans receivable represent amounts owing from businesses within the County for redevelopment purposes. Funding for these loans was contributed from Meeker County, other local governments, and private organizations. For some loans, repayment is contingent and only required if specified loan provisions are not met.

For these loans, the receivable is offset by due to other governments in the statement of net assets.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

8. Discretely Presented Component Unit Disclosures

B. Detailed Notes on All Funds

1. Assets (Continued)

Capital Assets

Component unit capital asset activity for the year ended December 31, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Land				
EDA	\$ 155,988	\$ -	\$ -	\$ 155,988
HRA	63,966	-	-	63,966
Total capital assets not depreciated - land	\$ 219,954	\$ -	\$ -	\$ 219,954
Construction in progress				
HRA	17,968	-	17,968	-
Total capital assets not depreciated	\$ 237,922	\$ -	\$ 17,968	\$ 219,954
Capital assets depreciated				
Buildings and equipment				
EDA	\$ 5,175,978	\$ -	\$ -	\$ 5,175,978
HRA	1,176,665	86,710	-	1,263,375
Total capital assets depreciated - buildings and equipment	\$ 6,352,643	\$ 86,710	\$ -	\$ 6,439,353
Less: accumulated depreciation for Buildings and equipment				
EDA	\$ 1,414,757	\$ 180,696	\$ -	\$ 1,595,453
HRA	806,351	49,990	-	856,341
Total accumulated depreciation	\$ 2,221,108	\$ 230,686	\$ -	\$ 2,451,794
Total capital assets depreciated, net	\$ 4,131,535	\$ (143,976)	\$ -	\$ 3,987,559
Total Capital Assets, Net	<u>\$ 4,369,457</u>	<u>\$ (143,976)</u>	<u>\$ 17,968</u>	<u>\$ 4,207,513</u>

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

EDA	\$ 180,696
HRA	<u>49,990</u>
Total Depreciation Expense	<u>\$ 230,686</u>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

8. Discretely Presented Component Unit Disclosures

B. Detailed Notes on All Funds (Continued)

2. Liabilities

Payables

Payables at December 31, 2009, were as follows:

	EDA	HRA	Total Payables
Accounts	\$ 10,575	\$ 8,322	\$ 18,897
Salaries	7,520	-	7,520
Due to other governments	1,000,000	-	1,000,000
Total Payables	\$ 1,018,095	\$ 8,322	\$ 1,026,417

Long-Term Debt

Long-term debt outstanding at December 31, 2009, for the EDA consists of the following:

Type of Indebtedness	Final Maturity	Monthly Installment Amounts	Interest Rate (%)	Original Issue Amount	Remaining Commitment
1998 Essential Function Housing Development Revenue Bonds	2029	\$ 9,511	4.75	\$ 1,810,000	\$ 1,441,861
1999 Essential Function Housing Development Revenue Bonds	2030	7,367	4.75	1,400,000	1,165,170
2001 Essential Function Housing Development Revenue Bonds	2032	6,272	4.75	1,200,000	1,043,536
2002 Essential Function Housing Development Revenue Bonds	2033	4,861	4.75	930,000	816,865
Totals				\$ 5,340,000	\$ 4,467,432

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

8. Discretely Presented Component Unit Disclosures

B. Detailed Notes on All Funds

2. Liabilities (Continued)

Debt Service Requirements

Revenue bonds' debt service requirements to maturity for the EDA are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 115,874	\$ 192,244
2011	132,285	203,844
2012	138,707	197,422
2013	145,441	190,688
2014	152,502	183,627
2015 - 2019	881,019	799,624
2020 - 2024	1,116,674	563,969
2025 - 2029	1,347,990	266,075
2030 - 2033	436,940	28,420
Total	<u>\$ 4,467,432</u>	<u>\$ 2,625,913</u>

Changes in Long-Term Liabilities

The following is a summary of the long-term debt transactions of the EDA for the year ended December 31, 2009.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Essential Function Housing Development Revenue Bonds for					
1998	\$ 1,486,349	\$ -	\$ 44,488	\$ 1,441,861	\$ 42,676
1999	1,197,391	-	32,221	1,165,170	30,909
2001	1,068,588	-	25,052	1,043,536	24,031
2002	835,899	-	19,034	816,865	18,258
Total Essential Function Housing Development Revenue Bonds	\$ 4,588,227	\$ -	\$ 120,795	\$ 4,467,432	\$ 115,874
Compensated absences	-	8,089	-	8,089	3,316
EDA Long-Term Liabilities	<u>\$ 4,588,227</u>	<u>\$ 8,089</u>	<u>\$ 120,795</u>	<u>\$ 4,475,521</u>	<u>\$ 119,190</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**Schedule 1**

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS  
DECEMBER 31, 2009

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
January 1, 2008	\$ -	\$ 747,876	\$ 747,876	0.00%	\$ 8,158,691	9.2%

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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Other Postemployment Benefits

Beginning in 2008, Meeker County implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Currently, only one year's worth of data is available. Future reports will provide additional trend analysis to meet the three-year funding status requirement as the information becomes available.

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**SUPPLEMENTARY INFORMATION**

**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 restricted to expenditures for specified purposes. The Ditch Fund, the Septic System Loan Program Fund, the Forfeit Property Fund, and the Sheriff's Contingent Fund do not have legally adopted budgets.

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

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

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

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

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

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

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

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

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

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS  
(Continued)

DEBT SERVICE FUND

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.

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

	<u>County Parks</u>	<u>Regional Library</u>	<u>County Nurse</u>	<u>Ditch</u>
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 84,074	\$ 65,524	\$ 360,338	\$ 118,553
Taxes receivable				
Delinquent	-	5,846	-	-
Special assessments receivable				
Delinquent	-	-	-	5,947
Noncurrent	-	-	-	99,569
Accounts receivable - net	-	-	3,271	10,924
Due from other funds	-	-	15,119	-
Due from other governments	4,532	-	159,363	987
Leases receivable	-	-	-	-
Prepaid items	-	-	3,970	-
<b>Total Assets</b>	<b><u>\$ 88,606</u></b>	<b><u>\$ 71,370</u></b>	<b><u>\$ 542,061</u></b>	<b><u>\$ 235,980</u></b>
<b><u>Liabilities and Fund Balances</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,694	\$ -	\$ 9,896	\$ 1,745
Salaries payable	4,220	-	56,375	-
Due to other funds	99	-	1,433	1,797
Due to other governments	27,141	-	-	2,762
Deferred revenue - unavailable	-	4,929	-	105,516
Deferred revenue - unearned	-	-	-	-
Advance from other funds	-	-	-	25,398
<b>Total Liabilities</b>	<b><u>\$ 34,154</u></b>	<b><u>\$ 4,929</u></b>	<b><u>\$ 67,704</u></b>	<b><u>\$ 137,218</u></b>
<b>Fund Balances</b>				
Reserved for debt service	\$ -	\$ -	\$ -	\$ -
Reserved for prepaid items	-	-	3,970	-
Unreserved				
Designated for cash flows	-	66,441	-	-
Designated for future expenditures	54,452	-	470,387	98,762
Designated for debt service	-	-	-	-
Undesignated	-	-	-	-
<b>Total Fund Balances</b>	<b><u>\$ 54,452</u></b>	<b><u>\$ 66,441</u></b>	<b><u>\$ 474,357</u></b>	<b><u>\$ 98,762</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 88,606</u></b>	<b><u>\$ 71,370</u></b>	<b><u>\$ 542,061</u></b>	<b><u>\$ 235,980</u></b>



**Statement 1**

<b>Special Revenue Funds</b>							
<b>Transfer Station</b>	<b>Family Services Building</b>	<b>Septic System Loan Program</b>	<b>Forfeit Property</b>	<b>Sheriff's Contingent</b>	<b>Debt Service Fund</b>	<b>Total</b>	
\$ 956,597	\$ 377,093	\$ 8,868	\$ 11,766	\$ 17,623	\$ 344,679	\$ 2,345,115	
-	4,310	-	-	-	28,466	38,622	
-	-	-	-	-	-	5,947	
-	-	-	-	-	-	99,569	
4,192	15	-	-	-	-	18,402	
-	-	-	-	-	-	15,119	
-	29,678	-	-	100	-	194,660	
-	107,884	-	-	-	-	107,884	
-	-	-	-	-	-	3,970	
<b>\$ 960,789</b>	<b>\$ 518,980</b>	<b>\$ 8,868</b>	<b>\$ 11,766</b>	<b>\$ 17,723</b>	<b>\$ 373,145</b>	<b>\$ 2,829,288</b>	
\$ 1,178	\$ 10,439	\$ -	\$ -	\$ -	\$ -	\$ 25,952	
748	7,719	-	-	-	-	69,062	
471	475	-	-	-	-	4,275	
-	5,164	-	-	-	-	35,067	
-	3,633	-	-	-	23,779	137,857	
-	107,884	-	-	-	-	107,884	
-	-	-	-	-	-	25,398	
<b>\$ 2,397</b>	<b>\$ 135,314</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,779</b>	<b>\$ 405,495</b>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 349,366	\$ 349,366	
-	-	-	-	-	-	3,970	
-	317,558	-	-	-	-	383,999	
-	66,108	-	11,766	17,723	-	719,198	
-	-	8,868	-	-	-	8,868	
958,392	-	-	-	-	-	958,392	
<b>\$ 958,392</b>	<b>\$ 383,666</b>	<b>\$ 8,868</b>	<b>\$ 11,766</b>	<b>\$ 17,723</b>	<b>\$ 349,366</b>	<b>\$ 2,423,793</b>	
<b>\$ 960,789</b>	<b>\$ 518,980</b>	<b>\$ 8,868</b>	<b>\$ 11,766</b>	<b>\$ 17,723</b>	<b>\$ 373,145</b>	<b>\$ 2,829,288</b>	

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>County Parks</u>	<u>Regional Library</u>	<u>County Nurse</u>	<u>Ditch</u>
<b>Revenues</b>				
Taxes	\$ -	\$ 167,513	\$ -	\$ -
Special assessments	-	-	-	93,605
Intergovernmental	-	31,479	728,268	-
Charges for services	58,796	-	500,145	-
Fines and forfeits	-	-	-	-
Gifts and contributions	1,000	-	500	-
Miscellaneous	6,706	-	675	17,396
<b>Total Revenues</b>	<b>\$ 66,502</b>	<b>\$ 198,992</b>	<b>\$ 1,229,588</b>	<b>\$ 111,001</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ -	\$ -	\$ -	\$ -
Sanitation	-	-	-	-
Health	-	-	1,560,081	-
Culture and recreation	267,653	195,422	-	-
Conservation of natural resources	-	-	-	98,205
<b>Capital outlay</b>	<b>4,164</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Debt service</b>				
Principal	-	-	-	-
Interest	-	-	-	1,255
Equipment note issuance costs	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 271,817</b>	<b>\$ 195,422</b>	<b>\$ 1,560,081</b>	<b>\$ 99,460</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (205,315)</b>	<b>\$ 3,570</b>	<b>\$ (330,493)</b>	<b>\$ 11,541</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 183,226	\$ -	\$ 375,793	\$ -
Transfers out	-	-	-	-
Notes issued	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 183,226</b>	<b>\$ -</b>	<b>\$ 375,793</b>	<b>\$ -</b>
<b>Net Change in Fund Balance</b>	<b>\$ (22,089)</b>	<b>\$ 3,570</b>	<b>\$ 45,300</b>	<b>\$ 11,541</b>
<b>Fund Balance - January 1</b>	<b>76,541</b>	<b>62,871</b>	<b>429,057</b>	<b>87,221</b>
<b>Fund Balance - December 31</b>	<b>\$ 54,452</b>	<b>\$ 66,441</b>	<b>\$ 474,357</b>	<b>\$ 98,762</b>

Statement 2

**Special Revenue Funds**

<u>Transfer Station</u>	<u>Family Services Building</u>	<u>Septic System Loan Program</u>	<u>Forfeit Property</u>	<u>Sheriff's Contingent</u>	<u>Debt Service Fund</u>	<u>Total</u>
\$ -	\$ 117,318	\$ -	\$ 6,000	\$ -	\$ 843,613	\$ 1,134,444
-	-	1,519	-	-	-	95,124
-	22,305	-	-	-	157,182	939,234
118,560	-	-	-	-	-	677,501
-	-	-	-	1,386	-	1,386
-	-	-	-	-	-	1,500
40	468,001	-	-	-	-	492,818
<b>\$ 118,600</b>	<b>\$ 607,624</b>	<b>\$ 1,519</b>	<b>\$ 6,000</b>	<b>\$ 1,386</b>	<b>\$ 1,000,795</b>	<b>\$ 3,342,007</b>
\$ -	\$ 347,230	\$ -	\$ -	\$ -	\$ -	\$ 347,230
90,253	-	-	-	-	-	90,253
-	-	-	-	-	-	1,560,081
-	-	-	-	-	-	463,075
-	-	-	-	-	-	98,205
-	-	-	-	-	-	4,164
-	-	7,315	-	-	1,009,235	1,016,550
-	-	260	-	-	276,692	278,207
-	-	-	-	-	2,361	2,361
<b>\$ 90,253</b>	<b>\$ 347,230</b>	<b>\$ 7,575</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,288,288</b>	<b>\$ 3,860,126</b>
<b>\$ 28,347</b>	<b>\$ 260,394</b>	<b>\$ (6,056)</b>	<b>\$ 6,000</b>	<b>\$ 1,386</b>	<b>\$ (287,493)</b>	<b>\$ (518,119)</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 287,887	\$ 846,906
-	(287,887)	-	-	-	(234,235)	(522,122)
-	-	-	-	-	234,235	234,235
<b>\$ -</b>	<b>\$ (287,887)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 287,887</b>	<b>\$ 559,019</b>
<b>\$ 28,347</b>	<b>\$ (27,493)</b>	<b>\$ (6,056)</b>	<b>\$ 6,000</b>	<b>\$ 1,386</b>	<b>\$ 394</b>	<b>\$ 40,900</b>
<b>930,045</b>	<b>411,159</b>	<b>14,924</b>	<b>5,766</b>	<b>16,337</b>	<b>348,972</b>	<b>2,382,893</b>
<b>\$ 958,392</b>	<b>\$ 383,666</b>	<b>\$ 8,868</b>	<b>\$ 11,766</b>	<b>\$ 17,723</b>	<b>\$ 349,366</b>	<b>\$ 2,423,793</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**Statement 3**

**BUDGETARY COMPARISON SCHEDULE  
COUNTY PARKS SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 67,852	\$ 67,852	\$ 58,796	\$ (9,056)
Gifts and contributions	-	-	1,000	1,000
Miscellaneous	3,400	3,400	6,706	3,306
<b>Total Revenues</b>	<b>\$ 71,252</b>	<b>\$ 71,252</b>	<b>\$ 66,502</b>	<b>\$ (4,750)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Culture and recreation</b>				
Parks	\$ 247,978	\$ 247,978	\$ 267,653	\$ (19,675)
<b>Capital outlay</b>				
Culture and recreation	6,500	6,500	4,164	2,336
<b>Total Expenditures</b>	<b>\$ 254,478</b>	<b>\$ 254,478</b>	<b>\$ 271,817</b>	<b>\$ (17,339)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (183,226)</b>	<b>\$ (183,226)</b>	<b>\$ (205,315)</b>	<b>\$ (22,089)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	183,226	183,226	183,226	-
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (22,089)</b>	<b>\$ (22,089)</b>
<b>Fund Balance - January 1</b>	<b>76,541</b>	<b>76,541</b>	<b>76,541</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 76,541</b>	<b>\$ 76,541</b>	<b>\$ 54,452</b>	<b>\$ (22,089)</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**Statement 4**

**BUDGETARY COMPARISON SCHEDULE  
REGIONAL LIBRARY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 165,881	\$ 165,881	\$ 167,513	\$ 1,632
Intergovernmental	33,601	33,601	31,479	(2,122)
<b>Total Revenues</b>	<b>\$ 199,482</b>	<b>\$ 199,482</b>	<b>\$ 198,992</b>	<b>\$ (490)</b>
<b>Expenditures</b>				
<b>Current</b>				
Culture and recreation	199,482	199,482	195,422	4,060
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,570</b>	<b>\$ 3,570</b>
<b>Fund Balance - January 1</b>	<b>62,871</b>	<b>62,871</b>	<b>62,871</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 62,871</b>	<b>\$ 62,871</b>	<b>\$ 66,441</b>	<b>\$ 3,570</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*Statement 5*

**BUDGETARY COMPARISON SCHEDULE  
COUNTY NURSE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 718,775	\$ 718,775	\$ 728,268	\$ 9,493
Charges for services	521,225	521,225	500,145	(21,080)
Gifts and contributions	-	-	500	500
Miscellaneous	-	-	675	675
<b>Total Revenues</b>	<b>\$ 1,240,000</b>	<b>\$ 1,240,000</b>	<b>\$ 1,229,588</b>	<b>\$ (10,412)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Health</b>				
Nursing service	1,615,793	1,615,793	1,560,081	55,712
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (375,793)</b>	<b>\$ (375,793)</b>	<b>\$ (330,493)</b>	<b>\$ 45,300</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	375,793	375,793	375,793	-
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,300</b>	<b>\$ 45,300</b>
<b>Fund Balance - January 1</b>	<b>429,057</b>	<b>429,057</b>	<b>429,057</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 429,057</b>	<b>\$ 429,057</b>	<b>\$ 474,357</b>	<b>\$ 45,300</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*Statement 6*

**BUDGETARY COMPARISON SCHEDULE  
TRANSFER STATION SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 150,000	\$ 150,000	\$ 118,560	\$ (31,440)
Miscellaneous	-	-	40	40
<b>Total Revenues</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>	<b>\$ 118,600</b>	<b>\$ (31,400)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Sanitation</b>				
Solid waste	108,561	108,561	90,253	18,308
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ 41,439</b>	<b>\$ 41,439</b>	<b>\$ 28,347</b>	<b>\$ (13,092)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(15,000)	(15,000)	-	15,000
<b>Net Change in Fund Balance</b>	<b>\$ 26,439</b>	<b>\$ 26,439</b>	<b>\$ 28,347</b>	<b>\$ 1,908</b>
<b>Fund Balance - January 1</b>	<b>930,045</b>	<b>930,045</b>	<b>930,045</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 956,484</b>	<b>\$ 956,484</b>	<b>\$ 958,392</b>	<b>\$ 1,908</b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*Statement 7*

**BUDGETARY COMPARISON SCHEDULE  
FAMILY SERVICES BUILDING SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 115,309	\$ 115,309	\$ 117,318	\$ 2,009
Intergovernmental	26,057	26,057	22,305	(3,752)
Miscellaneous	524,772	524,772	468,001	(56,771)
<b>Total Revenues</b>	<b>\$ 666,138</b>	<b>\$ 666,138</b>	<b>\$ 607,624</b>	<b>\$ (58,514)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Central services	378,250	378,250	347,230	31,020
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ 287,888</b>	<b>\$ 287,888</b>	<b>\$ 260,394</b>	<b>\$ (27,494)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(287,888)	(287,888)	(287,887)	1
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (27,493)</b>	<b>\$ (27,493)</b>
<b>Fund Balance - January 1</b>	<b>411,159</b>	<b>411,159</b>	<b>411,159</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 411,159</b>	<b>\$ 411,159</b>	<b>\$ 383,666</b>	<b>\$ (27,493)</b>



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

FIDUCIARY FUNDS

AGENCY FUNDS

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

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

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

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*Statement 8*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>TAXES AND PENALTIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 233,646	\$ 26,106,898	\$ 26,089,422	\$ 251,122
<b><u>Liabilities</u></b>				
Due to other governments	\$ 233,646	\$ 26,106,898	\$ 26,089,422	\$ 251,122
 <b><u>STATE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 79,332	\$ 3,195,272	\$ 3,182,802	\$ 91,802
<b><u>Liabilities</u></b>				
Due to other governments	\$ 79,332	\$ 3,195,272	\$ 3,182,802	\$ 91,802
 <b><u>SELECT ACCOUNT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 88,578	\$ 203,436	\$ 197,219	\$ 94,795
<b><u>Liabilities</u></b>				
Due to other governments	\$ 88,578	\$ 203,436	\$ 197,219	\$ 94,795

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*Statement 8  
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 401,556	\$ 29,505,606	\$ 29,469,443	\$ 437,719
<b><u>Liabilities</u></b>				
Due to other governments	\$ 401,556	\$ 29,505,606	\$ 29,469,443	\$ 437,719

**ECONOMIC DEVELOPMENT AUTHORITY**

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**Statement 9**

**STATEMENT OF NET ASSETS  
ECONOMIC DEVELOPMENT AUTHORITY  
DECEMBER 31, 2009**

**Assets**

**Current assets**

Cash and pooled investments	\$ 132,580
Investments	141,000
Accounts receivable - net	2,688
Accrued interest receivable	2,183
Loans receivable	1,375,879
Prepaid items	24,055

**Total current assets** **\$ 1,678,385**

**Noncurrent assets**

Deferred debt issuance costs	\$ 43,842
Capital assets	
Nondepreciable	155,988
Depreciable - net	3,580,525

**Total noncurrent assets** **\$ 3,780,355**

**Total Assets** **\$ 5,458,740**

**Liabilities**

**Current liabilities**

Accounts payable	\$ 10,575
Salaries payable	7,520
Due to other governments	1,000,000
Accrued interest payable	2,444
Customer deposits	43,880
Compensated absences payable - current	3,316
Revenue bonds payable - current	115,874

**Total current liabilities** **\$ 1,183,609**

**Noncurrent liabilities**

Compensated absences payable - long-term	4,773
Revenue bonds payable - long-term	4,351,558

**Total Liabilities** **\$ 5,539,940**

**Net Assets**

Unrestricted **\$ (81,200)**

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**Statement 10**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
ECONOMIC DEVELOPMENT AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Operating Revenues</b>	
Administrative fees	\$ 26,500
Tenant rents	538,027
Intergovernmental revenue	95,000
Miscellaneous	5,230
	<hr/>
<b>Total Operating Revenues</b>	<b>\$ 664,757</b>
<b>Operating Expenses</b>	
Personal services	\$ 106,567
Employee benefits and payroll taxes	25,887
General services - repairs and maintenance	56,505
Administration and fiscal services	6,031
Supplies	1,312
Management and caretaking	23,880
Real estate taxes	27,545
Snowplowing	10,841
Telephone	820
Utilities	12,094
Water reimbursement	190
Advertising	4,075
Background checks	391
Insurance	35,002
Staff training	426
Licenses and dues	1,218
Interest	432
Miscellaneous	385
Web site and internet	119
Depreciation	180,696
	<hr/>
<b>Total Operating Expenses</b>	<b>\$ 494,416</b>
<b>Operating Income (Loss)</b>	<b>\$ 170,341</b>
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	\$ 3,680
Management fees	475
Intergovernmental - Meeker County	(12,031)
Repayment to contributors	(12,030)
Interest expense	(215,367)
Bond issue expense	(2,072)
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (237,345)</b>
<b>Change in Net Assets</b>	<b>\$ (67,004)</b>
<b>Net Assets - January 1</b>	<b>(14,196)</b>
	<hr/>
<b>Net Assets - December 31</b>	<b>\$ (81,200)</b>
	<hr/> <hr/>



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**Statement 11**

**STATEMENT OF CASH FLOWS  
ECONOMIC DEVELOPMENT AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2009  
Increase (Decrease) in Cash and Cash Equivalents**

<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 718,494
Payments to suppliers	(175,567)
Payments to employees	(132,454)
	<hr/>
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ 410,473</u></b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Contributions	\$ (12,030)
Intergovernmental expense - Meeker County	(12,031)
	<hr/>
<b>Net cash provided by (used in) noncapital financing activities</b>	<b><u>\$ (24,061)</u></b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Principal paid on long-term debt	\$ (120,795)
Interest paid on long-term debt	(215,338)
	<hr/>
<b>Net cash provided by (used in) capital and related financing activities</b>	<b><u>\$ (336,133)</u></b>
<b>Cash Flows from Investing Activities</b>	
Investment earnings received	<u>\$ 5,883</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 56,162</b>
<b>Cash and Cash Equivalents at January 1</b>	<u>217,418</u>
<b>Cash and Cash Equivalents at December 31</b>	<b><u><u>\$ 273,580</u></u></b>
<b>Cash and Cash Equivalents - Statement 9</b>	
Cash and pooled investments	\$ 132,580
Investments	141,000
	<hr/>
<b>Total Cash and Cash Equivalents</b>	<b><u><u>\$ 273,580</u></u></b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**Statement 11**  
**(Continued)**

**STATEMENT OF CASH FLOWS  
ECONOMIC DEVELOPMENT AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2009  
Increase (Decrease) in Cash and Cash Equivalents**

**Reconciliation of Operating Income (Loss) to Net Cash**

**Provided by (Used in) Operating Activities**

<b>Operating income (loss)</b>	<b>\$ <u>170,341</u></b>
--------------------------------	--------------------------

**Adjustments to reconcile operating income (loss) to  
net cash provided by (used in) operating activities**

Depreciation expense	\$ 180,696
Other miscellaneous receipts	475
(Increase) decrease in accounts receivable	25,265
(Increase) decrease in prepaid items	(3,572)
(Increase) decrease in loans receivable	24,061
Increase (decrease) in customer deposits	(275)
Increase (decrease) in accounts payable	(2,127)
Increase (decrease) in salaries payable	7,520
Increase (decrease) in compensated absences payable	<u>8,089</u>

<b>Total adjustments</b>	<b>\$ <u>240,132</u></b>
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<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ <u><u>410,473</u></u></b>
--	---------------------------------

**OTHER SCHEDULE**

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**Schedule 2**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**Shared Revenue**

**State**

Highway users tax	\$	3,448,981
HACA		979,352
Market value credit		714,560
Market value credit - mobile home		5,376
Market value credit - agricultural		175,327
PERA rate reimbursement		24,144
Disparity reduction aid		12,843
Police aid		114,770
E-911		99,767
		99,767

**Total shared revenue** **\$ 5,575,120**

**Reimbursement for Services**

**State**

Minnesota Department of Human Services	\$	608,572
		608,572

**Local**

Local contributions	\$	54,584
Payments in lieu of taxes		66,743
		66,743

**Total local** **\$ 121,327**

**Grants**

**State**

Minnesota Department/Board of		
Corrections	\$	123,875
Public Safety		54,359
Health		218,232
Natural Resources		10,045
Human Services		1,029,536
Soil and Water Resources		170,769
Pollution Control Agency		59,584
Miscellaneous		9,107
		9,107

**Total state** **\$ 1,675,507**

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**Schedule 2**  
**(Continued)**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**Grants (Continued)**

**Federal**

Department of	
Agriculture	\$ 252,578
Commerce	40,050
Interior	23,760
Justice	2,065
Transportation	523,200
Education	2,730
Health and Human Services	1,520,369
Homeland Security	72,152
Environmental Protection Agency	4,671

**Total federal** **\$ 2,441,575**

**Total state and federal grants** **\$ 4,117,082**

**Total Intergovernmental Revenue** **\$ 10,422,101**



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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

*Schedule 3*

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**I. SUMMARY OF AUDITOR'S RESULTS**

- A. Our report expresses unqualified opinions on the basic financial statements of Meeker County.
- B. Deficiencies in internal control were disclosed by the audit of financial statements of Meeker County and are reported in the "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*." None were material weaknesses.
- C. No instances of noncompliance material to the financial statements of Meeker County were disclosed during the audit.
- D. No matters involving internal control over compliance relating to the audit of the major federal award programs were reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133."
- E. The Auditor's Report on Compliance for the major federal award programs for Meeker County expresses an unqualified opinion.
- F. No findings were disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- G. The major programs are:

Highway Planning and Construction	CFDA #20.205
Child Support Enforcement Cluster	
Child Support Enforcement	CFDA #93.563
Child Support Enforcement - ARRA	CFDA #93.563
Medical Assistance Program	CFDA #93.778
- H. The threshold for distinguishing between Types A and B programs was \$300,000.
- I. Meeker County was not determined to be a low-risk auditee.

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

96-2 Segregation of Duties

Due to the limited number of office personnel within various County offices, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. The Highway Office does not have sufficient segregation of duties. Other smaller County offices may also have insufficient segregation of duties. This is not unusual in operations the size of Meeker County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

We understand the County's management has acknowledged this condition and is taking steps to address it when possible. We encourage the County to continue with these efforts.

Client's Response:

*Meeker County's management is aware that staff size does not provide for adequate segregation of accounting duties and responsibilities. The offices continue to implement more internal controls.*

06-1 Accounting Policies and Procedures

The County does not have a comprehensive, Board-approved manual of accounting policies and procedures. Written policies and procedures should exist to set forth requirements to account for such matters as:

- receipt and deposit of funds;
- purchase of goods and services;
- contracting practices;
- approval and payment of bills;
- accounting for payroll activities;
- accounting for capital assets (capitalization process and related depreciation);

- physical counts of inventory items;
- creating, changing, and updating passwords; and
- annual financial reporting practices.

Written policies and procedures should exist to ensure that the County's practices are followed as intended by management. A formalized manual will also provide guidance for future staff and provide a standard for management to monitor compliance. Management should periodically evaluate its policies and procedures to assess whether internal controls that have been established are still effective or if changes are needed to maintain a sound internal control structure. Changes may be necessary due to such things as organizational restructuring, updates to information systems, or changes to services being provided.

The County is in the process of preparing a comprehensive accounting policies and procedures manual that will be presented to the County Board for approval upon completion. During 2009, the County Board approved the Budget Policy and revisions to the Technology Systems and Services Use Policy and the Credit Card Policy included in Meeker County's Personnel Policy. We commend the County on the progress it is making in documenting County policies and obtaining Board approval, and we encourage the County to continue its efforts in developing this manual. We recommend that the policies and procedures manuals document significant internal controls in the accounting systems, including a risk assessment and the process used to minimize the risks. We also recommend that a formal plan be developed that calls for monitoring the internal control structure on a regular basis, no less than annually. The monitoring activity should be documented to show the results of the review, any changes required, and who performed the work.

Client's Response:

*Meeker County's management understands the need for monitoring the County's internal controls. The County has adopted and implemented several individual policies and procedures. Meeker County is continuing in their efforts to formalize and adopt a comprehensive Policy and Procedures Manual.*

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

None.

**IV. OTHER FINDINGS AND RECOMMENDATIONS**

A. MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEM NOT RESOLVED

96-1 Ditch Special Revenue Fund - Cash and Equity Balances

Previous reports have noted deficit cash and equity balances in the County's ditch system. At December 31, 2009, 6 of 49 individual drainage systems had deficit cash balances totaling \$15,886, and 8 of 49 individual systems had deficit equity balances totaling \$40,775. Minn. Stat. § 385.31 permits the payment of expenditures provided the fund has money for that purpose. Minn. Stat. § 103E.655, subd. 2, allows for loans to be made from ditch systems with surplus funds or from the General Fund to a ditch system with insufficient cash to pay its bills, which Meeker County has opted for certain ditches. However, allowing other ditch systems to incur deficit cash flows, in effect, constitutes an interest-free loan from other funds and, as such, is in noncompliance with Minnesota statutes. Minn. Stat. § 103E.735, subd. 1 (2009), provides that a fund balance to be used for repairs may be established for any drainage system, not to exceed 20 percent of the assessed benefits of the ditch system or \$40,000, whichever is larger. In 2010, the repair fund monetary cap was increased to \$100,000. See 2010 Minn. Laws, ch. 298, § 7.

We recommend County management continue its efforts in reducing the cash deficits. Cash deficits may be eliminated either by loans from other eligible funds of the County or through ongoing cash management practices over the ditch systems. We also recommend that the County levy assessments sufficient to eliminate the equity deficits to the extent allowed by statute.

Client's Response:

*Meeker County levies assessments annually to recover money for expenditures made against County Ditch Accounts. Cash deficits are most noticeable at year-end due to the number of projects done after harvest and the timing of collections. The cash balances do not reflect assessments made to landowners to be collected with subsequent year's taxes as well as assessments on scheduled deferred payment plans. Meeker County has not taken the approach allowed in statute to make assessments to obtain reserve balances.*

B. OTHER ITEM FOR CONSIDERATION

GASB Statement 54

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of this standard is to enhance the usefulness of information included in the financial report about fund balance through clearer fund balance classifications that can be more consistently applied, as well as to clarify existing governmental fund type definitions.

Fund Balance Reporting

Statement 54 establishes new fund balance classifications based on constraints imposed on how resources can be spent. The existing components of fund balance reserved, unreserved, designated, and undesignated are being replaced by nonspendable, restricted, committed, assigned, and unassigned as defined below:

- *Nonspendable* - amounts that cannot be spent because they are either not in spendable form (for example, inventory or prepaid items) or legally or contractually required to be maintained intact (such as corpus of a permanent fund).
- *Restricted* - amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed* - amounts that can be used only for specific purposes determined by a formal action of a government's highest level of decision-making authority.
- *Assigned* - amounts a government intends to use for a specific purpose that do not meet the criteria to be classified as restricted or committed.
- *Unassigned* - spendable amounts not contained in the other classifications.

Governmental Fund Type Definitions

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified in Statement 54. Interpretations of certain terms within the definition of special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

The requirements of GASB Statement 54 are effective for Meeker County for the year ended December 31, 2011.



REBECCA OTTO  
STATE AUDITOR

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of County Commissioners  
Meeker County

We have audited 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 as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 27, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Meeker Memorial Hospital, an enterprise fund of Meeker County, and the Meeker County Housing and Redevelopment Authority, a discretely presented component unit of Meeker County, as described in our report on Meeker County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Meeker Memorial Hospital were not audited in accordance with *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Meeker County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the Schedule of Findings and Questioned Costs as items 96-2 and 06-1, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meeker County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Minnesota Legal Compliance

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our study included all of the listed categories, except that we did not test for compliance in tax increment financing because the County does not have any tax increment financing districts of its own.



The results of our tests indicate that, for the items tested, Meeker County complied with the material terms and conditions of applicable legal provisions, except as described in the Schedule of Findings and Questioned Costs as item 96-1.

Also included in the Schedule of Findings and Questioned Costs is an other item for consideration. We believe this information to be of benefit to the County, and it is reported for that purpose.

Meeker County's written responses to the internal control and legal compliance findings identified in our audit have been included in the Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within Meeker County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

*/s/Rebecca Otto*

*/s/Greg Hierlinger*

REBECCA OTTO  
STATE AUDITOR

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 27, 2010

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REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of County Commissioners  
Meeker County

### Compliance

We have audited the compliance of Meeker County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. Meeker County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

Meeker County's basic financial statements include the operations of the Housing and Redevelopment Authority (HRA), a discretely presented component unit, which expended \$279,026 in federal awards during the year ended June 30, 2009, which are not included in the Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the Meeker County HRA because it was audited by other auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program

occurred. An audit includes examining, on a test basis, evidence about Meeker County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Meeker County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

#### Internal Control Over Compliance

Management of Meeker County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited 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 as of and for the year ended

December 31, 2009, and have issued our report thereon dated September 27, 2010. We did not audit the financial statements of the Meeker Memorial Hospital, an enterprise fund of Meeker County, or the Meeker County HRA, a discretely presented component unit of Meeker County. Those reports were audited by other auditors. Our audit was performed for the purpose of forming opinions on Meeker County's financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management and others within Meeker County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 27, 2010

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**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**Schedule 4**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>		
Passed Through Meeker-McLeod-Sibley Community Health Services Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 136,752
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) Cluster	10.561	112,272
State Administrative Matching Grants for SNAP	10.561	3,554
State Administrative Matching Grants for SNAP - ARRA	10.561	<u>3,554</u>
<b>Total U.S. Department of Agriculture</b>		<b>\$ <u>252,578</u></b>
<b>U.S. Department of Commerce</b>		
Passed Through City of St. Cloud Public Safety Interoperable Communications Grant Program	11.555	<b>\$ <u>40,050</u></b>
<b>U.S. Department of the Interior</b>		
Direct National Fire Plan - Rural Fire Assistance	15.242	<b>\$ <u>23,760</u></b>
<b>U.S. Department of Justice</b>		
Direct Bulletproof Vest Partnership Program	16.607	\$ 1,425
Passed Through Minnesota Department of Public Safety Enforcing Underage Drinking Laws Program	16.727	<u>640</u>
<b>Total U.S. Department of Justice</b>		<b>\$ <u>2,065</u></b>
<b>U.S. Department of Transportation</b>		
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	<b>\$ <u>523,200</u></b>
<b>U.S. Environmental Protection Agency</b>		
Passed Through Meeker-McLeod-Sibley Community Health Services State Indoor Radon Grants	66.032	<b>\$ <u>4,671</u></b>
<b>U.S. Department of Education</b>		
Passed through Meeker and Wright Special Education Cooperative Special Education Grants for Infants and Families	84.181	<b>\$ <u>2,730</u></b>

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

***Schedule 4  
(Continued)***

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Health and Human Services</b>		
Passed Through Meeker-McLeod-Sibley Community Health Services		
Public Health Emergency Preparedness	93.069	\$ 33,906
Drug-Free Communities Support Program Grants	93.276	55,497
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	43,397
Temporary Assistance for Needy Families	93.558	41,440
Medical Assistance Program	93.778	37,468
Maternal and Child Health Services Block Grant to the States	93.994	22,113
Passed Through Minnesota Department of Human Services		
Promoting Safe and Stable Families	93.556	10,408
Temporary Assistance for Needy Families	93.558	208,705
Child Support Enforcement Cluster		
Child Support Enforcement	93.563	296,794
Child Support Enforcement - ARRA	93.563	60,341
Refugee and Entrant Assistance - State-Administered Programs	93.566	300
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	10,788
Foster Care Title IV-E Cluster		
Foster Care Title IV-E	93.658	32,332
Foster Care Title IV-E - ARRA	93.658	159
Social Services Block Grant	93.667	124,600
Medical Assistance Program	93.778	541,619
Block Grants for Community Mental Health Services	93.958	502
<b>Total U.S. Department of Health and Human Services</b>		<b>\$ 1,520,369</b>
<b>U.S. Department of Homeland Security</b>		
Passed Through Minnesota Department of Natural Resources		
Boating Safety Financial Assistance	97.012	\$ 34,547
Passed Through Minnesota Department of Public Safety		
Emergency Management Performance Grants	97.042	35,008
Homeland Security Grant Program	97.067	2,597
<b>Total U.S. Department of Homeland Security</b>		<b>\$ 72,152</b>
<b>Total Federal Awards</b>		<b>\$ 2,441,575</b>



**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Meeker County. The County's reporting entity is defined in Note 1 to the financial statements. Meeker County's financial statements include the operations of the Meeker County Housing and Redevelopment Authority component unit, which expended \$279,026 in federal awards during the year ended June 30, 2009, which are not included in the Schedule of Expenditures of Federal Awards because it was audited by other auditors.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Meeker County under programs of the federal government for the year ended December 31, 2009. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Meeker County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Meeker County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

4. Subrecipients

Of the expenditures presented in the schedule, Meeker County provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
15.242	National Fire Plan - Rural Fire Assistance	\$ 23,760

**MEEKER COUNTY  
LITCHFIELD, MINNESOTA**

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5. American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.