

Financial Statement of McLeod County, Minnesota

Prepared by Cindy Schultz, County Auditor-Treasurer

Year Ended December 31, 2011



McLeod County Auditor-Treasurer Cindy Schultz

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To the Honorable Board of County Commissioners:

I hereby submit to you the comprehensive Annual Financial Statement of McLeod County, Minnesota for the fiscal year ended December 31, 2011. Minnesota Law requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the County by the State Auditor. This requirement has been completed for 2011.

This report complies with the format prescribed by the Office of the State Auditor, pursuant to Minnesota Statutes, Section 375.17 as the form of financial statements to be used by all Counties in Minnesota.

Detailed analysis of items contained in this report, additional schedules and analysis of the various funds, account groups and disbursements not required to be published are on file and of record in the office of the County Auditor-Treasurer and are available for public inspection.

Acknowledgements:

I wish to take this opportunity to thank Colleen Robeck, Auditor-Treasurer's Office Accountant, Judy Peterson, Highway Department Accountant and Gladys Kirsch, Social Services Accountant for their assistance in the preparation of this statement.

I would like to thank the members of the McLeod County Board of Commissioners for their dedicated interest and support in planning and conducting the financial operations of McLeod County in a responsible and progressive manner.

Respectfully Submitted,

A handwritten signature in black ink that reads "Cindy Schultz".

Cindy Schultz
County Auditor-Treasurer

A USER'S GUIDE TO MCLEOD COUNTY'S FINANCIAL STATEMENTS

The following definitions will help citizens understand the terminology that is used in the county's financial statement.

BASIC FINANCIAL STATEMENTS

McLeod County's basic financial statements consist of three parts: (1) governmental-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The management's discussion and analysis and certain budgetary comparison schedules are required to accompany the basic financial statements and, therefore, are included as required supplementary information.

Government-wide financial statements the government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. They consist of a Statement of Net Assets and Statement of Activities.

The Statement of Net Assets presents information on all of McLeod County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may be an indicator of whether the financial position of McLeod County is improving or deteriorating.

The Statement of Activities presents information showing how the County'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 or 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 (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). At this time McLeod County does not have any business-type activities. The governmental activities of the County include: general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development.

The government-wide financial statements include McLeod County (primary government) and its discretely presented component unit. McLeod County Housing and Redevelopment Authority is a discretely presented component unit of McLeod County.

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

Financial reporting entity consists of the primary government (county), organization for which the county is financially accountable and other organizations for which the nature and significance of their relationship with the county are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a county's financial reporting entity is the primary government, the county.

Primary government is a term used in connection with defining the financial reporting entity. The primary government is the focus of the financial reporting entity. For the county, the primary government represents the financial activities, or accounts directly under the control of the county board.

Component unit describes a legally separate organization for which the county board is financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the county are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. McLeod County has one component unit the McLeod County Housing and Redevelopment Authority (HRA).

COUNTY GOVERNMENTAL FUND TYPES

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. This allows readers to better understand the long-term impact of the government's near-term financing 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.

McLeod County maintains four fund types within the governmental funds: General, Special Revenue, Debt Services, and Capital Projects. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and change in fund balances for the General Fund, Road and Bridge Fund, Human Services Fund, Solid Waste Fund, and Ditch Fund, all of which are considered to be major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

McLeod County adopts an annual budget for the following governmental funds: General, Road and Bridge, Solid Waste, Human Services, and Debt Service funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with their budgets.

General Fund is the general operating fund of the county. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted for specified purposes. The Special Revenue Funds include Road and Bridge, Human Services, Solid Waste, Ditch and Forfeited Tax.

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 of McLeod County.

Capital Projects Fund is used to track proceeds from capital improvement bonds and capital equipment notes and expenditures related to the use of those funds.

COUNTY FIDUCIARY FUND TYPE

Trust and Agency Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support McLeod County's own programs.

MAJOR CATEGORIES OF COUNTY EXPENDITURES

Current Expenditures include all expenditures other than capital outlays and debt service on county bonds.

Capital Outlay Expenditures include all expenditures for the construction of county facilities for the purchase of buildings or major equipment by the county.

Debt Service includes all expenditures for the repayment of bonds issued by the county, including the payment of principal, interest, and other fiscal charges associated with the bonds.

CLASSIFICATION OF COUNTY FUNCTIONS

Functions are a group of related activities aimed at accomplishing a major service or regulatory program for which the county is responsible. The county has the following functions classifications.

General Government activities include expenditures for general county activities such as the county commissioners' salaries and expenses, county administrator's office, county attorney's office, county auditor-treasurer's office, county assessor's office, county recorder's office, judicial court administration, planning, and zoning office, and other county general service offices.

Public Safety relates to the objective of protection of persons and property and includes expenditures for corrections activities, the operation of the sheriff's department, county jail, and emergency services.

Highways and Streets include expenditures relating to the construction and maintenance of county highways and streets.

Solid Waste involves expenditures for the removal and disposal of waste and includes county solid waste collection and disposal, and recycling programs.

Human Services represents activities designed to provide public assistance and institutional care for individuals unable to provide essential needs for themselves. These programs, including child support collections, child welfare, chemical dependency treatment programs, medical assistance, child protection services and others.

Health activities include expenditures for county public health including immunizations, home health aide services, parent and child services, health promotion, disease prevention and control, and other activities to assess community health, plan for needed services, and assure that needs are met.

Culture and Recreation involves cultural and recreation activities maintained for the benefit of county residents and visitors. These activities include expenditures for historical society, libraries and other recreation programs, including the development and maintenance of all county park facilities.

Conservation of Natural Resources activities designed to conserve and develop natural resources as water, soil, and forests departments and programs include soil and water conservation, county extension office, water planning and other.

Economic Development activities are directed toward economically developing the area encompassed by the county providing assistance to, and opportunity for, economically disadvantaged persons or businesses.

The purpose of this report is to provide a summary of financial information concerning McLeod County for interested citizens. Questions about this report should be directed to Cindy Schultz, McLeod County Auditor-Treasurer, at the North Complex, 2391 Hennepin Ave., Glencoe, MN, or by calling 320-864-1262.

A full and complete copy of the county financial statement is available upon request by calling 320-864-1262, by writing to the McLeod County Auditor-Treasurer's Office, 2391 Hennepin Ave. N., Glencoe, MN 55336, or by downloading it from the McLeod County website (www.co.mcleod.mn.us).

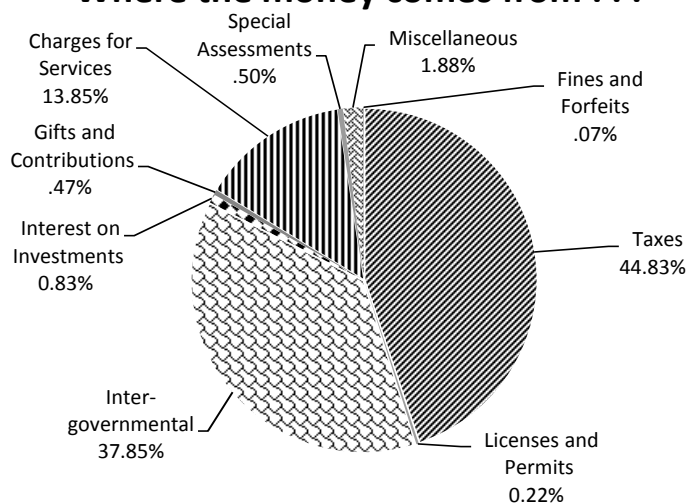
**MCLEOD COUNTY
GLENCOE, MINNESOTA**

EXHIBIT 1

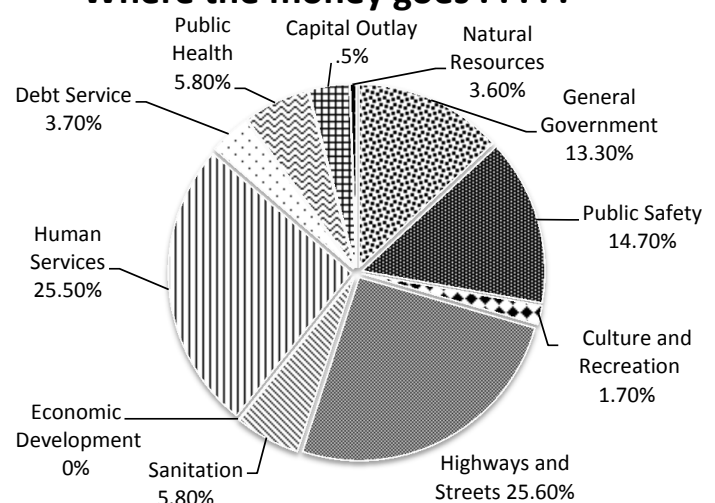
**STATEMENT OF NET ASSETS
DECEMBER 31, 2011
AND JUNE 30, 2011, FOR THE COMPONENT UNIT**

	<u>Primary Government Governmental Activities</u>	<u>Housing and Redevelopment Authority Component Unit</u>
Assets		
Cash and pooled investments	\$ 41,895,455	\$ 20,333
Petty cash and change funds	22,505	-
Departmental cash	5,537	-
Cash with fiscal agent	1,265,011	-
Taxes receivable		
Prior - net	424,734	-
Special assessments receivable		
Noncurrent - net	963,734	-
Prior	944	-
Accounts receivable - net	331,670	14,775
Accrued interest receivable	52,327	-
Due from other governments	2,911,925	-
Deferred charges - current	9,974	-
Inventories	424,921	-
Restricted assets		
Cash and pooled investments	-	128,193
Deferred charges	-	35,393
Capital assets		
Non-depreciable	7,122,374	197,000
Depreciable - net of accumulated depreciation	105,021,411	3,105,274
Total Assets	\$ 160,452,522	\$ 3,500,968
Liabilities		
Accounts payable	1,231,833	-
Salaries payable	\$ 543,748	\$ -
Accrued payroll taxes	35,773	-
Other accrued liabilities	205,933	45,901
Retainage payable	246,660	-
Due to other governments	388,610	-
Accrued interest payable	11,344	-
Claims payable	131,251	-
Unavailable revenue	-	580
Unearned revenue	25,843	-
Long-term liabilities		
Due within one year	2,228,143	128,990
Due in more than one year	1,828,381	3,569,440
Liabilities payable from restricted assets	-	38,170
Total Liabilities	\$ 6,877,519	\$ 3,783,081
Net Assets		
Invested in capital assets - net of related debt	\$ 110,822,743	\$ (396,156)
Restricted for		
General government	764,616	-
Public safety	3,929,843	-
Highways and streets	111,788	-
Conservation of natural resources	364,529	-
Sanitation	4,206,326	-
Economic development	-	84,793
Debt service	1,336,556	-
Unrestricted	32,038,602	29,250
Total Net Assets	\$ 153,575,003	\$ (282,113)

**MCLEOD COUNTY'S 2011 FINANCES
Where the money comes from . . .**



**MCLEOD COUNTY'S 2011 FINANCES
Where the money goes**



**MCLEOD COUNTY
GLENCOE, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011
AND JUNE 30, 2011 FOR THE COMPONENT UNIT**

Functions/Programs	Expenses	Fees, Charges, Fines, and Other	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
			Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Discretely Presented Component Unit
Primary Government						
Governmental activities						
General government	\$ 5,381,204	\$ 963,820	\$ 23,952	\$ -	\$ (4,393,432)	
Public safety	5,801,038	202,909	632,587	-	(4,965,542)	
Highways and streets	7,279,491	236,138	3,935,372	965,342	(2,142,639)	
Sanitation	2,065,478	2,467,499	-	-	402,021	
Human services	9,618,166	1,291,957	4,109,843	-	(4,216,366)	
Health	2,194,400	592,901	1,003,385	-	(598,114)	
Culture and recreation	658,001	84,930	3,000	-	(570,071)	
Conservation of natural resources	1,367,348	627,799	43,768	-	(695,781)	
Economic development	1,895	-	-	-	(1,895)	
Interest	53,633	-	-	-	(53,633)	
Total primary government	\$ 34,420,654	\$ 6,467,953	\$ 9,751,907	\$ 965,342	\$ (17,235,452)	
Component unit						
Housing and Redevelopment Authority	\$ 843,083	\$ 460,152	\$ 433,769.00	\$ -		\$ 50,838
General Revenues						
Property taxes					\$ 16,900,338	\$ -
Mortgage registry and deed tax					20,563	-
Payments in lieu of tax					39,942	-
Grants and contributions not restricted to specific programs					2,663,446	-
Investment income					355,788	549
Gain on disposal of assets					18,978	-
Miscellaneous					112,658	-
Total general revenues and special item					\$ 20,111,713	\$ 549
Change in net assets					\$ 2,876,261	\$ 51,387
Net Assets - Beginning					150,698,742	(333,500)
Net Assets - Ending					\$ 153,575,003	\$ (282,113)

A Profile of McLeod County

Key Indicator	Total 2010	Total 2011	Percent Increase (Decrease)
Estimated Population	36,651	36,489	-0.4%
Total Assessed Market Value of All Taxable Property	3,620,112,000	3,478,412,000	-3.9%
Percent of Property Taxes Collected	98.56%	98.48%	-0.1%
Total Revenues (All Governmental Funds)	43,264,996	37,795,824	-12.6%
Total Current Expenditures (All Governmental Funds)	36,632,031	37,777,447	3.1%
Total Outstanding Net Bonded Debt of the County	3,501,388	2,422,718	-30.8%
Bond Rating on Most Recent General Obligation Bond Issue	AA	AA	
Total Number of Full Time Employees	247	252	2.0%

McLeod County 2011 Organization

County Commissioners:		Term of Office
1st District	Ray Bayerl**	January 2013
2nd District	Kermit Terlinden	January 2015
3rd District	Paul Wright	January 2013
4th District	Sheldon Nies	January 2015
5th District	Beverly Wangerin*	January 2013
Elected County Officers:		
County Attorney	Michael K. Junge	January 2015
County Auditor-Treasurer	Cindy Schultz	January 2015
County Recorder	Lynnette Schrupp	January 2015
County Sheriff	Scott Rehmann	January 2015
Judge of District Court	Michael Savre	January 2013
Judge of District Court	Terrence E. Conkel	January 2013
Appointed Department Heads:		
County Administrator	Pat Melvin	Indefinite
County Assessor	Sue Schulz	January 2012
County Environmentalist	Roger Berggren	Indefinite
County Highway Engineer	John Brunkhorst	May 2012
County Information Systems Manager	Tom Keefe	Indefinite
County Nursing Director	Kathy Nowak	Indefinite
County Parks Superintendent	Allan Koglin	Indefinite
County Court Services	Andy Ypma	Indefinite
County Human Services Director	Gary Sprynczynatyk	Indefinite
County Solid Waste Administrator	Edwin Homan Jr.	Indefinite
County Veterans Services Officer	James Lauer	January 2012
County Zoning Administrator	Larry Gasow	January 2012
Court Administrator	Karen Messner	Indefinite
Appointed Positions:		
County Agricultural Inspector	Allan Koglin	January 2012
County Coroner	Dr. Quinn Strobl	December 2014
County Emergency Services Director	Kevin Mathews	Indefinite
Human Resources	Mary Jo Wieseeler	Indefinite
Regional Extension Director	Sarah Chur	Indefinite
County Surveyor	Jeff Rausch	January 2012

* Denotes Chair ** Denotes Vice-Chair

**MCLEOD COUNTY
GLENCOE, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Solid Waste</u>	<u>Ditch</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Cash and pooled investments	\$ 21,488,358	\$ 7,829,896	\$ 5,037,904	\$ 4,166,209	\$ 275,581	\$ 3,097,507	\$ 41,895,455
Petty cash and change funds	2,355	100	-	20,050	-	-	22,505
Departmental cash	5,537	-	-	-	-	-	5,537
Cash with fiscal agent	1,265,011	-	-	-	-	-	1,265,011
Taxes receivable							
Prior	225,838	74,991	98,789	-	-	25,116	424,734
Special assessments receivable							
Prior	-	-	-	-	944	-	944
Noncurrent	869,440	-	-	-	94,294	-	963,734
Accounts receivable	29,461	13,261	98,381	190,567	-	-	331,670
Accrued interest receivable	52,327	-	-	-	-	-	52,327
Due from other funds	1,440	-	283	-	-	-	1,723
Due from other governments	475,396	1,484,667	938,541	724	12,597	-	2,911,925
Inventories	8,155	416,766	-	-	-	-	424,921
Advances to other funds	595,325	-	-	-	-	-	595,325
Total Assets	\$ 25,018,643	\$ 9,819,681	\$ 6,173,898	\$ 4,377,550	\$ 383,416	\$ 3,122,623	\$ 48,895,811
Liabilities and Fund Balance							
Liabilities							
Accounts payable	\$ 178,666	\$ 454,645	\$ 345,511	\$ 118,721	\$ 134,290	\$ -	\$ 1,231,833
Salaries payable	314,685	50,702	162,978	15,383	-	-	543,748
Accrued payroll taxes	19,306	3,755	11,640	1,072	-	-	35,773
Accrued interest payable	-	-	-	-	1,847	-	1,847
Accrued expenses	144,173	18,096	37,897	5,767	-	-	205,933
Advance from other funds	-	-	-	-	595,325	-	595,325
Retainage payable	-	246,660	-	-	-	-	246,660
Due to other funds	283	-	1,440	-	-	-	1,723
Due to other governments	263,762	20,136	64,593	10,231	29,888	-	388,610
Deferred revenue - unavailable	1,281,232	1,480,808	549,097	-	107,061	25,116	3,443,314
Deferred revenue - unearned	25,843	-	-	-	-	-	25,843
Claims payable	118,893	-	-	-	-	-	118,893
Total Liabilities	\$ 2,346,843	\$ 2,274,802	\$ 1,173,156	\$ 151,174	\$ 868,411	\$ 25,116	\$ 6,839,502
Fund Balance							
Nonspendable							
Inventories	\$ 8,155	\$ 416,766	\$ -	\$ -	\$ -	\$ -	\$ 424,921
Advances to other funds	595,325	-	-	-	-	-	595,325
Restricted							
Restricted for E-911	121,411	-	-	-	-	-	121,411
Restricted for HAVA equipment	23,861	-	-	-	-	-	23,861
Restricted for records preservation	45,949	-	-	-	-	-	45,949
Restricted for law library	77,808	-	-	-	-	-	77,808
Recorder's equipment purchases	236,998	-	-	-	-	-	236,998
Restricted for new jail construction	3,690,448	-	-	-	-	-	3,690,448
Snowmobile enforcement	251	-	-	-	-	-	251
Law enforcement	69,704	-	-	-	-	-	69,704
Land records technology	78,375	-	-	-	-	-	78,375
Restricted for drug enforcement	8,218	-	-	-	-	-	8,218
Restricted for conservation	260,413	-	-	-	-	-	260,413
Restricted for court services	39,811	-	-	-	-	-	39,811
Restricted for records compliance	301,625	-	-	-	-	-	301,625
Restricted for road & bridge	-	111,788	-	-	-	-	111,788
Restricted solid waste abatement	-	-	-	4,206,326	-	-	4,206,326
Restricted for debt service	-	-	-	-	-	1,336,556	1,336,556
Ditch maintenance & construction	-	-	-	-	104,116	-	104,116
Committed							
Petty cash and change funds	2,355	100	-	20,050	-	-	22,505
Assigned							
Assigned for capital projects	5,313,112	-	-	-	-	1,181,237	6,494,349
4-H after school adventures	3,986	-	-	-	-	-	3,986
Assigned McLeod for Tomorrow	6,808	-	-	-	-	-	6,808
Lidar and orthophotography	26,560	-	-	-	-	-	26,560
Assigned for veterans van	48,500	-	-	-	-	-	48,500
Assigned for new canine	5,901	-	-	-	-	-	5,901
Assigned for ag programming	1,773	-	-	-	-	-	1,773
Assigned for highways and streets	-	7,016,225	-	-	-	-	7,016,225
Assigned for human services	-	-	5,000,742	-	-	-	5,000,742
Assigned for debt service funds	-	-	-	-	-	579,714	579,714
Unassigned	11,704,453	-	-	-	(589,111)	-	11,115,342
Total Fund Balance	\$ 22,671,800	\$ 7,544,879	\$ 5,000,742	\$ 4,226,376	\$ (484,995)	\$ 3,097,507	\$ 42,056,309
Total Liabilities and Fund Balance	\$ 25,018,643	\$ 9,819,681	\$ 6,173,898	\$ 4,377,550	\$ 383,416	\$ 3,122,623	\$ 48,895,811

**MCLEOD COUNTY
GLENCOE, MINNESOTA**

EXHIBIT 5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Road and Bridge	Human Services	Solid Waste	Ditch	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 8,690,844	\$ 3,063,106	\$ 3,903,731	\$ -	\$ -	\$ 1,287,803	\$ 16,945,484
Special assessments	96,611	-	-	-	92,675	-	189,286
Licenses and permits	76,628	6,550	-	1,465	-	-	84,643
Intergovernmental	3,465,005	6,167,001	4,314,637	90,826	-	80,090	14,117,559
Charges for services	1,721,634	265,404	824,333	2,423,754	-	-	5,235,125
Fines and forfeits	19,273	-	-	-	-	2,200	21,473
Gifts and contributions	176,273	-	-	-	-	-	176,273
Investment earnings	308,805	-	-	-	2,342	2,620	313,767
Miscellaneous	350,437	44,500	274,995	42,282	-	-	712,214
Total Revenues	\$ 14,905,510	\$ 9,546,561	\$ 9,317,696	\$ 2,558,327	\$ 95,017	\$ 1,372,713	\$ 37,795,824
Expenditures							
Current							
General government	\$ 4,956,320	\$ -	\$ -	\$ -	\$ -	\$ 3,190	\$ 4,959,510
Public safety	5,536,862	-	-	-	-	-	5,536,862
Highways and streets	-	9,653,309	-	-	-	-	9,653,309
Sanitation	-	-	-	2,175,298	-	-	2,175,298
Human services	-	-	9,646,017	-	-	-	9,646,017
Health	2,197,055	-	-	-	-	-	2,197,055
Culture and recreation	636,567	-	-	-	-	-	636,567
Conservation of natural resources	843,190	-	-	-	513,650	-	1,356,840
Economic development	1,895	-	-	-	-	-	1,895
Intergovernmental	-	214,820	-	-	-	-	214,820
Debt service							
Principal	56,456	-	-	-	-	1,295,000	1,351,456
Interest	10,944	-	-	-	3,705	32,269	46,918
Administrative charges	-	-	-	-	-	900	900
Total Expenditures	\$ 14,239,289	\$ 9,868,129	\$ 9,646,017	\$ 2,175,298	\$ 517,355	\$ 1,331,359	\$ 37,777,447
Excess of Revenues Over (Under) Expenditures	\$ 666,221	\$ (321,568)	\$ (328,321)	\$ 383,029	\$ (422,338)	\$ 41,354	\$ 18,377
Other Financing Sources (Uses)							
Transfers in	\$ 421,377	\$ 216,816	\$ 35,363	\$ -	\$ -	\$ 990	\$ 674,546
Transfers out	(990)	-	-	-	-	(673,556)	(674,546)
Loan issued	268,830	-	-	-	-	-	268,830
Proceeds from the sale of capital assets	5,978	-	-	-	-	-	5,978
Total Other Financing Sources (Uses)	\$ 695,195	\$ 216,816	\$ 35,363	\$ -	\$ -	\$ (672,566)	\$ 274,808
Net Change in Fund Balance	\$ 1,361,416	\$ (104,752)	\$ (292,958)	\$ 383,029	\$ (422,338)	\$ (631,212)	\$ 293,185
Fund Balance - January 1, as restated	\$ 21,311,477	\$ 7,495,583	\$ 5,293,700	\$ 3,843,347	\$ (62,657)	\$ 3,728,719	\$ 41,610,169
Increase (decrease) in inventories	(1,093)	154,048	-	-	-	-	152,955
Fund Balance - December 31	\$ 22,671,800	\$ 7,544,879	\$ 5,000,742	\$ 4,226,376	\$ (484,995)	\$ 3,097,507	\$ 42,056,309

McLeod County 2011 Highlights

The 2011 financial reporting for McLeod County was completed in accordance with the Government Accounting Standards Board Statement 34 (GASB 34) reporting model. This accounting model shows county financial reports in a fashion that more closely resembles a private business.

Financial Analysis

Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of McLeod County, assets exceeded liabilities by \$153,575,003 as of December 31, 2011. Investment in capital assets, net of related debt, is the largest portion of McLeod County's net assets at 72%. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 7% of McLeod County's net assets are subject to external restrictions on how they may be used and therefore are considered restricted. The remaining 21% or \$32,038,602 is unrestricted and available to be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities

McLeod County's governmental activities increased net assets by \$2,876,261 during the current fiscal year. This increase is primarily due to a donation from the estate of Annamarie Tudhope, and an increase in capital assets.

Governmental Funds

At the end of 2011, McLeod County governmental funds reported a combined fund balance of \$42,056,309. This is an increase of \$446,140 from the prior year. The General Funds' fund balance increased \$1,360,323 due to postponing expenses for the ARMER project. The fund balance in the Road & Bridge Fund increased by \$49,296 due to a transfer from Capital Projects and increase in inventory. The fund balance in the Human Services Fund decreased by \$292,958 due to increased expenses. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,704,453 or 82% of total 2011 General Fund expenditures.

Long-term Debt

At the end of the current fiscal year, McLeod County had bonded debt, capital notes, and loans outstanding of \$2,422,718. This is a decrease of \$1,078,670 from the beginning of the year. The decrease is due to principal payments on general obligation bonds and notes.

