

TODD COUNTY, MINNESOTA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2009

DRAFT

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DECEMBER 31, 2009**

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INTRODUCTORY SECTION

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**TODD COUNTY, MINNESOTA
PRINCIPAL COUNTY OFFICIALS
DECEMBER 31, 2009**

| Office | Name | Term Expires |
|----------------------------|----------------------|---------------|
| Commissioners | | |
| 1st District | Mark Blessing | December 2012 |
| 2nd District | Gary Kneisl* | December 2010 |
| 3rd District | Jerry Ruda | December 2012 |
| 4th District | David Kircher | December 2010 |
| 5th District | Randy Neumann | December 2012 |
| Officers | | |
| Elected | | |
| Attorney | Charles Rasmussen | December 2010 |
| Auditor-Treasurer | Karen Busch | December 2010 |
| Recorder | Cheryl Perish | December 2010 |
| Registrar of Titles | Cheryl Perish | December 2010 |
| Sheriff | Pete Mikkelson | December 2010 |
| Appointed | | |
| Administrator | Nathan Burkett | Indefinite |
| Assessor | Charles Pelzer | December 2012 |
| Human Resources Director | Karla Nalezny | Indefinite |
| Emergency Services Officer | Michael Wisniewski | Indefinite |
| Examiner of Titles | Thomas Sellnow | Indefinite |
| Highway Engineer | Loren Fellbaum | May 2011 |
| Medical Examiner | Dr. Amatuzio | December 2010 |
| Social Services Director | Frank Sandelin | Indefinite |
| Solid Waste Officer | Timothy Cadwallander | Indefinite |
| Veterans Service Officer | Pete Berscheit | December 2013 |

* = Chair

FINANCIAL SECTION

DRAFT

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Todd County
Long Prairie, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Todd 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 Todd County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Todd County, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2010, on our consideration of Todd County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

The management's discussion and analysis, budgetary comparison information, and schedule of funding progress – other postemployment benefit plan on pages 4 to 14, 51 to 56, and 57, respectively, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. 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 Todd County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and is also not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards have been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Brainerd, Minnesota
April 2, 2010

LarsonAllen LLP

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2009**

This section of the Todd County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended December 31, 2009. The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. Certain comparative information between the current year, 2009, and the prior year, 2008, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- County-wide net assets increased 4.7 percent in 2009 over the prior year due primarily to the County receiving additional shared revenues from the State of Minnesota for road projects as well as receiving some Recovery Act funding from the Federal government.
- Overall governmental fund-level revenues totaled \$27,349,195 and were \$1,321,184 more than expenditures in 2009.
- The General Fund's fund balance decreased \$354,244 from the prior year primarily due to the transfer out of funds to the Social Services fund for the final South Country Health Alliance payment that was due in 2010.
- The Solid Waste Enterprise Fund net assets increased \$39,570 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are County-wide financial statements which provide both short-term and long-term information about the County's overall financial status.
- The remaining statements are fund financial statements which focus on individual parts of the County, reporting the County's operations in more detail than the County-wide statements.
 - The governmental funds statements tell how basic services such as general government, human services, and highways and streets were financed in the short term as well as what remains for future spending.
 - Fiduciary funds statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others to whom the resources belong.

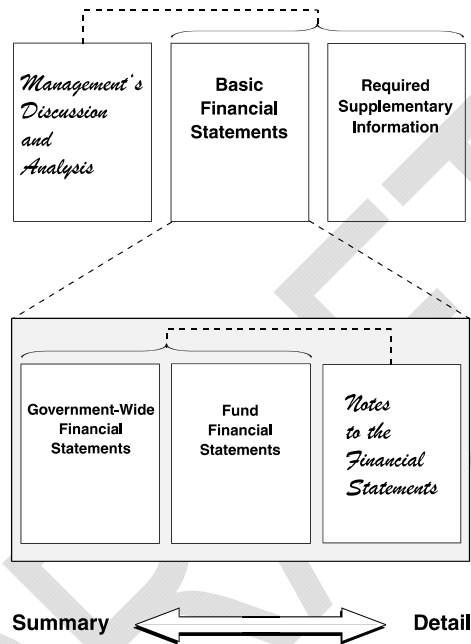
**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2009**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Annual Report Format**



**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2009**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

| Figure A-2. Major Features of the County's Government-Wide and Fund Financial Statements | | | | |
|---|---|---|---|---|
| Type of Statements | Government-Wide | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire County's government (except fiduciary funds). | The activities of the County that are not proprietary or fiduciary. | The activities of the County that operate similar to private businesses: solid waste. | Instances in which the County is the trustee or agent for someone else's resources. |
| Required financial statements | Statement of net assets. | Balance sheet. | Statement of net assets. | Statement of fiduciary net assets. |
| | Statement of activities. | Statement of revenues, expenditures and changes in fund balance. | Statement of revenues, expenses, and changes in fund net assets Statement of cash flows. | Statement of changes in fiduciary net assets. |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus. | Modified accrual accounting and current financial resources focus. | Accrual accounting and economic resources focus. | Accrual accounting and economic resources focus. |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short-term and long-term. | Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included. | All assets and liabilities, both financial and capital, and short-term and long-term. | All assets and liabilities, both short-term and long-term, Agency's funds do not currently contain capital assets, although they can. |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid. | Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter. | All revenues and expenses during the year, regardless of when cash is received or paid. | All revenues and expenses during year, regardless of when cash is received or paid. |

County-Wide Statements

The County-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the County's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2009**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

County-Wide Statements (Continued)

The two County-wide statements report the County's net assets and how they have changed. Net assets – the difference between the County's assets and liabilities – are one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the County you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of county buildings and other facilities.

In the County-wide financial statements the County's activities are shown in two categories:

- Governmental activities – The County's basic services are included here. Property taxes and state aids finance most of these activities.
- Business-type activities – The County's solid waste operations are included here. Charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's funds – focusing on its most significant or "major" funds – not the County as a whole. Funds are accounting devices the County uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The County establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The County has three kinds of funds:

- Governmental funds – The County's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the County-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- Proprietary funds – The County maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its solid waste transfer station. Proprietary fund financial statements provide the same type of information as the government-wide and business-type financial statements, only in more detail.
- Fiduciary funds – The County is the fiscal agent, or fiduciary, for assets that belong to others. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the County-wide financial statements because the County cannot use these assets to finance its operations.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2009**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Assets

The County's total net assets were \$73,378,325 on December 31, 2009, an increase of \$3,287,793 from the prior year. The increase is primarily attributable to an increase in capital grants and contributions received in 2009. (see Table A-1).

Table A-1
The County's Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Current and Other Assets | \$ 17,153,936 | \$ 15,413,674 | \$ 1,474,928 | \$ 1,364,411 | \$ 18,628,864 | \$ 16,778,085 |
| Capital and Noncurrent Assets | 61,575,345 | 60,919,356 | 304,890 | 367,395 | 61,880,235 | 61,286,751 |
| Total Assets | 78,729,281 | 76,333,030 | 1,779,818 | 1,731,806 | 80,509,099 | 78,064,836 |
| Current Liabilities | 4,107,249 | 4,734,277 | 110,294 | 106,522 | 4,217,543 | 4,840,799 |
| Long-Term Liabilities | 2,869,640 | 3,094,584 | 43,591 | 38,921 | 2,913,231 | 3,133,505 |
| Total Liabilities | 6,976,889 | 7,828,861 | 153,885 | 145,443 | 7,130,774 | 7,974,304 |
| Net Assets | | | | | | |
| Invested in Capital Assets | | | | | | |
| Net of Related Debt | 59,226,829 | 58,161,565 | 304,890 | 367,395 | 59,531,719 | 58,528,960 |
| Restricted | 1,121,559 | 991,216 | - | - | 1,121,559 | 991,216 |
| Unrestricted | 11,404,004 | 9,351,388 | 1,321,043 | 1,218,968 | 12,725,047 | 10,570,356 |
| Total Net Assets | \$ 71,752,392 | \$ 68,504,169 | \$ 1,625,933 | \$ 1,586,363 | \$ 73,378,325 | \$ 70,090,532 |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2009**

CHANGE IN NET ASSETS

The County-wide total revenues were \$29,529,795 for the year ended December 31, 2009 (an increase of \$865,900). This increase is primarily attributable to planned decreases in expenses and unbudgeted capital grants and contributions for road projects in 2009. Property taxes and intergovernmental revenues accounted for 83% of total revenue for the year (see Table A-2).

Table A-2
Change in Net Assets

| | Governmental Activities | | | Business-Type Activities | | | Total | | |
|------------------------------------|-------------------------|----------------------|----------------|--------------------------|---------------------|----------------|----------------------|----------------------|----------------|
| | 2009 | 2008 | Total % Change | 2009 | 2008 | Total % Change | 2009 | 2008 | Total % Change |
| REVENUES | | | | | | | | | |
| Program Revenues | | | | | | | | | |
| Charges for Services | \$ 3,165,673 | \$ 3,022,120 | 4.8 % | \$ 1,380,950 | \$ 1,449,685 | (4.7)% | \$ 4,546,623 | \$ 4,471,805 | 1.7 % |
| Operating Grants and Contributions | 6,749,556 | 7,959,069 | (15.2) | 96,200 | 55,000 | 74.9 | 6,845,756 | 8,014,069 | (14.6) |
| Capital Grants and Contributions | 4,352,612 | 2,993,626 | 45.4 | - | - | - | 4,352,612 | 2,993,626 | 45.4 |
| General Revenues | | | | | | | | | |
| Property Taxes | 10,624,904 | 10,113,410 | 5.1 | - | - | - | 10,624,904 | 10,113,410 | 5.1 |
| Unrestricted State Aid | 2,712,161 | 2,498,778 | 8.5 | - | 1,654 | (100.0) | 2,712,161 | 2,500,432 | 8.5 |
| Investment Earnings | 187,525 | 262,141 | (28.5) | - | - | - | 187,525 | 262,141 | (28.5) |
| Other | 260,214 | 304,345 | (14.5) | - | 4,067 | (100.0) | 260,214 | 308,412 | (15.6) |
| Total Revenues | 28,052,645 | 27,153,489 | 3.3 | 1,477,150 | 1,510,406 | (2.2) | 29,529,795 | 28,663,895 | 3.0 |
| EXPENSES | | | | | | | | | |
| General Government | 4,816,107 | 4,948,504 | (2.7) | - | - | - | 4,816,107 | 4,948,504 | (2.7) |
| Public Safety | 3,586,309 | 3,420,424 | 4.8 | - | - | - | 3,586,309 | 3,420,424 | 4.8 |
| Highways and Streets | 5,128,179 | 5,120,341 | 0.2 | - | - | - | 5,128,179 | 5,120,341 | 0.2 |
| Sanitation | - | - | - | 1,437,580 | 1,507,706 | (4.7) | 1,437,580 | 1,507,706 | (4.7) |
| Human Services | 7,754,552 | 7,920,313 | (2.1) | - | - | - | 7,754,552 | 7,920,313 | (2.1) |
| Health | 2,715,352 | 3,105,822 | (12.6) | - | - | - | 2,715,352 | 3,105,822 | (12.6) |
| Culture and Recreation | 354,380 | 322,359 | 9.9 | - | - | - | 354,380 | 322,359 | 9.9 |
| Conservation of Natural Resources | 369,133 | 372,984 | (1.0) | - | - | - | 369,133 | 372,984 | (1.0) |
| Economic Development | 11,081 | 77,707 | (85.7) | - | - | - | 11,081 | 77,707 | (85.7) |
| Interest | 69,329 | 75,050 | (7.6) | - | - | - | 69,329 | 75,050 | (7.6) |
| Total Expenses | 24,804,422 | 25,363,504 | (2.2) | 1,437,580 | 1,507,706 | (4.7) | 26,242,002 | 26,871,210 | (2.3) |
| CHANGE IN NET ASSETS | | | | | | | | | |
| Net Assets - Beginning of Year | 68,504,169 | 66,714,184 | 2.7 | 1,586,363 | 1,583,663 | 0.2 | 70,090,532 | 68,297,847 | 2.6 |
| NET ASSETS - END OF YEAR | \$ 71,752,392 | \$ 68,504,169 | 4.7 | \$ 1,625,933 | \$ 1,586,363 | 2.5 | \$ 73,378,325 | \$ 70,090,532 | 4.7 |

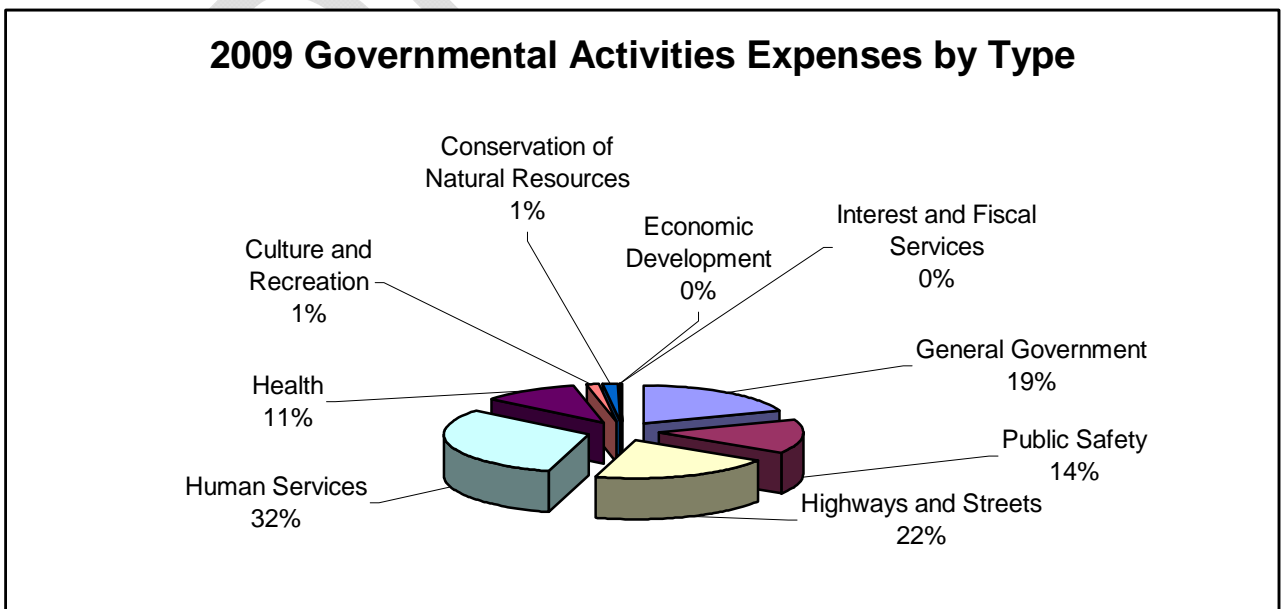
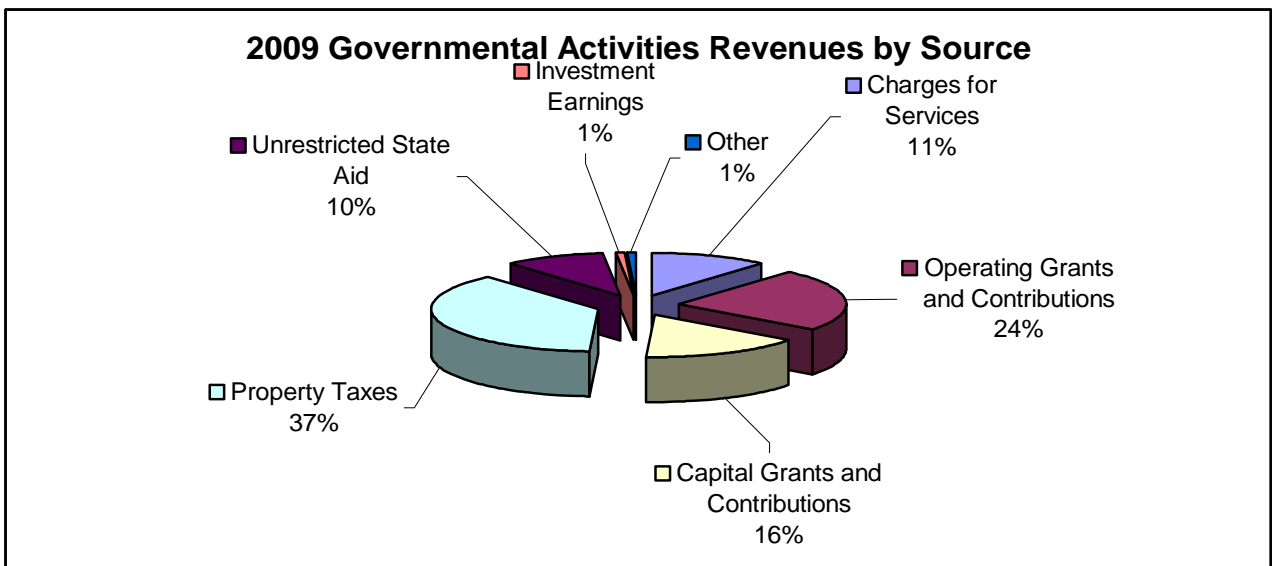
Total revenues surpassed expenses, increasing net assets \$3,287,793 over last year.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2009**

CHANGE IN NET ASSETS (CONTINUED)

The County-wide cost of all governmental activities this year was \$24,804,422.

- Some of the cost was paid by the users of the County's programs (\$3,165,673).
- The federal and state governments subsidized certain programs with grants and contributions (\$11,102,168).
- The remainder of the County's governmental activities costs \$10,536,581, however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities and the increase in net assets was covered by \$10,624,904 in property taxes, \$2,712,161 of state aid, and with investment earnings and other general revenues.



**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2009**

CHANGE IN NET ASSETS (CONTINUED)

Table A-3
Expenses and Net (Revenue) Cost of Services

| | Total Cost of Services | | Percentage Change | Net (Revenue) Cost of Services | | Percentage Change |
|-----------------------------------|------------------------|----------------------|----------------------|--------------------------------|----------------------|----------------------|
| | 2009 | 2008 | | 2009 | 2008 | |
| GOVERNMENTAL ACTIVITIES | | | | | | |
| General Government | \$ 4,816,107 | \$ 4,948,504 | (2.7)% | \$ 3,842,815 | \$ 3,008,537 | 27.7 % |
| Public Safety | 3,586,309 | 3,420,424 | 4.8 | 2,829,390 | 2,678,881 | 5.6 |
| Highways and Streets | 5,128,179 | 5,120,341 | 0.2 | (438,502) | 712,831 | (161.5) |
| Human Services | 7,754,552 | 7,920,313 | (2.1) | 3,367,584 | 3,730,879 | (9.7) |
| Health | 2,715,352 | 3,105,822 | (12.6) | 338,734 | 641,253 | (47.2) |
| Culture and Recreation | 354,380 | 322,359 | 9.9 | 354,380 | 322,359 | 9.9 |
| Conservation of Natural Resources | 369,133 | 372,984 | (1.0) | 161,770 | 141,192 | 14.6 |
| Economic Development | 11,081 | 77,707 | (85.7) | 11,081 | 77,707 | (85.7) |
| Interest | 69,329 | 75,050 | (7.6) | 69,329 | 75,050 | (7.6) |
| Total | <u>\$ 24,804,422</u> | <u>\$ 25,363,504</u> | (2.2) | <u>\$ 10,536,581</u> | <u>\$ 11,388,689</u> | (7.5) |
| BUSINESS-TYPE ACTIVITIES | | | | | | |
| Solid Waste | <u>\$ 1,437,580</u> | <u>\$ 1,507,706</u> | (4.7)% | <u>\$ (39,570)</u> | <u>\$ 3,021</u> | (1409.8)% |

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$9,741,394. Revenues for the County's governmental funds were \$27,349,195, while total expenditures were \$26,028,011.

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects. Fund balance decreased \$354,244 during 2009. This decrease was primarily due to unbudgeted transfers out to the Social Services Fund for the final installment that was due to South Country Health Alliance.

The Public Works Fund has a total fund balance of \$2,095,702, 48% of which is designated for cash flows.

The Social Services Fund revenues exceeded budget by \$598,501 and expenditures by \$821,080 in 2009, resulting in a fund balance increase.

The Community Health Fund increased its fund balance by \$73,279 over 2008, which is due primarily to great than anticipated revenues in the intergovernmental revenue category during 2009.

The Ditch Fund increased its fund balance by \$97,341 over 2008, which is due primarily to special assessment collections during 2009.

The Solid Waste Enterprise Fund showed an operating loss of \$48,599 which was partially offset by nonoperating intergovernmental revenue of \$96,200.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2009**

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL (CONTINUED)

The following schedule presents a summary of General Fund Revenues:

Table A-4
General Fund Revenues

| Fund | Year Ended | | Change | |
|-----------------------------|----------------------|----------------------|------------------------|---------|
| | December 31, 2009 | December 31, 2008 | Increase (Decrease) | Percent |
| Taxes | \$ 5,609,535 | \$ 5,424,139 | \$ 185,396 | 3.4 % |
| Intergovernmental | 2,076,446 | 2,864,542 | (788,096) | (27.5) |
| Charges for Services | 870,174 | 940,211 | (70,037) | (7.4) |
| Interest | 184,023 | 238,473 | (54,450) | (22.8) |
| Miscellaneous and Other | 447,347 | 518,951 | (71,604) | (13.8) |
| Total General Fund Revenues | <u>\$ 9,187,525</u> | <u>\$ 9,986,316</u> | <u>\$ (798,791)</u> | (8.0) |

Total General Fund revenues decreased by \$798,791, or 8.0%, from the previous year due primarily to a decrease in grants received from the federal and state governments.

The following schedule presents a summary of General Fund Expenditures:

Table A-5
General Fund Expenditures

| | Year Ended | | Change | |
|------------------------|----------------------|----------------------|------------------------|---------|
| | December 31, 2009 | December 31, 2008 | Increase (Decrease) | Percent |
| General Government | \$ 4,516,116 | \$ 4,643,763 | \$ (127,647) | (2.7)% |
| Public Safety | 3,521,722 | 3,293,534 | 228,188 | 6.9 |
| Culture and Recreation | 335,916 | 322,359 | 13,557 | 4.2 |
| Conservation | 337,513 | 290,940 | 46,573 | 16.0 |
| Economic Development | 11,081 | 77,707 | (66,626) | (85.7) |
| Total Expenditures | <u>\$ 8,722,348</u> | <u>\$ 8,628,303</u> | <u>\$ 94,045</u> | 1.1 |

The increase in General Fund expenditures is due to an increase in payroll expenditures for overtime payments earned in 2009.

General Fund Budgetary Highlights

Over the course of the year, the County revised the annual operating budget for the General Fund for planned decreases in expenditures and other minor adjustments. In general, the County does not make a significant amount of budget amendments during the year.

- Actual revenues were \$466,043 more than expected; this is primarily due to the County not budgeting interest revenue and receiving a number of grants, gifts, and contributions that were not budgeted for.
- The actual expenditures were \$521,246 more than budget, this primarily due to increased public safety expenditures and an increase in health insurance costs.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2009**

CAPITAL ASSETS

By the end of 2009, the County had invested over \$86,900,000 in a broad range of capital assets, including buildings, computers, equipment, and infrastructure (see Table A-6). (More detailed information about capital assets can be found in Note 3.A.3 to the financial statements). Total depreciation expense for the year was \$2,005,858 (including the Solid Waste Enterprise Fund).

Table A-6
The County's Capital Assets

| | Governmental Activities | | | Business-Type Activities | | | Total | | Percent Change |
|------------------------------------|-------------------------|----------------------|----------------|--------------------------|-------------------|----------------|----------------------|----------------------|----------------|
| | 2009 | 2008 | Percent Change | 2009 | 2008 | Percent Change | 2009 | 2008 | |
| Land | \$ 983,190 | \$ 983,190 | - % | \$ 37,316 | \$ 37,316 | - % | \$ 1,020,506 | \$ 1,020,506 | - % |
| Construction in Progress | 3,446,220 | 3,204,137 | 7.6 | - | - | - | 3,446,220 | 3,204,137 | 7.6 |
| Infrastructure | 67,078,181 | 64,546,726 | 3.9 | - | - | - | 67,078,181 | 64,546,726 | 3.9 |
| Buildings | 8,606,679 | 8,606,679 | - | 450,557 | 450,557 | - | 9,057,236 | 9,057,236 | - |
| Improvements Other than Buildings | - | - | - | 28,253 | 28,253 | - | 28,253 | 28,253 | - |
| Machinery, Equipment, and Vehicles | 5,360,134 | 5,324,637 | 0.7 | 920,004 | 927,771 | (0.8) | 6,280,138 | 6,252,408 | 0.4 |
| Less: Accumulated Depreciation | (24,547,538) | (22,681,946) | 8.2 | (1,131,240) | (1,076,502) | 5.1 | (25,678,778) | (23,758,448) | 8.1 |
| Total | \$ 60,926,866 | \$ 59,983,423 | 1.6 | \$ 304,890 | \$ 367,395 | (17.0) | \$ 61,231,756 | \$ 60,350,818 | 1.5 |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2009**

LONG-TERM LIABILITIES

At year-end, the County had \$3,566,652 in long-term liabilities outstanding, including the current portion of long-term debt.

- The County's governmental activities total debt decreased \$505,800 due primarily to the 2009 payments made to South Country Health Alliance.

Table A-7
The County's Long-Term Liabilities

| | 2009 | 2008 | Percentage Change |
|---------------------------------------|--------------|--------------|----------------------|
| GOVERNMENTAL ACTIVITIES | | | |
| Lease Revenue Bonds | \$ 1,680,000 | \$ 1,800,000 | (6.7)% |
| Compensated Absences Payable | 1,546,374 | 1,476,443 | 4.7 |
| Other Postemployment Benefits Payable | 276,996 | 134,781 | 105.5 |
| South Country Health Alliance Payable | - | 597,946 | (100.0) |
| Total | \$ 3,503,370 | \$ 4,009,170 | (12.6) |
| BUSINESS-TYPE ACTIVITIES | | | |
| Compensated Absences Payable | \$ 53,699 | \$ 55,820 | (3.8) |
| Other Postemployment Benefits Payable | 9,583 | 4,557 | 110.3 |
| Total | \$ 63,282 | \$ 60,377 | 5.2 |

FACTORS BEARING ON THE COUNTY'S FUTURE

The County is dependent on the State of Minnesota for a significant portion of its revenue. Recent experience demonstrates that the legislature may decrease revenues again.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Karen Busch, County Auditor-Treasurer at (320) 732-4471.

BASIC FINANCIAL STATEMENTS

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**TODD COUNTY
LONG PRAIRIE, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

| | Primary Government | | Total |
|---|----------------------------|-----------------------------|---------------|
| | Governmental Activities | Business-Type Activities | |
| ASSETS | | | |
| Cash and Investments | \$ 11,387,060 | \$ 1,332,536 | \$ 12,719,596 |
| Petty Cash and Change Funds | 2,910 | 70 | 2,980 |
| Taxes Receivable | | | |
| Delinquent | 557,993 | - | 557,993 |
| Special Assessments Receivable | | | |
| Delinquent | 18,033 | 51,901 | 69,934 |
| Deferred | 132,110 | - | 132,110 |
| Accounts Receivable - Net | 103,019 | 90,238 | 193,257 |
| Accrued Interest Receivable | 28,059 | - | 28,059 |
| Loans Receivable | 90,000 | - | 90,000 |
| Internal Balances | (183) | 183 | - |
| Due from Other Governments | 4,365,683 | - | 4,365,683 |
| Inventory | 437,007 | - | 437,007 |
| Prepays | 32,245 | - | 32,245 |
| Deferred Bond Issue Costs | 34,293 | - | 34,293 |
| Investment in Joint Ventures | 614,186 | - | 614,186 |
| Non-Depreciable Capital Assets | | | |
| Land | 983,190 | 37,316 | 1,020,506 |
| Construction in Progress | 3,446,220 | - | 3,446,220 |
| Depreciable Capital Assets | | | |
| Building (Net) | 6,100,021 | 83,289 | 6,183,310 |
| Machinery, Vehicles, Furniture and Equipment (Net) | 1,173,328 | 184,285 | 1,357,613 |
| Infrastructure (Net) | 49,224,107 | - | 49,224,107 |
| Total Assets | 78,729,281 | 1,779,818 | 80,509,099 |
| LIABILITIES | | | |
| Accounts Payable | 405,349 | 57,107 | 462,456 |
| Salaries Payable | 495,482 | 24,006 | 519,488 |
| Contracts Payable | 140,486 | - | 140,486 |
| Due to Other Governments | 83,345 | 9,490 | 92,835 |
| Accrued Interest Payable | 28,000 | - | 28,000 |
| Deferred Revenue - Unearned | 2,300,820 | - | 2,300,820 |
| Compensated Absences Payable - Due Within One Year | 528,767 | 19,691 | 548,458 |
| Facility Lease Revenue Bonds Payable - Due Within One Year | 125,000 | - | 125,000 |
| Compensated Absences Payable - Due in More than One Year | 1,017,607 | 34,008 | 1,051,615 |
| Other Postemployment Benefits Payable - Due in More than One Year | 276,996 | 9,583 | 286,579 |
| Facility Lease Revenue Bonds Payable - Due in More than One Year | 1,575,037 | - | 1,575,037 |
| Total Liabilities | 6,976,889 | 153,885 | 7,130,774 |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 59,226,829 | 304,890 | 59,531,719 |
| Restricted For: | | | |
| General Government | 441,955 | - | 441,955 |
| Public Safety | 269,673 | - | 269,673 |
| Debt Service | 409,931 | - | 409,931 |
| Unrestricted | 11,404,004 | 1,321,043 | 12,725,047 |
| Total Net Assets | \$ 71,752,392 | \$ 1,625,933 | \$ 73,378,325 |

See accompanying Notes to the Financial Statements.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009**

| FUNCTIONS/PROGRAMS | Program Revenues | | | |
|-----------------------------------|------------------|------------------------------------|---------------------------------------|-------------------------------------|
| | Expenses | Fees, Charges, Fines, and Other | Operating Grants and Contributions | Capital Grants and Contributions |
| GOVERNMENTAL ACTIVITIES | | | | |
| General Government | \$ 4,816,107 | \$ 669,236 | \$ 304,056 | \$ - |
| Public Safety | 3,586,309 | 477,682 | 261,937 | 17,300 |
| Highways and Streets | 5,128,179 | 216,493 | 1,145,071 | 4,205,117 |
| Human Services | 7,754,552 | 512,116 | 3,874,852 | - |
| Health | 2,715,352 | 1,287,468 | 1,089,150 | - |
| Culture and Recreation | 354,380 | - | - | - |
| Conservation of Natural Resources | 369,133 | 2,678 | 74,490 | 130,195 |
| Economic Development | 11,081 | - | - | - |
| Interest | 69,329 | - | - | - |
| Total Governmental Activities | 24,804,422 | 3,165,673 | 6,749,556 | 4,352,612 |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Solid Waste | 1,437,580 | 1,380,950 | 96,200 | - |
| Total Primary Government | \$ 26,242,002 | \$ 4,546,623 | \$ 6,845,756 | \$ 4,352,612 |

GENERAL REVENUES

Property Taxes
Mortgage Registry and Deed Tax
Payments in Lieu of Tax
Insurance Dividends
Grants and Contributions not Restricted for a Particular Purpose
Investment Earnings
Miscellaneous

Total General Revenues

CHANGE IN NET ASSETS

Net Assets - Beginning of Year

NET ASSETS - END OF YEAR

Net (Expense) Revenue and Changes in Net Assets

Primary Government

| Governmental Activities | Business-Type Activities | Total |
|----------------------------|-----------------------------|----------------------|
| \$ (3,842,815) | \$ - | \$ (3,842,815) |
| (2,829,390) | - | (2,829,390) |
| 438,502 | - | 438,502 |
| (3,367,584) | - | (3,367,584) |
| (338,734) | - | (338,734) |
| (354,380) | - | (354,380) |
| (161,770) | - | (161,770) |
| (11,081) | - | (11,081) |
| (69,329) | - | (69,329) |
| (10,536,581) | - | (10,536,581) |
| - | 39,570 | 39,570 |
| (10,536,581) | 39,570 | (10,497,011) |
| 10,624,904 | - | 10,624,904 |
| 14,124 | - | 14,124 |
| 75,553 | - | 75,553 |
| 122,788 | - | 122,788 |
| 2,712,161 | - | 2,712,161 |
| 187,525 | - | 187,525 |
| 47,749 | - | 47,749 |
| 13,784,804 | - | 13,784,804 |
| 3,248,223 | 39,570 | 3,287,793 |
| 68,504,169 | 1,586,363 | 70,090,532 |
| <u>\$ 71,752,392</u> | <u>\$ 1,625,933</u> | <u>\$ 73,378,325</u> |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

| | Major Funds | | |
|--|----------------------------|----------------------------|----------------------------|
| | General | Public Works | Social Services |
| ASSETS | | | |
| Cash and Pooled Investments | \$ 4,737,953 | \$ 4,029,493 | \$ 839,307 |
| Petty Cash and Change Funds | 2,640 | - | 100 |
| Taxes Receivable | | | |
| Delinquent | 297,186 | 83,230 | 168,787 |
| Special Assessments Receivable | | | |
| Delinquent | - | - | - |
| Deferred | - | - | - |
| Accounts Receivable | 2,315 | 3,452 | 26,436 |
| Accrued Interest Receivable | 28,059 | - | - |
| Loans Receivable | - | - | - |
| Due from Other Funds | 95 | - | 82,221 |
| Due from Other Governments | 104,337 | 3,366,012 | 591,392 |
| Prepaid Assets | 16,546 | 3,395 | 12,304 |
| Inventories | - | 437,007 | - |
| Advances to Other Funds | 146,976 | - | - |
| Total Assets | <u>\$ 5,336,107</u> | <u>\$ 7,922,589</u> | <u>\$ 1,720,547</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 90,039 | \$ 39,805 | \$ 213,440 |
| Salaries Payable | 205,528 | 76,129 | 129,946 |
| Contracts Payable | - | 140,486 | - |
| Due to Other Funds | 26,000 | - | - |
| Due to Other Governments | 4,439 | 193 | 62,178 |
| Deferred Revenue - Unavailable | 265,088 | 3,312,126 | 195,062 |
| Deferred Revenue - Unearned | - | 2,258,148 | - |
| Advance from Other Funds | - | - | - |
| Total Liabilities | 591,094 | 5,826,887 | 600,626 |
| FUND BALANCES (DEFICIT) | | | |
| Reserved for | | | |
| Advances to Other Funds | 146,976 | - | - |
| Inventories | - | 437,007 | - |
| Loans Receivable | - | - | - |
| Missing Heirs | 7,947 | - | - |
| Law Library | 13,985 | - | - |
| Recorder's Equipment Purchases | 420,023 | - | - |
| E-911 | 269,673 | - | - |
| Veterans Services | 161,499 | - | - |
| Prepays | 16,546 | 3,395 | 12,304 |
| Unreserved, Designated | | | |
| Cash Flows | 2,963,810 | 996,638 | 1,107,617 |
| Unreserved, Undesignated | 744,554 | 658,662 | - |
| Unreserved, Reported in Nonmajor | | | |
| Special Revenue Funds | - | - | - |
| Debt Service Funds | - | - | - |
| Total Fund Balances (Deficit) | <u>4,745,013</u> | <u>2,095,702</u> | <u>1,119,921</u> |
| Total Liabilities and Fund Balances | <u>\$ 5,336,107</u> | <u>\$ 7,922,589</u> | <u>\$ 1,720,547</u> |

See accompanying Notes to Financial Statements

| Community Health | County Ditch | Other Governmental Funds | Total Governmental Funds |
|---------------------|-------------------|--------------------------|--------------------------|
| \$ 980,792 | \$ 64,158 | \$ 735,357 | \$ 11,387,060 |
| 170 | - | - | 2,910 |
| - | - | 8,790 | 557,993 |
| 9,360 | 8,673 | - | 18,033 |
| - | 132,110 | - | 132,110 |
| 70,816 | - | - | 103,019 |
| - | - | - | 28,059 |
| - | - | 90,000 | 90,000 |
| - | - | - | 82,316 |
| 252,004 | - | 51,938 | 4,365,683 |
| - | - | - | 32,245 |
| - | - | - | 437,007 |
| - | - | - | 146,976 |
| <u>\$ 1,313,142</u> | <u>\$ 204,941</u> | <u>\$ 886,085</u> | <u>\$ 17,383,411</u> |
| \$ 23,986 | \$ 15,404 | \$ 22,675 | \$ 405,349 |
| 83,879 | - | - | 495,482 |
| - | - | - | 140,486 |
| - | - | 56,499 | 82,499 |
| 13,817 | 1,750 | 968 | 83,345 |
| 66,149 | 140,774 | 7,861 | 3,987,060 |
| 42,672 | - | - | 2,300,820 |
| - | 139,095 | 7,881 | 146,976 |
| 230,503 | 297,023 | 95,884 | 7,642,017 |
| - | - | - | 146,976 |
| - | - | - | 437,007 |
| - | - | 90,000 | 90,000 |
| - | - | - | 7,947 |
| - | - | - | 13,985 |
| - | - | - | 420,023 |
| - | - | - | 269,673 |
| - | - | - | 161,499 |
| - | - | - | 32,245 |
| 143,205 | - | - | 5,211,270 |
| 939,434 | (92,082) | - | 2,250,568 |
| - | - | 290,270 | 290,270 |
| - | - | 409,931 | 409,931 |
| <u>1,082,639</u> | <u>(92,082)</u> | <u>790,201</u> | <u>9,741,394</u> |
| <u>\$ 1,313,142</u> | <u>\$ 204,941</u> | <u>\$ 886,085</u> | <u>\$ 17,383,411</u> |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009**

| | |
|--|-----------------------------|
| TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS | \$ 9,741,394 |
| Total net assets reported for governmental activities in the statement of net assets is 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. | 60,926,866 |
| Investment in joint ventures are reported in governmental activities and are not financial resources. Therefore, they are not reported in the governmental funds. | 614,186 |
| Other long-term assets (deferred revenue - unavailable) are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. | 3,987,060 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | |
| Facility Lease Revenue Bonds | \$ (1,700,037) |
| Compensated Absences | (1,546,374) |
| Other Postemployment Benefits | (276,996) |
| South County Health Alliance Membership Assessment | - |
| Deferred Bond Issue Costs | 34,293 |
| Accrued Interest Payable | (28,000) |
| TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u><u>\$ 71,752,392</u></u> |

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**TODD COUNTY
LONG PRAIRIE, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2009**

| | Major Funds | | |
|---|----------------------------|----------------------------|----------------------------|
| | General | Public Works | Social Services |
| REVENUES | | | |
| Taxes | \$ 5,609,535 | \$ 1,568,036 | \$ 3,225,532 |
| Special Assessments | - | - | - |
| Licenses and Permits | 135,935 | - | - |
| Intergovernmental | 2,076,446 | 5,136,270 | 4,359,402 |
| Charges for Services | 870,174 | 213,261 | 104,808 |
| Fines and Forfeits | 13,279 | - | - |
| Gifts and Contributions | 17,107 | - | - |
| Interest on Investments | 184,023 | - | 1,542 |
| Insurance Dividend | 122,788 | - | - |
| Miscellaneous | 158,238 | 3,232 | 427,990 |
| Total Revenues | <u>9,187,525</u> | <u>6,920,799</u> | <u>8,119,274</u> |
| EXPENDITURES | | | |
| CURRENT | | | |
| General Government | 4,516,116 | - | - |
| Public Safety | 3,521,722 | - | - |
| Highways and Streets | - | 6,370,951 | - |
| Human Services | - | - | 6,849,735 |
| Health | - | - | - |
| Culture and Recreation | 335,916 | - | - |
| Conservation of Natural Resources | 337,513 | - | - |
| Economic Development | 11,081 | - | - |
| DEBT SERVICE | | | |
| Principal | - | - | 448,459 |
| Interest | - | - | - |
| Administrative (Fiscal) Charges | - | - | - |
| Total Expenditures | <u>8,722,348</u> | <u>6,370,951</u> | <u>7,298,194</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 465,177 | 549,848 | 821,080 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | - | - | 276,034 |
| Transfers Out | (819,626) | - | - |
| Proceeds from Sale of Assets | 205 | - | - |
| Total Other Financing Sources (Uses) | <u>(819,421)</u> | <u>-</u> | <u>276,034</u> |
| NET CHANGE IN FUND BALANCES | (354,244) | 549,848 | 1,097,114 |
| Fund Balances (Deficit) - Beginning of Year | 5,099,257 | 1,469,838 | 22,807 |
| INCREASE IN RESERVED FOR INVENTORIES | - | 76,016 | - |
| FUND BALANCES - END OF YEAR | <u><u>\$ 4,745,013</u></u> | <u><u>\$ 2,095,702</u></u> | <u><u>\$ 1,119,921</u></u> |

See accompanying Notes to Financial Statements.

| Community Health | County Ditch | Other Governmental Funds | Total Governmental Funds |
|---------------------|--------------------|--------------------------|--------------------------|
| \$ - | \$ - | \$ 166,659 | \$ 10,569,762 |
| - | 95,441 | - | 95,441 |
| - | - | - | 135,935 |
| 713,780 | - | 471,450 | 12,757,348 |
| 1,654,764 | - | - | 2,843,007 |
| - | - | - | 13,279 |
| - | - | - | 17,107 |
| - | - | 1,960 | 187,525 |
| - | - | - | 122,788 |
| 3,734 | - | 13,809 | 607,003 |
| <u>2,372,278</u> | <u>95,441</u> | <u>653,878</u> | <u>27,349,195</u> |
| - | - | 25,314 | 4,541,430 |
| - | - | - | 3,521,722 |
| - | - | - | 6,370,951 |
| - | - | 562,017 | 7,411,752 |
| 2,660,759 | - | - | 2,660,759 |
| - | - | 18,464 | 354,380 |
| - | 30,445 | - | 367,958 |
| - | - | - | 11,081 |
| 149,487 | - | 120,000 | 717,946 |
| - | - | 69,600 | 69,600 |
| - | - | 432 | 432 |
| <u>2,810,246</u> | <u>30,445</u> | <u>795,827</u> | <u>26,028,011</u> |
| (437,968) | 64,996 | (141,949) | 1,321,184 |
| 511,247 | 32,345 | - | 819,626 |
| - | - | - | (819,626) |
| - | - | - | 205 |
| <u>511,247</u> | <u>32,345</u> | <u>-</u> | <u>205</u> |
| 73,279 | 97,341 | (141,949) | 1,321,389 |
| 1,009,360 | (189,423) | 932,150 | 8,343,989 |
| - | - | - | 76,016 |
| <u>\$ 1,082,639</u> | <u>\$ (92,082)</u> | <u>\$ 790,201</u> | <u>\$ 9,741,394</u> |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2009**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,321,389

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

| | | | |
|--|------------------|---------|--|
| Transactions to report investment in joint venture | | | |
| Assessments Paid | \$ 597,946 | | |
| Increase (Decrease) in Investment in Joint Venture | <u>(284,336)</u> | 313,610 | |

Governmental funds report capital outlays 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.

| | | | |
|--|--------------------|---------|--|
| Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Asset Adjustments | | | |
| Current Year Depreciation | 2,891,220 | | |
| | <u>(1,941,383)</u> | 949,837 | |

In the statement of activities, only the gain or loss on the disposal of capital assets are reported whereas in the governmental funds, the proceeds from the disposal increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the cost of the capital assets disposed of. (6,394)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 685,208

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 Repayments: | | | |
| Facility Lease Revenue Bonds | | | 120,000 |

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 governmental funds.

| | | | |
|---|---------------|------------------|--|
| Change in Accrued Interest Payable | | | |
| Amortization of Deferred Bond Issue Costs | 2,000 | | |
| Amortization of Bond Premiums | (3,118) | | |
| Change in Compensated Absences | 1,821 | | |
| Change in Other Post Employment Benefits | (69,931) | | |
| Change in Inventories | (142,215) | | |
| | <u>76,016</u> | <u>(135,427)</u> | |

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 3,248,223

See accompanying Notes to Financial Statements.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
STATEMENT OF NET ASSETS
SOLID WASTE ENTERPRISE FUND
DECEMBER 31, 2009**

| ASSETS | |
|---|--------------|
| CURRENT ASSETS | |
| Cash and Pooled Investments | \$ 1,332,536 |
| Petty Cash and Change Funds | 70 |
| Special Assessments Receivable | |
| Delinquent | 51,901 |
| Accounts Receivable (Net) | 90,238 |
| Due from Other Funds | 183 |
| Total Current Assets | 1,474,928 |
| NONCURRENT ASSETS | |
| CAPITAL ASSETS | |
| Land | 37,316 |
| Building (Net) | 83,289 |
| Machinery, Vehicles, Furniture and Equipment (Net) | 184,285 |
| Total Noncurrent Assets | 304,890 |
| Total Assets | 1,779,818 |
| LIABILITIES | |
| CURRENT LIABILITIES | |
| Accounts Payable | 57,107 |
| Salaries Payable | 24,006 |
| Due to Other Governments | 9,490 |
| Compensated Absences Payable - Due within One Year | 19,691 |
| Total Current Liabilities | 110,294 |
| NONCURRENT LIABILITIES | |
| Compensated Absences - Due in More than One Year | 34,008 |
| Other Postemployment Benefits - Due in More than One Year | 9,583 |
| Total Noncurrent Liabilities | 43,591 |
| Total Liabilities | 153,885 |
| NET ASSETS | |
| Invested in Capital Assets | 304,890 |
| Unrestricted | 1,321,043 |
| Total Net Assets | \$ 1,625,933 |

See accompanying Notes to Financial Statements.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
SOLID WASTE ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2009**

| | |
|---|----------------------------|
| OPERATING REVENUES | |
| Sales and Charges for Services | \$ 848,543 |
| Operating Special Assessments | 532,407 |
| Total Operating Revenues | <u>1,380,950</u> |
| OPERATING EXPENSES | |
| Sanitation | 1,365,074 |
| Depreciation | 64,475 |
| Total Operating Expenses | <u>1,429,549</u> |
| OPERATING LOSS | (48,599) |
| NONOPERATING REVENUES (EXPENSES) | |
| Intergovernmental | 96,200 |
| Loss on Trade In of Capital Assets | (8,031) |
| Total Nonoperating Revenues (Expenses) | <u>88,169</u> |
| CHANGE IN NET ASSETS | 39,570 |
| Net Assets - Beginning of Year | <u>1,586,363</u> |
| NET ASSETS - END OF YEAR | <u><u>\$ 1,625,933</u></u> |

See accompanying Notes to Financial Statements.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
STATEMENT OF CASH FLOWS
SOLID WASTE ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2009**

| | |
|--|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from Customers and Users | \$ 975,130 |
| Receipts from Operating Special Assessments | 525,152 |
| Payments to Suppliers | (936,731) |
| Payments to Employees | (419,901) |
| Net Cash Provided (Used) by Operating Activities | <u>143,650</u> |
| CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES | |
| Interfund Borrowing | (183) |
| Intergovernmental | 96,200 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Purchases of Capital Assets | (19,301) |
| Proceeds on Sale of Capital Assets | 9,300 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(10,001)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 229,666 |
| Cash and Cash Equivalents - Beginning of Year | <u>1,102,870</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u><u>\$ 1,332,536</u></u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES | |
| Operating Income (Loss) | \$ (48,599) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | |
| Depreciation | 64,475 |
| (Increase) Decrease in Assets: | |
| Accounts Receivable | (7,255) |
| Due from Other Governments | 55,000 |
| Special Assessments Receivable | 71,587 |
| Increase (Decrease) in Liabilities: | |
| Accounts Payable | (11,772) |
| Salaries Payable | 12,451 |
| Due to Other Governments | 4,858 |
| Compensated Absences Payable | (2,121) |
| Other Postemployment Benefits Payable | 5,026 |
| Net Cash Provided (Used) by Operating Activities | <u><u>\$ 143,650</u></u> |

See accompanying Notes to Financial Statements.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
STATEMENT OF CASH FLOWS
SOLID WASTE ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2009**

DRAFT

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2009**

ASSETS

| | |
|-----------------------------|-------------------|
| Cash and Pooled Investments | <u>\$ 924,069</u> |
|-----------------------------|-------------------|

LIABILITIES

| | |
|--------------------------|-------------------|
| Accounts Payable | \$ 131,986 |
| Due to Other Governments | <u>792,083</u> |
| Total Liabilities | <u>\$ 924,069</u> |

DRAFT

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) 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. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Todd County was established February 20, 1855, is an organized county having the powers, duties, and privileges granted counties by *Minnesota Statutes* ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Todd County (primary government) and its component units for which the County is financially accountable. There is financial accountability if the primary government appoints a voting majority of an organization's governing body and had the ability to impose its will on that governing body; or there is the potential for the organization to provide specific financial benefits or to impose specific financial burden on the primary government. Based on the criteria for determining component units, the County is not required to include any component units. 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. The County Auditor-Treasurer, elected on a County-wide basis, serves as the clerk of the Board but does not vote in its decisions.

Joint Ventures

The County participates in joint ventures which are described in Note 7.B. The County also participates in jointly-governed organizations which are described in Note 7.C, and a related organization is described in Note 7.D.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) display information about the primary government. 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.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

1. Government-Wide Statements (Continued)

In the government-wide statement of net assets, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities and different business-type activity are offset by program revenues. Direct expenses are those that are 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 that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are 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 and enterprise 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.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

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

The Public Works 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 Social Services Special Revenue Fund is used to account for economic assistance and community social services programs.

The Community Health Special Revenue Fund is used to account for the financial activities of the Todd County Nursing Service. Financing is provided by grants for health purposes and charges for nursing care.

The County Ditch Special Revenue Fund is used to account for the repair, maintenance, and construction of ditches within the County.

The County reports the following major enterprise fund:

The Solid Waste Fund is used to account for the operation, maintenance, and development of the County solid waste transfer station.

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 agency capacity.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the 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. Todd County considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be 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 and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Cash Equivalents

The County has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2009, based on market prices. Pursuant to *Minnesota Statutes* §385.07, investment earnings on cash and pooled investments are credited to the general fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent maturities of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for uncollectibles which is calculated on a case-by-case basis.

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

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 on 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

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 asset's 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 are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|---|-------|
| Buildings | 20-40 |
| Infrastructure | 15-50 |
| Machinery, Vehicles, Furniture, and Equipment | 3-10 |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Compensated Absences

The liability for compensated absences reported in financial statements consists of unpaid, accumulated annual 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.

7. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types 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.

9. Fund Balance

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

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. 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.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balance

The following funds had deficit fund balance as of December 31, 2009:

| | |
|--|-----------|
| Ditch Special Revenue Fund | \$ 92,082 |
| Energy Assistance Special Revenue Fund | 11,725 |
| Forfeited Tax Sale Fund | 7,881 |

The Ditch Fund's deficit will be eliminated with future special assessment levies against benefited properties. The Energy Assistance Fund's deficit will be eliminated with future grant revenues. The Forfeited Tax Fund's deficit will be eliminated with future land sales.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits

The cash balance 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 fair value at December 31, 2009, based on market prices. Pursuant to *Minnesota Statute* Chapter 385.07, investment earnings on cash and pooled investments are credited to the general fund. Cash and investments that are not pooled are credited to the respective fund.

Minnesota Statutes §§118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- (a) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by *Minnesota Statutes* §118A.04, subd. 6;
- (b) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (c) 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;
- (d) bankers’ acceptances of United States banks;
- (e) 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
- (f) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Following is a summary of the fair values of the County’s deposits and investments at December 31, 2009:

| | |
|--|---------------|
| Statement of Net Assets | |
| Cash and Pooled Investments | \$ 12,719,596 |
| Petty Cash | 2,980 |
| Statement of Fiduciary Net Assets | |
| Agency Funds Cash and Pooled Investments | 924,069 |
| Total Cash and Investments | \$ 13,646,645 |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits (Continued)

Custodial Credit Risk – Deposits - In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk and follows *Minnesota Statutes* for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledge must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral includes: U.S. government treasury bills, notes, or bonds, issues of U.S. government agency; general obligation of the state or local government rated “A” or better; revenue obligations of the state or local government rated “AA” or better; irrevocable standby letters of credit issue by the Federal Home Loan Bank; and time deposits insured by a federal agency. *Minnesota Statutes* require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository. As of December 31, 2009, all County deposits were fully collateralized.

2. Loans Receivable

Loans receivable consist of cash loans to private enterprises, as described below:

| | |
|---|------------------|
| The Reichert Place, Long Prairie, Minnesota; Original Loan of \$90,000 at 1% Interest, Due in One Lump Sum on September 1, 2031. | <u>\$ 90,000</u> |
|---|------------------|

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets

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

| | Beginning Balance | Additions | Deletions | Transfers | Ending Balance |
|--|----------------------|---------------------|---------------------|--------------------|----------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Capital Assets, Not Being Depreciated | | | | | |
| Land and Right of Way | \$ 983,190 | \$ - | \$ - | \$ - | \$ 983,190 |
| Construction-in-Progress | 3,204,137 | 2,734,668 | 2,492,585 | - | 3,446,220 |
| Total Capital Assets, Not Being Depreciated: | 4,187,327 | 2,734,668 | 2,492,585 | - | 4,429,410 |
| Capital Assets, Being Depreciated | | | | | |
| Buildings | 8,606,679 | - | - | - | 8,606,679 |
| Machinery, Furniture, and Equipment | 5,324,637 | 101,538 | 85,609 | 19,568 | 5,360,134 |
| Infrastructure | 64,546,726 | 2,531,455 | - | - | 67,078,181 |
| Total Capital Assets, Being Depreciated | 78,478,042 | 2,632,993 | 85,609 | 19,568 | 81,044,994 |
| Less Accumulated Depreciation For | | | | | |
| Buildings | 2,326,054 | 180,604 | - | - | 2,506,658 |
| Machinery, Furniture, and Equipment | 3,844,020 | 418,577 | 79,215 | 3,424 | 4,186,806 |
| Infrastructure | 16,511,872 | 1,342,202 | - | - | 17,854,074 |
| Total Accumulated Depreciation | 22,681,946 | 1,941,383 | 79,215 | 3,424 | 24,547,538 |
| Total Capital Assets, Being Depreciated, Net | 55,796,096 | 691,610 | 6,394 | 16,144 | 56,497,456 |
| Governmental Activities Capital Assets, Net | <u>\$ 59,983,423</u> | <u>\$ 3,426,278</u> | <u>\$ 2,498,979</u> | <u>\$ 16,144</u> | <u>\$ 60,926,866</u> |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Capital Assets, Not Being Depreciated | | | | | |
| Land | \$ 37,316 | \$ - | \$ - | \$ - | \$ 37,316 |
| Capital Assets, Being Depreciated | | | | | |
| Buildings | 450,557 | - | - | - | 450,557 |
| Improvements Other than Buildings | 28,253 | - | - | - | 28,253 |
| Machinery and Vehicles | 927,771 | 19,301 | 7,500 | (19,568) | 920,004 |
| Total Capital Assets, Being Depreciated | 1,406,581 | 19,301 | 7,500 | (19,568) | 1,398,814 |
| Less Accumulated Depreciation For | | | | | |
| Buildings | 351,753 | 15,515 | - | - | 367,268 |
| Improvements Other than Buildings | 27,179 | 1,074 | - | - | 28,253 |
| Machinery and Vehicles | 697,570 | 47,886 | 6,313 | (3,424) | 735,719 |
| Total Accumulated Depreciation | 1,076,502 | 64,475 | 6,313 | (3,424) | 1,131,240 |
| Total Capital Assets, Being Depreciated, Net | 330,079 | (45,174) | 1,187 | (16,144) | 267,574 |
| Business-Type Activities Capital Assets, Net | <u>\$ 367,395</u> | <u>\$ (45,174)</u> | <u>\$ 1,187</u> | <u>\$ (16,144)</u> | <u>\$ 304,890</u> |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

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

| | | |
|--|-----------|------------------|
| Governmental Activities | | |
| General Government | \$ | 291,443 |
| Public Safety | | 72,283 |
| Highways and Streets, Including Depreciation of Infrastructure Assets | | 1,561,910 |
| Human Services | | 9,569 |
| Health | | 6,178 |
| Total Depreciation Expense - Governmental Activities | <u>\$</u> | <u>1,941,383</u> |
| Business-Type Activities | | |
| Solid Waste | <u>\$</u> | <u>64,475</u> |

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 | Purpose |
|---------------------|-------------------|------------------|----------------------------|
| Major Funds | | | |
| General Fund | County Ditch | \$ 95 | Forfeited Tax Land Sale |
| Solid Waste | County Ditch | 183 | Forfeited Tax Land Sale |
| Social Services | Energy Assistance | 56,221 | Reimbursement for Services |
| Social Services | General Fund | <u>26,000</u> | Reimbursement for Services |
| Total From/To Other | | <u>\$ 82,499</u> | |

2. Advances From/To Other Funds

The following are not expected to be repaid within one year:

| Receivable Fund | Payable Fund | Amount | Purpose |
|-----------------|--------------------|-------------------|----------------------------|
| Major Funds | | | |
| General | County Ditch | \$ 139,095 | Cash Flows |
| General | Forfeited Tax Sale | <u>7,881</u> | Eagle Bend Cleanup Expense |
| | | <u>\$ 146,976</u> | |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

3. Interfund Transfers

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

| | | |
|--|--------------------------|---|
| Transfer to Community Health Fund from General Fund | \$ 511,247 | Annual Appropriation |
| Transfer to Social Services Fund from General Fund | 276,034 | Provide funds to pay South County Health Alliance |
| Transfer to County Ditch Fund from General Fund | <u>32,345</u> | Ditch Settlement |
| Total Transfers | <u><u>\$ 819,626</u></u> | |

C. Liabilities

1. Long-Term Debt

Governmental Activities

| Types of Indebtedness | Final Maturity | Annual Installment Amounts | Interest Rates (%) | Original Issues Amount | Outstanding Balance December 31, 2009 |
|-----------------------------------|-------------------|----------------------------------|-----------------------|------------------------------|--|
| 2006 Lease Facility Revenue Bonds | 2020 | \$120,000- \$185,000 | 4.00 | \$ 1,800,000 | \$ 1,680,000 |
| Add: Unamortized Premium | | | | | <u>20,037</u> |
| Total | | | | | <u><u>\$ 1,700,037</u></u> |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

2. Debt Service Requirements

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

Governmental Activities

| Year Ending December 31, | Facility Lease Revenue Bonds | |
|-----------------------------|------------------------------|-------------------|
| | Principal | Interest |
| 2010 | \$ 125,000 | \$ 64,700 |
| 2011 | 130,000 | 59,600 |
| 2012 | 135,000 | 54,300 |
| 2013 | 140,000 | 48,800 |
| 2014 | 145,000 | 43,100 |
| 2015-2019 | 820,000 | 121,400 |
| 2020 | 185,000 | 3,700 |
| Total | <u>\$ 1,680,000</u> | <u>\$ 395,600</u> |

3. Changes in Long-Term Liabilities

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|---------------------|---------------------|---------------------|------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Bonds Payable | | | | | |
| Lease Facility Revenue Bonds | \$ 1,800,000 | \$ - | \$ 120,000 | \$ 1,680,000 | \$ 125,000 |
| Compensated Absences | 1,476,443 | 1,135,938 | 1,066,007 | 1,546,374 | 528,767 |
| Other Postemployment Benefits | 134,781 | 180,025 | 37,810 | 276,996 | - |
| South Country Health Alliance Membership Assessments | 597,946 | - | 597,946 | - | - |
| Governmental Activity Long-Term Liabilities | <u>\$ 4,009,170</u> | <u>\$ 1,315,963</u> | <u>\$ 1,821,763</u> | <u>\$ 3,503,370</u> | <u>\$ 653,767</u> |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Compensated Absences | \$ 55,820 | \$ 36,678 | \$ 38,799 | \$ 53,699 | \$ 19,691 |
| Other Postemployment Benefits | 4,557 | 6,362 | 1,336 | 9,583 | - |
| Business-Type Activity Long-Term Liabilities | <u>\$ 60,377</u> | <u>\$ 43,040</u> | <u>\$ 40,135</u> | <u>\$ 63,282</u> | <u>\$ 19,691</u> |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Defined Benefit Plan

1. Plan Description

All full-time and certain part-time employees of Todd 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 (PERF), the Public Employees Police and Fire Fund (PEPFF), and the Local Government Employees Correctional Fund called the Public Employees Correctional Fund (PECF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

PERF 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 PEPFF. 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 jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are covered by the PECF.

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 PERA's 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 remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PECF members. For all PEPFF members, PECF members, and PERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1 a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

1. Plan Description (Continued)

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options that will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

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, by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088, or by calling (651) 296-7460 or (800) 652-9026.

2. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. 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. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 6.00%, respectively, of their annual covered salary in 2009. PEPFF members were required to contribute 9.40% of their annual covered salary in 2009. PECF members are required to contribute 5.83% of their annual covered salary.

Todd County is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 6.75% for Coordinated Plan PERF members, 14.10% for PEPFF members, and 8.75% for PECF members.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

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:

| | Public Employees Retirement Fund | Public Employees Police and Fire Fund | Local Government Correctional Service Retirement Fund |
|------|---|--|--|
| 2009 | \$ 598,062 | \$ 117,542 | \$ 68,134 |
| 2008 | 570,215 | 104,583 | 55,148 |
| 2007 | 494,408 | 85,698 | 49,027 |

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

B. Defined Contribution Plan

Two Commissioners of the County are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP 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. *Minnesota Statutes* Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary, which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees, employer contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee 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 two percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

B. Defined Contribution Plan (Continued)

The Employer's contributions for the years ending December 31, 2009, 2008 and 2007 were \$2,387, \$2,385, and \$5,066, respectively, equal to the contractually required contributions for each year as set by state statute.

C. OPEB Disclosure

In 2008, the County implemented the requirements of a new accounting statement GASB No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*.

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by *Minnesota Statute* §471.61 subdivision 2b. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay varying percentages of the total premium cost. As of January 1, 2007, there were approximately 208 retirees receiving health benefits from the County's health plan.

1. Annual OPEB Cost and Net OPEB Obligation

The County's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of fund that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial 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 2009, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

| | |
|------------------------------------|--------------------------|
| Annual Required Contribution (ARC) | \$ 182,109 |
| Interest on Net OPEB Obligation | 8,195 |
| Adjustment to ARC | (3,917) |
| Annual OPEB Cost | <u>186,387</u> |
| Contributions During the Year | <u>(39,146)</u> |
| Increase in Net OPEB Obligation | 147,241 |
| Net OPEB - Beginning of Year | 139,338 |
| Net OPEB - End of Year | <u><u>\$ 286,579</u></u> |
| Governmental Activities | \$ 276,996 |
| Business-Type Activities | <u>9,583</u> |
| Total OPEB Payable | <u><u>\$ 286,579</u></u> |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

C. OPEB Disclosure (Continued)

1. Annual OPEB Cost and Net OPEB Obligation (Continued)

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

| Year Ended | Annual OPEB Cost | Employer Contribution | Percentage Contributed | Net OPEB Obligation |
|-------------------|---------------------|--------------------------|---------------------------|------------------------|
| December 31, 2009 | \$ 182,109 | \$ 39,146 | 21.50% | \$ 142,963 |

2. Funding Status

The County currently has no assets that have been irrevocable deposits in the trust for future health benefits. Therefore, the actuarial value of assets is zero.

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded Actuarial Accrued Liability (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|---|--------------------------|---------------------------|--|
| 1/1/2008 | \$ - | \$ 1,481,616 | \$ 1,481,616 | 0.00% | \$9,336,090 | 15.87% |

3. Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. 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.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. 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.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

C. OPEB Disclosure (Continued)

4. Annual OPEB Cost and Net OPEB Obligation (Continued)

In the January 1, 2008 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.50% discount rate, which is based on the estimated long-term investment yield on the general assets of the County using an underlying long-term inflation assumption of 3.00%. The annual healthcare cost trend rate is 9.00% initially, reduced incrementally to an ultimate rate of 5.00% after twenty years. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open 30-year period.

NOTE 5 OPERATING LEASES

The County entered into lease agreements for the use of nine squad cars and for the use of a copier for the Sheriff's Office. There is also a 60-month lease agreement for the use of a copier for the Assessor's Office. The 2009 expenditures (including costs for maintenance of the cars) under this lease agreement totaled \$100,076. Minimum lease payments over the term of these leases are as follows:

| Year | Amount |
|-------|------------------|
| 2010 | \$ 40,257 |
| 2011 | 19,343 |
| 2012 | 5,927 |
| Total | <u>\$ 65,527</u> |

NOTE 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 for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Insurance Trust (MCIT). For other risks, the County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$430,000 per claim in 2009. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 6 RISK MANAGEMENT (CONTINUED)

The Property and Casualty Division of MCIT is self-sustaining and the County pays an annual premium to cover current and future losses. The 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.

NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Contingent Liabilities

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

The County may be involved in various claims. Although the outcome of any claims 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 government.

B. Joint Ventures

Todd-Wadena Community Corrections

The joint community corrections system was established in 1976 pursuant to Minnesota Laws of 1973, Chapter 401, between Todd and Wadena Counties. Todd-Wadena Community Corrections' primary programs and services are to assist member counties in the development, implementation, and operation of correctional programs, probation, and parole.

The management of Todd-Wadena Community Corrections is vested in a Joint Powers Board, which is composed of the five commissioners from each participating county. No single member county retains control over the operations or has oversight responsibility for the community corrections. The Joint Powers board appoints an executive committee which has been delegated by the Joint Powers Board all powers and duties necessary for the day to day operations. Total payments made to this entity in 2009 were \$2,517.

Complete financial information can be obtained from:

Todd-Wadena Community Corrections Office
239 Central Avenue
Long Prairie, Minnesota 56347

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

B. Joint Ventures (Continued)

Family Service Collaborative

The Todd County Family Service Collaborative was established in 1998 under the authority of the Joint Powers Act, pursuant to *Minnesota Statute* §§471.59 and 124D.23. The Collaborative includes Todd County; Independent School District Nos. 786, 787, 2170, 2753, 2759, 6004; Tri-County Community Action Program; Rural Minnesota CEP; and Northern Pines Mental Health Center. The purpose of the Collaborative is to provide coordinated family services and to commit resources to an integrated fund.

Control of the Todd County Family Services Collaborative is vested in a Board of Directors. Todd County has two members on the Board.

In the event of withdrawal from the Todd County Family Service Collaborative, the withdrawing party shall give 90 days advance notice. The withdrawing party shall not be entitled to any compensation as long as the Collaborative continues its existence. Should the Collaborative cease to exist, all property, real and personal, held by the Joint Powers Board at the time of termination shall be distributed by resolution of the Board in accordance with law and in a manner to best accomplish the continuing purpose of the Collaborative. The County did not make any payments to this entity in 2009.

Financing is provided by state grants and appropriations from its members. The Freshwater Education District in Staples is the fiscal agent for the Collaborative.

Central Minnesota Major Crime Investigation Unit

Todd, Morrison, Benton, and Stearns Counties and the City of St. Cloud have entered into a joint powers agreement to organize a group of local law enforcement officers to be available to assist in any of the parties in the investigation and solution of major crimes within the four-county area. The County did not make any payments to this entity in 2009.

Separate financial information can be obtained from Stearns County (fiscal agent).

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

B. Joint Ventures (Continued)

South Country Health Alliance

South Country Health Alliance (SCHA) was created by a joint powers agreement between Brown, Dodge, Freeborn, Goodhue, Kanabec, Mower, Sibley, Steele, Wabasha, and Waseca Counties on July 24, 1998, under *Minnesota Statute* §471.59. In 2007, Cass, Crow Wing, Morrison, Todd, and Wadena Counties became members. Mower County has since withdrawn. The agreement was in accordance with *Minnesota Statute* §256B.692, which allows the formation of a board of directors to operate, control, and manage all matters concerning the participating member counties' health care functions, referred to as county-based purchasing.

The purpose of SCHA is to improve the social and health outcomes of its clients and all citizens of its member counties by better coordinating social service, public health and medical services, and promoting the achievement of public health goals. The SCHA is authorized to provide prepaid comprehensive health maintenance services to persons enrolled under Medicaid and General Assistance Medical Care in each of the member counties.

Each member county has an explicit and measurable right to its share of the total capital surplus of the SCHA. Gains and losses are allocated annually to all members based on the percentage of their utilization. The County's equity interest in the SCHA at December 31, 2009 was \$614,186. The equity interest is reported as an investment in joint venture on the government-wide statement of net assets. Changes in equity are included in the government-wide statement of activities as human services expenses. Total payments made to this entity in 2009 were \$597,946.

Complete financial statements for the SCHA may be obtained from its fiscal agent at 630 Florence Avenue, P.O. Box 890, Owatonna, Minnesota 55060-0890.

C. Jointly-Governed Organizations

Hubbard, Otter Tail, Todd, and Wadena Counties, along with Quadrant, Inc., a Minnesota corporation, entered into a joint powers agreements which allows for the incineration of solid waste generated in these counties presently deposited in landfills and results in the recovery of energy that otherwise would be lost. The Joint Powers Board consists of one representative from each county, with Otter Tail County having two representatives. The activities relating to this agreement are reported as an enterprise fund in Otter Tail County's financial statements.

D. Related Organization – Long Prairie Housing and Redevelopment Authority

The County Board is responsible for appointing a majority of the Long Prairie Housing and Redevelopment Authority's governing body, but the County's responsibility does not extend beyond making the appointments.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A**

DRAFT

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2009**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------|------------------|--------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 5,478,461 | \$ 5,478,461 | \$ 5,609,535 | \$ 131,074 |
| Licenses and Permits | 162,400 | 162,400 | 135,935 | (26,465) |
| Intergovernmental | 1,875,583 | 1,885,583 | 2,076,446 | 190,863 |
| Charges for Services | 806,936 | 882,936 | 870,174 | (12,762) |
| Fines and Forfeits | - | - | 13,279 | 13,279 |
| Gifts and Contributions | 6,000 | 6,000 | 17,107 | 11,107 |
| Investment Earnings | - | - | 184,023 | 184,023 |
| Insurance Dividend | 121,552 | 121,552 | 122,788 | 1,236 |
| Miscellaneous | 181,050 | 184,550 | 158,238 | (26,312) |
| | | | | |
| Total Revenues | 8,631,982 | 8,721,482 | 9,187,525 | 466,043 |
| EXPENDITURES | | | | |
| CURRENT | | | | |
| GENERAL GOVERNMENT | | | | |
| Administrator | 90,040 | 88,440 | 95,243 | (6,803) |
| Commissioners | 446,556 | 433,556 | 420,620 | 12,936 |
| Courts | 67,000 | 63,000 | 60,215 | 2,785 |
| Law Library | - | - | 36,922 | (36,922) |
| County Auditor-Treasurer | 551,094 | 549,094 | 531,913 | 17,181 |
| County Assessor | 468,403 | 442,403 | 451,269 | (8,866) |
| Elections | 14,950 | 10,950 | 20,242 | (9,292) |
| Data Processing | 330,106 | 300,106 | 293,491 | 6,615 |
| Personnel | 110,144 | 109,144 | 98,443 | 10,701 |
| Attorney | 470,836 | 469,636 | 446,034 | 23,602 |
| Recorder | 414,229 | 413,229 | 288,036 | 125,193 |
| Surveyor | 279,753 | 268,753 | 282,634 | (13,881) |
| Planning and Zoning | 317,042 | 304,042 | 456,652 | (152,610) |
| Buildings and Plant | 485,249 | 478,749 | 447,760 | 30,989 |
| Veterans Service Officer | 139,287 | 139,287 | 153,750 | (14,463) |
| Other General Government | 252,292 | 237,292 | 432,892 | (195,600) |
| | | | | |
| Total General Government | 4,436,981 | 4,307,681 | 4,516,116 | (208,435) |
| PUBLIC SAFETY | | | | |
| Sheriff | 2,099,804 | 2,098,004 | 2,199,958 | (101,954) |
| Boat and Water Safety | 10,895 | 10,895 | 11,175 | (280) |
| Emergency Services | 34,800 | 34,800 | 79,020 | (44,220) |
| Coroner | 69,010 | 69,010 | 69,010 | - |
| County Jail | 1,018,824 | 1,018,824 | 1,148,492 | (129,668) |
| Community Corrections | 17,400 | 17,400 | 14,067 | 3,333 |
| | | | | |
| Total Public Safety | 3,250,733 | 3,248,933 | 3,521,722 | (272,789) |

The Notes to the Required Supplementary Information are an Integrated Part of this Schedule.

**TODD COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
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> | | |
| EXPENDITURES (CONTINUED) | | | | |
| CURRENT (CONTINUED) | | | | |
| CULTURE AND RECREATION | | | | |
| Regional Library | \$ 331,314 | \$ 331,314 | \$ 335,916 | \$ (4,602) |
| CONSERVATION OF NATURAL RESOURCES | | | | |
| County Extension | 146,111 | 146,111 | 154,740 | (8,629) |
| Soil and Water Conservation | 126,812 | 127,812 | 125,856 | 1,956 |
| Agricultural Society/County Fair | 5,304 | 5,304 | 19,934 | (14,630) |
| Wetland Challenge | 12,328 | 12,328 | 36,983 | (24,655) |
| Total Conservation of Natural Resources | 290,555 | 291,555 | 337,513 | (45,958) |
| ECONOMIC DEVELOPMENT | | | | |
| Community Development | 66,619 | 21,619 | 11,081 | 10,538 |
| Total Expenditures | 8,376,202 | 8,201,102 | 8,722,348 | (521,246) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| | 255,780 | 520,380 | 465,177 | (55,203) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (541,247) | (573,592) | (819,626) | (246,034) |
| Proceeds from Sale of Assets | 500 | 500 | 205 | (295) |
| Total Other Financing Sources (Uses) | (540,747) | (573,092) | (819,421) | (246,329) |
| NET CHANGE IN FUND BALANCE | | | | |
| | \$ (284,967) | \$ (52,712) | (354,244) | \$ (301,532) |
| Fund Balance - Beginning of Year | | | 5,099,257 | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 4,745,013</u> | |

The Notes to the Required Supplementary Information are an Integrated Part of this Schedule.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
PUBLIC WORKS SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2009**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|--------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 1,468,215 | \$ 1,468,215 | \$ 1,568,036 | \$ 99,821 |
| Intergovernmental | 3,922,198 | 3,922,198 | 5,136,270 | 1,214,072 |
| Charges for Services | 50,000 | 50,000 | 213,261 | 163,261 |
| Miscellaneous | 1,000 | 1,000 | 3,232 | 2,232 |
| | | | | |
| Total Revenues | 5,441,413 | 5,441,413 | 6,920,799 | 1,479,386 |
| EXPENDITURES | | | | |
| CURRENT | | | | |
| HIGHWAY AND STREETS | | | | |
| Public Works | 399,356 | 378,386 | 319,437 | 58,949 |
| Construction & Engineering | 3,567,714 | 3,527,165 | 4,528,982 | (1,001,817) |
| Maintenance | 1,580,944 | 1,536,862 | 1,522,532 | 14,330 |
| Total Highways and Streets | 5,548,014 | 5,442,413 | 6,370,951 | (928,538) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (106,601) | (1,000) | 549,848 | 550,848 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from Sale of Assets | 1,000 | 1,000 | - | (1,000) |
| NET CHANGE IN FUND BALANCE | \$ (105,601) | \$ - | 549,848 | \$ 549,848 |
| Fund Balance - Beginning of Year | | | 1,469,838 | |
| Increase in Reserved for Inventory | | | 76,016 | |
| FUND BALANCE - END OF YEAR | | | \$ 2,095,702 | |

The Notes to the Required Supplementary Information are an Integrated Part of this Schedule.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2009**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|--------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 3,457,235 | \$ 3,457,235 | \$ 3,225,532 | \$ (231,703) |
| Intergovernmental | 3,690,983 | 3,690,983 | 4,359,402 | 668,419 |
| Charges for Services | 86,600 | 86,600 | 104,808 | 18,208 |
| Gifts and Contributions | 2,300 | 2,300 | - | (2,300) |
| Investment Earnings | 4,000 | 4,000 | 1,542 | (2,458) |
| Miscellaneous | 279,655 | 279,655 | 427,990 | 148,335 |
| Total Revenues | 7,520,773 | 7,520,773 | 8,119,274 | 598,501 |
| EXPENDITURES | | | | |
| CURRENT | | | | |
| HUMAN SERVICES | | | | |
| Income Maintenance | 2,374,125 | 2,323,525 | 2,542,455 | (218,930) |
| Social Services | 4,946,648 | 4,764,798 | 4,307,280 | 457,518 |
| Total Human Services | 7,320,773 | 7,088,323 | 6,849,735 | 238,588 |
| DEBT SERVICE | | | | |
| Principal | 200,000 | 476,034 | 448,459 | 27,575 |
| Total Expenditures | 7,520,773 | 7,564,357 | 7,298,194 | 266,163 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ - | \$ (43,584) | 821,080 | \$ 864,664 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | - | 276,034 | 276,034 |
| NET CHANGE IN FUND BALANCE | \$ - | \$ (43,584) | 1,097,114 | \$ 1,140,698 |
| Fund Balance - Beginning of Year | | | 22,807 | |
| FUND BALANCE - END OF YEAR | | | \$ 1,119,921 | |

The Notes to the Required Supplementary Information are an Integrated Part of this Schedule.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY HEALTH SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2009**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 650,897 | \$ 650,897 | \$ 713,780 | \$ 62,883 |
| Charges for Services | 1,666,450 | 1,666,450 | 1,654,764 | (11,686) |
| Miscellaneous | 9,500 | 9,500 | 3,734 | (5,766) |
| Total Revenues | 2,326,847 | 2,326,847 | 2,372,278 | 45,431 |
| EXPENDITURES | | | | |
| CURRENT | | | | |
| HEALTH | | | | |
| Nursing Service | 2,711,155 | 2,711,155 | 2,660,759 | 50,396 |
| DEBT SERVICE | | | | |
| Principal | 156,939 | 156,939 | 149,487 | 7,452 |
| Total Expenditures | 2,868,094 | 2,868,094 | 2,810,246 | 57,848 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ (541,247) | \$ (541,247) | (437,968) | \$ 103,279 |
| OTHER FINANCING SOURCES | | | | |
| Transfers In | 541,247 | 511,247 | 511,247 | - |
| NET CHANGE IN FUND BALANCE | \$ - | \$ (30,000) | 73,279 | \$ 103,279 |
| Fund Balance - Beginning of Year | | | 1,009,360 | |
| FUND BALANCE - END OF YEAR | | | \$ 1,082,639 | |

The Notes to the Required Supplementary Information are an Integrated Part of this Schedule.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2009**

I. BUDGETARY INFORMATION

The County Board adopts an annual budget for the following major funds: The General Fund, Public Works Fund, Social Services Special Revenue Fund, and the Community Health Special Revenue Fund. These budgets are prepared on the modified accrual basis of accounting. Annual budgets are not adopted for the Ditch Special Revenue Fund, Energy Assistance Special Revenue Fund, Minnesota Housing Finance Special Revenue Fund, Forfeited Tax Sale Special Revenue Fund, and the Parks and Trails Special Revenue Fund.

Based on a process established by the County Board, all departments of the County submit requests for appropriations to the County Coordinator each year. After review, analysis and discussions with the departments, the County Coordinator's proposed budget is presented to the County Board for review. The County Board holds public hearings and a final budget must be prepared and adopted no later than December 31.

The overall budget is prepared by fund, function, and department. The legal level of budgetary control – the level at which expenditures may not legally exceed appropriations – is the fund level. Budgets may be amended during the year with proper approval.

II. EXCESS OF EXPENDITURES OVER BUDGET

The following funds had expenditures in excess of budget at the fund level for the year ended December 31, 2009:

| | <u>Expenditures</u> | <u>Budgets</u> | <u>Excess</u> |
|-----------------------|---------------------|----------------|---------------|
| General Fund | \$ 8,722,348 | \$ 8,201,102 | \$ 521,246 |
| Special Revenue Funds | | | |
| Public Works | \$ 6,370,951 | \$ 5,442,413 | \$ 928,538 |

These over-expenditures were funded by greater than anticipated revenues in each fund as well as existing fund balance.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT HEALTH CARE BENEFITS
DECEMBER 31, 2009**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded Actuarial Accrued Liability (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|---|--------------------------|---------------------------|--|
| 1/1/2008 | \$ - | \$ 1,481,616 | \$ 1,481,616 | 0.00% | \$9,336,090 | 15.87% |

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SUPPLEMENTARY INFORMATION

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**TODD COUNTY
LONG PRAIRIE, MINNESOTA
DESCRIPTION OF FUNDS
DECEMBER 31, 2009**

NONMAJOR SPECIAL REVENUE FUNDS

The Energy Assistance Fund is used to account for the revenues and expenditures related to the operation of the energy assistance program.

The Minnesota Housing Finance Fund is used to account for the revenues and expenditures related to the operation of the Minnesota Housing Finance program.

The Forfeited Tax Sale Fund is used to account for the revenues and expenditures related to forfeited tax sales.

The Parks and Trails Fund is used to account for the revenues and expenditures related to the operations and maintenance of the County's parks and trails systems.

The Revolving Loan Fund is used to account for the collection and disbursement of county funds for the purpose of fostering business growth by extending loans for small business development projects.

DEBT SERVICE FUND

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

AGENCY FUNDS

The Flexible Employee Benefit Plan Agency Fund is used to account for the payroll deductions of employees enrolled in the flexible spending program.

The Todd-Wadena Community Corrections Agency Fund is used to account for the receipt and disbursements of the Todd-Wadena Community Corrections which is a legally separate entity.

The Prepaid Taxes Agency Fund is used to account for the collection and payment of prepaid taxes.

The Region Five Special Taxing District Agency Fund is used to account for the collection and payment of the funds due to Region Five for tax increment financing.

The Watershed Agency Fund is used to account for activities performed as a fiscal agent.

The State Revenue Agency Fund is used to account for assurance collections and payments to the State of Minnesota.

The Taxes and Penalties Agency Fund is used to account for the collection and payment of taxes and penalties in the various taxing districts.

The Jail Canteen Agency Fund is used to account for the receipts and disbursements of the County's inmates.

The Social Welfare Agency Fund is used to account for the receipts and disbursements of the social welfare account.

The Money Management Agency Fund is used to account for receipts and disbursements of the County's money management clients.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

| | Nonmajor Special Revenue Funds | | |
|---|--------------------------------|---------------------------------|--------------------------|
| | Energy Assistance | Minnesota Housing Finance | Forfeited Tax Sale |
| ASSETS | | | |
| Cash and Pooled Investments | \$ 304 | \$ 169,021 | \$ 1,321 |
| Taxes Receivable - Delinquent | - | - | - |
| Loans Receivable | - | - | - |
| Due from Other Governments | 51,938 | - | - |
| Total Assets | <u>\$ 52,242</u> | <u>\$ 169,021</u> | <u>\$ 1,321</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 7,746 | \$ 14,854 | \$ 75 |
| Due to Other Funds | 56,221 | - | 278 |
| Due to Other Governments | - | - | 968 |
| Deferred Revenue - Unavailable | - | - | - |
| Advances from Other Funds | - | - | 7,881 |
| Total Liabilities | 63,967 | 14,854 | 9,202 |
| FUND BALANCES (DEFICIT) | | | |
| Reserved for | | | |
| Loans Receivable | - | - | - |
| Unreserved | | | |
| Designated for Community Fix-up Fund | - | 35,000 | - |
| Designated for Debt Service | - | - | - |
| Undesignated | (11,725) | 119,167 | (7,881) |
| Total Fund Balances (Deficit) | <u>(11,725)</u> | <u>154,167</u> | <u>(7,881)</u> |
| Total Liabilities and Fund Balances (Deficit) | <u>\$ 52,242</u> | <u>\$ 169,021</u> | <u>\$ 1,321</u> |

| <u>Parks and Trails</u> | <u>Revolving Loan</u> | <u>Total Special Revenue Funds</u> | <u>Debt Service Fund</u> | <u>Total Nonmajor Funds</u> |
|---------------------------------|---------------------------|--|----------------------------------|-------------------------------------|
| \$ 43,727 | \$ 111,973 | \$ 326,346 | \$ 409,011 | \$ 735,357 |
| 55 | - | 55 | 8,735 | 8,790 |
| - | 90,000 | 90,000 | - | 90,000 |
| - | - | 51,938 | - | 51,938 |
| <u>\$ 43,782</u> | <u>\$ 201,973</u> | <u>\$ 468,339</u> | <u>\$ 417,746</u> | <u>\$ 886,085</u> |
| | | | | |
| \$ - | \$ - | \$ 22,675 | \$ - | \$ 22,675 |
| - | - | 56,499 | - | 56,499 |
| - | - | 968 | - | 968 |
| 46 | - | 46 | 7,815 | 7,861 |
| - | - | 7,881 | - | 7,881 |
| <u>46</u> | <u>-</u> | <u>88,069</u> | <u>7,815</u> | <u>95,884</u> |
| | | | | |
| - | 90,000 | 90,000 | - | 90,000 |
| - | - | 35,000 | - | 35,000 |
| - | - | - | 409,931 | 409,931 |
| <u>43,736</u> | <u>111,973</u> | <u>255,270</u> | <u>-</u> | <u>255,270</u> |
| <u>43,736</u> | <u>201,973</u> | <u>380,270</u> | <u>409,931</u> | <u>790,201</u> |
| | | | | |
| <u>\$ 43,782</u> | <u>\$ 201,973</u> | <u>\$ 468,339</u> | <u>\$ 417,746</u> | <u>\$ 886,085</u> |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2009**

| | Nonmajor Special Revenue Funds | | |
|---|--------------------------------|---------------------------------|--------------------------|
| | Energy Assistance | Minnesota Housing Finance | Forfeited Tax Sale |
| REVENUES | | | |
| Taxes | \$ - | \$ - | \$ 6,227 |
| Intergovernmental | 275,760 | 153,983 | - |
| Investment Earnings | - | 549 | - |
| Miscellaneous | - | 2,954 | 575 |
| Total Revenues | 275,760 | 157,486 | 6,802 |
| EXPENDITURES | | | |
| CURRENT | | | |
| General Government | - | - | 25,314 |
| Human Services | 277,482 | 284,535 | - |
| Culture and Recreation | | | |
| DEBT SERVICE | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Administrative (Fiscal) Charges | - | - | - |
| Total Expenditures | 277,482 | 284,535 | 25,314 |
| NET CHANGE IN FUND BALANCES | (1,722) | (127,049) | (18,512) |
| Fund Balance (Deficit) - Beginning of Year | (10,003) | 281,216 | 10,631 |
| FUND BALANCE (DEFICIT) - END OF YEAR | \$ (11,725) | \$ 154,167 | \$ (7,881) |

| <u>Parks and Trails</u> | <u>Revolving Loan</u> | <u>Total Special Revenue Funds</u> | <u>Debt Service Fund</u> | <u>Total Nonmajor Funds</u> |
|---------------------------------|---------------------------|--|----------------------------------|-------------------------------------|
| \$ 1,561 | \$ - | \$ 7,788 | \$ 158,871 | \$ 166,659 |
| 421 | - | 430,164 | 41,286 | 471,450 |
| - | 1,411 | 1,960 | - | 1,960 |
| 10,280 | - | 13,809 | - | 13,809 |
| <u>12,262</u> | <u>1,411</u> | <u>453,721</u> | <u>200,157</u> | <u>653,878</u> |
| - | - | 25,314 | - | 25,314 |
| - | - | 562,017 | - | 562,017 |
| 18,464 | - | 18,464 | - | 18,464 |
| - | - | - | 120,000 | 120,000 |
| - | - | - | 69,600 | 69,600 |
| - | - | - | 432 | 432 |
| <u>18,464</u> | <u>-</u> | <u>605,795</u> | <u>190,032</u> | <u>795,827</u> |
| (6,202) | 1,411 | (152,074) | 10,125 | (141,949) |
| <u>49,938</u> | <u>200,562</u> | <u>532,344</u> | <u>399,806</u> | <u>932,150</u> |
| <u>\$ 43,736</u> | <u>\$ 201,973</u> | <u>\$ 380,270</u> | <u>\$ 409,931</u> | <u>\$ 790,201</u> |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2009**

| | Balance January 1 | Additions | Deductions | Balance December 31 |
|---|----------------------|--------------|--------------|------------------------|
| FLEXIBLE EMPLOYEE BENEFIT PLAN FUND | | | | |
| ASSETS | | | | |
| Cash and Pooled Investments | \$ 8,176 | \$ 62,592 | \$ 62,477 | \$ 8,291 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 8,176 | \$ 62,592 | \$ 62,477 | \$ 8,291 |
| TODD-WADENA COMMUNITY CORRECTIONS FUND | | | | |
| ASSETS | | | | |
| Cash and Pooled Investments | \$ 317,982 | \$ 1,630,052 | \$ 1,488,612 | \$ 459,422 |
| LIABILITIES | | | | |
| Due to Other Governments | \$ 317,982 | \$ 1,630,052 | \$ 1,488,612 | \$ 459,422 |
| PREPAID TAXES FUND | | | | |
| ASSETS | | | | |
| Cash and Pooled Investments | \$ 6,625 | \$ 77,325 | \$ 77,990 | \$ 5,960 |
| LIABILITIES | | | | |
| Due to Other Governments | \$ 6,625 | \$ 77,325 | \$ 77,990 | \$ 5,960 |
| REGION 5 SPECIAL TAXING DISTRICT FUND | | | | |
| ASSETS | | | | |
| Cash and Pooled Investments | \$ 342 | \$ 18,592 | \$ 18,554 | \$ 380 |
| LIABILITIES | | | | |
| Due to Other Governments | \$ 342 | \$ 18,592 | \$ 18,554 | \$ 380 |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2009**

| | Balance January 1 | Additions | Deductions | Balance December 31 |
|---------------------------------|----------------------|---------------|---------------|------------------------|
| WATERSHED FUND | | | | |
| ASSETS | | | | |
| Cash and Pooled Investments | \$ 3,875 | \$ 136,395 | \$ 136,340 | \$ 3,930 |
| LIABILITIES | | | | |
| Due to Other Governments | \$ 3,875 | \$ 136,395 | \$ 136,340 | \$ 3,930 |
| STATE REVENUE FUND | | | | |
| ASSETS | | | | |
| Cash and Pooled Investments | \$ 26,786 | \$ 493,352 | \$ 467,489 | \$ 52,649 |
| LIABILITIES | | | | |
| Due to Other Governments | \$ 26,786 | \$ 493,352 | \$ 467,489 | \$ 52,649 |
| TAXES AND PENALTIES FUND | | | | |
| ASSETS | | | | |
| Cash and Pooled Investments | \$ 243,880 | \$ 23,762,152 | \$ 23,736,290 | \$ 269,742 |
| LIABILITIES | | | | |
| Due to Other Governments | \$ 243,880 | \$ 23,762,152 | \$ 23,736,290 | \$ 269,742 |
| JAIL CANTEEN | | | | |
| ASSETS | | | | |
| Cash and Pooled Investments | \$ 12,255 | \$ 106,977 | \$ 115,712 | \$ 3,520 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 12,255 | \$ 106,977 | \$ 115,712 | \$ 3,520 |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2009**

| | <u>Balance January 1</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance December 31</u> |
|-------------------------------|------------------------------|----------------------|----------------------|--------------------------------|
| SOCIAL WELFARE | | | | |
| ASSETS | | | | |
| Cash and Pooled Investments | <u>\$ 59,164</u> | <u>\$ 713,006</u> | <u>\$ 690,213</u> | <u>\$ 81,957</u> |
| LIABILITIES | | | | |
| Accounts Payable | <u>\$ 59,164</u> | <u>\$ 713,006</u> | <u>\$ 690,213</u> | <u>\$ 81,957</u> |
| MONEY MANAGEMENT | | | | |
| ASSETS | | | | |
| Cash and Pooled Investments | <u>\$ 63,563</u> | <u>\$ 134,240</u> | <u>\$ 159,585</u> | <u>\$ 38,218</u> |
| LIABILITIES | | | | |
| Accounts Payable | <u>\$ 63,563</u> | <u>\$ 134,240</u> | <u>\$ 159,585</u> | <u>\$ 38,218</u> |
| TOTAL ALL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash and Pooled Investments | <u>\$ 742,648</u> | <u>\$ 27,134,683</u> | <u>\$ 26,953,262</u> | <u>\$ 924,069</u> |
| LIABILITIES | | | | |
| Accounts Payable | <u>\$ 143,158</u> | <u>\$ 1,016,815</u> | <u>\$ 1,027,987</u> | <u>\$ 131,986</u> |
| Due to Other Governments | <u>599,490</u> | <u>26,117,868</u> | <u>25,925,275</u> | <u>792,083</u> |
| Total Liabilities | <u>\$ 742,648</u> | <u>\$ 27,134,683</u> | <u>\$ 26,953,262</u> | <u>\$ 924,069</u> |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2009**

| | Total Governmental Funds | Total Enterprise Funds | Total Government |
|--|--------------------------------|------------------------------|---------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| SHARED REVENUE | | | |
| STATE | | | |
| Highway Users Tax | \$ 2,773,934 | \$ - | \$ 2,773,934 |
| Market Value Credit | 953,250 | - | 953,250 |
| Market Value Credit - Mobile Home | 3,492 | - | 3,492 |
| Market Value Credit - Agriculture | 373,739 | - | 373,739 |
| PERA Rate Reimbursement | 32,219 | 1,654 | 33,873 |
| Disparity Reduction Aid | 68,512 | - | 68,512 |
| Police aid | 94,516 | - | 94,516 |
| County Program Aid | 1,273,200 | - | 1,273,200 |
| | <u>5,572,862</u> | <u>1,654</u> | <u>5,574,516</u> |
| REIMBURSEMENT FOR SERVICES | | | |
| STATE | | | |
| Minnesota Department of Human Services | 77,958 | - | 77,958 |
| | <u>77,958</u> | <u>-</u> | <u>77,958</u> |
| PAYMENTS | | | |
| Local - Payments in Lieu of Taxes | 75,553 | - | 75,553 |
| | <u>75,553</u> | <u>-</u> | <u>75,553</u> |
| GRANTS | | | |
| LOCAL | | | |
| | 1,984 | - | 1,984 |
| | <u>1,984</u> | <u>-</u> | <u>1,984</u> |
| STATE | | | |
| Minnesota Department/Board of | | | |
| Natural Resources | 18,312 | - | 18,312 |
| Housing and Finance | 153,983 | - | 153,983 |
| Veterans Affairs | 29,800 | - | 29,800 |
| Human Services | 2,051,030 | - | 2,051,030 |
| Soil and Water Resources | 142,209 | - | 142,209 |
| Peace Officers | 9,514 | - | 9,514 |
| Pollution Control Agency | - | 94,546 | 94,546 |
| Public Safety | 102,513 | - | 102,513 |
| Transportation | 709,095 | - | 709,095 |
| | <u>3,216,456</u> | <u>94,546</u> | <u>3,311,002</u> |
| FEDERAL | | | |
| Department of | | | |
| Agriculture | 298,741 | - | 298,741 |
| Justice | 11,518 | - | 11,518 |
| Emergency Management | 8,225 | - | 8,225 |
| Health and Human Services | 2,159,450 | - | 2,159,450 |
| Homeland Security | 20,582 | - | 20,582 |
| Transportation | 1,314,019 | - | 1,314,019 |
| | <u>3,812,535</u> | <u>-</u> | <u>3,812,535</u> |
| | <u>7,028,991</u> | <u>94,546</u> | <u>7,123,537</u> |
| Total State and Federal Grants | <u>7,028,991</u> | <u>94,546</u> | <u>7,123,537</u> |
| Total Intergovernmental Revenue | <u>\$12,757,348</u> | <u>\$ 96,200</u> | <u>\$12,853,548</u> |

**REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS*
AND SINGLE AUDIT (A-133)**

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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
Todd County
Long Prairie, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Todd County, Minnesota, as of and for the year ended December 31, 2009, which collectively comprise Todd County's basic financial statements and have issued our report thereon dated April 2, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We identified the following deficiencies in internal control as material weaknesses, as defined above: 2006-01, 2006-03, 2006-04.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

Todd County's written responses to the significant deficiencies, material weaknesses, and legal compliance finding 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 letter is intended solely for the information and use of the County Board, management, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Brainerd, Minnesota
April 2, 2010

LarsonAllen LLP

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
Todd County
Long Prairie, Minnesota

Compliance

We have audited the compliance of Todd County, Minnesota 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. The County's major federal programs are identified in the summary of auditors' 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.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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 the 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 of the County's compliance with those requirements.

In our opinion, the 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

The management of the 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 the 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 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 Todd County's internal control over compliance.

Internal Control Over Compliance (Continued)

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 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 as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

This report is intended solely for the information and use of management, County Board, others within the organization, 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.

LarsonAllen LLP

Brainerd, Minnesota
April 2, 2010

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009**

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Todd County, Minnesota.
2. Significant deficiencies in internal control were disclosed by the audit of the basic financial statements of Todd County and they 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*." Significant deficiencies 2006-01, 2006-03 and 2006-04 are considered material weaknesses.
3. No instances of noncompliance material to the basic financial statements of Todd County were disclosed during the audit.
4. No matters involving internal control over compliance relating to the audit of the major federal award program were reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance with OMB Circular A-133".
5. The auditors' report on compliance for the major federal award program for Todd County expresses an unqualified opinion.
6. No audit findings relative to the major federal award program for the County were disclosed during the audit that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major were:

| | |
|--|-----------------|
| ▪ Highway Planning and Construction Cluster | CFDA No. 20.205 |
| ▪ ARRA – Highway Planning and Construction Cluster | CFDA No. 20.205 |
| ▪ Child Support Enforcement | CFDA No. 93.563 |
| ▪ ARRA – Child Support Enforcement | CFDA No. 93.563 |
| ▪ Medical Assistance | CFDA No. 93.778 |
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The County did not qualify, under federal guidelines, as a low-risk auditee.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2009**

MATERIAL WEAKNESSES (FINANCIAL REPORTING):

SEGREGATION OF DUTIES (2006-01)

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

Condition: Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control, is not in place for various departments/offices in the County.

Cause: The County has a limited number of personnel within several County departments/offices.

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

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

CLIENT'S RESPONSE:

The County will review the accounting functions and segregate them if it is cost beneficial.

AUDIT ADJUSTMENTS (2006-03)

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

Condition: As part of the audit we proposed material adjustments for closing the County books at year end, recording of accruals, and reclassifications of receipts and disbursements to the proper accounts.

Cause: Not known.

Effect: The design of the internal controls over recording receipts and disbursement, including reclassifications, could affect the ability of the County to detect or prevent errors, a misappropriation of assets, or fraudulent activity.

Recommendation: We recommend County management be consistently aware of all procedures and processes involved in recording receipts, disbursements, and reclassifications, and develop internal control policies to ensure proper recording of these items.

CLIENT'S RESPONSE:

The County will continue to work at eliminating the need for audit adjustments.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2009**

MATERIAL WEAKNESSES (FINANCIAL REPORTING) – (CONTINUED):

FINANCIAL REPORTING PROCESS (2006-04)

Criteria: County management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance applicable accounting and reporting standards.

Condition: As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements.

Cause: The County has a limited number of personnel.

Effect: The design of the controls over the financial reporting process would affect the ability of the County to report their financial data consistently with the assertions of management in the financial statements.

Recommendation: We recommend that County management be aware of the responsibilities regarding financial reporting and continue to evaluate the cost/benefit of outsourcing this function. If management chooses to undertake these financial reporting responsibilities, a number of policies, procedures, and reviews will need to be developed and implemented.

CLIENT'S RESPONSE:

The County understands that this is required communications for the preparation of the financial statements and will continue to work at this area to achieve the overall goal.

SOLID WASTE BILLING PROCEDURES (2009-02)

Criteria: The County's management is responsible for establishing and maintaining internal controls for the proper counting and valuation of the inventory throughout the year.

Condition: We were not provided with a board approved rate schedule that supported the amounts billed for solid waste operations.

Cause: Unknown.

Effect: The bills sent may not reflect the County's intended rates causing improper revenue recognition.

Recommendation: We recommend the County board review and approve the rate schedule for solid waste and that the approved rate schedule be provided to those preparing the bills.

CLIENT'S RESPONSE:

The County will ensure that all rate schedules are properly approved in 2010.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2009**

SIGNIFICANT DEFICIENCIES (FINANCIAL REPORTING)

CHARGE ACCOUNTS (2006-06)

Criteria: A formal policy/process should be in place to improve controls over charge accounts.

Condition: The County has many open charge accounts at local businesses and no formal policy regarding the use of these accounts.

Cause: County departments/offices have set up their own charge accounts at various businesses because there has not been any formal guidance on this issue in the past.

Effect: This decentralized charge account process may expose the County to risk of inappropriate or unbudgeted purchases.

Recommendation: In order to maintain proper controls over charge accounts we recommend the County develop a formal policy indicating where charge accounts can be opened, limits to these charge accounts, and who is authorized to use them. The policy should also include procedures indicating how the accounts are to be reconciled, and responsibility should be assigned for monitoring adherence to the policy.

CLIENT'S RESPONSE:

The County will continue to develop formal procedures over charge accounts.

CREDIT CARD LIMITS (2007-01)

Criteria: Standard internal control procedures recommend that authorized spending limits be established on credit cards to deter unauthorized spending.

Condition: As of December 31, 2009, we noted that the County had credit cards with spending limits in excess of that necessary for continuing operations.

Cause: Not known.

Effect: High spending limits on credit cards increase the County's risk of loss due to unauthorized spending.

Recommendation: We recommend County Management review its open credit cards and decrease the credit lines where necessary.

CLIENT'S RESPONSE:

The County will review these credit cards and make the necessary changes.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2009**

SIGNIFICANT DEFICIENCIES (FINANCIAL REPORTING) – (CONTINUED)

JOURNAL ENTRY APPROVAL (2008-01)

Criteria: All journal entries should be prepared by one person and reviewed by another with each person documenting their steps performed and documentation retained for each entry.

Condition: Journal entries prepared by the independent consultant are not currently reviewed and approved.

Cause: Past practice.

Effect: The design of internal controls over journal entries could affect the ability of the County to detect or prevent a misappropriation of assets or fraudulent activity.

Recommendation: We recommend that the County establish procedures to mitigate risks related to unreviewed journal entries.

CLIENT'S RESPONSE:

The County will continue to work at this area to meet the recommended goals.

PREVIOUSLY REPORTED ITEM RESOLVED

TIMELY DEPOSITS (2006-02)

Numerous departments within the County were not depositing collections on a daily basis.

RESOLUTION

The County has adopted a policy relating to timely deposits by departments.

COLLECTION PROCEDURES (2008-03)

The County did not have a County-wide policy for collecting overdue accounts.

RESOLUTION

The County adopted a policy during 2009 relating to the collection and write-off of overdue accounts.

CONFLICT OF INTEREST STATEMENTS (2007-02)

The County did not have formal written conflict of interest statements in place for individuals responsible for purchasing goods and services.

RESOLUTION

During 2009, the County implemented conflict of interest statements for all necessary individuals.

CONTROLS OVER INVENTORY (2008-01)

The County had adjustments to inventory in the Public Works Department of over \$100,000 for the year ended December 31, 2008.

RESOLUTION

During 2009, the County implemented controls over inventory procedures to eliminate those adjustments.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2009**

PREVIOUSLY REPORTED ITEM RESOLVED – (CONTINUED)

MEDICAL ASSISTANCE GRANT (CFDA # 93.778) (2008-04)

During the 2008 audit, the County was not able to provide written documentation for 1 of 40 case files tested.

RESOLUTION

No similar instances were noted during the 2009 case file testing performed.

OTHER ITEMS FOR CONSIDERATION – MINNESOTA LEGAL COMPLIANCE

PUBLISHING OF CLAIMS (2007-03)

Criteria: *Minnesota Statute §375.12* requires that when the County discloses the official proceedings of board meetings in the newspaper, "all claims exceeding \$2,000 and ... the total number of claims that did not exceed \$2,000" (their total dollar amount) be disclosed.

Condition: The County is not publishing the Social Services fund claims or board minutes in accordance with state statutes.

Cause: Not known.

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

Recommendation: We recommend the County publish the claims in the newspaper in accordance with state statutes.

CLIENT'S RESPONSE:

The County will review the applicable statutes and attempt to comply with this statute by the end of 2010.

PREVIOUSLY REPORTED ITEMS RESOLVED

ADMINISTRATIVE PENALTIES

The County had established administrative penalties that were not in accordance with state statutes.

RESOLUTION

The County ceased issuing such penalties during 2009.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2009**

| Federal Grantor Pass Through Agency Grant Program Title | Federal CFDA Number | Expenditures |
|---|---------------------------|--------------|
| U.S. Department of Agriculture | | |
| Passed Through Minnesota Department of Health and Morrison County Supplemental Food Program for Women, Infants, and Children (WIC) | 10.557 | \$ 129,201 |
| Passed Through Minnesota Department of Human Services | | |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | 164,438 |
| ARRA - State Administrative Matching Grants for Food Stamp Program | 10.561 | <u>5,557</u> |
| Total Department of Agriculture | | 299,196 |
| U.S. Department of Justice | | |
| Direct | | |
| State Criminal Alien Assistance Program | 16.606 | 11,518 |
| U.S. Department of Transportation | | |
| Passed Through Minnesota Department of Transportation | | |
| Highway Planning and Construction (part of Highway cluster) | 20.205 | 453,783 |
| ARRA - Highway Planning and Construction (part of Highway cluster) | 20.205 | 866,884 |
| State and Community Highway Safety | 20.600 | <u>3,500</u> |
| Total Department of Transportation | | 1,324,167 |
| U.S. Department of Health and Human Services | | |
| Passed Through Minnesota Department of Commerce | | |
| Energy Assistance | 93.568 | 275,760 |
| Passed Through Minnesota Department of Human Services and Morrison County | | |
| Public Health Emergency Preparedness | 93.069 | 33,215 |
| Center for Disease Control and Prevention Investigation and Technical Assistance | 93.283 | 18,083 |
| Temporary Assistance for Needy Families | 93.558 | 294,561 |
| Maternal and Child Health | 93.994 | 34,393 |
| Passed Through Minnesota Department of Health and Human Services | | |
| Information Collaborative | | |
| Immunization Grant | 93.268 | 2,989 |
| Passed Through Minnesota Department of Health and Human Services | | |
| Promoting Safe and Stable Families | 93.556 | 16,809 |
| Child Support Enforcement | 93.563 | 433,349 |
| ARRA - Child Support Enforcement | 93.563 | 57,016 |
| Refugee and Entrant Assistance - State Administered Programs | 93.566 | 463 |
| Child Care Mandatory and Matching Funds (part of Child Care cluster) | 93.575 | 1,450 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund (part of Child Care cluster) | 93.596 | 6,718 |

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
DECEMBER 31, 2009**

| Federal Grantor Pass Through Agency Grant Program Title | Federal CFDA Number | Expenditures |
|---|---------------------------|----------------------------|
| Passed Through Minnesota Department of Health and Human Services (continued) | | |
| Child Welfare Services - State Grants | 93.645 | \$ 5,975 |
| Foster Care Title IV-E | 93.658 | 65,381 |
| ARRA - Foster Care Title IV-E | 93.658 | 2,541 |
| Social Services Block Grant | 93.667 | 194,614 |
| Independent Living | 93.674 | 3,817 |
| State Children's Insurance Program | 93.767 | 12 |
| Medical Assistance Program (part of Medicaid cluster) | 93.778 | 698,914 |
| Community Mental Health Block Grant | 93.958 | 1,873 |
| Passed Through Minnesota Department of Human Services and Central Minnesota Council on Aging | | |
| Title III-B Homemaker/Home Health Aide | 93.044 | <u>11,518</u> |
| Total Department of Health and Human Services | | 2,159,451 |
| U.S. Department of Homeland Security | | |
| Direct Award | | |
| Emergency Food and Shelter National Board Program | 97.024 | 5,575 |
| ARRA - Emergency Food and Shelter National Board Program | 97.114 | 2,650 |
| Pass Through Minnesota Department of Public Safety | | |
| Emergency Management Performance Grant | 97.042 | 17,664 |
| Homeland Security Grant Program | 97.067 | <u>2,918</u> |
| Total Department of Homeland Security | | <u>28,807</u> |
| Total Cash Type Federal Awards | | <u><u>\$ 3,823,139</u></u> |
| Noncash Awards | | |
| Commercial Equipment Direct Assistance Program | 97.096 | <u><u>\$ 17,300</u></u> |

Notes:

The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by Todd County. The County's reporting entity is defined in Note 1 to the basic financial statements. The expenditures on this schedule are on the basis of accounting used by the individual funds of the County. Governmental funds use the modified accrual basis of accounting. Pass-through grant numbers were not assigned by the pass-through agencies. During 2009, the County did not pass any federal grants through to subrecipients.

REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners
Todd County
Long Prairie, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Todd County, Minnesota, as of and for the year ended December 31, 2009, and have issued our report thereon dated April 2, 2010.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the provisions of the *Audit Guide for Local Government*, promulgated by the State Auditor pursuant to *Minnesota Statute* §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 *Audit Guide for Local Government* covers seven main 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 we did not test for tax increment financing because the County does not have any tax increment financing districts.

The results of our tests indicate that for the items tested, Todd County complied with the material terms and conditions of applicable legal provisions except for the items described in detail in the attached schedule of findings and questioned costs.

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

LarsonAllen LLP

Brainerd, Minnesota
April 2, 2010