

TODD COUNTY, MINNESOTA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2015

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DECEMBER 31, 2015**

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INTRODUCTORY SECTION

**TODD COUNTY, MINNESOTA
PRINCIPAL COUNTY OFFICIALS
DECEMBER 31, 2015**

Office	Name	Term Expires
Commissioners		
1st District	Barb Becker	December 2016
2nd District	Gary Kneisl	December 2018
3rd District	Rod Erickson	December 2016
4th District	David Kircher*	December 2018
5th District	Randy Neumann	December 2016
Officers		
Elected		
Attorney	Charles Rasmussen	December 2018
Auditor-Treasurer	Denise Gaida	December 2018
Recorder	Cheryl Perish	December 2018
Registrar of Titles	Cheryl Perish	December 2018
Sheriff	Don Asmus	December 2018
Appointed		
Assessor	Chris Odden	December 2018
Human Resources Director	Karla Nalezny	Indefinite
Emergency Management Director	Michael Wisniewski	Indefinite
Examiner of Titles	Thomas Sellnow	Indefinite
Highway Engineer	Loren Fellbaum	May 2017
Medical Examiner	Dr. Quinn Strobl	Indefinite
Health and Human Services Director	Jackie Och	Indefinite
Veterans Service Officer	Pete Berscheit	December 2018

* = Chair

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Todd County
Long Prairie, Minnesota

Report on the Financial Statements

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 (the County), as of and for the year ended December 31, 2015, and the related notes of the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 statement 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Todd County as of December 31, 2015, and the respective changes in financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended December 31, 2015, the County adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the County reported a restatement for the change in accounting principle (see Note 9). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress, other postemployment healthcare benefits, the schedule of the County's proportionate share of the net pension liability, the schedule of the County contributions, and the notes to the required supplementary information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

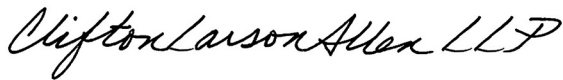
Other Matters (Continued)

Supplementary Information (Continued)

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2016, on our consideration of Todd County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Todd County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
April 21, 2016

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REQUIRED SUPPLEMENTARY INFORMATION

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

This section of Todd County's (the County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended December 31, 2015. The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information per the Governmental Accounting Standards Board (GASB) Statement No. 34. Certain comparative information between the current year, 2015, and the prior year, 2014, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- County-wide net position increased 4.4% in 2015 over the prior year (excluding the effect of the net position restatement) mainly due to the County increasing their tax levy, as well as receiving federal funding for human services programs.
- Overall governmental fund-level revenues totaled \$29,241,903 and were \$1,890,629 more than expenditures in 2015.
- The General Fund's fund balance increased \$774,974 from the prior year due primarily due to an increase in the tax levy.
- The Solid Waste Enterprise Fund revenues exceeded expenses by \$81,842 prior to transfers in. Beginning net position was restated with a decrease of \$218,147 due to implementation of a new standard.

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:

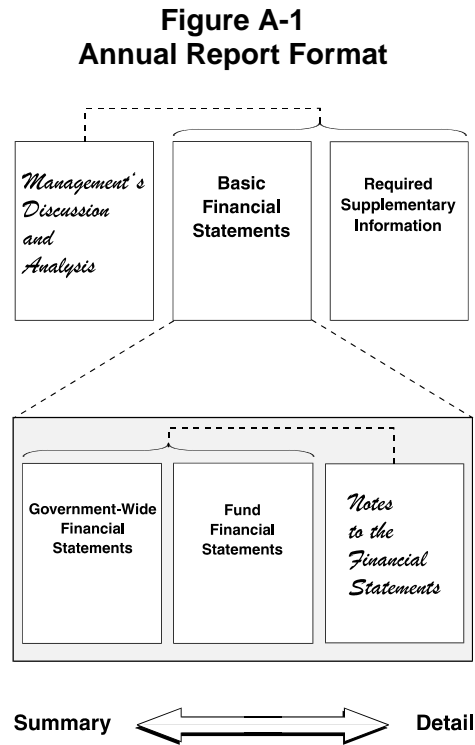
- The first two statements are County-wide financial statements which provide both short-term and long-term information about the County's overall financial status.
- The remaining statements are fund financial statements which focus on individual parts of the County, reporting the County's operations 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, 2015**

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.



**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

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 position.	Balance sheet.	Statement of net position.	Statement of fiduciary net position.
	Statement of activities.	Statement of revenues, expenditures and changes in fund balances.	Statement of revenues, expenses, and change in net position and statement of cash flows.	Statement of changes in fiduciary net position.
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 and deferred outflow of resources/liability and deferred inflow of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term.	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter, no capital assets included.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 position includes all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

County-Wide Statements (Continued)

The two County-wide statements report the County's net position and how they have changed. Net position – the difference between the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net position 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 business-type financial statements, only in more detail.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (continued)

- 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 position. We exclude these activities from the County-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The County's total net position was \$79,624,216 on December 31, 2015, a decrease of \$4,605,745 from the prior year. The decrease is primarily due to the recognition of the County's proportionate share of the net pension liability as a result of the new pension standard (see Table A-1).

Table A-1
The County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 20,273,723	\$ 17,282,291	\$ 1,362,829	\$ 1,250,933	\$ 21,636,552	\$ 18,533,224
Capital Assets	75,948,045	75,416,719	332,207	343,094	76,280,252	75,759,813
Total Assets	96,221,768	92,699,010	1,695,036	1,594,027	97,916,804	94,293,037
Deferred Outflows of Resources	1,404,716	-	30,405	-	1,435,121	-
Current Liabilities	2,540,100	2,300,707	153,674	171,155	2,693,774	2,471,862
Long-Term Liabilities	15,615,306	7,533,689	285,626	57,525	15,900,932	7,591,214
Total Liabilities	18,155,406	9,834,396	439,300	228,680	18,594,706	10,063,076
Deferred Inflows of Resources	1,105,904	-	27,099	-	1,133,003	-
Net Position						
Net Investment in						
Capital Assets	71,144,876	70,043,481	332,207	343,094	71,477,083	70,386,575
Restricted	4,265,665	4,015,992	-	-	4,265,665	4,015,992
Unrestricted	2,954,633	8,805,141	926,835	1,022,253	3,881,468	9,827,394
Total Net Position	\$ 78,365,174	\$ 82,864,614	\$ 1,259,042	\$ 1,365,347	\$ 79,624,216	\$ 84,229,961

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

CHANGE IN NET POSITION

The County-wide total revenues were \$31,774,689 for the year ended December 31, 2015 (an increase of \$1,005,886). This increase is primarily attributable to increases in unrestricted state aid. Property taxes and intergovernmental revenues accounted for 79% of total revenue for the year (see Table A-2).

Table A-2
Change in Net Position

	Governmental		Total % Change	Business-Type		Total % Change	Total		Total % Change
	Activities			Activities			2015	2014	
	2015	2014		2015	2014		2015	2014	
REVENUES									
<u>Program Revenues</u>									
Charges for Services	\$ 3,609,715	\$ 3,169,151	13.9 %	\$ 1,657,416	\$ 1,557,958	6.4 %	\$ 5,267,131	\$ 4,727,109	11.4 %
Operating Grants and Contributions	7,536,927	7,972,533	(5.5)	74,265	98,803	(24.8)	7,611,192	8,071,336	(5.7)
Capital Grants and Contributions	2,829,449	3,781,707	(25.2)	-	-	-	2,829,449	3,781,707	(25.2)
<u>General Revenues</u>									
Property Taxes	12,888,845	11,754,600	9.6	-	-	-	12,888,845	11,754,600	9.6
Unrestricted State Aid	1,957,077	1,803,012	8.5	-	-	-	1,957,077	1,803,012	8.5
Investment Earnings	55,882	44,956	24.3	-	-	-	55,882	44,956	24.3
Other	1,165,113	586,083	98.8	-	-	-	1,165,113	586,083	98.8
Total Revenues	<u>30,043,008</u>	<u>29,112,042</u>	3.2	<u>1,731,681</u>	<u>1,656,761</u>	4.5	<u>31,774,689</u>	<u>30,768,803</u>	3.3
EXPENSES									
General Government	4,632,986	4,655,395	(0.5)	-	-	-	4,632,986	4,655,395	(0.5)
Public Safety	4,061,799	3,897,918	4.2	-	-	-	4,061,799	3,897,918	4.2
Highways and Streets	5,857,382	5,967,307	(1.8)	-	-	-	5,857,382	5,967,307	(1.8)
Sanitation	-	-	-	1,649,839	1,581,847	4.3	1,649,839	1,581,847	4.3
Human Services	7,461,977	7,958,817	(6.2)	-	-	-	7,461,977	7,958,817	(6.2)
Health	2,873,506	2,823,337	1.8	-	-	-	2,873,506	2,823,337	1.8
Culture and Recreation	409,723	384,088	6.7	-	-	-	409,723	384,088	6.7
Conservation of Natural Resources	897,641	814,954	10.1	-	-	-	897,641	814,954	10.1
Economic Development	79,385	548,159	(85.5)	-	-	-	79,385	548,159	(85.5)
Interest	147,294	167,191	(11.9)	-	-	-	147,294	167,191	(11.9)
Total Expenses	<u>26,421,693</u>	<u>27,217,166</u>	(2.9)	<u>1,649,839</u>	<u>1,581,847</u>	4.3	<u>28,071,532</u>	<u>28,799,013</u>	(2.5)
CHANGE IN NET POSITION BEFORE TRANSFERS	3,621,315	1,894,876		81,842	74,914		3,703,157	1,969,790	
TRANSFERS IN (OUT)	<u>(30,000)</u>	<u>(30,000)</u>	-	<u>30,000</u>	<u>30,000</u>	-	<u>-</u>	<u>-</u>	-
CHANGE IN NET POSITION	3,591,315	1,864,876	92.6	111,842	104,914	(6.6)	3,703,157	1,969,790	88.0
Net Position - Beginning of Year	82,864,614	80,999,738	2.3	1,365,347	1,260,433	8.3	84,229,961	82,260,171	2.4
Change in Accounting Principle	(8,090,755)	-	(100.0)	(218,147)	-	(100.0)	(8,308,902)	-	(100.0)
Net Position - Beginning of Year, as Restated	<u>74,773,859</u>	<u>80,999,738</u>		<u>1,147,200</u>	<u>1,260,433</u>		<u>75,921,059</u>	<u>82,260,171</u>	
NET POSITION - END OF YEAR	<u>\$ 78,365,174</u>	<u>\$ 82,864,614</u>	(5.4)	<u>\$ 1,259,042</u>	<u>\$ 1,365,347</u>	(7.8)	<u>\$ 79,624,216</u>	<u>\$ 84,229,961</u>	(5.5)

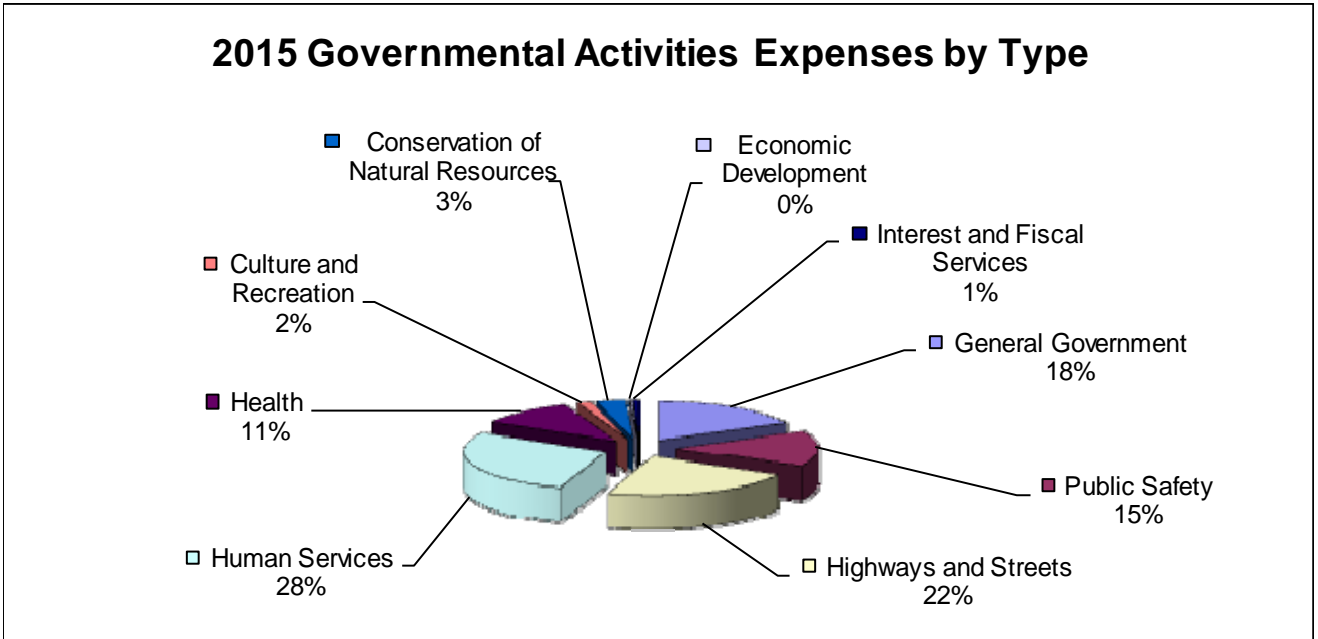
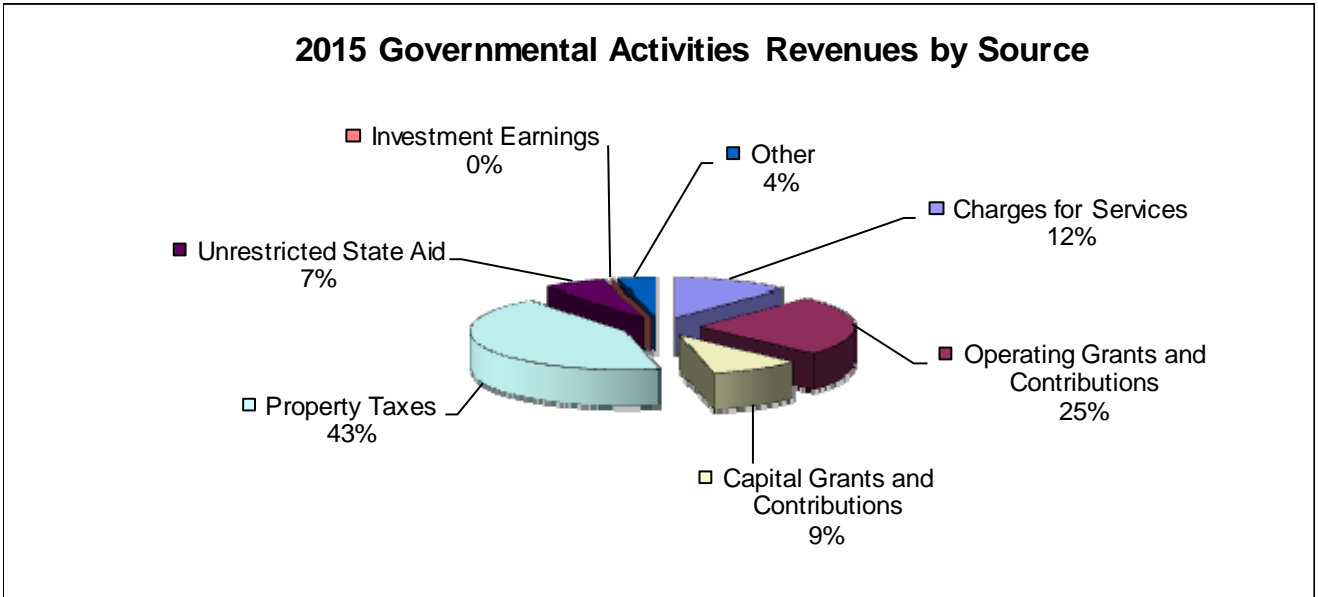
Total revenues surpassed expenses, increasing net position approximately \$3,600,000 over last year.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

CHANGE IN NET POSITION (CONTINUED)

The County-wide cost of all governmental activities this year was approximately \$26,500,000.

- Some of the cost was paid by the users of the County's programs (\$3,609,715).
- The federal and state governments subsidized certain programs with grants and contributions (\$10,366,376).
- The remainder of the County's governmental activities costs of \$12,445,602, however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities and the increase in net position was covered by \$12,888,845 in property taxes, \$1,957,077 of state aid, \$561,821 in transit sales tax, and with investment earnings and other general revenues.



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**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

CHANGE IN NET POSITION (CONTINUED)

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

	Total Cost of Services		Percentage Change	Net Revenue (Cost) of Services		Percentage Change
	2015	2014		2015	2014	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 4,632,986	\$ 4,655,395	(0.5)%	\$ (3,654,954)	\$ (3,313,242)	(10.3)%
Public Safety	4,061,799	3,897,918	4.2	(3,208,103)	(3,374,653)	4.9
Highways and Streets	5,857,382	5,967,307	(1.8)	(1,318,326)	(931,238)	(41.6)
Human Services	7,461,977	7,958,817	(6.2)	(2,751,485)	(3,007,810)	8.5
Health	2,873,506	2,823,337	1.8	(265,475)	(404,170)	34.3
Culture and Recreation	409,723	384,088	6.7	(409,176)	(384,088)	(6.5)
Conservation of Natural Resources	897,641	814,954	10.1	(611,404)	(328,624)	(86.0)
Economic Development	79,385	548,159	(85.5)	(79,385)	(82,759)	4.1
Interest	147,294	167,191	(11.9)	(147,294)	(167,191)	11.9
Total	<u>\$ 26,421,693</u>	<u>\$ 27,217,166</u>	(2.9)	<u>\$ (12,445,602)</u>	<u>\$ (11,993,775)</u>	(3.8)
BUSINESS-TYPE ACTIVITIES						
Solid Waste	<u>\$ 1,649,839</u>	<u>\$ 1,581,847</u>	4.3 %	<u>\$ (81,842)</u>	<u>\$ (74,914)</u>	9.2 %

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 \$12,990,282. Revenues for the County's governmental funds were \$29,241,903, while total expenditures were \$27,351,274.

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects. Fund balance increased \$774,974 during 2015. This increase in fund balance is a result of an increase in property tax revenue.

The Public Works Fund has a total fund balance of \$3,084,585, representing a total increase of \$378,821 (after accounting for the change in inventory) from the prior year as a result of the transit sales and use tax generating over \$560,000.

The Social Services Fund has a total fund balance of \$3,634,700, representing a total increase of \$662,092 primarily as a result of additional recoveries and federal and state funding received on a timely basis.

The Community Health Fund increased its fund balance by \$80,310 from 2014, which is due primarily to additional intergovernmental revenues in the current year.

The Ditch Fund decreased its fund balance by \$11,667 from 2014, which is due primarily to ditch repair expenditures incurred in the current year.

The Capital Projects Fund increased its fund balance by \$89,964 over 2014, which is due primarily to transfers in for the Health and Human Services building renovation project.

The Solid Waste Enterprise Fund showed operating income of \$30,159, which is primarily due to an increase in rates.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

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, 2015	December 31, 2014	Increase (Decrease)	Percent
Taxes	\$ 6,842,100	\$ 5,604,954	\$ 1,237,146	22.1 %
Intergovernmental	2,099,708	2,524,927	(425,219)	(16.8)
Charges for Services	859,817	633,989	225,828	35.6
Interest	54,226	44,583	9,643	21.6
Miscellaneous and Other	750,092	806,320	(56,228)	(7.0)
Total General Fund Revenues	<u>\$ 10,605,943</u>	<u>\$ 9,614,773</u>	<u>\$ 991,170</u>	10.3

Total General Fund revenues increased by \$991,170, or 10.3%, from the previous year due primarily to additional taxes received in the current year.

The following schedule presents a summary of General Fund Expenditures:

Table A-5
General Fund Expenditures

	Year Ended		Change	
	December 31, 2015	December 31, 2014	Increase (Decrease)	Percent
General Government	\$ 4,624,597	\$ 4,751,761	\$ (127,164)	(2.7)%
Public Safety	3,936,978	3,883,992	52,986	1.4
Culture and Recreation	329,797	320,056	9,741	3.0
Conservation	856,405	735,707	120,698	16.4
Economic Development	79,385	548,159	(468,774)	(85.5)
Debt Service	38,579	38,578	1	100.0
Total Expenditures	<u>\$ 9,865,741</u>	<u>\$ 10,278,253</u>	<u>\$ (412,512)</u>	(4.0)

The decrease in General Fund expenditures is due primarily to economic development expenditures for the Eagle Bend grant monies that were passed through to the City of Eagle Bend and other general government expenditures in the prior year.

General Fund Budgetary Highlights

Over the course of the year, the County revised the annual operating budget for the General Fund for planned increases 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 \$392,281 more than expected; this is primarily due to the County's budget not including all intergovernmental revenue sources received.
- The actual expenditures were \$554,048 less than the budget, which is due to most of the departments being under their budgeted expenditures for 2015.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

CAPITAL ASSETS

By the end of 2015, the County had invested over \$114,000,000 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 \$2,747,642 (including the Solid Waste Enterprise Fund).

Table A-6
The County's Capital Assets

	Governmental Activities		Percent Change	Business-Type Activities		Percent Change	Total		Percent Change
	2015	2014		2015	2014		2015	2014	
Land	\$ 1,021,044	\$ 1,021,044	- %	\$ 37,316	\$ 37,316	- %	\$ 1,058,360	\$ 1,058,360	- %
Construction-in-Progress	126,529	571,231	(77.8)	-	-	-	126,529	571,231	(77.8)
Buildings	14,009,343	14,009,343	-	450,557	450,557	-	14,459,900	14,459,900	-
Improvements Other than Buildings	-	-	-	69,064	28,253	144.4	69,064	28,253	144.4
Machinery, Equipment, and Vehicles	8,007,555	7,715,985	3.8	1,009,204	1,009,204	-	9,016,759	8,725,189	3.3
Infrastructure	89,348,329	86,201,206	3.7	-	-	-	89,348,329	86,201,206	3.7
Less: Accumulated Depreciation	(36,564,755)	(34,102,090)	7.2	(1,233,934)	(1,182,236)	4.4	(37,798,689)	(35,284,326)	7.1
Total	\$ 75,948,045	\$ 75,416,719	0.7	\$ 332,207	\$ 343,094	(3.2)	\$ 76,280,252	\$ 75,759,813	0.7

LONG-TERM LIABILITIES

At year-end, the County had \$8,006,709 in long-term liabilities outstanding, including the current portion of long-term debt.

- The County's governmental activities total long-term liabilities decreased \$590,000 due to the scheduled repayment on bonds.

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

	2015	2014	Percentage Change
GOVERNMENTAL ACTIVITIES			
G.O. Bonds	\$ 4,720,000	\$ 5,160,000	(8.5)%
Capital Lease Obligations	35,805	69,034	(48.1)
Compensated Absences Payable	2,142,607	2,290,083	(6.4)
Other Postemployment Benefits Payable	1,031,527	1,000,822	3.1
Total	\$ 7,929,939	\$ 8,519,939	(6.9)
BUSINESS-TYPE ACTIVITIES			
Compensated Absences Payable	\$ 46,908	\$ 44,940	4.4
Other Postemployment Benefits Payable	29,862	29,059	2.8
Total	\$ 76,770	\$ 73,999	6.2

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

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 Denise Gaida, County Auditor-Treasurer at (320) 732-4472.

BASIC FINANCIAL STATEMENTS

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 12,052,070	\$ 1,236,424	\$ 13,288,494
Petty Cash and Change Funds	3,605	160	3,765
Taxes Receivable			
Delinquent	501,899	-	501,899
Special Assessments Receivable			
Delinquent	2,545	56,983	59,528
Noncurrent	10,521	-	10,521
Accounts Receivable - Net	228,371	68,852	297,223
Accrued Interest Receivable	21,243	-	21,243
Loans Receivable	90,000	-	90,000
Internal Balances	(410)	410	-
Due from Other Governments	3,563,905	-	3,563,905
Inventory	690,046	-	690,046
Prepays	102,812	-	102,812
Investment in Joint Venture	3,007,116	-	3,007,116
Non-Depreciable Capital Assets			
Land	1,021,044	37,316	1,058,360
Construction-in-Progress	126,529	-	126,529
Depreciable Capital Assets			
Building (Net)	10,086,293	24,719	10,111,012
Machinery, Vehicles, Furniture and Equipment (Net)	2,634,533	270,172	2,904,705
Infrastructure (Net)	62,079,646	-	62,079,646
Total Assets	96,221,768	1,695,036	97,916,804
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	1,404,716	30,405	1,435,121
LIABILITIES			
Accounts Payable	439,180	18,004	457,184
Salaries Payable	647,693	16,294	663,987
Contracts Payable	188,319	-	188,319
Due to Other Governments	124,759	100,149	224,908
Accrued Interest Payable	62,391	-	62,391
Unearned Revenue	42,833	-	42,833
Compensated Absences Payable - Due Within One Year	549,120	19,227	568,347
Capital Leases Payable - Due Within One Year	35,805	-	35,805
General Obligation Bonds Payable - Due Within One Year	450,000	-	450,000
Compensated Absences Payable - Due in More than One Year	1,593,487	27,681	1,621,168
General Obligation Bonds Payable - Due in More than One Year	4,317,362	-	4,317,362
Other Postemployment Benefits Payable - Due in More than One Year	1,031,527	29,862	1,061,389
Net Pension Liability - Due in More than One Year	8,672,930	228,083	8,901,013
Total Liabilities	18,155,406	439,300	18,594,706
DEFERRED INFLOWS OF RESOURCES			
Pension Related	1,105,904	27,099	1,133,003
NET POSITION			
Net Investment in Capital Assets	71,144,876	332,207	71,477,083
Restricted For:			
Veterans Services Purchases	165,210	-	165,210
Law Library Purchases	54,943	-	54,943
Recorder's Equipment Purchases	696,624	-	696,624
E-911 Equipment	311,857	-	311,857
Debt Service	555,834	-	555,834
Revolving Loans	90,000	-	90,000
E-Citation	12,931	-	12,931
Soil and Water Conservation Expenses	269,715	-	269,715
Aquatic Invasive Species Grant	75,887	-	75,887
Natural Resources Block Grant	76,205	-	76,205
Transportation	1,956,459	-	1,956,459
Unrestricted	2,954,633	926,835	3,881,468
Total Net Position	\$ 78,365,174	\$ 1,259,042	\$ 79,624,216

See accompanying Notes to the Financial Statements.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 4,632,986	\$ 689,346	\$ 288,686	\$ -
Public Safety	4,061,799	526,298	223,131	104,267
Highways and Streets	5,857,382	320,757	1,529,276	2,689,023
Human Services	7,461,977	874,611	3,835,881	-
Health	2,873,506	1,189,563	1,418,468	-
Culture and Recreation	409,723	547	-	-
Conservation of Natural Resources	897,641	8,593	241,485	36,159
Economic Development	79,385	-	-	-
Interest	147,294	-	-	-
Total Governmental Activities	26,421,693	3,609,715	7,536,927	2,829,449
BUSINESS-TYPE ACTIVITIES				
Solid Waste	1,649,839	1,657,416	74,265	-
Total Primary Government	\$ 28,071,532	\$ 5,267,131	\$ 7,611,192	\$ 2,829,449

GENERAL REVENUES

Property Taxes
Mortgage Registry and Deed Tax
Payments in Lieu of Tax
Transit Sales and Use Tax
Insurance Dividends
Grants and Contributions not Restricted for a Particular Purpose
Investment Earnings
Miscellaneous
Gain on Sale of Capital Assets

TRANSFERS

Total General Revenues and Transfers

CHANGE IN NET POSITION

Net Position - Beginning of Year
Restatement (See Note 9)
Net Position - Beginning of Year, as Restated

NET POSITION - END OF YEAR

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (3,654,954)	\$ -	\$ (3,654,954)
(3,208,103)	-	(3,208,103)
(1,318,326)	-	(1,318,326)
(2,751,485)	-	(2,751,485)
(265,475)	-	(265,475)
(409,176)	-	(409,176)
(611,404)	-	(611,404)
(79,385)	-	(79,385)
(147,294)	-	(147,294)
(12,445,602)	-	(12,445,602)
-	81,842	81,842
(12,445,602)	81,842	(12,363,760)
12,888,845	-	12,888,845
13,722	-	13,722
130,151	-	130,151
561,821	-	561,821
113,500	-	113,500
1,957,077	-	1,957,077
55,882	-	55,882
295,548	-	295,548
50,371	-	50,371
(30,000)	30,000	-
16,036,917	30,000	16,066,917
3,591,315	111,842	3,703,157
82,864,614	1,365,347	84,229,961
(8,090,755)	(218,147)	(8,308,902)
74,773,859	1,147,200	75,921,059
<u>\$ 78,365,174</u>	<u>\$ 1,259,042</u>	<u>\$ 79,624,216</u>

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	Major Funds		
	General	Public Works	Social Services
ASSETS			
Cash and Investments	\$ 4,227,550	\$ 2,504,845	\$ 3,458,267
Petty Cash and Change Funds	2,890	475	100
Taxes Receivable			
Delinquent	253,702	70,686	143,571
Special Assessments Receivable			
Delinquent	-	-	-
Noncurrent	-	-	-
Accounts Receivable	9,322	450	52,632
Accrued Interest Receivable	20,803	440	-
Loans Receivable	-	-	-
Due from Other Funds	18,354	-	37,557
Due from Other Governments	156,070	2,269,624	583,172
Prepaid Assets	-	102,752	-
Inventories	-	690,046	-
Advances to Other Funds	95,976	-	-
Total Assets	<u>\$ 4,784,667</u>	<u>\$ 5,639,318</u>	<u>\$ 4,275,299</u>
LIABILITIES			
Accounts Payable	\$ 153,158	\$ 29,858	\$ 227,496
Salaries Payable	298,077	75,841	161,147
Contracts Payable	-	188,319	-
Due to Other Funds	-	-	-
Due to Other Governments	1,460	3,925	82,561
Unearned Revenue	-	-	600
Advance from Other Funds	-	-	-
Total Liabilities	<u>452,695</u>	<u>297,943</u>	<u>471,804</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Taxes	190,890	58,594	118,541
Unavailable Special Assessments	-	-	-
Unavailable Grants	4,467	2,198,196	50,254
Total Deferred Inflows of Resources	<u>195,357</u>	<u>2,256,790</u>	<u>168,795</u>
FUND BALANCES			
Nonspendable			
Advances to Other Funds	95,976	-	-
Prepays	-	102,752	-
Inventories	-	690,046	-
Restricted			
Veterans Services Purchases	165,210	-	-
Law Library Purchases	54,943	-	-
Recorder's Equipment Purchases	696,624	-	-
Aquatic Invasive Species Grant	75,887	-	-
Natural Resources Block Grant	76,205	-	-
E-911 Equipment	311,857	-	-
E-Citation Grants	12,931	-	-
Debt Service	-	-	-
Revolving Loans	-	-	-
Energy Assistance	-	-	-
Minnesota Housing Finance Program	-	-	-
Soil and Conservation District	269,715	-	-
Committed			
Road Projects	-	1,991,787	-
Future Public Works Building	-	300,000	-
Social Services Operations	-	-	3,634,700
Community Health Operations	-	-	-
Ditches	-	-	-
Buildings and Grounds	46,921	-	-
Capital Improvements	-	-	-
Parks and Trails Operations	-	-	-
Unassigned	2,330,346	-	-
Total Fund Balances	<u>4,136,615</u>	<u>3,084,585</u>	<u>3,634,700</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,784,667</u>	<u>\$ 5,639,318</u>	<u>\$ 4,275,299</u>

See accompanying Notes to Financial Statements

Community Health	County Ditch	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 943,955	\$ 88,938	\$ 21,927	\$ 806,588	\$ 12,052,070
140	-	-	-	3,605
11,982	-	-	21,958	501,899
-	2,545	-	-	2,545
-	10,521	-	-	10,521
165,967	-	-	-	228,371
-	-	-	-	21,243
-	-	-	90,000	90,000
-	-	-	-	55,911
497,870	-	-	57,169	3,563,905
60	-	-	-	102,812
-	-	-	-	690,046
-	-	-	-	95,976
<u>\$ 1,619,974</u>	<u>\$ 102,004</u>	<u>\$ 21,927</u>	<u>\$ 975,715</u>	<u>\$ 17,418,904</u>
\$ 21,250	\$ -	\$ -	\$ 7,418	\$ 439,180
112,628	-	-	-	647,693
-	-	-	-	188,319
-	-	-	56,321	56,321
-	-	-	36,813	124,759
42,233	-	-	-	42,833
-	88,095	-	7,881	95,976
176,111	88,095	-	108,433	1,595,081
9,510	-	-	17,787	395,322
-	12,916	-	-	12,916
172,386	-	-	-	2,425,303
181,896	12,916	-	17,787	2,833,541
-	-	-	-	95,976
60	-	-	-	102,812
-	-	-	-	690,046
-	-	-	-	165,210
-	-	-	-	54,943
-	-	-	-	696,624
-	-	-	-	75,887
-	-	-	-	76,205
-	-	-	-	311,857
-	-	-	-	12,931
-	-	-	600,957	600,957
-	-	-	90,000	90,000
-	-	-	12,195	12,195
-	-	-	137,839	137,839
-	-	-	-	269,715
-	-	-	-	1,991,787
-	-	-	-	300,000
-	-	-	-	3,634,700
1,261,907	-	-	-	1,261,907
-	993	-	-	993
-	-	-	-	46,921
-	-	21,927	-	21,927
-	-	-	16,311	16,311
-	-	-	(7,807)	2,322,539
<u>1,261,967</u>	<u>993</u>	<u>21,927</u>	<u>849,495</u>	<u>12,990,282</u>
<u>\$ 1,619,974</u>	<u>\$ 102,004</u>	<u>\$ 21,927</u>	<u>\$ 975,715</u>	<u>\$ 17,418,904</u>

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**TODD COUNTY
LONG PRAIRIE, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2015**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS		\$ 12,990,282
<p>Total net position reported for governmental activities in the statement of net position is different because:</p>		
<p>Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		75,948,045
<p>The County's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:</p>		
Net Pension Liability	\$ (8,672,930)	
Deferred Inflows of Resources - Pension Related	(1,105,904)	
Deferred Outflows of Resources - Pension Related	1,404,716	(8,374,118)
<p>Investment in joint ventures are reported in governmental activities and are not financial resources. Therefore, they are not reported in the governmental funds.</p>		3,007,116
<p>Other long-term assets (deferred inflows of resources) are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.</p>		2,833,541
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
General Obligation Courthouse Bonds, Net	(4,767,362)	
Capital Leases	(35,805)	
Compensated Absences	(2,142,607)	
Other Postemployment Benefits	(1,031,527)	
Accrued Interest Payable	(62,391)	(8,039,692)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ 78,365,174

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015**

	Major Funds		
	General	Public Works	Social Services
REVENUES			
Taxes	\$ 6,842,100	\$ 1,651,439	\$ 3,424,997
Transit Sales and Use Tax	-	561,821	-
Special Assessments	-	-	-
Licenses and Permits	136,217	-	-
Intergovernmental	2,099,708	4,275,600	3,705,966
Charges for Services	859,817	317,622	304,968
Fines and Forfeits	14,813	-	-
Gifts and Contributions	14,269	-	-
Interest on Investments	54,226	2,046	353
Insurance Dividend	112,688	-	-
Miscellaneous	472,105	3,135	543,451
Total Revenues	10,605,943	6,811,663	7,979,735
EXPENDITURES			
CURRENT			
General Government	4,624,597	-	-
Public Safety	3,936,978	-	-
Highways and Streets	-	6,544,462	-
Human Services	-	-	7,216,480
Health	-	-	-
Culture and Recreation	329,797	-	-
Conservation of Natural Resources	856,405	-	-
Economic Development	79,385	-	-
DEBT SERVICE			
Principal	33,229	-	-
Interest	5,350	-	-
Administrative (Fiscal) Charges	-	-	-
Total Expenditures	9,865,741	6,544,462	7,216,480
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	740,202	267,201	763,255
OTHER FINANCING SOURCES (USES)			
Transfers In	51,000	-	-
Transfers Out	(42,211)	-	(101,163)
Proceeds from Sale of Assets	7,209	50,175	-
Proceeds from Insurance	18,774	-	-
Total Other Financing Sources (Uses)	34,772	50,175	(101,163)
NET CHANGE IN FUND BALANCES	774,974	317,376	662,092
Fund Balances (Deficit) - Beginning of Year	3,361,641	2,705,764	2,972,608
INCREASE IN INVENTORY	-	61,445	-
FUND BALANCES - END OF YEAR	\$ 4,136,615	\$ 3,084,585	\$ 3,634,700

See accompanying Notes to Financial Statements.

Community Health	County Ditch	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 346,926	\$ -	\$ -	\$ 627,782	\$ 12,893,244
-	-	-	-	561,821
-	64,125	-	-	64,125
-	-	-	-	136,217
1,289,859	-	-	206,765	11,577,898
1,264,965	-	-	40	2,747,412
-	-	-	-	14,813
-	-	-	-	14,269
-	-	-	69	56,694
-	-	-	-	112,688
27,474	-	-	16,557	1,062,722
2,929,224	64,125	-	851,213	29,241,903
-	-	4,811	66,043	4,695,451
-	-	-	-	3,936,978
-	-	-	-	6,544,462
-	-	6,388	161,626	7,384,494
2,848,914	-	-	-	2,848,914
-	-	-	20,382	350,179
-	24,792	-	-	881,197
-	-	-	-	79,385
-	-	-	440,000	473,229
-	-	-	149,909	155,259
-	-	-	1,726	1,726
2,848,914	24,792	11,199	839,686	27,351,274
80,310	39,333	(11,199)	11,527	1,890,629
-	-	101,163	12,211	164,374
-	(51,000)	-	-	(194,374)
-	-	-	-	57,384
-	-	-	-	18,774
-	(51,000)	101,163	12,211	46,158
80,310	(11,667)	89,964	23,738	1,936,787
1,181,657	12,660	(68,037)	825,757	10,992,050
-	-	-	-	61,445
\$ 1,261,967	\$ 993	\$ 21,927	\$ 849,495	\$ 12,990,282

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**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, 2015**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,936,787

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

Transactions to report investment in joint venture
Increase (Decrease) in Investment in Joint Venture 138,835

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	\$ 3,212,935	
Current Year Depreciation	<u>(2,674,596)</u>	538,339

Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources. (283,363)

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 position differs from the change in fund balance by the cost of the capital assets disposed of. (7,013)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 606,594

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

Principal Repayments:		
General Obligation Bonds	440,000	
Capital Lease	<u>33,229</u>	473,229

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	4,391	
Change in Unamortized Bond Premium	5,300	
Change in Compensated Absences	147,476	
Change in Other Postemployment Benefits	(30,705)	
Change in Inventories	<u>61,445</u>	<u>187,907</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,591,315

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
STATEMENT OF NET POSITION
SOLID WASTE ENTERPRISE FUND
DECEMBER 31, 2015**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,236,424
Petty Cash and Change Funds	160
Special Assessments Receivable	
Delinquent	56,983
Accounts Receivable (Net)	68,852
Due from Other Funds	410
Total Current Assets	1,362,829

NONCURRENT ASSETS

CAPITAL ASSETS

Land	37,316
Building (Net)	24,719
Machinery, Vehicles, Furniture and Equipment (Net)	270,172
Total Noncurrent Assets	332,207
Total Assets	1,695,036

DEFERRED OUTFLOWS OF RESOURCES

Pension Related	30,405
-----------------	--------

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	18,004
Salaries Payable	16,294
Due to Other Governments	100,149
Compensated Absences Payable - Due within One Year	19,227
Total Current Liabilities	153,674

NONCURRENT LIABILITIES

Net Pension Liability	228,083
Compensated Absences - Due in More than One Year	27,681
Other Postemployment Benefits - Due in More than One Year	29,862
Total Noncurrent Liabilities	285,626
Total Liabilities	439,300

DEFERRED INFLOWS OF RESOURCES

Pension Related	27,099
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NET POSITION

Net Investment in Capital Assets	332,207
Unrestricted	926,835
Total Net Position	\$ 1,259,042

See accompanying Notes to Financial Statements.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
SOLID WASTE ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2015**

OPERATING REVENUES	
Sales and Charges for Services	\$ 1,051,100
Operating Special Assessments	606,316
Total Operating Revenues	<u>1,657,416</u>
OPERATING EXPENSES	
Sanitation	1,554,211
Depreciation	73,046
Total Operating Expenses	<u>1,627,257</u>
OPERATING INCOME	30,159
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental	74,265
Loss on Sale of Capital Assets	<u>(22,582)</u>
Total Nonoperating Revenues (Expenses)	<u>51,683</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	81,842
Transfers In	<u>30,000</u>
CHANGE IN NET POSITION	111,842
Net Position - Beginning of Year	1,365,347
Restatement (See Note 9)	<u>(218,147)</u>
Net Position - Beginning, as Restated	<u>1,147,200</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,259,042</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, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers and Users	\$ 1,047,479
Receipts from Operating Special Assessments	604,458
Payments to Suppliers	(1,195,259)
Payments to Employees	(369,785)
Net Cash Provided (Used) by Operating Activities	86,893

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Interfund Borrowing	(410)
Intergovernmental Receipts	74,265
Transfer from Other Funds	30,000
Net Cash Provided (Used) by Noncapital Financing Activities	103,855

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of Capital Assets	(94,893)
Proceeds from Sale of Capital Assets	10,152
Net Cash Provided (Used) by Capital and Related Financing Activities	(84,741)

NET INCREASE IN CASH AND CASH EQUIVALENTS

106,007

Cash and Cash Equivalents - Beginning of Year

1,130,417

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 1,236,424

**RECONCILIATION OF OPERATING INCOME TO
CASH FLOWS FROM OPERATING ACTIVITIES**

Operating Income	\$ 30,159
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation	73,046
Adjustment for Pension Expense	6,630
(Increase) Decrease in Assets:	
Accounts Receivable	(3,672)
Due from Other Governments	151
Special Assessments Receivable	(1,858)
Petty Cash	(100)
Increase (Decrease) in Liabilities:	
Accounts Payable	(28,744)
Salaries Payable	1,730
Due to Other Governments	6,780
Compensated Absences Payable	1,968
Other Postemployment Benefits Payable	803
Net Cash Provided (Used) by Operating Activities	\$ 86,893

See accompanying Notes to Financial Statements.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2015**

ASSETS

Cash and Investments	<u>\$ 1,500,153</u>
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LIABILITIES

Funds Held in Trust	\$ 98,976
Due to Other Governments	<u>1,401,177</u>
Total Liabilities	<u>\$ 1,500,153</u>

See accompanying Notes to Financial Statements.

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**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Todd County's (the County) financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). 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, as 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 5-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 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.C. The County also participates in jointly-governed organizations which are described in Note 7.D, and a related organization is described in Note 7.E.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position 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, 2015**

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 position, 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 position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities and 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, 2015**

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. Property taxes and intergovernmental revenues are the primary funds committed for these projects.

The Social Services Special Revenue Fund is used to account for economic assistance and community social services programs which are funded primarily by property taxes and intergovernmental revenues.

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. Special assessment revenues are the primary revenue source restricted for this purpose.

The Capital Projects Fund is used to account for the construction of major capital improvements within the County, which are not related to business-type activities.

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, 2015**

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position 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 Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2015, 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, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position 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."

Advances between funds, as reported in the fund financial statements, are reflected in a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for spending.

Accounts receivable in the solid waste fund are offset by an allowance for doubtful accounts. The County estimated this balance to be \$-0- at December 31, 2015. The County develops an estimate of this allowance based on specific identification. All other accounts receivable are considered to be collectible in full.

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, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position 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. In the case of the initial capitalization of infrastructure, the County retroactively implemented the reporting of this item when GASB #34 was implemented. 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

6. Compensated Absences

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

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

7. 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 position. Bond premiums and discounts are 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 expensed in the year of bond issuance.

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.

8. Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period. The Agency will not recognize the related outflow until a future event occurs. More detailed information about pension related deferred outflows of resources can be found in Note 4 to the financial statements.

9. Deferred Inflows of Resources

The County's governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The County will not recognize the related revenue until a future event occurs. The County has two types of item which occurs relating to revenue recognition. The first type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the County's year) under the modified accrual basis of accounting. The second type relates to pension liabilities as described in Note 4 to the financial statements.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

10. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaids, inventories, and long term receivables, as applicable. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Commissioners. The Board passed a resolution authorizing the County Auditor-Treasurer to assign fund balances and their intended uses. Unassigned fund balance is the residual classification for the County's General Fund and includes all spendable amounts not contained in other classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the County's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the County's policy to use committed first, then assigned, and finally unassigned amounts.

12. 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.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance

The following fund had a deficit fund balance as of December 31, 2015:

Forfeited Tax Sale Fund	\$	(7,807)
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The Forfeited Tax Sale Fund's deficit will be eliminated with future tax revenues.

B. Expenditures in Excess of Budget

The following funds had expenditures in excess of budget at the fund level for the year ended December 31, 2015:

	<u>Expenditures</u>	<u>Final Budgets</u>	<u>Excess</u>
Special Revenue Funds			
Community Health	\$ 2,848,914	\$ 2,782,092	\$ 66,822

The excess expenditures were funded with existing fund balance and greater than anticipated revenues.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

The cash balance of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at fair value at December 31, 2015, based on market prices. Pursuant to *Minnesota Statutes* 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;

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

- (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, 2015:

Statement of Net Position	
Cash and Pooled Investments	\$ 13,288,494
Petty Cash	3,765
Statement of Fiduciary Net Position	
Agency Funds Cash and Pooled Investments	1,500,153
Total Cash and Investments	\$ 14,792,412

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, 2015, the County's deposits are fully collateralized and insured.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Interest Rate Risk - Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates. The County has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The County investment policy limits investments to the average maturity in accordance with the County's cash requirements.

Credit Risk - *Minnesota Statutes* restrict the types of investments in which the County may invest. The County invests in negotiable certificates of deposits, which are not rated.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County limits the credit risk by not allowing the County to invest in a single issuer.

Custodial Credit Risk – Investments - For an investment, this is the risk that, in the event of failure by the counter-party, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

2. Receivables

Receivables as of December 31, 2015, for the County governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Total Receivables</u>	<u>Amounts Not Scheduled for Collection During the Subsequent Year</u>
Governmental Activities		
Taxes	\$ 501,899	\$ 395,322
Special Assessments	13,066	12,916
Accounts	228,371	-
Interest	21,243	-
Loans	90,000	90,000
Due from Other Governments	3,563,905	2,425,303
Total Governmental Activities	<u>\$ 4,418,484</u>	<u>\$ 2,923,541</u>
Business-Type Activities		
Special Assessments	\$ 56,983	\$ -
Accounts	68,852	-
Total Business-Type Activities	<u>\$ 125,835</u>	<u>\$ -</u>

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

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. \$ 90,000

3. Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions and Transfers	Deletions and Transfers	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated				
Land and Right of Way	\$ 1,021,044	\$ -	\$ -	\$ 1,021,044
Construction-in-Progress	571,231	2,702,421	3,147,123	126,529
Total Capital Assets, Not Being Depreciated	<u>1,592,275</u>	<u>2,702,421</u>	<u>3,147,123</u>	<u>1,147,573</u>
Capital Assets, Being Depreciated				
Buildings	14,009,343	-	-	14,009,343
Machinery, Vehicles, Furniture and Equipment	7,715,985	510,514	218,944	8,007,555
Infrastructure	86,201,206	3,147,123	-	89,348,329
Total Capital Assets, Being Depreciated	<u>107,926,534</u>	<u>3,657,637</u>	<u>218,944</u>	<u>111,365,227</u>
Less Accumulated Depreciation For				
Buildings	3,630,133	292,917	-	3,923,050
Machinery, Vehicles, Furniture and Equipment	4,934,153	650,800	211,931	5,373,022
Infrastructure	25,537,804	1,730,879	-	27,268,683
Total Accumulated Depreciation	<u>34,102,090</u>	<u>2,674,596</u>	<u>211,931</u>	<u>36,564,755</u>
Total Capital Assets, Being Depreciated, Net	<u>73,824,444</u>	<u>983,041</u>	<u>7,013</u>	<u>74,800,472</u>
Governmental Activities Capital Assets, Net	<u>\$ 75,416,719</u>	<u>\$ 3,685,462</u>	<u>\$ 3,154,136</u>	<u>\$ 75,948,045</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	94,893	54,082	69,064
Machinery and Vehicles	1,009,204	-	-	1,009,204
Total Capital Assets, Being Depreciated	<u>1,488,014</u>	<u>94,893</u>	<u>54,082</u>	<u>1,528,825</u>
Less Accumulated Depreciation For				
Buildings	416,841	8,997	-	425,838
Improvements Other than Buildings	28,253	64,049	21,348	70,954
Machinery and Vehicles	737,142	-	-	737,142
Total Accumulated Depreciation	<u>1,182,236</u>	<u>73,046</u>	<u>21,348</u>	<u>1,233,934</u>
Total Capital Assets, Being Depreciated, Net	<u>305,778</u>	<u>21,847</u>	<u>32,734</u>	<u>294,891</u>
Business-Type Activities Capital Assets, Net	<u>\$ 343,094</u>	<u>\$ 21,847</u>	<u>\$ 32,734</u>	<u>\$ 332,207</u>

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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	\$	382,332
Public Safety		216,599
Highways and Streets, Including Depreciation of Infrastructure Assets		2,021,417
Conservation of Natural Resources		9,136
Human Services		40,687
Health		4,425
Total Depreciation Expense - Governmental Activities	<u>\$</u>	<u>2,674,596</u>
Business-Type Activities		
Solid Waste	<u>\$</u>	<u>73,046</u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2015, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
Major Funds			
General Fund	Forfeited Tax Land	\$ 18,354	Forfeited Tax Settlement
Solid Waste Fund	Forfeited Tax Land	410	Forfeited Tax Settlement
Social Services Fund	Energy Assistance	<u>37,557</u>	Reimbursement for Expenses
	Total Due To/From Other Funds	<u>\$ 56,321</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	\$ 88,095	Cash Flows
General	Forfeited Tax Sale	<u>7,881</u>	Eagle Bend Cleanup
	Total Advances From/To Other Funds	<u>\$ 95,976</u>	

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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, 2015, consisted of the following:

Funds	Amount	Purpose
Transfer to General Fund from County Ditch Fund	\$ 51,000	Reimbursement for Payroll
Transfer to Forfeited Tax Fund from General Fund	12,211	Reimbursement for Expenditures
Transfer to Capital Projects Fund from Social Services Fund	101,163	Maintenance and Renovation of Health and Human Services Building
Transfer to Solid Waste Fund from General Fund	30,000	Maintenance and Renovation of Health and Human Services Building
Total Transfers In/Out	<u>\$ 194,374</u>	

C. Liabilities

1. Long-Term Debt

Governmental Activities

Types of Indebtedness	Final Maturity	Annual Installment Amounts	Interest Rate (%)	Original Issues Amount	Outstanding Balance December 31, 2015
2010 GO Courthouse Bonds	2027	\$180,000- 345,000	5.85 - 6.00%	\$ 525,000	\$ 525,000
2011 GO Courthouse Bonds	2026	195,000- 360,000	2.00 - 6.625	4,125,000	3,315,000
2013 GO Refunding Bonds	2020	170,000- 180,000	0.40 - 1.20	<u>1,050,000</u>	<u>880,000</u>
Total General Obligation Bonds				<u>\$ 5,700,000</u>	4,720,000
Add: Unamortized Premium					<u>47,362</u>
Total Bonds					<u>\$ 4,767,362</u>

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

2. Debt Service Requirements

Debt service requirements at December 31, 2015, were as follows:

Governmental Activities

Year Ending December 31,	2010 GO Courthouse Bonds		2011 GO Courthouse Bonds	
	Principal	Interest	Principal	Interest
2016	\$ -	\$ 31,230	\$ 275,000	\$ 107,466
2017	-	31,230	280,000	99,216
2018	-	31,230	285,000	90,816
2019	-	31,230	295,000	82,266
2020	-	31,230	305,000	73,416
2021-2025	-	156,150	1,680,000	215,504
2026-2027	525,000	36,315	195,000	7,069
Total	<u>\$ 525,000</u>	<u>\$ 348,615</u>	<u>\$ 3,315,000</u>	<u>\$ 675,753</u>

Year Ending December 31,	2013 GO Refunding Bonds		Vehicle Capital Lease	
	Principal	Interest	Principal	Interest
2016	\$ 175,000	\$ 7,060	\$ 35,805	\$ 2,775
2017	175,000	6,054	-	-
2018	175,000	4,741	-	-
2019	175,000	3,079	-	-
2020	180,000	1,080	-	-
Total	<u>\$ 880,000</u>	<u>\$ 22,014</u>	<u>\$ 35,805</u>	<u>\$ 2,775</u>

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
2010 GO Courthouse Bonds	\$ 525,000	\$ -	\$ -	\$ 525,000	\$ -
2011 GO Courthouse Bonds	3,585,000	-	270,000	3,315,000	275,000
2013 GO Refunding Bonds	1,050,000	-	170,000	880,000	175,000
Capital Lease Obligation	69,034	-	33,229	35,805	35,805
Compensated Absences	2,290,083	1,159,112	1,306,588	2,142,607	549,120
Other Postemployment Benefits	1,000,822	255,520	224,815	1,031,527	-
Governmental Activity Long-Term Liabilities	<u>\$ 8,519,939</u>	<u>\$ 1,414,632</u>	<u>\$ 2,004,632</u>	<u>\$ 7,929,939</u>	<u>\$ 1,034,925</u>
BUSINESS-TYPE ACTIVITIES					
Compensated Absences	\$ 44,940	\$ 27,256	\$ 25,288	\$ 46,908	\$ 19,227
Other Postemployment Benefits	29,059	6,682	5,879	29,862	-
Business-Type Activity Long-Term Liabilities	<u>\$ 73,999</u>	<u>\$ 33,938</u>	<u>\$ 31,167</u>	<u>\$ 76,770</u>	<u>\$ 19,227</u>

The GO Bonds are liquidated by the debt service fund. The Compensated Absences, Capital Leases, and Other Postemployment Benefits are liquidated by the General Fund.

4. Refunding Debt Issued

During 2013, the County issued General Obligation Crossover Advance Refunding Bonds, Series 2013, in the amount of \$1,050,000 with interest rates of 0.40% to 1.20%. These proceeds were used to provide for refunding of the 2006 Facility Lease Revenue Bonds. The balance of the outstanding maturities to be refunded was \$1,150,000 and an interest rate of 4.00%. The date of the defeasance of the 2006 Facility Lease Revenue Bonds occurred February 1, 2014.

As a result of this refunding, the County decreased its debt service requirements \$66,386, resulting in an economic gain (difference between the present value of the debt service payments on the old and new debt service) of \$64,291.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 PENSION PLANS

A. Pension Description

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

1. General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the [entity's name] are covered by the General Employees Retirement Fund (GERF). GERF 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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

2. Public Employees Police and Fire Fund (PEPFF)

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

3. Public Employees Correctional Fund (PECF)

The Local Government Correctional Fund, referred to as the Public Employees Correctional Fund (PECF), was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

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

1. GERF Benefits

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% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

2. PEPFF Benefits

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

3. PECF Benefits

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

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 PENSION PLANS (CONTINUED)

C. Contributions

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

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The County was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The County's contributions to the GERF for the year ended December 31, 2015, were \$685,477. The County's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The County's was required to contribute 16.20% of pay for PEPFF members in calendar year 2015. The County's contributions to the PEPFF for the year ended December 31, 2015, were \$161,104. The County's contributions were equal to the required contributions as set by state statute.

3. PECF Contributions

In calendar year 2015 plan members were required to contribute 5.83% of their annual covered salary. The County was required to contribute 8.75% of pay for PECF members in calendar year 2015. The County's contributions to the PECF for the year ended December 31, 2015, were \$49,389. The County's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. GERF Pension Costs

At December 31, 2015, the County reported a liability of \$7,577,413 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014 through June 30, 2015, relative to the total employer contributions received from all PERA's participating employers. At June 30, 2015, the County's portion was 0.163%.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. GERF Pension Costs (Continued)

For the year ended December 31, 2015, the County recognized pension expense of \$912,720 for its proportionate share of GERF's pension expense.

At December 31, 2015, the County reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 382,030
Changes in Actuarial Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	717,319	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	-	518,279
County Contributions Subsequent to the Measurement Date	292,776	-
Total	<u>\$ 1,010,095</u>	<u>\$ 900,309</u>

\$292,776 is reported as deferred outflows of resources related to pensions resulting from the County's contributions to GERF subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expenses Amount
2016	\$ (120,774)
2017	(120,774)
2018	(120,774)
2019	179,332

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. PEPFF Pension Costs

At December 31, 2015, the County reported a liability of \$1,272,582 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 0.112%.

For the year ended December 31, 2015, the County recognized pension expense of \$228,245 for its proportionate share of the PEPFF's pension expense. The County also recognized \$10,080 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2015, the County reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 206,371
Changes in Actuarial Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	221,726	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	63,002	-
County Contributions Subsequent to the Measurement Date	73,075	-
Total	<u>\$ 357,803</u>	<u>\$ 206,371</u>

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. PEPFF Pension Costs (Continued)

\$73,075 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expenses Amount
2016	\$ 26,758
2017	26,758
2018	26,758
2019	26,758
2020	(28,675)

3. PECF Pension Costs

At December 31, 2015, the County reported a liability of \$51,018 for its proportionate share of the PECF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 0.330%.

For the year ended December 31, 2015, the County recognized pension expense of \$55,581 for its proportionate share of the PECF's pension expense.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. PECF Pension Costs (Continued)

At December 31, 2015, the County reported its proportionate share of the PECF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 19,533
Changes in Actuarial Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	42,527	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	-	6,790
County Contributions Subsequent to the Measurement Date	24,696	-
Total	<u>\$ 67,223</u>	<u>\$ 26,323</u>

\$24,696 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expenses Amount
2016	\$ 1,858
2017	1,858
2018	1,858
2019	10,630

E. Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75%, per year
Salary Increases	3.50%, per year
Investment Rate of Return	7.90%

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Benefit increases for retirees are assumed to be 1% effective every January 1st through 2026 and 2.5% thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERP was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually.

The following changes in actuarial assumptions occurred in 2015: the discount rate was changed from 8.0% through June 30, 2017 and 8.5% thereafter to 8.0% for all years, the inflation assumption was changed from 3.0% to 2.75%, the payroll growth assumption was changed from 3.75% to 3.5%, assumed increases in member salaries were decreased by 0.25% at all ages and the assumed postretirement benefit increase rate was changed from 1.0% per year through 2026 and 2.5% thereafter to 1.0% per year through 2034 and 2.5% per year thereafter.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45 %	5.50 %
International Equity	15	6.00
Bonds	18	1.45
Alternative Assets	20	6.40
Cash	2	0.50
Totals	100 %	

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 PENSION PLANS (CONTINUED)

F. Discount Rate

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate (6.90%)	Current Discount Rate (7.90%)	1% Increase in Discount Rate (8.90%)
County's Proportionate Share of the GERF Net Pension Liability	\$ 13,282,482	\$ 8,447,506	\$ 4,454,559
County's Proportionate Share of the PEPFF Net Pension Liability	2,480,276	1,272,582	274,817
County's Proportionate Share of the PECF Net Pension Liability	355,298	51,018	(192,529)

H. Pension Plan Fiduciary Net Position

Detailed information about GERF's fiduciary's net position is available in a separately-issued PERA financial report. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 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 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 plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% 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 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 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

Total contributions made by the County during fiscal year 2015 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$2,246	\$2,246	5%	5%	5%

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS

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 Statutes* §471.61 subdivision 2b. County policy determines the County's contributions to the plan. 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 December 31, 2015, there were approximately fifteen retirees receiving health benefits from the County's health plan.

A. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment 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 2015, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 277,707
Interest on Net OPEB Obligation	46,345
Adjustment to ARC	<u>(61,850)</u>
Annual OPEB Cost	262,202
Contributions During the Year	<u>(230,694)</u>
Increase in Net OPEB Obligation	31,508
Net OPEB - Beginning of Year	<u>1,029,881</u>
Net OPEB - End of Year	<u><u>\$ 1,061,389</u></u>
Governmental Activities	\$ 1,031,527
Business-Type Activities	<u>29,862</u>
Total OPEB Payable	<u><u>\$ 1,061,389</u></u>

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

A. 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 2015 and the preceding two years were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2013	\$ 350,011	\$ 208,874	59.7 %	\$ 1,042,427
December 31, 2014	258,985	271,531	104.8	1,029,881
December 31, 2015	262,202	230,694	88.0	1,061,389

B. Funding Status

The County's OPEB plan is financed on a pay-as-you-go basis and currently has no assets that have been deposited into an irrevocable trust for future health benefits. Therefore, the actuarial value of assets is zero. Separate stand-alone financial statements are not issued for the plan.

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)
1/1/2014	\$ -	\$ 2,589,782	\$ 2,589,782	- %	\$ 10,009,161	25.9 %

C. 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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, 2015**

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Annual OPEB Cost and Net OPEB Obligation

In the January 1, 2014 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 2.50%. The annual healthcare cost trend rate is 7.50% initially, reduced incrementally to an ultimate rate of 5.00% after ten years. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open 30-year period.

NOTE 6 LEASES

A. Operating Leases

The County entered into lease agreements for the use of eleven squad cars and copier leases for various departments within the County. The 2015 expenditures (including maintenance and supplies) under this lease agreement totaled \$51,617. Minimum lease payments over the term of these leases are as follows:

<u>Year</u>	<u>Minimum Payments</u>
2016	\$ 13,820
2017	10,473
2018	4,740
2019	4,543
2020	2,410
Total	<u>\$ 35,986</u>

B. Capital Leases

The County entered into a lease agreement for financing the acquisition of squad vehicles for the Sheriff Office. At December 31, 2015, the County had total assets under capital lease of \$107,612 with the related accumulated depreciation of \$53,060. Details about the capital leases at December 31, 2015 are as follows:

<u>Lease</u>	<u>Maturity</u>	<u>Installment</u>	<u>Payment Amount</u>	<u>Original Issue</u>	<u>12/31/2015 Balance</u>
Sheriff Squad Vehicles	7/15/2016	Annual	\$ 38,579	\$ 107,612	\$ 35,805

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 7 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 \$490,000 per claim in 2015. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining and the County pays an annual premium to cover current and future losses. 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 8 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.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

B. Construction Commitments

The County has active construction projects and outstanding contracts as of December 31, 2015. The projects include the following:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Road Construction	\$ 3,052,762	\$ 163,843

C. 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 annual appropriation to this entity in 2015 was \$271,840.

Complete financial information can be obtained from:

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

Family Service Collaborative

The Todd County Family Service Collaborative was established in 1998 under the authority of the Joint Powers Act, pursuant to *Minnesota Statutes* §§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.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Joint Ventures (Continued)

Family Service Collaborative (Continued)

In the event of withdrawal from the Todd County Family Service Collaborative, the withdrawing party shall give 90 day 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 2015.

Financing is provided by state grants and appropriations from its members. Separate financial information can be obtained from The Freshwater Education District, 1100 5th Street NE Staples, Minnesota, 56479 (the fiscal agent for the Collaborative).

Central Minnesota Drug and Gang Task Force

Todd, Morrison, Benton, and Stearns Counties and the Cities of Sartell, Sauk Rapids, Waite Park, St. Joseph, and Little Falls have entered into a joint powers agreement to investigate, identify, and disrupt illegal drug and gang activity through multi-jurisdictional investigations in Central Minnesota. The County did not make any payments to this entity in 2015.

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

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 Statutes* §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 Statutes* §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.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Joint Ventures (Continued)

South Country Health Alliance (Continued)

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, 2015 was \$3,007,116. The equity interest is reported as an investment in joint venture on the government-wide statement of net position. Changes in equity are included in the government-wide statement of activities as human services operating grants and contributions program revenue. No payments were made to this entity in 2015.

Complete financial statements for the SCHA may be obtained directly from SCHA.

Prairie Lakes Municipal Solid Waste Authority

Prairie Lakes Municipal Solid Waste Authority (PLMSWA) was created by a joint powers agreement between Becker, Otter Tail, Todd, and Wadena Counties in May 2010, under *Minnesota Statutes* §471.59. Clay County joined the joint powers in 2014. The agreement was in accordance with *Minnesota Statutes* §115A and Chapter 400, which provides that a County may conduct a solid waste management program which may include activities authorized by Chapter 115A and Chapter 400 and such other activities as are necessary and convenient to effectively carry out the purposes of Chapters 115A and Chapter 400.

The purpose of PLMSWA is to establish a mechanism whereby they may jointly exercise powers common to each participating party on issues including; ownership and operation of the Perham Resource Recovery Facility; cooperation with efforts in other Solid Waste Management activities that affect the operations of the Perham Resource Recovery Facility; establish procedures to add qualifying parties to the agreement; and establish a mechanism whereby additional parties and/or alternative programs and services may be developed for the benefit of the parties and in furtherance of the objectives of the parties.

Each charter member county's annual contribution is determined as part of the annual operating budget. The County was not required to contribute during 2015. If a situation arises in which the annual operating expenses are not offset by annual operating revenue the difference will be apportioned based on the percentages of obligations. Todd County's percentage of the obligation is 14.0%.

Complete financial statements for the PLMSWA may be obtained from its fiscal agent at 510 Fir Ave W, Fergus Falls, MN 56537.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

D. 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.

Minnesota Counties Computer Consortium

The Minnesota Counties Computer Consortium was formed in 1979 pursuant to *Minnesota Statutes* §471.59 and includes over 20 counties. Control of the Consortium is vested in the Joint Data Processing Board which is composed of one representative and one alternate by each member county. The County's responsibility does not extend beyond making this appointment.

E. 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.

NOTE 9 RESTATEMENT FOR A CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2015, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. These pronouncements require the restatement of the December 31, 2014, net position of the governmental activities as follows:

	Net Position as Previously Stated	Cumulative Affect of Application of GASB 68 Net Pension Liability	Deferred Outflow of Resources for County Contributions Made to the Plans During Measurement Period (7/1/14 - 12/31/14)	Net Position As Restated
Governmental Activities	\$ 82,864,614	\$ (8,499,753)	\$ 408,998	\$ 74,773,859
Business Type Activities	1,365,347	(227,538)	9,391	1,147,200
Solid Waste	1,365,347	(227,538)	9,391	1,147,200

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

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS**

	Measurement Date June 30, 2015
GERF	
County's Proportion of the Net Pension Liability	0.163%
County's Proportionate Share of the Net Pension Liability	\$ 8,447,506
County's Covered-Employee Payroll	\$ 9,584,963
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	88.13%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	78.20%
PEPFF	
County's Proportion of the Net Pension Liability	0.112%
County's Proportionate Share of the Net Pension Liability	\$ 1,272,582
County's Covered-Employee Payroll	\$ 1,029,224
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	123.64%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	86.60%
PECF	
County's Proportion of the Net Pension Liability	0.330%
County's Proportionate Share of the Net Pension Liability	\$ 51,018
County's Covered-Employee Payroll	\$ 594,879
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	8.58%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	96.90%

NOTE: Amounts prior to the measurement date of June 30, 2015 are not available.

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**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF THE COUNTY CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
GERF		
Contractually Required Contribution	\$ 685,477	\$ 658,386
Contributions in Relation to the Contractually Required Contribution	(685,477)	(658,386)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 9,139,678	\$ 9,081,175
Contributions as a Percentage of Covered Employee Payroll	7.50%	7.25%
PEPFF		
Contractually Required Contribution	\$ 161,104	\$ 145,374
Contributions in Relation to the Contractually Required Contribution	(161,104)	(145,374)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 994,470	\$ 950,157
Contributions as a Percentage of Covered Employee Payroll	16.20%	15.30%
PECF		
Contractually Required Contribution	\$ 49,389	\$ 52,824
Contributions in Relation to the Contractually Required Contribution	(49,389)	(52,824)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 564,442	\$ 603,706
Contributions as a Percentage of Covered Employee Payroll	8.75%	8.75%

NOTE: Amounts for pre-2014 are not available.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 7,199,912	\$ 7,199,912	\$ 6,842,100	\$ (357,812)
Licenses and Permits	133,540	133,540	136,217	2,677
Intergovernmental	1,621,903	1,621,903	2,099,708	477,805
Charges for Services	588,523	588,523	859,817	271,294
Fines and Forfeits	-	-	14,813	14,813
Gifts and Contributions	5,000	5,000	14,269	9,269
Investment Earnings	65,000	65,000	54,226	(10,774)
Insurance Dividend	181,954	181,954	112,688	(69,266)
Miscellaneous	417,830	417,830	472,105	54,275
Total Revenues	10,213,662	10,213,662	10,605,943	392,281
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Administrator	232,055	232,055	202,905	29,150
Commissioners	337,264	337,264	315,933	21,331
Courts	65,000	65,000	104,326	(39,326)
Law Library	-	-	6,908	(6,908)
County Auditor-Treasurer	633,278	633,278	572,483	60,795
County Assessor	377,597	377,597	376,271	1,326
Elections	21,200	21,200	24,804	(3,604)
Data Processing	381,579	381,579	384,735	(3,156)
Attorney	573,236	573,236	565,106	8,130
Recorder	340,382	340,382	283,565	56,817
Surveyor	183,437	183,437	130,215	53,222
Planning and Zoning	387,288	468,192	354,242	113,950
Buildings and Plant	632,881	632,881	553,525	79,356
Veterans Service Officer	222,939	222,939	242,806	(19,867)
Other General Government	580,564	580,564	506,773	73,791
Total General Government	4,968,700	5,049,604	4,624,597	425,007
PUBLIC SAFETY				
Sheriff	2,561,490	2,598,453	2,549,087	49,366
Boat and Water Safety	9,500	9,500	10,145	(645)
Emergency Services	62,000	62,000	164,439	(102,439)
Coroner	65,628	65,628	61,688	3,940
County Jail	1,155,862	1,155,862	1,142,312	13,550
Community Corrections	9,350	9,350	9,307	43
Total Public Safety	3,863,830	3,900,793	3,936,978	(36,185)

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

**TODD COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 329,797	\$ 329,797	\$ 329,797	\$ -
CONSERVATION OF NATURAL RESOURCES				
County Extension	159,510	164,510	153,362	11,148
Soil and Water Conservation	193,401	193,401	181,311	12,090
Agricultural Society/County Fair	19,453	19,453	20,036	(583)
Land Use	389,431	389,431	348,332	41,099
Wetland Challenge	27,641	27,641	27,641	-
Aquatic Invasive Species Grant	150,585	226,790	125,723	101,067
	<u>940,021</u>	<u>1,021,226</u>	<u>856,405</u>	<u>164,821</u>
Total Conservation of Natural Resources				
	940,021	1,021,226	856,405	164,821
ECONOMIC DEVELOPMENT				
Community Development	79,790	79,790	79,385	405
DEBT SERVICE				
Principal	33,229	33,229	33,229	-
Interest	5,350	5,350	5,350	-
	<u>38,579</u>	<u>38,579</u>	<u>38,579</u>	<u>-</u>
Total Debt Service				
	38,579	38,579	38,579	-
Total Expenditures	<u>10,220,717</u>	<u>10,419,789</u>	<u>9,865,741</u>	<u>554,048</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,055)	(206,127)	740,202	946,329
OTHER FINANCING SOURCES (USES)				
Transfers In	30,000	30,000	51,000	21,000
Transfers Out	(30,000)	(30,000)	(42,211)	(12,211)
Proceeds from Sale of Assets	1,000	1,000	7,209	6,209
Insurance Proceeds	5,000	5,000	18,774	13,774
Total Other Financing Sources (Uses)	<u>6,000</u>	<u>6,000</u>	<u>34,772</u>	<u>28,772</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,055)</u>	<u>\$ (200,127)</u>	774,974	<u>\$ 975,101</u>
Fund Balance - Beginning of Year			<u>3,361,641</u>	
FUND BALANCE - END OF YEAR			<u>\$ 4,136,615</u>	

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

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
PUBLIC WORKS SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,724,728	\$ 1,724,728	\$ 1,651,439	\$ (73,289)
Transit Sales and Use Tax	521,000	521,000	561,821	40,821
Intergovernmental	4,596,000	4,596,000	4,275,600	(320,400)
Charges for Services	200,000	200,000	317,622	117,622
Interest on Investments	-	-	2,046	2,046
Miscellaneous	-	-	3,135	3,135
Total Revenues	7,041,728	7,041,728	6,811,663	(230,065)
EXPENDITURES				
CURRENT				
HIGHWAY AND STREETS				
Public Works	360,542	360,542	359,612	930
Construction and Engineering	4,875,756	4,875,756	4,224,143	651,613
Maintenance	1,830,430	1,830,430	1,960,707	(130,277)
Total Expenditures	7,066,728	7,066,728	6,544,462	522,266
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,000)	(25,000)	267,201	292,201
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	25,000	25,000	50,175	25,175
NET CHANGE IN FUND BALANCE	\$ -	\$ -	317,376	\$ 317,376
Fund Balance - Beginning of Year			2,705,764	
Increase for Inventory			61,445	
FUND BALANCE - END OF YEAR			\$ 3,084,585	

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

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,578,723	\$ 3,578,723	\$ 3,424,997	\$ (153,726)
Intergovernmental	3,254,552	3,254,552	3,705,966	451,414
Charges for Services	257,080	257,080	304,968	47,888
Investment Earnings	200	200	353	153
Miscellaneous	430,650	430,650	543,451	112,801
Total Revenues	7,521,205	7,521,205	7,979,735	458,530
EXPENDITURES				
CURRENT				
HUMAN SERVICES				
Income Maintenance	2,807,763	2,807,763	2,768,937	38,826
Social Services	4,713,442	4,713,442	4,447,543	265,899
Total Expenditures	7,521,205	7,521,205	7,216,480	304,725
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	763,255	763,255
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(101,163)	(101,163)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	662,092	\$ 662,092
Fund Balance - Beginning of Year			2,972,608	
FUND BALANCE - END OF YEAR			\$ 3,634,700	

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

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY HEALTH SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 364,120	\$ 364,120	\$ 346,926	\$ (17,194)
Intergovernmental	1,284,694	1,284,694	1,289,859	5,165
Charges for Services	1,106,978	1,106,978	1,264,965	157,987
Miscellaneous	<u>26,300</u>	<u>26,300</u>	<u>27,474</u>	<u>1,174</u>
Total Revenues	2,782,092	2,782,092	2,929,224	147,132
EXPENDITURES				
CURRENT				
HEALTH				
Nursing Service	<u>2,782,092</u>	<u>2,782,092</u>	<u>2,848,914</u>	<u>(66,822)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	80,310	<u>\$ 80,310</u>
Fund Balance - Beginning of Year			<u>1,181,657</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,261,967</u>	

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

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015**

I. BUDGETARY INFORMATION

The County Board adopts an annual budget for the following major funds: The General Fund, Public Works Special Revenue 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, Energy Assistance, Minnesota Housing Finance, Forfeited Tax Sale, Parks and Trails, and Revolving Loan Special Revenue Funds, Debt Service Fund or Capital Projects Fund.

Based on a process established by the County Board, all departments of the County submit requests for appropriations to the County Auditor-Treasurer each year. After review, analysis and discussions with the departments, the County Auditor-Treasurer'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, 2015:

	<u>Expenditures</u>	<u>Final Budgets</u>	<u>Excess</u>
Special Revenue Funds			
Community Health	\$ 2,848,914	\$ 2,782,092	\$ 66,822

These over-expenditures were funded by greater than anticipated revenues and existing fund balance.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS
DECEMBER 31, 2015**

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	- %	\$ 9,336,090	15.9 %
1/1/2010	-	3,184,329	3,184,329	-	9,686,514	32.9
1/1/2012	-	3,193,927	3,193,927	-	10,059,949	31.8
1/1/2014	-	2,589,782	2,589,782	-	10,009,161	25.9

For the 2010 valuation above, the age 60 requirement for the postemployment medical subsidy eligibility was reduced to age 50 for Police and Fire and Correctional PERA groups and age 55 for all other employees. This change caused a large increase in the accrued liability since more employees will now be eligible for the subsidy.

SUPPLEMENTARY INFORMATION

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
DESCRIPTION OF FUNDS
DECEMBER 31, 2015**

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.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
DESCRIPTION OF FUNDS (CONTINUED)
DECEMBER 31, 2015**

AGENCY FUNDS (CONTINUED)

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.

The Todd County Development Agency Fund is used to account for receipts and disbursements of the Todd County Development Commission.

The Todd Soil and Water Conservation District Agency Fund is used to account for receipts and disbursements of the Todd County Soil and Water Conservation District.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	Nonmajor Special Revenue Funds		
	Energy Assistance	Minnesota Housing Finance	Forfeited Tax Sale
ASSETS			
Cash and Pooled Investments	\$ 1	\$ 137,839	\$ 55,651
Taxes Receivable - Delinquent	-	-	-
Loans Receivable	-	-	-
Due from Other Governments	57,169	-	-
Total Assets	\$ 57,170	\$ 137,839	\$ 55,651
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)			
LIABILITIES			
Accounts Payable	\$ 7,418	\$ -	\$ -
Due to Other Funds	37,557	-	18,764
Due to Other Governments	-	-	36,813
Advances from Other Funds	-	-	7,881
Total Liabilities	44,975	-	63,458
 DEFERRED INFLOWS OF RESOURCES			
Unavailable Taxes	-	-	-
 FUND BALANCES (DEFICIT)			
Restricted			
Revolving Loans	-	-	-
Debt Service	-	-	-
Energy Assistance	12,195	-	-
Minnesota Housing Finance	-	137,839	-
Committed			
Parks and Trails	-	-	-
Unassigned	-	-	(7,807)
Total Fund Balances (Deficit)	12,195	137,839	(7,807)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 57,170	\$ 137,839	\$ 55,651

<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>
\$ 16,257	\$ -	\$ 209,748	\$ 596,840	\$ 806,588
273	-	273	21,685	21,958
-	90,000	90,000	-	90,000
-	-	57,169	-	57,169
<u>\$ 16,530</u>	<u>\$ 90,000</u>	<u>\$ 357,190</u>	<u>\$ 618,525</u>	<u>\$ 975,715</u>
\$ -	\$ -	\$ 7,418	\$ -	\$ 7,418
-	-	56,321	-	56,321
-	-	36,813	-	36,813
-	-	7,881	-	7,881
-	-	108,433	-	108,433
219	-	219	17,568	17,787
-	90,000	90,000	-	90,000
-	-	-	600,957	600,957
-	-	12,195	-	12,195
-	-	137,839	-	137,839
16,311	-	16,311	-	16,311
-	-	(7,807)	-	(7,807)
<u>16,311</u>	<u>90,000</u>	<u>248,538</u>	<u>600,957</u>	<u>849,495</u>
<u>\$ 16,530</u>	<u>\$ 90,000</u>	<u>\$ 357,190</u>	<u>\$ 618,525</u>	<u>\$ 975,715</u>

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015**

	Nonmajor Special Revenue Funds		
	Energy Assistance	Minnesota Housing Finance	Forfeited Tax Sale
REVENUES			
Taxes	\$ -	\$ -	\$ 53,865
Intergovernmental	173,820	-	-
Charges for Services	-	-	-
Investment Earnings	-	69	-
Miscellaneous	-	93	2,889
	<hr/>	<hr/>	<hr/>
Total Revenues	173,820	162	56,754
EXPENDITURES			
CURRENT			
General Government	-	-	66,043
Human Services	161,626	-	-
Culture and Recreation	-	-	-
DEBT SERVICE			
Principal	-	-	-
Interest	-	-	-
Administrative (Fiscal) Charges	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	161,626	-	66,043
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	12,194	162	(9,289)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	12,211
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	12,194	162	2,922
Fund Balance (Deficit) - Beginning of Year	1	137,677	(10,729)
	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 12,195</u>	<u>\$ 137,839</u>	<u>\$ (7,807)</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>
\$ 7,492	\$ -	\$ 61,357	\$ 566,425	\$ 627,782
856	-	174,676	32,089	206,765
40	-	40	-	40
-	-	69	-	69
507	-	3,489	13,068	16,557
<u>8,895</u>	<u>-</u>	<u>239,631</u>	<u>611,582</u>	<u>851,213</u>
-	-	66,043	-	66,043
-	-	161,626	-	161,626
20,382	-	20,382	-	20,382
-	-	-	440,000	440,000
-	-	-	149,909	149,909
-	-	-	1,726	1,726
<u>20,382</u>	<u>-</u>	<u>248,051</u>	<u>591,635</u>	<u>839,686</u>
(11,487)	-	(8,420)	19,947	11,527
-	-	12,211	-	12,211
(11,487)	-	3,791	19,947	23,738
<u>27,798</u>	<u>90,000</u>	<u>244,747</u>	<u>581,010</u>	<u>825,757</u>
<u>\$ 16,311</u>	<u>\$ 90,000</u>	<u>\$ 248,538</u>	<u>\$ 600,957</u>	<u>\$ 849,495</u>

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**TODD COUNTY
LONG PRAIRIE, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2015**

	Balance January 1	Additions	Deductions	Balance December 31
FLEXIBLE EMPLOYEE BENEFIT PLAN FUND				
ASSETS				
Cash and Pooled Investments	\$ 4,415	\$ 65,684	\$ 58,094	\$ 12,005
LIABILITIES				
Funds Held in Trust	\$ 4,415	\$ 65,684	\$ 58,094	\$ 12,005
TODD-WADENA COMMUNITY CORRECTIONS FUND				
ASSETS				
Cash and Pooled Investments	\$ 406,765	\$ 1,613,934	\$ 1,587,165	\$ 433,534
LIABILITIES				
Due to Other Governments	\$ 406,765	\$ 1,613,934	\$ 1,587,165	\$ 433,534
PREPAID TAXES FUND				
ASSETS				
Cash and Pooled Investments	\$ 12,168	\$ 63,387	\$ 65,329	\$ 10,226
LIABILITIES				
Due to Other Governments	\$ 12,168	\$ 63,387	\$ 65,329	\$ 10,226
REGION 5 SPECIAL TAXING DISTRICT FUND				
ASSETS				
Cash and Pooled Investments	\$ 455	\$ 25,496	\$ 25,248	\$ 703
LIABILITIES				
Due to Other Governments	\$ 455	\$ 25,496	\$ 25,248	\$ 703
WATERSHED FUND				
ASSETS				
Cash and Pooled Investments	\$ 1,611	\$ 94,611	\$ 94,540	\$ 1,682
LIABILITIES				
Due to Other Governments	\$ 1,611	\$ 94,611	\$ 94,540	\$ 1,682

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2015**

	Balance January 1	Additions	Deductions	Balance December 31
STATE REVENUE FUND				
ASSETS				
Cash and Pooled Investments	\$ 38,225	\$ 523,556	\$ 519,765	\$ 42,016
LIABILITIES				
Due to Other Governments	\$ 38,225	\$ 523,556	\$ 519,765	\$ 42,016
TAXES AND PENALTIES FUND				
ASSETS				
Cash and Pooled Investments	\$ 298,455	\$ 27,821,129	\$ 27,741,143	\$ 378,441
LIABILITIES				
Due to Other Governments	\$ 298,455	\$ 27,821,129	\$ 27,741,143	\$ 378,441
JAIL CANTEEN				
ASSETS				
Cash and Pooled Investments	\$ 5,193	\$ 178,122	\$ 177,636	\$ 5,679
LIABILITIES				
Funds Held in Trust	\$ 5,193	\$ 178,122	\$ 177,636	\$ 5,679
SOCIAL WELFARE				
ASSETS				
Cash and Pooled Investments	\$ 53,349	\$ 662,689	\$ 666,123	\$ 49,915
LIABILITIES				
Funds Held in Trust	\$ 53,349	\$ 662,689	\$ 666,123	\$ 49,915
MONEY MANAGEMENT				
ASSETS				
Cash and Pooled Investments	\$ 48,980	\$ 124,564	\$ 142,167	\$ 31,377
LIABILITIES				
Funds Held in Trust	\$ 48,980	\$ 124,564	\$ 142,167	\$ 31,377

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2015**

	Balance January 1	Additions	Deductions	Balance December 31
TODD COUNTY DEVELOPMENT				
ASSETS				
Cash and Pooled Investments	\$ 68,837	\$ 99,047	\$ 107,997	\$ 59,887
LIABILITIES				
Due to Other Governments	\$ 68,837	\$ 99,047	\$ 107,997	\$ 59,887
TODD SOIL AND WATER CONSERVATION DISTRICT				
ASSETS				
Cash and Pooled Investments	\$ 543,152	\$ 429,498	\$ 497,962	\$ 474,688
LIABILITIES				
Due to Other Governments	\$ 543,152	\$ 429,498	\$ 497,962	\$ 474,688
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and Pooled Investments	\$ 1,481,605	\$ 31,701,717	\$ 31,683,169	\$ 1,500,153
LIABILITIES				
Funds Held in Trust	\$ 111,937	\$ 1,031,059	\$ 1,044,020	\$ 98,976
Due to Other Governments	1,369,668	30,670,658	30,639,149	1,401,177
Total Liabilities	\$ 1,481,605	\$ 31,701,717	\$ 31,683,169	\$ 1,500,153

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2015**

	Total Governmental Funds	Total Enterprise Funds	Total Government
SHARED REVENUE			
STATE			
Highway Users Tax	\$ 3,450,874	\$ -	\$ 3,450,874
Market Value Credit - Agriculture	569,108	-	569,108
PERA Rate Reimbursement	32,921	1,654	34,575
Disparity Reduction Aid	72,751	-	72,751
Police Aid	116,976	-	116,976
Aquatic Invasive Species	162,308	-	162,308
County Program Aid	1,290,104	-	1,290,104
Enhanced 911	100,387	-	100,387
Total Shared Revenue	5,795,429	1,654	5,797,083
REIMBURSEMENT FOR SERVICES			
STATE			
Minnesota Department of Human Services	1,406,633	-	1,406,633
PAYMENTS			
Local			
Local - Payments in Lieu of Taxes	128,848	-	128,848
GRANTS			
LOCAL			
	15,437	-	15,437
STATE			
Minnesota Department/Board of			
Natural Resources	4,791	-	4,791
Health	344,457	-	344,457
Human Services	775,494	-	775,494
Supreme Court	30,000	-	30,000
Soil and Water Resources	115,518	-	115,518
Peace Officers	6,664	-	6,664
Pollution Control Agency	67,443	72,611	140,054
Public Safety	3,880	-	3,880
Total State	1,348,247	72,611	1,420,858
FEDERAL			
Department of			
Agriculture	356,595	-	356,595
Interior	1,330	-	1,330
Justice	2,520	-	2,520
Education	3,255	-	3,255
Health and Human Services	2,247,138	-	2,247,138
Homeland Security	39,767	-	39,767
Transportation	232,699	-	232,699
Total Federal	2,883,304	-	2,883,304
Total State and Federal Grants	4,231,551	72,611	4,304,162
Total Intergovernmental Revenue	\$ 11,577,898	\$ 74,265	\$ 11,652,163

**REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS*
AND SINGLE AUDIT**



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

Board of County Commissioners
Todd County
Long Prairie, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Todd County, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Todd County's basic financial statements, and have issued our report thereon dated April 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Todd County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Todd County's internal control. Accordingly, we do not express an opinion on the effectiveness of Todd County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and another we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Todd County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies 2015-001 to 2015-003 described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Internal Control Over Financial Reporting (Continued)

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. We consider the deficiency identified as 2015-004, described in the accompanying Schedule of Findings and Questioned Costs, to be a significant deficiency.

Compliance and Other Matters

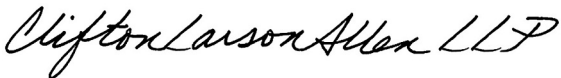
As part of obtaining reasonable assurance about whether Todd County’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 Responses to Findings

Todd County’s responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County’s responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Todd County’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose



CliftonLarsonAllen LLP

Brainerd, Minnesota
April 21, 2016



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

Board of County Commissioners
Todd County
Long Prairie, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Todd County's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2015. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Unmodified Opinion on Each Major Federal Program

In our opinion, Todd County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

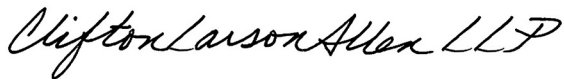
Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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



CliftonLarsonAllen LLP

Brainerd, Minnesota
April 21, 2016

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2015**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes no

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X no

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? yes X no

Identification of major programs:

CFDA Numbers
93.563
93.778

Name of Federal Program or Cluster
Child Support Enforcement
Medical Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2015**

MATERIAL WEAKNESSES (FINANCIAL REPORTING):

SEGREGATION OF DUTIES (2015-001)

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 deemed cost beneficial.

AUDIT ADJUSTMENTS (2015-002)

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 revenues and expenditures to the proper accounts.

Cause: Not known.

Effect: The design of the internal controls over recording revenues and expenditures, 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, 2015**

MATERIAL WEAKNESSES (FINANCIAL REPORTING) – (CONTINUED):

FINANCIAL REPORTING PROCESS (2015-003)

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. The County does not have an internal control policy in place over preparation or review of the annual financial statements that would enable management to prepare the financial statements and related note disclosures in accordance with applicable accounting and reporting standards.

Cause: The County has a limited number of personnel.

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the County's internal controls.

Recommendation: We recommend the County continue to evaluate their internal staff capacity to determine if an internal control policy over the preparation of the financial statements is beneficial.

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.

SIGNIFICANT DEFICIENCY (FINANCIAL REPORTING)

PETTY CASH AND CHANGE FUND ACCOUNTS (2015-004)

Criteria: Each department should receive County Board approval for necessary petty cash and change funds and keep those funds at the board approved amount.

Condition: As part of the audit, we noted that the assessor department change funds did not match the board approved amount.

Cause: Unknown.

Effect: Departmental change funds and petty cash funds are at an increased risk of being misused or misappropriated without formal documentation of the amount and intent for their purpose.

Recommendation: We recommend County management create a listing of all petty cash and change funds in use by each department and ensure proper board approval for each of those funds and their purpose.

CLIENT'S RESPONSE:

The County will review all change funds and petty cash funds as to amount and purpose and ensure proper use of those monies.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2015**

SIGNIFICANT DEFICIENCY (FINANCIAL REPORTING) (CONTINUED)

PREVIOUSLY REPORTED ITEM RESOLVED

PETTY CASH AND CHANGE FUND ACCOUNTS (2014-004)

Previous Condition: As part of the prior year audit, we noted that the landfill and public health department change funds did not match the board approved amount.

Resolution: During current year audit procedures performed, change funds for the landfill and public health departments matched their board approved amount.

MAJOR PROGRAM FINDINGS

No current year findings reported.

MAJOR PROGRAM FINDINGS - PREVIOUSLY REPORTED ITEMS RESOLVED

No prior year findings reported.

OTHER ITEM FOR CONSIDERATION – MINNESOTA LEGAL COMPLIANCE

No current year findings reported.

PREVIOUSLY REPORTED ITEM RESOLVED

BROKER CERTIFICATION FORMS (2014-005)

Previous Condition: The County did not obtain such written acknowledgement during 2014.

Resolution: During testing performed, no similar instances were noted during 2015.

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
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	15152MN004W1003	\$ 101,121	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561	15152MN127Q7503	<u>255,474</u>	<u>-</u>
Total Department of Agriculture			356,595	-
U.S. Department of Interior				
Direct				
Payments in Lieu of Taxes	15.226	N/A	1,330	-
U.S. Department of Justice				
Direct				
State Criminal Alien Assistance Program	16.606	N/A	2,520	-
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction	20.205	99977	220,460	-
Passed Through Minnesota Department of Public Safety				
State and Community Highway Safety (Part of Highway Safety Cluster) (Total Highway Safety Cluster \$7,820)	20.600	A-ENFRC15-2015- WADENASD-00052	2,618	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC15-2015- WADENASD-00052	8,886	-
National Priority Safety Programs (Part of Highway Safety Cluster) (Total Highway Safety Cluster \$7,820)	20.616	A-ENFRC15-2015- WADENASD-00052	5,202	-
Total Department of Transportation			<u>237,166</u>	<u>-</u>
U.S. Department of Education				
Passed Through Minnesota Department of Education and Morrison County				
Special Education - Grants for Infants and Families	84.181	H181A110029	2,492	-
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Commerce				
Energy Assistance	93.568	15B1MNLIEA	173,820	-
Passed Through Minnesota Department of Health and Human Services and Morrison County				
Public Health Emergency Preparedness	93.069	U90TP000418	18,681	-
Universal Newborn Hearing Screening	93.251	H61MC23639	1,800	-
Temporary Assistance for Needy Families (Part of TANF Cluster) (Total Temporary Assistance for Needy Families \$258,016)	93.558	1502MNTANF	34,100	-
Medical Assistance Program (Part of Medicaid Cluster) (Total Medical Assistance \$883,408)	93.778	1505MN5ADM	71,126	-

**TODD COUNTY
LONG PRAIRIE, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	1401MNFPS	\$ 1,552	\$ -
Temporary Assistance for Needy Families (Part of TANF cluster) (Total Temporary Assistance for Needy Families \$258,016)	93.558	1502MNTANF	223,916	201,036
Child Support Enforcement	93.563	1504MN4005	383,505	-
Refugee and Entrant Assistance - State Administered Programs	93.566	1501MNRCA	336	-
Child Care and Development Block Grant (Part of Child Care Cluster)	93.575	G1501MNCDF	2,581	-
Community-Based Child Abuse Prevention Grants	93.590	1302MNFPG	8,077	-
Child Welfare Services - State Grants	93.645	1401MNCWSS	(89)	-
Foster Care Title IV-E	93.658	1501MNFOS	163,602	-
Social Services Block Grant	93.667	1501MNSOSR	164,195	-
Independent Living	93.674	1401MN1420	1,668	-
State Children's Insurance Program	93.767	1405MN5021	117	-
Medical Assistance Program (Part of Medicaid Cluster) (Total Medical Assistance \$883,408)	93.778	1505MN5ADM	812,282	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	TI1010034-12	167,469	-
Passed Through Minnesota Department of Human Services and Central Minnesota Council on Aging				
Title III-B Homemaker/Home Health Aide (Part of Aging Cluster)	93.044	15AAMNT3SS	9,642	-
Total Department of Health and Human Services			2,275,805	201,036
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety				
Emergency Management Performance Grant	97.042	A-EMPG-2015- TODDCO-00081	37,426	-
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	R29G4CGSFY15	2,341	-
Total Department of Homeland Security			39,767	-
Total Cash Type Federal Awards			<u>\$ 2,915,675</u>	<u>\$ 201,036</u>

Notes:

- The Schedule of Expenditures of Federal Awards presents the federal award programs expended by Todd County. The County's reporting entity is defined in Note 1 to the financial statements.
- The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Todd County under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Todd County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Todd County.
- Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Todd County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Reconciliation to the Schedule of Intergovernmental Revenue:

Federal Grant Revenue per Schedule of Intergovernmental Revenue:	\$ 2,883,304
Expenditures above, not included as revenues on the Schedule of Intergovernmental Revenues	47,337
Revenues included on the Schedule of Intergovernmental Revenue that are not considered Federal Grant Expenditures	<u>(14,966)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 2,915,675</u>

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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners
Todd County
Long Prairie, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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, 2015, and the related notes to the financial statements, which collectively comprise the County's financial statements as listed in the table of contents and have issued our report thereon dated April 21, 2016.

The *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to *Minnesota Statutes* §6.65 contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing.

In connection with our audit, nothing came to our attention that caused us to believe that Todd County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Counties*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Todd County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

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



CliftonLarsonAllen LLP

Brainerd, Minnesota
April 21, 2016

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