

**TODD COUNTY, MINNESOTA**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2016**





**TODD COUNTY, MINNESOTA  
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## **INTRODUCTORY SECTION**





**TODD COUNTY, MINNESOTA  
PRINCIPAL COUNTY OFFICIALS  
DECEMBER 31, 2016**

Office	Name	Term Expires
<b>Commissioners</b>		
1 <sup>st</sup> District	Barb Becker*	December 2016
2 <sup>nd</sup> District	Gary Kneisl	December 2018
3 <sup>rd</sup> District	Rod Erickson	December 2016
4 <sup>th</sup> District	David Kircher	December 2018
5 <sup>th</sup> District	Randy Neumann	December 2016
<b>Officers</b>		
<b>Elected</b>		
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
<b>Appointed</b>		
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



## **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, 2016, 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, Minnesota as of December 31, 2016, 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.

**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.

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.

Board of County Commissioners  
Todd County

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2017, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
July 25, 2017

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## **REQUIRED SUPPLEMENTARY INFORMATION**



**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

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, 2016. 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, as amended. Certain comparative information between the current year, 2016, and the prior year, 2015, is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

- County-wide net position increased 3.3% in 2016 over the prior year mainly due to the County increasing their tax levy.
- Overall governmental fund-level revenues totaled \$32,950,563 and were \$1,904,247 more than expenditures in 2016.
- The General Fund's fund balance increased \$2,081,588 from the prior year due primarily due to an increase in the tax levy.
- The Solid Waste Enterprise Fund revenues exceeded expenses by \$107,025 prior to transfers in.

**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:

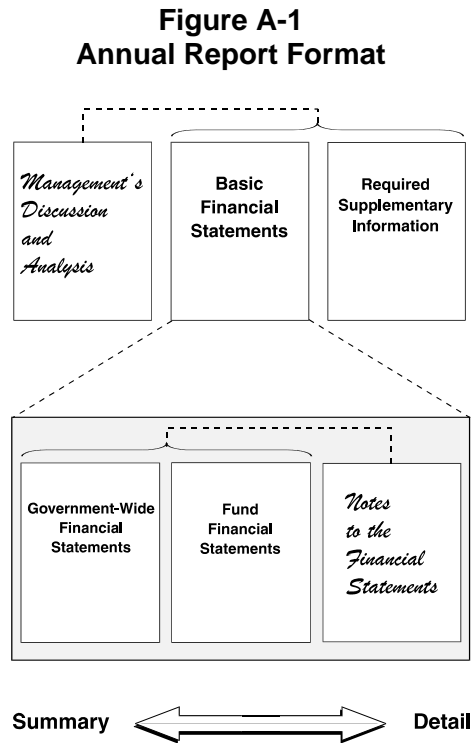
- The first two statements are County-wide financial statements which provide both short-term and long-term information about the County's overall financial status.
- The remaining statements are fund financial statements which focus on individual parts of the County, reporting the County's operations 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, 2016**

**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, 2016**

**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.

<b>Figure A-2. Major Features of the County's Government-Wide and Fund Financial Statements</b>				
<b>Type of Statements</b>	<b>Government-Wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
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, 2016**

**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, 2016**

**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 \$82,238,048 on December 31, 2016, an increase of \$2,613,832 from the prior year. The increase is primarily due changes in assumption relating to the net pension liability (see Table A-1).

Table A-1  
The County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 21,745,354	\$ 20,273,723	\$ 1,704,658	\$ 1,362,829	\$ 23,450,012	\$ 21,636,552
Capital Assets	77,998,503	75,948,045	349,356	332,207	78,347,859	76,280,252
Total Assets	<u>99,743,857</u>	<u>96,221,768</u>	<u>2,054,014</u>	<u>1,695,036</u>	<u>101,797,871</u>	<u>97,916,804</u>
Deferred Outflows of Resources	8,663,492	1,404,716	139,329	30,405	8,802,821	1,435,121
Current Liabilities	2,500,750	2,540,100	144,750	153,674	2,645,500	2,693,774
Long-Term Liabilities	23,190,971	15,615,306	395,013	285,626	23,585,984	15,900,932
Total Liabilities	<u>25,691,721</u>	<u>18,155,406</u>	<u>539,763</u>	<u>439,300</u>	<u>26,231,484</u>	<u>18,594,706</u>
Deferred Inflows of Resources	2,083,647	1,105,904	47,513	27,099	2,131,160	1,133,003
Net Position						
Net Investment in						
Capital Assets	73,166,367	71,144,876	332,207	332,207	73,498,574	71,477,083
Restricted	5,002,382	4,265,665	-	-	5,002,382	4,265,665
Unrestricted	2,463,232	2,954,633	1,273,860	926,835	3,737,092	3,881,468
Total Net Position	<u>\$ 80,631,981</u>	<u>\$ 78,365,174</u>	<u>\$ 1,606,067</u>	<u>\$ 1,259,042</u>	<u>\$ 82,238,048</u>	<u>\$ 79,624,216</u>

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**CHANGE IN NET POSITION**

The County-wide total revenues were \$35,464,559 for the year ended December 31, 2016 (an increase of \$3,689,870). This increase is primarily attributable to increases in capital grants and contributions. Property taxes and intergovernmental revenues accounted for 81% of total revenue for the year (see Table A-2).

Table A-2  
Change in Net Position

	Governmental Activities		Total % Change	Business-Type Activities		Total % Change	Total		Total % Change
	2016	2015		2016	2015		2016	2015	
<b>REVENUES</b>									
<u>Program Revenues</u>									
Charges for Services	\$ 3,592,582	\$ 3,609,715	(0.5)%	\$ 1,860,402	\$ 1,657,416	12.2 %	\$ 5,452,984	\$ 5,267,131	3.5 %
Operating Grants and Contributions	7,454,548	7,536,927	(1.1)	73,849	74,265	(0.6)	7,528,397	7,611,192	(1.1)
Capital Grants and Contributions	5,110,513	2,829,449	80.6	-	-	-	5,110,513	2,829,449	80.6
<u>General Revenues</u>									
Property Taxes	13,925,529	12,888,845	8.0	-	-	-	13,925,529	12,888,845	8.0
Unrestricted State Aid	2,000,122	1,957,077	2.2	-	-	-	2,000,122	1,957,077	2.2
Investment Earnings	65,489	55,882	17.2	-	-	-	65,489	55,882	17.2
Other	1,381,525	1,165,113	18.6	-	-	-	1,381,525	1,165,113	18.6
Total Revenues	33,530,308	30,043,008	11.6	1,934,251	1,731,681	11.7	35,464,559	31,774,689	11.6
<b>EXPENSES</b>									
General Government	4,805,881	4,632,986	3.7	-	-	-	4,805,881	4,632,986	3.7
Public Safety	4,943,988	4,061,799	21.7	-	-	-	4,943,988	4,061,799	21.7
Highways and Streets	7,134,321	5,857,382	21.8	-	-	-	7,134,321	5,857,382	21.8
Sanitation	-	-	-	1,827,226	1,649,839	10.8	1,827,226	1,649,839	10.8
Human Services	9,327,811	7,461,977	25.0	-	-	-	9,327,811	7,461,977	25.0
Health	2,861,376	2,873,506	(0.4)	-	-	-	2,861,376	2,873,506	(0.4)
Culture and Recreation	466,253	409,723	13.8	-	-	-	466,253	409,723	13.8
Conservation of Natural Resources	1,082,474	897,641	20.6	-	-	-	1,082,474	897,641	20.6
Economic Development	76,006	79,385	(4.3)	-	-	-	76,006	79,385	(4.3)
Interest	325,391	147,294	120.9	-	-	-	325,391	147,294	120.9
Total Expenses	31,023,501	26,421,693	17.4	1,827,226	1,649,839	10.8	32,850,727	28,071,532	17.0
<b>CHANGE IN NET POSITION BEFORE TRANSFERS</b>	2,506,807	3,621,315		107,025	81,842		2,613,832	3,703,157	
<b>TRANSFERS IN (OUT)</b>	(240,000)	(30,000)	(700.0)	240,000	30,000	700.0	-	-	-
<b>CHANGE IN NET POSITION</b>	2,266,807	3,591,315	(36.9)	347,025	111,842	210.3	2,613,832	3,703,157	(29.4)
Net Position - Beginning of Year	78,365,174	74,773,859	4.8	1,259,042	1,147,200	9.7	79,624,216	75,921,059	4.9
<b>NET POSITION - END OF YEAR</b>	\$ 80,631,981	\$ 78,365,174	2.9	\$ 1,606,067	\$ 1,259,042	27.6	\$ 82,238,048	\$ 79,624,216	3.3

Total revenues surpassed expenses, increasing net position approximately \$2,614,000 over last year.

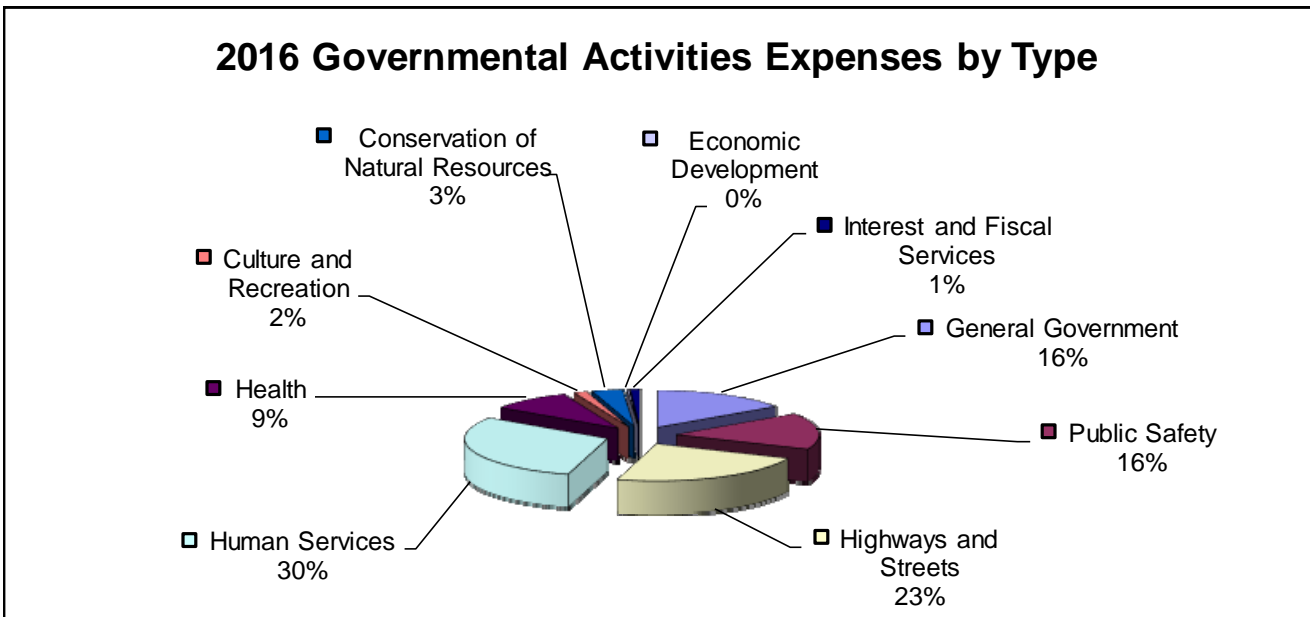
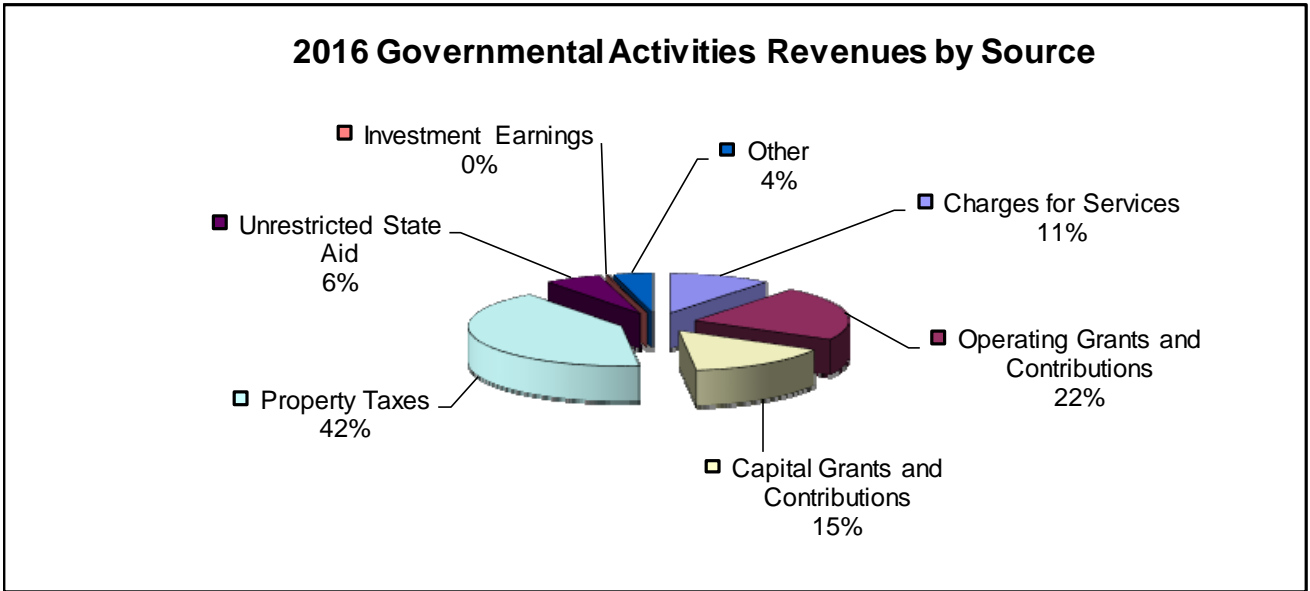


**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**CHANGE IN NET POSITION (CONTINUED)**

The County-wide cost of all governmental activities this year was approximately \$31,000,000.

- Some of the cost was paid by the users of the County's programs (\$3,592,582).
- The federal and state governments subsidized certain programs with grants and contributions (\$12,565,061).
- The remainder of the County's governmental activities costs of \$14,865,858, 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 \$13,925,529 in property taxes, \$2,000,122 of state aid, \$703,917 in transit sales tax, and with investment earnings and other general revenues.



**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**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
	2016	2015		2016	2015	
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 4,805,881	\$ 4,632,986	3.7 %	\$ (3,704,723)	\$ (3,654,954)	(1.4)%
Public Safety	4,943,988	4,061,799	21.7	(3,960,725)	(3,208,103)	(23.5)
Highways and Streets	7,134,321	5,857,382	21.8	(255,244)	(1,318,326)	80.6
Human Services	9,327,811	7,461,977	25.0	(4,865,624)	(2,751,485)	(76.8)
Health	2,861,376	2,873,506	(0.4)	(500,279)	(265,475)	(88.4)
Culture and Recreation	466,253	409,723	13.8	(439,366)	(409,176)	(7.4)
Conservation of Natural Resources	1,082,474	897,641	20.6	(738,500)	(611,404)	(20.8)
Economic Development	76,006	79,385	(4.3)	(76,006)	(79,385)	4.3
Interest	325,391	147,294	120.9	(325,391)	(147,294)	(120.9)
Total	<u>\$ 31,023,501</u>	<u>\$ 26,421,693</u>	17.4	<u>\$ (14,865,858)</u>	<u>\$ (12,445,602)</u>	(19.4)
<b>BUSINESS-TYPE ACTIVITIES</b>						
Solid Waste	<u>\$ 1,827,226</u>	<u>\$ 1,649,839</u>	10.8 %	<u>\$ (107,025)</u>	<u>\$ (81,842)</u>	(30.8)%

**FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL**

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$14,890,311. Revenues for the County's governmental funds were \$32,950,563, while total expenditures were \$31,046,316.

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects. Fund balance increased \$2,081,588 during 2016. 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 \$3,294,758, representing a total increase of \$210,173 (after accounting for the change in inventory) from the prior year as a result of the transit sales and use tax generating over \$703,000.

The Social Services Fund has a total fund balance of \$3,072,894, representing a total decrease of \$561,806 primarily as a result of additional placements.

The Community Health Fund increased its fund balance by \$131,569 from 2015, which is due primarily to additional charges for services and tax revenues in the current year.

The Ditch Fund increased its fund balance by \$16,834 from 2015, which is due primarily to an increase in special assessment revenue collected in the current year.

The Capital Projects Fund had no activity during the 2016 and, therefore, the fund balance stayed the same as 2015.

The Solid Waste Enterprise Fund showed operating income of \$33,176, which is primarily due to an increase in rates.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**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

	Year Ended		Change	
	December 31, 2016	December 31, 2015	Increase (Decrease)	Percent
Taxes	\$ 7,775,712	\$ 6,842,100	\$ 933,612	13.6 %
Intergovernmental	2,632,474	2,099,708	532,766	25.4
Charges for Services	1,061,835	859,817	202,018	23.5
Interest	64,554	54,226	10,328	19.0
Miscellaneous and Other	914,760	750,092	164,668	22.0
Total General Fund Revenues	<u>\$ 12,449,335</u>	<u>\$ 10,605,943</u>	<u>\$ 1,843,392</u>	17.4

Total General Fund revenues increased by \$1,843,392, or 17.4%, from the previous year due primarily to additional taxes and intergovernmental revenues 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, 2016	December 31, 2015	Increase (Decrease)	Percent
General Government	\$ 4,587,863	\$ 4,624,597	\$ (36,734)	(0.8)%
Public Safety	3,996,547	3,936,978	59,569	1.5
Culture and Recreation	399,881	329,797	70,084	21.3
Conservation	986,945	856,405	130,540	15.2
Economic Development	76,006	79,385	(3,379)	(4.3)
Debt Service	99,332	38,579	60,753	157.5
Total Expenditures	<u>\$ 10,146,574</u>	<u>\$ 9,865,741</u>	<u>\$ 280,833</u>	2.8

The increase in General Fund expenditures is due primarily to conservation expenditures for additional watercraft inspection services and also, for various increased public safety, culture and recreation, debt service expenditures.

**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 \$1,024,414 more than expected; this is primarily due to the County's budget not including all intergovernmental revenue sources received.
- The actual expenditures were \$1,504,365 less than the budget, which is due to many of the departments being under their budgeted expenditures for 2016.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**CAPITAL ASSETS**

By the end of 2016, the County had invested over \$119,000,000 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.4 to the financial statements). Total depreciation expense for the year was \$2,938,588 (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
	2016	2015		2016	2015		2016	2015	
Land	\$ 1,021,044	\$ 1,021,044	- %	\$ 37,316	\$ 37,316	- %	\$ 1,058,360	\$ 1,058,360	- %
Construction-in-Progress	709,338	126,529	460.6	-	-	-	709,338	126,529	460.6
Buildings	14,061,743	14,009,343	0.4	481,569	450,557	6.9	14,543,312	14,459,900	0.6
Improvements Other than Buildings	-	-	-	28,253	69,064	(59.1)	28,253	69,064	(59.1)
Machinery, Equipment, and Vehicles	8,528,102	8,007,555	6.5	1,093,823	1,009,204	8.4	9,621,925	9,016,759	6.7
Infrastructure	92,824,727	89,348,329	3.9	-	-	-	92,824,727	89,348,329	3.9
Less: Accumulated Depreciation	(39,146,451)	(36,564,755)	7.1	(1,291,605)	(1,233,934)	4.7	(40,438,056)	(37,798,689)	7.0
<b>Total</b>	<b>\$ 77,998,503</b>	<b>\$ 75,948,045</b>	<b>2.7</b>	<b>\$ 349,356</b>	<b>\$ 332,207</b>	<b>5.2</b>	<b>\$ 78,347,859</b>	<b>\$ 76,280,252</b>	<b>2.7</b>

**LONG-TERM LIABILITIES**

At year-end, the County had \$24,347,493 in long-term liabilities outstanding, including the current portion of long-term debt.

- The County's governmental activities total long-term liabilities increased \$7,332,036 due changes in actuarial assumptions related to pensions.

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

	2016	2015	Percentage Change
<b>GOVERNMENTAL ACTIVITIES</b>			
G.O. Bonds	\$ 4,370,000	\$ 4,720,000	(7.4)%
Capital Lease Obligations	83,601	35,805	133.5
Compensated Absences Payable	2,123,934	2,142,607	(0.9)
Net Pension Liability	16,288,701	8,672,930	87.8
Other Postemployment Benefits Payable	1,068,669	1,031,527	3.6
<b>Total</b>	<b>\$ 23,934,905</b>	<b>\$ 16,602,869</b>	<b>44.2</b>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Compensated Absences Payable	\$ 45,880	\$ 46,908	(2.2)
Net Pension Liability	335,855	228,083	47.3
Other Postemployment Benefits Payable	30,853	29,862	3.3
<b>Total</b>	<b>\$ 412,588</b>	<b>\$ 304,853</b>	<b>229.7</b>

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**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.

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## **BASIC FINANCIAL STATEMENTS**





**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 14,288,553	\$ 1,552,848	\$ 15,841,401
Petty Cash and Change Funds	4,535	160	4,695
Taxes Receivable			
Delinquent	477,160	-	477,160
Special Assessments Receivable			
Delinquent	3,821	51,676	55,497
Noncurrent	11,403	-	11,403
Accounts Receivable - Net	201,920	99,875	301,795
Accrued Interest Receivable	20,171	-	20,171
Loans Receivable	90,000	-	90,000
Due from Other Governments	4,039,785	-	4,039,785
Inventory	692,359	-	692,359
Prepays	4,841	99	4,940
Investment in Joint Venture	1,910,806	-	1,910,806
Non-Depreciable Capital Assets			
Land	1,021,044	37,316	1,058,360
Construction-in-Progress	709,338	-	709,338
Depreciable Capital Assets			
Building (Net)	9,845,021	46,860	9,891,881
Machinery, Vehicles, Furniture and Equipment (Net)	2,661,753	265,180	2,926,933
Infrastructure (Net)	63,761,347	-	63,761,347
Total Assets	99,743,857	2,054,014	101,797,871
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on Refunding	114,569	-	114,569
Pension Related	8,548,923	139,329	8,688,252
Total Deferred Outflows of Resources	8,663,492	139,329	8,802,821
<b>LIABILITIES</b>			
Accounts Payable	493,810	15,039	508,849
Salaries Payable	735,896	18,288	754,184
Contracts Payable	249,388	-	249,388
Due to Other Governments	69,354	93,848	163,202
Accrued Interest Payable	28,332	-	28,332
Unearned Revenue	49,139	-	49,139
Compensated Absences Payable - Due Within One Year	334,476	17,575	352,051
Capital Leases Payable - Due Within One Year	55,355	-	55,355
General Obligation Bonds Payable - Due Within One Year	485,000	-	485,000
Compensated Absences Payable - Due in More than One Year	1,789,458	28,305	1,817,763
General Obligation Bonds Payable - Due in More than One Year	4,015,897	-	4,015,897
Capital Leases Payable - Due in More than One Year	28,246	-	28,246
Other Postemployment Benefits Payable - Due in More than One Year	1,068,669	30,853	1,099,522
Net Pension Liability - Due in More than One Year	16,288,701	335,855	16,624,556
Total Liabilities	25,691,721	539,763	26,231,484
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related	2,083,647	47,513	2,131,160
<b>NET POSITION</b>			
Net Investment in Capital Assets	73,166,367	332,207	73,498,574
Restricted For:			
Veterans Services Purchases	200,270	-	200,270
Law Library Purchases	75,463	-	75,463
Recorder's Equipment Purchases	759,803	-	759,803
E-911 Equipment	289,743	-	289,743
Debt Service	526,305	-	526,305
Revolving Loans	90,000	-	90,000
Soil and Water Conservation Expenses	270,257	-	270,257
Aquatic Invasive Species Grant	51,307	-	51,307
Natural Resources Block Grant	81,360	-	81,360
Transportation	2,657,874	-	2,657,874
Unrestricted	2,463,232	1,273,860	3,737,092
Total Net Position	\$ 80,631,981	\$ 1,606,067	\$ 82,238,048

See accompanying Notes to Financial Statements.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016**

<b>FUNCTIONS/PROGRAMS</b>	Program Revenues			
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General Government	\$ 4,805,881	\$ 799,225	\$ 301,933	\$ -
Public Safety	4,943,988	696,733	186,098	100,432
Highways and Streets	7,134,321	348,891	1,615,671	4,914,515
Human Services	9,327,811	750,222	3,711,965	-
Health	2,861,376	980,254	1,380,843	-
Culture and Recreation	466,253	9,030	17,857	-
Conservation of Natural Resources	1,082,474	8,227	240,181	95,566
Economic Development	76,006	-	-	-
Interest	325,391	-	-	-
Total Governmental Activities	31,023,501	3,592,582	7,454,548	5,110,513
<b>BUSINESS-TYPE ACTIVITIES</b>				
Solid Waste	1,827,226	1,860,402	73,849	-
Total Primary Government	\$ 32,850,727	\$ 5,452,984	\$ 7,528,397	\$ 5,110,513

**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

**NET POSITION - END OF YEAR**

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (3,704,723)	\$ -	\$ (3,704,723)
(3,960,725)	-	(3,960,725)
(255,244)	-	(255,244)
(4,865,624)	-	(4,865,624)
(500,279)	-	(500,279)
(439,366)	-	(439,366)
(738,500)	-	(738,500)
(76,006)	-	(76,006)
(325,391)	-	(325,391)
(14,865,858)	-	(14,865,858)
-	107,025	107,025
(14,865,858)	107,025	(14,758,833)
13,925,529	-	13,925,529
15,963	-	15,963
130,091	-	130,091
703,917	-	703,917
123,014	-	123,014
2,000,122	-	2,000,122
65,489	-	65,489
383,111	-	383,111
25,429	-	25,429
(240,000)	240,000	-
17,132,665	240,000	17,372,665
2,266,807	347,025	2,613,832
78,365,174	1,259,042	79,624,216
\$ 80,631,981	\$ 1,606,067	\$ 82,238,048

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	Major Funds		
	General	Public Works	Social Services
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,336,321	\$ 2,982,152	\$ 2,911,553
Petty Cash and Change Funds	3,890	475	100
Taxes Receivable			
Delinquent	252,374	74,759	116,684
Special Assessments Receivable			
Delinquent	-	-	-
Noncurrent	-	-	-
Accounts Receivable	14,941	25,468	67,070
Accrued Interest Receivable	20,171	-	-
Loans Receivable	-	-	-
Due from Other Funds	10,467	-	35,456
Due from Other Governments	165,085	2,817,426	620,614
Prepaid Assets	2,186	-	917
Inventories	-	692,359	-
Advances to Other Funds	7,881	-	-
Total Assets	<u>\$ 6,813,316</u>	<u>\$ 6,592,639</u>	<u>\$ 3,752,394</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 83,402	\$ 143,351	\$ 250,164
Salaries Payable	326,469	96,864	196,345
Contracts Payable	-	249,388	-
Due to Other Funds	-	-	-
Due to Other Governments	11,899	-	48,953
Unearned Revenue	115	-	1,200
Advance from Other Funds	-	-	-
Total Liabilities	<u>421,885</u>	<u>489,603</u>	<u>496,662</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Taxes	169,223	55,852	90,728
Unavailable Special Assessments	-	-	-
Unavailable Grants	4,005	2,752,426	92,110
Total Deferred Inflows of Resources	<u>173,228</u>	<u>2,808,278</u>	<u>182,838</u>
<b>FUND BALANCES</b>			
Nonspendable			
Advances to Other Funds	7,881	-	-
Prepays	2,186	-	917
Inventories	-	692,359	-
Restricted			
Veterans Services Purchases	200,270	-	-
Law Library Purchases	75,463	-	-
Recorder Technology/Compliance Purchases	759,803	-	-
Aquatic Invasive Species Grant	51,307	-	-
Natural Resources Block Grant	81,360	-	-
E-911 Equipment	289,743	-	-
Debt Service	-	-	-
Revolving Loans	-	-	-
Energy Assistance	-	-	-
Minnesota Housing Finance Program	-	-	-
Soil and Conservation District	270,257	-	-
Committed			
Road Projects	-	2,137,399	-
Future Public Works Building	-	465,000	-
Vehicle Purchases	10,000	-	-
Social Services Operations	-	-	3,071,977
Community Health Operations	-	-	-
Ditches	-	-	-
Buildings and Grounds	52,078	-	-
Capital Improvements	-	-	-
Parks and Trails Operations	-	-	-
Unassigned	4,417,855	-	-
Total Fund Balances	<u>6,218,203</u>	<u>3,294,758</u>	<u>3,072,894</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,813,316</u>	<u>\$ 6,592,639</u>	<u>\$ 3,752,394</u>

See accompanying Notes to Financial Statements

Community Health	County Ditch	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 1,224,819	\$ 18,040	\$ 21,927	\$ 793,741	\$ 14,288,553
70	-	-	-	4,535
12,673	-	-	20,670	477,160
-	3,821	-	-	3,821
-	11,403	-	-	11,403
94,441	-	-	-	201,920
-	-	-	-	20,171
-	-	-	90,000	90,000
-	-	-	-	45,923
391,513	-	-	45,147	4,039,785
1,738	-	-	-	4,841
-	-	-	-	692,359
-	-	-	-	7,881
<u>\$ 1,725,254</u>	<u>\$ 33,264</u>	<u>\$ 21,927</u>	<u>\$ 949,558</u>	<u>\$ 19,888,352</u>
\$ 9,414	\$ 855	\$ -	\$ 6,624	\$ 493,810
116,218	-	-	-	735,896
-	-	-	-	249,388
-	-	-	45,923	45,923
8,102	-	-	400	69,354
47,824	-	-	-	49,139
-	-	-	7,881	7,881
181,558	855	-	60,828	1,651,391
9,417	-	-	15,668	340,888
-	14,582	-	-	14,582
140,743	-	-	1,896	2,991,180
150,160	14,582	-	17,564	3,346,650
-	-	-	-	7,881
1,738	-	-	-	4,841
-	-	-	-	692,359
-	-	-	-	200,270
-	-	-	-	75,463
-	-	-	-	759,803
-	-	-	-	51,307
-	-	-	-	81,360
-	-	-	-	289,743
-	-	-	629,417	629,417
-	-	-	90,000	90,000
-	-	-	1,171	1,171
-	-	-	137,908	137,908
-	-	-	-	270,257
-	-	-	-	2,137,399
-	-	-	-	465,000
-	-	-	-	10,000
-	-	-	-	3,071,977
1,391,798	-	-	-	1,391,798
-	17,827	-	-	17,827
-	-	-	-	52,078
-	-	21,927	-	21,927
-	-	-	31,418	31,418
-	-	-	(18,748)	4,399,107
<u>1,393,536</u>	<u>17,827</u>	<u>21,927</u>	<u>871,166</u>	<u>14,890,311</u>
<u>\$ 1,725,254</u>	<u>\$ 33,264</u>	<u>\$ 21,927</u>	<u>\$ 949,558</u>	<u>\$ 19,888,352</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, 2016**

<b>TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS</b>		<b>\$ 14,890,311</b>
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		77,998,503
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:		
Net Pension Liability	\$ (16,288,701)	
Deferred Inflows of Resources - Pension Related	(2,083,647)	
Deferred Outflows of Resources - Pension Related	8,548,923	<u>(9,823,425)</u>
Investment in joint ventures are reported in governmental activities and are not financial resources. Therefore, they are not reported in the governmental funds.		1,910,806
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.		3,346,650
The loss on refunding is reported as a deferred outflow on the statement of net position and amortized over the life of the bonds.		114,569
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General Obligation Courthouse Bonds, Net	(4,500,897)	
Capital Leases	(83,601)	
Compensated Absences	(2,123,934)	
Other Postemployment Benefits	(1,068,669)	
Accrued Interest Payable	(28,332)	<u>(7,805,433)</u>
<b>TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u><u>\$ 80,631,981</u></u></b>

See accompanying Notes to Financial Statements

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2016**

	Major Funds		
	General	Public Works	Social Services
<b>REVENUES</b>			
Taxes	\$ 7,775,712	\$ 2,291,533	\$ 2,896,299
Transit Sales and Use Tax	-	703,917	-
Special Assessments	-	-	-
Licenses and Permits	179,181	-	-
Intergovernmental	2,632,474	6,097,697	3,662,667
Charges for Services	1,061,835	324,299	284,639
Fines and Forfeits	3,614	-	-
Gifts and Contributions	13,034	-	-
Interest on Investments	64,554	640	512
Insurance Dividend	122,728	-	-
Miscellaneous	596,203	24,592	432,712
Total Revenues	12,449,335	9,442,678	7,276,829
<b>EXPENDITURES</b>			
<b>CURRENT</b>			
General Government	4,587,863	-	-
Public Safety	3,996,547	-	-
Highways and Streets	-	9,259,259	-
Human Services	-	-	7,838,635
Health	-	-	-
Culture and Recreation	399,881	-	-
Conservation of Natural Resources	986,945	-	-
Economic Development	76,006	-	-
<b>DEBT SERVICE</b>			
Principal	93,997	-	-
Interest	5,335	-	-
Administrative (Fiscal) Charges	-	-	-
Total Expenditures	10,146,574	9,259,259	7,838,635
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	2,302,761	183,419	(561,806)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	(240,000)	-	-
Proceeds from Sale of Assets	8,397	24,440	-
Proceeds from Insurance	10,430	-	-
Refunding Bonds Issued	-	-	-
Payment to Refunding Bond Escrow	-	-	-
Premium on Bonds	-	-	-
Total Other Financing Sources (Uses)	(221,173)	24,440	-
<b>NET CHANGE IN FUND BALANCES</b>	2,081,588	207,859	(561,806)
Fund Balances - Beginning of Year	4,136,615	3,084,585	3,634,700
<b>INCREASE IN INVENTORY</b>	-	2,314	-
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 6,218,203</b>	<b>\$ 3,294,758</b>	<b>\$ 3,072,894</b>

See accompanying Notes to Financial Statements.



Community Health	County Ditch	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 395,322	\$ -	\$ -	\$ 597,234	\$ 13,956,100
-	-	-	-	703,917
-	97,409	-	-	97,409
-	-	-	-	179,181
1,298,170	-	-	232,473	13,923,481
1,102,263	-	-	30	2,773,066
-	-	-	-	3,614
-	-	-	-	13,034
-	-	-	69	65,775
-	-	-	-	122,728
31,652	-	-	27,099	1,112,258
2,827,407	97,409	-	856,905	32,950,563
-	-	-	22,124	4,609,987
-	-	-	-	3,996,547
-	-	-	-	9,259,259
-	-	-	212,899	8,051,534
2,695,838	-	-	-	2,695,838
-	-	-	6,855	406,736
-	80,575	-	-	1,067,520
-	-	-	-	76,006
-	-	-	450,000	543,997
-	-	-	262,562	267,897
-	-	-	70,995	70,995
2,695,838	80,575	-	1,025,435	31,046,316
131,569	16,834	-	(168,530)	1,904,247
-	-	-	-	(240,000)
-	-	-	-	32,837
-	-	-	-	10,430
-	-	-	3,140,000	3,140,000
-	-	-	(3,040,000)	(3,040,000)
-	-	-	90,201	90,201
-	-	-	190,201	(6,532)
131,569	16,834	-	21,671	1,897,715
1,261,967	993	21,927	849,495	12,990,282
-	-	-	-	2,314
\$ 1,393,536	\$ 17,827	\$ 21,927	\$ 871,166	\$ 14,890,311

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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, 2016**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>		<b>\$ 1,897,715</b>
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		(1,096,310)
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	\$ 4,875,987	
Current Year Depreciation	<u>(2,818,121)</u>	2,057,866
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.		
		(1,449,307)
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.		
		(7,408)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
		513,109
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. The proceeds for debt issuance are:		
		(3,140,000)
Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. The net proceeds for debt issuance are:		
		(141,793)
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	3,490,000	
Capital Lease	<u>93,997</u>	3,583,997
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	34,059	
Change in Unamortized Refunding Loss on Bonds	114,569	
Change in Unamortized Bond Premium	(83,535)	
Change in Compensated Absences	18,673	
Change in Other Postemployment Benefits	(37,142)	
Change in Inventories	<u>2,314</u>	<u>48,938</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 2,266,807</u></b>

See accompanying Notes to Financial Statements.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
STATEMENT OF NET POSITION  
SOLID WASTE ENTERPRISE FUND  
DECEMBER 31, 2016**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 1,552,848
Petty Cash and Change Funds	160
Special Assessments Receivable	
Delinquent	51,676
Accounts Receivable (Net)	99,875
Prepays	99
Total Current Assets	1,704,658

**NONCURRENT ASSETS**

**CAPITAL ASSETS**

Land	37,316
Building (Net)	46,860
Machinery, Vehicles, Furniture and Equipment (Net)	265,180
Total Noncurrent Assets	349,356
Total Assets	2,054,014

**DEFERRED OUTFLOWS OF RESOURCES**

Pension Related	139,329
-----------------	---------

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts Payable	15,039
Salaries Payable	18,288
Due to Other Governments	93,848
Compensated Absences Payable - Due Within One Year	17,575
Total Current Liabilities	144,750

**NONCURRENT LIABILITIES**

Net Pension Liability	335,855
Compensated Absences - Due in More than One Year	28,305
Other Postemployment Benefits - Due in More than One Year	30,853
Total Noncurrent Liabilities	395,013
Total Liabilities	539,763

**DEFERRED INFLOWS OF RESOURCES**

Pension Related	47,513
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**NET POSITION**

Net Investment in Capital Assets	332,207
Unrestricted	1,273,860
Total Net Position	\$ 1,606,067

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, 2016**

<b>OPERATING REVENUES</b>	
Sales and Charges for Services	\$ 1,260,555
Operating Special Assessments	599,847
Total Operating Revenues	1,860,402
 <b>OPERATING EXPENSES</b>	
Sanitation	1,749,460
Depreciation	77,766
Total Operating Expenses	1,827,226
 <b>OPERATING INCOME</b>	 33,176
 <b>NONOPERATING REVENUES (EXPENSES)</b>	
Intergovernmental	73,849
	73,849
 <b>CHANGE IN NET POSITION BEFORE TRANSFERS</b>	 107,025
Transfers In	240,000
	240,000
 <b>CHANGE IN NET POSITION</b>	 347,025
Net Position - Beginning of Year	1,259,042
	1,259,042
 <b>NET POSITION - END OF YEAR</b>	 \$ 1,606,067
	1,606,067

See accompanying Notes to Financial Statements.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
STATEMENT OF CASH FLOWS  
SOLID WASTE ENTERPRISE FUND  
YEAR ENDED DECEMBER 31, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers and Users	\$ 1,229,433
Receipts from Operating Special Assessments	605,154
Payments to Suppliers	(1,351,496)
Payments to Employees	(386,011)
Net Cash Provided (Used) by Operating Activities	97,080

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Interfund Borrowing	410
Intergovernmental Receipts	73,849
Transfer from Other Funds	240,000
Net Cash Provided (Used) by Noncapital Financing Activities	314,259

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchases of Capital Assets	(94,915)

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

316,424

Cash and Cash Equivalents - Beginning of Year

1,236,424

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 1,552,848

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

Operating Income	\$ 33,176
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation	77,766
Adjustment for Pension Expense	19,262
(Increase) Decrease in Assets:	
Accounts Receivable	(31,023)
Special Assessments Receivable	5,307
Prepays	(99)
Increase (Decrease) in Liabilities:	
Accounts Payable	(2,965)
Salaries Payable	1,994
Due to Other Governments	(6,301)
Compensated Absences Payable	(1,028)
Other Postemployment Benefits Payable	991
Net Cash Provided (Used) by Operating Activities	\$ 97,080

See accompanying Notes to Financial Statements.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
DECEMBER 31, 2016**

**ASSETS**

Cash and Cash Equivalents	<u>\$ 1,583,144</u>
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**LIABILITIES**

Funds Held in Trust	\$ 85,650
Due to Other Governments	<u>1,497,494</u>
Total Liabilities	<u>\$ 1,583,144</u>

*See accompanying Notes to Financial Statements.*

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**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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 9.C. The County also participates in jointly-governed organizations which are described in Note 9.D, and a related organization is described in Note 9.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, 2016**

**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, 2016**

**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, 2016**

**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

Cash and cash equivalents are identified only for the purpose of the statement of cash flows reporting by the proprietary fund. The County has defined cash and cash equivalents to include cash on hand and demand deposits. Additionally, each fund's equity in the County's pooled cash 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

The cash balances of substantially all funds are pooled by the County Auditor-Treasurer for the purpose of increased interest earnings. Pursuant to Minnesota Statutes §385.07, interest earnings on cash are credited to the General Fund. Other funds received interest earnings based on other state statutes, grant agreements, contracts, and bond covenants.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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, 2016. 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. Inventories at the government-wide level are recorded as expenses when consumed. The statement of revenues, expenditures, and changes in fund balances reports the change in inventory as a direct adjustment to fund balance in accordance with applicable accounting standards.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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, 2016**

**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 County 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 items which occur 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, 2016**

**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 by 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, 2016**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. Deficit Fund Balance

The following fund had a deficit fund balance as of December 31, 2016:

Forfeited Tax Sale Fund	\$	18,748
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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, 2016:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Social Services	\$ 7,838,635	\$ 7,798,201	\$ 40,434

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

As of December 31, 2016, Todd County had the following deposits:

Statement of Net Position	
Cash and Cash Equivalents	\$ 15,841,401
Petty Cash	4,695
Statement of Fiduciary Net Position	
Agency Funds Cash and Cash Equivalents	1,583,144
Total Deposits	<u>\$ 17,429,240</u>

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.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

1. Deposits (Continued)

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, 2016, the County's deposits are fully collateralized and insured.

2. Receivables

Receivables as of December 31, 2016, 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>
<b>Governmental Activities</b>		
Taxes	\$ 477,160	\$ 340,888
Special Assessments	15,224	14,582
Accounts	201,920	-
Interest	20,171	-
Loans	90,000	90,000
Due from Other Governments	4,039,785	2,991,180
Total Governmental Activities	<u>\$ 4,844,260</u>	<u>\$ 3,436,650</u>
<b>Business-Type Activities</b>		
Special Assessments	\$ 51,676	\$ -
Accounts	99,875	-
Total Business-Type Activities	<u>\$ 151,551</u>	<u>\$ -</u>

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

3. 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

4. Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions and Transfers	Deletions and Transfers	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets, Not Being Depreciated				
Land and Right of Way	\$ 1,021,044	\$ -	\$ -	\$ 1,021,044
Construction-in-Progress	126,529	4,059,207	3,476,398	709,338
Total Capital Assets, Not Being Depreciated	<u>1,147,573</u>	<u>4,059,207</u>	<u>3,476,398</u>	<u>1,730,382</u>
Capital Assets, Being Depreciated				
Buildings	14,009,343	52,400	-	14,061,743
Machinery, Vehicles, Furniture and Equipment	8,007,555	764,380	243,833	8,528,102
Infrastructure	89,348,329	3,476,398	-	92,824,727
Total Capital Assets, Being Depreciated	<u>111,365,227</u>	<u>4,293,178</u>	<u>243,833</u>	<u>115,414,572</u>
Less Accumulated Depreciation For				
Buildings	3,923,050	293,672	-	4,216,722
Machinery, Vehicles, Furniture and Equipment	5,373,022	729,752	236,425	5,866,349
Infrastructure	27,268,683	1,794,697	-	29,063,380
Total Accumulated Depreciation	<u>36,564,755</u>	<u>2,818,121</u>	<u>236,425</u>	<u>39,146,451</u>
Total Capital Assets, Being Depreciated, Net	<u>74,800,472</u>	<u>1,475,057</u>	<u>7,408</u>	<u>76,268,121</u>
Governmental Activities Capital Assets, Net	<u>\$ 75,948,045</u>	<u>\$ 5,534,264</u>	<u>\$ 3,483,806</u>	<u>\$ 77,998,503</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 37,316	\$ -	\$ -	\$ 37,316
Capital Assets, Being Depreciated				
Buildings	450,557	31,012	-	481,569
Improvements Other than Buildings	69,064	-	40,811	28,253
Machinery and Vehicles	1,009,204	104,714	20,095	1,093,823
Total Capital Assets, Being Depreciated	<u>1,528,825</u>	<u>135,726</u>	<u>60,906</u>	<u>1,603,645</u>
Less Accumulated Depreciation For				
Buildings	425,838	8,871	-	434,709
Improvements Other than Buildings	70,954	-	42,701	28,253
Machinery and Vehicles	737,142	111,596	20,095	828,643
Total Accumulated Depreciation	<u>1,233,934</u>	<u>120,467</u>	<u>62,796</u>	<u>1,291,605</u>
Total Capital Assets, Being Depreciated, Net	<u>294,891</u>	<u>15,259</u>	<u>(1,890)</u>	<u>312,040</u>
Business-Type Activities Capital Assets, Net	<u>\$ 332,207</u>	<u>\$ 15,259</u>	<u>\$ (1,890)</u>	<u>\$ 349,356</u>

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

4. Capital Assets (Continued)

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

Governmental Activities		
General Government	\$	388,117
Public Safety		245,466
Highways and Streets, Including Depreciation of Infrastructure Assets		2,140,104
Conservation of Natural Resources		9,135
Human Services		30,874
Health		4,425
Total Depreciation Expense - Governmental Activities	<u>\$</u>	<u>2,818,121</u>
Business-Type Activities		
Solid Waste	<u>\$</u>	<u>120,467</u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2016, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
Major Funds			
General Fund	Forfeited Tax Land	\$ 10,467	Negative Cash
Social Services Fund	Energy Assistance	<u>35,456</u>	Reimbursement for Expenses
	Total Due To/From Other Funds	<u>\$ 45,923</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	Forfeited Tax Sale	<u>\$ 7,881</u>	Land Lot

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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, 2016, consisted of the following:

Funds	Amount	Purpose
Transfer to Solid Waste Fund from General Fund	<u>\$ 240,000</u>	Maintenance and Renovation of Health and Human Services Building

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, 2016
2010 GO Courthouse Bonds	2027	\$180,000- 345,000	5.85 - 6.00%	\$ 525,000	\$ 525,000
2013 GO Refunding Bonds	2020	170,000- 180,000	0.40 - 1.20	1,050,000	705,000
2016 GO Refunding bonds	2026	185,000- 355,000	2.00	<u>3,140,000</u>	<u>3,140,000</u>
Total General Obligation Bonds				<u>\$ 4,715,000</u>	4,370,000
Add: Unamortized Premium					<u>130,897</u>
Total Bonds					<u>\$ 4,500,897</u>

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

C. Liabilities (Continued)

2. Debt Service Requirements

Debt service requirements at December 31, 2016, were as follows:

Governmental Activities

Year Ending December 31,	2010 GO Courthouse Bonds		2016 GO Refunding Bonds	
	Principal	Interest	Principal	Interest
2017	\$ -	\$ 31,230	\$ 310,000	\$ 42,604
2018	-	31,230	305,000	53,550
2019	-	31,230	315,000	47,350
2020	-	31,230	320,000	41,000
2021	-	31,230	325,000	34,550
2022-2026	180,000	150,885	1,565,000	72,550
2027	345,000	10,350	-	-
Total	<u>\$ 525,000</u>	<u>\$ 317,385</u>	<u>\$ 3,140,000</u>	<u>\$ 291,604</u>

Year Ending December 31,	2013 GO Refunding Bonds		Vehicle Capital Lease	
	Principal	Interest	Principal	Interest
2017	\$ 175,000	\$ 6,054	\$ 55,355	\$ 5,398
2018	175,000	4,741	28,246	2,119
2019	175,000	3,079	-	-
2020	180,000	1,080	-	-
Total	<u>\$ 705,000</u>	<u>\$ 14,954</u>	<u>\$ 83,601</u>	<u>\$ 7,517</u>

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
2010 GO Courthouse Bonds	\$ 525,000	\$ -	\$ -	\$ 525,000	\$ -
2011 GO Courthouse Bonds	3,315,000	-	3,315,000	-	-
2013 GO Refunding Bonds	880,000	-	175,000	705,000	175,000
2016 GO Refunding Bonds	-	3,140,000	-	3,140,000	310,000
Unamortized Premiums	47,362	90,201	6,666	130,897	-
Capital Lease Obligation	35,805	141,793	93,997	83,601	55,355
Compensated Absences	2,142,607	1,183,419	1,202,092	2,123,934	334,476
Other Postemployment Benefits	1,031,527	277,171	240,029	1,068,669	-
Governmental Activity Long-Term Liabilities	<u>\$ 7,977,301</u>	<u>\$ 4,832,584</u>	<u>\$ 5,032,784</u>	<u>\$ 7,777,101</u>	<u>\$ 874,831</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Compensated Absences	\$ 46,908	\$ 26,819	\$ 27,847	\$ 45,880	\$ 17,575
Other Postemployment Benefits	29,862	7,397	6,406	30,853	-
Business-Type Activity Long-Term Liabilities	<u>\$ 76,770</u>	<u>\$ 34,216</u>	<u>\$ 34,253</u>	<u>\$ 76,733</u>	<u>\$ 17,575</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 2016, the County issued 2016 General Obligation Refunding Bonds in the amount of \$3,140,000 with an interest rate of 2.000%. These proceeds were used to provide the advance refunding (in 2018) of the 2011 General Obligation Bonds. The balance of the outstanding maturities to be refunded was \$3,040,000 and interest rates of 3.000% to 3.625%.

As a result of this refunding, the County decreased its debt service requirements \$131,276, resulting in an economic gain (difference between the present value of the debt service payments on the old and new debt service) of \$123,554.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

C. Liabilities (Continued)

4. Refunding Debt Issues (Continued)

As of December 31, 2016, the County had funds held with an escrow agent for the repayment of 2011 General Obligation Bonds, with an outstanding balance of \$3,040,000, which was defeased as part of the advance refunding issues in 2016 and, therefore, neither the cash nor the debt is shown on the financial statements of the County. The market value of funds held in escrow at December 31, 2016 was \$3,156,731.

**NOTE 4 PENSION PLANS**

A. Plan Description

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

1. General Employees Retirement Plan (General Employees Plan (accounted for in the General Employees Fund))

All full-time and certain part-time employees of the County are covered by the General Employees Plan. General Employees Plan 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 Plan (Police and Fire Plan (accounted for in the Police and Fire Fund))

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

3. Local Government Correctional Plan (Correctional Plan (accounted for in the Correctional Fund))

The Correctional Plan was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.



**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4 PENSION PLANS**

**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.

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. General Employees Plan 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.

**2. Police and Fire Benefits**

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

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4 PENSION PLANS (CONTINUED)**

B. Benefits Provided (Continued)

3. Correctional Plan Benefits

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

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. General Employees Fund 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 2016. The County's contributions to the General Employees Fund for the year ended December 31, 2016, were \$722,477. The County's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2016. The County's was required to contribute 16.20% of pay for members in calendar year 2016. The County's contributions to the Police and Fire Fund for the year ended December 31, 2016, were \$169,600. The County's contributions were equal to the required contributions as set by state statute.

3. Correctional Fund Contributions

In calendar year 2016 plan members were required to contribute 5.83% of their annual covered salary. The County was required to contribute 8.75% of pay for plan members in calendar year 2016. The County's contributions to the Correctional Fund for the year ended December 31, 2016, were \$51,454. The County's contributions were equal to the required contributions as set by state statute.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4 PENSION PLANS (CONTINUED)**

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2016, the County reported a liability of \$12,439,080 for its proportionate share of the General Employee Fund's net pension liability. The County's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2016. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$162,458. The net pension liability was measured as of June 30, 2016, 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 dates from July 1, 2015 through June 30, 2016, relative to the total employer contributions received from all PERA's participating employers. At June 30, 2016, the County's portion was 0.1532% which was a decrease of 0.0098% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the County recognized pension expense of \$1,597,129 for its proportionate share of General Employees Plan's pension expense. In addition, the County recognized an additional \$48,441 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

County's Proportionate Share of the Net Pension Liability	\$ 12,439,080
State's Proportionate Share of the Net Pension Liability	<u>162,458</u>
Total	<u><u>\$ 12,601,538</u></u>

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4 PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At December 31, 2016, the County reported its proportionate share of General Employees Plan'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	\$ -	\$ 906,410
Changes in Actuarial Assumptions	2,184,718	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,117,809	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	-	672,082
County Contributions Subsequent to the Measurement Date	326,285	-
Total	<u>\$ 4,628,812</u>	<u>\$ 1,578,492</u>

\$326,285 is reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. 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
2017	\$ 676,182
2018	676,182
2019	968,629
2020	403,042

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4 PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

2. Police and Fire Pension Costs

At December 31, 2016, the County reported a liability of \$4,334,228 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was 0.108%, which was a decrease of 0.004% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the County recognized pension expense of \$729,415 for its proportionate share of the Police and Fire Plan's pension expense. The County also recognized \$9,720 for the year ended December 31, 2016, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

At December 31, 2016, the County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 497,218
Changes in Actuarial Assumptions	2,385,315	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	661,433	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	50,402	37,417
County Contributions Subsequent to the Measurement Date	85,182	-
Total	<u>\$ 3,182,332</u>	<u>\$ 534,635</u>

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4 PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

2. Police and Fire Pension Costs (Continued)

\$85,182 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, 2017. 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 Expense Amount
2017	\$ 553,498
2018	553,498
2019	553,498
2020	500,046
2021	401,975

3. Correctional Plan Pension Costs

At December 31, 2016, the County reported a liability of \$1,132,473 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was 0.310%, which is a decrease of 0.020% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the County recognized pension expense of \$315,210 for its proportionate share of the Correctional Plan's pension expense.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4 PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

3. Correctional Plan Pension Costs (Continued)

At December 31, 2016, the County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 888	\$ 12,233
Changes in Actuarial Assumptions	721,522	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	127,238	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	-	5,800
County Contributions Subsequent to the Measurement Date	27,460	-
Total	<u>\$ 877,108</u>	<u>\$ 18,033</u>

\$27,460 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, 2017. 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 Expense Amount
2017	\$ 266,306
2018	266,306
2019	274,685
2020	24,318

E. Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%, Per Year
Salary Increases	3.25%, Per Year
Investment Rate of Return	7.50%

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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-2014 tables for the General Employees Plan and RP-2000 tables for the Police and Fire Plan and Correction Plan for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1% per year for all future years for the General Employees Plan and Police and Fire Plan, and 2.5% for all years for the Correctional Plan.

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The experience study for the Police and Fire Plan was for the period July 1, 2004 through June 30, 2009. The experience study for the Public Employees Correctional Plan was for the period 2006 through 2011.

The following changes in actuarial assumptions occurred in 2016:

General Employees Fund

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Police and Fire Fund

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Correctional Fund

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.31%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.



**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4 PENSION PLANS (CONTINUED)**

E. Actuarial Assumptions (Continued)

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

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

F. Discount Rate

The discount rate used to measure the total pension liability in 2016 was 7.50%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4 PENSION PLANS (CONTINUED)**

F. Discount Rate (Continued)

In the Police and Fire Fund and the Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056 and June 30, 2058 respectively. Beginning in fiscal years ended June 30, 2057 for the Police and Fire Fund and June 30, 2059 for the Correctional Fund, when projected benefit payments exceed the funds' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85% based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60% for the Police and Fire Fund and 5.31% for the Correctional Fund was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50% applied to all years of projected benefits through the point of asset depletion and 2.85% after.

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 one percentage point lower or one percentage point higher than the current discount rate:

Description	General Employees Fund		Police and Fire Fund		Correctional Fund	
1% Lower	6.50%	\$ 17,667,180	4.60%	\$ 6,067,344	4.31%	\$ 1,705,155
Current Discount Rate	7.50%	12,439,080	5.60%	4,334,228	5.31%	1,132,473
1% Higher	8.50%	8,132,548	6.60%	2,918,141	6.31%	685,385

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report. That report may be obtained on the internet at [www.mnpera.org](http://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, 2016**

**NOTE 5 DEFINED CONTRIBUTION PLAN**

Two Commissioners of the County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. 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 2016 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rate</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	
\$2,560	\$2,560	5%	5%	5%

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 6 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, 2016, there were 17 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 funding 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 2016, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 307,508
Interest on Net OPEB Obligation	37,029
Adjustment to ARC	<u>(59,969)</u>
Annual OPEB Cost	284,568
Contributions During the Year	<u>(246,435)</u>
Increase in Net OPEB Obligation	38,133
Net OPEB - Beginning of Year	<u>1,061,389</u>
Net OPEB - End of Year	<u><u>\$ 1,099,522</u></u>
Governmental Activities	\$ 1,068,669
Business-Type Activities	<u>30,853</u>
Total OPEB Payable	<u><u>\$ 1,099,522</u></u>

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 6 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 2016 and the preceding two years were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2014	\$ 258,985	\$ 271,531	104.8 %	\$ 1,029,881
December 31, 2015	262,202	230,694	88.0	1,061,389
December 31, 2016	284,568	246,435	86.6	1,099,522

**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 Payrol ((b-a)/c)
1/1/2016	\$ -	\$ 2,987,517	\$ 2,987,517	- %	\$ 9,530,284	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, 2016**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

D. Annual OPEB Cost and Net OPEB Obligation

In the January 1, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.50% 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 6.75% initially, reduced incrementally to an ultimate rate of 5.00% after seven years. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open 30-year period.

**NOTE 7 LEASES**

A. Operating Leases

The County entered into lease agreements for copier leases for various departments within the County. The 2016 expenditures (including maintenance and supplies) under this lease agreement totaled \$33,187. Minimum lease payments over the term of these leases are as follows:

Year	Minimum Payments
2017	\$ 10,473
2018	4,740
2019	4,543
2020	2,410
Total Minimum	<u>\$ 22,166</u>

B. Capital Leases

The County entered into two lease agreements for financing the acquisition of squad vehicles for the Sheriff Office. At December 31, 2016, the County had total assets under capital lease of \$172,182 with the related accumulated depreciation of \$19,507. Details about the capital leases at December 31, 2016 are as follows:

Lease	Maturity	Installment	Payment Amount	Original Issue	12/31/2016 Balance
Sheriff Squad Vehicles	9/15/2017	Annual	\$ 30,389	\$ 87,297	\$ 54,521
Sheriff Squad Vehicles	9/23/2018	Annual	30,364	84,885	29,080
Total Capital Leases				<u>\$ 172,182</u>	<u>\$ 83,601</u>

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 8 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 \$500,000 per claim in 2016. 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 9 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, 2016**

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

B. Construction Commitments

The County has active construction projects and outstanding contracts as of December 31, 2016. The projects include the following:

	Spent-to-Date	Remaining Commitment
Road Construction	\$ 3,074,047	\$ 151,465

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 2016 was \$374,142.

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, 2016**

**NOTE 9 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 2016.

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

Central Minnesota Violent Offender Task Force

Todd, Morrison, Benton, Sherburne and Stearns Counties and the Cities of Sartell, Sauk Rapids, Waite Park, St. Joseph, St. Cloud, 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 Stearns County Sheriff's Office is the fiscal agent for the Central Minnesota Violent Offender Task Force. Members provide officers to the Task Force in lieu of appropriations; Todd County provided on cash funding to this organization during 2016.

Control of the Task Force is vested in a Board of Directors. The members of the board comprise the Sheriff of each member county, a County Attorney from a member party as the legal advisor to the Task Force, the Chief of Police for the Little Falls Police Department, the Chief of Police for the City of St. Cloud, and one representative from among the Chiefs of Police of Sartell, Sauk Rapids, St. Joseph, and Waite Park, selected annually by a majority vote of the Chiefs of Police.

Complete financial information can be obtained from:

City of St. Cloud Police Department  
101 – 11<sup>th</sup> Avenue North  
P.O. Box 1616  
St. Cloud, Minnesota 56303

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

C. Joint Ventures (Continued)

South Country Health Alliance

South Country Health Alliance (SCHA) was created by a joint powers agreement between Brown, Dodge, Freeborn, Goodhue, Kanabec, Mower, Sibley, Steele, Wabasha, and Waseca Counties on July 24, 1998, under Minnesota 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.

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, 2016 was \$1,910,806. 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 2016.

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.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

C. Joint Ventures (Continued)

Prairie Lakes Municipal Solid Waste Authority

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 2016. 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.

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.

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**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, 2016	Measurement Date June 30, 2015
<b>General Employees Plan</b>		
County's Proportion of the Net Pension Liability	0.153%	0.163%
County's Proportionate Share of the Net Pension Liability	\$ 12,439,080	\$ 8,447,506
State's Proportionate Share of the Net Pension Liability Associated with the County	162,458	-
County's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability	\$ 12,601,538	\$ 8,447,506
County's Covered-Employee Payroll	\$ 9,505,400	\$ 9,584,963
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	130.86%	88.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.90%	78.20%
<b>Police and Fire Plan</b>		
County's Proportion of the Net Pension Liability	0.108%	0.112%
County's Proportionate Share of the Net Pension Liability	\$ 4,334,228	\$ 1,272,582
County's Covered-Employee Payroll	\$ 1,043,220	\$ 1,029,224
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	415.47%	123.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.90%	86.60%
<b>Correctional Plan</b>		
County's Proportion of the Net Pension Liability	0.310%	0.330%
County's Proportionate Share of the Net Pension Liability	\$ 1,132,473	\$ 51,018
County's Covered-Employee Payroll	\$ 580,326	\$ 594,879
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	195.14%	8.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.20%	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>2016</u>	<u>2015</u>	<u>2014</u>
<b>General Employees Plan</b>			
Contractually Required Contribution	\$ 722,477	\$ 685,477	\$ 658,386
Contributions in Relation to the Contractually Required Contribution	<u>(722,477)</u>	<u>(685,477)</u>	<u>(658,386)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 9,633,025	\$ 9,139,678	\$ 9,081,175
Contributions as a Percentage of Covered Employee Payroll	7.50%	7.50%	7.25%
<b>Police and Fire Plan</b>			
Contractually Required Contribution	\$ 169,600	\$ 161,104	\$ 145,374
Contributions in Relation to the Contractually Required Contribution	<u>(169,600)</u>	<u>(161,104)</u>	<u>(145,374)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 1,046,910	\$ 994,470	\$ 950,157
Contributions as a Percentage of Covered Employee Payroll	16.20%	16.20%	15.30%
<b>Correctional Plan</b>			
Contractually Required Contribution	\$ 51,454	\$ 49,389	\$ 52,824
Contributions in Relation to the Contractually Required Contribution	<u>(51,454)</u>	<u>(49,389)</u>	<u>(52,824)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 588,060	\$ 564,442	\$ 603,706
Contributions as a Percentage of Covered Employee Payroll	8.75%	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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 7,940,404	\$ 7,940,404	\$ 7,775,712	\$ (164,692)
Licenses and Permits	130,965	130,965	179,181	48,216
Intergovernmental	2,156,011	2,156,011	2,632,474	476,463
Charges for Services	602,323	602,323	1,061,835	459,512
Fines and Forfeits	-	-	3,614	3,614
Gifts and Contributions	4,000	4,000	13,034	9,034
Investment Earnings	46,000	46,000	64,554	18,554
Insurance Dividend	112,688	112,688	122,728	10,040
Miscellaneous	432,530	432,530	596,203	163,673
<b>Total Revenues</b>	<b>11,424,921</b>	<b>11,424,921</b>	<b>12,449,335</b>	<b>1,024,414</b>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>GENERAL GOVERNMENT</b>				
Administrator	368,218	368,218	175,355	192,863
Commissioners	300,490	300,490	248,954	51,536
Courts	90,000	90,000	128,230	(38,230)
Law Library	-	-	12,213	(12,213)
County Auditor-Treasurer	705,820	705,820	550,979	154,841
County Assessor	393,083	393,083	396,346	(3,263)
Elections	56,700	71,700	90,886	(19,186)
Data Processing	392,478	392,478	408,829	(16,351)
Attorney	616,820	616,820	624,627	(7,807)
Recorder	324,494	324,494	317,200	7,294
GIS/Surveyor	182,124	182,124	135,538	46,586
Planning and Zoning	386,399	462,604	266,826	195,778
Buildings and Plant	633,440	680,361	595,596	84,765
Veterans Service Officer	234,041	234,041	226,456	7,585
Other General Government	987,790	987,790	409,828	577,962
<b>Total General Government</b>	<b>5,671,897</b>	<b>5,810,023</b>	<b>4,587,863</b>	<b>1,222,160</b>
<b>PUBLIC SAFETY</b>				
Sheriff	2,844,301	2,851,999	2,485,564	366,435
Boat and Water Safety	9,500	9,500	8,508	992
Emergency Services	62,000	62,000	110,674	(48,674)
Coroner	61,125	61,125	60,636	489
County Jail	1,291,360	1,291,360	1,322,960	(31,600)
Community Corrections	9,350	9,350	8,205	1,145
<b>Total Public Safety</b>	<b>4,277,636</b>	<b>4,285,334</b>	<b>3,996,547</b>	<b>288,787</b>

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

**TODD COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (CONTINUED)</b>				
<b>CURRENT (CONTINUED)</b>				
<b>CULTURE AND RECREATION</b>				
Regional Library	\$ 341,674	\$ 341,674	\$ 341,674	\$ -
Rainbow Rider	50,000	50,000	49,207	793
Parks & Trails	9,000	9,000	9,000	-
	<u>400,674</u>	<u>400,674</u>	<u>399,881</u>	<u>793</u>
Total Culture and Recreation	400,674	400,674	399,881	793
<b>CONSERVATION OF NATURAL RESOURCES</b>				
County Extension	163,507	163,507	165,247	(1,740)
Soil and Water Conservation	187,502	187,502	186,158	1,344
Agricultural Society/County Fair	39,980	39,980	41,104	(1,124)
Land Use	379,477	379,477	397,981	(18,504)
Wetland Challenge	32,461	32,461	32,461	-
Aquatic Invasive Species Grant	162,308	238,195	163,994	74,201
	<u>965,235</u>	<u>1,041,122</u>	<u>986,945</u>	<u>54,177</u>
Total Conservation of Natural Resources	965,235	1,041,122	986,945	54,177
<b>ECONOMIC DEVELOPMENT</b>				
Community Development	76,000	76,000	76,006	(6)
<b>DEBT SERVICE</b>				
Principal	33,229	33,229	93,997	(60,768)
Interest	5,350	5,350	5,335	15
	<u>38,579</u>	<u>38,579</u>	<u>99,332</u>	<u>(60,753)</u>
Total Debt Service	38,579	38,579	99,332	(60,753)
	<u>11,430,021</u>	<u>11,651,732</u>	<u>10,146,574</u>	<u>1,505,158</u>
Total Expenditures	11,430,021	11,651,732	10,146,574	1,505,158
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(5,100)	(226,811)	2,302,761	2,529,572
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	240,000	240,000	-	(240,000)
Transfers Out	(240,000)	(240,000)	(240,000)	-
Proceeds from Sale of Assets	100	100	8,397	8,297
Insurance Proceeds	5,000	5,000	10,430	5,430
Total Other Financing Sources (Uses)	<u>5,100</u>	<u>5,100</u>	<u>(221,173)</u>	<u>(226,273)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (221,711)</u>	2,081,588	<u>\$ 2,303,299</u>
Fund Balance - Beginning of Year			<u>4,136,615</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 6,218,203</u>	

The Notes to 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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,391,928	\$ 2,391,928	\$ 2,291,533	\$ (100,395)
Transit Sales and Use Tax	500,000	500,000	703,917	203,917
Intergovernmental	6,922,800	6,922,800	6,097,697	(825,103)
Charges for Services	250,000	250,000	324,299	74,299
Interest on Investments	-	-	640	640
Miscellaneous	6,600	6,600	24,592	17,992
<b>Total Revenues</b>	<b>10,071,328</b>	<b>10,071,328</b>	<b>9,442,678</b>	<b>(628,650)</b>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HIGHWAY AND STREETS</b>				
Public Works	375,108	375,108	333,461	41,647
Construction and Engineering	7,838,320	7,838,320	6,979,403	858,917
Maintenance	1,851,300	1,857,900	1,946,395	(88,495)
<b>Total Expenditures</b>	<b>10,064,728</b>	<b>10,071,328</b>	<b>9,259,259</b>	<b>812,069</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>6,600</b>	<b>-</b>	<b>183,419</b>	<b>183,419</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Assets	-	-	24,440	24,440
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 6,600</b>	<b>\$ -</b>	<b>207,859</b>	<b>\$ 207,859</b>
Fund Balance - Beginning of Year			3,084,585	
Increase for Inventory			2,314	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 3,294,758</b>	

*The Notes to 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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 3,001,022	\$ 3,001,022	\$ 2,896,299	\$ (104,723)
Intergovernmental	3,406,330	3,406,330	3,662,667	256,337
Charges for Services	294,588	294,588	284,639	(9,949)
Investment Earnings	300	300	512	212
Miscellaneous	432,900	432,900	432,712	(188)
<b>Total Revenues</b>	<b>7,135,140</b>	<b>7,135,140</b>	<b>7,276,829</b>	<b>141,689</b>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HUMAN SERVICES</b>				
Income Maintenance	2,830,327	2,830,327	2,789,957	40,370
Social Services	4,967,874	4,967,874	5,048,678	(80,804)
<b>Total Expenditures</b>	<b>7,798,201</b>	<b>7,798,201</b>	<b>7,838,635</b>	<b>(40,434)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$ (663,061)</u></b>	<b><u>\$ (663,061)</u></b>	<b>(561,806)</b>	<b><u>\$ 101,255</u></b>
Fund Balance - Beginning of Year			<u>3,634,700</u>	
<b>FUND BALANCE - END OF YEAR</b>			<b><u>\$ 3,072,894</u></b>	

*The Notes to 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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 412,451	\$ 412,451	\$ 395,322	\$ (17,129)
Intergovernmental	1,181,898	1,181,898	1,298,170	116,272
Charges for Services	1,152,600	1,152,600	1,102,263	(50,337)
Miscellaneous	26,500	26,500	31,652	5,152
Total Revenues	2,773,449	2,773,449	2,827,407	53,958
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HEALTH</b>				
Nursing Service	2,773,449	2,773,449	2,695,838	77,611
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	131,569	<u>\$ 131,569</u>
Fund Balance - Beginning of Year			1,261,967	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 1,393,536</u>	

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

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016**

**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, 2016:

	Expenditures	Final Budget	Excess
Social Services	\$ 7,838,635	\$ 7,798,201	\$ 40,434

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, 2016**

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 Payrol ((b-a)/c)
1/1/2012	\$ -	\$ 3,193,927	\$ 3,193,927	- %	\$10,059,949	31.7 %
1/1/2014	-	2,589,782	2,589,782	-	10,009,161	31.8
1/1/2016	-	2,987,517	2,987,517	-	9,530,284	25.9



## **SUPPLEMENTARY INFORMATION**

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
DESCRIPTION OF FUNDS  
DECEMBER 31, 2016**

**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, 2016**

**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, 2016**

<b>ASSETS</b>	Nonmajor Special Revenue Funds		
	Energy Assistance	Minnesota Housing Finance	Forfeited Tax Sale
Cash and Cash Equivalents	\$ -	\$ 137,908	\$ -
Taxes Receivable - Delinquent	-	-	-
Loans Receivable	-	-	-
Due from Other Governments	45,147	-	-
Total Assets	\$ 45,147	\$ 137,908	\$ -
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 6,624	\$ -	\$ -
Due to Other Funds	35,456	-	10,467
Due to Other Governments	-	-	400
Advances from Other Funds	-	-	7,881
Total Liabilities	42,080	-	18,748
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Taxes	-	-	-
Unavailable Grants	1,896	-	-
Total Deferred Inflows of Resources	1,896	-	-
<b>FUND BALANCES (DEFICIT)</b>			
Restricted			
Revolving Loans	-	-	-
Debt Service	-	-	-
Energy Assistance	1,171	-	-
Minnesota Housing Finance	-	137,908	-
Committed			
Parks and Trails	-	-	-
Unassigned	-	-	(18,748)
Total Fund Balances (Deficit)	1,171	137,908	(18,748)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 45,147	\$ 137,908	\$ -

<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>
\$ 31,326	\$ -	\$ 169,234	\$ 624,507	\$ 793,741
339	-	339	20,331	20,670
-	90,000	90,000	-	90,000
-	-	45,147	-	45,147
<u>\$ 31,665</u>	<u>\$ 90,000</u>	<u>\$ 304,720</u>	<u>\$ 644,838</u>	<u>\$ 949,558</u>
\$ -	\$ -	\$ 6,624	\$ -	\$ 6,624
-	-	45,923	-	45,923
-	-	400	-	400
-	-	7,881	-	7,881
-	-	60,828	-	60,828
247	-	247	15,421	15,668
-	-	1,896	-	1,896
<u>247</u>	<u>-</u>	<u>2,143</u>	<u>15,421</u>	<u>17,564</u>
-	90,000	90,000	-	90,000
-	-	-	629,417	629,417
-	-	1,171	-	1,171
-	-	137,908	-	137,908
31,418	-	31,418	-	31,418
-	-	(18,748)	-	(18,748)
<u>31,418</u>	<u>90,000</u>	<u>241,749</u>	<u>629,417</u>	<u>871,166</u>
<u>\$ 31,665</u>	<u>\$ 90,000</u>	<u>\$ 304,720</u>	<u>\$ 644,838</u>	<u>\$ 949,558</u>

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2016**

	Nonmajor Special Revenue Funds		
	Energy Assistance	Minnesota Housing Finance	Forfeited Tax Sale
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 10,782
Intergovernmental	201,875	-	-
Charges for Services	-	-	-
Investment Earnings	-	69	-
Miscellaneous	-	-	401
	<hr/>	<hr/>	<hr/>
Total Revenues	201,875	69	11,183
<b>EXPENDITURES</b>			
<b>CURRENT</b>			
General Government	-	-	22,124
Human Services	212,899	-	-
Culture and Recreation	-	-	-
<b>DEBT SERVICE</b>			
Principal	-	-	-
Interest	-	-	-
Administrative (Fiscal) Charges	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	212,899	-	22,124
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(11,024)	69	(10,941)
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding Bonds Issued	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-
Premium on Bonds Issued	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	(11,024)	69	(10,941)
Fund Balance (Deficit) - Beginning of Year	12,195	137,839	(7,807)
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<u>\$ 1,171</u>	<u>\$ 137,908</u>	<u>\$ (18,748)</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>
\$ 11,527	\$ -	\$ 22,309	\$ 574,925	\$ 597,234
1,005	-	202,880	29,593	232,473
30	-	30	-	30
-	-	69	-	69
9,400	-	9,801	17,298	27,099
<u>21,962</u>	<u>-</u>	<u>235,089</u>	<u>621,816</u>	<u>856,905</u>
-	-	22,124	-	22,124
-	-	212,899	-	212,899
6,855	-	6,855	-	6,855
-	-	-	450,000	450,000
-	-	-	262,562	262,562
-	-	-	70,995	70,995
<u>6,855</u>	<u>-</u>	<u>241,878</u>	<u>783,557</u>	<u>1,025,435</u>
15,107	-	(6,789)	(161,741)	(168,530)
-	-	-	3,140,000	3,140,000
-	-	-	(3,040,000)	(3,040,000)
-	-	-	90,201	90,201
<u>-</u>	<u>-</u>	<u>-</u>	<u>190,201</u>	<u>190,201</u>
15,107	-	(6,789)	28,460	21,671
16,311	90,000	248,538	600,957	849,495
<u>\$ 31,418</u>	<u>\$ 90,000</u>	<u>\$ 241,749</u>	<u>\$ 629,417</u>	<u>\$ 871,166</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, 2016**

	Balance January 1	Additions	Deductions	Balance December 31
<b>FLEXIBLE EMPLOYEE BENEFIT PLAN FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 12,005	\$ 56,770	\$ 55,496	\$ 13,279
<b>LIABILITIES</b>				
Funds Held in Trust	\$ 12,005	\$ 56,770	\$ 55,496	\$ 13,279
<b>TODD-WADENA COMMUNITY CORRECTIONS FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 433,534	\$ 1,729,649	\$ 1,731,009	\$ 432,174
<b>LIABILITIES</b>				
Due to Other Governments	\$ 433,534	\$ 1,729,649	\$ 1,731,009	\$ 432,174
<b>PREPAID TAXES FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10,226	\$ 66,840	\$ 48,477	\$ 28,589
<b>LIABILITIES</b>				
Due to Other Governments	\$ 10,226	\$ 66,840	\$ 48,477	\$ 28,589
<b>REGION 5 SPECIAL TAXING DISTRICT FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 703	\$ 26,573	\$ 26,329	\$ 947
<b>LIABILITIES</b>				
Due to Other Governments	\$ 703	\$ 26,573	\$ 26,329	\$ 947
<b>WATERSHED FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,682	\$ 83,811	\$ 81,655	\$ 3,838
<b>LIABILITIES</b>				
Due to Other Governments	\$ 1,682	\$ 83,811	\$ 81,655	\$ 3,838

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2016**

	Balance January 1	Additions	Deductions	Balance December 31
<b>STATE REVENUE FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 42,016	\$ 603,657	\$ 600,554	\$ 45,119
<b>LIABILITIES</b>				
Due to Other Governments	\$ 42,016	\$ 603,657	\$ 600,554	\$ 45,119
<b>TAXES AND PENALTIES FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 378,441	\$ 29,536,865	\$ 29,426,892	\$ 488,414
<b>LIABILITIES</b>				
Due to Other Governments	\$ 378,441	\$ 29,536,865	\$ 29,426,892	\$ 488,414
<b>JAIL CANTEEN</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,679	\$ 216,593	\$ 209,036	\$ 13,236
<b>LIABILITIES</b>				
Funds Held in Trust	\$ 5,679	\$ 216,593	\$ 209,036	\$ 13,236
<b>SOCIAL WELFARE</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 49,915	\$ 688,382	\$ 687,720	\$ 50,577
<b>LIABILITIES</b>				
Funds Held in Trust	\$ 49,915	\$ 688,382	\$ 687,720	\$ 50,577
<b>MONEY MANAGEMENT</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 31,377	\$ 123,798	\$ 146,617	\$ 8,558
<b>LIABILITIES</b>				
Funds Held in Trust	\$ 31,377	\$ 123,798	\$ 146,617	\$ 8,558

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2016**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>TODD COUNTY DEVELOPMENT</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 59,887	\$ 92,086	\$ 101,373	\$ 50,600
<b>LIABILITIES</b>				
Due to Other Governments	\$ 59,887	\$ 92,086	\$ 101,373	\$ 50,600
<b>TODD SOIL AND WATER CONSERVATION DISTRICT</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 474,688	\$ 696,261	\$ 723,136	\$ 447,813
<b>LIABILITIES</b>				
Due to Other Governments	\$ 474,688	\$ 696,261	\$ 723,136	\$ 447,813
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,500,153	\$ 33,921,285	\$ 33,838,294	\$ 1,583,144
<b>LIABILITIES</b>				
Funds Held in Trust	\$ 98,976	\$ 1,085,543	\$ 1,098,869	\$ 85,650
Due to Other Governments	1,401,177	32,835,742	32,739,425	1,497,494
Total Liabilities	\$ 1,500,153	\$ 33,921,285	\$ 33,838,294	\$ 1,583,144

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
SCHEDULE OF INTERGOVERNMENTAL REVENUE  
YEAR ENDED DECEMBER 31, 2016**

	Total Governmental Funds	Total Enterprise Funds	Total Government
<b>SHARED REVENUE</b>			
<b>STATE</b>			
Highway Users Tax	\$ 4,587,367	\$ -	\$ 4,587,367
Market Value Credit - Agriculture	554,690	-	554,690
PERA Rate Reimbursement	32,921	2,962	35,883
Disparity Reduction Aid	72,764	-	72,764
Police Aid	124,032	-	124,032
Aquatic Invasive Species	161,665	-	161,665
County Program Aid	1,329,922	-	1,329,922
Enhanced 911	100,432	-	100,432
Total Shared Revenue	6,963,793	2,962	6,966,755
<b>REIMBURSEMENT FOR SERVICES</b>			
<b>STATE</b>			
Minnesota Department of Human Services	1,248,703	-	1,248,703
<b>PAYMENTS</b>			
<b>Local</b>			
Local - Payments in Lieu of Taxes	130,575	-	130,575
<b>GRANTS</b>			
<b>LOCAL</b>			
	7,709	-	7,709
<b>STATE</b>			
Minnesota Department/Board of			
Natural Resources	12,107	-	12,107
Health	329,656	-	329,656
Veterans Affairs	10,000	-	10,000
Human Services	841,982	-	841,982
Soil and Water Resources	162,102	-	162,102
Peace Officers	5,941	-	5,941
Pollution Control Agency	69,141	70,887	140,028
Public Safety	4,150	-	4,150
Total State	1,435,079	70,887	1,505,966
<b>FEDERAL</b>			
Department of			
Agriculture	373,124	-	373,124
Interior	1,480	-	1,480
Justice	555	-	555
Education	1,450	-	1,450
Health and Human Services	2,336,371	-	2,336,371
Homeland Security	22,739	-	22,739
Transportation	1,401,903	-	1,401,903
Total Federal	4,137,622	-	4,137,622
Total State and Federal Grants	5,572,701	70,887	5,643,588
Total Intergovernmental Revenue	\$ 13,923,481	\$ 73,849	\$ 13,997,330

**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, 2016, and the related notes to the financial statements, which collectively comprise Todd County's basic financial statements, and have issued our report thereon dated July 25, 2017.

**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 2016-001 to 2016-004 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 deficiencies identified as 2016-005 and 2016-006, described in the accompanying schedule of findings and questioned costs, to be significant deficiencies.

**Compliance and Other Matters**

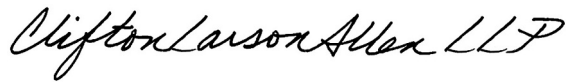
As part of obtaining reasonable assurance about whether Todd County’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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  
July 25, 2017

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**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, 2016. 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.

***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, 2016.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-007. Our opinion on each major federal program is not modified with respect to these matters.

**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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-007 that we consider to be a significant deficiency.

**Todd County's Responses to Findings**

Todd County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Todd County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of County Commissioners  
Todd County

**Report on Internal Control Over Compliance (Continued)**

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*

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
July 25, 2017

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2016**

**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?     X     yes            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?     X     yes            no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
93.778	Medicaid 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, 2016**

**MATERIAL WEAKNESSES (FINANCIAL REPORTING):**

**SEGREGATION OF DUTIES (2016-001)**

**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.

**Repeat Finding:** Prior year finding identified as Finding 2015-001.

**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.

**VIEW OF RESPONSIBLE OFFICIAL AND PLANNED CORRECTIVE ACTION:**

**Contact Person:** Denise Gaida, Auditor-Treasurer

**Corrective Action Planned:** A corrective action is in place.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2016**

**MATERIAL WEAKNESSES (FINANCIAL REPORTING) – (CONTINUED):**

**AUDIT ADJUSTMENTS (2016-002)**

**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:** The County has a limited number of personnel.

**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.

**Repeat Finding:** Prior year finding identified as Finding 2015-002.

**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.

**VIEW OF RESPONSIBLE OFFICIAL AND PLANNED CORRECTIVE ACTION:**

**Contact Person:** Denise Gaida, Auditor-Treasurer

**Corrective Action Planned:** A corrective action is in place.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2016**

**MATERIAL WEAKNESSES (FINANCIAL REPORTING) – (CONTINUED):**

**FINANCIAL REPORTING PROCESS (2016-003)**

**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. It was also noted that there are lack of controls over several areas of the County, including over cutoff of receivables and payables, completeness of payroll liabilities, accuracy and classification of payroll, and valuation of inventory.

**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.

**Repeat Finding:** Prior year finding identified as Finding 2015-003.

**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 and other areas is beneficial.

**VIEW OF RESPONSIBLE OFFICIAL AND PLANNED CORRECTIVE ACTION:**

**Contact Person:** Denise Gaida, Auditor-Treasurer

**Corrective Action Planned:** A corrective action is in place.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2016**

**MATERIAL WEAKNESSES (FINANCIAL REPORTING) – (CONTINUED):**

**CONTROLS OVER CONTRACTING PROCESS (2016-004)**

**Criteria:** County management and governance are responsible for establishing formal policies and procedures when entering into revenue generating contracts.

**Condition:** As part of the audit, we noted there were some revenue generating contracts that were not formally approved.

**Cause:** Past Practice.

**Effect:** The potential exists for county revenues to not be recorded in the general ledger.

**Repeat Finding:** Not applicable.

**Recommendation:** We recommend the County implement formal procedures to ensure that all contracts entered into on behalf of Todd County are in writing and approved by governance.

**VIEW OF RESPONSIBLE OFFICIAL AND PLANNED CORRECTIVE ACTION:**

**Contact Person:** Denise Gaida, Auditor-Treasurer

**Corrective Action Planned:** A corrective action is in place.



**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2016**

**SIGNIFICANT DEFICIENCIES (FINANCIAL REPORTING)**

**PETTY CASH AND CHANGE FUND ACCOUNTS (2016-005)**

**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:** Past Practice.

**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.

**Repeat Finding:** Prior year finding identified as Finding 2015-004.

**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.

**VIEW OF RESPONSIBLE OFFICIAL AND PLANNED CORRECTIVE ACTION:**

**Contact Person:** Chris Odden, Assessor

**Corrective Action Planned:** A corrective action is in place.

**AUTHORIZATION FOR SOCIAL WELFARE DISBURSEMENTS (2016-006)**

**Criteria:** Standard internal control procedures require all disbursements made out of the social welfare checking account have supporting authorization for the payments requested.

**Condition:** During testing performed, we were not provided with documentation of supervisor authorization documentation for two of ten disbursements tested.

**Cause:** Past Practice.

**Effect:** There is an increased risk of unauthorized or fraudulent checks to being written.

**Repeat Finding:** Not applicable.

**Recommendation:** We recommend County management implement procedures to ensure all payments have supporting authorization on file.

**VIEW OF RESPONSIBLE OFFICIAL AND PLANNED CORRECTIVE ACTION:**

**Contact Person:** Jackie Och, Health and Human Services Director

**Corrective Action Planned:** A corrective action is in place.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2016**

**MAJOR PROGRAM SIGNIFICANT DEFICIENCY AND COMPLIANCE**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES, PASSED THROUGH THE MINNESOTA  
DEPARTMENT OF HUMAN SERVICES**

**MEDICAL ASSISTANCE (MA) – CFDA # 93.778 – YEAR ENDED DECEMBER 31, 2016; RANDOM  
MOMENT STUDIES; ACTIVITIES ALLOWED (2016-007)**

**Criteria:** Federal guidelines for these programs allow some costs to be allocated indirectly. The State of Minnesota uses a Random Moment Study (RMS) to allocate payroll indirectly to the income maintenance program.

**Condition and Context:** During testing of the 1<sup>st</sup> and 3<sup>rd</sup> quarter reports, it was noted that the listing of employees submitted for the 1<sup>st</sup> quarter was incorrect. Two employees were not included on the listing that charged time to the income maintenance program and another two employees were included on the listing but did not have time coded to the income maintenance program.

**Questioned Costs:** Not able to be determined.

**Cause:** Unknown.

**Effect:** Minnesota Department of Human Services did not have accurate listings of income maintenance employees with caseloads, creating an inaccurate amount of indirect costs to be reimbursed to the County for this program.

**Repeat Finding:** Not applicable.

**Recommendation:** We recommend the County review the RMS listings and general ledger coding on a regular basis to ensure the correct employees are listed.

**VIEW OF RESPONSIBLE OFFICIAL AND PLANNED CORRECTIVE ACTION:**

**Contact Person:** Jackie Och, Health and Human Services Director

**Corrective Action Planned:** A corrective action is in place.

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2016**

**OTHER ITEM FOR CONSIDERATION – MINNESOTA LEGAL COMPLIANCE**

**PUBLISHING OF FINANCIAL STATEMENTS (2016-008)**

**Criteria:** Minnesota Statutes §375.17 requires the County to publish their financial statements annually in the official county newspaper in a form prescribed by the Minnesota State Auditor's office.

**Condition:** The County did not publish their 2015 financial statements in the area newspaper in a timely manner.

**Cause:** Oversight by management.

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

**Recommendation:** We recommend the County publish the financial statements in the newspaper in accordance with state statutes.

**CLIENT'S RESPONSE:**

*The County will ensure this annual process is not missed in the future.*

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2016**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Pass-through Grant Numbers	Expenditures		Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>					
Passed Through Minnesota Department of Health and Morrison County Supplemental Food Program for Women, Infants, and Children (WIC)	10.557	16162MN004W1003	\$ -	\$ 179,399	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561	16162MN101S2514	-	232,208	-
Total Department of Agriculture			-	411,607	-
<b>U.S. Department of Interior</b>					
Direct					
National Wildlife Refuge Fund	15.659	Not Applicable	-	1,481	-
<b>U.S. Department of Justice</b>					
Direct					
State Criminal Alien Assistance Program	16.606	Not Applicable	-	555	-
<b>U.S. Department of Transportation</b>					
Passed Through Minnesota Department of Transportation					
Highway Planning and Construction	20.205	7714208	247,900		-
Highway Planning and Construction	20.205	7716097	106,396		-
Highway Planning and Construction	20.205	7716192	1,034,293	1,388,589	-
Passed Through Minnesota Department of Public Safety					
State and Community Highway Safety (Part of Highway Safety Cluster) (Total Highway Safety Cluster \$7,012)	20.600	A-ENFRC16-2016- WADENASD-00057	-	2,915	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC16-2016- WADENASD-00057	-	3,770	-
National Priority Safety Programs (Part of Highway Safety Cluster) (Total Highway Safety Cluster \$7,012)	20.616	A-ENFRC16-2016- WADENASD-00057	-	4,097	-
Total Department of Transportation			1,388,589	1,399,371	-
<b>U.S. Department of Education</b>					
Passed Through Minnesota Department of Education and Morrison County					
Special Education - Grants for Infants and Families	84.181	H181A110029	-	1,933	-
<b>U.S. Department of Health and Human Services</b>					
Direct					
Drug-Free Communities Support Program Grants	93.276	Not Applicable	-	139,449	-
Passed Through Minnesota Department of Commerce					
Low-Income Home Energy Assistance	93.568	16B1MNLIEA	-	203,771	-
Passed Through Minnesota Department of Health and Human Services and Morrison County					
Public Health Emergency Preparedness	93.069	U90TP000418	-	28,101	-
Universal Newborn Hearing Screening	93.251	H61MC00035-16-02	-	2,675	-
Temporary Assistance for Needy Families (Part of TANF Cluster) (Total Temporary Assistance for Needy Families \$244,648)	93.558	1601MNTANF	-	34,100	-
Maternal and Child Health Services Block Grant to the States	93.994	B04MC29349	-	37,425	-

**TODD COUNTY  
LONG PRAIRIE, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2016**

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	G-1601MNFSS	\$ -	\$ 3,512	\$ -
Temporary Assistance for Needy Families (Part of TANF cluster) (Total Temporary Assistance for Needy Families \$244,648)	93.558	1601MNTANF	-	210,548	-
Child Support Enforcement	93.563	1604MNCSES	286,139		-
Child Support Enforcement	93.563	1604MNCES	<u>72,501</u>	358,640	-
Refugee and Entrant Assistance - State Administered Programs	93.566	1601MNRCA	-	218	-
Child Care and Development Block Grant (Part of Child Care Cluster)	93.575	G6501MNCCDF	-	1,941	-
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFRRPG	-	5,299	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	-	1,209	-
Foster Care Title IV-E	93.658	1601MNFOS	-	133,886	14,145
Social Services Block Grant	93.667	1501MNSOSR	-	164,773	-
Chafee Foster Care Independence Program	93.674	G-1601MNSOSR	-	2,673	-
Medical Assistance Program (Part of Medicaid Cluster)	93.778	05-1605MN5MAP	12,047		-
Medical Assistance Program (Part of Medicaid Cluster)	93.778	05-1605MN5ADM	<u>886,260</u>	898,307	42,768
Block Grants for Prevention and Treatment of Substance Abuse	93.959	TI1010034-12	-	126,620	-
Passed Through Minnesota Department of Human Services and Central Minnesota Council on Aging					
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers (Part of Aging Cluster)	93.044	16AAMNT3SS	-	<u>987</u>	-
Total Department of Health and Human Services				2,354,134	56,913
U.S. Department of Homeland Security					
Passed Through Minnesota Department of Public Safety					
Emergency Management Performance Grants	97.042	F-EMPG-2015- TODDCO-1245	-	20,239	-
Passed Through Minnesota Department of Public Safety and West Central EMS					
Homeland Security Grant Program	97.067	A-SHSP-2015- HSEM4WC-0010- IPAWS	-	<u>2,500</u>	-
Total Department of Homeland Security				<u>22,739</u>	-
Total Cash Type Federal Awards				<u>\$ 4,191,820</u>	<u>\$ 56,913</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, 2016. 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. 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:	\$ 4,137,622
Expenditures above, not included as revenues on the Schedule of Intergovernmental Revenues	101,535
Revenues included on the Schedule of Intergovernmental Revenue that are not considered Federal Grant Expenditures	<u>(47,337)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 4,191,820</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, 2016, 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 July 25, 2017.

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. Our audit considered all of the listed categories except that we did not test for compliance with tax increment financing as the County has no tax increment financing districts.

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*, except as described in the schedule of findings and questioned costs as item 2016-008. 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.

Todd County's written response to the legal compliance findings identified in our audit as described in the schedule of findings and questioned costs. Todd County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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



**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
July 25, 2017