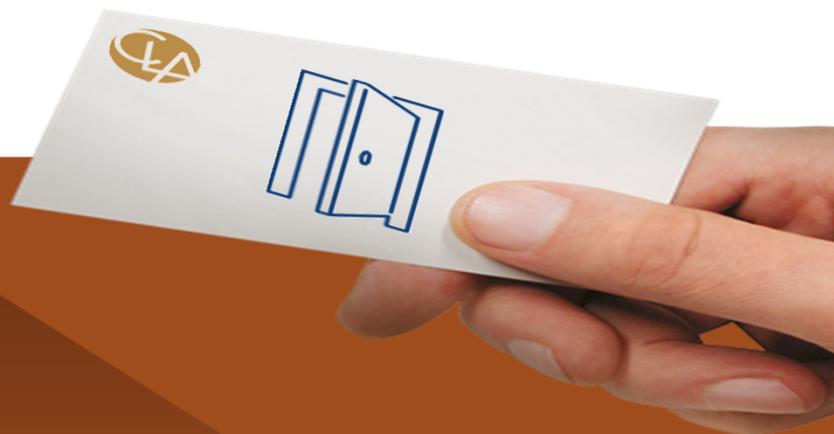


# Swift County, Benson Minnesota

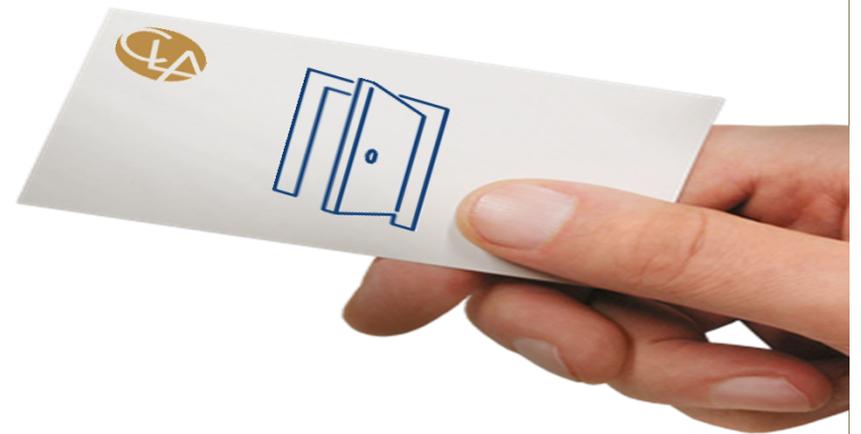
Audit Presentation  
Exit Conference: Communication with those  
Charged with Governance  
Year Ending December 31, 2015

Tuesday, August 16, 2016

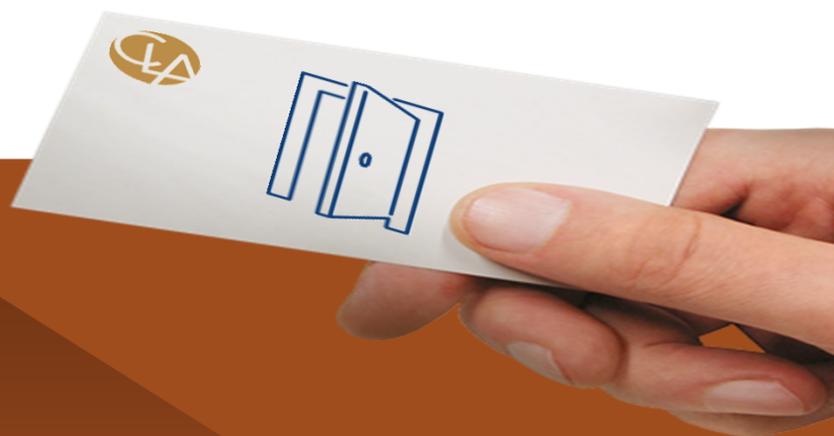


# Agenda

- Introduction
- Required Communications
- Internal Control Findings
- Minnesota Legal Compliance Findings
- Financial Results
- Key Issues/Summary



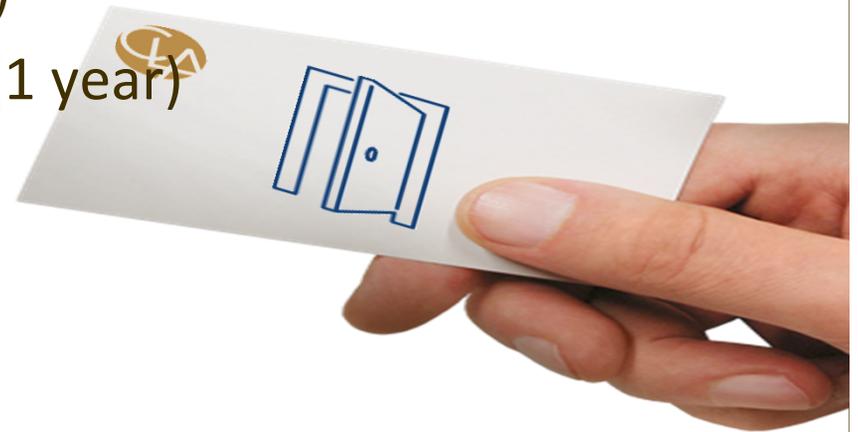
# Introduction



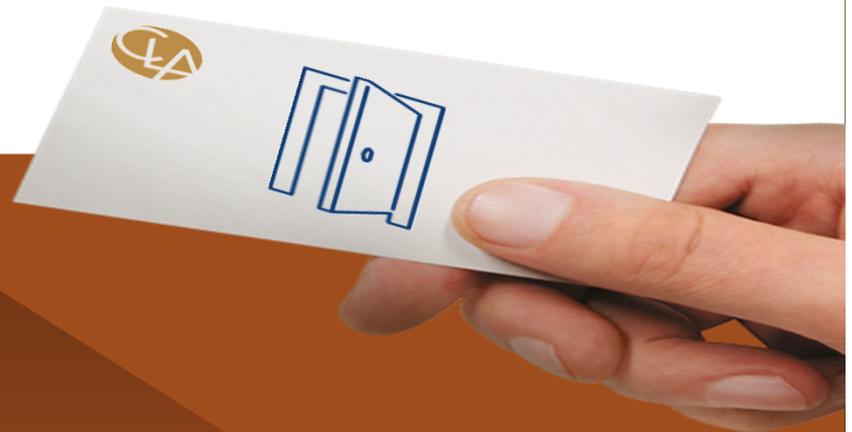
# Audit Team

Your audit team consisted of the following professionals who have 45 years of in governmental accounting and auditing experience

- Doug Host – Principal (25 years)
- Sarah Utsch– Manager (10 years)
- Stacey Oberg – Senior (6 years)
- Kendall Koep – Senior (3 years)
- Paige Stalboerger – Associate (1 year)



# Required Communications

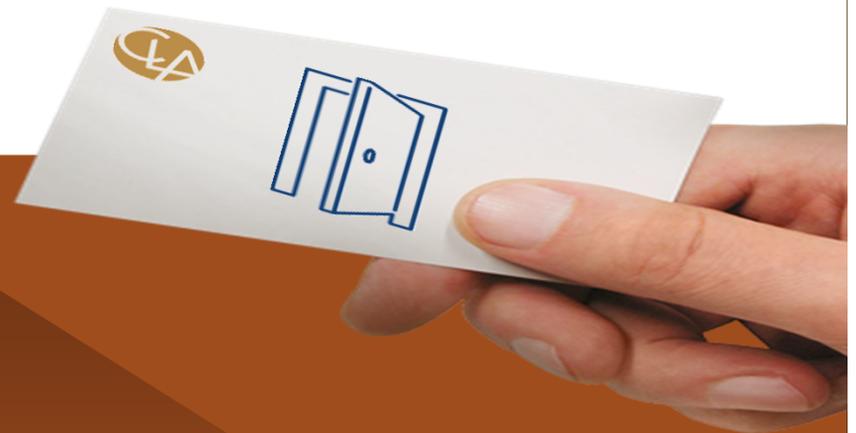


# Required Communications

- Separate letter issued with required communications rather than verbal communications as in the past
- Auditors' responsibility to issue an opinion on the fairness of presentation of financials
  - Unmodified (clean) opinion issued for 2015 audit
- Auditor also reviews internal control as part of the audit but no opinion is provided on such controls



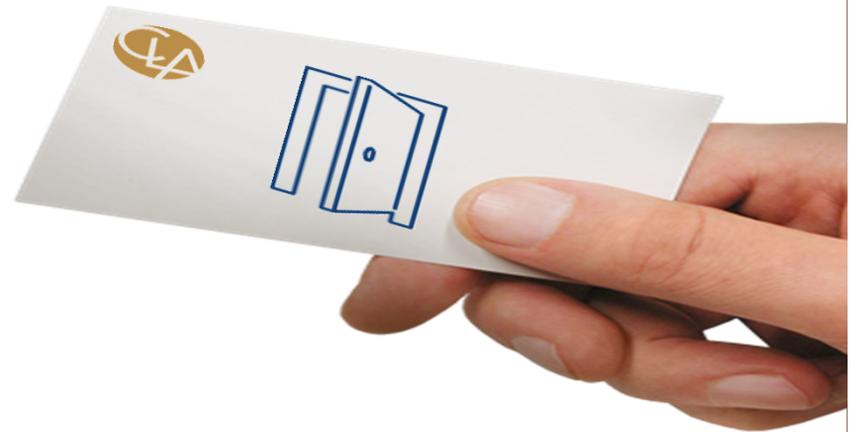
# Findings as a Result of Audit Procedures



# Internal Control Findings

*Material Weaknesses* – deficiencies in internal control such that there is a reasonable possibility that a **material misstatement** would not be prevented or detected and corrected on a timely basis

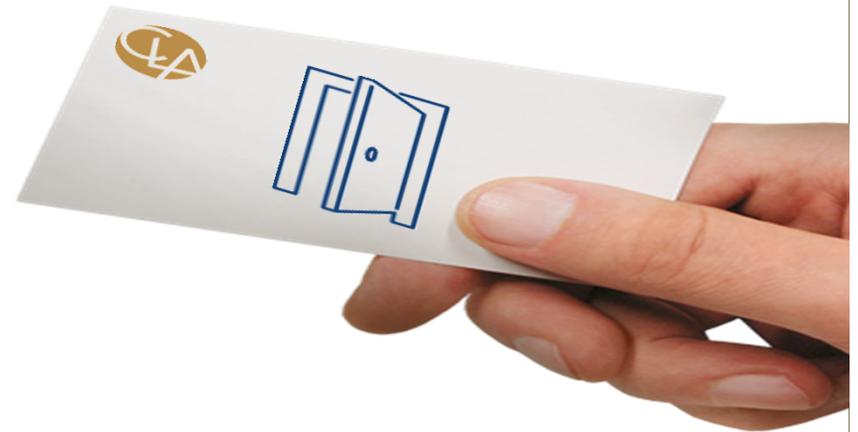
- Segregation of Duties
- Financial Reporting Process
- Material Audit Adjustments



## Internal Control Findings (Continued)

*Significant Deficiencies* - deficiencies in internal control that are **less severe than material weaknesses**, yet important enough to **merit attention by those charged with governance**

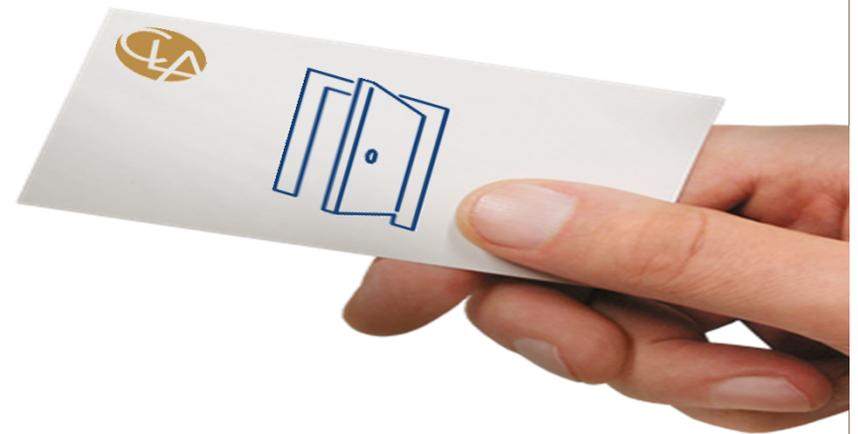
- **None noted for 2015**



# Single Audit Findings – Control & Compliance

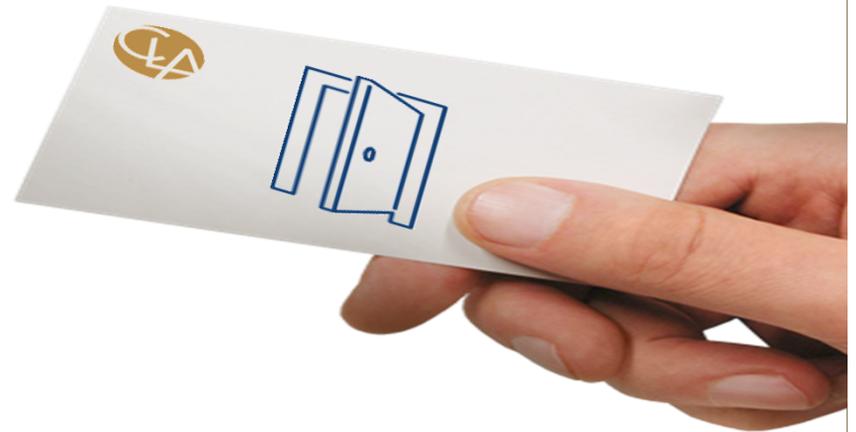
*Federal program tested for 2015 was Highway Planning and Construction*

- **Material Weaknesses**
  - None noted for 2015
- **Significant Deficiencies**
  - None noted for 2015

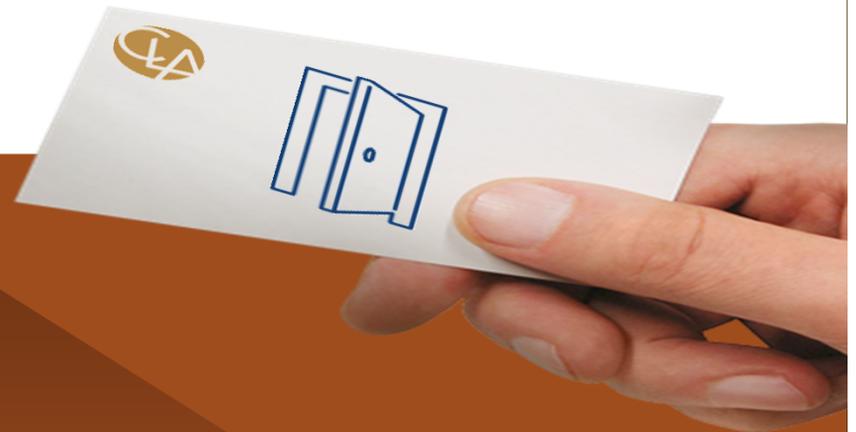


# Minnesota Legal Compliance Finding

- Ditch Cash Deficits
  - 16 of 39 active ditches had deficit cash balances at year-end

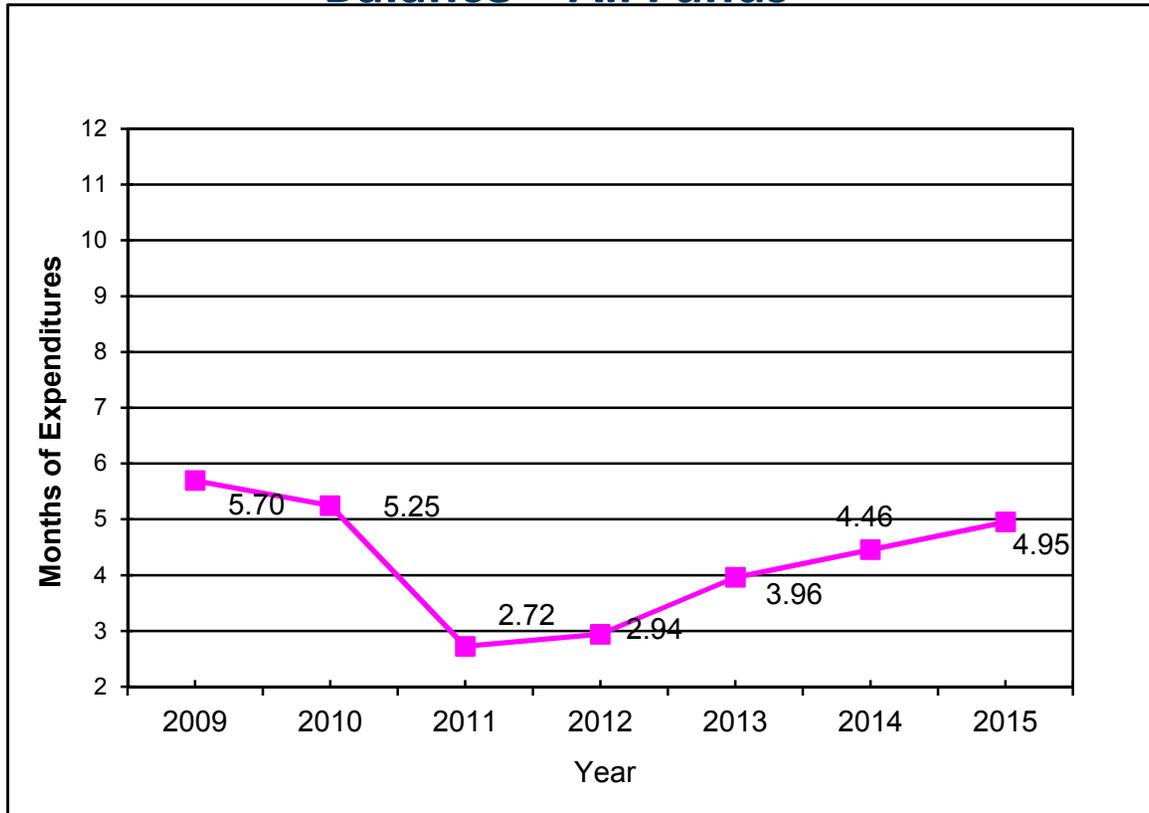


# Financial Results



# Financial Results

## Months of Expenditures in Fund Balance – All Funds



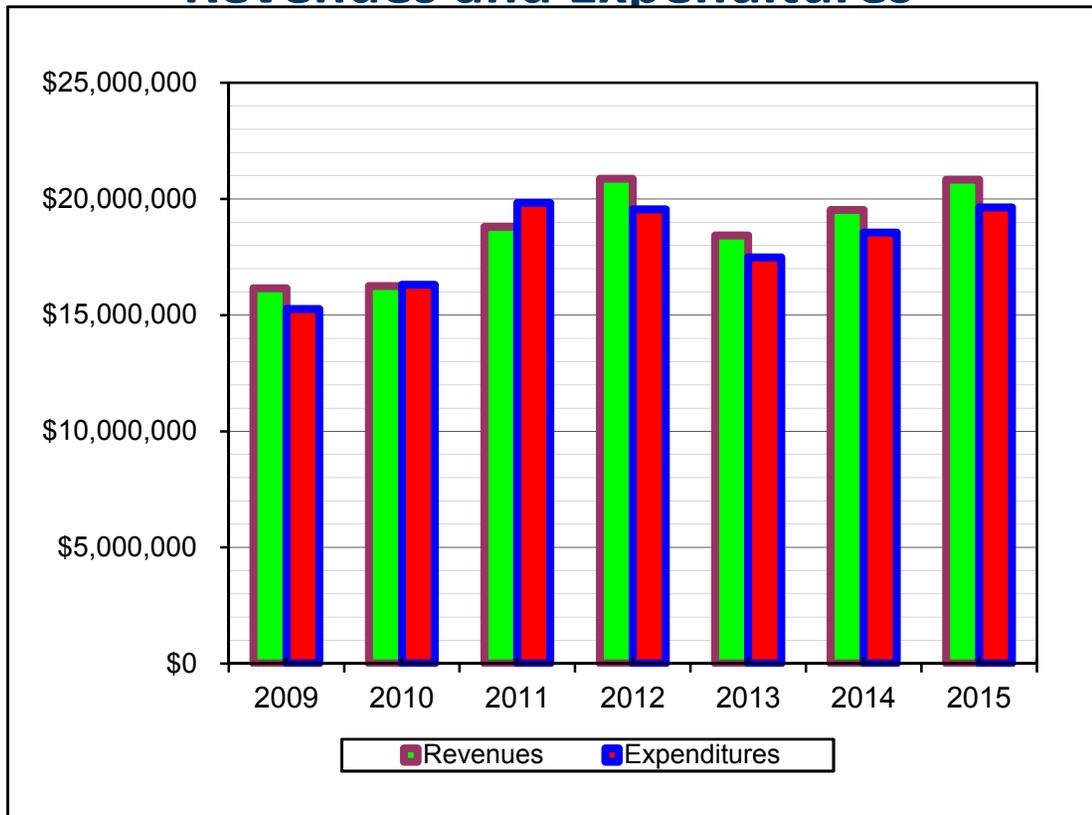
- MN Office of the State Auditor recommends minimum of 5 months for General and Special Revenue Funds
- Increase from the prior year is due to increases in Fund Balance in several funds
- Committed and Unassigned Fund Balance included in calculation

	2009	2010	2011	2012	2013	2014	2015
Expenditures	\$ 15,270,758	\$16,305,732	\$19,833,596	\$19,561,413	\$17,484,897	\$18,548,711	\$19,630,639
Fund Balance	7,247,956	7,129,626	4,503,403	4,792,868	5,770,311	6,887,629	8,103,285

# Financial Results

## Governmental Funds

### Revenues and Expenditures

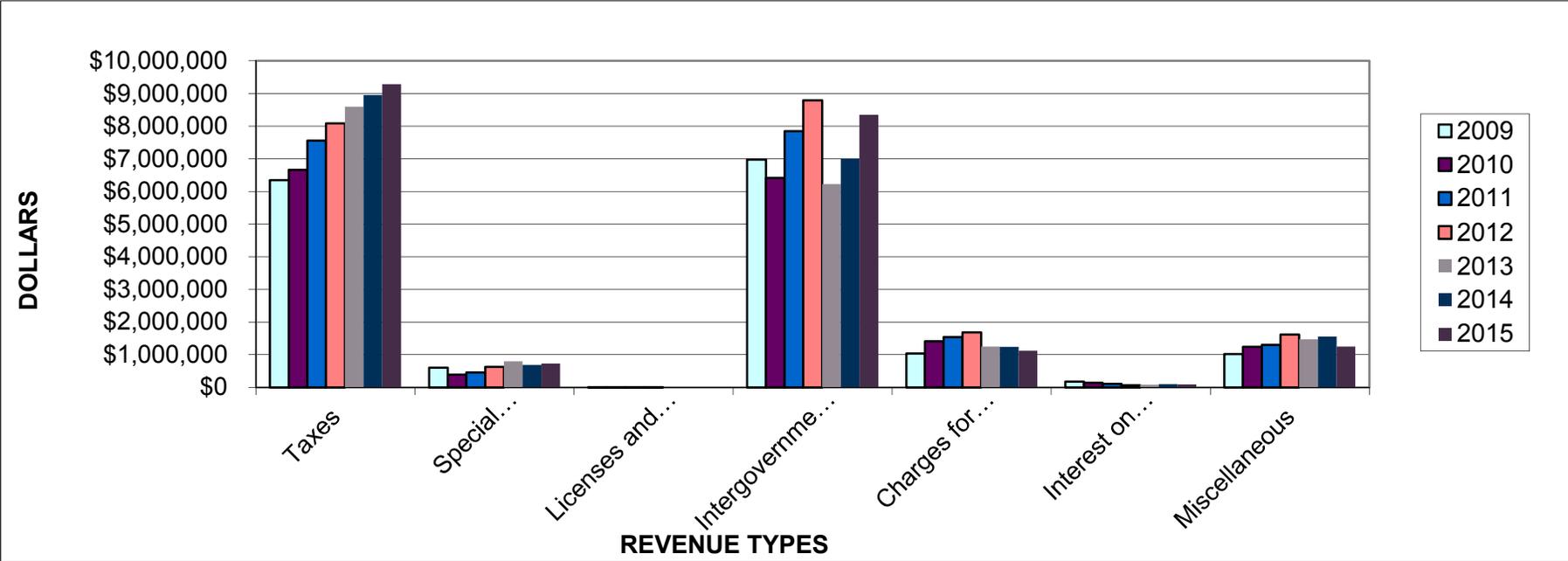


- Both revenues and expenditures increased from the prior year
- Excess of revenues and other financing sources over expenditures and other financing uses caused Fund Balance to increase by \$1,092,207 from the prior year

	2009	2010	2011	2012	2013	2014	2015
Revenues	\$ 16,153,919	\$16,248,669	\$18,807,488	\$20,866,016	\$18,427,540	\$19,533,224	\$20,829,187
Expenditures	15,270,758	16,305,732	19,833,596	19,561,413	17,484,897	18,548,711	19,630,639

# Financial Results

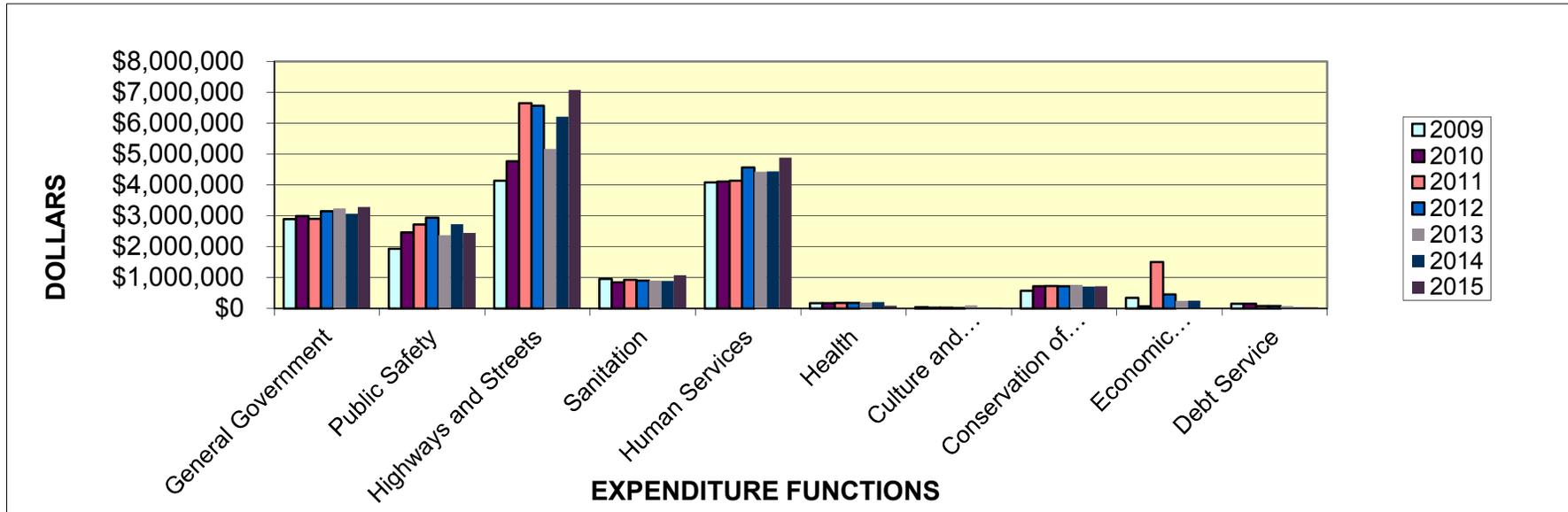
## Revenues – All Governmental Funds



	2009	2010	2011	2012	2013	2014	2015
Taxes	\$ 6,342,112	\$ 6,659,817	\$ 7,555,676	\$ 8,082,483	\$ 8,593,203	\$ 8,957,448	\$ 9,282,834
Special Assessments	602,173	388,840	456,884	626,795	799,836	685,313	731,504
Licenses and Permits	6,004	4,735	4,775	4,395	4,670	2,790	5,970
Intergovernmental	6,973,036	6,411,244	7,845,546	8,789,702	6,228,024	6,999,493	8,350,358
Charges for Services	1,036,815	1,409,941	1,537,396	1,684,029	1,252,738	1,238,642	1,123,165
Interest on Investments	174,648	137,134	108,832	64,309	77,151	97,835	90,648
Miscellaneous	1,019,131	1,236,958	1,298,339	1,614,303	1,471,918	1,551,703	1,244,708
	<u>\$ 16,153,919</u>	<u>\$ 16,248,669</u>	<u>\$ 18,807,448</u>	<u>\$ 20,866,016</u>	<u>\$ 18,427,540</u>	<u>\$ 19,533,224</u>	<u>\$ 20,829,187</u>

# Financial Results

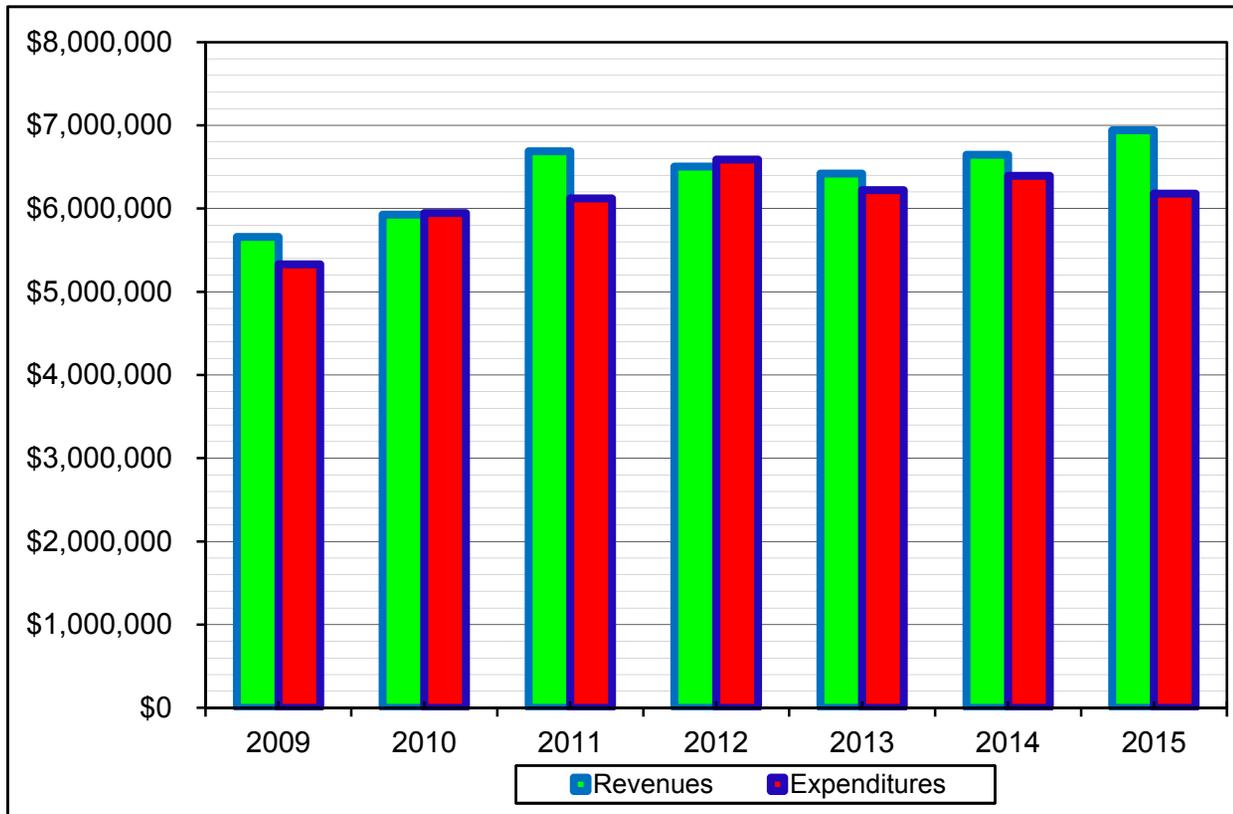
## Expenditures – All Governmental Funds



	2009	2010	2011	2012	2013	2014	2015
General Government	\$ 2,894,226	\$ 2,990,923	\$ 2,903,220	\$ 3,151,527	\$ 3,242,039	\$ 3,071,235	\$ 3,281,957
Public Safety	1,935,147	2,461,096	2,720,438	2,935,610	2,370,953	2,727,601	2,444,346
Highways and Streets	4,138,233	4,770,640	6,652,083	6,564,917	5,172,945	6,208,132	7,078,595
Sanitation	954,391	845,154	925,085	904,188	899,674	893,633	1,077,545
Human Services	4,078,151	4,110,503	4,133,405	4,564,342	4,430,362	4,438,731	4,882,968
Health	165,272	164,879	174,480	179,017	186,468	201,350	91,524
Culture and Recreation	44,280	22,961	23,521	17,735	98,834	20,748	18,841
Conservation of Natural Resources	572,737	720,439	727,423	715,185	766,702	705,709	720,797
Economic Development	339,150	67,106	1,499,911	451,374	241,835	247,507	-
Debt Service	149,171	152,031	74,030	77,518	75,085	34,065	34,066
	<b>\$15,270,758</b>	<b>\$16,305,732</b>	<b>\$19,833,596</b>	<b>\$19,561,413</b>	<b>\$17,484,897</b>	<b>\$18,548,711</b>	<b>\$19,630,639</b>

# Financial Results

## General Fund Revenues and Expenditures

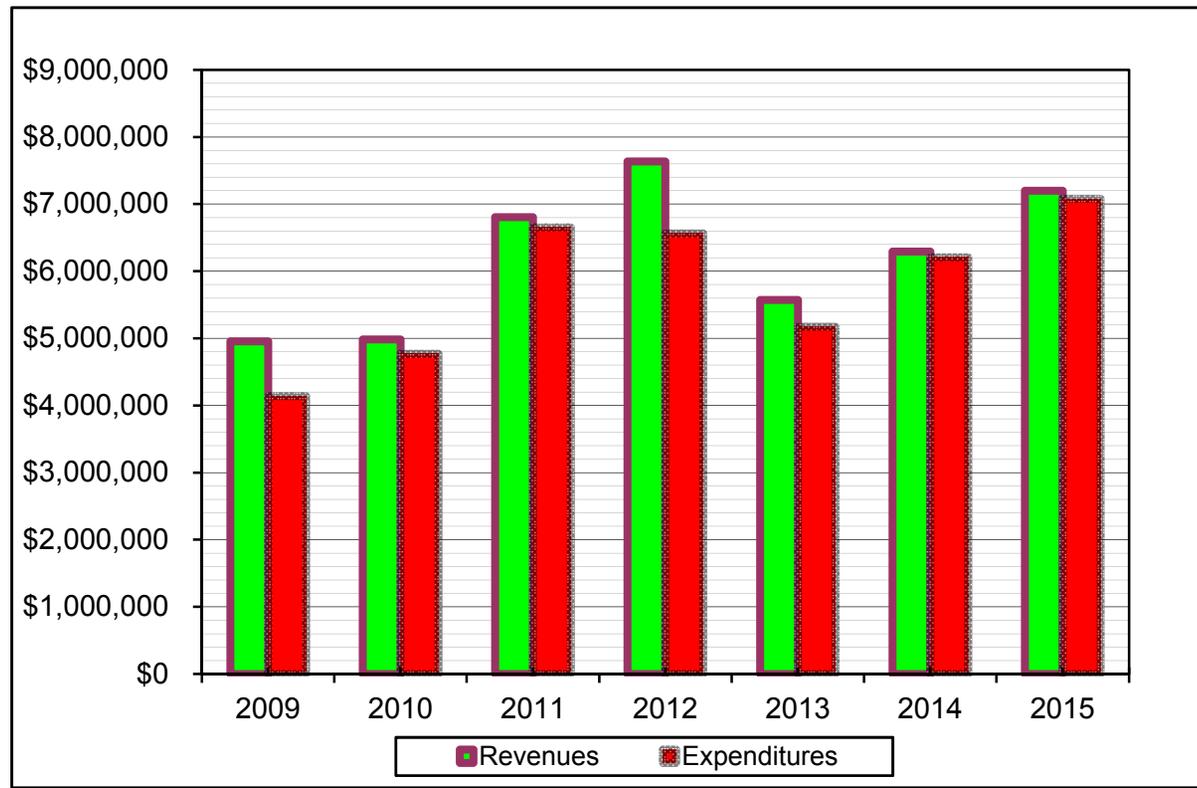


- Revenues exceed expenditures by \$761,697
- After transfers from the Revolving Loan Fund and proceeds from the sale of assets, the overall Fund Balance increase for 2015 was \$1,092,207

	2009	2010	2011	2012	2013	2014	2015
Revenues	\$ 5,658,539	\$ 5,926,412	\$ 6,690,282	\$ 6,503,642	\$ 6,421,107	\$ 6,645,896	\$ 6,942,234
Expenditures	5,330,073	5,944,698	6,123,662	6,588,371	6,221,494	6,392,168	6,180,537

# Financial Results

## Road and Bridge Fund Revenues and Expenditures

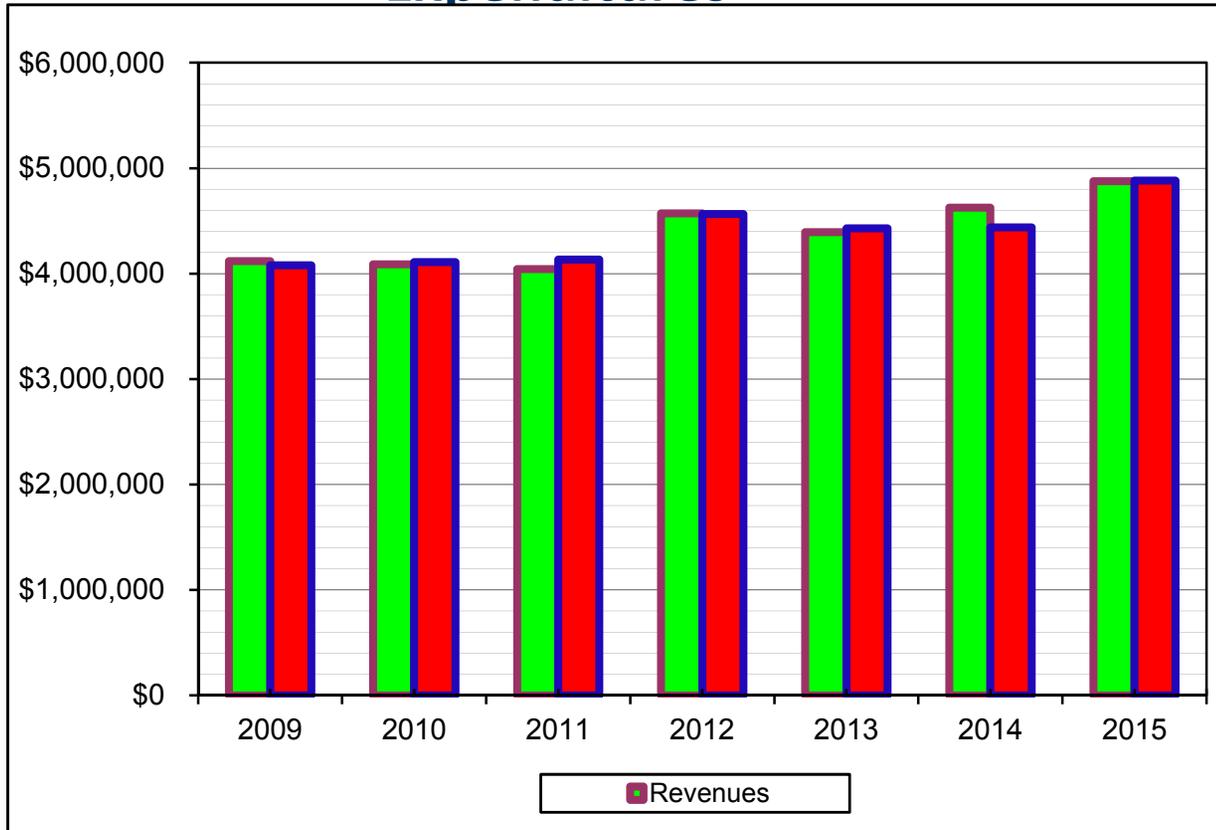


- Revenues exceeded expenditures causing Fund Balance to increase \$187,461 before adjustment for decrease in inventory.

	2009	2010	2011	2012	2013	2014	2015
Revenues	\$ 4,953,954	\$ 4,984,588	\$ 6,805,536	\$ 7,635,170	\$ 5,569,644	\$ 6,291,868	\$ 7,199,056
Expenditures	4,138,233	4,770,640	6,652,083	6,564,917	5,172,945	6,208,132	7,078,595

# Financial Results

## Welfare Fund Revenues and Expenditures

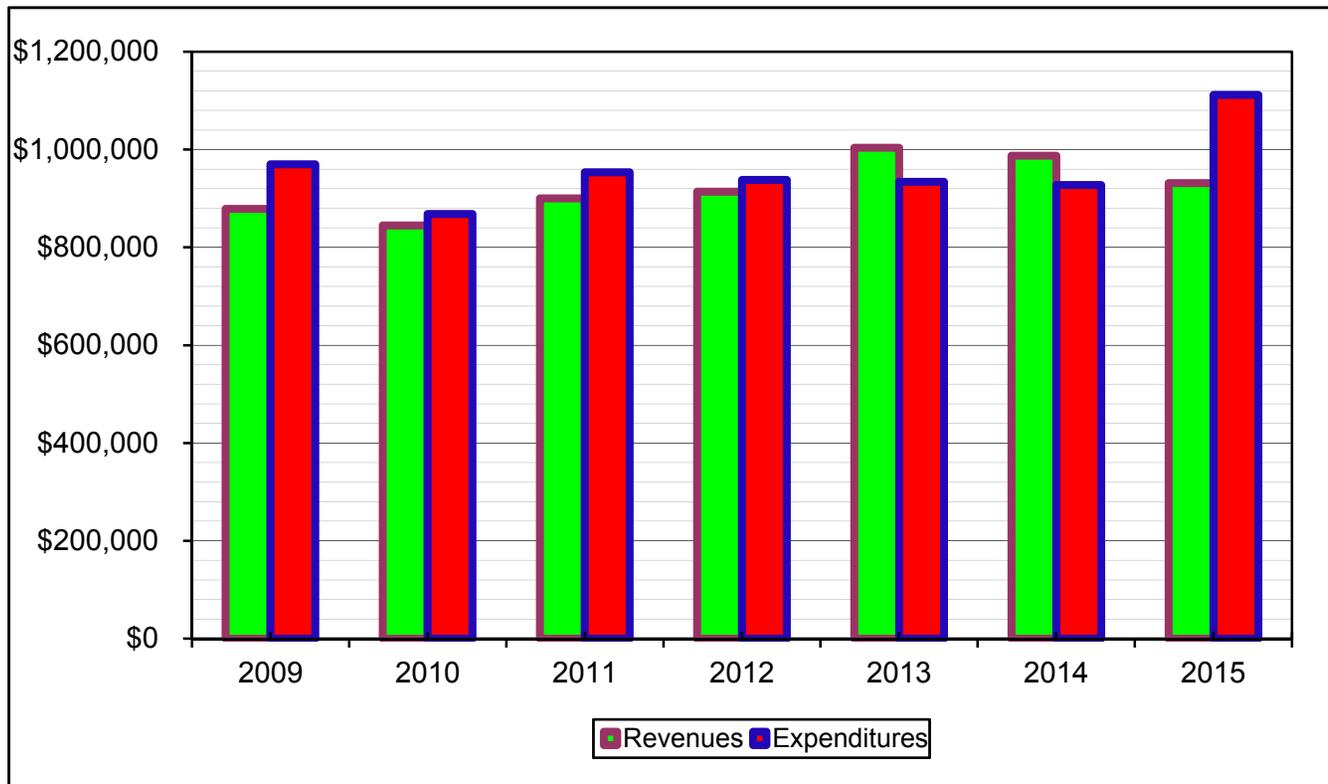


- Decrease in Fund Balance of \$7,679
- Consistent operations over past 7 years

	2009	2010	2011	2012	2013	2014	2015
Revenues	\$ 4,119,621	\$ 4,088,548	\$ 4,043,295	\$ 4,571,715	\$ 4,393,670	\$ 4,625,152	\$ 4,875,289
Expenditures	4,078,151	4,110,503	4,133,405	4,564,342	4,430,362	4,438,731	4,882,968

# Financial Results

## Solid Waste Fund Revenues and Expenditures



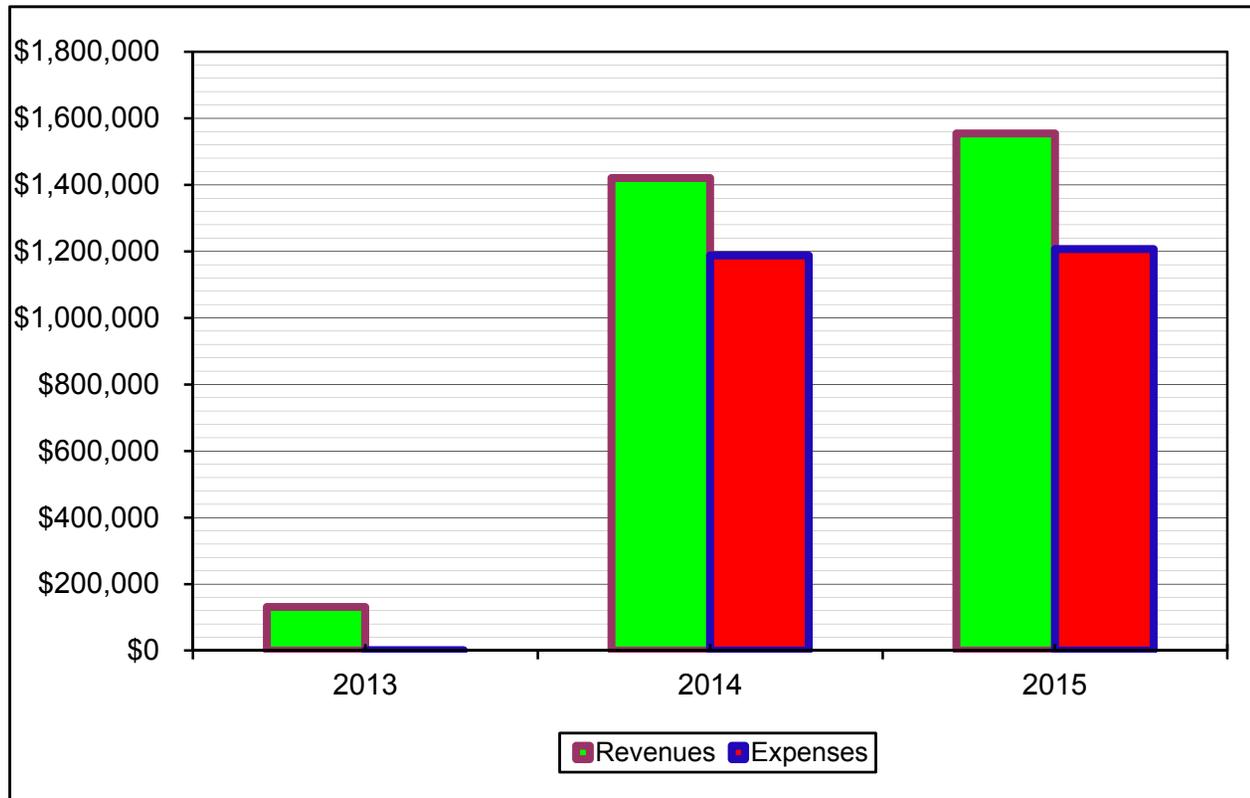
- Expenditures for 2014 were more than revenues causing Fund Balance to decrease \$140,393

	2009	2010	2011	2012	2013	2014	2015
Revenues	\$ 878,789	\$ 844,583	\$ 900,234	\$ 913,635	\$ 1,003,390	\$ 987,461	\$ 931,218
Expenditures	969,639	868,162	953,622	938,253	933,739	927,698	1,111,611

# Financial Results

## Self Insurance Fund

### Revenues and Expenses

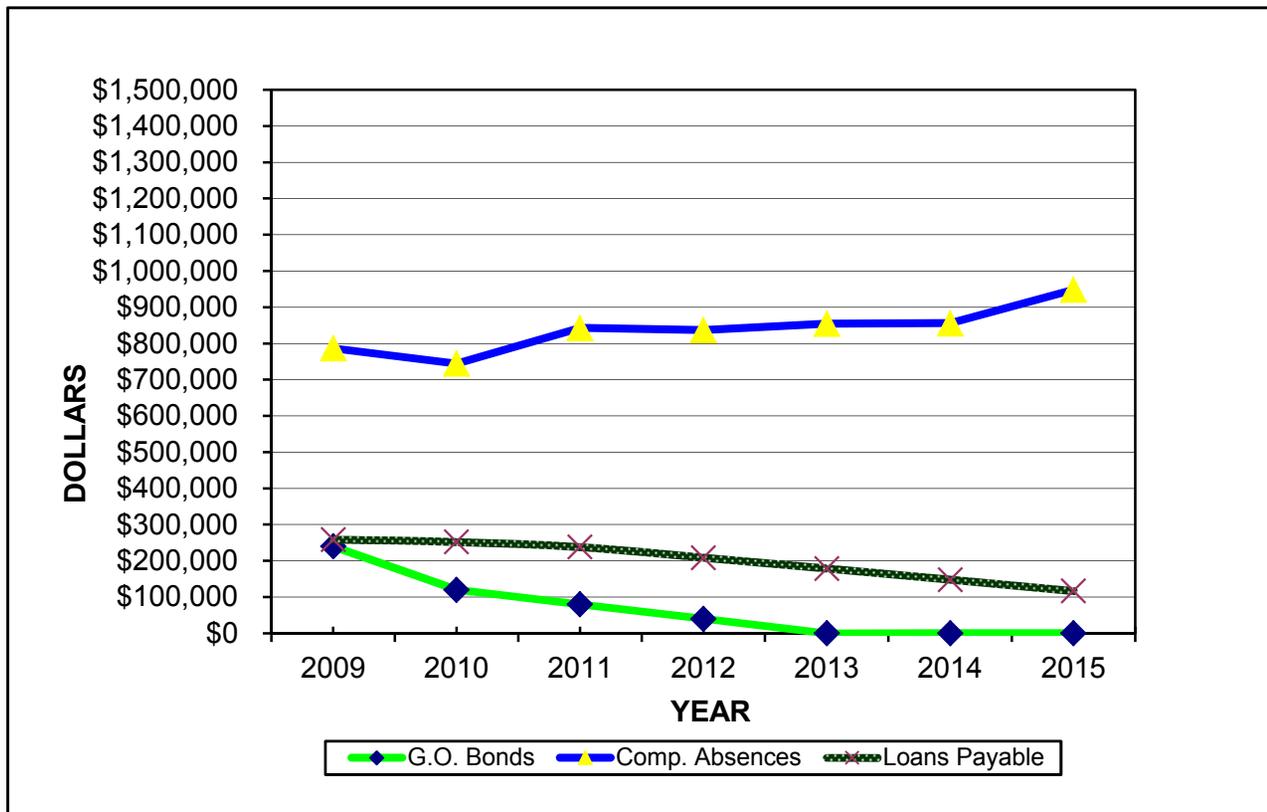


- Net Position increased \$346,864 from the prior year.
- Ending Net Position is \$709,628 as of 12/31/2015

	2013	2014	2015
Revenues	\$ 130,953	\$ 1,420,782	\$ 1,554,197
Expenses	1,098	1,187,873	1,207,333

# Financial Results

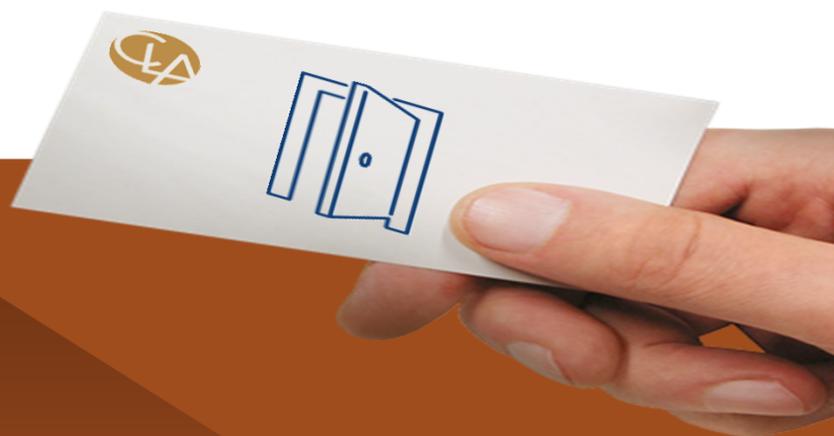
## County Indebtedness



- 2015 decrease due to scheduled payment of septic loans and no new debt issued during 2015.
- Compensated absences steadily increase as more people near retirement

	2009	2010	2011	2012	2013	2014	2015
G.O. Bonds	\$ 240,000	\$ 120,000	\$ 80,000	\$ 40,000	\$ -	\$ -	\$ -
Loans Payable	258,897	252,339	238,292	208,846	178,808	148,166	116,908
Comp. Absences	786,464	744,222	842,285	836,572	854,402	855,524	948,466

# Key Issues/Summary



# GASB 68/71 Implementation

- Implementation in 2015 for government-wide statements
- Change in financial statements to add related deferred outflows of resources, net pension liability, and deferred inflows of resources, and restatement of 2014 ending net position
- Combined effect on County Financial Statements
  - Deferred Outflows of Resources = \$719,303
  - Net Pension Liability = \$4,327,423
  - Deferred Inflows of Resources = \$579,260
  - Restatement of 2014 ending net position = \$(4,081,395)

# GASB 68/71 Implementation

- Net Pension Liability on financial statements that represents Swift County's proportionate share of the PERA unfunded pension liability
- "Paper" liability similar to OPEB
- No actual cash outflows
- Deferred Inflow/Outflows of Resources on the Statement of Net Position due to June 30 year end for PERA and effects of amortization of changes in assumptions

# Key Issues/Summary

- Financial Stability
  - Overall Fund Balance is within State Auditor office recommended levels of 3-5 months.
- Recommendation for Improvement
  - Review procedures over Solid Waste recyclables being sold to ensure timely sale and safety of inventory until sale

# Thank you to all for allowing us to serve you!

## Contact Information:

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