

BROOKINGS COUNTY

AUDIT REPORT

For the Year Ended December 31, 2014



**State of South Dakota
Department of Legislative Audit
427 South Chapelle
%500 East Capitol
Pierre, SD 57501-5070**

BROOKINGS COUNTY
COUNTY OFFICIALS
December 31, 2014

Board of Commissioners:

Tom Yseth
Ryan Krogman
Stephne Miller
Donald Larson
Dennis Falcken

Finance Officer:
Vicki Buseth

State's Attorney:
Clyde Calhoon

Register of Deeds:
Beverly Chapman

Sheriff:
Martin Stanwick

BROOKINGS COUNTY
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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S 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

County Commission
Brookings County
Brookings, South Dakota

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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brookings County, South Dakota (County), as of December 31, 2014, and for the year then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 1, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

and contracts, 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*.

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 results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Martin L. Guindon, CPA
Auditor General

December 1, 2015

BROOKINGS COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Findings:

The prior audit report contained no written audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS

Current Audit Findings:

There are no written current audit findings to report.



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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

County Commission
Brookings County
Brookings, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brookings County, South Dakota (County), as of December 31, 2014, and for the year then ended, and the related notes to 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

The County's 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 County'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 County'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, each major fund, and the aggregate remaining fund information of Brookings County as of December 31, 2014, and the respective changes in financial position thereof 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 Budgetary Comparison Schedules on pages 32 through 35 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.

The County has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Martin L. Guindon, CPA
Auditor General

December 1, 2015

**BROOKINGS COUNTY
STATEMENT OF NET POSITION
December 31, 2014**

| | Primary Government Governmental Activities |
|---|---|
| ASSETS: | |
| Cash and Cash Equivalents | \$ 12,643,704.53 |
| Cash with Trustee | 1,413,250.49 |
| Investments | 3,004,000.00 |
| Inventories | 252,465.59 |
| Accounts Receivable | 20,779.27 |
| Due from State Government | 306,064.62 |
| Capital Assets: | |
| Land, Improvements and Construction in Progress | 1,272,937.64 |
| Other Capital Assets, Net of Depreciation | 18,842,022.77 |
| TOTAL ASSETS | \$ 37,755,224.91 |
| LIABILITIES: | |
| Claims Payable | \$ 114,735.69 |
| Other Current Liabilities | 166,514.40 |
| Noncurrent Liabilities: | |
| Due Within One Year | 445,786.78 |
| Due in More than One Year | 3,017,265.54 |
| TOTAL LIABILITIES | \$ 3,744,302.41 |
| NET POSITION: | |
| Net Investment in Capital Assets | \$ 18,441,061.83 |
| Restricted For: (See Note 10) | |
| Road and Bridge Purposes | 587,085.89 |
| Debt Service Purposes | 1,178,016.96 |
| Other Purposes | 1,161,260.41 |
| Unrestricted | 12,643,497.41 |
| TOTAL NET POSITION | \$ 34,010,922.50 |

The notes to the financial statements are an integral part of this statement.

BROOKINGS COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--------------------------------------|-------------------------|------------------------|------------------------------------|----------------------------------|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Governmental Activities |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 3,580,049.65 | \$ 612,750.86 | \$ 12,667.16 | \$ 113,190.30 | \$ (2,841,441.33) |
| Public Safety | 3,295,140.80 | 515,314.36 | 383,014.92 | | (2,396,811.52) |
| Public Works | 5,204,133.59 | 54,640.99 | 2,090,040.03 | | (3,059,452.57) |
| Health and Welfare | 592,005.94 | 51,059.26 | | | (540,946.68) |
| Culture and Recreation | 62,250.00 | | | | (62,250.00) |
| Conservation of Natural Resources | 374,737.87 | 32,930.76 | | | (341,807.11) |
| Urban and Economic Development | 282,182.25 | 22,800.00 | | | (259,382.25) |
| Intergovernmental | 111,448.88 | | | | (111,448.88) |
| **Depreciation Expense - Unallocated | 186,524.05 | | | | (186,524.05) |
| *Interest on Long-Term Debt | 102,054.41 | | | | (102,054.41) |
| Total Primary Government | \$ 13,790,527.44 | \$ 1,289,496.23 | \$ 2,485,722.11 | \$ 113,190.30 | (9,902,118.80) |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| | | | | | 10,819,245.52 |
| | | | | | 557,244.38 |
| | | | | | 572,569.24 |
| | | | | | 39,127.16 |
| | | | | | 35,774.68 |
| | | | | | <u>12,023,960.98</u> |
| | | | | | Change in Net Position 2,121,842.18 |
| | | | | | Net Position - Beginning <u>31,889,080.32</u> |
| | | | | | NET POSITION - ENDING |
| | | | | | \$ <u>34,010,922.50</u> |

* The County does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.

** This amount excludes the depreciation that is included in the direct expenses of the various functions. (See Note 6).

The notes to the financial statements are an integral part of this statement.

**BROOKINGS COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014**

| | <u>General Fund</u> | <u>Road and Bridge Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|---------------------------------|---|---|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 8,044,161.72 | \$ 2,841,394.46 | \$ 1,758,148.35 | \$ 12,643,704.53 |
| Cash with Fiscal Agent | | | 1,413,250.49 | 1,413,250.49 |
| Investments | 1,904,536.00 | 679,204.40 | 420,259.60 | 3,004,000.00 |
| Taxes Receivable--Delinquent | 19,199.96 | | 490.73 | 19,690.69 |
| Accounts Receivable, Net | 1,088.58 | | | 1,088.58 |
| Due from State Government | | 306,064.62 | | 306,064.62 |
| Inventory of Supplies | | 252,465.59 | | 252,465.59 |
| TOTAL ASSETS | <u>\$ 9,968,986.26</u> | <u>\$ 4,079,129.07</u> | <u>\$ 3,592,149.17</u> | <u>\$ 17,640,264.50</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES: | | | | |
| Liabilities: | | | | |
| Claims Payable | \$ 60,356.28 | \$ 50,865.82 | \$ 3,513.59 | \$ 114,735.69 |
| Judgments Payable | 247.81 | | | 247.81 |
| Accrued Wages Payable | 124,672.95 | 41,174.88 | | 165,847.83 |
| Payroll Withholding Payable | | 418.76 | | 418.76 |
| Total Liabilities | <u>185,277.04</u> | <u>92,459.46</u> | <u>3,513.59</u> | <u>281,250.09</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable Revenue--Property Taxes | 19,199.96 | | 490.73 | 19,690.69 |
| Fund Balances: (See Note 1.j.) | | | | |
| Nonspendable | | 252,465.59 | | 252,465.59 |
| Restricted | | 334,620.30 | 2,339,277.37 | 2,673,897.67 |
| Assigned | 5,864,101.00 | 3,399,583.72 | 1,248,867.48 | 10,512,552.20 |
| Unassigned | 3,900,408.26 | | | 3,900,408.26 |
| Total Fund Balances | <u>9,764,509.26</u> | <u>3,986,669.61</u> | <u>3,588,144.85</u> | <u>17,339,323.72</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 9,968,986.26</u> | <u>\$ 4,079,129.07</u> | <u>\$ 3,592,149.17</u> | <u>\$ 17,640,264.50</u> |

The notes to the financial statements are an integral part of this statement.

BROOKINGS COUNTY
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2014

| | |
|--|-------------------------|
| Total Fund Balances - Governmental Funds | \$ 17,339,323.72 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. | 20,114,960.41 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | (3,463,052.32) |
| Assets, such as taxes receivable (delinquent), are not available to pay for current period expenditures and therefore are deferred in the funds. | 19,690.69 |
| Net Position of Governmental Activities | <u>\$ 34,010,922.50</u> |

The notes to the financial statements are an integral part of this statement.

BROOKINGS COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

| | General Fund | Road and Bridge Fund | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------|------------------|-------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Taxes: | | | | |
| General Property Taxes--Current | \$ 10,225,467.60 | \$ | \$ 557,965.95 | \$ 10,783,433.55 |
| General Property Taxes--Delinquent | 19,497.17 | | 496.34 | 19,993.51 |
| Penalties and Interest | 17,800.42 | | 311.03 | 18,111.45 |
| Telephone Tax (Outside) | 155.56 | | | 155.56 |
| Mobile Home Tax | 6,388.08 | | 163.24 | 6,551.32 |
| Wheel Tax | | 557,244.38 | | 557,244.38 |
| Licenses and Permits | 55,618.00 | 14,450.00 | 7,980.00 | 78,048.00 |
| Intergovernmental Revenue: | | | | |
| Federal Grants | 115,040.30 | | 90,572.92 | 205,613.22 |
| Federal Shared Revenue | 9,751.94 | | | 9,751.94 |
| State Grants | 4,375.00 | | 28,069.86 | 32,444.86 |
| State Shared Revenue: | | | | |
| Bank Franchise | 77,562.71 | | 1,988.79 | 79,551.50 |
| Motor Vehicle Licenses | | 1,911,139.49 | | 1,911,139.49 |
| Prorate License Fees | | 107,667.51 | | 107,667.51 |
| 63 3/4% Mobile Home/Manufactured Home | | 14,632.02 | | 14,632.02 |
| Telecommunications Gross Receipts Tax | 173,286.84 | | | 173,286.84 |
| Motor Vehicle 1/4% | 6,442.16 | | | 6,442.16 |
| Wind Farm Taxes | 308,284.06 | | 7,904.72 | 316,188.78 |
| Motor Fuel Tax | | 19,049.97 | | 19,049.97 |
| 911 Remittances | | | 301,923.18 | 301,923.18 |
| Other Payments in Lieu of Taxes | 3,542.12 | | | 3,542.12 |
| Charges for Goods and Services: | | | | |
| General Government: | | | | |
| Treasurer's Fees | 38,595.30 | | | 38,595.30 |
| Register of Deeds' Fees | 315,786.46 | | 19,670.86 | 335,457.32 |
| Legal Services | 126,386.28 | | 2,075.00 | 128,461.28 |
| Clerk of Courts Fees | 32,884.64 | | 1,150.00 | 34,034.64 |
| Other Fees | 19,539.32 | | | 19,539.32 |

| | | | | |
|-----------------------------------|----------------------|---------------------|---------------------|----------------------|
| Public Safety: | | | | |
| Law Enforcement | 142,824.48 | | 171,333.39 | 314,157.87 |
| Prisoner Care | 117,348.51 | | | 117,348.51 |
| Sobriety Testing | | | 43,475.00 | 43,475.00 |
| Public Works: | | | | |
| Road Maintenance Contract Charges | | 40,190.99 | | 40,190.99 |
| Health and Welfare: | | | | |
| Economic Assistance: | | | | |
| Poor Lien Recoveries | 16,272.26 | | | 16,272.26 |
| Health Assistance: | | | | |
| Women, Infants and Children | 26,789.00 | | | 26,789.00 |
| Mental Health Services | 18.00 | | | 18.00 |
| Urban and Economic Development | 22,800.00 | | | 22,800.00 |
| Conservation of Natural Resources | 32,930.76 | | | 32,930.76 |
| Fines and Forfeits: | | | | |
| Costs | 30,062.98 | | | 30,062.98 |
| Forfeits | 10,270.00 | | | 10,270.00 |
| Miscellaneous Revenue: | | | | |
| Investment Earnings | 25,084.88 | 11,080.43 | 2,961.85 | 39,127.16 |
| Rent | 1,045.00 | | | 1,045.00 |
| Other | 63,273.86 | | | 63,273.86 |
| Total Revenues | <u>12,045,123.69</u> | <u>2,675,454.79</u> | <u>1,238,042.13</u> | <u>15,958,620.61</u> |

Expenditures:

General Government:

Legislative:

Board of County Commissioners

474,362.66

474,362.66

Elections

180,971.60

180,971.60

Judicial System

427,822.10

427,822.10

Financial Administration:

Finance Office

489,931.39

489,931.39

Legal Services:

State's Attorney

523,322.50

523,322.50

Teen Court

12,000.00

12,000.00

Other Administration:

General Government Building

452,095.55

518,210.86

970,306.41

Director of Equalization

489,405.50

489,405.50

Register of Deeds

193,081.92

5,872.38

198,954.30

Veterans Service Officer

70,546.80

70,546.80

Predatory Animal

6,290.09

6,290.09

Technology

285,213.31

285,213.31

Human Resources

22,166.02

22,166.02

BROOKINGS COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014
(Continued)

| | <u>General Fund</u> | <u>Road and Bridge Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-------------------------------------|-------------------------|---------------------------------|---|---|
| Public Safety: | | | | |
| Law Enforcement: | | | | |
| Sheriff | 1,297,727.84 | | | 1,297,727.84 |
| County Jail | 1,045,426.17 | | 25,724.74 | 1,071,150.91 |
| Coroner | 22,859.24 | | | 22,859.24 |
| Juvenile Detention | 74,998.18 | | | 74,998.18 |
| Contract Law | | | 174,641.91 | 174,641.91 |
| Protective and Emergency Services: | | | | |
| Fire Protection | 44,622.35 | | | 44,622.35 |
| Emergency and Disaster Services | | | 150,506.68 | 150,506.68 |
| Flood Control | 741.02 | | | 741.02 |
| Communication Center | 109,754.00 | | 301,473.40 | 411,227.40 |
| Public Works: | | | | |
| Highways and Bridges: | | | | |
| Highways, Roads and Bridges | | 5,145,721.13 | | 5,145,721.13 |
| Health and Welfare: | | | | |
| Economic Assistance: | | | | |
| Support of Poor | 273,898.27 | | | 273,898.27 |
| Food Pantry | 5,000.00 | | | 5,000.00 |
| Health Assistance: | | | | |
| County Nurse | 66,555.93 | | | 66,555.93 |
| Women, Infants and Children | 21,791.46 | | | 21,791.46 |
| Social Services: | | | | |
| Brookings Area Transit Authority | 32,000.00 | | | 32,000.00 |
| Interlakes Community Action Program | 9,000.00 | | | 9,000.00 |
| Domestic Abuse | 35,000.00 | | 9,000.00 | 44,000.00 |
| Mental Health Services: | | | | |
| Mentally Ill | 58,812.66 | | | 58,812.66 |
| Advance | 32,000.00 | | | 32,000.00 |
| Mental Health Centers | 44,000.00 | | | 44,000.00 |

| | | | | |
|---|------------------------|------------------------|------------------------|-------------------------|
| Culture and Recreation: | | | | |
| Culture: | | | | |
| Public Library | 30,950.00 | | | 30,950.00 |
| Historical Museum | 4,000.00 | | | 4,000.00 |
| Recreation: | | | | |
| Boys and Girls Club | 25,000.00 | | | 25,000.00 |
| Senior Companion | 2,300.00 | | | 2,300.00 |
| Conservation of Natural Resources: | | | | |
| Soil Conservation: | | | | |
| County Extension | 91,489.98 | | | 91,489.98 |
| Soil Conservation Districts | 25,000.00 | | | 25,000.00 |
| Weed and Pest Control | 246,065.52 | | | 246,065.52 |
| Urban and Economic Development: | | | | |
| Urban Development: | | | | |
| Planning and Zoning | 176,954.49 | | | 176,954.49 |
| First District Association | 38,110.00 | | | 38,110.00 |
| Economic Development: | | | | |
| Tourism, Industrial or Recreational Development | 65,000.00 | | | 65,000.00 |
| Intergovernmental Expenditures | | 111,448.88 | | 111,448.88 |
| Debt Service | | | 346,290.76 | 346,290.76 |
| Capital Outlay | | | 32,496.00 | 32,496.00 |
| Total Expenditures | <u>7,506,266.55</u> | <u>5,257,170.01</u> | <u>1,564,216.73</u> | <u>14,327,653.29</u> |
| Excess of Revenues Over (Under) Expenditures | <u>4,538,857.14</u> | <u>(2,581,715.22)</u> | <u>(326,174.60)</u> | <u>1,630,967.32</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers In | | 2,812,810.00 | 53,367.18 | 2,866,177.18 |
| Transfers Out | (2,866,177.18) | | | (2,866,177.18) |
| Insurance Proceeds | 17,308.97 | 54,000.00 | | 71,308.97 |
| Sale of County Property | | 25,132.15 | | 25,132.15 |
| Total Other Financing Sources (Uses) | <u>(2,848,868.21)</u> | <u>2,891,942.15</u> | <u>53,367.18</u> | <u>96,441.12</u> |
| Net Change in Fund Balance | 1,689,988.93 | 310,226.93 | (272,807.42) | 1,727,408.44 |
| Changes in Nonspendable-Inventory | | 20,482.96 | | 20,482.96 |
| Fund Balance - Beginning | <u>8,074,520.33</u> | <u>3,655,959.72</u> | <u>3,860,952.27</u> | <u>15,591,432.32</u> |
| FUND BALANCE - ENDING | <u>\$ 9,764,509.26</u> | <u>\$ 3,986,669.61</u> | <u>\$ 3,588,144.85</u> | <u>\$ 17,339,323.72</u> |

The notes to the financial statements are an integral part of this statement.

BROOKINGS COUNTY
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 1,727,408.44

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

This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements. 1,143,101.59

This amount represents the current year depreciation expense reported in the Statement of Activities which is not reported on the fund financial statements because it does not require the use of current financial resources. (814,112.99)

In the Statement of Activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized. (133,692.24)

Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the Statement of Net Position. 244,236.35

Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the Statement of Activities, expenses for these benefits are recognized when the employees earn leave credits. (56,582.06)

The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available". (8,999.87)

Supplies acquired are an expenditure on the fund statements when purchased but are expensed on the Statement of Activities when consumed. This amount represents the change in inventory of supplies. 20,482.96

Change in Net Position of Governmental Activities \$ 2,121,842.18

The notes to the financial statements are an integral part of this statement.

**BROOKINGS COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2014**

| | Agency Funds |
|---------------------------|-------------------------|
| ASSETS: | |
| Cash and Cash Equivalents | \$ 1,189,733.77 |
| TOTAL ASSETS | \$ 1,189,733.77 |
| LIABILITIES: | |
| Amounts Held for Others | \$ 18,824.20 |
| Due to Other Governments | 1,170,909.57 |
| TOTAL LIABILITIES | \$ 1,189,733.77 |

The notes to the financial statements are an integral part of this statement.

BROOKINGS COUNTY
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

The reporting entity of Brookings County (County), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The County is financially accountable if its County Commission appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the County (primary government). The County may also be financially accountable for another organization if that organization is fiscally dependent on the County.

The Housing and Redevelopment Commission of Brookings County, South Dakota (Commission) is a proprietary fund-type component unit. The five members of the Commission are appointed by the County Commission's Chairperson with the approval of the Board of County Commissioners for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The County Commission, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct a low-income housing unit, or to issue debt, which gives the County Commission the ability to impose its will on the Commission.

The Commission does not own or operate any low-income housing units and has not issued any debt requiring County Commission approval, thus the county does not have a financial benefit or burden relationship with the Commission. As of December 31, 2014, the financial activity of the Commission is not material to the County and has not been disclosed in the County's financial statements.

Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from RAM Enterprises, Inc., P.O. Box 1270, Aberdeen, SD 57402-1270.

b. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients

of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the County or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the County financial reporting entity are described below:

Governmental Funds:

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered to be a major fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes.

Road and Bridge Fund – to account for funds credited to the road and bridge fund pursuant to SDCL 32-11-4.2 to be used by the board of county commissioners for grading, constructing, planing, dragging, and maintaining county highways and also for dragging, maintaining, and grading secondary roads. Proper equipment for dragging, grading, and maintaining highways, such as graders, tractors, drags, maintainers, and planers may be purchased from the road and bridge fund. (SDCL 32-11-2 and 32-11-4.2) This is a major fund.

The remaining special revenue funds are not considered major funds: 911 Service, Emergency Management, Domestic Abuse, Courthouse Building, 24/7 Sobriety, Contract Law Enforcement, and Modernization and Preservation Relief. These funds are reported on the fund financial statements as "Other Governmental Funds."

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Tax Increment Financing Debt Service Fund – to account for property taxes which may be used only for the payment of the debt principal, interest, and related costs. This is not a major fund.

Capital Projects Funds – *Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds for individuals, private organizations, or other governments).*

Administrative Building Capital Projects Fund – to account for financial resources to be used for the construction of a joint County/City Administrative Building. This is not a major fund.

Courthouse Remodel Capital Projects Fund – to account for financial resources to be used for the remodel of the Courthouse Building. This is not a major fund.

Fiduciary Funds:

Fiduciary funds consist of the following sub-category and are never considered to be major funds:

Agency Funds – *Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are used to account for the accumulation and distribution of property tax revenues and various pass-through funds.*

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the “current financial resources” measurement focus and the modified accrual basis of accounting are applied to governmental fund types, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the fiduciary fund types.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the County is 30 days. The revenues which are accrued at December 31, 2014 are amounts due from state and other entities.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Reported unearned revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All fiduciary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by SDCL 4-5-6.

e. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2014 balance of governmental activities capital assets includes approximately seven percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by reviewing applicable historical costs of similar items and basing the estimations thereon.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 2004, were not required to be capitalized by the County. Infrastructure assets acquired since January 1, 2004 are recorded at cost, and classified as "Improvements Other than Buildings."

For governmental activities Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide financial statements are as follows:

| | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|-----------------------------------|-----------------------------|------------------------|--------------------------|
| Land and Land Rights | \$ 1 | -----N/A----- | -----N/A----- |
| Improvements Other Than Buildings | \$ 15,000 | Straight-line | 25-50 years |
| Buildings | \$ 15,000 | Straight-line | 60-100 years |
| Machinery and Equipment | \$ 5,000 | Straight-line | 5-31 years |
| Infrastructure | \$ 15,000 | Straight-line | 25-50 years |

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as expenditures of the appropriate governmental fund upon acquisition.

f. Long-Term Liabilities:

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term liabilities primarily consist of revenue bonds, certificates of participation, and compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due.

g. Program Revenues:

Program revenues derive directly from the program itself or from parties other than the County's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

h. Equity Classifications:

Government-wide Financial Statements:

Equity is classified as Net Position and is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable), and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that do not meet the definition of “Restricted” or “Net Investment in Capital Assets.”

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between “Nonspendable”, “Restricted”, “Committed”, “Assigned”, and “Unassigned” components. Agency Funds have no fund equity.

i. Application of Net Position:

It is the County’s policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

j. Fund Balance Classification Policies and Procedures:

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the County classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the County Commissioners.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Nonspendable Fund Balance is comprised of the inventory amount reported in nonspendable funds.

The County uses *restricted/committed* amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use *committed, then assigned, and lastly unassigned amounts* of unrestricted fund balance when expenditures are made.

The County *does not* have a formal minimum fund balance policy.

The purpose of each major special revenue fund and revenue source is listed below:

Major Special Revenue Fund
Road and Bridge Fund

Revenue Source
Motor Vehicle Licenses, Grants, Taxes,
and Intergovernmental Revenue

A schedule of fund balances is provided as follows:

**BROOKINGS COUNTY
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

| | <u>General Fund</u> | <u>Road and Bridge Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|---|---|
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Inventory | \$ | \$ 252,465.59 | \$ | \$ 252,465.59 |
| Restricted For: | | | | |
| Snow Removal Purposes | | 334,620.30 | | 334,620.30 |
| Courthouse Building Purposes | | | 604,063.92 | 604,063.92 |
| 911 Service Purposes | | | 701.15 | 701.15 |
| Domestic Abuse Purposes | | | 3,471.00 | 3,471.00 |
| 24/7 Sobriety Purposes | | | 190,751.98 | 190,751.98 |
| Debt Service Purposes | | | 1,178,016.96 | 1,178,016.96 |
| Modernization and Preservation Relief Purposes | | | 41,565.34 | 41,565.34 |
| Courthouse Building Purposes | | | 320,707.02 | 320,707.02 |
| Assigned To: | | | | |
| Road and Bridge Purposes | 5,864,101.00 | 3,399,583.72 | | 9,263,684.72 |
| 911 Service Purposes | | | 105,340.52 | 105,340.52 |
| Emergency Management Purposes | | | 39,230.77 | 39,230.77 |
| Contract Law Purposes | | | 1,549.17 | 1,549.17 |
| Courthouse Building Purposes | | | 568,985.00 | 568,985.00 |
| Administrative Building Capital Project Purposes | | | 533,762.02 | 533,762.02 |
| Unassigned | 3,900,408.26 | | | 3,900,408.26 |
| Total Fund Balances | <u>\$ 9,764,509.26</u> | <u>\$ 3,986,669.61</u> | <u>\$ 3,588,144.85</u> | <u>\$ 17,339,323.72</u> |

2. DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

The County follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits – The County’s cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 7-20-1, 7-20-1.1, and 7-20-1.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank’s public debt rating which may not be less than “AA” or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments – In general, SDCL 4-5-6 permits County funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Credit Risk – State law limits eligible investments for the County, as discussed above. The County has no investment policy that would further limit its investment choices.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the County’s deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk.

Interest Rate Risk – The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The County’s policy is to credit all income from investments to the fund making the investment only for funds with a balance of \$5,000 or greater.

3. RECEIVABLES AND PAYABLES

Receivables and payables are aggregated in these financial statements; however, they are reported in detail on the Fund Financial Statements. The County expects all receivables to be collected within one year.

4. INVENTORY

Inventory in the special revenue funds consists of expendable supplies held for consumption. Supply inventories are recorded at cost.

Government-wide Financial Statements:

In the government-wide financial statements, inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed.

Fund Financial Statements:

In the fund financial statements, purchases of supply inventory items are recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

5. PROPERTY TAXES

Property taxes are levied on or before October 1, of the year preceding the start of the fiscal year. They attach as an enforceable lien on property, and become due and payable as of the following January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year.

The County is permitted by several state statutes to levy varying amounts of taxes per \$1,000 of taxable valuation on taxable real property in the County.

6. CHANGES IN GENERAL CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2014 is as follows:

| | Balance 1/1/2014 | Increases | Decreases | Balance 12/31/2014 |
|--|-------------------------|------------------------|------------------------|-------------------------|
| Governmental Activities: | | | | |
| Capital Assets not being Depreciated: | | | | |
| Land | \$ 1,272,937.64 | \$ | \$ | \$ 1,272,937.64 |
| Capital Assets being Depreciated: | | | | |
| Buildings | 12,592,442.17 | 474,082.23 | | 13,066,524.40 |
| Infrastructure (Improvements Other Than Buildings) | 7,759,038.80 | | | 7,759,038.80 |
| Machinery and Equipment | 6,207,903.24 | 669,019.36 | (215,529.32) | 6,661,393.28 |
| Total Capital Assets being Depreciated | 26,559,384.21 | 1,143,101.59 | (215,529.32) | 27,486,956.48 |
| TOTAL CAPITAL ASSETS | \$ 27,832,321.85 | \$ 1,143,101.59 | \$ (215,529.32) | \$ 28,759,894.12 |

| | Balance 1/1/2014 | Increases | Decreases | Balance 12/31/2014 |
|---|-------------------------|----------------------|------------------------|-------------------------|
| Less Accumulated Depreciation for: | | | | |
| Buildings | \$ (4,143,528.28) | \$ (205,929.67) | \$ | \$ (4,349,457.95) |
| Infrastructure (Improvements Other Than Buildings) | (1,855,488.94) | (196,479.90) | | (2,051,968.84) |
| Machinery and Equipment | (1,913,640.58) | (411,703.42) | 81,837.08 | (2,243,506.92) |
| Total Accumulated Depreciation | (7,912,657.80) | (814,112.99) | 81,837.08 | (8,644,933.71) |
| Total Capital Assets being Depreciated, Net | 18,646,726.41 | 328,988.60 | (133,692.24) | 18,842,022.77 |
| Governmental Activity Capital Assets, Net | \$ 19,919,664.05 | \$ 328,988.60 | \$ (133,692.24) | \$ 20,114,960.41 |

Depreciation expense was charged to functions as follows:

| | |
|---|----------------------|
| General Government | \$ 31,936.93 |
| Public Safety | 98,548.32 |
| Public Works | 479,049.82 |
| Conservation of Natural Resources | 16,112.15 |
| Urban and Economic Development | 1,941.72 |
| Depreciation Unallocated | 186,624.05 |
| Total Depreciation Expense - Governmental Activities | \$ 814,112.99 |

7. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

| | Beginning Balance 1/1/2014 | Additions | Deletions | Ending Balance 12/31/2014 | Due Within One Year |
|--------------------------------------|----------------------------------|----------------------|------------------------|---------------------------------|------------------------|
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| Bonds and Certificates Payable: | | | | | |
| Certificates of Participation | \$ 1,747,134.93 | \$ | \$ (73,236.35) | \$ 1,673,898.58 | \$ 75,301.31 |
| Tax Incremental Revenue Bonds | 1,347,500.00 | | (171,000.00) | 1,176,500.00 | 177,500.00 |
| Other Liabilities: | | | | | |
| Compensated Absences | 556,071.68 | 249,567.53 | (192,985.47) | 612,653.74 | 192,985.47 |
| Total Governmental Activities | \$ 3,650,706.61 | \$ 249,567.53 | \$ (437,221.82) | \$ 3,463,052.32 | \$ 445,786.78 |

Debt payable at December 31, 2014 is comprised of the following:

Certificates of Participation:

Certificates of Participation – Series 2012
2.8 Percent Interest, Final Maturity Date of
June 1, 2032 – Payment made from Courthouse Building
Fund.

\$ 1,673,898.58

Revenue Bonds:

Tax Incremental Revenue Bonds – Series 2003
 3.95 Percent Interest, Final Maturity Date of
 December 1, 2020 – Payment made from
 TIF #1 Debt Service Fund. The County paid off the
 Tax Incremental Revenue Bonds – Series 2003 in July 2015. \$ 1,176,500.00

Compensated Absences:

Amount owed by the County to employees for their accrued
 annual and sick leave balances, including the County's
 share of payroll deductions. Payments to be made
 by the fund that the payroll expenditures are charged to. \$ 612,653.74

The annual requirements to amortize all debt outstanding as of December 31, 2014, except for compensated absences, are as follows:

Annual Requirements to Amortize Long-Term Debt
 December 31, 2014

| Year Ending Dec. 31, | Tax Incremental Revenue Bonds | | Certificates of Participation | | Total | |
|----------------------------|----------------------------------|----------------------|----------------------------------|----------------------|------------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2015 | \$ 177,500.00 | \$ 46,471.76 | \$ 75,301.31 | \$ 46,345.72 | \$ 252,801.31 | \$ 92,817.48 |
| 2016 | 184,500.00 | 39,460.50 | 77,424.51 | 44,222.52 | 261,924.51 | 83,683.02 |
| 2017 | 192,000.00 | 32,172.76 | 79,607.58 | 42,039.46 | 271,607.58 | 74,212.22 |
| 2018 | 199,500.00 | 24,588.76 | 81,852.18 | 39,794.84 | 281,352.18 | 64,383.60 |
| 2019 | 207,500.00 | 16,708.50 | 84,160.09 | 37,486.94 | 291,660.09 | 54,195.44 |
| 2020-2024 | 215,500.00 | 8,512.26 | 457,761.91 | 150,473.24 | 673,261.91 | 158,985.50 |
| 2025-2029 | | | 526,040.52 | 82,194.62 | 526,040.52 | 82,194.62 |
| 2030-2034 | | | 291,750.48 | 12,367.08 | 291,750.48 | 12,367.08 |
| TOTAL | \$ 1,176,500.00 | \$ 167,914.54 | \$ 1,673,898.58 | \$ 454,924.42 | \$ 2,850,398.58 | \$ 622,838.96 |

8. CONDUIT DEBT

In the past, the County has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the County, the State of South Dakota, nor any other political subdivision of the State is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2014, there were three series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$14,670,876.30.

9. OPERATING LEASES

Juvenile Detention Facilities:

The County entered into a lease agreement on April 1, 1995 with Minnehaha County to gain access to Minnehaha County's Juvenile Detention Facilities. This contract is to remain in effect for twenty years (until March 31, 2015). The payments will be the same throughout the term of the lease agreement and are due each June 1 and December 31.

The County's annual rental payment will be \$22,726.18 and will be paid out of the General Fund. There will be an additional daily charge to the County for expenses related to housing juveniles in the detention facilities at Minnehaha County.

10. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2014, was as follows:

Major Purposes:

| | |
|--------------------------|---------------------|
| Road and Bridge Purposes | \$ 587,085.89 |
| Debt Service Purposes | <u>1,178,016.96</u> |

Other Purposes:

| | |
|--|-------------------|
| 911 Service Purposes | 701.15 |
| Domestic Abuse Purposes | 3,471.00 |
| 24/7 Sobriety Purposes | 190,751.98 |
| Modernization and Preservation Relief Purposes | 41,565.34 |
| Courthouse Building Purposes | 604,063.92 |
| Courthouse Building Remodel Capital Project Purposes | <u>320,707.02</u> |

| | |
|----------------------|---------------------|
| Total Other Purposes | <u>1,161,260.41</u> |
|----------------------|---------------------|

Total Restricted Net Position **\$ 2,926,363.26**

These balances are restricted due to bond covenants, contracts, and statutory requirements.

11. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2014, were as follows:

| <u>Transfers From:</u> | <u>Transfers To:</u> | | <u>Total</u> |
|------------------------|-----------------------------|---------------------------------|-----------------|
| | <u>Road and Bridge Fund</u> | <u>Other Governmental Funds</u> | |
| Major Funds: | | | |
| General Fund | \$ 2,812,810.00 | \$ 53,367.18 | \$ 2,866,177.18 |

The County typically budgets transfers to the Road and Bridge Fund and the Emergency Management Fund and the Contract Law Fund (Other Governmental Funds) to conduct the indispensable functions of the County.

12. RETIREMENT PLAN

All employees, except for part-time employees, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial

report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605)773-3731.

General employees are required by state statute to contribute 6 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent, respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The County's share of contributions to the SDRS for the fiscal years ended December 31, 2014, 2013, and 2012 were \$249,379.32, \$240,051.09, and \$226,030.78, respectively, equal to the required contributions each year.

13. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2014, the County was involved in several lawsuits. No determination can be made at this time regarding the potential outcome of these lawsuits. However, as discussed in the Risk Management note, the County has liability coverage for itself and its employees with South Dakota Public Assurance Alliance. Therefore, no material effects are anticipated to the County as a result of the potential outcome of these lawsuits.

14. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2014, the County managed its risks as follows:

Employee Health Insurance:

The County purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The County joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The County's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the County. The County pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The County pays an annual premium to the pool to provide coverage for:

| | <u>Deductible</u> | <u>Aggregate Limit</u> |
|-----------------------------|------------------------------|--|
| Property Coverage | \$ 250/\$ 500 each claim | None |
| Boiler & Machinery Coverage | \$ 500 each claim | \$ 24,810,560 aggregate limit |
| General Liability | \$ 0 each claim | \$ 1,000,000 each occurrence |
| Officials Liability | \$ 2,500/\$ 5,000 each claim | \$ 1,000,000 each occurrence |
| Law Enforcement Liability | \$ 2,000 each claim | \$ 1,000,000 each occurrence |
| Automobile Liability | \$ 0 each claim | \$ 1,000,000 each occurrence \$ 300,000 Under/Uninsured |
| Automobile Physical Damage | \$ 1,000 each claim | \$ 2,016,903 aggregate limit |

The agreement with the SDPAA provides the above coverage limits. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$250,000 for property coverage and \$500,000 for liability coverage to the upper limit. A portion of the member premiums are also allocated to a cumulative reserve fund. The County would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

| | |
|--|------|
| End of County's First Full Year | 50% |
| End of County's Second Full Year | 60% |
| End of County's Third Full Year | 70% |
| End of County's Fourth Full Year | 80% |
| End of County's Fifth Full Year | 90% |
| End of County's Sixth Full Year and Thereafter | 100% |

As of December 31, 2014, the County has vested balance in the cumulative reserve fund of \$139,574.60.

The County does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The County joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The County's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The County pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

The County does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

The County has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

During the year ended December 31, 2014, two claims were filed for unemployment benefits. These claims resulted in the payment of benefits in the amount of \$3,395.33. At December 31, 2014, no claims had been filed and were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next year.

REQUIRED SUPPLEMENTARY INFORMATION
 BROOKINGS COUNTY
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 GENERAL FUND
 For the Year Ended December 31, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with |
|---------------------------------------|----------------------|----------------------|----------------------|---------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| Revenues: | | | | |
| Taxes: | | | | |
| General Property Taxes--Current | \$ 10,238,654.00 | \$ 10,238,654.00 | \$ 10,225,467.60 | \$ (13,186.40) |
| General Property Taxes--Delinquent | 40,000.00 | 40,000.00 | 19,497.17 | (20,502.83) |
| Penalties and Interest | 10,000.00 | 10,000.00 | 17,800.42 | 7,800.42 |
| Telephone Tax (Outside) | 0.00 | 0.00 | 155.56 | 155.56 |
| Mobile Home Tax | 6,200.00 | 6,200.00 | 6,388.08 | 188.08 |
| Licenses and Permits | 81,500.00 | 81,500.00 | 55,618.00 | (25,882.00) |
| Intergovernmental Revenue: | | | | |
| Federal Grants | 0.00 | 115,040.30 | 115,040.30 | 0.00 |
| Federal Shared Revenue | 3,400.00 | 3,400.00 | 9,751.94 | 6,351.94 |
| State Grants | 0.00 | 4,375.00 | 4,375.00 | 0.00 |
| State Shared Revenue: | | | | |
| Bank Franchise | 53,000.00 | 53,000.00 | 77,562.71 | 24,562.71 |
| Telecommunications Gross Receipts Tax | 200,000.00 | 200,000.00 | 173,286.84 | (26,713.16) |
| Motor Vehicle 1/4% | 6,000.00 | 6,000.00 | 6,442.16 | 442.16 |
| Wind Farm Taxes | 320,000.00 | 320,000.00 | 308,284.06 | (11,715.94) |
| Other Payments in Lieu of Taxes | 4,000.00 | 4,000.00 | 3,542.12 | (457.88) |
| Charges for Goods and Services: | | | | |
| General Government: | | | | |
| Treasurer's Fees | 32,700.00 | 32,700.00 | 38,595.30 | 5,895.30 |
| Register of Deeds' Fees | 305,000.00 | 305,000.00 | 315,786.46 | 10,786.46 |
| Legal Services | 130,000.00 | 130,000.00 | 126,386.28 | (3,613.72) |
| Clerk of Courts Fees | 32,000.00 | 32,000.00 | 32,884.64 | 884.64 |
| Other Fees | 22,500.00 | 22,500.00 | 19,539.32 | (2,960.68) |
| Public Safety: | | | | |
| Law Enforcement | 91,500.00 | 127,500.00 | 142,824.48 | 15,324.48 |
| Prisoner Care | 138,900.00 | 138,900.00 | 117,348.51 | (21,551.49) |
| Health and Welfare: | | | | |
| Economic Assistance: | | | | |
| Poor Lien Recoveries | 21,000.00 | 21,000.00 | 16,272.26 | (4,727.74) |
| Other | 6,500.00 | 6,500.00 | 0.00 | (6,500.00) |
| Health Assistance: | | | | |
| Women, Infants and Children | 20,000.00 | 20,000.00 | 26,789.00 | 6,789.00 |
| Social Services | 1,000.00 | 1,000.00 | 0.00 | (1,000.00) |
| Mental Health Services | 500.00 | 500.00 | 18.00 | (482.00) |
| Urban and Economic Development | 5,500.00 | 5,500.00 | 22,800.00 | 17,300.00 |
| Conservation of Natural Resources | 50,000.00 | 50,000.00 | 32,930.76 | (17,069.24) |
| Fines and Forfeits: | | | | |
| Costs | 37,000.00 | 37,000.00 | 30,062.98 | (6,937.02) |
| Forfeits | 10,000.00 | 10,000.00 | 10,270.00 | 270.00 |
| Miscellaneous Revenue: | | | | |
| Investment Earnings | 20,000.00 | 20,000.00 | 25,084.88 | 5,084.88 |
| Rent | 1,100.00 | 1,100.00 | 1,045.00 | (55.00) |
| Other | 55,000.00 | 55,000.00 | 63,273.86 | 8,273.86 |
| Total Revenues | 11,942,954.00 | 12,098,369.30 | 12,045,123.69 | (53,245.61) |

REQUIRED SUPPLEMENTARY INFORMATION
BROOKINGS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2014
(Continued)

| | Budgeted Amounts | | Actual Amounts | Variance with |
|-------------------------------------|------------------|--------------|----------------|---------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| Expenditures: | | | | |
| General Government: | | | | |
| Legislative: | | | | |
| Board of County Commissioners | 537,196.00 | 537,196.00 | 474,362.66 | 62,833.34 |
| Contingency | 716,634.00 | 716,634.00 | | |
| Amount Transferred | | (365,974.00) | | 350,660.00 |
| Elections | 67,000.00 | 190,190.30 | 180,971.60 | 9,218.70 |
| Judicial System | 471,500.00 | 476,500.00 | 427,822.10 | 48,677.90 |
| Financial Administration: | | | | |
| Finance Office | 550,088.00 | 550,088.00 | 489,931.39 | 60,156.61 |
| Legal Services: | | | | |
| State's Attorney | 560,165.00 | 560,165.00 | 523,322.50 | 36,842.50 |
| Teen Court | 12,000.00 | 12,000.00 | 12,000.00 | 0.00 |
| Other Administration: | | | | |
| General Government Building | 443,338.00 | 491,362.00 | 452,095.55 | 39,266.45 |
| Director of Equalization | 501,836.00 | 501,836.00 | 489,405.50 | 12,430.50 |
| Register of Deeds | 212,053.00 | 212,053.00 | 193,081.92 | 18,971.08 |
| Veterans Service Officer | 73,698.00 | 78,073.00 | 70,546.80 | 7,526.20 |
| Predatory Animal | 6,291.00 | 6,291.00 | 6,290.09 | 0.91 |
| Technology | 400,355.00 | 400,355.00 | 285,213.31 | 115,141.69 |
| Human Resources | 70,500.00 | 72,350.00 | 22,166.02 | 50,183.98 |
| Public Safety: | | | | |
| Law Enforcement: | | | | |
| Sheriff | 1,255,268.00 | 1,326,576.97 | 1,297,727.84 | 28,849.13 |
| County Jail | 1,021,035.00 | 1,075,035.00 | 1,045,426.17 | 29,608.83 |
| Coroner | 29,360.00 | 36,860.00 | 22,859.24 | 14,000.76 |
| Juvenile Detention | 53,726.00 | 77,726.00 | 74,998.18 | 2,727.82 |
| Protective and Emergency Services: | | | | |
| Fire Protection | 100,000.00 | 100,000.00 | 44,622.35 | 55,377.65 |
| Flood Control | 2,350.00 | 2,350.00 | 741.02 | 1,608.98 |
| Communication Center | 109,754.00 | 109,754.00 | 109,754.00 | 0.00 |
| Health and Welfare: | | | | |
| Economic Assistance: | | | | |
| Support of Poor | 215,798.00 | 293,798.00 | 273,898.27 | 19,899.73 |
| Food Pantry | 5,000.00 | 5,000.00 | 5,000.00 | 0.00 |
| Health Assistance: | | | | |
| County Nurse | 73,984.00 | 73,984.00 | 66,555.93 | 7,428.07 |
| Women, Infants and Children | 18,079.00 | 22,179.00 | 21,791.46 | 387.54 |
| Social Services: | | | | |
| Brookings Area Transit Authority | 32,000.00 | 32,000.00 | 32,000.00 | 0.00 |
| Interlakes Community Action Program | 9,000.00 | 9,000.00 | 9,000.00 | 0.00 |
| Domestic Abuse | 35,000.00 | 35,000.00 | 35,000.00 | 0.00 |
| Mental Health Services: | | | | |
| Mentally Ill | 52,800.00 | 65,300.00 | 58,812.66 | 6,487.34 |
| Advance | 32,000.00 | 32,000.00 | 32,000.00 | 0.00 |

REQUIRED SUPPLEMENTARY INFORMATION
BROOKINGS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2014
(Continued)

| | Budgeted Amounts | | Actual Amounts | Variance with |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| Mental Health Centers | 44,000.00 | 44,000.00 | 44,000.00 | 0.00 |
| Culture and Recreation: | | | | |
| Culture: | | | | |
| Public Library | 30,950.00 | 30,950.00 | 30,950.00 | 0.00 |
| Historical Museum | 4,000.00 | 4,000.00 | 4,000.00 | 0.00 |
| Recreation: | | | | |
| Boys and Girls Club | 25,000.00 | 25,000.00 | 25,000.00 | 0.00 |
| Senior Companion | 2,300.00 | 2,300.00 | 2,300.00 | 0.00 |
| Conservation of Natural Resources: | | | | |
| Soil Conservation: | | | | |
| County Extension | 100,000.00 | 100,000.00 | 91,489.98 | 8,510.02 |
| Soil Conservation Districts | 25,000.00 | 25,000.00 | 25,000.00 | 0.00 |
| Weed and Pest Control | 298,154.00 | 298,154.00 | 246,065.52 | 52,088.48 |
| Urban and Economic Development: | | | | |
| Urban Development: | | | | |
| Planning and Zoning | 211,149.00 | 211,149.00 | 176,954.49 | 34,194.51 |
| First District Association | 38,110.00 | 38,110.00 | 38,110.00 | 0.00 |
| Economic Development: | | | | |
| Tourism, Industrial or Recreational Development | 65,000.00 | 65,000.00 | 65,000.00 | 0.00 |
| Total Expenditures | <u>8,511,471.00</u> | <u>8,579,345.27</u> | <u>7,506,266.55</u> | <u>1,073,078.72</u> |
| Excess of Revenues Over (Under) Expenditures | <u>3,431,483.00</u> | <u>3,519,024.03</u> | <u>4,538,857.14</u> | <u>1,019,833.11</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | (2,862,771.00) | (2,866,177.18) | (2,866,177.18) | 0.00 |
| Insurance Proceeds | 0.00 | 17,308.97 | 17,308.97 | 0.00 |
| Total Other Financing Sources (Uses) | <u>(2,862,771.00)</u> | <u>(2,848,868.21)</u> | <u>(2,848,868.21)</u> | <u>0.00</u> |
| Net Change in Fund Balance | 568,712.00 | 670,155.82 | 1,689,988.93 | 1,019,833.11 |
| Fund Balance - Beginning | <u>8,074,520.33</u> | <u>8,074,520.33</u> | <u>8,074,520.33</u> | <u>0.00</u> |
| FUND BALANCE - ENDING | <u>\$ 8,643,232.33</u> | <u>\$ 8,744,676.15</u> | <u>\$ 9,764,509.26</u> | <u>\$ 1,019,833.11</u> |

**REQUIRED SUPPLEMENTARY INFORMATION
BROOKINGS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2014**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|---|-------------------------|------------------------|------------------------|----------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| | | | | <u>Positive (Negative)</u> |
| Revenues: | | | | |
| Taxes: | | | | |
| Wheel Tax | \$ 530,000.00 | \$ 530,000.00 | \$ 557,244.38 | \$ 27,244.38 |
| Licenses and Permits | 8,000.00 | 8,000.00 | 14,450.00 | 6,450.00 |
| Intergovernmental Revenue: | | | | |
| State Shared Revenue: | | | | |
| Motor Vehicle Licenses | 1,873,034.00 | 1,873,034.00 | 1,911,139.49 | 38,105.49 |
| Prorate License Fees | 93,450.00 | 93,450.00 | 107,667.51 | 14,217.51 |
| 63 3/4% Mobile Home/Manufactured Home | 5,000.00 | 5,000.00 | 14,632.02 | 9,632.02 |
| Motor Fuel Tax | 11,000.00 | 11,000.00 | 19,049.97 | 8,049.97 |
| Charges for Goods and Services: | | | | |
| Public Works: | | | | |
| Road Maintenance Contract Charges | 54,000.00 | 54,000.00 | 40,190.99 | (13,809.01) |
| Miscellaneous Revenue: | | | | |
| Investment Earnings | 6,000.00 | 6,000.00 | 11,080.43 | 5,080.43 |
| Total Revenues | <u>2,580,484.00</u> | <u>2,580,484.00</u> | <u>2,675,454.79</u> | <u>94,970.79</u> |
| Expenditures: | | | | |
| Public Works: | | | | |
| Highways and Bridges: | | | | |
| Highways, Roads and Bridges | 5,410,294.00 | 5,490,294.00 | 5,145,721.13 | 344,572.87 |
| Intergovernmental Expenditures | 108,000.00 | 111,500.00 | 111,448.88 | 51.12 |
| Total Expenditures | <u>5,518,294.00</u> | <u>5,601,794.00</u> | <u>5,257,170.01</u> | <u>344,623.99</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(2,937,810.00)</u> | <u>(3,021,310.00)</u> | <u>(2,581,715.22)</u> | <u>439,594.78</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 2,812,810.00 | 2,812,810.00 | 2,812,810.00 | 0.00 |
| Insurance Proceeds | 0.00 | 0.00 | 54,000.00 | 54,000.00 |
| Sale of County Property | 125,000.00 | 125,000.00 | 25,132.15 | (99,867.85) |
| Total Other Financing Sources (Uses) | <u>2,937,810.00</u> | <u>2,937,810.00</u> | <u>2,891,942.15</u> | <u>(45,867.85)</u> |
| Net Change in Fund Balance | 0.00 | (83,500.00) | 310,226.93 | 393,726.93 |
| Changes in Nonspendable-Inventory | 0.00 | 0.00 | 20,482.96 | 20,482.96 |
| Fund Balance - Beginning | <u>3,655,959.72</u> | <u>3,655,959.72</u> | <u>3,655,959.72</u> | <u>0.00</u> |
| FUND BALANCE - ENDING | <u>\$ 3,655,959.72</u> | <u>\$ 3,572,459.72</u> | <u>\$ 3,986,669.61</u> | <u>\$ 414,209.89</u> |

BROOKINGS COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget.

Note 1. Budgets and Budgetary Accounting:

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Between the fifteenth and thirtieth days of July in each year the Board of County Commissioners prepares and files with the County Auditor a provisional budget for the following year, containing a detailed estimate of cash balances, revenues, and expenditures.
2. Prior to the first Tuesday in September in each year a notice of budget hearing is published once each week for two successive weeks, and the text of the provisional budget is published with the first publication.
3. The Board of County Commissioners holds a meeting for the purpose of considering the provisional budget on or prior to the first Tuesday in September in each year. Such hearings must be concluded by October first. Changes made to the provisional budget are entered at length in the minutes of the Board of County Commissioners.
4. Before October first of each year the Board of County Commissioners adopts an annual budget for the ensuing year. The adopted budget is filed in the office of the County Auditor.
5. After adoption by the Board of County Commissioners, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 7.
6. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total county budget.
7. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
8. Unexpended appropriations lapse at year end unless encumbered by resolution of the Board of County Commissioners.
9. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
10. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with USGAAP.

Note 2. GAAP/Budgetary Accounting Basis Differences:

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new sheriff's patrol car would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a new sheriff's patrol car would be reported as an expenditure of the Public Safety/Law Enforcement function of government, along with all other current Law Enforcement Department related expenditures.

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