

BROOKINGS COUNTY
AUDIT REPORT
For the Year Ended December 31, 2015



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

BROOKINGS COUNTY
COUNTY OFFICIALS
December 31, 2015

Board of Commissioners:

Tom Yseth
Ryan Krogman
Stephne Miller
Larry Jensen
Lee Ann Pierce

Finance Officer:
Vicki Buseth

State's Attorney:
Clyde Calhoon

Register of Deeds:
Beverly Chapman

Sheriff:
Martin Stanwick

BROOKINGS COUNTY
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427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3595

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, 2015, 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 April 4, 2017.

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.

A handwritten signature in black ink, appearing to read "Martin L. Guindon". The signature is fluid and cursive, with the first name "Martin" and last name "Guindon" clearly distinguishable.

Martin L. Guindon, CPA
Auditor General

April 4, 2017

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, 2015, 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, 2015, 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, the Schedule of the County Contributions, and the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) on pages 38 through 45, 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 April 4, 2017, 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

April 4, 2017

BROOKINGS COUNTY
STATEMENT OF NET POSITION
December 31, 2015

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 13,456,214.61
Investments	3,004,000.00
Accounts Receivable, Net	24,067.62
Due from Other Governments	815,710.08
Deposit with Insurance Pool	139,574.60
Inventories	141,520.62
Net Pension Asset	975,712.03
Capital Assets:	
Land, Improvements and Construction in Progress	1,272,937.64
Other Capital Assets, Net of Depreciation	18,223,768.77
TOTAL ASSETS	\$ 38,053,505.97
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related Deferred Outflows	\$ 1,715,207.39
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 1,715,207.39
LIABILITIES:	
Accounts Payable	\$ 641,005.18
Other Current Liabilities	539.11
Noncurrent Liabilities:	
Due Within One Year	418,356.23
Due in More than One Year	1,552,165.31
TOTAL LIABILITIES	\$ 2,612,065.83
DEFERRED INFLOWS OF RESOURCES:	
Pension Related Deferred Inflows	\$ 1,439,681.76
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 1,439,681.76

**BROOKINGS COUNTY
STATEMENT OF NET POSITION
December 31, 2015
(Continued)**

	Primary Government Governmental Activities
NET POSITION:	
Net Investment in Capital Assets	\$ 18,133,360.43
Restricted For: (See Note 10)	
Road and Bridge Purposes	476,140.92
Courthouse Building Purposes	495,978.92
SDRS Pension Purposes	1,251,237.66
Other Purposes	356,884.42
Unrestricted	15,003,363.42
TOTAL NET POSITION	\$ 35,716,965.77

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

BROOKINGS COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 4,046,870.05	\$ 555,604.30	\$ 43,714.88	\$ (3,447,550.87)
Public Safety	3,316,795.41	529,503.86	427,028.23	(2,360,263.32)
Public Works	7,595,424.29	31,097.92	2,692,821.01	(4,871,505.36)
Health and Welfare	480,953.94	102,751.36		(378,202.58)
Culture and Recreation	29,750.00			(29,750.00)
Conservation of Natural Resources	401,947.04	51,899.97		(350,047.07)
Urban and Economic Development	264,913.50	60,299.15		(204,614.35)
Intergovernmental	409,135.70			(409,135.70)
**Depreciation Expense - Unallocated	69,916.56			(69,916.56)
*Interest on Long-Term Debt	74,328.71			(74,328.71)
Total Primary Government	\$ 16,690,035.20	\$ 1,331,156.56	\$ 3,163,564.12	(12,195,314.52)
General Revenues:				
Taxes:				
				11,260,061.19
				596,799.37
				565,947.49
				9,071.85
				44,236.33
				189,173.91
				<u>12,665,290.14</u>
				Change in Net Position
				<u>469,975.62</u>
				Net Position - Beginning
				34,010,922.50
				Adjustments: (See Note 12)
				Restated for GASB 68 - Pension Asset
				1,096,493.05
				Restated for South Dakota Public Assurance Alliance Reserve
				<u>139,574.60</u>
				Adjusted Net Position - Beginning
				<u>35,246,990.15</u>
				NET POSITION - ENDING
				<u><u>\$ 35,716,965.77</u></u>

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

**BROOKINGS COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 7,432,596.21	\$ 3,067,863.48	\$ 2,701,095.39	\$ 254,659.53	\$ 13,456,214.61
Investments	1,646,192.00	684,912.00	600,800.00	72,096.00	3,004,000.00
Taxes Receivable--Delinquent	20,481.05		522.05		21,003.10
Accounts Receivable, Net	3,064.52				3,064.52
Due from Other Governments		815,710.08			815,710.08
Inventory of Supplies		141,520.62			141,520.62
Deposit with Insurance Pool	139,574.60				139,574.60
TOTAL ASSETS	<u>\$ 9,241,908.38</u>	<u>\$ 4,710,006.18</u>	<u>\$ 3,302,417.44</u>	<u>\$ 326,755.53</u>	<u>\$ 17,581,087.53</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Claims Payable	\$ 186,477.08	\$ 444,081.29	\$ 1,680.18	\$ 8,766.63	\$ 641,005.18
Judgments Payable	247.81				247.81
Payroll Withholding Payable	250.20			41.10	291.30
Total Liabilities	<u>186,975.09</u>	<u>444,081.29</u>	<u>1,680.18</u>	<u>8,807.73</u>	<u>641,544.29</u>
Deferred Inflows of Resources:					
Unavailable Revenue--Property Taxes	20,481.05		522.05		21,003.10
Fund Balances: (See Note 1.j.)					
Nonspendable	139,574.60	141,520.62			281,095.22
Restricted		334,620.30	495,978.92	217,309.82	1,047,909.04
Assigned	5,767,977.00	3,789,783.97	2,804,236.29	100,637.98	12,462,635.24
Unassigned	3,126,900.64				3,126,900.64
Total Fund Balances	<u>9,034,452.24</u>	<u>4,265,924.89</u>	<u>3,300,215.21</u>	<u>317,947.80</u>	<u>16,918,540.14</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 9,241,908.38</u>	<u>\$ 4,710,006.18</u>	<u>\$ 3,302,417.44</u>	<u>\$ 326,755.53</u>	<u>\$ 17,581,087.53</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, 2015

Total Fund Balances - Governmental Funds \$ 16,918,540.14

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

Net Pension asset reported in governmental activities is
not an available financial resource and therefore is not
reported in the funds. 975,712.03

Capital assets used in governmental activities are not
current financial resources and therefore are not reported
in the funds. 19,496,706.41

Pension related deferred outflows are components of
pension liability (asset) and therefore are not reported in
the funds. 1,715,207.39

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds. (1,970,521.54)

Assets, such as taxes receivable (delinquent), are not
available to pay for current period expenditures and
therefore are deferred in the funds. 21,003.10

Pension related deferred inflows are components of
pension liability (asset) and therefore are not reported in
the funds. (1,439,681.76)

Net Position of Governmental Activities \$ 35,716,965.77

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

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BROOKINGS COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes:					
General Property Taxes--Current	\$ 10,626,290.27	\$	\$ 270,800.95	\$ 320,214.97	\$ 11,217,306.19
General Property Taxes--Delinquent	16,414.32		419.92		16,834.24
Penalties and Interest	17,949.50		343.06		18,292.56
Telephone Tax (Outside)	98.00				98.00
Mobile Home Tax	6,063.29		154.50		6,217.79
Wheel Tax		596,799.37			596,799.37
Licenses and Permits	56,188.65	10,280.00		7,320.00	73,788.65
Intergovernmental Revenue:					
Federal Grants	50,682.90			56,832.67	107,515.57
Federal Shared Revenue	9,071.85				9,071.85
State Grants	32,375.00	474,712.94		3,030.80	510,118.74
State Shared Revenue:					
Bank Franchise	63,515.46		1,628.61		65,144.07
Motor Vehicle Licenses		2,046,228.20			2,046,228.20
Court Appointed Attorney/Public Defender	15,920.93				15,920.93
Prorate License Fees		106,619.21			106,619.21
63 3/4% Mobile Home/Manufactured Home		8,836.64			8,836.64
Telecommunications Gross Receipts Tax	164,899.88				164,899.88
Motor Vehicle 1/4%	7,623.95				7,623.95
Wind Farm Taxes	316,904.77		8,125.76		325,030.53
Motor Fuel Tax		11,424.02			11,424.02
911 Remittances				304,276.86	304,276.86
Other Payments in Lieu of Taxes	10,873.01				10,873.01
Charges for Goods and Services:					
General Government:					
Treasurer's Fees	40,950.18				40,950.18
Register of Deeds' Fees	290,602.00			19,330.30	309,932.30
Legal Services	135,402.45			2,050.00	137,452.45
Clerk of Courts Fees	28,227.55			945.00	29,172.55
Other Fees	30,184.32				30,184.32
Public Safety:					
Law Enforcement	278,320.00				278,320.00

Prisoner Care	158,420.46				158,420.46
Sobriety Testing				35,324.00	35,324.00
Public Works:					
Road Maintenance Contract Charges		20,817.92			20,817.92
Health and Welfare:					
Economic Assistance:					
Poor Lien Recoveries	31,141.20				31,141.20
Other		22,298.05			22,298.05
Health Assistance:					
Women, Infants and Children	26,580.30				26,580.30
Mental Health Services	6,386.81				6,386.81
Urban and Economic Development	23,300.00				23,300.00
Conservation of Natural Resources	51,899.97				51,899.97
Fines and Forfeits:					
Costs	42,547.40				42,547.40
Forfeits	12,640.00				12,640.00
Miscellaneous Revenue:					
Investment Earnings	25,050.31	14,692.94	3,574.97	918.11	44,236.33
Rent	950.00				950.00
Contributions and Donations	3,668.00	45,000.00			48,668.00
Other	32,249.98	10,000.00			42,249.98
Total Revenues	<u>12,613,392.71</u>	<u>3,367,709.29</u>	<u>285,047.77</u>	<u>750,242.71</u>	<u>17,016,392.48</u>

Expenditures:

General Government:					
Legislative:					
Board of County Commissioners	414,512.62				414,512.62
Elections	24,625.79				24,625.79
Judicial System	532,790.98				532,790.98
Financial Administration:					
Finance Office	504,070.16				504,070.16
Legal Services:					
State's Attorney	563,057.52				563,057.52
Teen Court	15,000.00				15,000.00
Other Administration:					
General Government Building	390,635.78		36,234.45		426,870.23
Director of Equalization	503,135.38				503,135.38
Register of Deeds	200,879.53			8,938.63	209,818.16
Veterans Service Officer	72,151.23				72,151.23
Predatory Animal	7,824.37				7,824.37
Information Technology	291,622.39				291,622.39
Human Resources	74,214.52				74,214.52
Public Safety:					
Law Enforcement:					
Sheriff	1,375,539.34				1,375,539.34

BROOKINGS COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015
(Continued)

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
County Jail	1,138,551.75			36,279.34	1,174,831.09
Coroner	36,726.22				36,726.22
Juvenile Detention	36,675.00				36,675.00
Protective and Emergency Services:					
Fire Protection	155,378.00				155,378.00
Emergency and Disaster Services				130,534.99	130,534.99
Flood Control	3,372.89				3,372.89
Communication Center	87,217.00			328,457.33	415,674.33
Public Works:					
Highways and Bridges:					
Highways, Roads and Bridges		7,469,726.14			7,469,726.14
Health and Welfare:					
Economic Assistance:					
Support of Poor	166,398.75				166,398.75
Food Pantry	5,000.00				5,000.00
Health Assistance:					
County Nurse	78,850.03				78,850.03
Women, Infants and Children	19,568.20				19,568.20
Social Services:					
Brookings Area Transit Authority	35,000.00				35,000.00
Interlakes Community Action Program	10,000.00				10,000.00
Domestic Abuse	35,000.00			9,300.00	44,300.00
Mental Health Services:					
Mentally Ill	55,302.76				55,302.76
Developmentally Disabled (Advance)	35,000.00				35,000.00
Mental Health Centers	51,500.00				51,500.00
Culture and Recreation:					
Culture:					
Public Library	23,450.00				23,450.00
Historical Museum	4,000.00				4,000.00
Recreation:					
Senior Center	2,300.00				2,300.00

Conservation of Natural Resources:

Soil Conservation:

County Extension	135,594.79				135,594.79
Soil Conservation Districts	25,000.00				25,000.00
Weed and Pest Control	246,905.84				246,905.84

Urban and Economic Development:

Urban Development:

Planning and Zoning	156,619.89				156,619.89
First District Association	39,253.00				39,253.00

Economic Development:

Tourism, Industrial or Recreational Development	65,000.00				65,000.00
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Intergovernmental Expenditures		115,714.83		293,420.87	409,135.70
Debt Service			356,898.32	1,204,882.99	1,561,781.31
Total Expenditures	<u>7,617,723.73</u>	<u>7,585,440.97</u>	<u>393,132.77</u>	<u>2,011,814.15</u>	<u>17,608,111.62</u>

Excess of Revenues Over (Under) Expenditures	<u>4,995,668.98</u>	<u>(4,217,731.68)</u>	<u>(108,085.00)</u>	<u>(1,261,571.44)</u>	<u>(591,719.14)</u>
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Other Financing Sources (Uses):

Transfers In	620,784.69	4,465,626.00	2,235,251.29	49,961.00	7,371,622.98
Transfers Out	(6,515,587.00)			(856,035.98)	(7,371,622.98)
Sale of County Property		142,305.93			142,305.93
Total Other Financing Sources (Uses)	<u>(5,894,802.31)</u>	<u>4,607,931.93</u>	<u>2,235,251.29</u>	<u>(806,074.98)</u>	<u>142,305.93</u>

Net Change in Fund Balance	<u>(899,133.33)</u>	<u>390,200.25</u>	<u>2,127,166.29</u>	<u>(2,067,646.42)</u>	<u>(449,413.21)</u>
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Changes in Nonspendable		<u>(110,944.97)</u>			<u>(110,944.97)</u>
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Fund Balance - Beginning	9,764,509.26	3,986,669.61	1,173,048.92	2,415,095.93	17,339,323.72
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Adjustments: (See Note 12)

Restated for South Dakota Public Assurance

Alliance Reserve	139,574.60				139,574.60
Restated for State and Community Safety Grant	29,501.71			(29,501.71)	0.00

Adjusted Fund Balance - Beginning	<u>9,933,585.57</u>	<u>3,986,669.61</u>	<u>1,173,048.92</u>	<u>2,385,594.22</u>	<u>17,478,898.32</u>
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FUND BALANCE - ENDING	<u>\$ 9,034,452.24</u>	<u>\$ 4,265,924.89</u>	<u>\$ 3,300,215.21</u>	<u>\$ 317,947.80</u>	<u>\$ 16,918,540.14</u>
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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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (449,413.21)

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. 622,196.20

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. (915,479.17)

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. (324,971.03)

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. 1,487,052.60

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". 1,312.41

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. 5,478.18

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. (110,944.97)

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. 154,744.61

Change in Net Position of Governmental Activities \$ 469,975.62

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

**BROOKINGS COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2015**

	<u>Agency Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ 1,050,178.83
TOTAL ASSETS	<u>\$ 1,050,178.83</u>
LIABILITIES:	
Amounts Held for Others	\$ 23,654.19
Due to Other Governments	<u>1,026,524.64</u>
TOTAL LIABILITIES	<u>\$ 1,050,178.83</u>

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, 2015, 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.

Courthouse Building Fund – authorized by SDCL 7-25-1 to account for the accumulation of a special tax levy not to exceed ninety cents per thousand dollars of taxable valuation annually for the acquisition or construction of a courthouse, office, jail building, county extension buildings, grandstands and bleachers, highway maintenance buildings, or public library. This is a major fund.

The remaining special revenue funds are not considered major funds: 911 Service, Emergency Management, Domestic Abuse, Contract Law Enforcement, 24/7 Sobriety, 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, 2015 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, 2015 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 and on the proprietary fund's 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 and proprietary funds 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:

The accounting treatment of long-term liabilities 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.

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. The Net Position is reported as Net Position Held in Agency Capacity.

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 amounts reported in nonspendable form such as inventory and the South Dakota Public Assurance Alliance reserve.

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 Funds

Road and Bridge Fund

Courthouse Building Fund

Revenue Source

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

A schedule of fund balances is provided as follows:

**BROOKINGS COUNTY
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Nonspendable:					
Inventory	\$	\$ 141,520.62	\$	\$	\$ 141,520.62
South Dakota Public Assurance Alliance	139,574.60				139,574.60
Restricted For:					
Snow Removal Purposes		334,620.30			334,620.30
Courthouse Building Purposes			495,978.92		495,978.92
Domestic Abuse Purposes				4,486.00	4,486.00
24/7 Sobriety Purposes				160,866.81	160,866.81
Modernization and Preservation Relief Purposes				51,957.01	51,957.01
Assigned To:					
Applied to Next Year's Budget	403,876.00				403,876.00
Road and Bridge Purposes	5,364,101.00	3,789,783.97			9,153,884.97
911 Service Purposes				82,058.52	82,058.52
Emergency Management Purposes				18,579.46	18,579.46
Courthouse Building Purposes			2,804,236.29		2,804,236.29
Unassigned	3,126,900.64				3,126,900.64
Total Fund Balances	<u>\$ 9,034,452.24</u>	<u>\$ 4,265,924.89</u>	<u>\$ 3,300,215.21</u>	<u>\$ 317,947.80</u>	<u>\$ 16,918,540.14</u>

k. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. County contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

The County is prohibited by statute from spending in excess of appropriated amounts at the department level. The following represents the significant overdrafts of the expenditures compared to appropriations:

	<u>Year Ended</u> <u>12/31/2015</u>
General Fund:	
<u>Activity</u>	
Fire Protection	\$ 55,378.00
Road and Bridge Fund:	
<u>Activity</u>	
Intergovernmental Expenditures	\$ 7,714.83
Courthouse Building Fund:	
<u>Activity</u>	
Debt Service	\$ 235,250.32
TIF - Debt Service Fund:	
<u>Activity</u>	
Intergovernmental Expenditures	\$ 1,260,003.86

During 2015, the County elected to pay off the outstanding debt related to the Tax Increment Financing. The County had additional funds remaining in the Tax Increment Financing Debt Service Fund that, as required by statute, were distributed to the affected taxing entities and report as Intergovernmental Expenditures; however, the County did not reflect an increase in the budgetary line item. The distribution to the affected tax entities was approved by the County Commission.

Additionally, in 2015 the County Commission elected to make an additional principle payment on the outstanding Courthouse Building Fund outstanding indebtedness. The County Commission authorized this additional payment; however, did not reflect an increase in the budgetary line item.

The remaining budgetary line item overdrafts were for required payments approved by the County Commission; however, the County did not reflect increases in the budgetary line items.

The County intends to closely monitor the budgetary line items for overdrafts in the future.

3. 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.

4. 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.

5. INVENTORY

Inventory in the General Fund and 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.

6. 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.

7. CHANGES IN GENERAL CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2015 is as follows:

	Balance 1/1/2015	Increases	Decreases	Balance 12/31/2015
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 1,272,937.64	\$	\$	\$ 1,272,937.64
Capital Assets being Depreciated:				
Buildings	13,066,524.40			13,066,524.40
Infrastructure (Improvements Other Than Buildings)	7,759,038.80			7,759,038.80
Machinery and Equipment	6,661,393.28	622,196.20	(609,962.81)	6,673,626.67
Total Capital Assets being Depreciated	27,486,956.48	622,196.20	(609,962.81)	27,499,189.87
TOTAL CAPITAL ASSETS	\$ 28,759,894.12	\$ 622,196.20	\$ (609,962.81)	\$ 28,772,127.51
Less Accumulated Depreciation for:				
Buildings	\$ (4,349,457.95)	\$ (220,017.06)	\$	\$ (4,569,475.01)
Infrastructure (Improvements Other Than Buildings)	(2,051,968.84)	(196,479.90)		(2,248,448.74)
Machinery and Equipment	(2,243,506.92)	(498,982.21)	284,991.78	(2,457,497.35)
Total Accumulated Depreciation	(8,644,933.71)	(915,479.17)	284,991.78	(9,275,421.10)
Total Capital Assets being Depreciated, Net	18,842,022.77	(293,282.97)	(324,971.03)	18,223,768.77
Governmental Activity Capital Assets, Net	\$ 20,114,960.41	\$ (293,282.97)	\$ (324,971.03)	\$ 19,496,706.41

Depreciation expense was charged to functions as follows:

General Government	\$ 59,773.80
Public Safety	142,233.88
Public Works	503,978.04
Conservation of Natural Resources	14,341.63
Urban & Economic Development	1,941.72
Administration Building	123,293.54
Depreciation-Unallocated	<u>69,916.56</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 915,479.17</u>

8. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 1/1/2015	Additions	Deletions	Ending Balance 12/31/2015	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds and Certificates Payable:					
Certificates of Participation	\$ 1,673,898.58	\$	\$ 310,552.60	\$ 1,363,345.98	\$ 84,057.65
Tax Incremental Revenue Bonds	1,176,500.00		1,176,500.00	0.00	0.00
Other Liabilities:					
Accrued Compensated Absences	<u>612,653.74</u>	<u>328,820.39</u>	<u>334,298.57</u>	<u>607,175.56</u>	<u>334,298.58</u>
Total Governmental Activities	<u>\$ 3,463,052.32</u>	<u>\$ 328,820.39</u>	<u>\$ 1,821,351.17</u>	<u>\$ 1,970,521.54</u>	<u>\$ 418,356.23</u>

Debt payable at December 31, 2015 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. \$ 1,363,345.98

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. \$ 607,175.56

The annual requirements to amortize all debt outstanding as of December 31, 2015, except for compensated absences, are as follows:

Annual Requirements to Amortize Long-Term Debt
December 31, 2015

Year Ending Dec. 31,	Certificates of Participation	
	Principal	Interest
2016	\$ 84,057.65	\$ 37,589.37
2017	86,427.73	35,219.29
2018	88,864.65	32,782.37
2019	91,370.28	30,276.74
2020	93,946.56	27,700.46
2021-2025	510,992.26	97,242.84
2026-2030	407,686.85	23,439.87
TOTAL	\$ 1,363,345.98	\$ 284,250.94

9. 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, 2015, there were three series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$11,961,229.78.

10. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2015, was as follows:

Major Purposes:

Road and Bridge Purposes	\$ 476,140.92
Courthouse Building Purposes	495,978.92
SDRS Pension Purposes	<u>1,251,237.66</u>

Other Purposes:

Domestic Abuse Purposes	4,486.00
South Dakota Public Assurance Alliance Reserve	139,574.60
24/7 Sobriety Purposes	160,866.81
Modernization and Preservation Relief Purposes	<u>51,957.01</u>

Total Other Purposes	<u>356,884.42</u>
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Total Restricted Net Position	<u>\$ 2,580,241.92</u>
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These balances are restricted due to federal grant and statutory requirements.

11. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2015, were as follows:

Transfers From:	Transfers To:				Total
	General Fund	Road and Bridge Fund	Courthouse Building Fund	Other Governmental Funds	
Major Funds:					
General Fund	\$	\$ 4,465,626.00	\$ 2,000,000.00	\$ 49,961.00	\$ 6,515,587.00
Other Governmental Funds	<u>620,784.69</u>		<u>235,251.29</u>		<u>856,035.98</u>
Total	<u>\$ 620,784.69</u>	<u>\$ 4,465,626.00</u>	<u>\$ 2,235,251.29</u>	<u>\$ 49,961.00</u>	<u>\$ 7,371,622.98</u>

The County typically budgets transfers to the Road and Bridge Fund, Courthouse Building Fund, and the Emergency Management Fund (Other Governmental Funds) to conduct the indispensable functions of the County. The County closed the Contract Law Fund and Administrative Building Capital Project Fund.

12. PRIOR PERIOD ADJUSTMENTS

The County implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. As a result, beginning net position has been restated to reflect the related net pension asset and deferred outflows of resources as of January 1, 2015 as follows:

Net Position January 1, 2015, as previously reported	\$ 34,010,922.50
Restatement for pension accounting:	
Net Pension Asset	1,677,286.43
Pension related Deferred Outflows of Resources	1,361,787.07
Pension related Deferred Inflows of Resources	<u>(1,942,580.45)</u>
Net Position January 1, 2015, as restated	<u>\$ 35,107,415.55</u>

The Net Position reported on the government-wide State of Activities has been adjusted to include the South Dakota Public Assurance Alliance reserve in the amount of \$139,574.60. The Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund was also adjusted by this amount.

Net Position January 1, 2015, as restated from above	\$ 35,107,415.55
South Dakota Public Assurance Alliance Reserve	<u>139,574.60</u>
Net Position January 1, 2015, as restated	<u>\$ 35,246,990.15</u>

The Statement of Revenues, Expenditures and Changes in Fund Balance Beginning Fund Balance was also restated for the General Fund in the amount of \$29,501.71 and Other Governmental Funds – 24/7 Fund in the amount of \$(29,501.71) to reflect prior year grant revenue in the proper fund.

13. PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS 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 at <http://www.sdrs.sd.gov/publications/> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

SDRS has three different classes of employees, Class A, Class B public safety and Class B judicial. Class A retirement benefits are determined as 1.7 percent prior to 2008 and 1.55 percent thereafter of the employee's final 3-year average compensation times the employee's years of service. Employees with 3 years of service are eligible to retire at age 55. Class B public safety benefits are determined as 2.4 percent for service prior to 2008 and 2.0 percent thereafter of employee final average compensation. Class B judicial benefits are determined as 3.733 percent for service prior to 2008 and 3.333 percent thereafter of employee final average compensation. All Class B employees with 3 years of service are eligible to retire at age 45. Employees are eligible for service-related disability benefits regardless of length of service. Three years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a percent of the employee's final average salary.

The annual increase in the amount of the SDRS benefits payable on each July 1st is indexed to the consumer price index (CPI) based on SDRS funded status:

- If the SDRS market value funded ratio is 100% or more – 3.1% COLA
- If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
 - 90.0% to 99.9% funded — 2.1% minimum and 2.8% maximum COLA
 - 80.0% to 90.0% funded — 2.1% minimum and 2.4% maximum COLA
- If the SDRS market value funded ratio is less than 80% -- 2.1% COLA

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. 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 calendar years ended December 31, 2015, 2014, and 2013 were \$263,811.92, \$249,379.32, and \$240,051.09, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2015, SDRS is 104.1% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the County as of this measurement period and reported by the County as of December 31, 2015 are as follows:

Proportionate share of net position restricted for pension benefits	\$ (24,791,523.35)
Less proportionate share of total pension liability	<u>23,815,811.32</u>
Proportionate share of net pension liability (asset)	<u>\$ (975,712.03)</u>

At December 31, 2015, the County reported a liability (asset) of \$(975,712.03) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the County's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2015, the County's proportion was .2300531%, which is a decrease of .0027549% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the County recognized pension expense (revenue) of \$692,361.01. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience	\$ 199,781.47	\$
Changes in assumption	773,678.23	
Net Difference between projected and actual earnings on pension plan investments	596,045.93	1,439,681.76
Changes in proportion and difference between County contributions and proportionate share of contributions	8,913.77	
County contributions subsequent to the measurement date	<u>136,787.99</u>	
TOTAL	<u>\$ 1,715,207.39</u>	<u>\$ 1,439,681.76</u>

\$136,787.99 reported as deferred outflow of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<u>Year Ended December 31,</u>	
2016	\$ 48,824.78
2017	48,824.78
2018	(121,789.73)
2019	<u>162,877.80</u>
TOTAL	<u>\$ 138,737.63</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary Increases	5.83 percent at entry to 3.87 percent after 30 years of service
Investment Rate of Return	7.25 percent through 2016 and 7.50 percent thereafter, net of pension plan investment expense

Mortality rates were based on the RP-2000 Employee Mortality Table for males and females, as appropriate.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2011. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	61.0%	4.5%
Fixed Income	27.0%	1.8%
Real Estate	10.0%	5.2%
Cash	2.0%	0.8%
Total	<u>100%</u>	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 7.25 percent through 2016 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of liability (asset) to changes in the discount rate:

The following presents the County's proportionate share of net pension liability (asset) calculated using the discount rate of 7.25 percent through 2016 and 7.50 percent thereafter, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated

using a discount rate that is 1-percentage point lower (6.25/6.50%) or 1-percentage point higher (8.25/8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset)	\$ 2,455,856.24	\$ (975,712.03)	\$ (3,773,860.42)

Pension Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

14. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2015, 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 Assurance Alliance. Therefore, no material effects are anticipated to the County as a result of the potential outcome of these lawsuits.

15. 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, 2015, 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:

REQUIRED SUPPLEMENTARY INFORMATION
BROOKINGS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2015
(Continued)

	<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>
Historical Museum	4,000.00	4,000.00	4,000.00	0.00
Recreation:				
Senior Center	2,300.00	2,300.00	2,300.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	146,952.00	146,952.00	135,594.79	11,357.21
Soil Conservation Districts	25,000.00	25,000.00	25,000.00	0.00
Weed and Pest Control	289,308.00	289,308.00	246,905.84	42,402.16
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	191,923.00	191,923.00	156,619.89	35,303.11
First District Association	39,253.00	39,253.00	39,253.00	0.00
Economic Development:				
Tourism, Industrial or Recreational Development	65,000.00	65,000.00	65,000.00	0.00
Total Expenditures	8,669,647.00	8,603,877.28	7,617,723.73	986,153.55
Excess of Revenues Over (Under) Expenditures	3,802,663.28	3,868,433.00	4,995,668.98	1,127,235.98
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	620,784.69	620,784.69
Transfers Out	(6,004,129.00)	(6,004,129.00)	(6,515,587.00)	(511,458.00)
Total Other Financing Sources (Uses)	(6,004,129.00)	(6,004,129.00)	(5,894,802.31)	109,326.69
Net Change in Fund Balance	(2,201,465.72)	(2,135,696.00)	(899,133.33)	1,236,562.67
Fund Balance - Beginning	9,764,509.26	9,764,509.26	9,764,509.26	0.00
Adjustments:				
Restated for South Dakota Public Assurance				
Alliance Reserve	0.00	0.00	139,574.60	139,574.60
Restated for State and Community Safety Grant	0.00	0.00	29,501.71	29,501.71
Adjusted Fund Balance - Beginning	9,764,509.26	9,764,509.26	9,933,585.57	169,076.31
FUND BALANCE - ENDING	\$ 7,563,043.54	\$ 7,628,813.26	\$ 9,034,452.24	\$ 1,405,638.98

REQUIRED SUPPLEMENTARY INFORMATION
BROOKINGS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2015

	<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	\$ 537,720.00	\$ 537,720.00	\$ 596,799.37	\$ 59,079.37
Licenses and Permits	9,000.00	9,000.00	10,280.00	1,280.00
Intergovernmental Revenue:				
State Grants	0.00	0.00	474,712.94	474,712.94
State Shared Revenue:				
Motor Vehicle Licenses	1,900,000.00	1,900,000.00	2,046,228.20	146,228.20
Prorate License Fees	96,000.00	96,000.00	106,619.21	10,619.21
63 3/4% Mobile Home/Manufactured Home	6,937.00	6,937.00	8,836.64	1,899.64
Motor Fuel Tax	16,146.00	16,146.00	11,424.02	(4,721.98)
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	45,460.00	45,460.00	20,817.92	(24,642.08)
Health and Welfare:				
Economic Assistance:				
Other	20,000.00	20,000.00	22,298.05	2,298.05
Miscellaneous Revenue:				
Investment Earnings	16,821.00	16,821.00	14,692.94	(2,128.06)
Contributions and Donations	0.00	0.00	45,000.00	45,000.00
Other	0.00	0.00	10,000.00	10,000.00
Total Revenues	<u>2,648,084.00</u>	<u>2,648,084.00</u>	<u>3,367,709.29</u>	<u>719,625.29</u>
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	9,084,532.00	9,359,244.94	7,469,726.14	1,889,518.80
Intergovernmental Expenditures	108,000.00	108,000.00	115,714.83	(7,714.83)
Total Expenditures	<u>9,192,532.00</u>	<u>9,467,244.94</u>	<u>7,585,440.97</u>	<u>1,881,803.97</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,544,448.00)</u>	<u>(6,819,160.94)</u>	<u>(4,217,731.68)</u>	<u>2,601,429.26</u>
Other Financing Sources (Uses):				
Transfers In	5,954,168.00	5,954,168.00	4,465,626.00	(1,488,542.00)
Sale of County Property	98,000.00	98,000.00	142,305.93	44,305.93
Total Other Financing Sources (Uses)	<u>6,052,168.00</u>	<u>6,052,168.00</u>	<u>4,607,931.93</u>	<u>(1,444,236.07)</u>
Net Change in Fund Balance	<u>(492,280.00)</u>	<u>(766,992.94)</u>	<u>390,200.25</u>	<u>1,157,193.19</u>
Changes in Nonspendable	0.00	0.00	(110,944.97)	(110,944.97)
Fund Balance - Beginning	3,986,669.61	3,986,669.61	3,986,669.61	0.00
FUND BALANCE - ENDING	<u>\$ 3,494,389.61</u>	<u>\$ 3,219,676.67</u>	<u>\$ 4,265,924.89</u>	<u>\$ 1,046,248.22</u>

**REQUIRED SUPPLEMENTARY INFORMATION
BROOKINGS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
COURTHOUSE BUILDING FUND
For the Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 269,724.00	\$ 269,724.00	\$ 270,800.95	\$ 1,076.95
General Property Taxes--Delinquent	600.00	600.00	419.92	(180.08)
Penalties and Interest	100.00	100.00	343.06	243.06
Mobile Home Tax	190.00	190.00	154.50	(35.50)
Intergovernmental Revenue:				
State Shared Revenue:				
Bank Franchise	1,000.00	1,600.00	1,628.61	28.61
Wind Farm Taxes	8,000.00	8,000.00	8,125.76	125.76
Miscellaneous Revenue:				
Investment Earnings	4,000.00	4,000.00	3,574.97	(425.03)
Total Revenues	<u>283,614.00</u>	<u>284,214.00</u>	<u>285,047.77</u>	<u>833.77</u>
Expenditures:				
General Government:				
Other Administration:				
General Government Building	62,000.00	86,500.00	36,234.45	50,265.55
Debt Service	121,648.00	121,648.00	356,898.32	(235,250.32)
Total Expenditures	<u>183,648.00</u>	<u>208,148.00</u>	<u>393,132.77</u>	<u>(184,984.77)</u>
Excess of Revenues Over (Under) Expenditures	99,966.00	76,066.00	(108,085.00)	(184,151.00)
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	2,235,251.29	2,235,251.29
Net Change in Fund Balance	99,966.00	76,066.00	2,127,166.29	2,051,100.29
Fund Balance - Beginning	<u>1,173,048.92</u>	<u>1,173,048.92</u>	<u>1,173,048.92</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 1,273,014.92</u>	<u>\$ 1,249,114.92</u>	<u>\$ 3,300,215.21</u>	<u>\$ 2,051,100.29</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.

**REQUIRED SUPPLEMENTARY INFORMATION
BROOKINGS COUNTY
SCHEDULE OF THE COUNTY CONTRIBUTIONS**

South Dakota Retirement System

*Last 10 Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 252,007.31	\$ 244,270.33
Contributions in relation to the contractually required contribution	<u>252,007.31</u>	<u>244,270.33</u>
Contribution deficiency (excess)	<u>\$ 0.00</u>	<u>\$ 0.00</u>
County's covered-employee payroll	\$ 3,843,554.99	\$ 3,733,425.76
Contributions as a percentage of covered-employee payroll	6.56%	6.54%

* Until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**REQUIRED SUPPLEMENTARY INFORMATION
BROOKINGS COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET)**

South Dakota Retirement System

*Last 10 Fiscal Years

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.2300531%	0.2328080%
County's proportionate share of net pension liability (asset)	\$ (975,712.03)	\$ (1,677,286.43)
County's covered-employee payroll	\$ 3,843,554.99	\$ 3,733,425.76
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-25.39%	-44.93%
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.1%	107.3%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30. Until a full 10-year trend is compiled, the County will present information for those years for which information is available.

BROOKINGS COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) and
Schedule of County Contributions

Changes of benefit terms:

No significant changes.

Changes of assumptions:

No significant changes.

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