

**BENNETT COUNTY**

**AUDIT REPORT**

**For the Two Years Ended December 31, 2012**

BENNETT COUNTY  
COUNTY OFFICIALS  
December 31, 2012

Board of Commissioners:

Rolf Kraft  
Newton Cummings  
Dennis Gregg  
Wayne Bond  
Jason Fanning

Auditor:  
Susan Williams

Treasurer:  
Jolene Donovan

State's Attorney:  
Gay Tollefson

Register of Deeds:  
Nancy Sterkel

Sheriff:  
Lucas Hamar

BENNETT COUNTY  
TABLE OF CONTENTS

	<u>Page</u>
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 <i>Government Auditing Standards</i> .....	1
Schedule of Prior Audit Findings.....	3
Schedule of Current Audit Findings.....	3
Independent Auditor's Report.....	5
<i>Basic Financial Statements</i>	
<b><u>Government-wide Financial Statements:</u></b>	
As of December 31, 2012:	
Statement of Net Position--Modified Cash Basis.....	7
For the Year Ended December 31, 2012:	
Statement of Activities--Modified Cash Basis.....	8
For the Year Ended December 31, 2011:	
Statement of Activities--Modified Cash Basis.....	9
<b><u>Fund Financial Statements:</u></b>	
<u>Governmental Funds</u>	
As of December 31, 2012:	
Balance Sheet--Modified Cash Basis.....	10
For the Year Ended December 31, 2012:	
Statement of Revenues, Expenditures and Changes in Fund Balances--Modified Cash Basis.....	12
For the Year Ended December 31, 2011:	
Statement of Revenues, Expenditures and Changes in Fund Balances--Modified Cash Basis.....	16
<u>Fiduciary Funds</u>	
As of December 31, 2012:	
Statement of Fiduciary Net Position--Modified Cash Basis.....	20
For the Year Ended December 31, 2012:	
Statement of Changes in Fiduciary Net Position--Modified Cash Basis.....	21

For the Year Ended December 31, 2011:

Statement of Changes in Fiduciary Net Position--Modified Cash Basis..... 22

Notes to the Modified Cash Basis Financial Statements..... 23

*Supplementary Information:*

For the Year Ended December 31, 2012:

Budgetary Comparison Schedule--Modified Cash Basis--General Fund..... 35

Budgetary Comparison Schedule--Modified Cash Basis--Road and Bridge Fund..... 37

Budgetary Comparison Schedule--Modified Cash Basis--Senior Citizens Trust Fund..... 38

For the Year Ended December 31, 2011:

Budgetary Comparison Schedule--Modified Cash Basis--General Fund..... 39

Budgetary Comparison Schedule--Modified Cash Basis--Road and Bridge Fund..... 41

Budgetary Comparison Schedule--Modified Cash Basis--Senior Citizens Trust Fund..... 42

Notes to the Supplementary Information – Budgetary Comparison Schedules..... 43

For the Year Ended December 31, 2012:

Schedule of Changes in Long-Term Debt..... 45

For the Year Ended December 31, 2011:

Schedule of Changes in Long-Term Debt..... 46



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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  
Bennett County  
Martin, 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 modified cash basis of accounting financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bennett County, South Dakota (County), as of December 31, 2012 and for each of the years in the biennial period 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 October 16, 2013.

***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**

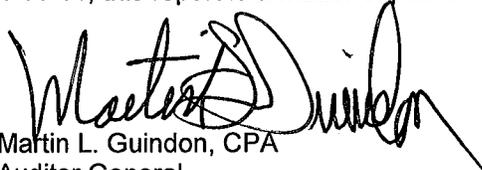
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Current Audit Findings as item No. 2012-01.

### **County's Response to Findings**

The County did not wish to respond to the finding identified in our audit as described in the accompanying Schedule of Current Audit Findings.

### **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

October 16, 2013

BENNETT COUNTY  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**Prior Audit Findings:**

Finding No. 2010-01:

Internal accounting controls over monitoring of cash and fund balances were inadequate. This finding has been resolved.

Finding No. 2010-02:

Interfund loans exceeded nine months and were not being repaid timely as required by South Dakota Codified Law (SDCL) 7-21-34. This finding has not been corrected and is restated as Current Other Audit Finding No. 2012-01.

**SCHEDULE OF CURRENT AUDIT FINDINGS**

**Current Audit Finding:**

***Compliance and Other Matters:***

County Interfund Loans

Finding No. 2012-01:

In the past the County Health Care Center Fund sustained large operating losses for several years prior to 2002. In order to continue operation, the County Health Care Center Fund borrowed money from other County funds. As of February 17, 2004 the General Fund has assumed the loans from the special revenue funds. These interfund loans were not repaid within nine months in violation of SDCL 7-21-34. In addition, these interfund loans have severely depleted the available cash assets of the General Fund and special revenue funds of the County. This is the thirteenth consecutive audit report to contain a similar finding.

Analysis:

SDCL 7-21-34 states:

Whenever moneys shall have been actually provided for any fund of the county by a levy of taxes and such moneys shall not have actually collected and covered into the county treasury but concerning the receipt of which moneys there can be no question, the board of county commissioners is authorized, by a unanimous vote, to anticipate the receipt of such moneys into such fund by drawing temporarily upon the moneys in any other fund of the county for which there shall not be immediate use.

Any fund temporarily depleted by virtue of the foregoing provision shall be fully restored within nine months after a draft upon the same for the benefit of another fund shall have been made, and the moneys coming into the latter fund shall first be used to restore such depletion. The board shall provide, at the time of making such withdrawal, for reimbursing the fund from which moneys are thus temporarily withdrawn.

In the past, the County Health Care Center Fund borrowed funds from other County funds. On February 17, 2004 the County Commission forgave these loans. However, since some of these loans were made by funds that have revenues dedicated by various SDCL's for various purposes, these loans

could not legally be written off. The General Fund has assumed these loans. As of December 31, 2012 the total balance outstanding, after applying no payments during this audit period, is \$543,535.00.

The County Health Care Center Fund was closed out as of December 31, 2004 as the operations were transferred to a non-profit corporation.

RECOMMENDATION:

We recommend that interfund loans be repaid in the manner required by state law.

Management's Response:

Management chose not to respond to this finding.



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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

County Commission  
Bennett County  
Martin, South Dakota

### ***Report on the Financial Statements***

We have audited the accompanying modified cash basis of accounting financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bennett County, South Dakota (County), as of December 31, 2012 and for each of the years in the biennial period 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 the modified cash basis of accounting described in Note 1.c.; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is responsible for 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 on a modified cash basis of accounting of the governmental activities, each major fund, and the aggregate remaining fund information of Bennett County as of December 31, 2012, and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

### **Basis of Accounting**

We draw attention to Note 1.c. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the County's basic financial statements. The Budgetary Comparison Schedules and the Schedules of Changes in Long-Term Debt listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2013 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

October 16, 2013

**BENNETT COUNTY**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**December 31, 2012**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 1,099,667.72
Investments	512,353.06
	1,612,020.78
<b>TOTAL ASSETS</b>	<b>\$ 1,612,020.78</b>
<b>NET POSITION:</b>	
Restricted For: (See Note 5)	
Road and Bridge Purposes	\$ 649,585.26
Senior Citizens Purposes	406,508.79
Other Purposes	81,453.77
Unrestricted	474,472.96
	1,612,020.78
<b>TOTAL NET POSITION</b>	<b>\$ 1,612,020.78</b>

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

**BENNETT COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
For the Year Ended December 31, 2012

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 Government Governmental Activities
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 866,117.42	\$ 89,398.23	\$ 21,514.98	\$ 152,800.00	\$ (602,404.21)
Public Safety	948,892.99	17,349.68	55,431.94		(876,111.37)
Public Works	381,220.53	701.94	548,633.55	8,963.00	177,077.96
Health and Welfare	20,740.89	9,393.04			(11,347.85)
Culture and Recreation	83,217.65	738.93	865.92		(81,612.80)
Conservation of Natural Resources	79,548.42	4,250.46	3,112.27		(72,185.69)
*Interest on Long-Term Debt	3,887.99				(3,887.99)
<b>Total Primary Government</b>	<b>\$ 2,383,625.89</b>	<b>\$ 121,832.28</b>	<b>\$ 629,558.66</b>	<b>\$ 161,763.00</b>	<b>(1,470,471.95)</b>
<b>General Revenues:</b>					
Taxes:					
Property Taxes					1,348,731.60
Wheel Tax					60,546.11
911 Telephone Surcharge					15,590.90
State Shared Revenues					66,364.51
Unrestricted Investment Earnings					10,890.40
Miscellaneous Revenue					41,107.13
<b>Total General Revenues</b>					<b>1,543,230.65</b>
Change in Net Position					72,758.70
Net Position - Beginning					1,539,262.08
<b>NET POSITION - ENDING</b>					<b>\$ 1,612,020.78</b>

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

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

**BENNETT COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
For the Year Ended December 31, 2011

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 Government Governmental Activities
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 646,849.24	\$ 41,160.15	\$ 17,400.80	\$ 5,227.37	\$ (583,060.92)
Public Safety	779,378.03	17,247.60	17,316.30		(744,814.13)
Public Works	371,535.70		473,828.70	37,641.60	139,934.60
Health and Welfare	25,794.23	10,061.25	1,020.00		(14,712.98)
Culture and Recreation	104,490.35	2,153.73			(102,336.62)
Conservation of Natural Resources	73,674.62	13,622.37			(60,052.25)
<b>Total Primary Government</b>	<b>\$ 2,001,722.17</b>	<b>\$ 84,245.10</b>	<b>\$ 509,565.80</b>	<b>\$ 42,868.97</b>	<b>(1,365,042.30)</b>
<b>General Revenues:</b>					
Taxes:					
Property Taxes					1,316,691.06
Wheel Tax					60,597.17
911 Telephone Surcharge					34,723.88
State Shared Revenues					77,138.91
Unrestricted Investment Earnings					35,935.00
Miscellaneous Revenue					79,305.64
<b>Total General Revenues</b>					<b>1,604,391.66</b>
<b>Change in Net Position</b>					<b>239,349.36</b>
<b>Net Position - Beginning</b>					<b>1,315,600.68</b>
Adjustments:					
Refund 2010 911 Fee Overpayment (See Note 7)					(15,687.96)
<b>Adjusted Net Position - Beginning</b>					<b>1,299,912.72</b>
<b>NET POSITION - ENDING</b>					<b>\$ 1,539,262.08</b>

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

**BENNETT COUNTY  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
December 31, 2012**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Senior Citizens Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 431,389.42	\$ 603,933.15	\$ 16,734.05	\$ 47,611.10	\$ 1,099,667.72
Investments	32,610.99	45,652.11	389,774.74	44,315.22	512,353.06
<b>TOTAL ASSETS</b>	<u>\$ 464,000.41</u>	<u>\$ 649,585.26</u>	<u>\$ 406,508.79</u>	<u>\$ 91,926.32</u>	<u>\$ 1,612,020.78</u>
<b>FUND BALANCES:</b> (See Note 1. h.)					
Restricted	\$	\$ 649,585.26	\$ 406,508.79	\$ 81,453.77	\$ 1,137,547.82
Assigned				10,472.55	10,472.55
Unassigned	464,000.41				464,000.41
<b>TOTAL FUND BALANCES</b>	<u>\$ 464,000.41</u>	<u>\$ 649,585.26</u>	<u>\$ 406,508.79</u>	<u>\$ 91,926.32</u>	<u>\$ 1,612,020.78</u>

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

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**BENNETT COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2012**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Senior Citizens Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes:					
General Property Taxes--Current	\$ 1,302,918.55	\$	\$	\$ 17,846.73	\$ 1,320,765.28
General Property Taxes--Delinquent	21,543.26			305.19	21,848.45
Penalties and Interest	6,023.71			83.89	6,107.60
Mobile Home Tax	10.12			0.15	10.27
Wheel Tax		60,546.11			60,546.11
911 Telephone Surcharge				15,590.90	15,590.90
Licenses and Permits	18,115.00			660.00	18,775.00
Intergovernmental Revenue:					
Federal Grants	16,591.44	8,963.00		196,639.94	222,194.38
Federal Shared Revenue	9,290.97			127.14	9,418.11
State Grants	3,112.27	124,167.29			127,279.56
State Shared Revenue:					
Bank Franchise	14,887.77				14,887.77
Motor Vehicle Licenses		316,319.81			316,319.81
Liquor Tax Reversion	16,425.05				16,425.05
State Highway Fund (former 10% game)		4,827.80			4,827.80
Court Appointed Attorney/Public Defender	4,399.02				4,399.02
Prorate/Port of Entry Fees		26,322.71			26,322.71
Abused and Neglected Child Defense	2,050.08				2,050.08
63 3/4% Mobile Home		28.27			28.27
Secondary Road Motor Vehicle Remittances		76,967.67			76,967.67
Telecommunications Gross Receipts Tax	22,017.24				22,017.24
Motor Vehicle 1/4%	648.33				648.33
Motor Fuel Tax		2,868.65			2,868.65
911 Remittances				10,165.80	10,165.80
Charges for Goods and Services:					
General Government:					
Treasurer's Fees	5,117.50				5,117.50
Register of Deeds' Fees	23,818.60			426.00	24,244.60

Legal Services	26,764.60			175.00	26,939.60
Clerk of Courts Fees	2,612.20				2,612.20
Other Fees	11,904.33				11,904.33
Public Safety:					
Law Enforcement	2,783.49				2,783.49
Sobriety Testing				9,349.00	9,349.00
Other	1,401.19				1,401.19
Public Works:					
Road Maintenance Contract Charges		701.94			701.94
Health and Welfare:					
Health Assistance:					
Women, Infants and Children	9,049.04				9,049.04
Mental Health Services	344.00				344.00
Culture and Recreation				738.93	738.93
Conservation of Natural Resources	4,250.46				4,250.46
Fines and Forfeits:					
Costs	2,889.00				2,889.00
Forfeits	732.00				732.00
Miscellaneous Revenue:					
Investment Earnings	707.64	582.23	8,660.23	940.30	10,890.40
Contributions and Donations				865.92	865.92
Refund of Prior Year's Expenditures	8,563.35	160.34		256.00	8,979.69
Other	1,222.02				1,222.02
<b>Total Revenues</b>	<b>1,540,192.23</b>	<b>622,455.82</b>	<b>8,660.23</b>	<b>254,170.89</b>	<b>2,425,479.17</b>

**Expenditures:**

## General Government:

## Legislative:

Board of County Commissioners	74,893.09				74,893.09
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Elections	14,923.57				14,923.57
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Judicial System	13,298.63				13,298.63
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## Financial Administration:

Auditor	82,416.95				82,416.95
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Treasurer	61,000.45				61,000.45
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Other	44,600.76				44,600.76
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## Legal Services:

State's Attorney	115,349.31				115,349.31
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Court Appointed Attorney	100,977.41				100,977.41
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Abused and Neglected Child Defense	23,508.33				23,508.33
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## Other Administration:

General Government Building	65,011.60			155,959.53	220,971.13
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**BENNETT COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2012**  
**(Continued)**

	General Fund	Road and Bridge Fund	Senior Citizens Trust Fund	Other Governmental Funds	Total Governmental Funds
Director of Equalization	46,912.22				46,912.22
Register of Deeds	54,946.11				54,946.11
Veterans Service Officer	9,646.53				9,646.53
Predatory Animal	2,672.93				2,672.93
Public Safety:					
Law Enforcement:					
Sheriff	50,179.45				50,179.45
County Jail	459,427.08			13,715.20	473,142.28
Coroner	789.63				789.63
County-Wide Law Enforcement	256,432.35				256,432.35
Juvenile Detention	63,551.08				63,551.08
Protective and Emergency Services:					
Fire Protection				20,140.28	20,140.28
Emergency and Disaster Services				26,624.25	26,624.25
Communication Center				46,526.23	46,526.23
Public Works:					
Highways and Bridges:					
Highways, Roads and Bridges		355,703.55			355,703.55
Health and Welfare:					
Economic Assistance:					
Support of Poor	7,381.67				7,381.67
Other	2,561.43				2,561.43
Health Assistance:					
Women, Infants and Children	7,652.26				7,652.26
Mental Health Services:					
Mentally Ill	3,145.53				3,145.53
Culture and Recreation:					
Culture:					
Public Library	74,844.10			975.54	75,819.64
Recreation:					
Exhibition Building	642.86				642.86

County Fair	6,755.15				6,755.15
Conservation of Natural Resources:					
Soil Conservation:					
County Extension	43,299.73				43,299.73
Weed and Pest Control	36,248.69				36,248.69
Debt Service	11,507.44	29,404.97			40,912.41
Total Expenditures	<u>1,734,576.34</u>	<u>385,108.52</u>	<u>0.00</u>	<u>263,941.03</u>	<u>2,383,625.89</u>
Excess of Revenues Over (Under) Expenditures	<u>(194,384.11)</u>	<u>237,347.30</u>	<u>8,660.23</u>	<u>(9,770.14)</u>	<u>41,853.28</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In				16,000.00	16,000.00
Transfers Out	(16,000.00)				(16,000.00)
Insurance Proceeds	28,123.50				28,123.50
Sale of County Property	2,781.92				2,781.92
Total Other Financing Sources (Uses)	<u>14,905.42</u>	<u>0.00</u>	<u>0.00</u>	<u>16,000.00</u>	<u>30,905.42</u>
Net Change in Fund Balance	(179,478.69)	237,347.30	8,660.23	6,229.86	72,758.70
Fund Balance - Beginning	<u>643,479.10</u>	<u>412,237.96</u>	<u>397,848.56</u>	<u>85,696.46</u>	<u>1,539,262.08</u>
FUND BALANCE - ENDING	<u>\$ 464,000.41</u>	<u>\$ 649,585.26</u>	<u>\$ 406,508.79</u>	<u>\$ 91,926.32</u>	<u>\$ 1,612,020.78</u>

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

**BENNETT COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2011**

	General Fund	Road and Bridge Fund	Senior Citizens Trust Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
<b>Taxes:</b>					
General Property Taxes--Current	\$ 1,272,221.12	\$ .	\$ .	\$ 17,950.25	\$ 1,290,171.37
General Property Taxes--Delinquent	21,003.77			297.44	21,301.21
Penalties and Interest	5,108.53			72.29	5,180.82
Mobile Home Tax	37.11			0.55	37.66
Wheel Tax		60,597.17			60,597.17
911 Telephone Surcharge				34,723.88	34,723.88
Licenses and Permits	6,681.00			1,020.00	7,701.00
<b>Intergovernmental Revenue:</b>					
Federal Grants	8,681.98	37,641.60		18,351.38	64,674.96
Federal Shared Revenue	9,174.77			129.33	9,304.10
State Grants		130,063.84			130,063.84
<b>State Shared Revenue:</b>					
Bank Franchise	24,591.10			346.83	24,937.93
Motor Vehicle Licenses		245,464.33			245,464.33
Liquor Tax Reversion	15,435.38				15,435.38
State Highway Fund (former 10% game)		4,827.80			4,827.80
Court Appointed Attorney/Public Defender	4,230.53				4,230.53
Prorate/Port of Entry Fees		25,361.83			25,361.83
Abused and Neglected Child Defense	1,461.95				1,461.95
63 3/4% Mobile Home		3,447.04			3,447.04
Secondary Road Motor Vehicle Remittances		64,663.86			64,663.86
Telecommunications Gross Receipts Tax	27,461.50				27,461.50
Motor Vehicle 1/4%	537.63				537.63
<b>Charges for Goods and Services:</b>					
<b>General Government:</b>					
Treasurer's Fees	5,276.90				5,276.90
Register of Deeds' Fees	14,182.10				14,182.10
Legal Services	17,118.03			125.00	17,243.03
Clerk of Courts Fees	1,353.00				1,353.00

Other Fees	1,230.12				1,230.12
Public Safety:					
Law Enforcement	1,420.99				1,420.99
Sobriety Testing			13,032.00		13,032.00
Other	657.41				657.41
Health and Welfare:					
Economic Assistance:					
Veterans Service Officer	1,875.00				1,875.00
Health Assistance:					
Women, Infants and Children	8,042.70				8,042.70
Mental Health Services	2,018.55				2,018.55
Culture and Recreation			2,153.73		2,153.73
Conservation of Natural Resources	13,622.37				13,622.37
Fines and Forfeits:					
Costs	2,137.20				2,137.20
Miscellaneous Revenue:					
Investment Earnings	592.30	139.50	33,872.79	1,330.41	35,935.00
Other	8,637.11	136.29		340.59	9,113.99
<b>Total Revenues</b>	<b>1,474,790.15</b>	<b>572,343.26</b>	<b>33,872.79</b>	<b>89,873.68</b>	<b>2,170,879.88</b>

**Expenditures:**

General Government:

Legislative:

Board of County Commissioners	53,999.82				53,999.82
Elections	4,057.95				4,057.95
Judicial System	40,954.45				40,954.45

Financial Administration:

Auditor	81,356.01				81,356.01
Treasurer	61,742.51				61,742.51
Other	35,963.91				35,963.91

Legal Services:

State's Attorney	101,735.46				101,735.46
Court Appointed Attorney	69,780.25				69,780.25
Abused and Neglected Child Defense	25,811.79				25,811.79

Other Administration:

General Government Building	58,726.87		3,063.12		61,789.99
Director of Equalization	42,356.76				42,356.76
Register of Deeds	53,951.05				53,951.05
Veterans Service Officer	10,676.36				10,676.36
Predatory Animal	2,672.93				2,672.93

**BENNETT COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2011**  
**(Continued)**

	General Fund	Road and Bridge Fund	Senior Citizens Trust Fund	Other Governmental Funds	Total Governmental Funds
Public Safety:					
Law Enforcement:					
Sheriff	49,100.96				49,100.96
County Jail	309,735.59			23,789.49	333,525.08
Coroner	4,682.45				4,682.45
County-Wide Law Enforcement	202,049.96				202,049.96
Juvenile Detention	65,683.69				65,683.69
Protective and Emergency Services:					
Fire Protection				20,012.39	20,012.39
Emergency and Disaster Services				12,092.70	12,092.70
Communication Center				92,230.80	92,230.80
Public Works:					
Highways and Bridges:					
Highways, Roads and Bridges		371,535.70			371,535.70
Health and Welfare:					
Economic Assistance:					
Support of Poor	8,744.96				8,744.96
Public Welfare	1,032.00				1,032.00
Health Assistance:					
Women, Infants and Children	8,593.64				8,593.64
Mental Health Services:					
Mentally Ill	7,423.63				7,423.63
Culture and Recreation:					
Culture:					
Public Library	74,054.76			2,201.56	76,256.32
Recreation:					
Exhibition Building	734.03				734.03
County Fair	5,000.00				5,000.00
Senior Center	2,500.00		20,000.00		22,500.00
Conservation of Natural Resources:					
Soil Conservation:					

County Extension	38,182.15				38,182.15
Weed and Pest Control	35,492.47				35,492.47
Total Expenditures	<u>1,456,796.41</u>	<u>371,535.70</u>	<u>20,000.00</u>	<u>153,390.06</u>	<u>2,001,722.17</u>
Excess of Revenues Over (Under) Expenditures	<u>17,993.74</u>	<u>200,807.56</u>	<u>13,872.79</u>	<u>(63,516.38)</u>	<u>169,157.71</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In				68,800.00	68,800.00
Transfers Out	(68,800.00)				(68,800.00)
Insurance Proceeds	57,349.65				57,349.65
Sale of County Property	2,517.00	10,325.00			12,842.00
Total Other Financing Sources (Uses)	<u>(8,933.35)</u>	<u>10,325.00</u>	<u>0.00</u>	<u>68,800.00</u>	<u>70,191.65</u>
Net Change in Fund Balance	<u>9,060.39</u>	<u>211,132.56</u>	<u>13,872.79</u>	<u>5,283.62</u>	<u>239,349.36</u>
Fund Balance - Beginning	634,418.71	201,105.40	383,975.77	96,100.80	1,315,600.68
Adjustments:					
Refund 2010 911 Fee Overpayment (See Note 7)				(15,687.96)	(15,687.96)
Adjusted Fund Balances - Beginning	<u>634,418.71</u>	<u>201,105.40</u>	<u>383,975.77</u>	<u>80,412.84</u>	<u>1,299,912.72</u>
FUND BALANCE - ENDING	<u>\$ 643,479.10</u>	<u>\$ 412,237.96</u>	<u>\$ 397,848.56</u>	<u>\$ 85,696.46</u>	<u>\$ 1,539,262.08</u>

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

**BENNETT COUNTY**  
**STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**December 31, 2012**

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 19,228.65	\$ 142,121.49
Investments	32,199.60	
<b>TOTAL ASSETS</b>	<u>\$ 51,428.25</u>	<u>\$ 142,121.49</u>
<b>NET POSITION:</b>		
Restricted for Private-Purpose Trust	\$ 51,428.25	\$
Net Position Held in Agency Capacity		142,121.49
<b>TOTAL NET POSITION</b>	<u>\$ 51,428.25</u>	<u>\$ 142,121.49</u>

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

**BENNETT COUNTY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**For the Year Ended December 31, 2012**

	<b>Private-Purpose Trust Funds</b>
<b>ADDITIONS:</b>	
Earnings from Deposits and Investments	\$ 715.00
<b>DEDUCTIONS</b>	0.00
Change in Net Position	715.00
Net Position - Beginning	50,713.25
Net Position - Ending	\$ 51,428.25

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

**BENNETT COUNTY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**For the Year Ended December 31, 2011**

	<b>Private-Purpose Trust Funds</b>
<b>ADDITIONS:</b>	
Earnings from Deposits and Investments	\$ 1,312.46
<b>DEDUCTIONS</b>	0.00
Change in Net Position	1,312.46
Net Position - Beginning	49,400.79
Net Position - Ending	\$ 50,713.25

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

BENNETT COUNTY  
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.c., these financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

a. Financial Reporting Entity:

The reporting entity of Bennett 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.

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.

Senior Citizens Trust Fund – to account for funds received from the Evelyn Whirlwind Horse estate to be used for senior citizens activities. This is a major fund.

The remaining Special Revenue funds are not considered major funds: Fire Protection, Emergency Management, Domestic Abuse, Public Library, 911 Service, Courthouse Building, 24/7 Sobriety, and Modernization and Preservation. These funds are reported on the fund financial statements as "Other Governmental Funds".

**Fiduciary Funds:**

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

*Private-Purpose Trust Funds – Private-purpose trust funds are used for trust arrangements under which the principal and income benefit individuals, private organizations, or other governments.*

Reynolds Trust Fund – is a private-purpose trust to accumulate funds to help offset the cost of a van for the nursing home.

Nursing Home Trust Fund – is a private-purpose trust to account for the funds received from the Evelyn Whirlwind Horse estate to be used for any nursing home activities.

*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.

The County's basis of accounting is the modified cash basis, which is a basis of accounting other than USGAAP. Under USGAAP, transactions are recorded in the accounts when revenues are earned and liabilities are incurred. Under the modified cash basis, transactions are recorded when cash is received or disbursed.

*Measurement Focus:*

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus, applied within the limitations of the modified cash basis of accounting as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used, applied within the limitations of the modified cash basis of accounting.

*Basis of Accounting:*

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting.

The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions. Under the modified cash basis of accounting, the statement of financial position reports only cash and cash equivalents (those investments with terms to maturity of 90 days (three months) or less at the date of acquisition). Under the modified cash basis of accounting, transactions are recorded in the accounts when cash and/or cash equivalents are received or disbursed and assets and liabilities are recognized to the extent that cash has been received or disbursed. The acceptable modification to the cash basis of accounting implemented by the County in these financial statements is:

Recording long-term investments in marketable securities (those with maturities more than 90-days (three months) from the date of acquisition) acquired with cash assets at market value rather than cost.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the County applied USGAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

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 primarily of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6.

e. 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.

f. Equity Classifications:

*Government-wide Financial Statements:*

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

1. 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.
2. Unrestricted Net Position – All other net position that do not meet the definition of Restricted Net Position.

*Fund Financial Statements:*

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components.

g. 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.

h. 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 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 Government *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

Senior Citizens Trust Fund

**Revenue Source**

Wheel Tax, Federal and State Grants,  
and Motor Vehicle Licenses

Contributions and Interest

A schedule of fund balances is provided as follows:

**BENNETT COUNTY  
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Senior Citizens Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Fund Balances:</b>					
Restricted For:					
Road and Bridge Purposes	\$	\$ 542,493.38	\$	\$	\$ 542,493.38
Snow Removal Purposes		107,091.88			107,091.88
Senior Citizens Trust Fund Purposes			406,508.79		406,508.79
911 Service Purposes				3,798.46	3,798.46
Fire Protection Purposes				7,285.95	7,285.95
Domestic Abuse Purposes				4,612.61	4,612.61
Courthouse Building Purposes				18,056.11	18,056.11
Library Purposes				47,274.64	47,274.64
Modernization and Preservation Purposes				426.00	426.00
Assigned To:					
911 Service Purposes				5,648.31	5,648.31
Emergency Management Purposes				2,044.43	2,044.43
24/7 Sobriety Purposes				2,779.81	2,779.81
Unassigned	464,000.41				464,000.41
<b>Total Fund Balances</b>	<u>\$ 464,000.41</u>	<u>\$ 649,585.26</u>	<u>\$ 406,508.79</u>	<u>\$ 91,926.32</u>	<u>\$ 1,612,020.78</u>

## 2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

In past years the County Health Care Center Fund borrowed funds from various other county funds. On February 17, 2004 the County Commission forgave these advances. Since a number of these funds have dedicated revenues, the Commission could only forgive the advance from the General Fund. As a result of their actions, the General Fund assumed the advances from the following Special Revenue Funds: Road and Bridge (\$484,535), Fire Protection (\$26,000), and Courthouse Building (\$33,000). These advances have not been repaid within the nine months as allowed by SDCL 7-21-34. Repayment of these advances would deplete the General Fund's assets available for payment of current liabilities. In 2007 and 2008 the County paid back a total of \$67,000 to the Road and Bridge (Secondary Road portion). This repayment is reflected in the balance noted above. No additional payments have been made since 2008.

## 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.

As of December 31, 2012, the County had the following investments:

<u>Investment:</u>	<u>Credit Rating</u>	<u>Fair Value</u>
US Treasury Bond	Aaa	\$ 20,820.22
Government National Mortgage Association	Aaa	389,774.74
Subtotal		410,644.96
<u>Mutual Funds:</u>		
US Government Money Market Fund	Aaa-mf	21,915.93
<u>External Investment Pools:</u>		
SDFIT	Unrated	49,812.73
Total		<u>\$ 482,373.62</u>

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing. It is regulated by a nine member board with representation from municipalities, school districts and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

**Concentration of Credit Risk** – The County places no limit on the amount that may be invested in any one issuer. More than 5 percent of the County’s investments are in Government National Mortgage Association 80.80% and SDFIT 10.33%.

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. 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.

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>		
	<u>Less Than 1 Year</u>	<u>1 – 5</u>	<u>Greater Than 10</u>
US Treasury Bond	\$	\$ 20,870.22	\$
Government National Mortgage Association			389,774.74
Subtotal	<u>0.00</u>	<u>20,870.22</u>	<u>389,774.74</u>

Other Investments

US Government Money Market Fund	21,915.93
SDFIT	49,812.73
Total Investment	<u>\$ 482,373.62</u>

**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.

4. 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.

5. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2012 was as follows:

**Major Purposes:**

Road and Bridge Purposes	\$ 649,585.26
Senior Citizens Trust Fund Purposes	<u>406,508.79</u>

**Other Purposes:**

911 Service Purposes	7,398.46
Fire Protection Purposes	7,285.95
Domestic Abuse Purposes	4,612.61
Courthouse Building Purposes	18,056.11
Library Purposes	47,274.64
Modernization and Preservation Purposes	<u>426.00</u>

Total Other Purposes	<u>81,453.77</u>
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**Total Restricted Net Position** **\$ 1,137,547.82**

These balances are restricted due to federal grant and statutory requirements.

6. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2012 were as follows:

	<b><u>Transfers To:</u></b>
	Other
	Governmental
<b><u>Transfers From:</u></b>	<u>Funds</u>
Major Funds:	
General Fund	\$ 16,000.00

Interfund transfers for the year ended December 31, 2011 were as follows:

	<u>Transfers To:</u>
	Other Governmental Funds
<u>Transfers From:</u>	

Major Funds:

General Fund	\$ 68,800.00
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The County typically budgets transfers to the Emergency Management Fund, 24/7 Sobriety Fund, and 911 Service Fund (Other Governmental Funds) to conduct the indispensable functions of the County.

#### 7. PRIOR PERIOD ADJUSTMENTS

The County reported a prior period adjustment in 2011 to reduce beginning fund balance in the Other Governmental Funds \$15,687.96 for a refund to a cellular phone company for an overpayment in 2010 of 911 Telephone Surcharge fees.

#### 8. 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 South Dakota Codified Law 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, 2012, 2011, and 2010 were \$34,666.57, \$34,190.95, and \$34,920.70, respectively, equal to the required contributions each year.

#### 9. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2012, 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.

10. SUBSEQUENT EVENTS

Bennett County voters endorsed a \$350,000 opt out of the state-imposed property tax limitations by a vote of 349 to 168 on Tuesday, September 24, 2013. The property tax opt out gives the County Commission the authority to raise an additional \$350,000 annually from property taxes for the next five years.

11. 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, 2012, the County managed its risks as follows:

Employee Health Insurance:

The County joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The County pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage also includes a \$2,000,000 lifetime maximum payment per person.

The County does not carry additional health insurance coverage to pay claims in excess of this upper limit. 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:

General Liability, Automobile Liability, Law Enforcement Liability, Officials' Liability, Pollution Liability, Medical Malpractice, Uninsured and Underinsured Motorists, Property Damage for real and personal property, automobiles, miscellaneous equipment and tools, electronic data processing equipment, boiler and equipment breakdown, Earthquake and Floods.

The agreement with the SDPAA provides that the above coverages will be provided to a \$1,000,000 limit. 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, 2012, the County has vested balance in the cumulative reserve fund of \$54,132.47.

The County carries a \$250,000 deductible for the earthquake and flood coverage, \$2,000 deductible for the law enforcement liability coverage, \$500 deductible for the officials' liability coverage, damage to real and personal property, miscellaneous equipment and tools, electronic data processing equipment, boiler and equipment breakdown, and automobile damage coverage, and \$250 deductible for the vehicle comprehensive coverage.

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 two years.

Unemployment Benefits:

The County provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

**SUPPLEMENTARY INFORMATION**  
**BENNETT COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 1,333,341.00	\$ 1,333,341.00	\$ 1,302,918.55	\$ (30,422.45)
General Property Taxes--Delinquent	23,500.00	23,500.00	21,543.26	(1,956.74)
Penalties and Interest	7,200.00	7,200.00	6,023.71	(1,176.29)
Mobile Home Tax	0.00	0.00	10.12	10.12
Licenses and Permits	8,040.00	8,040.00	18,115.00	10,075.00
Intergovernmental Revenue:				
Federal Grants	2,500.00	2,500.00	16,591.44	14,091.44
Federal Shared Revenue	9,390.00	9,390.00	9,290.97	(99.03)
State Grants	0.00	0.00	3,112.27	3,112.27
State Shared Revenue:				
Bank Franchise	15,000.00	15,000.00	14,887.77	(112.23)
Liquor Tax Reversion	15,000.00	15,000.00	16,425.05	1,425.05
Court Appointed Attorney/Public Defender	9,000.00	9,000.00	4,399.02	(4,600.98)
Abused and Neglected Child Defense	4,500.00	4,500.00	2,050.08	(2,449.92)
Telecommunications Gross Receipts Tax	23,500.00	23,500.00	22,017.24	(1,482.76)
Motor Vehicle 1/4%	570.00	570.00	648.33	78.33
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	4,855.00	4,855.00	5,117.50	262.50
Register of Deeds' Fees	19,500.00	19,500.00	23,818.60	4,318.60
Legal Services	20,100.00	20,100.00	26,764.60	6,664.60
Clerk of Courts Fees	2,700.00	2,700.00	2,612.20	(87.80)
Other Fees	1,025.00	1,025.00	11,904.33	10,879.33
Public Safety:				
Law Enforcement	2,500.00	2,500.00	2,783.49	283.49
Other	175.00	175.00	1,401.19	1,226.19
Health and Welfare:				
Health Assistance:				
Women, Infants and Children	7,866.00	7,866.00	9,049.04	1,183.04
Mental Health Services	0.00	0.00	344.00	344.00
Conservation of Natural Resources	10,000.00	10,000.00	4,250.46	(5,749.54)
Fines and Forfeits:				
Costs	2,000.00	2,000.00	2,889.00	889.00
Forfeits	1,500.00	1,500.00	732.00	(768.00)
Miscellaneous Revenue:				
Investment Earnings	1,400.00	1,400.00	707.64	(692.36)
Refund of Prior Year's Expenditures	0.00	0.00	8,563.35	8,563.35
Other	8,013.00	8,013.00	1,222.02	(6,790.98)
<b>Total Revenues</b>	<b>1,533,175.00</b>	<b>1,533,175.00</b>	<b>1,540,192.23</b>	<b>7,017.23</b>
<b>Expenditures:</b>				
General Government:				
Legislative:				
Board of County Commissioners	52,459.00	74,909.00	74,893.09	15.91
Contingency	75,900.00	75,900.00		
Amount Transferred		(75,900.00)		0.00
Elections	14,750.00	14,925.00	14,923.57	1.43
Judicial System	12,125.00	13,300.00	13,298.63	1.37
Financial Administration:				
Auditor	85,817.00	85,817.00	82,416.95	3,400.05
Treasurer	67,818.00	67,818.00	61,000.45	6,817.55
Other	39,600.00	39,600.00	44,600.76	(5,000.76)
Legal Services:				
State's Attorney	107,143.00	115,363.00	115,349.31	13.69
Court Appointed Attorney	60,000.00	101,000.00	100,977.41	22.59
Abused and Neglected Child Defense	23,000.00	23,509.00	23,508.33	0.67
Other Administration:				
General Government Building	60,741.00	65,016.00	65,011.60	4.40
Director of Equalization	44,784.00	46,914.00	46,912.22	1.78

**SUPPLEMENTARY INFORMATION**  
**BENNETT COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**For the Year Ended December 31, 2012**  
**(Continued)**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Register of Deeds	57,377.00	57,377.00	54,946.11	2,430.89
Veterans Service Officer	10,116.00	10,116.00	9,646.53	469.47
Predatory Animal	2,700.00	2,700.00	2,672.93	27.07
<b>Public Safety:</b>				
<b>Law Enforcement:</b>				
Sheriff	50,293.00	50,293.00	50,179.45	113.55
County Jail	186,700.00	459,500.00	459,427.08	72.92
Coroner	4,740.00	4,740.00	789.63	3,950.37
County-Wide Law Enforcement	207,917.00	267,944.04	256,432.35	11,511.69
Juvenile Detention	59,000.00	63,552.00	63,551.08	0.92
<b>Health and Welfare:</b>				
<b>Economic Assistance:</b>				
Support of Poor	8,500.00	8,500.00	7,381.67	1,118.33
Other	1,200.00	2,565.00	2,561.43	3.57
<b>Health Assistance:</b>				
Women, Infants and Children	7,866.00	7,866.00	7,652.26	213.74
<b>Mental Health Services:</b>				
Mentally Ill	5,000.00	5,000.00	3,145.53	1,854.47
<b>Culture and Recreation:</b>				
<b>Culture:</b>				
Public Library	76,381.00	76,381.00	74,844.10	1,536.90
<b>Recreation:</b>				
Exhibition Building	3,500.00	3,500.00	642.86	2,857.14
County Fair	5,000.00	6,755.15	6,755.15	0.00
Senior Center	2,500.00	2,500.00	0.00	2,500.00
<b>Conservation of Natural Resources:</b>				
<b>Soil Conservation:</b>				
County Extension	35,495.00	43,687.53	43,299.73	387.80
Weed and Pest Control	37,436.00	37,436.00	36,248.69	1,187.31
Debt Service	0.00	0.00	11,507.44	(11,507.44)
<b>Total Expenditures</b>	<u>1,405,858.00</u>	<u>1,758,583.72</u>	<u>1,734,576.34</u>	<u>24,007.38</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>127,317.00</u>	<u>(225,408.72)</u>	<u>(194,384.11)</u>	<u>31,024.61</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(50,658.00)	(50,658.00)	(16,000.00)	34,658.00
Insurance Proceeds	0.00	0.00	28,123.50	28,123.50
Sale of County Property	0.00	0.00	2,781.92	2,781.92
<b>Total Other Financing Sources (Uses)</b>	<u>(50,658.00)</u>	<u>(50,658.00)</u>	<u>14,905.42</u>	<u>65,563.42</u>
<b>Net Change in Fund Balance</b>	76,659.00	(276,066.72)	(179,478.69)	96,588.03
<b>Fund Balance - Beginning</b>	<u>643,479.10</u>	<u>643,479.10</u>	<u>643,479.10</u>	<u>0.00</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 720,138.10</u>	<u>\$ 367,412.38</u>	<u>\$ 464,000.41</u>	<u>\$ 96,588.03</u>

**SUPPLEMENTARY INFORMATION**  
**BENNETT COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**ROAD AND BRIDGE FUND**  
**For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Wheel Tax	\$ 60,000.00	\$ 60,000.00	\$ 60,546.11	\$ 546.11
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	8,963.00	8,963.00
State Grants	0.00	0.00	124,167.29	124,167.29
State Shared Revenue:				
Motor Vehicle Licenses	282,063.00	282,063.00	316,319.81	34,256.81
State Highway Fund (former 10% game)	4,830.00	4,830.00	4,827.80	(2.20)
Prorate/Port of Entry Fees	22,000.00	22,000.00	26,322.71	4,322.71
63 3/4% Mobile Home	5,000.00	5,000.00	28.27	(4,971.73)
Secondary Road Motor Vehicle Remittances	69,000.00	69,000.00	76,967.67	7,967.67
Motor Fuel Tax	0.00	0.00	2,868.65	2,868.65
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	0.00	0.00	701.94	701.94
Miscellaneous Revenue:				
Investment Earnings	180.00	180.00	582.23	402.23
Refund of Prior Year's Expenditures	0.00	0.00	160.34	160.34
<b>Total Revenues</b>	<b>443,073.00</b>	<b>443,073.00</b>	<b>622,455.82</b>	<b>179,382.82</b>
<b>Expenditures:</b>				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	408,719.00	408,719.00	355,703.55	53,015.45
Debt Service	12,200.00	12,200.00	29,404.97	(17,204.97)
<b>Total Expenditures</b>	<b>420,919.00</b>	<b>420,919.00</b>	<b>385,108.52</b>	<b>35,810.48</b>
Net Change in Fund Balance	22,154.00	22,154.00	237,347.30	215,193.30
Fund Balance - Beginning	412,237.96	412,237.96	412,237.96	0.00
<b>FUND BALANCE - ENDING</b>	<b>\$ 434,391.96</b>	<b>\$ 434,391.96</b>	<b>\$ 649,585.26</b>	<b>\$ 215,193.30</b>

**SUPPLEMENTARY INFORMATION**  
**BENNETT COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**SENIOR CITIZENS TRUST FUND**  
**For the Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Miscellaneous Revenue:				
Investment Earnings	\$ 21,053.00	\$ 21,053.00	\$ 8,660.23	\$ (12,392.77)
<b>Expenditures:</b>				
Culture and Recreation:				
Recreation:				
Senior Center	20,000.00	20,000.00	0.00	20,000.00
Net Change in Fund Balance	1,053.00	1,053.00	8,660.23	7,607.23
Fund Balance - Beginning	397,848.56	397,848.56	397,848.56	0.00
<b>FUND BALANCE - ENDING</b>	<b>\$ 398,901.56</b>	<b>\$ 398,901.56</b>	<b>\$ 406,508.79</b>	<b>\$ 7,607.23</b>

**SUPPLEMENTARY INFORMATION  
BENNETT COUNTY  
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
GENERAL FUND  
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 1,302,148.00	\$ 1,302,148.00	\$ 1,272,221.12	\$ (29,926.88)
General Property Taxes--Delinquent	23,000.00	23,000.00	21,003.77	(1,996.23)
Penalties and Interest	7,200.00	7,200.00	5,108.53	(2,091.47)
Mobile Home Tax	500.00	500.00	37.11	(462.89)
Licenses and Permits	7,830.00	7,830.00	6,681.00	(1,149.00)
Intergovernmental Revenue:				
Federal Grants	4,400.00	4,400.00	8,681.98	4,281.98
Federal Shared Revenue	9,390.00	9,390.00	9,174.77	(215.23)
State Shared Revenue:				
Bank Franchise	7,000.00	7,000.00	24,591.10	17,591.10
Liquor Tax Reversion	14,800.00	14,800.00	15,435.38	635.38
Court Appointed Attorney/Public Defender	7,500.00	7,500.00	4,230.53	(3,269.47)
Abused and Neglected Child Defense	5,000.00	5,000.00	1,461.95	(3,538.05)
Telecommunications Gross Receipts Tax	23,000.00	23,000.00	27,461.50	4,461.50
Motor Vehicle 1/4%	570.00	570.00	537.63	(32.37)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	4,195.00	4,195.00	5,276.90	1,081.90
Register of Deeds' Fees	19,500.00	19,500.00	14,182.10	(5,317.90)
Legal Services	20,150.00	20,150.00	17,118.03	(3,031.97)
Clerk of Courts Fees	2,700.00	2,700.00	1,353.00	(1,347.00)
Other Fees	825.00	825.00	1,230.12	405.12
Public Safety:				
Law Enforcement	2,100.00	2,100.00	1,420.99	(679.01)
Other	175.00	175.00	657.41	482.41
Health and Welfare:				
Economic Assistance:				
Veterans Service Officer	1,850.00	1,850.00	1,875.00	25.00
Health Assistance:				
Women, Infants and Children	7,483.00	7,483.00	8,042.70	559.70
Mental Health Services	0.00	0.00	2,018.55	2,018.55
Conservation of Natural Resources	10,170.00	10,170.00	13,622.37	3,452.37
Fines and Forfeits:				
Costs	3,000.00	3,000.00	2,137.20	(862.80)
Forfeits	2,000.00	2,000.00	0.00	(2,000.00)
Miscellaneous Revenue:				
Investment Earnings	2,005.00	2,005.00	592.30	(1,412.70)
Other	8,065.00	8,065.00	8,637.11	572.11
<b>Total Revenues</b>	<b>1,496,556.00</b>	<b>1,496,556.00</b>	<b>1,474,790.15</b>	<b>(21,765.85)</b>
<b>Expenditures:</b>				
General Government:				
Legislative:				
Board of County Commissioners	61,462.00	61,462.00	53,999.82	7,462.18
Contingency	55,862.00	55,862.00		
Amount Transferred		(55,862.00)		0.00
Elections	2,445.00	4,065.00	4,057.95	7.05
Judicial System	11,225.00	40,975.00	40,954.45	20.55
Financial Administration:				
Auditor	82,874.00	82,874.00	81,356.01	1,517.99
Treasurer	63,675.00	63,675.00	61,742.51	1,932.49
Other	41,200.00	41,200.00	35,963.91	5,236.09
Legal Services:				
State's Attorney	102,704.00	102,704.00	101,735.46	968.54
Court Appointed Attorney	60,000.00	69,785.00	69,780.25	4.75
Abused and Neglected Child Defense	23,000.00	25,815.00	25,811.79	3.21
Other Administration:				
General Government Building	59,465.00	59,465.00	58,726.87	738.13
Director of Equalization	43,449.00	43,449.00	42,356.76	1,092.24

**SUPPLEMENTARY INFORMATION**  
**BENNETT COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**For the Year Ended December 31, 2011**  
**(Continued)**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Register of Deeds	53,960.00	53,960.00	53,951.05	8.95
Veterans Service Officer	9,076.00	10,680.00	10,676.36	3.64
Predatory Animal	2,700.00	2,700.00	2,672.93	27.07
Public Safety:				
Law Enforcement:				
Sheriff	49,238.00	49,238.00	49,100.96	137.04
County Jail	191,200.00	309,740.00	309,735.59	4.41
Coroner	4,740.00	4,740.00	4,682.45	57.55
County-Wide Law Enforcement	196,771.00	202,058.54	202,049.96	8.58
Juvenile Detention	60,000.00	65,690.00	65,683.69	6.31
Health and Welfare:				
Economic Assistance:				
Support of Poor	8,500.00	8,750.00	8,744.96	5.04
Public Welfare	1,200.00	1,200.00	1,032.00	168.00
Health Assistance:				
Women, Infants and Children	7,483.00	8,683.00	8,593.64	89.36
Mental Health Services:				
Mentally Ill	5,000.00	7,450.00	7,423.63	26.37
Culture and Recreation:				
Culture:				
Public Library	74,247.00	74,247.00	74,054.76	192.24
Recreation:				
Exhibition Building	1,500.00	1,500.00	734.03	765.97
County Fair	5,000.00	5,000.00	5,000.00	0.00
Senior Center	2,500.00	2,500.00	2,500.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	37,258.00	38,183.00	38,182.15	0.85
Weed and Pest Control	35,497.00	35,497.00	35,492.47	4.53
<b>Total Expenditures</b>	<b>1,353,231.00</b>	<b>1,477,285.54</b>	<b>1,456,796.41</b>	<b>20,489.13</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>143,325.00</b>	<b>19,270.46</b>	<b>17,993.74</b>	<b>(1,276.72)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(53,526.00)	(79,858.00)	(68,800.00)	11,058.00
Insurance Proceeds	0.00	0.00	57,349.65	57,349.65
Sale of County Property	30.00	30.00	2,517.00	2,487.00
<b>Total Other Financing Sources (Uses)</b>	<b>(53,496.00)</b>	<b>(79,828.00)</b>	<b>(8,933.35)</b>	<b>70,894.65</b>
<b>Net Change in Fund Balance</b>	<b>89,829.00</b>	<b>(60,557.54)</b>	<b>9,060.39</b>	<b>69,617.93</b>
<b>Fund Balance - Beginning</b>	<b>634,418.71</b>	<b>634,418.71</b>	<b>634,418.71</b>	<b>0.00</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 724,247.71</b>	<b>\$ 573,861.17</b>	<b>\$ 643,479.10</b>	<b>\$ 69,617.93</b>

**SUPPLEMENTARY INFORMATION**  
**BENNETT COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**ROAD AND BRIDGE FUND**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Wheel Tax	\$ 61,300.00	\$ 61,300.00	\$ 60,597.17	\$ (702.83)
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	37,641.60	37,641.60
State Grants	0.00	0.00	130,063.84	130,063.84
State Shared Revenue:				
Motor Vehicle Licenses	220,000.00	220,000.00	245,464.33	25,464.33
State Highway Fund (former 10% game)	4,830.00	4,830.00	4,827.80	(2.20)
Prorate/Port of Entry Fees	22,500.00	22,500.00	25,361.83	2,861.83
63 3/4% Mobile Home	5,000.00	5,000.00	3,447.04	(1,552.96)
Secondary Road Motor Vehicle Remittances	55,000.00	55,000.00	64,663.86	9,663.86
Miscellaneous Revenue:				
Investment Earnings	250.00	250.00	139.50	(110.50)
Other	0.00	0.00	136.29	136.29
<b>Total Revenues</b>	<b>368,880.00</b>	<b>368,880.00</b>	<b>572,343.26</b>	<b>203,463.26</b>
<b>Expenditures:</b>				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	366,500.00	389,043.00	371,535.70	17,507.30
Debt Service	12,200.00	12,200.00	0.00	12,200.00
<b>Total Expenditures</b>	<b>378,700.00</b>	<b>401,243.00</b>	<b>371,535.70</b>	<b>29,707.30</b>
Excess of Revenues Over (Under) Expenditures	(9,820.00)	(32,363.00)	200,807.56	233,170.56
<b>Other Financing Sources (Uses):</b>				
Transfers In	29,752.00	29,752.00	0.00	(29,752.00)
Sale of County Property	0.00	0.00	10,325.00	10,325.00
<b>Total Other Financing Sources (Uses)</b>	<b>29,752.00</b>	<b>29,752.00</b>	<b>10,325.00</b>	<b>(19,427.00)</b>
Net Change in Fund Balance	19,932.00	(2,611.00)	211,132.56	213,743.56
Fund Balance - Beginning	201,105.40	201,105.40	201,105.40	0.00
<b>FUND BALANCE - ENDING</b>	<b>\$ 221,037.40</b>	<b>\$ 198,494.40</b>	<b>\$ 412,237.96</b>	<b>\$ 213,743.56</b>

**SUPPLEMENTARY INFORMATION**  
**BENNETT COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**SENIOR CITIZENS TRUST FUND**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous Revenue:				
Investment Earnings	\$ 21,053.00	\$ 21,053.00	\$ 33,872.79	\$ 12,819.79
<b>Expenditures:</b>				
Culture and Recreation:				
Recreation:				
Senior Center	20,000.00	20,000.00	20,000.00	0.00
Net Change in Fund Balance	1,053.00	1,053.00	13,872.79	12,819.79
Fund Balance - Beginning	383,975.77	383,975.77	383,975.77	0.00
<b>FUND BALANCE - ENDING</b>	<b>\$ 385,028.77</b>	<b>\$ 385,028.77</b>	<b>\$ 397,848.56</b>	<b>\$ 12,819.79</b>

BENNETT COUNTY  
NOTES TO THE 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.

Note 2. Expenditures in Excess of Appropriations:

The following represents the overdrafts of the expenditures compared to appropriations at the legal level of budgetary control for the General Fund and for each major Special Revenue Fund.

	<u>Year Ended</u> <u>12/31/2012</u>
General Fund:	
<u>Activity</u>	
General Government – Financial Administration – Other	\$ 5,000.76
Debt Service	\$ 11,507.44
Road and Bridge Fund:	
<u>Activity</u>	
Debt Service	\$ 17,204.97

The expenditures in excess of appropriations were due to expenditure correction made as part of the audit for which the County would not have had an opportunity to supplement appropriations.

**BENNETT COUNTY**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT**  
For the Year Ended December 31, 2012

<u>Indebtedness</u>	<u>Long-Term Debt January 1, 2012</u>	<u>Add New Debt</u>	<u>Less Debt Retired</u>	<u>Long-Term Debt December 31, 2012</u>
<b>Governmental Long-Term Debt:</b>				
Advance from Other Funds	\$ 543,535.00	\$	\$	\$ 543,535.00
Other Long-Term Debt Payable	<u>222,365.00</u>	<u>42,054.00</u>	<u>40,914.41</u>	<u>223,504.59</u>
<b>Total</b>	<u>\$ 765,900.00</u>	<u>\$ 42,054.00</u>	<u>\$ 40,914.41</u>	<u>\$ 767,039.59</u>

**BENNETT COUNTY**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT**  
For the Year Ended December 31, 2011

<u>Indebtedness</u>	<u>Long-Term Debt January 1, 2011</u>	<u>Add New Debt</u>	<u>Less Debt Retired</u>	<u>Long-Term Debt December 31, 2011</u>
<b>Governmental Long-Term Debt:</b>				
Advance from Other Funds	\$ 543,535.00	\$	\$	\$ 543,535.00
Other Long-Term Debt Payable	122,000.00	112,565.00	12,200.00	222,365.00
<b>Total</b>	<u>\$ 665,535.00</u>	<u>\$ 112,565.00</u>	<u>\$ 12,200.00</u>	<u>\$ 765,900.00</u>