

BUFFALO COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2014

BUFFALO COUNTY
COUNTY OFFICIALS
December 31, 2014

Board of Commissioners:

Lloyd Lutter
Ronald W. Petersen
Donita Loudner

Auditor:
Elaine J. Wulff

Treasurer:
Janice VonEye

State's Attorney:
David Natvig

Register of Deeds:
Elaine J. Wulff

Sheriff:
Wayne Willman

BUFFALO COUNTY
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PIERRE SD 57501-5070
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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
Buffalo County
Gann Valley, 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 Buffalo County, South Dakota (County), as of December 31, 2014, 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 March 21, 2016.

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 blue ink, appearing to read "Martin L. Guindon". The signature is stylized and cursive.

Martin L. Guindon, CPA
Auditor General

March 21, 2016

BUFFALO 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 Finding:

Compliance and Other Matters:

Surplus Unassigned Fund Balance

Finding No. 2014-001:

The unassigned fund balance of the General Fund exceeded the maximum amount allowed by South Dakota Codified Law (SDCL) 7-21-18.1 by approximately \$85,000 as of December 31, 2014.

Analysis:

SDCL 7-21-18.1 states:

“The total unreserved, undesignated fund balance of the General Fund may not exceed forty percent of the total amount of all General Fund appropriations contained in the budget for the next fiscal year....”

Governmental Accounting Standards Board (GASB) Statement 54, paragraph 17 states: “Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.”

GASB 54 changed the manner in which fund balance is to be reported by changing unreserved, undesignated fund balance to unassigned fund balance. So while SDCL 7-21-18.1 refers to unreserved, undesignated fund balances and GASB 54 refers to unassigned fund balance these terms are synonymous.

Our analysis of the County General Fund indicated an excessive unassigned fund balance existed at December 31, 2014 as follows:

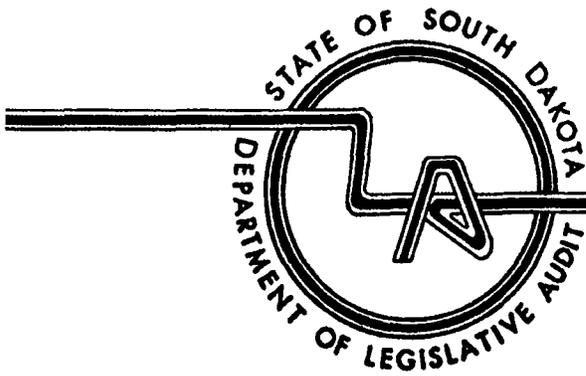
Total Unassigned Fund Balance at December 31, 2014		\$ 328,209.27
Less:		
2015 General Fund Appropriations	607,575.00	
Percentage of Allowable Retainage	<u>40%</u>	
Allowable Fund Balance Retainage		<u>(243,030.00)</u>
Unassigned Surplus Fund Balance at December 31, 2014 in Excess of the Amount Allowed by SDCL 7-21-18.1		<u>\$ 85,179.27</u>

RECOMMENDATION:

We recommend the unassigned fund balance of the General Fund be limited to 40 percent of the next year's General Fund appropriations as required by SDCL 7-21-18.1.

Management's Response:

The County will monitor the general fund unreserved fund balance closer in the future to avoid any further violations of law.



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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

County Commission
Buffalo County
Gann Valley, 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 Buffalo County, South Dakota (County), as of December 31, 2014, 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 Buffalo County as of December 31, 2014, 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.

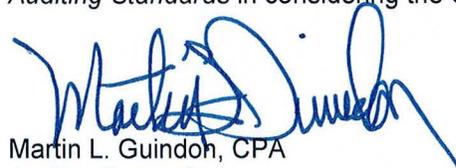
Other Matters

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 Schedule 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 March 21, 2016, 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

March 21, 2016

BUFFALO COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2014

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 813,704.87
Investments	200,000.00
TOTAL ASSETS	\$ 1,013,704.87
NET POSITION:	
Restricted For:	
Road and Bridge Purposes	\$ 86,958.33
911 Service Purposes	90,648.78
Modernization and Preservation Relief Purposes	7,898.57
Unrestricted	828,199.19
TOTAL NET POSITION	\$ 1,013,704.87

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

BUFFALO COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 384,248.86	\$ 20,378.24	\$ 11,356.78	\$ (352,513.84)
Public Safety	105,325.35	844.50	18,897.72	(85,583.13)
Public Works	232,330.75	66,823.87	208,707.08	43,200.20
Health and Welfare	1,873.42			(1,873.42)
Conservation of Natural Resources	13,100.45			(13,100.45)
Urban and Economic Development	82.18			(82.18)
Total Primary Government	\$ 736,961.01	\$ 88,046.61	\$ 238,961.58	(409,952.82)
General Revenues:				
Taxes:				
Property Taxes				393,102.86
State Shared Revenues				10,365.22
Grants and Contributions not Restricted to Specific Programs				35,753.72
Unrestricted Investment Earnings				3,410.27
Miscellaneous Revenue				158,160.42
Total General Revenues				600,792.49
Change in Net Position				190,839.67
Net Position - Beginning				822,865.20
NET POSITION - ENDING				\$ 1,013,704.87

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

BUFFALO COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2013

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	\$ 276,261.79	\$ 30,738.77	\$ 487.50	\$ (245,035.52)
Public Safety	99,584.02	612.20	13,434.41	(85,537.41)
Public Works	241,656.40	10,169.50	243,894.40	12,407.50
Health and Welfare	5,075.00			(5,075.00)
Conservation of Natural Resources	13,753.47			(13,753.47)
Total Primary Government	\$ 636,330.68	\$ 41,520.47	\$ 257,816.31	(336,993.90)
General Revenues:				
Taxes:				
Property Taxes				485,747.56
State Shared Revenues				11,924.17
Grants and Contributions not Restricted to Specific Programs				28,624.00
Unrestricted Investment Earnings				3,693.34
Miscellaneous Revenue				14,576.63
Total General Revenues				544,565.70
Change in Net Position				207,571.80
Net Position - Beginning				616,543.40
Adjustments:				
Liquor License and Bond Refund				(1,250.00)
Adjusted Net Position - Beginning				615,293.40
NET POSITION - ENDING				\$ 822,865.20

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

**BUFFALO COUNTY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2014**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>911 Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 315,985.27	\$ 387,736.84	\$ 90,648.78	\$ 19,333.98	\$ 813,704.87
Investments	200,000.00				200,000.00
TOTAL ASSETS	<u>\$ 515,985.27</u>	<u>\$ 387,736.84</u>	<u>\$ 90,648.78</u>	<u>\$ 19,333.98</u>	<u>\$ 1,013,704.87</u>
FUND BALANCES: (See Note 1.j.)					
Restricted	\$	\$ 86,958.33	\$ 90,648.78	\$ 7,898.57	\$ 185,505.68
Assigned	187,776.00	300,778.51		11,435.41	499,989.92
Unassigned	328,209.27				328,209.27
TOTAL FUND BALANCES	<u>\$ 515,985.27</u>	<u>\$ 387,736.84</u>	<u>\$ 90,648.78</u>	<u>\$ 19,333.98</u>	<u>\$ 1,013,704.87</u>

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

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BUFFALO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>911 Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes:					
General Property Taxes--Current	\$ 373,283.92	\$ 17,356.65	\$	\$	\$ 390,640.57
General Property Taxes--Delinquent	1,186.46	49.64			1,236.10
Penalties and Interest	1,174.03	52.16			1,226.19
Licenses and Permits	1,221.00			30.00	1,251.00
Intergovernmental Revenue:					
Federal Grants	7,426.48				7,426.48
Federal Shared Revenue	676.49	36.51		4,402.72	5,115.72
Federal Payments in Lieu of Taxes	30,638.00				30,638.00
State Grants	8,700.00	56,993.87			65,693.87
State Shared Revenue:					
Motor Vehicle Licenses		159,165.87			159,165.87
State Highway Fund (former 10% game)		1,795.54			1,795.54
Court Appointed Attorney/Public Defender	3,567.99				3,567.99
Prorate License Fees		19,610.88			19,610.88
Secondary Road Motor Vehicle Remittances		26,251.66			26,251.66
Telecommunications Gross Receipts Tax	10,365.22				10,365.22
Motor Vehicle 1/4%	362.31				362.31
Motor Fuel Tax		1,883.13			1,883.13
911 Remittances			10,197.72		10,197.72
Charges for Goods and Services:					
General Government:					
Treasurer's Fees	1,703.88				1,703.88
Register of Deeds' Fees	10,719.50			5,464.86	16,184.36
Legal Services				25.00	25.00
Clerk of Courts Fees	1,265.00				1,265.00
Public Safety:					
Law Enforcement	683.50				683.50
Prisoner Care	110.00				110.00

Public Works:					
Road Maintenance Contract Charges		9,830.00			9,830.00
Miscellaneous Revenue:					
Investment Earnings	1,724.61	1,284.30	335.40	65.96	3,410.27
Catastrophic Legal Expense Relief Program Reimbursement	141,960.42				141,960.42
Total Revenues	<u>596,768.81</u>	<u>294,310.21</u>	<u>10,533.12</u>	<u>9,988.54</u>	<u>911,600.68</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners	37,684.10				37,684.10
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Elections	11,686.38				11,686.38
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Judicial System	58,139.84				58,139.84
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Financial Administration:

Auditor	46,836.63				46,836.63
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Treasurer	44,572.66				44,572.66
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Legal Services:

State's Attorney	35,491.85				35,491.85
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Court Appointed Attorney	69,465.66				69,465.66
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Other Administration:

General Government Building	13,313.54				13,313.54
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Director of Equalization	46,121.65				46,121.65
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Register of Deeds	6,838.45			3,728.00	10,566.45
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Veterans Service Officer	8,692.05				8,692.05
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Predatory Animal	1,678.05				1,678.05
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Public Safety:

Law Enforcement:

Sheriff	73,642.51				73,642.51
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County Jail	21,071.63				21,071.63
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Coroner	250.00				250.00
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Protective and Emergency Services:

Emergency and Disaster Services				10,361.21	10,361.21
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Public Works:

Highways and Bridges:

Highways, Roads and Bridges		232,330.75			232,330.75
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Health and Welfare:

Economic Assistance:

Support of Poor	362.00				362.00
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Social Services:

Domestic Abuse				55.00	55.00
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BUFFALO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014
(Continued)

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>911 Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Mental Health Services:					
Mental Illness Board	1,456.42				1,456.42
Conservation of Natural Resources:					
Soil Conservation:					
County Extension	1,742.79				1,742.79
Weed and Pest Control	11,357.66				11,357.66
Urban and Economic Development:					
Urban Development:					
Planning and Zoning	82.18				82.18
Total Expenditures	<u>490,486.05</u>	<u>232,330.75</u>	<u>0.00</u>	<u>14,144.21</u>	<u>736,961.01</u>
Excess of Revenues Over (Under) Expenditures	<u>106,282.76</u>	<u>61,979.46</u>	<u>10,533.12</u>	<u>(4,155.67)</u>	<u>174,639.67</u>
Other Financing Sources (Uses):					
Transfers In		50,000.00		5,000.00	55,000.00
Transfers Out	(55,000.00)				(55,000.00)
Sale of County Property		16,200.00			16,200.00
Total Other Financing Sources (Uses)	<u>(55,000.00)</u>	<u>66,200.00</u>	<u>0.00</u>	<u>5,000.00</u>	<u>16,200.00</u>
Net Change in Fund Balance	51,282.76	128,179.46	10,533.12	844.33	190,839.67
Fund Balance - Beginning	<u>464,702.51</u>	<u>259,557.38</u>	<u>80,115.66</u>	<u>18,489.65</u>	<u>822,865.20</u>
FUND BALANCE - ENDING	<u>\$ 515,985.27</u>	<u>\$ 387,736.84</u>	<u>\$ 90,648.78</u>	<u>\$ 19,333.98</u>	<u>\$ 1,013,704.87</u>

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

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BUFFALO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>911 Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes:					
General Property Taxes--Current	\$ 464,183.03	\$ 16,894.74	\$	\$	\$ 481,077.77
General Property Taxes--Delinquent	2,216.86	111.59			2,328.45
Penalties and Interest	2,246.60	94.74			2,341.34
Licenses and Permits	1,471.00			60.00	1,531.00
Intergovernmental Revenue:					
Federal Grants				1,448.93	1,448.93
Federal Shared Revenue	688.09	29.16		2,699.93	3,417.18
Federal Payments in Lieu of Taxes	28,624.00				28,624.00
State Grants	4,033.23	55,148.34			59,181.57
State Shared Revenue:					
Motor Vehicle Licenses		139,600.00			139,600.00
State Highway Fund (former 10% game)		1,795.54			1,795.54
Court Appointed Attorney/Public Defender	172.10				172.10
Prorate License Fees		18,459.90			18,459.90
Secondary Road Motor Vehicle Remittances		22,932.43			22,932.43
Telecommunications Gross Receipts Tax	11,924.17				11,924.17
Motor Vehicle 1/4%	315.40				315.40
Motor Fuel Tax		1,924.96			1,924.96
911 Remittances			11,985.48		11,985.48
Charges for Goods and Services:					
General Government:					
Treasurer's Fees	1,569.35				1,569.35
Register of Deeds' Fees	18,648.00			6,248.42	24,896.42
Legal Services	918.00				918.00
Clerk of Courts Fees	405.00				405.00
Other Fees	1,500.00				1,500.00
Public Safety:					
Law Enforcement	531.20				531.20

Public Works:					
Road Maintenance Contract Charges		10,169.50			10,169.50
Miscellaneous Revenue:					
Investment Earnings	2,191.51	1,091.39	369.01	41.43	3,693.34
Other	10,400.78	758.67			11,159.45
Total Revenues	<u>552,038.32</u>	<u>269,010.96</u>	<u>12,354.49</u>	<u>10,498.71</u>	<u>843,902.48</u>

Expenditures:

General Government:

Legislative:

 Board of County Commissioners 43,720.24 43,720.24

 Elections 1,511.92 1,511.92

 Judicial System 7,085.91 7,085.91

Financial Administration:

 Auditor 43,310.13 43,310.13

 Treasurer 44,259.61 44,259.61

Legal Services:

 State's Attorney 35,221.40 35,221.40

 Court Appointed Attorney 29,917.63 29,917.63

Other Administration:

 General Government Building 10,987.11 10,987.11

 Director of Equalization 45,148.93 45,148.93

 Register of Deeds 5,560.48 242.00 5,802.48

 Veterans Service Officer 7,618.38 7,618.38

 Predatory Animal 1,678.05 1,678.05

Public Safety:

Law Enforcement:

 Sheriff 63,509.16 63,509.16

 County Jail 19,788.87 19,788.87

 Coroner 1,130.00 1,130.00

Protective and Emergency Services:

 Emergency and Disaster Services 15,155.99 15,155.99

Public Works:

Highways and Bridges:

 Highways, Roads and Bridges 241,656.40 241,656.40

Health and Welfare:

Economic Assistance:

 Support of Poor 4,970.00 4,970.00

Social Services:

 Domestic Abuse 60.00 60.00

BUFFALO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013
(Continued)

	General Fund	Road and Bridge Fund	911 Service Fund	Other Governmental Funds	Total Governmental Funds
Mental Health Services:					
Mental Illness Board	45.00				45.00
Conservation of Natural Resources:					
Soil Conservation:					
County Extension	1,700.83				1,700.83
Soil Conservation Districts	2,000.00				2,000.00
Weed and Pest Control	10,052.64				10,052.64
Total Expenditures	<u>379,216.29</u>	<u>241,656.40</u>	<u>0.00</u>	<u>15,457.99</u>	<u>636,330.68</u>
Excess of Revenues Over (Under) Expenditures	<u>172,822.03</u>	<u>27,354.56</u>	<u>12,354.49</u>	<u>(4,959.28)</u>	<u>207,571.80</u>
Other Financing Sources (Uses):					
Transfers In		50,000.00		10,542.00	60,542.00
Transfers Out	(60,542.00)				(60,542.00)
Total Other Financing Sources (Uses)	<u>(60,542.00)</u>	<u>50,000.00</u>	<u>0.00</u>	<u>10,542.00</u>	<u>0.00</u>
Net Change in Fund Balance	<u>112,280.03</u>	<u>77,354.56</u>	<u>12,354.49</u>	<u>5,582.72</u>	<u>207,571.80</u>
Fund Balance - Beginning	353,672.48	182,202.82	67,761.17	12,906.93	616,543.40
Adjustments:					
Liquor License and Liquor Bond Refund	(1,250.00)				(1,250.00)
Adjusted Fund Balance - Beginning	<u>352,422.48</u>	<u>182,202.82</u>	<u>67,761.17</u>	<u>12,906.93</u>	<u>615,293.40</u>
FUND BALANCE - ENDING	<u>\$ 464,702.51</u>	<u>\$ 259,557.38</u>	<u>\$ 80,115.66</u>	<u>\$ 18,489.65</u>	<u>\$ 822,865.20</u>

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

BUFFALO COUNTY
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
December 31, 2014

	<u>Agency Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ <u>23,765.32</u>
TOTAL ASSETS	<u>\$ 23,765.32</u>
NET POSITION:	
Net Position Held in Agency Capacity	\$ <u>23,765.32</u>
TOTAL NET POSITION	<u>\$ 23,765.32</u>

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

BUFFALO 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 Buffalo 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.

The County participates in a cooperative unit, the Tri County Landfill Association, Inc. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the County.

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.

911 Service Fund – authorized by SDCL 34-45-4 and 12 to account for the collections generated by 911 system charges with expenditures of these funds used for the operations of the system. The County chose to report this as a major fund.

The remaining special revenue funds are not considered major funds: Emergency Management, Domestic Abuse, and Modernization and Preservation Relief. These funds are reported on the fund financial statements as "Other Governmental Funds."

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.

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 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 entirely 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. Under the modified cash basis of accounting, investments are carried at cost.

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.

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using a modified cash basis of accounting. The County has not elected to modify their cash basis presentation by recording capital assets arising from cash transactions and depreciating those assets where appropriate so any capital assets owned by the County and the related depreciation are not reported on the financial statements of the County.

f. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, General Obligation Bonds, Revenue Bonds, Certificates of Participation, Financing (Capital Acquisition) Leases, and Compensated Absences.

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using a modified cash basis of accounting. The County has not elected to modify their cash basis presentation by recording long-term debt arising from cash transactions so any outstanding indebtedness is not reported on the financial statements of the County. The County does report the principal and interest payments on long-term debt as Debt Service expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances. On the Statement of Activities the principal portion of these Debt Service payments are reported within the appropriate expense function while the interest portion is reported as Interest on Long-Term Debt.

The County has presented as Supplementary Information a Schedule of Changes in Long-Term Debt along with related notes that include details of any outstanding Long-Term Debt.

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 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. 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 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

911 Service Fund

Revenue Source

Property Taxes, Motor Vehicle Licenses, and
Road Maintenance Contract Charges

911 remittances

A schedule of fund balances is provided as follows:

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>911 Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Restricted For:					
Road and Bridge Purposes	\$	\$ 86,958.33	\$	\$	\$ 86,958.33
911 Service Purposes			90,648.78		90,648.78
Modernization and Preservation Relief Purposes				7,898.57	7,898.57
Assigned To:					
Applied to Next Year's Budget	187,776.00				187,776.00
Road and Bridge Purposes		300,778.51			300,778.51
Emergency Management Purposes				11,435.41	11,435.41
Unassigned	<u>328,209.27</u>				<u>328,209.27</u>
Total Fund Balances	<u>\$ 515,985.27</u>	<u>\$ 387,736.84</u>	<u>\$ 90,648.78</u>	<u>\$ 19,333.98</u>	<u>\$ 1,013,704.87</u>

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

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

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

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

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

Concentration of Credit Risk – The County places no limit on the amount that may be invested in any one issuer.

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.

3. 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.

4. INTERFUND TRANSFERS

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

<u>Transfers From:</u>	<u>Transfers To:</u>		<u>Total</u>
	Road and Bridge Fund	Other Governmental Funds	
Major Funds:			
General Fund	\$ 50,000.00	\$ 5,000.00	\$ 55,000.00

Interfund transfers for the year ended December 31, 2013 were as follows:

<u>Transfers From:</u>	<u>Transfers To:</u>		<u>Total</u>
	Road and Bridge Fund	Other Governmental Funds	
Major Funds:			
General Fund	\$ 50,000.00	\$ 10,542.00	\$ 60,542.00

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

5. PRIOR PERIOD ADJUSTMENTS

The prior period adjustment was comprised of a refund for a liquor license (\$1,000) and liquor bond (\$250). The County had refused to grant the applicant a liquor license. The applicant in turn took the case to court and the judge required the County to refund the license fee and the bond.

6. JOINT VENTURES

The County participates in a joint venture, known as the Tri-County Landfill Association, Inc., formed for the purpose of providing solid waste disposal services to participating members.

The members of the joint venture and their relative percentage of participation are as follows:

Plankinton City	2.50%	Murdo City	2.81%
Stickney City	1.33%	Jones County	2.16%
White Lake City	1.73%	Kennebec City	1.17%
Aurora County	7.39%	Oacoma City	1.52%
Chamberlain City	9.70%	Presho City	2.70%
Kimball City	3.07%	Reliance City	0.70%
Pukwana City	1.09%	Lyman County	4.30%
Brule County	8.81%	Colome City	1.28%
Buffalo County	1.09%	New Witten City	0.36%
Alpena City	1.04%	Winner City	13.84%
Lane City	0.29%	Tripp County	13.10%
Wessington Springs City	4.47%	White River City	2.46%
Jerauld County	4.21%	Wood City	0.30%
Draper City	0.51%	Mellette County	6.07%

The joint venture's governing board is composed of twelve representatives, who are elected or appointed officials of the participating members. The board is responsible for adopting the budget and setting service fees at a level adequate to fund the adopted budget.

The County retains no equity in the Net Position of the joint venture, but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from the Tri-County Landfill Association, Inc.

At December 31, 2014, this joint venture had total assets of \$2,042,328.00, total liabilities of \$944,512.00, and total Net Position of \$ 1,097,816.00.

7. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2014, the County was not involved in any litigation.

8. RISK MANAGEMENT

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

Employee Health Insurance:

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

Liability Insurance:

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

Automobile Liability,
General Liability,
Property Liability, and
Officials Liability

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, 2014, the County has vested balance in the cumulative reserve fund of \$19,798.29.

The County carries a \$2,000.00 deductible for the Law Enforcement coverage and \$500.00 deductible for the Wrongful Acts 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 three 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
BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 373,472.00	\$ 373,472.00	\$ 373,283.92	\$ (188.08)
General Property Taxes--Delinquent	1,200.00	1,200.00	1,186.46	(13.54)
Penalties and Interest	160.00	160.00	1,174.03	1,014.03
Licenses and Permits	1,430.00	1,430.00	1,221.00	(209.00)
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	7,426.48	7,426.48
Federal Shared Revenue	0.00	0.00	676.49	676.49
Federal Payments in Lieu of Taxes	29,500.00	29,500.00	30,638.00	1,138.00
State Grants	0.00	0.00	8,700.00	8,700.00
State Shared Revenue:				
Court Appointed Attorney/Public Defender	100.00	100.00	3,567.99	3,467.99
Telecommunications Gross Receipts Tax	12,500.00	12,500.00	10,365.22	(2,134.78)
Motor Vehicle 1/4%	350.00	350.00	362.31	12.31
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	1,700.00	1,700.00	1,703.88	3.88
Register of Deeds' Fees	3,500.00	3,500.00	10,719.50	7,219.50
Legal Services	100.00	100.00	0.00	(100.00)
Clerk of Courts Fees	500.00	500.00	1,265.00	765.00
Public Safety:				
Law Enforcement	400.00	400.00	683.50	283.50
Prisoner Care	0.00	0.00	110.00	110.00
Miscellaneous Revenue:				
Investment Earnings	2,000.00	2,000.00	1,724.61	(275.39)
Catastrophic Legal Expense Relief Program				
Reimbursement	3,500.00	3,500.00	141,960.42	138,460.42
Total Revenues	430,412.00	430,412.00	596,768.81	166,356.81
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	46,700.00	46,700.00	37,684.10	9,015.90
Contingency	20,000.00	20,000.00		
Amount Transferred		(10,000.00)		10,000.00
Elections	15,000.00	15,000.00	11,686.38	3,313.62
Judicial System	50,000.00	58,500.00	58,139.84	360.16
Financial Administration:				
Auditor	50,210.00	50,210.00	46,836.63	3,373.37
Treasurer	49,560.00	49,560.00	44,572.66	4,987.34
Legal Services:				
State's Attorney	40,270.00	40,270.00	35,491.85	4,778.15
Court Appointed Attorney	30,000.00	80,000.00	69,465.66	10,534.34
Abused and Neglected Child Defense	500.00	500.00	0.00	500.00
Other Administration:				
General Government Building	15,000.00	15,000.00	13,313.54	1,686.46
Director of Equalization	53,200.00	53,200.00	46,121.65	7,078.35
Register of Deeds	30,500.00	30,500.00	6,838.45	23,661.55
Veterans Service Officer	9,225.00	9,225.00	8,692.05	532.95
Predatory Animal	1,700.00	1,700.00	1,678.05	21.95
Public Safety:				
Law Enforcement:				
Sheriff	84,278.00	84,278.00	73,642.51	10,635.49
County Jail	10,000.00	21,500.00	21,071.63	428.37
Coroner	2,000.00	2,000.00	250.00	1,750.00
Juvenile Detention	2,000.00	2,000.00	0.00	2,000.00

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Public Works:				
Sanitation:				
Solid Waste	100.00	100.00	0.00	100.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	25,000.00	25,000.00	362.00	24,638.00
Public Welfare	500.00	500.00	0.00	500.00
Health Assistance:				
Hospital	500.00	500.00	0.00	500.00
Board of Health	300.00	300.00	0.00	300.00
Mental Health Services:				
Mentally Ill	5,000.00	5,000.00	0.00	5,000.00
Mental Health Centers	10,000.00	10,000.00	0.00	10,000.00
Mental Illness Board	5,000.00	5,000.00	1,456.42	3,543.58
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	2,000.00	2,000.00	1,742.79	257.21
Soil Conservation Districts	2,000.00	2,000.00	0.00	2,000.00
Weed and Pest Control	12,350.00	12,350.00	11,357.66	992.34
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	500.00	500.00	82.18	417.82
Total Expenditures	<u>573,393.00</u>	<u>633,393.00</u>	<u>490,486.05</u>	<u>142,906.95</u>
Excess of Revenues Over (Under) Expenditures	(142,981.00)	(202,981.00)	106,282.76	309,263.76
Other Financing Sources (Uses):				
Transfers Out	(55,000.00)	(55,000.00)	(55,000.00)	0.00
Net Change in Fund Balance	(197,981.00)	(257,981.00)	51,282.76	309,263.76
Fund Balance - Beginning	464,702.51	464,702.51	464,702.51	0.00
FUND BALANCE - ENDING	<u>\$ 266,721.51</u>	<u>\$ 206,721.51</u>	<u>\$ 515,985.27</u>	<u>\$ 309,263.76</u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 17,321.00	\$ 17,321.00	\$ 17,356.65	\$ 35.65
General Property Taxes--Delinquent	0.00	0.00	49.64	49.64
Penalties and Interest	20.00	20.00	52.16	32.16
Intergovernmental Revenue:				
Federal Shared Revenue	20.00	20.00	36.51	16.51
State Grants	0.00	0.00	56,993.87	56,993.87
State Shared Revenue:				
Motor Vehicle Licenses	153,000.00	153,000.00	159,165.87	6,165.87
State Highway Fund (former 10% game)	1,796.00	1,796.00	1,795.54	(0.46)
Prorate License Fees	15,000.00	15,000.00	19,610.88	4,610.88
Secondary Road Motor Vehicle Remittances	25,000.00	25,000.00	26,251.66	1,251.66
Motor Fuel Tax	0.00	0.00	1,883.13	1,883.13
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	10,000.00	10,000.00	9,830.00	(170.00)
Miscellaneous Revenue:				
Investment Earnings	1,000.00	1,000.00	1,284.30	284.30
Total Revenues	223,157.00	223,157.00	294,310.21	71,153.21
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	348,400.00	348,400.00	232,330.75	116,069.25
Excess of Revenues Over (Under) Expenditures	(125,243.00)	(125,243.00)	61,979.46	187,222.46
Other Financing Sources (Uses):				
Transfers In	50,000.00	50,000.00	50,000.00	0.00
Sale of County Property	0.00	0.00	16,200.00	16,200.00
Total Other Financing Sources (Uses)	50,000.00	50,000.00	66,200.00	16,200.00
Net Change in Fund Balance	(75,243.00)	(75,243.00)	128,179.46	203,422.46
Fund Balance - Beginning	259,557.38	259,557.38	259,557.38	0.00
FUND BALANCE - ENDING	\$ 184,314.38	\$ 184,314.38	\$ 387,736.84	\$ 203,422.46

SUPPLEMENTARY INFORMATION
BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
911 SERVICE FUND
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental Revenue:				
State Shared Revenue:				
911 Remittances	\$ 13,500.00	\$ 13,500.00	\$ 10,197.72	\$ (3,302.28)
Miscellaneous Revenue:				
Investment Earnings	400.00	400.00	335.40	(64.60)
Total Revenues	<u>13,900.00</u>	<u>13,900.00</u>	<u>10,533.12</u>	<u>(3,366.88)</u>
Expenditures:				
Public Safety:				
Protective and Emergency Services:				
Communication Center	60,000.00	60,000.00	0.00	60,000.00
Net Change in Fund Balance	(46,100.00)	(46,100.00)	10,533.12	56,633.12
Fund Balance - Beginning	<u>80,115.66</u>	<u>80,115.66</u>	<u>80,115.66</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 34,015.66</u>	<u>\$ 34,015.66</u>	<u>\$ 90,648.78</u>	<u>\$ 56,633.12</u>

SUPPLEMENTARY INFORMATION
BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 465,429.00	\$ 465,429.00	\$ 464,183.03	\$ (1,245.97)
General Property Taxes--Delinquent	1,000.00	1,000.00	2,216.86	1,216.86
Penalties and Interest	1,000.00	1,000.00	2,246.60	1,246.60
Licenses and Permits	1,365.00	1,365.00	1,471.00	106.00
Intergovernmental Revenue:				
Federal Shared Revenue	400.00	400.00	688.09	288.09
Federal Payments in Lieu of Taxes	29,000.00	29,000.00	28,624.00	(376.00)
State Grants	0.00	0.00	4,033.23	4,033.23
State Shared Revenue:				
Court Appointed Attorney/Public Defender	100.00	100.00	172.10	72.10
Telecommunications Gross Receipts Tax	12,000.00	12,000.00	11,924.17	(75.83)
Motor Vehicle 1/4%	250.00	250.00	315.40	65.40
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	1,650.00	1,650.00	1,569.35	(80.65)
Register of Deeds' Fees	6,000.00	6,000.00	18,648.00	12,648.00
Legal Services	0.00	0.00	918.00	918.00
Clerk of Courts Fees	200.00	200.00	405.00	205.00
Other Fees	0.00	0.00	1,500.00	1,500.00
Public Safety:				
Law Enforcement	350.00	350.00	531.20	181.20
Miscellaneous Revenue:				
Investment Earnings	2,000.00	2,000.00	2,191.51	191.51
Other	3,000.00	3,000.00	10,400.78	7,400.78
Total Revenues	523,744.00	523,744.00	552,038.32	28,294.32
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	48,700.00	48,700.00	43,720.24	4,979.76
Contingency	15,000.00	15,000.00		
Amount Transferred		(10,000.00)		5,000.00
Elections	5,000.00	5,000.00	1,511.92	3,488.08
Judicial System	10,000.00	10,000.00	7,085.91	2,914.09
Financial Administration:				
Auditor	48,700.00	48,700.00	43,310.13	5,389.87
Treasurer	48,700.00	48,700.00	44,259.61	4,440.39
Legal Services:				
State's Attorney	41,850.00	41,850.00	35,221.40	6,628.60
Court Appointed Attorney	30,000.00	31,000.00	29,917.63	1,082.37
Abused and Neglected Child Defense	500.00	500.00	0.00	500.00
Other Administration:				
General Government Building	15,000.00	15,000.00	10,987.11	4,012.89
Director of Equalization	53,200.00	53,200.00	45,148.93	8,051.07
Register of Deeds	36,700.00	36,700.00	5,560.48	31,139.52
Veterans Service Officer	9,750.00	9,750.00	7,618.38	2,131.62
Predatory Animal	1,700.00	1,700.00	1,678.05	21.95
Public Safety:				
Law Enforcement:				
Sheriff	60,000.00	66,500.00	63,509.16	2,990.84
County Jail	5,000.00	20,000.00	19,788.87	211.13
Coroner	2,000.00	2,000.00	1,130.00	870.00
Juvenile Detention	2,000.00	2,000.00	0.00	2,000.00

**SUPPLEMENTARY INFORMATION
BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2013
(Continued)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works:				
Sanitation:				
Solid Waste	100.00	100.00	0.00	100.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	25,000.00	25,000.00	4,970.00	20,030.00
Public Welfare	500.00	500.00	0.00	500.00
Health Assistance:				
Hospital	500.00	500.00	0.00	500.00
Board of Health	300.00	300.00	0.00	300.00
Mental Health Services:				
Mentally Ill	5,000.00	5,000.00	0.00	5,000.00
Mental Illness Board	15,000.00	15,000.00	45.00	14,955.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	2,000.00	2,000.00	1,700.83	299.17
Soil Conservation Districts	2,000.00	2,000.00	2,000.00	0.00
Weed and Pest Control	12,000.00	12,000.00	10,052.64	1,947.36
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	500.00	500.00	0.00	500.00
Total Expenditures	<u>496,700.00</u>	<u>509,200.00</u>	<u>379,216.29</u>	<u>129,983.71</u>
Excess of Revenues Over (Under) Expenditures	27,044.00	14,544.00	172,822.03	158,278.03
Other Financing Sources (Uses):				
Transfers Out	<u>(110,542.00)</u>	<u>(110,542.00)</u>	<u>(60,542.00)</u>	<u>50,000.00</u>
Net Change in Fund Balance	<u>(83,498.00)</u>	<u>(95,998.00)</u>	<u>112,280.03</u>	<u>208,278.03</u>
Fund Balance - Beginning	353,672.48	353,672.48	353,672.48	0.00
Adjustments:				
Liquor License and Bond Refund	<u>0.00</u>	<u>0.00</u>	<u>(1,250.00)</u>	<u>(1,250.00)</u>
Adjusted Fund Balance - Beginning	<u>353,672.48</u>	<u>353,672.48</u>	<u>352,422.48</u>	<u>(1,250.00)</u>
FUND BALANCE - ENDING	<u>\$ 270,174.48</u>	<u>\$ 257,674.48</u>	<u>\$ 464,702.51</u>	<u>\$ 207,028.03</u>

**SUPPLEMENTARY INFORMATION
BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 16,906.00	\$ 16,906.00	\$ 16,894.74	\$ (11.26)
General Property Taxes--Delinquent	100.00	100.00	111.59	11.59
Penalties and Interest	50.00	50.00	94.74	44.74
Intergovernmental Revenue:				
Federal Shared Revenue	20.00	20.00	29.16	9.16
State Grants	0.00	0.00	55,148.34	55,148.34
State Shared Revenue:				
Motor Vehicle Licenses	115,000.00	115,000.00	139,600.00	24,600.00
State Highway Fund (former 10% game)	1,800.00	1,800.00	1,795.54	(4.46)
Prorate License Fees	21,000.00	21,000.00	18,459.90	(2,540.10)
Secondary Road Motor Vehicle Remittances	20,000.00	20,000.00	22,932.43	2,932.43
Motor Fuel Tax	0.00	0.00	1,924.96	1,924.96
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	13,000.00	13,000.00	10,169.50	(2,830.50)
Miscellaneous Revenue:				
Investment Earnings	1,200.00	1,200.00	1,091.39	(108.61)
Other	0.00	0.00	758.67	758.67
Total Revenues	<u>189,076.00</u>	<u>189,076.00</u>	<u>269,010.96</u>	<u>79,934.96</u>
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	<u>348,400.00</u>	<u>348,400.00</u>	<u>241,656.40</u>	<u>106,743.60</u>
Excess of Revenues Over (Under) Expenditures	(159,324.00)	(159,324.00)	27,354.56	186,678.56
Other Financing Sources (Uses):				
Transfers In	<u>100,000.00</u>	<u>100,000.00</u>	<u>50,000.00</u>	<u>(50,000.00)</u>
Net Change in Fund Balance	(59,324.00)	(59,324.00)	77,354.56	136,678.56
Fund Balance - Beginning	<u>182,202.82</u>	<u>182,202.82</u>	<u>182,202.82</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 122,878.82</u>	<u>\$ 122,878.82</u>	<u>\$ 259,557.38</u>	<u>\$ 136,678.56</u>

SUPPLEMENTARY INFORMATION
BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
911 SERVICE FUND
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue:				
State Shared Revenue:				
911 Remittances	\$ 13,000.00	\$ 13,000.00	\$ 11,985.48	\$ (1,014.52)
Miscellaneous Revenue:				
Investment Earnings	600.00	600.00	369.01	(230.99)
Total Revenues	<u>13,600.00</u>	<u>13,600.00</u>	<u>12,354.49</u>	<u>(1,245.51)</u>
Expenditures:				
Public Safety:				
Protective and Emergency Services:				
Communication Center	<u>50,000.00</u>	<u>50,000.00</u>	<u>0.00</u>	<u>50,000.00</u>
Net Change in Fund Balance	(36,400.00)	(36,400.00)	12,354.49	48,754.49
Fund Balance - Beginning	<u>67,761.17</u>	<u>67,761.17</u>	<u>67,761.17</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 31,361.17</u>	<u>\$ 31,361.17</u>	<u>\$ 80,115.66</u>	<u>\$ 48,754.49</u>

BUFFALO 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.

**SUPPLEMENTARY INFORMATION
BUFFALO COUNTY
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Two Years Ended December 31, 2014**

<u>Indebtedness</u>	<u>Long-Term Debt January 1, 2013</u>	<u>Add New Debt</u>	<u>Less Debt Retired</u>	<u>Long-Term Debt December 31, 2014</u>
Governmental Long-Term Debt:				
Lease Payable	\$	\$ 125,270.00	\$ 26,397.64	\$ 98,872.36

The debt is comprised of a lease purchase agreement with Merchants Capital for the acquisition of a 2014 Case 621F Wheel Loader. The amount financed was \$125,270 at 2.65% and called for five annual payments of \$26,397.64, with the first payment due at signing on October 28, 2014 and the final payment due October 28, 2018. Debt is serviced by the Road and Bridge Fund.