

BUFFALO COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2020

BUFFALO COUNTY
COUNTY OFFICIALS
December 31, 2020

Board of Commissioners:

Lloyd Lutter
Ralph Rank
Donita Loudner

Auditor:
Yvette Isburg

Treasurer:
Janice Von Eye

State's Attorney:
David Larson

Register of Deeds:
Yvette Isburg

Sheriff:
Wayne Willman

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

RUSSELL A. OLSON
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, 2020, 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 5, 2021.

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) as a basis for designing 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 a 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 a 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.



Russell A. Olson
Auditor General

October 5, 2021

BUFFALO COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Finding:

Finding No. 2018-001:

Unassigned fund balance of the General Fund exceeded the maximum allowed by SDCL 7-21-18.1. The comment has not been corrected and will be restated as Current Audit Finding number 2020-001.

SCHEDULE OF CURRENT AUDIT FINDINGS

Current Audit Finding:

Compliance and Other Matters:

Surplus Unassigned Fund Balance

Finding No. 2020-001:

Criteria:

South Dakota Codified Law (SDCL) 7-21-18.1 states: "The total unassigned 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."

Condition:

The unassigned fund balance of the General Fund exceeded the maximum allowed by SDCL 7-21-18.1 by approximately \$212,000 as of December 31, 2020.

Context:

Our analysis of the County General Fund indicated an excessive unassigned fund balance existed at December 31, 2020 as follows:

Total Unassigned Fund Balance at December 31, 2020		\$ 457,827.42
Less:		
2021 General Fund Appropriations	613,005.00	
Percentage of Allowable Retainage	<u>40%</u>	
Allowable Fund Balance Retainage		<u>(245,202.00)</u>
Unassigned Surplus Fund Balance at December 31, 2020 in Excess of the Amount Allowed by SDCL 7-21-18.1		<u>\$ 212,625.42</u>

Effect:

The County is in not in compliance with SDCL 7-21-18.1.

Cause:

The Board of County Commissioners has not committed or assigned fund balances for county purposes or reduced taxes to comply with SDCL 7-21-18.1.

Recommendation:

We recommend that the County comply with SDCL 7-21-18.1.

Views of responsible officials and planned corrective actions:

The recommendation is noted and the County will look into assigning the correct percentage.



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RUSSELL A. OLSON
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, 2020, 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 opinions 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, 2020, 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.

Emphasis of Matter

As discussed in Notes 2 and 10 to the financial statements, in 2020, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which has resulted in a restatement of the net position as of January 1, 2020. Our opinions are 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary 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 5, 2021, 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 solely 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 effectiveness of the County's 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.



Russell A. Olson
Auditor General

October 5, 2021

BUFFALO COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2020

	<u>Primary Government Governmental Activities</u>
ASSETS:	
Cash and Cash Equivalents	\$ 1,956,889.14
Investments	<u>200,000.00</u>
TOTAL ASSETS	<u><u>\$ 2,156,889.14</u></u>
NET POSITION:	
Restricted For: (See Note 6)	
Road and Bridge Purposes	\$ 769,281.23
911 Service Purposes	120,593.20
Other Purposes	15,437.15
Unrestricted	<u>1,251,577.56</u>
TOTAL NET POSITION	<u><u>\$ 2,156,889.14</u></u>

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, 2020

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	\$ 320,854.28	\$ 16,605.75	\$ 7,308.35	\$ (296,940.18)
Public Safety	94,644.11	276.00	53,471.23	(40,896.88)
Public Works	347,954.62	8,736.70	338,679.12	(538.80)
Health and Welfare	465.95			(465.95)
Conservation of Natural Resources	13,298.51			(13,298.51)
*Interest on Long-Term Debt	3,590.46			(3,590.46)
Total Primary Government	\$ 780,807.93	\$ 25,618.45	\$ 399,458.70	(355,730.78)
General Revenues:				
Taxes:				
Property Taxes				414,174.66
State Shared Revenues				31,954.69
Grants and Contributions not Restricted to Specific Programs				37,437.13
Unrestricted Investment Earnings				4,940.98
Miscellaneous Revenue				6,119.64
Total General Revenues				494,627.10
Change in Net Position				138,896.32
Net Position - Beginning				2,017,992.82
NET POSITION - ENDING				\$ 2,156,889.14

* 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.

BUFFALO COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2019

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	\$ 316,053.67	\$ 22,601.70	\$ 2,502.93	\$ (290,949.04)
Public Safety	119,700.30	354.90	11,197.07	(108,148.33)
Public Works	318,190.78	6,615.09	327,472.03	15,896.34
Health and Welfare	125.00			(125.00)
Conservation of Natural Resources	12,976.20			(12,976.20)
*Interest on Long-Term Debt	5,287.32			(5,287.32)
Total Primary Government	<u>\$ 772,333.27</u>	<u>\$ 29,571.69</u>	<u>\$ 341,172.03</u>	<u>(401,589.55)</u>
General Revenues:				
Taxes:				
Property Taxes				418,842.18
State Shared Revenues				28,341.50
Grants and Contributions not Restricted to Specific Programs				37,538.58
Unrestricted Investment Earnings				5,807.50
Miscellaneous Revenue				<u>12,360.86</u>
Total General Revenues				<u>502,890.62</u>
Change in Net Position				101,301.07
Net Position - Beginning				<u>1,916,691.75</u>
NET POSITION - ENDING				<u>\$ 2,017,992.82</u>

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

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

BUFFALO COUNTY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2020

	<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	\$ 661,859.42	\$ 1,143,859.74	\$ 120,593.20	\$ 30,576.78	\$ 1,956,889.14
Investments	200,000.00				200,000.00
	<u>861,859.42</u>	<u>1,143,859.74</u>	<u>120,593.20</u>	<u>30,576.78</u>	<u>2,156,889.14</u>
TOTAL ASSETS	<u><u>\$ 861,859.42</u></u>	<u><u>\$ 1,143,859.74</u></u>	<u><u>\$ 120,593.20</u></u>	<u><u>\$ 30,576.78</u></u>	<u><u>\$ 2,156,889.14</u></u>
FUND BALANCES: (See Note 1.j.)					
Restricted	\$	\$ 769,281.23	\$ 120,593.20	\$ 15,437.15	\$ 905,311.58
Assigned	404,032.00	374,578.51		15,139.63	793,750.14
Unassigned	457,827.42				457,827.42
	<u>861,859.42</u>	<u>1,143,859.74</u>	<u>120,593.20</u>	<u>30,576.78</u>	<u>2,156,889.14</u>
TOTAL FUND BALANCES	<u><u>\$ 861,859.42</u></u>	<u><u>\$ 1,143,859.74</u></u>	<u><u>\$ 120,593.20</u></u>	<u><u>\$ 30,576.78</u></u>	<u><u>\$ 2,156,889.14</u></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, 2020

	<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	\$ 395,154.66	\$ 17,919.57	\$	\$	\$ 413,074.23
General Property Taxes--Delinquent	102.72	5.58			108.30
Penalties and Interest	913.89	43.73			957.62
Telephone Tax (Outside)	34.51				34.51
Licenses and Permits	1,862.00			30.00	1,892.00
Intergovernmental Revenue:					
Federal Grants	50,645.99				50,645.99
Federal Shared Revenue	653.61	35.57		3,138.95	3,828.13
Federal Payments in Lieu of Taxes	33,609.00				33,609.00
State Grants		79,909.51			79,909.51
State Shared Revenue:					
Motor Vehicle Licenses		203,052.17			203,052.17
State Highway Fund (former 10% game)		1,795.54			1,795.54
Court Appointed Attorney/Public Defender	185.87				185.87
Prorate License Fees		19,142.32			19,142.32
Secondary Road Remittances		33,576.29			33,576.29
Telecommunications Gross Receipts Tax	9,275.74				9,275.74
Motor Vehicle 1/4%	521.93				521.93
Motor Fuel Tax		1,203.29			1,203.29
911 Remittances			9,425.79		9,425.79
Liquor Tax Reversion (25%)	22,678.95				22,678.95
Charges for Goods and Services:					
General Government:					
Treasurer's Fees	5,862.55				5,862.55
Register of Deeds' Fees	3,221.00			5,322.20	8,543.20

Clerk of Courts Fees	308.00				308.00
Public Safety:					
Law Enforcement	276.00				276.00
Public Works:					
Road Maintenance Contract Charges		8,736.70			8,736.70
Miscellaneous Revenue:					
Investment Earnings	1,501.91	3,028.69	319.89	90.49	4,940.98
Other	6,119.64				6,119.64
Total Revenues	<u>532,927.97</u>	<u>368,448.96</u>	<u>9,745.68</u>	<u>8,581.64</u>	<u>919,704.25</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners	55,604.26				55,604.26
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Elections	19,042.40				19,042.40
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Financial Administration:

Auditor	51,670.87				51,670.87
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Treasurer	55,554.13				55,554.13
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Legal Services:

State's Attorney	41,333.25				41,333.25
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Court Appointed Attorney	2,417.65				2,417.65
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Other Administration:

General Government Building	23,603.10				23,603.10
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Director of Equalization	56,709.45				56,709.45
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Register of Deeds	6,935.28			6,125.97	13,061.25
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Veterans Service Officer	25.00				25.00
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Predatory Animal	1,832.92				1,832.92
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Public Safety:

Law Enforcement:

Sheriff	82,753.46				82,753.46
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County Jail	205.00				205.00
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Protective and Emergency Services:

Emergency and Disaster Services				7,685.65	7,685.65
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Communication Center			4,000.00		4,000.00
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Public Works:

Highways and Bridges:

Highways, Roads and Bridges		301,780.33			301,780.33
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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, 2020
(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>
Health and Welfare:					
Mental Health Services:					
Mentally Ill	465.95				465.95
Conservation of Natural Resources:					
Soil Conservation:					
County Extension	2,206.89				2,206.89
Weed and Pest Control	11,091.62				11,091.62
14 Debt Service		49,764.75			49,764.75
Total Expenditures	<u>411,451.23</u>	<u>351,545.08</u>	<u>4,000.00</u>	<u>13,811.62</u>	<u>780,807.93</u>
Net Change in Fund Balance	121,476.74	16,903.88	5,745.68	(5,229.98)	138,896.32
Fund Balance - Beginning	<u>740,382.68</u>	<u>1,126,955.86</u>	<u>114,847.52</u>	<u>35,806.76</u>	<u>2,017,992.82</u>
FUND BALANCE - ENDING	<u><u>\$ 861,859.42</u></u>	<u><u>\$ 1,143,859.74</u></u>	<u><u>\$ 120,593.20</u></u>	<u><u>\$ 30,576.78</u></u>	<u><u>\$ 2,156,889.14</u></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, 2019

	<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	\$ 396,965.74	\$ 18,568.10	\$	\$	\$ 415,533.84
General Property Taxes--Delinquent	2,183.25	48.23			2,231.48
Penalties and Interest	1,035.13	41.73			1,076.86
Licenses and Permits	1,915.00				1,915.00
Intergovernmental Revenue:					
Federal Shared Revenue	753.99	41.03		3,024.56	3,819.58
Federal Payments in Lieu of Taxes	33,719.00				33,719.00
State Grants	2,009.67	70,696.52			72,706.19
State Shared Revenue:					
Motor Vehicle Licenses		197,159.24			197,159.24
State Highway Fund (former 10% game)		1,795.54			1,795.54
Court Appointed Attorney/Public Defender	31.42				31.42
Prorate License Fees		20,177.18			20,177.18
Secondary Road Remittances		35,768.36			35,768.36
Telecommunications Gross Receipts Tax	6,988.37				6,988.37
Motor Vehicle 1/4%	461.84				461.84
Motor Fuel Tax		1,875.19			1,875.19
911 Remittances			11,197.07		11,197.07
Liquor Tax Reversion (25%)	21,353.13				21,353.13
Charges for Goods and Services:					
General Government:					
Treasurer's Fees	5,222.50				5,222.50
Register of Deeds' Fees	7,705.50			7,288.70	14,994.20
Legal Services	55.00				55.00
Clerk of Courts Fees	415.00				415.00
Public Safety:					
Law Enforcement	354.90				354.90

Public Works:					
Road Maintenance Contract Charges		6,615.09			6,615.09
Miscellaneous Revenue:					
Investment Earnings	1,765.37	3,559.86	355.00	127.27	5,807.50
Other	12,017.79	289.07			12,306.86
Total Revenues	<u>494,952.60</u>	<u>356,635.14</u>	<u>11,552.07</u>	<u>10,440.53</u>	<u>873,580.34</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners	71,390.32				71,390.32
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Elections	1,109.00				1,109.00
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Financial Administration:

Auditor	55,432.16				55,432.16
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Treasurer	58,071.38				58,071.38
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Legal Services:

State's Attorney	41,094.12				41,094.12
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Court Appointed Attorney	7,788.54				7,788.54
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Other Administration:

General Government Building	10,655.24				10,655.24
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Director of Equalization	58,237.29				58,237.29
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Register of Deeds	8,881.70			1,536.00	10,417.70
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Veterans Service Officer	25.00				25.00
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Predatory Animal	1,832.92				1,832.92
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Public Safety:

Law Enforcement:

Sheriff	81,800.24				81,800.24
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County Jail	1,979.00				1,979.00
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Coroner	3,305.00				3,305.00
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Protective and Emergency Services:

Emergency and Disaster Services				7,616.06	7,616.06
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Communication Center			25,000.00		25,000.00
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Public Works:

Highways and Bridges:

Highways, Roads and Bridges		273,713.35			273,713.35
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Health and Welfare:

Economic Assistance:

Support of Poor	125.00				125.00
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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, 2019
(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>
Conservation of Natural Resources:					
Soil Conservation:					
County Extension	2,023.00				2,023.00
Weed and Pest Control	10,953.20				10,953.20
Debt Service		49,764.75			49,764.75
Total Expenditures	<u>414,703.11</u>	<u>323,478.10</u>	<u>25,000.00</u>	<u>9,152.06</u>	<u>772,333.27</u>
Excess of Revenues Over (Under) Expenditures	80,249.49	33,157.04	(13,447.93)	1,288.47	101,247.07
Other Financing Sources (Uses):					
Sale of County Property		54.00			54.00
Net Change in Fund Balance	80,249.49	33,211.04	(13,447.93)	1,288.47	101,301.07
Fund Balance - Beginning	<u>660,133.19</u>	<u>1,093,744.82</u>	<u>128,295.45</u>	<u>34,518.29</u>	<u>1,916,691.75</u>
FUND BALANCE - ENDING	<u><u>\$ 740,382.68</u></u>	<u><u>\$ 1,126,955.86</u></u>	<u><u>\$ 114,847.52</u></u>	<u><u>\$ 35,806.76</u></u>	<u><u>\$ 2,017,992.82</u></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, 2020

	<u>Custodial Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ 35,944.07
TOTAL ASSETS	<u><u>\$ 35,944.07</u></u>
NET POSITION:	
Restricted For:	
Individuals, Organizations, and Other Governments	\$ 35,944.07
TOTAL NET POSITION	<u><u>\$ 35,944.07</u></u>

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

BUFFALO COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
For the Year Ended December 31, 2020

	Custodial Funds
ADDITIONS:	
Property Tax Collections for Other Governments	\$ 916,485.36
State Shared Revenue Collections for Other Governments	288,398.42
Other Additions	<u>3,271.36</u>
Total Additions	<u>1,208,155.14</u>
DEDUCTIONS:	
Payments of Property Tax to Other Governments	915,651.03
Payments of State Shared Revenue to Other Governments	342,262.30
Other Deductions	<u>3,025.64</u>
Total Deductions	<u>1,260,938.97</u>
Change in Net Position	<u>(52,783.83)</u>
Net Position - Beginning	0.00
Restatement - Implementation of GASB 84 (See Note 10)	<u>88,727.90</u>
Restated Net Position - Beginning	<u>88,727.90</u>
NET POSITION - ENDING	<u><u>\$ 35,944.07</u></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. This is 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:

Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial 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, improvements other than buildings, furnishings and equipment, construction/development in progress, infrastructure, intangible lease assets, 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, Financing Capital Acquisition Leases.

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 or long-term liabilities arising from cash transactions, so any outstanding long-term debt or long-term liabilities are 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 is distinguished between Nonspendable, Restricted, Committed, Assigned, or Unassigned components. Fiduciary fund equity is reported as restricted net position.

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 nor 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* 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

Motor Vehicle Revenues and Grants
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, 2020**

	<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	\$	\$ 586,186.14	\$	\$	\$ 586,186.14
Secondary Road Purposes		183,095.09			183,095.09
911 Service Purposes			120,593.20		120,593.20
Modernization and Preservation					
Relief Purposes				15,382.15	15,382.15
Domestic Abuse Purposes				55.00	55.00
Assigned To:					
Applied to Next Year's Budget	404,032.00				262,032.00
Capital Outlay Accumulations		200,000.00			200,000.00
Road and Bridge Purposes		174,578.51			174,578.51
Emergency Management Purposes				15,139.63	15,139.63
Unassigned	<u>457,827.42</u>				<u>599,827.42</u>
Total Fund Balances	<u>\$ 861,859.42</u>	<u>\$ 1,143,859.74</u>	<u>\$ 120,593.20</u>	<u>\$ 30,576.78</u>	<u>\$ 2,156,889.14</u>

2. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2020, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities accounting standard. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this standard required that the County present a Statement of Changes in Fiduciary Net Position for Custodial Funds for 2020. The implementation of this standard required the County to reclassify previously reported agency funds as custodial funds. The implementation relates only to 2020. The impact to the County resulted in certain activities previously reported as fiduciary not being considered fiduciary under GASB 84. The effect of the implementation of this standard on beginning net position is disclosed in Note 9.

3. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

	Year Ended 12/31/20
General Fund:	
<u>Activity</u>	
Board of County Commissioners	\$ 904.26
Elections	\$ 14,042.40
Treasurer	\$ 2,154.13
State's Attorney	\$ 1,519.25
General Government Building	\$ 5,003.10
Director of Equalization	\$ 509.45
County Extension	\$ 206.89

The Board of County Commissioners plans to take the following actions to address these violations:

The County Auditor will closely monitor the budget versus the actual expenditures in order to inform the Governing Board when budget modifications need to be made.

4. 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.

As of December 31, 2020, the investments reported in the financial statements consist of only certificates of deposit.

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

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2020, the County's deposits in financial institutions were not exposed to custodial credit risk.

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.

5. PROPERTY TAXES

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

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

6. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2020 was as follows:

Major Purposes:

Road and Bridge Purposes	\$ 769,281.23
911 Service Purposes	<u>120,593.20</u>

Other Purposes:

Domestic Abuse Purposes	55.00
Modernization and Preservation	
Relief Purposes	<u>15,382.15</u>

Total Other Purposes	<u>15,437.15</u>
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Total Restricted Net Position **\$ 905,311.58**

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

7. 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.

Financial information for this joint venture for the years ending December 31, 2019 and December 31, 2020 was not available.

8. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2020, the County was not involved in any litigation.

9. 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, 2020, 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 a Members' Annual Operating Contribution, 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

Effective January 1, 2019, the SDPAA revised the method of calculating the amount available to be refunded to a withdrawing member. Upon giving proper written notice to the SDPAA a member may withdraw. Within 120 days following withdrawal, or as soon thereafter as the next Annual Budget is completed, the SDPAA will advise the withdrawing member of its total calculated portion of contributions made to the SDPAA that shall be refunded. Refunds are calculated based on the pool's total contributions, along with the member's total contributions, current losses, unpaid losses, and loss expenses, the member's loss ratio, and number of membership years.

A member who withdraws from the SDPAA shall receive a calculated portion of their contributions refunded for unpaid casualty losses, based on the following schedule:

<u>Years</u>	<u>Percentage</u>
1	55%
2	50%
3	40%
4	35%
5	30%
6+	20%

All refunds shall be paid to the withdrawing Member over a five-year term.

As of December 31, 2020, the County's balance available to be refunded per the SDPAA was \$27,759.00, which was an increase of \$1,185.00 from the previous year.

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.

During the two years ended December 31, 2020, no claims for unemployment benefits were paid. At December 31, 2020, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

10. IMPLEMENTATION OF NEW STANDARD AND RESTATEMENT

As of January 1, 2020, the County implemented GASB Statement No. 84, *Fiduciary Activities* (GASB 84).

The County restated the net position of the custodial funds as indicated below to appropriately reflect the January 1, 2020 balances as follows:

	Net Position December 31, 2019 As previously Stated	Restatement Implementation of GASB 84	Net Position January 1, 2020 As Restated
Custodial Funds	\$ 0.00	\$ 88,727.90	\$ 88,727.90

SUPPLEMENTARY INFORMATION
BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 378,686.00	\$ 378,686.00	\$ 395,154.66	\$ 16,468.66
General Property Taxes--Delinquent	1,051.60	1,051.60	102.72	(948.88)
Penalties and Interest	913.89	913.89	913.89	0.00
Telephone Tax (Outside)	34.51	34.51	34.51	0.00
Licenses and Permits	1,795.00	1,795.00	1,862.00	67.00
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	50,645.99	50,645.99
Federal Shared Revenue	653.61	653.61	653.61	0.00
Federal Payments in Lieu of Taxes	13,983.90	13,983.90	33,609.00	19,625.10
State Shared Revenue:				
Court Appointed Attorney/Public Defender	185.87	185.87	185.87	0.00
Telecommunications Gross Receipts Tax	9,275.74	9,275.74	9,275.74	0.00
Motor Vehicle 1/4%	521.93	521.93	521.93	0.00
Liquor Tax Reversion (25%)	22,678.95	22,678.95	22,678.95	0.00
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	7,645.00	7,645.00	5,862.55	(1,782.45)
Register of Deeds' Fees	3,221.00	3,221.00	3,221.00	0.00
Clerk of Courts Fees	308.00	308.00	308.00	0.00
Public Safety:				
Law Enforcement	276.00	276.00	276.00	0.00
Miscellaneous Revenue:				
Investment Earnings	1,501.91	1,501.91	1,501.91	0.00
Other	10,498.09	10,498.09	6,119.64	(4,378.45)
Total Revenues	453,231.00	453,231.00	532,927.97	79,696.97
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	54,700.00	54,700.00	55,604.26	(904.26)
Contingency	20,000.00	20,000.00		
Amount Transferred		0.00		20,000.00
Elections	5,000.00	5,000.00	19,042.40	(14,042.40)
Judicial System	10,000.00	10,000.00	0.00	10,000.00
Financial Administration:				
Auditor	52,950.00	52,950.00	51,670.87	1,279.13
Treasurer	53,400.00	53,400.00	55,554.13	(2,154.13)
Legal Services:				
State's Attorney	39,814.00	39,814.00	41,333.25	(1,519.25)
Court Appointed Attorney	20,000.00	20,000.00	2,417.65	17,582.35
Abused and Neglected Child Defense	500.00	500.00	0.00	500.00
Other Administration:				
General Government Building	18,600.00	18,600.00	23,603.10	(5,003.10)
Director of Equalization	56,200.00	56,200.00	56,709.45	(509.45)
Register of Deeds	15,450.00	15,450.00	6,935.28	8,514.72
Veterans Service Officer	9,225.00	9,225.00	25.00	9,200.00
Predatory Animal	1,900.00	1,900.00	1,832.92	67.08
Public Safety:				
Law Enforcement:				
Sheriff	120,186.00	120,186.00	82,753.46	37,432.54
County Jail	6,000.00	6,000.00	205.00	5,795.00

SUPPLEMENTARY INFORMATION
BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2020
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Coroner	2,000.00	2,000.00	0.00	2,000.00
Juvenile Detention	2,000.00	2,000.00	0.00	2,000.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	25,000.00	25,000.00	0.00	25,000.00
Public Welfare	500.00	500.00	0.00	500.00
Health Assistance:				
Board of Health	300.00	300.00	0.00	300.00
Mental Health Services:				
Mentally Ill	5,000.00	5,000.00	465.95	4,534.05
Mental Health Centers	10,000.00	10,000.00	0.00	10,000.00
Mental Illness Board	5,000.00	5,000.00	0.00	5,000.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	2,000.00	2,000.00	2,206.89	(206.89)
Soil Conservation Districts	2,000.00	2,000.00	0.00	2,000.00
Weed and Pest Control	14,350.00	14,350.00	11,091.62	3,258.38
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	500.00	500.00	0.00	500.00
Total Expenditures	<u>552,575.00</u>	<u>552,575.00</u>	<u>411,451.23</u>	<u>141,123.77</u>
Excess of Revenues Over (Under) Expenditures	(99,344.00)	(99,344.00)	121,476.74	(61,426.80)
Other Financing Sources (Uses):				
Transfers Out	<u>(55,000.00)</u>	<u>(55,000.00)</u>	<u>0.00</u>	<u>(55,000.00)</u>
Net Change in Fund Balance	(154,344.00)	(154,344.00)	121,476.74	(116,426.80)
Fund Balance - Beginning	<u>740,382.68</u>	<u>740,382.68</u>	<u>740,382.68</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 586,038.68</u>	<u>\$ 586,038.68</u>	<u>\$ 861,859.42</u>	<u>\$ (116,426.80)</u>

SUPPLEMENTARY INFORMATION
BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 17,609.00	\$ 17,609.00	\$ 17,919.57	\$ 310.57
General Property Taxes--Delinquent	56.27	56.27	5.58	(50.69)
Penalties and Interest	43.73	43.73	43.73	0.00
Intergovernmental Revenue:				
Federal Shared Revenue	35.57	35.57	35.57	0.00
State Grants	0.00	0.00	79,909.51	79,909.51
State Shared Revenue:				
Motor Vehicle Licenses	44,246.99	44,246.99	203,052.17	158,805.18
State Highway Fund (former 10% game)	1,795.54	1,795.54	1,795.54	0.00
Prorate License Fees	19,142.32	19,142.32	19,142.32	0.00
Secondary Road Remittances	33,576.29	33,576.29	33,576.29	0.00
Motor Fuel Tax	1,203.29	1,203.29	1,203.29	0.00
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	10,000.00	10,000.00	8,736.70	(1,263.30)
Miscellaneous Revenue:				
Investment Earnings	1,500.00	1,500.00	3,028.69	1,528.69
Total Revenues	129,209.00	129,209.00	368,448.96	239,239.96
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	325,300.00	845,300.00	301,780.33	543,519.67
Debt Service	0.00	0.00	49,764.75	(49,764.75)
Total Expenditures	325,300.00	845,300.00	351,545.08	493,754.92
Excess of Revenues Over (Under) Expenditures	(196,091.00)	(716,091.00)	16,903.88	732,994.88
Other Financing Sources (Uses):				
Transfers In	50,000.00	50,000.00	0.00	(50,000.00)
Net Change in Fund Balance	(146,091.00)	(666,091.00)	16,903.88	682,994.88
Fund Balance - Beginning	1,126,955.86	1,126,955.86	1,126,955.86	0.00
FUND BALANCE - ENDING	\$ 980,864.86	\$ 460,864.86	\$ 1,143,859.74	\$ 682,994.88

**SUPPLEMENTARY INFORMATION
BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
911 SERVICE FUND
For the Year Ended December 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue:				
State Shared Revenue:				
911 Remittances	\$ 10,500.00	\$ 10,500.00	\$ 9,425.79	\$ (1,074.21)
Miscellaneous Revenue:				
Investment Earnings	300.00	300.00	319.89	19.89
Total Revenues	<u>10,800.00</u>	<u>10,800.00</u>	<u>9,745.68</u>	<u>(1,054.32)</u>
Expenditures:				
Public Safety:				
Protective and Emergency Services:				
Communication Center	<u>60,000.00</u>	<u>60,000.00</u>	<u>4,000.00</u>	<u>56,000.00</u>
Net Change in Fund Balance	(49,200.00)	(49,200.00)	5,745.68	54,945.68
Fund Balance - Beginning	<u>114,847.52</u>	<u>114,847.52</u>	<u>114,847.52</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 65,647.52</u>	<u>\$ 65,647.52</u>	<u>\$ 120,593.20</u>	<u>\$ 54,945.68</u>

SUPPLEMENTARY INFORMATION
BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 398,699.00	\$ 398,699.00	\$ 396,965.74	\$ (1,733.26)
General Property Taxes--Delinquent	1,000.00	1,000.00	2,183.25	1,183.25
Penalties and Interest	500.00	500.00	1,035.13	535.13
Telephone Tax (Outside)	20.00	20.00	0.00	(20.00)
Licenses and Permits	1,786.00	1,786.00	1,915.00	129.00
Intergovernmental Revenue:				
Federal Shared Revenue	1,450.00	1,450.00	753.99	(696.01)
Federal Payments in Lieu of Taxes	32,000.00	32,000.00	33,719.00	1,719.00
State Grants	0.00	0.00	2,009.67	2,009.67
State Shared Revenue:				
Court Appointed Attorney/Public Defender	100.00	100.00	31.42	(68.58)
Telecommunications Gross Receipts Tax	7,000.00	7,000.00	6,988.37	(11.63)
Motor Vehicle 1/4%	500.00	500.00	461.84	(38.16)
Liquor Tax Reversion (25%)	20,000.00	20,000.00	21,353.13	1,353.13
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	4,915.00	4,915.00	5,222.50	307.50
Register of Deeds' Fees	3,520.00	3,520.00	7,705.50	4,185.50
Legal Services	0.00	0.00	55.00	55.00
Clerk of Courts Fees	500.00	500.00	415.00	(85.00)
Public Safety:				
Law Enforcement	550.00	550.00	354.90	(195.10)
Miscellaneous Revenue:				
Investment Earnings	1,000.00	1,000.00	1,765.37	765.37
Other	2,000.00	2,000.00	12,017.79	10,017.79
Total Revenues	475,540.00	475,540.00	494,952.60	19,412.60
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	86,075.00	86,075.00	71,390.32	14,684.68
Contingency	20,000.00	20,000.00		
Amount Transferred		(1,191.36)		18,808.64
Elections	2,000.00	3,109.00	1,109.00	2,000.00
Judicial System	10,000.00	10,000.00	0.00	10,000.00
Financial Administration:				
Auditor	71,300.00	71,300.00	55,432.16	15,867.84
Treasurer	67,400.00	67,400.00	58,071.38	9,328.62
Legal Services:				
State's Attorney	45,050.00	45,050.00	41,094.12	3,955.88
Court Appointed Attorney	20,000.00	20,000.00	7,788.54	12,211.46
Abused and Neglected Child Defense	500.00	500.00	0.00	500.00
Other Administration:				
General Government Building	32,600.00	32,600.00	10,655.24	21,944.76
Director of Equalization	74,400.00	74,400.00	58,237.29	16,162.71
Register of Deeds	31,200.00	31,200.00	8,881.70	22,318.30
Veterans Service Officer	8,975.00	8,975.00	25.00	8,950.00
Predatory Animal	1,900.00	1,900.00	1,832.92	67.08
Public Safety:				
Law Enforcement:				
Sheriff	94,000.00	94,000.00	81,800.24	12,199.76

SUPPLEMENTARY INFORMATION
BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2019
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
County Jail	7,500.00	7,500.00	1,979.00	5,521.00
Coroner	3,500.00	3,500.00	3,305.00	195.00
Juvenile Detention	4,000.00	4,000.00	0.00	4,000.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	25,000.00	25,000.00	125.00	24,875.00
Public Welfare	500.00	500.00	0.00	500.00
Health Assistance:				
Board of Health	300.00	300.00	0.00	300.00
Mental Health Services:				
Mentally Ill	1,000.00	1,000.00	0.00	1,000.00
Developmentally Disabled	1,000.00	1,000.00	0.00	1,000.00
Mental Health Centers	10,000.00	10,000.00	0.00	10,000.00
Mental Illness Board	5,000.00	5,000.00	0.00	5,000.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	3,000.00	3,000.00	2,023.00	977.00
Weed and Pest Control	17,925.00	17,925.00	10,953.20	6,971.80
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	500.00	500.00	0.00	500.00
Total Expenditures	644,625.00	644,542.64	414,703.11	229,839.53
Excess of Revenues Over (Under) Expenditures	(169,085.00)	(169,002.64)	80,249.49	249,252.13
Other Financing Sources (Uses):				
Transfers Out	(55,000.00)	(55,000.00)	0.00	55,000.00
Net Change in Fund Balance	(224,085.00)	(224,002.64)	80,249.49	304,252.13
Fund Balance - Beginning	660,133.19	660,133.19	660,133.19	0.00
FUND BALANCE - ENDING	\$ 436,048.19	\$ 436,130.55	\$ 740,382.68	\$ 304,252.13

SUPPLEMENTARY INFORMATION
BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 18,605.00	\$ 18,605.00	\$ 18,568.10	\$ (36.90)
General Property Taxes--Delinquent	100.00	100.00	48.23	(51.77)
Penalties and Interest	50.00	50.00	41.73	(8.27)
Intergovernmental Revenue:				
Federal Shared Revenue	35.00	35.00	41.03	6.03
State Grants	68,000.00	68,000.00	70,696.52	2,696.52
State Shared Revenue:				
Motor Vehicle Licenses	225,000.00	225,000.00	197,159.24	(27,840.76)
State Highway Fund (former 10% game)	2,500.00	2,500.00	1,795.54	(704.46)
Prorate License Fees	20,000.00	20,000.00	20,177.18	177.18
Secondary Road Remittances	40,000.00	40,000.00	35,768.36	(4,231.64)
Motor Fuel Tax	1,800.00	1,800.00	1,875.19	75.19
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	7,000.00	7,000.00	6,615.09	(384.91)
Miscellaneous Revenue:				
Investment Earnings	2,000.00	2,000.00	3,559.86	1,559.86
Other	0.00	0.00	289.07	289.07
Total Revenues	385,090.00	385,090.00	356,635.14	(28,454.86)
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	421,700.00	421,700.00	273,713.35	147,986.65
Debt Service	86,000.00	86,000.00	49,764.75	36,235.25
Total Expenditures	507,700.00	507,700.00	323,478.10	184,221.90
Excess of Revenues Over (Under) Expenditures	(122,610.00)	(122,610.00)	33,157.04	155,767.04
Other Financing Sources (Uses):				
Transfers In	45,000.00	45,000.00	0.00	(45,000.00)
Sale of County Property	0.00	0.00	54.00	54.00
Total Other Financing Sources (Uses)	45,000.00	45,000.00	54.00	(44,946.00)
Net Change in Fund Balance	(77,610.00)	(77,610.00)	33,211.04	110,821.04
Fund Balance - Beginning	1,093,744.82	1,093,744.82	1,093,744.82	0.00
FUND BALANCE - ENDING	\$ 1,016,134.82	\$ 1,016,134.82	\$ 1,126,955.86	\$ 110,821.04

**SUPPLEMENTARY INFORMATION
BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
911 SERVICE FUND
For the Year Ended December 31, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue:				
State Shared Revenue:				
911 Remittances	\$ 10,500.00	\$ 10,500.00	\$ 11,197.07	\$ 697.07
Miscellaneous Revenue:				
Investment Earnings	200.00	200.00	355.00	155.00
Total Revenues	10,700.00	10,700.00	11,552.07	852.07
Expenditures:				
Public Safety:				
Protective and Emergency Services:				
Communication Center	80,000.00	80,000.00	25,000.00	55,000.00
Net Change in Fund Balance	(69,300.00)	(69,300.00)	(13,447.93)	55,852.07
Fund Balance - Beginning	128,295.45	128,295.45	128,295.45	0.00
FUND BALANCE - ENDING	\$ 58,995.45	\$ 58,995.45	\$ 114,847.52	\$ 55,852.07

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, 2020**

<u>Indebtedness</u>	<u>Long-Term Debt January 1, 2019</u>	<u>Add New Debt</u>	<u>Less Debt Retired</u>	<u>Long-Term Debt December 31, 2020</u>
Governmental Long-Term Debt:				
Financing (Capital Acquisition) Leases	\$ 138,588.61	\$	\$ 90,651.72	\$ 47,936.89

Note 1 - Long-Term Debt:

Debt payable at December 31, 2020 is comprised of the following:

Financing (Capital Acquisition) Leases:

Lease Purchase of a Motor Grader for the Highway Department. The lease financed \$222,700.00 at 3.75% interest and called for five annual principle and interest payments of \$49,764.75 beginning at signing on May 17, 2017 and ending May 17, 2021. The debt is serviced by the Road and Bridge Fund.	\$ 47,936.89
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