

CHARLES MIX COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2012

CHARLES MIX COUNTY
COUNTY OFFICIALS
December 31, 2012

Board of Commissioners:

Keith Mushitz
Neil VonEschen
Jack Soulek

Auditor:

Sherri Fuchs

Treasurer:

Karol Kniffen

State's Attorney:

Pamela Hein

Register of Deeds:

Monica Walder

Sheriff:

Randy Thaler

CHARLES MIX COUNTY
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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

County Commission
Charles Mix County
Lake Andes, 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 Charles Mix County, South Dakota (County), as of December 31, 2012 and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 19, 2014.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Current Audit Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Current Audit Findings as item No. 2012-01 to be a material weakness.

Compliance and Other Matters

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

and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Current Audit Findings as item No. 2012-05.

County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying Schedule of Current Audit Findings. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Martin L. Guindon, CPA
Auditor General

February 19, 2014

CHARLES MIX COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Findings:

Finding No. 2010-01:

Internal accounting controls over financial reporting for the years 2009 and 2010 were inadequate resulting in inaccurate information being presented to users of the annual financial reports. This situation has not been corrected and has been restated as current audit finding No. 2012-01.

Finding No. 2010-02:

The unreserved, undesignated fund balance of the General Fund exceeded the maximum allowed by South Dakota Codified Law (SDCL) 7-21-18.1 by approximately \$1,334,900 as of December 31, 2010. This situation has not been corrected and has been restated as current audit finding No. 2012-03.

SCHEDULE OF CURRENT AUDIT FINDINGS

Current Audit Findings:

Internal Control-Related Findings - Material Weakness:

Financial Reporting Errors

Finding No. 2012-01:

Internal accounting controls over financial reporting for the years 2011 and 2012 were inadequate resulting in inaccurate information being presented to users of the annual financial reports. This is the fifth consecutive audit in which a similar finding was noted.

Analysis:

We noted the following significant errors in the County's annual financial reports for the years ended December 31, 2011 and December 31, 2012:

- a. The County understated the revenues and expenses of the Internal Service Medical Self-Insurance Fund by \$42,701.22 in the 2011 Fund Financial Statements and by \$183,666.05 in the 2012 Fund Financial Statements. These understatements also misstated the 2011 and 2012 government-wide Statement of Activities - Health and Welfare Charges for Services and Health and Welfare Expenses by the same amounts.
- b. The County overstated the General Fund - Cash and Cash Equivalents by \$261,295.78 in the 2012 Fund Financial Statements. The County also understated the General Fund - Transfers Out by \$156,000.00, General Government Building Expenditures by \$94,156.83, Commissioners Expenditures by \$9,138.95, and Recreational Program Expenditures by \$2,000.00. These errors also overstated the 2012 government-wide Statement of Net Position - Cash and Cash Equivalents by \$261,295.78 and overstated the 2012 Statement of Activities - Transfers by \$156,000.00, understated General Government Expenses by \$103,295.78, and understated Culture and Recreation Expenses by \$2,000.00.
- c. The County overstated the 2012 Statement of Fiduciary Net Position - Cash and Cash Equivalents and the Net Position Held in Agency Capacity by \$93,971.09.

Other less significant errors were also noted in the County's annual financial reports.

We were able to correct the material reporting errors and therefore have issued an unmodified auditor's opinion on the financial statements contained in this audit report. However, users of the annual financial reports received information of diminished reliability.

RECOMMENDATION:

1. We recommend the County strengthen internal accounting controls over financial reporting.

Management's Response:

Management chose not to respond to this finding.

Compliance and Other Matters:

Annual Financial Reports

Finding No. 2012-02:

The County Auditor did not prepare, publish or file with the Auditor General of the Department of Legislative Audit on a timely basis the annual financial report for the year ended December 31, 2012 as required by SDCL 7-10-4.

Analysis:

SDCL 7-10-4 states:

The county auditor shall prepare by the first day of March of each year a report of the revenues and expenditures of the previous year and the assets, liabilities and equity of the county as of December thirty-first of the previous year. The report shall be made in the form prescribed by the auditor-general and shall be published within thirty days in the official newspapers of the county. A copy of the publication shall be filed with the auditor-general.

The annual financial report for Charles Mix County for the year ended December 31, 2012 was not published or filed with the Department of Legislative Audit until November 5, 2013. In addition to being a violation of SDCL 7-10-4, the County Auditor's failure to prepare, publish and file the annual financial report on a timely basis resulted in withholding financial information from the taxpayers of the County.

RECOMMENDATION:

2. We recommend that future annual financial reports be prepared, published and filed with the Department of Legislative Audit on a timely basis.

Management's Response:

Management chose not to respond to this finding.

Surplus Unassigned Fund Balance

Finding No. 2012-03:

The unassigned fund balance of the General Fund exceeded the maximum allowed by SDCL 7-21-18.1 by approximately \$1,508,000 as of December 31, 2012. This is the third consecutive audit to contain this finding.

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 balance 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, 2012 as follows:

Total Unassigned Fund Balance at December 31, 2012		\$ 3,584,000
Less:		
2013 General Fund Appropriations	5,190,486	
Percentage of Allowable Retainage	<u>40%</u>	
Allowable Fund Balance Retainage		<u>(2,076,000)</u>
Unassigned Surplus Fund Balance at December 31, 2012 in Excess of the Amount Allowed by SDCL 7-21-18.1		<u>\$ 1,508,000</u>

RECOMMENDATION:

3. 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:

Management chose not to respond to this finding.

Improper Sale of Surplus County Property

Finding No. 2012-04:

The County sold a surplus 2010 Dodge 2500 pickup by sealed bids to a County Commissioner which is a violation of SDCL 6-13-7. In addition, an appraised value was not established for the surplus vehicle as required by SDCL 6-13-2, nor was the sale of the surplus vehicle properly published in the official newspapers of the County as required by SDCL 6-13-3.

Analysis:

SDCL 6-13-2 states:

After the governing board of a political subdivision has made a determination of surplus property pursuant to SDCL 6-13-1, the governing board shall appoint three real property owners of the

political subdivision to appraise the value of such property. Such real property owners shall file a report of the appraisal with the fiscal officer of the political subdivision. The governing board may employ a person or persons licensed by the state to do fee appraisals in lieu of the property owners conducting an appraisal pursuant to this section.

SDCL 6-13-3 states:

Any surplus property appraised pursuant to SDCL 6-13-2 at five hundred dollars or less... may be sold by the governing board at a private or public sale without notice. The governing board of the political subdivision shall give notice of the sale of all other surplus property... by publishing a notice of the sale at least twice, with the first publication not less than ten days prior to the date of the sale. The first publication shall be in the official newspapers of the political subdivision and the second publication may be in any legal newspaper of the state chosen by the governing board of the political subdivision...

SDCL 6-13-7 states:

No governing board member, any officer of a county, municipality, township or school district, who has been elected or appointed, or real property owner acting as an appraiser may purchase the surplus property except at public auction.

At the March 14, 2013 County Commission meeting the board declared a 2010 Dodge 2500 pickup with 50,000 miles surplus property. An appraised value for the surplus property was not established as required by SDCL 6-13-2, as the County Commissioners did not appoint three real property owners to appraise the value, nor did the Commission employ a licensed person to appraise the value. Failure to obtain an appraised value is a violation of SDCL 6-13-2 and also increased the risk that the County did not obtain the best possible price for the surplus property.

A notice of the sale of the surplus property should have been published in all four official county newspapers; the Platte Enterprise, Wagner Post, Lake Andes Wave, and Charles Mix County News. However, the only publication of the notice of the sale was found in the Wagner Announcer, which is not an official newspaper of the County. Failure to properly publish the notice of the sale of the surplus property is a violation of SDCL 6-13-3 and also potentially reduced the number of bidders for the surplus property, which in turn increased the risk that the County did not obtain the best possible price for the surplus property.

At the June 20, 2013 County Commission meeting the board held the bid opening for the sale of the surplus property. The only bid received was from County Commissioner Neil VonEschen. The bid amount was \$21,501.00. The County Commission approved the selling of the surplus property to Commissioner VonEschen for the bid amount. However, SDCL 6-13-7 precludes a County Commissioner from purchasing surplus property in any manner other than by public auction. Sealed bids do not qualify as a public auction. The sale of the surplus property in the above manner is a violation of SDCL 6-13-7.

RECOMMENDATIONS:

4. We recommend that the County comply with state statutes when selling County surplus property.
5. We recommend that the County consult with legal counsel in order to remedy the non-compliance with SDCL 6-13-7.

Management's Response:

During the last audit, the State Auditor notified the Charles Mix County State's Attorney's Office that a County Commissioner purchased a surplus county vehicle by sealed bid. The State Auditor opined that it

is illegal for a County Commissioner to purchase county property by sealed bid. Upon investigating and researching the law, it appears as though there may be an ambiguity in the law concerning the sale of public property and a commissioner's ability to purchase the same. In 1998, the legislature passed SDCL 6-13-7 which states, "No governing board member, any officer of a county, municipality, township, or school district, who has been elected or appointed, or real property owner acting as an appraiser may purchase the surplus property except at public auction." Competitive bidding procedures followed in SDCL 5-18A PUBLIC PROPERTY PURCHASES AND CONTRACTS and SDCL 5-18B PROCUREMENT OF PUBLIC IMPROVEMENTS allow for public works to be awarded by sealed bids to an officer of the county. In fact, SDCL 6-1-2.1 states that if competitive bidding procedures (sealed bidding) have been followed pursuant to SDCL 5-18A, a bid from an officer of the governing body may be opened and accepted "provided the consideration is reasonable and just as determined by the governing body or a disinterest governmental entity."

The ambiguity herein lies in SDCL 6-13-6, which states: "In lieu of sealed bids, the governing board of a political subdivision may sell surplus property at auction." This statute seemingly removes "sealed bid auctions" from the meaning of "public auction." Given the fact that in the sale herein, the highest sale of the vehicle was given to the highest sealed bid came, and upon information and belief that the County would not realize any greater income from a resale of the property; that is, that upon investigation it was determined that the provided consideration was reasonable and just, it is the advice of our office that the sale remain. Had this been an auction wherein bidders were present and raising the bids by a raise of the hand, the sale to the County Commissioner would be legal. Also, I would note that the County Commissioner involved offered to void the sale and return the vehicle back to the County of Charles Mix. It also is our advice that in the future the County of Charles Mix no longer accept sealed bids from any member of the Charles Mix County Board of Commissioners, unless and until the ambiguity of the statute in question is addressed by the legislature.

Budgetary Noncompliance

Finding No. 2012-05:

The County incurred expenditures in excess of appropriations contrary to SDCL 7-21-25.

Analysis:

Appropriations included in the annual budget constitute maximum authorizations to spend during the fiscal year (SDCL 7-21-25), and cannot be exceeded except by subsequent amendment of the budget by the County Commission pursuant to SDCL.

SDCL 7-21-25 states:

Unless specially and expressly authorized by law, it shall be unlawful for the board of county commissioners or any member thereof, or for any officer of any county or any employee thereof in charge of any institution or agency of a county, to contract any indebtedness or incur any liabilities for or in behalf of the county, in any manner whatsoever, either for a purpose, object, or item for which no appropriation is provided in the budget of such county for the fiscal year in which such indebtedness is attempted to be contracted or liability attempted to be created, or in excess of the amount of any specific appropriation for any purpose, object, or item set forth in the budgets of such county, for the fiscal year in which such indebtedness is attempted to be contracted or liability attempted to be created.

We noted the following instances of noncompliance with SDCL 7-21-25:

- a. In 2011 the County incurred expenditures in excess of appropriations for the following line item appropriations:

Year Ended
12/31/2011

General Fund:

Activity

Board of County Commissioners	\$ 2,201.51
Court Appointed Attorney	\$ 154,214.67
General Government Building	\$ 12,098.47
Director of Equalization	\$ 4,736.27
Geographic Information System	\$ 1,933.81
Other Law Enforcement	\$ 4,058.33
Women, Infants and Children	\$ 1,928.03
Mentally Ill	\$ 1,231.36

Road and Bridge Fund:

Activity

Intergovernmental Expenditures	\$ 39,691.95
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- b. In 2012 the County incurred expenditures in excess of appropriations for the following line item appropriations:

Year Ended
12/31/2012

General Fund:

Activity

Auditor	\$ 2.00
General Government Building	\$ 60,612.15
Other Law Enforcement	\$ 8,568.14
Recreational Programs	\$ 1,000.00

RECOMMENDATION:

6. We recommend that the County refrain from incurring any expenditure in excess of the amount appropriated as required by SDCL 7-21-25.

Management's Response:

Management chose not to respond to this finding.



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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

County Commission
Charles Mix County
Lake Andes, 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 Charles Mix County, South Dakota (County), as of December 31, 2012 and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1.c.; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of accounting of the governmental activities, each major fund, and the aggregate remaining fund information of Charles Mix County as of December 31, 2012, and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis of Accounting

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

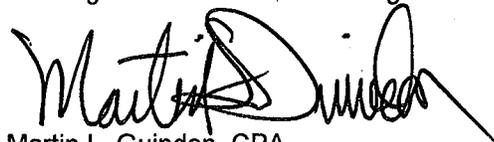
Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the County's basic financial statements. The Budgetary Comparison Schedules and the 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 February 19, 2014 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

February 19, 2014

CHARLES MIX COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2012

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 5,059,539.06
TOTAL ASSETS	\$ 5,059,539.06
NET POSITION:	
Restricted (See Note 5)	\$ 76,079.13
Unrestricted	4,983,459.93
TOTAL NET POSITION	\$ 5,059,539.06

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

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 1,477,040.82	\$ 190,897.46	\$ 169,429.07	\$ (1,116,714.29)
Public Safety	1,485,251.76	491,629.39	36,690.60	(956,931.77)
Public Works	2,443,839.98	55,728.82	1,037,123.89	(1,350,987.27)
Health and Welfare	760,478.64	428,156.90		(332,321.74)
Culture and Recreation	21,969.46			(21,969.46)
Conservation of Natural Resources	215,637.49	21,750.02		(193,887.47)
Urban and Economic Development	15,529.00			(15,529.00)
Intergovernmental	40,838.32			(40,838.32)
*Interest on Long-Term Debt	24,815.32			(24,815.32)
Total Primary Government	\$ 6,485,400.79	\$ 1,188,162.59	\$ 1,243,243.56	(4,053,994.64)
General Revenues:				
Taxes:				
	Property Taxes			3,560,030.29
	Wheel Tax			206,595.41
	911 Telephone Surcharge			69,826.64
	State Shared Revenues			98,639.12
	Grants and Contributions not Restricted to Specific Programs			50,397.00
	Unrestricted Investment Earnings			21,198.92
	Miscellaneous Revenue			51,525.23
	Total General Revenues			4,058,212.61
	Change in Net Position			4,217.97
	Net Position - Beginning			5,055,321.09
	NET POSITION - ENDING			\$ 5,059,539.06

* 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.

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 1,555,998.65	\$ 182,356.79	\$ 24,060.10	\$ (1,349,581.76)
Public Safety	1,330,446.15	460,563.22	277,835.45	(592,047.48)
Public Works	2,552,329.23	41,067.40	984,509.05	(1,526,752.78)
Health and Welfare	284,371.13	115,218.90		(169,152.23)
Culture and Recreation	46,588.32		18,027.44	(28,560.88)
Conservation of Natural Resources	155,966.18	33,425.75	28,105.32	(94,435.11)
Urban and Economic Development	15,253.00			(15,253.00)
Intergovernmental	124,214.95			(124,214.95)
*Interest on Long-Term Debt	16,150.84			(16,150.84)
Total Primary Government	\$ 6,081,318.45	\$ 832,632.06	\$ 1,332,537.36	(3,916,149.03)
General Revenues:				
Taxes:				
	Property Taxes			3,423,294.95
	Wheel Tax			266,293.24
	911 Telephone Surcharge			92,873.32
	State Shared Revenues			111,901.17
	Grants and Contributions not Restricted to Specific Programs			49,374.00
	Unrestricted Investment Earnings			59,214.43
	Miscellaneous Revenue			299,179.16
	Total General Revenues			4,302,130.27
	Change in Net Position			385,981.24
	Net Position - Beginning			4,669,339.85
	NET POSITION - ENDING			\$ 5,055,321.09

* 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.

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 4,459,075.09	\$ 135,735.82	\$ 372,653.06	\$ 4,967,463.97
TOTAL ASSETS	\$ 4,459,075.09	\$ 135,735.82	\$ 372,653.06	\$ 4,967,463.97
FUND BALANCES: (See Note 1. j.)				
Restricted	\$	\$	\$ 76,079.13	\$ 76,079.13
Assigned	875,071.00	135,735.82	296,573.93	1,307,380.75
Unassigned	3,584,004.09			3,584,004.09
TOTAL FUND BALANCES	\$ 4,459,075.09	\$ 135,735.82	\$ 372,653.06	4,967,463.97

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

Internal Service Fund is used by management to charge the costs of medical insurance activities to the individual funds. The assets and net position of the Internal Service Fund is included in the governmental activities in the Statement of Net Position.	92,075.09
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Net Position - Governmental Activities	\$ 5,059,539.06
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The notes to the financial statements are an integral part of this statement.

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 3,520,194.99	\$ 15,361.03	\$	\$ 3,535,556.02
General Property Taxes--Delinquent	10,889.87		188.18	11,078.05
Penalties and Interest	11,997.68	35.34	59.06	12,092.08
Mobile Home Tax	1,227.57			1,227.57
Wheel Tax		206,595.41		206,595.41
911 Telephone Surcharge			69,826.64	69,826.64
Tax Deed Revenue	76.57			76.57
Licenses and Permits	8,541.00		1,290.00	9,831.00
Intergovernmental Revenue:				
Federal Grants	111,823.17		24,061.49	135,884.66
Federal Shared Revenue	379.26			379.26
Federal Payments in Lieu of Taxes	50,397.00			50,397.00
State Grants	12,279.97		17,522.80	29,802.77
State Shared Revenue:				
Bank Franchise	37,889.01		2,167.98	40,056.99
Motor Vehicle Licenses		952,595.16		952,595.16
Court Appointed Attorney/Public Defender	1,444.66			1,444.66
Prorate/Port of Entry Fees		62,394.67		62,394.67
Secondary Road Motor Vehicle Remittances		7,055.07		7,055.07
Telecommunications Gross Receipts Tax	58,582.13			58,582.13
Motor Vehicle 1/4%	2,296.98			2,296.98
Motor Fuel Tax		15,078.99		15,078.99
911 Remittances			36,690.60	36,690.60
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	19,925.07		108.00	20,033.07
Register of Deeds' Fees	70,021.50		1,896.00	71,917.50
Legal Services	79,253.10		225.00	79,478.10
Clerk of Courts Fees	7,428.57		125.00	7,553.57

Other Fees	33.96			33.96
Public Safety:				
Law Enforcement	104,640.44			104,640.44
Prisoner Care	224,087.86			224,087.86
Sobriety Testing			27,973.00	27,973.00
Other			131,730.09	131,730.09
Public Works:				
Road Maintenance Contract Charges		55,728.82		55,728.82
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	4,040.00			4,040.00
Health Assistance:				
County Nurse	826.83			826.83
Women, Infants and Children	30,609.94			30,609.94
Conservation of Natural Resources	21,750.02			21,750.02
Fines and Forfeits:				
Costs	3,198.00			3,198.00
Miscellaneous Revenue:				
Investment Earnings	19,131.86	989.34	1,077.72	21,198.92
Rent	1,510.00	161.00		1,671.00
Refund of Prior Year's Expenditures	21,890.11	4,944.12	16,125.00	42,959.23
Total Revenues	<u>4,436,367.12</u>	<u>1,320,938.95</u>	<u>331,066.56</u>	<u>6,088,372.63</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners	163,238.06			163,238.06
Elections	42,457.98			42,457.98
Judicial System	41,431.11			41,431.11

Financial Administration:

Auditor	155,031.83			155,031.83
Treasurer	106,936.57			106,936.57

Legal Services:

State's Attorney	166,946.94			166,946.94
Court Appointed Attorney	176,896.24			176,896.24
Abused and Neglected Child Defense	15,672.00			15,672.00

Other Administration:

General Government Building	228,643.15		7,517.94	236,161.09
Director of Equalization	187,248.99			187,248.99
Register of Deeds	103,406.53			103,406.53
Veterans Service Officer	17,397.26			17,397.26

CHARLES MIX COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012
(Continued)

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Predatory Animal	9,199.61			9,199.61
Geographic Information System	55,016.61			55,016.61
Public Safety:				
Law Enforcement:				
Sheriff	544,319.35			544,319.35
County Jail	450,926.34		28,659.75	479,586.09
Coroner	4,877.63			4,877.63
Juvenile Detention	99,401.64			99,401.64
Other Law Enforcement	8,568.14			8,568.14
Protective and Emergency Services:				
Emergency and Disaster Services			58,317.58	58,317.58
Communication Center			290,181.33	290,181.33
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		2,264,992.49		2,264,992.49
Health and Welfare:				
Economic Assistance:				
Support of Poor	94,357.75			94,357.75
Health Assistance:				
County Nurse	68,058.51			68,058.51
Women, Infants and Children	32,014.38			32,014.38
Social Services:				
Domestic Abuse			2,000.00	2,000.00
Mental Health Services:				
Mentally Ill	34,746.49			34,746.49
Mental Health Centers	36,603.45			36,603.45
Culture and Recreation:				
Recreation:				
Recreational Programs	1,000.00			1,000.00
County Fair	11,483.61			11,483.61
Senior Center	9,485.85			9,485.85

Conservation of Natural Resources:				
Soil Conservation:				
County Extension	41,531.23			41,531.23
Soil Conservation Districts	45,000.00			45,000.00
Weed and Pest Control	129,106.26			129,106.26
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	15,529.00			15,529.00
Intergovernmental Expenditures		40,838.32		40,838.32
Debt Service		203,662.81		203,662.81
Total Expenditures	<u>3,096,532.51</u>	<u>2,509,493.62</u>	<u>386,676.60</u>	<u>5,992,702.73</u>
Excess of Revenues Over (Under) Expenditures	<u>1,339,834.61</u>	<u>(1,188,554.67)</u>	<u>(55,610.04)</u>	<u>95,669.90</u>
Other Financing Sources (Uses):				
Transfers In		1,250,000.00	20,000.00	1,270,000.00
Transfers Out	(1,426,000.00)			(1,426,000.00)
Insurance Proceeds	7,754.00	702.00		8,456.00
Sale of County Property			110.00	110.00
Total Other Financing Sources (Uses)	<u>(1,418,246.00)</u>	<u>1,250,702.00</u>	<u>20,110.00</u>	<u>(147,434.00)</u>
Net Change in Fund Balance	(78,411.39)	62,147.33	(35,500.04)	(51,764.10)
Fund Balance - Beginning	<u>4,537,486.48</u>	<u>73,588.49</u>	<u>408,153.10</u>	<u>5,019,228.07</u>
FUND BALANCE - ENDING	<u>\$ 4,459,075.09</u>	<u>\$ 135,735.82</u>	<u>\$ 372,653.06</u>	<u>\$ 4,967,463.97</u>
Net Change in Fund Balances - Total Governmental Funds				\$ (51,764.10)
Amounts reported for governmental activities in the Statement of Activities are different because:				
Internal Service Fund is used by management to charge the costs of medical insurance activities to the individual funds. The net revenue (expense) of the Internal Service Fund is reported with governmental activities.				<u>55,982.07</u>
Change in Net Position of Governmental Activities				<u>\$ 4,217.97</u>

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

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 3,356,404.41	\$ 14,768.20	\$	\$ 3,371,172.61
General Property Taxes--Delinquent	16,483.90		205.28	16,689.18
Penalties and Interest	11,068.86	20.90	46.08	11,135.84
Mobile Home Tax	24,157.57	138.38	1.37	24,297.32
Wheel Tax		266,293.24		266,293.24
911 Telephone Surcharge			92,873.32	92,873.32
Licenses and Permits	9,656.00		1,680.00	11,336.00
Intergovernmental Revenue:				
Federal Grants	79,216.80	148,699.19	204,145.83	432,061.82
Federal Shared Revenue	2,885.04			2,885.04
Federal Payments in Lieu of Taxes	49,374.00			49,374.00
State Grants	59,918.18	12,600.39		72,518.57
State Shared Revenue:				
Bank Franchise	37,006.00		2,117.46	39,123.46
Motor Vehicle Licenses		750,171.05		750,171.05
Prorate/Port of Entry Fees		66,630.43		66,630.43
Secondary Road Motor Vehicle Remittances		6,407.99		6,407.99
Telecommunications Gross Receipts Tax	72,777.71			72,777.71
Motor Vehicle 1/4%	1,862.46			1,862.46
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	18,062.64			18,062.64
Register of Deeds' Fees	58,228.60			58,228.60
Legal Services	83,176.05		450.00	83,626.05
Clerk of Courts Fees	7,246.50			7,246.50
Other Fees	15.00			15.00
Public Safety:				
Law Enforcement	79,962.69			79,962.69

Prisoner Care	247,931.71			247,931.71
Sobriety Testing			19,955.50	19,955.50
Other			97,271.19	97,271.19
Public Works:				
Road Maintenance Contract Charges		41,067.40		41,067.40
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	2,863.09			2,863.09
Veterans Service Officer	2,812.50			2,812.50
Health Assistance:				
County Nurse	1,590.07			1,590.07
Women, Infants and Children	27,420.92			27,420.92
Conservation of Natural Resources	33,425.75			33,425.75
Fines and Forfeits:				
Costs	6,570.83			6,570.83
Forfeits	8,370.30			8,370.30
Miscellaneous Revenue:				
Investment Earnings	49,148.31	4,993.95	5,072.17	59,214.43
Rent	1,450.00		80.50	1,530.50
Refund of Prior Year's Expenditures	22,126.11	9,606.80		31,732.91
Other	1,567.85			1,567.85
Total Revenues	<u>4,372,779.85</u>	<u>1,321,478.42</u>	<u>423,818.20</u>	<u>6,118,076.47</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners 378,611.51 378,611.51

Elections 5,178.67 5,178.67

Judicial System 31,377.83 31,377.83

Financial Administration:

Auditor 123,120.92 123,120.92

Treasurer 94,580.18 94,580.18

Legal Services:

State's Attorney 149,794.43 149,794.43

Court Appointed Attorney 154,214.67 154,214.67

Other Administration:

General Government Building 195,129.47 58,845.37 253,974.84

Director of Equalization 176,158.93 176,158.93

Register of Deeds 95,606.57 95,606.57

Veterans Service Officer 30,191.68 30,191.68

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Predatory Animal	9,199.61			9,199.61
Geographic Information System	53,988.81			53,988.81
Public Safety:				
Law Enforcement:				
Sheriff	364,406.31			364,406.31
County Jail	353,631.58		24,701.41	378,332.99
Coroner	5,794.41			5,794.41
Juvenile Detention	125,360.59			125,360.59
Other Law Enforcement	57,058.33			57,058.33
Protective and Emergency Services:				
Emergency and Disaster Services			53,225.07	53,225.07
Communication Center			346,268.45	346,268.45
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		2,425,382.78		2,425,382.78
Health and Welfare:				
Economic Assistance:				
Support of Poor	68,031.61			68,031.61
Health Assistance:				
County Nurse	63,320.88			63,320.88
Women, Infants and Children	33,706.03			33,706.03
Mental Health Services:				
Mentally Ill	47,734.81			47,734.81
Mental Health Centers	24,326.00			24,326.00
Culture and Recreation:				
Recreation:				
Recreational Programs	25,419.32			25,419.32
County Fair	10,801.00			10,801.00
Senior Center	10,368.00			10,368.00
Conservation of Natural Resources:				

Soil Conservation:				
County Extension	14,891.96			14,891.96
Soil Conservation Districts	25,000.00			25,000.00
Weed and Pest Control	116,074.22			116,074.22
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	15,253.00			15,253.00
Intergovernmental Expenditures		124,214.95		124,214.95
Debt Service		143,097.29		143,097.29
Total Expenditures	<u>2,858,331.33</u>	<u>2,692,695.02</u>	<u>483,040.30</u>	<u>6,034,066.65</u>
Excess of Revenues Over (Under) Expenditures	<u>1,514,448.52</u>	<u>(1,371,216.60)</u>	<u>(59,222.10)</u>	<u>84,009.82</u>
Other Financing Sources (Uses):				
Transfers In		1,000,000.00	2,000.00	1,002,000.00
Transfers Out	(1,002,000.00)			(1,002,000.00)
Insurance Proceeds	126,819.50	2,807.24		129,626.74
Sale of County Property	3,219.22	33,032.44	100,000.00	136,251.66
Total Other Financing Sources (Uses)	<u>(871,961.28)</u>	<u>1,035,839.68</u>	<u>102,000.00</u>	<u>265,878.40</u>
Net Change in Fund Balance	642,487.24	(335,376.92)	42,777.90	349,888.22
Fund Balance - Beginning	<u>3,894,999.24</u>	<u>408,965.41</u>	<u>365,375.20</u>	<u>4,669,339.85</u>
FUND BALANCE - ENDING	<u>\$ 4,537,486.48</u>	<u>\$ 73,588.49</u>	<u>\$ 408,153.10</u>	<u>\$ 5,019,228.07</u>

Net Change in Fund Balances - Total Governmental Funds \$ 349,888.22

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

Internal Service Fund is used by management to charge the costs of medical insurance activities to the individual funds. The net revenue (expense) of the Internal Service Fund is reported with governmental activities. 36,093.02

Change in Net Position of Governmental Activities \$ 385,981.24

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

CHARLES MIX COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2012

	<u>Internal Service Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	<u>\$ 92,075.09</u>
TOTAL ASSETS	<u><u>\$ 92,075.09</u></u>
NET POSITION:	
Unrestricted Net Position - Medical Self-Insurance	<u>\$ 92,075.09</u>
TOTAL NET POSITION	<u><u>\$ 92,075.09</u></u>

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

CHARLES MIX COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	Internal Service Funds
Operating Revenues:	
Charges for Goods and Services	\$ 363,432.20
Stop Loss Insurance Claims	29,247.93
Total Operating Revenues	392,680.13
Operating Expenses:	
Claims Paid	309,032.01
Insurance Costs	152,907.53
Administration Costs	28,041.52
Other Current Expense	2,717.00
Total Operating Expenses	492,698.06
Operating Income (Loss) - Income (Loss) Before Transfers	(100,017.93)
Transfers In	156,000.00
Change in Net Position	55,982.07
Net Position - Beginning	36,093.02
NET POSITION - ENDING	\$ 92,075.09

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

CHARLES MIX COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2011

	Internal Service Funds
Operating Revenues:	
Charges for Goods and Services	\$ 83,344.82
Operating Expenses:	
Claims Paid	4,550.58
Insurance Costs	35,779.02
Administration Costs	6,373.20
Other Current Expense	549.00
Total Operating Expenses	47,251.80
Operating Income (Loss) - Change in Net Position	36,093.02
Net Position - Beginning	0.00
NET POSITION - ENDING	\$ 36,093.02

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

CHARLES MIX COUNTY
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
December 31, 2012

	<u>Agency Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ 168,686.41
TOTAL ASSETS	<u>\$ 168,686.41</u>
NET POSITION:	
Net Position Held in Agency Capacity	\$ 168,686.41
TOTAL NET POSITION	<u>\$ 168,686.41</u>

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

CHARLES MIX 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 Charles Mix 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 Southern Missouri Recycling and Waste Management District. 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 three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or it meets the following criteria:

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

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

Governmental Funds:

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

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

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

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

Proprietary Funds:

Internal Service Funds – Internal service funds may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds should be used only if the reporting government is the predominant participant in the activity. The particular type of goods or services provided to other funds is for employee healthcare. Internal service funds are never considered to be major funds. The Medical Self-Insurance Fund is the only internal service fund maintained by the County.

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, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the Internal Service Fund, so that expenses are reported only by the function to which they relate.

e. 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.

f. 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.

g. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in Net Position, revenues and expenses are classified as operating or non-operating revenues and expenses. Operating revenues and expenses directly relate to the purpose of the fund.

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. Proprietary fund equity is classified the same as in the government-wide financial statements. 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

Revenue Source
Motor Vehicle Licenses

A schedule of fund balances is provided as follows:

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Restricted For:				
911 Service Purposes	\$	\$	\$ 52,061.58	\$ 52,061.58
Domestic Abuse Purposes			4,097.82	4,097.82
24/7 Sobriety Purposes			18,023.73	18,023.73
Modernization and Preservation Relief Purposes			1,896.00	1,896.00
Assigned To:				
Applied to Next Year's Budget	614,071.00			614,071.00
Capital Outlay Accumulations	261,000.00			261,000.00
Road and Bridge Purposes		135,735.82		135,735.82
Courthouse Building Purposes			288,038.37	288,038.37
Emergency Management Purposes			8,447.51	8,447.51
Domestic Abuse Purposes			54.52	54.52
24/7 Sobriety Purposes			33.53	33.53
Unassigned	<u>3,584,004.09</u>			<u>3,584,004.09</u>
Total Fund Balances	<u><u>\$ 4,459,075.09</u></u>	<u><u>\$ 135,735.82</u></u>	<u><u>\$ 372,653.06</u></u>	<u><u>\$ 4,967,463.97</u></u>

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

	Year Ended 12/31/2011	Year Ended 12/31/2012
<u>General Fund:</u>		
<u>Activity</u>		
Board of County Commissioners	\$ 2,201.51	
Court Appointed Attorney	\$ 154,214.67	
Auditor		\$ 2.00
General Government Building	\$ 12,098.47	\$ 60,612.15
Director of Equalization	\$ 4,736.27	
Geographic Information System	\$ 1,933.81	
Other Law Enforcement	\$ 4,058.33	\$ 8,568.14
Women, Infants and Children	\$ 1,928.03	
Mentally Ill	\$ 1,231.36	
Recreational Programs		\$ 1,000.00

Road and Bridge Fund:

<u>Activity</u>	
Intergovernmental Expenditures	\$ 39,691.95

The County did not exceed the total General Fund budget in CY 2011 or CY 2012 or the Road and Bridge Fund budget in CY 2012. The County did exceed the total Road and Bridge Fund Budget in CY 2011. In addition, an error occurred during the budget process as the amount that was to be appropriated for Court Appointed Attorney was inadvertently included in the appropriation for Judicial System. The Board of County Commissioners plans to closely monitor the budgeted appropriations in the future.

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

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

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

Investments – In general, SDCL 4-5-6 permits County funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b)

above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

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

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.

4. PROPERTY TAXES

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

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

5. RESTRICTED NET POSITION

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

Other Purposes:	
911 Service Purposes	\$ 52,061.58
Domestic Abuse Purposes	4,097.82
24/7 Sobriety Purposes	18,023.73
Modernization and Preservation Relief Purposes	<u>1,896.00</u>
Total Restricted Net Position	<u>\$ 76,079.13</u>

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

6. INTERFUND TRANSFERS

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

Transfers From:	Transfers To:			Total
	Road and Bridge Fund	Other Governmental Funds	Medical Self-Insurance Internal Service Fund	
Major Funds:				
General Fund	\$ 1,250,000.00	\$ 20,000.00	\$ 156,000.00	\$ 1,426,000.00

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

Transfers From:	Transfers To:		Total
	Road and Bridge Fund	Other Governmental Funds	
Major Funds:			
General Fund	\$ 1,000,000.00	\$ 2,000.00	\$ 1,002,000.00

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. The transfer to the medical Self-Insurance Fund was made in order to meet cash flow needs not met by the insurance premiums charged by the County.

7. RETIREMENT PLAN

All employees, except for part-time employees, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

General employees are required by state statute to contribute 6 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent, respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The County's share of contributions to the SDRS for the fiscal years ended December 31, 2012, 2011, and 2010 were \$104,441.67, \$90,916.18, and \$91,044.44, respectively, equal to the required contributions each year.

8. JOINT VENTURES

The County participates in a joint venture, known as the Southern Missouri Recycling and Waste Management District, formed for the purpose of providing Waste Management services.

The members of the joint venture are as follows:

Armour City	Tyndall City
Avon City	Wagner City
Corsica City	City of Bonesteel
Dante City	City of Burke
Delmont City	Town of Dallas
Geddes City	City of Fairfax
Lake Andes City	City of Gregory
Pickstown City	Town of Herrick
Platte City	Bon Homme County
Ravinia City	Charles Mix County
Scotland City	Douglas County
Springfield City	Gregory County
Tabor City	

The joint venture's governing board is composed of 25 representatives, who are persons named to the governing board by the individual member's governing board. The board is responsible for adopting the joint venture's budget and setting service fees at a level adequate to fund the adopted budget.

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

Separate financial statements for this joint venture are available from the Southern Missouri Recycling and Waste Management District.

At December 31, 2011, this joint venture had total assets of \$2,161,973.93, total liabilities of \$1,069,017.05 and total Net Position of \$1,092,956.88.

At December 31, 2012 financial information for this joint venture was not available.

9. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2012, the County was not involved in any litigation.

10. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2012, the County managed its risks as follows:

Employee Health Insurance:

The County is self-insured for employee health insurance. The self-insurance plan began in October 2011. The information in the following note disclosure will be based on plan year. The plan year runs from October through September of each year, as opposed to the calendar year of January through December use by the County for financial reporting.

The County purchases catastrophic coverage for employee's health insurance to minimize their exposure to risks of loss to the self-insurance program. The County purchases two types of insurance. The first is aggregate excess liability insurance. This insurance will pay 100% of all claims in excess of a pre-determined dollar amount for a claim year. The insurance company, applying a formula based upon previous years' annual claims and self-insurance group size,

determines the dollar amount of aggregate claims. In the 2011/2012 plan year, the minimum aggregate amount was \$157,949.00. In the 2012/2013 plan year the minimum aggregate amount was \$219,448.00. The insurance company would pay 100% of all program eligible claim expenses in excess of the above amounts for plan years 2011/2012 and 2012/2013, respectively. The other form of insurance carried by the County on the self-insurance program covers individual cases. In both the 2011/2012 and 2012/2013 plan years the insurance company set a \$20,000 yearly deductible level on individual cases. Any individual's eligible claim expenses exceeding \$20,000 that are to be paid by the self-insurance program will be paid 100% by the insurance company. The County's self-insurance program has not had any significant reductions in insurance coverage from the previous years to the current year.

During the 2011/2012 (CY 2012) plan year the County transferred \$156,000.00 from the General Fund for initial plan funding in order to pay claims while the premiums were accumulating. During the 2012/2013 (CY 2013) plan year the County transferred an additional \$100,000.00 from the General Fund in order to pay claims in excess of the amount collected in premiums. The County raised the insurance premium by approximately 88% from \$406.09 for the 2012/2013 plan year to \$763.79 for the 2013/2014 plan year in order to accumulate enough funding to pay future claims.

Minimum Aggregate Amount:

In the 2011/2012 and 2012/2013 plan years, the self-insurance program's total yearly claim expenses did not exceed the minimum aggregate deductibles of \$157,949.00 and \$219,448.00, respectively, established by the insurance company.

Individual Claim Amount:

In the 2011/2012 and 2012/2013 plan years the insurance company set a \$20,000 yearly deductible level on individual cases. In the 2011/2012 plan year the program had no individuals with claim expenses that exceeded the individual claim level amount. In the 2012/2013 plan year the program had six individuals with claim expenses that exceeded the individual claim level amount.

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:

- a. General Liability,
- b. Governmental Officials' Liability,
- c. Automobile Liability,
- d. Law Enforcement Liability, and
- e. Property and Building Coverage.

The agreement with the SDPAA provides that the above coverages will be provided to a \$1,500,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$250,000 for property coverage and \$500,000 for liability coverage to the upper limit. A portion of the member premiums are also allocated to a cumulative

reserve fund. The County would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

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

As of December 31, 2012, the County has vested balance in the cumulative reserve fund of \$54,861.45.

The County carries various deductibles for the above coverages.

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
CHARLES MIX COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 3,533,613.00	\$ 3,533,613.00	\$ 3,520,194.99	\$ (13,418.01)
General Property Taxes--Delinquent	81,136.00	81,136.00	10,889.87	(70,246.13)
Penalties and Interest	6,845.00	6,845.00	11,997.68	5,152.68
Mobile Home Tax	16,122.00	16,122.00	1,227.57	(14,894.43)
Tax Deed Revenue	1,791.00	1,791.00	76.57	(1,714.43)
Licenses and Permits	6,117.00	6,117.00	8,541.00	2,424.00
Intergovernmental Revenue:				
Federal Grants	53,360.00	53,360.00	111,823.17	58,463.17
Federal Shared Revenue	1,403.00	1,403.00	379.26	(1,023.74)
Federal Payments in Lieu of Taxes	47,000.00	47,000.00	50,397.00	3,397.00
State Grants	10,059.00	10,059.00	12,279.97	2,220.97
State Shared Revenue:				
Bank Franchise	33,000.00	33,000.00	37,889.01	4,889.01
Court Appointed Attorney/Public Defender	24,000.00	24,000.00	1,444.66	(22,555.34)
Telecommunications Gross Receipts Tax	59,000.00	59,000.00	58,582.13	(417.87)
Motor Vehicle 1/4%	1,000.00	1,000.00	2,296.98	1,296.98
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	9,650.00	9,650.00	19,925.07	10,275.07
Register of Deeds' Fees	60,000.00	60,000.00	70,021.50	10,021.50
Legal Services	67,455.00	67,455.00	79,253.10	11,798.10
Clerk of Courts Fees	5,567.00	5,567.00	7,428.57	1,861.57
Other Fees	0.00	0.00	33.96	33.96
Public Safety:				
Law Enforcement	101,697.00	101,697.00	104,640.44	2,943.44
Prisoner Care	300,000.00	300,000.00	224,087.86	(75,912.14)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	5,493.00	5,493.00	4,040.00	(1,453.00)
Health Assistance:				
County Nurse	8,600.00	8,600.00	826.83	(7,773.17)
Women, Infants and Children	0.00	0.00	30,609.94	30,609.94
Conservation of Natural Resources	18,282.00	18,282.00	21,750.02	3,468.02
Fines and Forfeits:				
Fines	173.00	173.00	0.00	(173.00)
Costs	4,850.00	4,850.00	3,198.00	(1,652.00)
Forfeits	2,850.00	2,850.00	0.00	(2,850.00)
Miscellaneous Revenue:				
Investment Earnings	50,000.00	50,000.00	19,131.86	(30,868.14)
Rent	1,390.00	1,390.00	1,510.00	120.00
Refund of Prior Year's Expenditures	10,000.00	10,000.00	21,890.11	11,890.11
Total Revenues	4,520,453.00	4,520,453.00	4,436,367.12	(84,085.88)
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	200,000.00	200,000.00	163,238.06	36,761.94
Contingency	100,000.00	100,000.00	(64,415.58)	35,584.42
Amount Transferred				
Elections	55,500.00	55,500.00	42,457.98	13,042.02
Judicial System	91,250.00	91,250.00	41,431.11	49,818.89
Financial Administration:				
Auditor	150,360.00	155,029.83	155,031.83	(2.00)
Treasurer	129,700.00	129,700.00	106,936.57	22,763.43
Legal Services:				
State's Attorney	152,590.00	166,946.94	166,946.94	0.00
Court Appointed Attorney	175,000.00	176,896.24	176,896.24	0.00
Abused and Neglected Child Defense	50,000.00	50,000.00	15,672.00	34,328.00
Other Administration:				
General Government Building	168,031.00	168,031.00	228,643.15	(60,612.15)
Director of Equalization	194,045.00	194,045.00	187,248.99	6,796.01
Register of Deeds	120,365.00	120,365.00	103,406.53	16,958.47

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Veterans Service Officer	33,326.00	33,326.00	17,397.26	15,928.74
Predatory Animal	9,200.00	9,200.00	9,199.61	0.39
Geographic Information System	76,325.00	76,325.00	55,016.61	21,308.39
Public Safety:				
Law Enforcement:				
Sheriff	532,900.00	588,108.37	544,319.35	43,789.02
County Jail	462,545.00	467,142.97	450,926.34	16,216.63
Coroner	12,155.00	12,155.00	4,877.63	7,277.37
Juvenile Detention	207,000.00	207,000.00	99,401.64	107,598.36
Other Law Enforcement	0.00	0.00	8,568.14	(8,568.14)
Health and Welfare:				
Economic Assistance:				
Support of Poor	55,892.00	94,357.75	94,357.75	0.00
Health Assistance:				
County Nurse	95,830.00	95,830.00	68,058.51	27,771.49
Women, Infants and Children	33,845.00	33,845.00	32,014.38	1,830.62
Social Services:				
Domestic Abuse	2,500.00	2,500.00	0.00	2,500.00
Mental Health Services:				
Mentally Ill	45,000.00	45,000.00	34,746.49	10,253.51
Mental Health Centers	30,000.00	36,603.45	36,603.45	0.00
Culture and Recreation:				
Recreation:				
Recreational Programs	0.00	0.00	1,000.00	(1,000.00)
County Fair	14,542.00	14,542.00	11,483.61	3,058.39
Senior Center	12,000.00	12,000.00	9,485.85	2,514.15
Other	1,000.00	1,000.00	0.00	1,000.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	32,000.00	44,000.00	41,531.23	2,468.77
Soil Conservation Districts	45,000.00	45,000.00	45,000.00	0.00
Weed and Pest Control	117,322.00	134,154.99	129,106.26	5,048.73
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	15,529.00	15,529.00	15,529.00	0.00
Total Expenditures	<u>3,420,752.00</u>	<u>3,510,967.96</u>	<u>3,096,532.51</u>	<u>414,435.45</u>
Excess of Revenues Over (Under) Expenditures	<u>1,099,701.00</u>	<u>1,009,485.04</u>	<u>1,339,834.61</u>	<u>330,349.57</u>
Other Financing Sources (Uses):				
Transfers Out	(1,563,506.00)	(1,563,506.00)	(1,426,000.00)	137,506.00
Insurance Proceeds	0.00	0.00	7,754.00	7,754.00
Total Other Financing Sources (Uses)	<u>(1,563,506.00)</u>	<u>(1,563,506.00)</u>	<u>(1,418,246.00)</u>	<u>145,260.00</u>
Net Change in Fund Balance	(463,805.00)	(554,020.96)	(78,411.39)	475,609.57
Fund Balance - Beginning	<u>4,537,486.48</u>	<u>4,537,486.48</u>	<u>4,537,486.48</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 4,073,681.48</u>	<u>\$ 3,983,465.52</u>	<u>\$ 4,459,075.09</u>	<u>\$ 475,609.57</u>

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 14,900.00	\$ 14,900.00	\$ 15,361.03	\$ 461.03
Penalties and Interest	0.00	0.00	35.34	35.34
Mobile Home Tax	68.00	68.00	0.00	(68.00)
Wheel Tax	192,771.00	192,771.00	206,595.41	13,824.41
Intergovernmental Revenue:				
State Shared Revenue:				
Motor Vehicle Licenses	980,000.00	980,000.00	952,595.16	(27,404.84)
Prorate/Port of Entry Fees	42,202.00	42,202.00	62,394.67	20,192.67
Secondary Road Motor Vehicle Remittances	4,500.00	4,500.00	7,055.07	2,555.07
Motor Fuel Tax	0.00	0.00	15,078.99	15,078.99
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	13,000.00	13,000.00	55,728.82	42,728.82
Miscellaneous Revenue:				
Investment Earnings	19,263.00	19,263.00	989.34	(18,273.66)
Rent	0.00	0.00	161.00	161.00
Refund of Prior Year's Expenditures	0.00	0.00	4,944.12	4,944.12
Total Revenues	1,266,704.00	1,266,704.00	1,320,938.95	54,234.95
Expenditures:				
Public Works:				
Highway and Bridges:				
Highways, Roads and Bridges	2,354,625.00	2,354,625.00	2,264,992.49	89,632.51
Intergovernmental Expenditures	40,840.00	40,840.00	40,838.32	1.68
Debt Service	203,665.00	203,665.00	203,662.81	2.19
Total Expenditures	2,599,130.00	2,599,130.00	2,509,493.62	89,636.38
Excess of Revenues Over (Under) Expenditures	(1,332,426.00)	(1,332,426.00)	(1,188,554.67)	143,871.33
Other Financing Sources (Uses):				
Transfers In	1,469,222.00	1,469,222.00	1,250,000.00	(219,222.00)
Insurance Proceeds	0.00	0.00	702.00	702.00
Total Other Financing Sources (Uses)	1,469,222.00	1,469,222.00	1,250,702.00	(218,520.00)
Net Change in Fund Balance	136,796.00	136,796.00	62,147.33	(74,648.67)
Fund Balance - Beginning	73,588.49	73,588.49	73,588.49	0.00
FUND BALANCE - ENDING	\$ 210,384.49	\$ 210,384.49	\$ 135,735.82	\$ (74,648.67)

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 3,407,701.00	\$ 3,407,701.00	\$ 3,356,404.41	\$ (51,296.59)
General Property Taxes--Delinquent	17,400.00	17,400.00	16,483.90	(916.10)
Penalties and Interest	0.00	0.00	11,068.86	11,068.86
Mobile Home Tax	0.00	0.00	24,157.57	24,157.57
Licenses and Permits	4,900.00	4,900.00	9,656.00	4,756.00
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	79,216.80	79,216.80
Federal Shared Revenue	800.00	800.00	2,885.04	2,085.04
Federal Payments in Lieu of Taxes	45,000.00	45,000.00	49,374.00	4,374.00
State Grants	0.00	0.00	59,918.18	59,918.18
State Shared Revenue:				
Bank Franchise	36,000.00	36,000.00	37,006.00	1,006.00
Telecommunications Gross Receipts Tax	69,400.00	69,400.00	72,777.71	3,377.71
Motor Vehicle 1/4%	600.00	600.00	1,862.46	1,262.46
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	10,375.00	10,375.00	18,062.64	7,687.64
Register of Deeds' Fees	49,200.00	49,200.00	58,228.60	9,028.60
Legal Services	35,200.00	35,200.00	83,176.05	47,976.05
Clerk of Courts Fees	7,000.00	7,000.00	7,246.50	246.50
Other Fees	0.00	0.00	15.00	15.00
Public Safety:				
Law Enforcement	64,100.00	64,100.00	79,962.69	15,862.69
Prisoner Care	170,200.00	170,200.00	247,931.71	77,731.71
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	1,000.00	1,000.00	2,863.09	1,863.09
Veterans Service Officer	2,250.00	2,250.00	2,812.50	562.50
Health Assistance:				
County Nurse	1,000.00	1,000.00	1,590.07	590.07
Women, Infants and Children	28,000.00	28,000.00	27,420.92	(579.08)
Conservation of Natural Resources	2,600.00	2,600.00	33,425.75	30,825.75
Fines and Forfeits:				
Costs	5,000.00	5,000.00	6,570.83	1,570.83
Forfeits	0.00	0.00	8,370.30	8,370.30
Miscellaneous Revenue:				
Investment Earnings	80,000.00	80,000.00	49,148.31	(30,851.69)
Rent	1,300.00	1,300.00	1,450.00	150.00
Refund of Prior Year's Expenditures	25,000.00	25,000.00	22,126.11	(2,873.89)
Other	3,000.00	3,000.00	1,567.85	(1,432.15)
Total Revenues	4,067,026.00	4,067,026.00	4,372,779.85	305,753.85
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	225,410.00	376,410.00	378,611.51	(2,201.51)
Contingency	100,000.00	100,000.00		
Amount Transferred		(99,726.11)		273.89
Elections	6,500.00	6,500.00	5,178.67	1,321.33
Judicial System	333,250.00	333,250.00	31,377.83	301,872.17
Financial Administration:				
Auditor	124,600.00	124,600.00	123,120.92	1,479.08
Treasurer	106,350.00	106,350.00	94,580.18	11,769.82
Legal Services:				
State's Attorney	149,603.00	156,369.80	149,794.43	6,575.37
Court Appointed Attorney	0.00	0.00	154,214.67	(154,214.67)
Other Administration:				
General Government Building	168,031.00	183,031.00	195,129.47	(12,098.47)
Director of Equalization	171,020.00	171,422.66	176,158.93	(4,736.27)
Register of Deeds	98,800.00	98,800.00	95,606.57	3,193.43

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Veterans Service Officer	33,543.00	33,543.00	30,191.68	3,351.32
Predatory Animal	9,800.00	9,800.00	9,199.61	600.39
Geographic Information System	52,055.00	52,055.00	53,988.81	(1,933.81)
Public Safety:				
Law Enforcement:				
Sheriff	366,250.00	380,568.20	364,406.31	16,161.89
County Jail	362,470.00	362,470.00	353,631.58	8,838.42
Coroner	12,150.00	12,150.00	5,794.41	6,355.59
Juvenile Detention	198,250.00	198,250.00	125,360.59	72,889.41
Other Law Enforcement	53,000.00	53,000.00	57,058.33	(4,058.33)
Health and Welfare:				
Economic Assistance:				
Support of Poor	58,281.00	68,281.00	68,031.61	249.39
Health Assistance:				
County Nurse	86,514.00	86,514.00	63,320.88	23,193.12
Women, Infants and Children	31,778.00	31,778.00	33,706.03	(1,928.03)
Mental Health Services:				
Mentally Ill	42,200.00	46,503.45	47,734.81	(1,231.36)
Mental Health Centers	25,000.00	25,000.00	24,326.00	674.00
Culture and Recreation:				
Recreation:				
Recreational Programs	0.00	37,353.94	25,419.32	11,934.62
County Fair	14,300.00	14,300.00	10,801.00	3,499.00
Senior Center	11,200.00	11,200.00	10,368.00	832.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	30,000.00	30,000.00	14,891.96	15,108.04
Soil Conservation Districts	25,000.00	25,000.00	25,000.00	0.00
Weed and Pest Control	117,322.00	134,321.94	116,074.22	18,247.72
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	17,000.00	17,000.00	15,253.00	1,747.00
Total Expenditures	<u>3,029,677.00</u>	<u>3,186,095.88</u>	<u>2,858,331.33</u>	<u>327,764.55</u>
Excess of Revenues Over (Under) Expenditures	<u>1,037,349.00</u>	<u>880,930.12</u>	<u>1,514,448.52</u>	<u>633,518.40</u>
Other Financing Sources (Uses):				
Transfers Out	(1,354,500.00)	(1,354,500.00)	(1,002,000.00)	352,500.00
Insurance Proceeds	0.00	0.00	126,819.50	126,819.50
Sale of County Property	0.00	0.00	3,219.22	3,219.22
Total Other Financing Sources (Uses)	<u>(1,354,500.00)</u>	<u>(1,354,500.00)</u>	<u>(871,961.28)</u>	<u>482,538.72</u>
Net Change in Fund Balance	(317,151.00)	(473,569.88)	642,487.24	1,116,057.12
Fund Balance - Beginning	<u>3,894,999.24</u>	<u>3,894,999.24</u>	<u>3,894,999.24</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 3,577,848.24</u>	<u>\$ 3,421,429.36</u>	<u>\$ 4,537,486.48</u>	<u>\$ 1,116,057.12</u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 0.00	\$ 0.00	\$ 14,768.20	\$ 14,768.20
Penalties and Interest	0.00	0.00	20.90	20.90
Mobile Home Tax	68.00	68.00	138.38	70.38
Wheel Tax	193,932.00	193,932.00	266,293.24	72,361.24
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	148,699.19	148,699.19
State Grants	0.00	0.00	12,600.39	12,600.39
State Shared Revenue:				
Motor Vehicle Licenses	738,448.00	738,448.00	750,171.05	11,723.05
Prorate/Port of Entry Fees	42,202.00	42,202.00	66,630.43	24,428.43
Secondary Road Motor Vehicle Remittances	4,500.00	4,500.00	6,407.99	1,907.99
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	35,000.00	35,000.00	41,067.40	6,067.40
Miscellaneous Revenue:				
Investment Earnings	10,000.00	10,000.00	4,993.95	(5,006.05)
Rent	0.00	0.00	80.50	80.50
Refund of Prior Year's Expenditures	15,000.00	15,000.00	9,606.80	(5,393.20)
Total Revenues	1,039,150.00	1,039,150.00	1,321,478.42	282,328.42
Expenditures:				
Public Works:				
Highway and Bridges:				
Highways, Roads and Bridges	2,425,385.00	2,425,385.00	2,425,382.78	2.22
Intergovernmental Expenditures	84,523.00	84,523.00	124,214.95	(39,691.95)
Debt Service	143,100.00	143,100.00	143,097.29	2.71
Total Expenditures	2,653,008.00	2,653,008.00	2,692,695.02	(39,687.02)
Excess of Revenues Over (Under) Expenditures	(1,613,858.00)	(1,613,858.00)	(1,371,216.60)	242,641.40
Other Financing Sources (Uses):				
Transfers In	1,236,350.00	1,236,350.00	1,000,000.00	(236,350.00)
Insurance Proceeds	0.00	0.00	2,807.24	2,807.24
Sale of County Property	277,508.00	277,508.00	33,032.44	(244,475.56)
Total Other Financing Sources (Uses)	1,513,858.00	1,513,858.00	1,035,839.68	(478,018.32)
Net Change in Fund Balance	(100,000.00)	(100,000.00)	(335,376.92)	(235,376.92)
Fund Balance - Beginning	408,965.41	408,965.41	408,965.41	0.00
FUND BALANCE - ENDING	\$ 308,965.41	\$ 308,965.41	\$ 73,588.49	\$ (235,376.92)

CHARLES MIX 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.

CHARLES MIX COUNTY
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Two Years Ended December 31, 2012

<u>Indebtedness</u>	<u>Long-Term Debt January 1, 2011</u>	<u>Add New Debt</u>	<u>Less Debt Retired</u>	<u>Long-Term Debt December 31, 2012</u>
Governmental Long-Term Debt:				
Financing (Capital Acquisition) Leases	\$ 487,193.40	\$ 272,200.00	\$ (300,499.02)	\$ 458,894.38