

**CLARK COUNTY**

**AUDIT REPORT**

**For the Two Years Ended December 31, 2013**

CLARK COUNTY  
COUNTY OFFICIALS  
December 31, 2013

Board of Commissioners:  
Francis Hass, Chairman  
Richard Reints, Vice-Chairman  
Robert Bjerke  
Violet Wicks  
Douglas Loomis

Auditor:  
Christine Tarbox

Treasurer:  
Kay Mahlen

State's Attorney:  
Chad Fjelland

Register of Deeds:  
Janet Hurlbut

Sheriff:  
Robert McGraw (Rob)

CLARK COUNTY  
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427 SOUTH CHAPELLE  
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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  
Clark County  
Clark, 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 Clark County, South Dakota (County), as of December 31, 2013, 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 July 1, 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

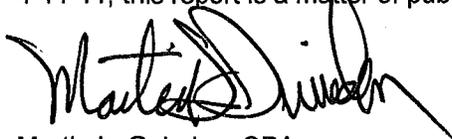
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

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



Martin L. Guindon, CPA  
Auditor General

July 1, 2014



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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

County Commission  
Clark County  
Clark, South Dakota

**Report on Compliance for Each Major Federal Program**

We have audited Clark County, South Dakota (County), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the biennial period ended December 31, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the County's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, Clark County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the biennial period ended December 31, 2013.

## ***Report on Internal Control Over Compliance***

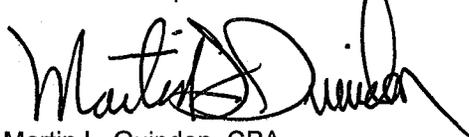
Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## ***Purpose of this Report***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.



Martin L. Guindon, CPA  
Auditor General

July 1, 2014

CLARK COUNTY  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**Prior Federal Audit Finding:**

Finding No. 2011-01:

Internal controls were not adequate to ensure the Disaster Grants – Public Assistance Award funds, CFDA # 97.036, were used within the period of availability specified by the Federal Award. This finding has been resolved.

**Prior Other Audit Finding:**

Finding No. 2011-02:

The unassigned fund balance of the General Fund exceeded the maximum allowed by South Dakota Codified Law (SDCL) 7-21-18.1 as of December 31, 2011. This finding has been resolved.

**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**

**Summary of the Independent Auditor's Results:**

***Financial Statements***

- a. An unmodified opinion was issued on the financial statements of each opinion unit.
- b. No material weaknesses or significant deficiencies were disclosed by our audit of the financial statements.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

***Federal Awards***

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a).
- f. The federal awards tested as major programs were:
  - 1. Highway Planning and Construction Cluster
  - 2. Airport Improvement Program CFDA # 20.106
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- h. Clark County did not qualify as a low-risk auditee.

**Current Federal Audit Findings:**

There are no written current federal compliance audit findings to report.

**Current Other Audit Findings:**

There are no written current other audit findings to report.



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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

County Commission  
Clark County  
Clark, 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 Clark County, South Dakota (County), as of December 31, 2013, 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 Clark County as of December 31, 2013, 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.

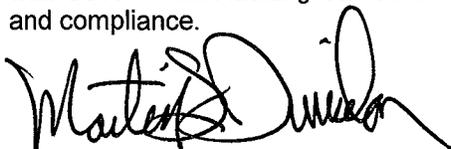
### **Other Matters**

#### **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 Schedule of Expenditures of Federal Awards, which as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 July 1, 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, grant agreements, 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

July 1, 2014

**CLARK COUNTY**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**December 31, 2013**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 2,476,020.54
Investments	800,000.00
<b>TOTAL ASSETS</b>	<b>\$ 3,276,020.54</b>
<b>NET POSITION:</b>	
Restricted For: (See Note 4)	
911 Service Purposes	\$ 105,623.89
Other Purposes	19,013.33
Unrestricted	3,151,383.32
<b>TOTAL NET POSITION</b>	<b>\$ 3,276,020.54</b>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 727,065.67	\$ 106,280.17	\$ 12,557.84	\$	\$ (608,227.66)
Public Safety	326,743.36	9,970.73	16,287.14		(300,485.49)
Public Works	3,304,250.16	60,861.32	1,114,625.01	79,316.98	(2,049,446.85)
Health and Welfare	270,612.12	164,588.18			(106,023.94)
Culture and Recreation	6,925.00				(6,925.00)
Conservation of Natural Resources	212,941.36	24,570.56	6,300.00		(182,070.80)
Urban and Economic Development	19,246.11	6,920.00	1,993.99		(10,332.12)
Intergovernmental	11,673.89				(11,673.89)
*Interest on Long-Term Debt	9,547.25				(9,547.25)
<b>Total Primary Government</b>	<b>\$ 4,889,004.92</b>	<b>\$ 373,190.96</b>	<b>\$ 1,151,763.98</b>	<b>\$ 79,316.98</b>	<b>(3,284,733.00)</b>
<b>General Revenues:</b>					
Taxes:					
					2,511,339.01
					115,237.65
					42,122.83
					5,415.70
					5,901.77
					265,000.00
					103,851.31
					<u>3,048,868.27</u>
					(235,864.73)
					<u>3,511,885.27</u>
					<u>\$ 3,276,020.54</u>

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

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 761,700.29	\$ 76,178.94	\$ 2,489.39	\$	\$ (683,031.96)
Public Safety	379,575.32	83,885.63	47,677.57		(248,012.12)
Public Works	3,543,989.66	41,543.96	1,615,197.63	281,742.21	(1,605,505.86)
Health and Welfare	282,678.09	151,188.30	290.60		(131,199.19)
Culture and Recreation	6,925.00				(6,925.00)
Conservation of Natural Resources	186,104.13	46,072.95	5,200.00		(134,831.18)
Urban and Economic Development	18,317.14	4,700.00	1,940.12		(11,677.02)
Intergovernmental	11,213.83				(11,213.83)
*Interest on Long-Term Debt	11,913.42				(11,913.42)
<b>Total Primary Government</b>	<b>\$ 5,202,416.88</b>	<b>\$ 403,569.78</b>	<b>\$ 1,672,795.31</b>	<b>\$ 281,742.21</b>	<b>(2,844,309.58)</b>
<b>General Revenues:</b>					
Taxes:					
					2,425,349.77
					114,372.77
					43,350.45
					40,310.02
					4,392.07
					9,080.02
					140,124.72
<b>Total General Revenues</b>					<b>2,776,979.82</b>
<b>Change in Net Position</b>					<b>(67,329.76)</b>
<b>Net Position - Beginning</b>					<b>3,615,906.50</b>
Adjustments:					
					(36,691.47)
<b>Adjusted Net Position - Beginning</b>					<b>3,579,215.03</b>
<b>NET POSITION - ENDING</b>					<b>\$ 3,511,885.27</b>

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

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

**CLARK COUNTY  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
December 31, 2013**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,784,058.04	\$ 566,861.21	\$ 125,101.29	\$ 2,476,020.54
Investments	800,000.00			800,000.00
<b>TOTAL ASSETS</b>	<b><u>\$ 2,584,058.04</u></b>	<b><u>\$ 566,861.21</u></b>	<b><u>\$ 125,101.29</u></b>	<b><u>\$ 3,276,020.54</u></b>
<b>FUND BALANCES: (See Note 1. j.)</b>				
Restricted	\$ 720.00	\$	\$ 123,917.22	\$ 124,637.22
Assigned	1,068,537.76	566,861.21	1,184.07	1,636,583.04
Unassigned	1,514,800.28			1,514,800.28
<b>TOTAL FUND BALANCES</b>	<b><u>\$ 2,584,058.04</u></b>	<b><u>\$ 566,861.21</u></b>	<b><u>\$ 125,101.29</u></b>	<b><u>\$ 3,276,020.54</u></b>

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

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 2,476,095.14	\$	\$ 9,011.95	\$ 2,485,107.09
General Property Taxes--Delinquent	11,640.72			11,640.72
Penalties and Interest	8,333.74			8,333.74
Telephone Tax (Outside)	0.69			0.69
Mobile Home Tax	130.98			130.98
Wheel Tax		115,237.65		115,237.65
Tax Deed Revenue	6,125.79			6,125.79
Licenses and Permits	10,484.00	1,000.00	540.00	12,024.00
Intergovernmental Revenue:				
Federal Grants	89,289.01	87,807.04	16,287.14	193,383.19
Federal Shared Revenue	5,415.70			5,415.70
State Grants	6,300.00	161,869.02		168,169.02
State Shared Revenue:				
Bank Franchise	19,103.97			19,103.97
Motor Vehicle Licenses		735,160.60		735,160.60
Court Appointed Attorney/Public Defender	792.09			792.09
Prorate/Port of Entry Fees		46,632.22		46,632.22
63 3/4% Mobile Home		3,408.18		3,408.18
Telecommunications Gross Receipts Tax	23,018.86			23,018.86
Motor Vehicle 1/4%	1,793.72			1,793.72
Motor Fuel Tax		5,454.92		5,454.92
911 Remittances			44,293.03	44,293.03
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	7,246.65			7,246.65
Register of Deeds' Fees	75,356.37		9,063.42	84,419.79
Legal Services	6,206.87		250.00	6,456.87
Clerk of Courts Fees	3,772.00			3,772.00
Other Fees	814.86			814.86
Public Safety:				
Law Enforcement	5,917.73			5,917.73

Sobriety Testing			1,621.00	1,621.00
Public Works:				
Road Maintenance Contract Charges	20,035.97			20,035.97
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	10,830.37			10,830.37
Health Assistance:				
County Nurse	400.00			400.00
Ambulance	148,866.60			148,866.60
Women Infants and Children			3,364.01	3,364.01
Social Services	1,127.20			1,127.20
Conservation of Natural Resources	24,570.56			24,570.56
Fines and Forfeits:				
Costs	1,873.00		25.00	1,898.00
Miscellaneous Revenue:				
Investment Earnings	4,666.80	1,018.48	216.49	5,901.77
Rent	6,798.00			6,798.00
Contributions and Donations		30,000.00	1,993.99	31,993.99
Other	30.00	150.95		180.95
<b>Total Revenues</b>	<b>2,957,001.42</b>	<b>1,207,775.03</b>	<b>86,666.03</b>	<b>4,251,442.48</b>

**Expenditures:**

General Government:

Legislative:

Board of County Commissioners	88,557.55			88,557.55
Elections	2,828.49			2,828.49
Judicial System	5,847.73			5,847.73

Financial Administration:

Auditor	105,927.14			105,927.14
Treasurer	99,014.73			99,014.73
Other	41,239.26			41,239.26

Legal Services:

State's Attorney	85,830.60			85,830.60
Court Appointed Attorney	19,298.82			19,298.82

Other Administration:

General Government Building	103,199.92			103,199.92
Director of Equalization	102,266.79			102,266.79
Register of Deeds	59,143.70			59,143.70
Veterans Service Officer	8,729.86			8,729.86
Predatory Animal	5,181.08			5,181.08

Public Safety:

Law Enforcement:

Sheriff	166,685.22			166,685.22
County Jail	62,120.00		520.00	62,640.00

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Coroner	3,231.62			3,231.62
Protective and Emergency Services:				
Fire Protection	1,538.57			1,538.57
Emergency and Disaster Services			43,692.42	43,692.42
Communication Center			49,195.83	49,195.83
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		3,154,269.87		3,154,269.87
Transportation:				
Airport	54,082.92			54,082.92
Health and Welfare:				
Economic Assistance:				
Support of Poor	9,557.09			9,557.09
Health Assistance:				
County Nurse	37,973.99			37,973.99
Ambulance	180,587.57			180,587.57
Women Infants and Children			3,364.01	3,364.01
Social Services:				
Care of Aged	22,202.20			22,202.20
Domestic Abuse			767.25	767.25
Mental Health Services:				
Mentally Ill	720.00			720.00
Mental Health Centers	13,114.04			13,114.04
Mental Illness Board	2,325.97			2,325.97
Culture and Recreation:				
Culture:				
Historical Museum	500.00			500.00
Memorial Day Expense	1,000.00			1,000.00
Other	425.00			425.00
Recreation:				
Exhibition Building	5,000.00			5,000.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	43,347.80			43,347.80

Soil Conservation Districts	9,000.00			9,000.00
Weed and Pest Control	160,593.56			160,593.56
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	5,275.57			5,275.57
Urban and Rural Development	8,500.00			8,500.00
Intergovernmental Expenditures		11,673.89		11,673.89
Debt Service		102,849.30	11,005.94	113,855.24
Total Expenditures	<u>1,514,846.79</u>	<u>3,268,793.06</u>	<u>108,545.45</u>	<u>4,892,185.30</u>
Excess of Revenues Over (Under) Expenditures	<u>1,442,154.63</u>	<u>(2,061,018.03)</u>	<u>(21,879.42)</u>	<u>(640,742.82)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,053.29	1,300,000.00	29,285.00	1,330,338.29
Transfers Out	(1,329,285.00)	(1,018.48)	(34.81)	(1,330,338.29)
Long-Term Debt Issued		265,000.00		265,000.00
Insurance Proceeds	1,686.35	34,521.38		36,207.73
Sale of County Property	1,136.20	102,534.16		103,670.36
Total Other Financing Sources (Uses)	<u>(1,325,409.16)</u>	<u>1,701,037.06</u>	<u>29,250.19</u>	<u>404,878.09</u>
Net Change in Fund Balance	116,745.47	(359,980.97)	7,370.77	(235,864.73)
Fund Balance - Beginning	<u>2,467,312.57</u>	<u>926,842.18</u>	<u>117,730.52</u>	<u>3,511,885.27</u>
FUND BALANCE - ENDING	<u>\$ 2,584,058.04</u>	<u>\$ 566,861.21</u>	<u>\$ 125,101.29</u>	<u>\$ 3,276,020.54</u>

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

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 2,379,754.81	\$	\$ 9,065.82	\$ 2,388,820.63
General Property Taxes--Delinquent	14,096.62			14,096.62
Penalties and Interest	8,087.04			8,087.04
Telephone Tax (Outside)	0.87			0.87
Mobile Home Tax	133.56			133.56
Wheel Tax		114,372.77		114,372.77
911 Telephone Surcharge			43,080.51	43,080.51
Tax Deed Revenue	14,211.05			14,211.05
Licenses and Permits	7,956.00	1,450.00	450.00	9,856.00
Intergovernmental Revenue:				
Federal Grants	226,903.67	688,871.62	47,677.57	963,452.86
Federal Shared Revenue	4,392.07			4,392.07
State Grants	5,200.00	212,411.76		217,611.76
State Shared Revenue:				
Bank Franchise	22,643.22			22,643.22
Motor Vehicle Licenses		708,759.10		708,759.10
Court Appointed Attorney/Public Defender	865.71			865.71
Prorate/Port of Entry Fees		50,108.01		50,108.01
63 3/4% Mobile Home		3,878.88		3,878.88
Telecommunications Gross Receipts Tax	17,666.80			17,666.80
Motor Vehicle 1/4%	1,623.68			1,623.68
Motor Fuel Tax		6,006.80		6,006.80
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	7,401.01			7,401.01
Register of Deeds' Fees	52,613.51		1,903.00	54,516.51
Legal Services	5,462.91		50.00	5,512.91
Clerk of Courts Fees	4,130.20			4,130.20
Other Fees	1,218.31			1,218.31
Public Safety:				
Law Enforcement	77,045.07			77,045.07
Prisoner Care	2,281.56			2,281.56

Sobriety Testing		2,285.00	2,285.00
Public Works:			
Road Maintenance Contract Charges	18,770.08		18,770.08
Other	14,725.88		14,725.88
Health and Welfare:			
Economic Assistance:			
Poor Lien Recoveries	6,166.36		6,166.36
Health Assistance:			
County Nurse	180.00		180.00
Ambulance	140,322.10		140,322.10
Women Infants and Children		3,283.35	3,283.35
Social Services	1,207.16		1,207.16
Mental Health Services	29.33		29.33
Conservation of Natural Resources	46,072.95		46,072.95
Fines and Forfeits:			
Costs	1,868.00		1,868.00
Other	100.00		100.00
Miscellaneous Revenue:			
Investment Earnings	9,080.02	269.94	9,349.96
Rent	6,598.00		6,598.00
Contributions and Donations	290.60	1,940.12	2,230.72
Other	988.61	130.64	1,119.25
Total Revenues	<u>3,066,590.80</u>	<u>1,819,485.54</u>	<u>4,996,081.65</u>

**Expenditures:**

General Government:

  Legislative:

    Board of County Commissioners

    109,091.55

    109,091.55

    Elections

    19,350.83

    19,350.83

    Judicial System

    2,077.75

    2,077.75

  Financial Administration:

    Auditor

    108,157.70

    108,157.70

    Treasurer

    98,122.26

    98,122.26

    Other

    35,219.42

    35,219.42

  Legal Services:

    State's Attorney

    85,156.52

    85,156.52

    Court Appointed Attorney

    21,059.16

    21,059.16

  Other Administration:

    General Government Building

    111,931.48

    111,931.48

    Director of Equalization

    98,838.15

    98,838.15

    Register of Deeds

    58,338.23

    58,338.23

    Veterans Service Officer

    9,176.16

    9,176.16

    Predatory Animal

    5,181.08

    5,181.08

**CLARK 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>
Public Safety:				
Law Enforcement:				
Sheriff	225,216.46			225,216.46
County Jail	48,730.00		120.00	48,850.00
Coroner	4,963.73			4,963.73
Protective and Emergency Services:				
Emergency and Disaster Services			61,278.22	61,278.22
Communication Center			39,266.91	39,266.91
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		3,214,450.43		3,214,450.43
Transportation:				
Airport	265,440.16			265,440.16
Health and Welfare:				
Economic Assistance:				
Support of Poor	52,419.11			52,419.11
Health Assistance:				
County Nurse	39,975.82			39,975.82
Ambulance	149,503.73			149,503.73
Women Infants and Children			3,283.35	3,283.35
Social Services:				
Care of Aged	21,734.04			21,734.04
Domestic Abuse			400.50	400.50
Mental Health Services:				
Mentally Ill	720.00			720.00
Mental Health Centers	13,114.04			13,114.04
Mental Illness Board	1,527.50			1,527.50
Culture and Recreation:				
Culture:				
Historical Museum	500.00			500.00
Memorial Day Expense	1,000.00			1,000.00
Other	425.00			425.00
Recreation:				
Exhibition Building	5,000.00			5,000.00

Conservation of Natural Resources:				
Soil Conservation:				
County Extension	43,273.90			43,273.90
Soil Conservation Districts	8,200.00			8,200.00
Weed and Pest Control	134,630.23			134,630.23
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	4,906.91			4,906.91
Urban and Rural Development	8,264.45			8,264.45
Intergovernmental Expenditures		11,213.83		11,213.83
Debt Service		70,152.33	11,005.94	81,158.27
Total Expenditures	<u>1,791,245.37</u>	<u>3,295,816.59</u>	<u>115,354.92</u>	<u>5,202,416.88</u>
Excess of Revenues Over (Under) Expenditures	<u>1,275,345.43</u>	<u>(1,476,331.05)</u>	<u>(5,349.61)</u>	<u>(206,335.23)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	44.50	1,300,000.00	7,723.92	1,307,768.42
Transfers Out	(1,307,723.92)		(44.50)	(1,307,768.42)
Insurance Proceeds	14,331.79	320.00		14,651.79
Sale of County Property		124,353.68		124,353.68
Total Other Financing Sources (Uses)	<u>(1,293,347.63)</u>	<u>1,424,673.68</u>	<u>7,679.42</u>	<u>139,005.47</u>
Net Change in Fund Balance	<u>(18,002.20)</u>	<u>(51,657.37)</u>	<u>2,329.81</u>	<u>(67,329.76)</u>
Fund Balance - Beginning	2,485,314.77	1,015,191.02	115,400.71	3,615,906.50
Adjustments:				
Reimbursement to the State for Federal and State Grant Dollars (See Note 6)		(36,691.47)		(36,691.47)
Adjusted Fund Balance - Beginning	<u>2,485,314.77</u>	<u>978,499.55</u>	<u>115,400.71</u>	<u>3,579,215.03</u>
FUND BALANCE - ENDING	<u>\$ 2,467,312.57</u>	<u>\$ 926,842.18</u>	<u>\$ 117,730.52</u>	<u>\$ 3,511,885.27</u>

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

**CLARK COUNTY**  
**STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**December 31, 2013**

	<b>Agency Funds</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 200,702.76
<b>TOTAL ASSETS</b>	\$ 200,702.76
<b>NET POSITION:</b>	
Net Position Held in Agency Capacity	\$ 200,702.76
<b>TOTAL NET POSITION</b>	\$ 200,702.76

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

CLARK 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 Clark County (County), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The County is financially accountable if its County Commission appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the County (primary government). The County may also be financially accountable for another organization if that organization is fiscally dependent on the County.

The County has created a Housing and Redevelopment Commission (HRC) under the authority of South Dakota Codified Law (SDCL) 11-7-7. The County created this HRC solely for the purpose of abdicating its power or authority over administering the section 8 housing assistance program within the County to the Watertown Housing Authority organized by the City of Watertown. The five members of the Commission are appointed by the County Commission's Chairperson with the approval of the Board of County Commissioners for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The County Commission, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct a low-income housing unit, or to issue debt, which gives the County Commission the ability to impose its will on the Commission. Because the County activated this HRC solely for the purpose of abdicating its power or authority over administering the section 8 housing assistance program within the County over to the Watertown Housing Authority organized by the City of Watertown, this component unit's financial activity was not included on the County's annual report. The financial activity of this component unit would be included as a component unit on the City of Watertown's annual report.

b. Basis of Presentation:

*Government-wide Financial Statements:*

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the County or it meets the following criteria:

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

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

**Governmental Funds:**

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

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

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

The remaining special revenue funds are not considered major funds: 911 Service, Emergency Management, Domestic Abuse, Women, Infants and Children (WIC), 24/7 Sobriety, and Modernization and Preservation Relief. These funds are reported on the fund financial statements as "Other Governmental Funds."

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

TIF #1 Debt Service Fund – to account for property taxes which may be used only for the payment of the debt principal, interest, and related costs. This is not a major fund.

**Fiduciary Funds:**

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

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are used to account for the accumulation and distribution of property tax revenues and various pass-through funds.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

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

*Measurement Focus:*

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

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

*Basis of Accounting:*

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

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

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

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

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

d. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by SDCL 4-5-6. Under the modified cash basis of accounting, investments are carried at cost.

e. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

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

f. Long-Term Liabilities:

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

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

within the appropriate expense function while the interest portion is reported as Interest on Long-Term Debt.

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

g. Program Revenues:

Program revenues derive directly from the program itself or from parties other than the County's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

h. Equity Classifications:

*Government-wide Financial Statements:*

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

1. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
2. Unrestricted Net Position – All other net position that do not meet the definition of Restricted Net Position.

*Fund Financial Statements:*

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Agency Funds have no fund equity. The Net Position is reported as Net Position Held in Agency Capacity.

i. Application of Net Position:

It is the County's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

j. Fund Balance Classification Policies and Procedures:

In accordance with 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**

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

A schedule of fund balances is provided as follows:

**CLARK COUNTY  
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Fund Balances:</b>				
Restricted For:				
911 Service Purposes	\$	\$	\$ 105,623.89	\$ 105,623.89
Domestic Abuse Purposes			102.75	102.75
24/7 Sobriety Purposes			7,224.16	7,224.16
Modernization and Preservation Relief Purposes			10,966.42	10,966.42
Ambulance Purposes	720.00			720.00
Assigned To:				
Applied to Next Year's Budget	1,068,537.76			1,068,537.76
Road and Bridge Purposes		566,861.21		566,861.21
Emergency Management Purposes			1,184.07	1,184.07
Unassigned	1,514,800.28			1,514,800.28
<b>Total Fund Balances</b>	<b>\$ 2,584,058.04</b>	<b>\$ 566,861.21</b>	<b>\$ 125,101.29</b>	<b>\$ 3,276,020.54</b>

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

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

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

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

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

**Interest Rate Risk** – The County's formal investment policy limits investment maturities to 18 months as allowed by SDCL 4-5-6.1. Investments are to be chosen based on the highest rate of interest possible after attempting to secure three quotes.

**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 deposits and investments to the General Fund, except for the 911 Service Fund, which retains its investment income. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated.

3. PROPERTY TAXES

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

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

4. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2013 was as follows:

**Major Purposes:**

911 Service Purposes \$ 105,623.89

**Other Purposes:**

Domestic Abuse Purposes 102.75  
 Ambulance Purposes 720.00  
 24/7 Sobriety Purposes 7,224.16  
 Modernization and Preservation  
 Relief Purposes 10,966.42

Total Other Purposes 19,013.33

**Total Restricted Net Position \$ 124,637.22**

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

5. INTERFUND TRANSFERS

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

	<u>Transfers To:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	
<b><u>Transfers From:</u></b>				
Major Funds:				
General Fund	\$	\$ 1,300,000.00	\$ 29,285.00	\$ 1,329,285.00
Road and Bridge Fund	1,018.48			1,018.48
Other Governmental Funds:				
Emergency Management Fund	2.13			2.13
24/7 Sobriety Fund	12.98			12.98
Modernization and Preservation Relief Fund	<u>19.70</u>			<u>19.70</u>
Total	<u>\$ 1,053.29</u>	<u>\$ 1,300,000.00</u>	<u>\$ 29,285.00</u>	<u>\$ 1,330,338.29</u>

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

<u>Transfers From:</u>	<u>Transfers To:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	
Major Funds:				
General Fund	\$	\$ 1,300,000.00	\$ 7,723.92	\$ 1,307,723.92
Other Governmental Funds:				
Domestic Abuse Fund	44.50			44.50
Total	\$ 44.50	\$ 1,300,000.00	\$ 7,723.92	\$ 1,307,768.42

The County typically budgets transfers to the Road and Bridge Fund, 911 Service Fund, and the Emergency Management Fund to conduct the indispensable functions of the County. The County typically transfers from the Road and Bridge Fund and Other Governmental Funds for the allowable cash transfer relating to interest revenue generated in these funds to the General Fund.

6. PRIOR PERIOD ADJUSTMENTS

Is the payment of \$36,691.47 to the South Dakota Department of Public Safety for Federal and State grant dollars received in the amounts of \$32,374.83 and \$4,316.64, respectively, for FEMA disaster work that was not completed by the imposed FEMA deadline and no time extension was requested to complete this disaster work.

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 SDCL 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, 2013, 2012, and 2011 were \$63,055.55, \$64,089.05, and \$64,055.78, respectively, equal to the required contributions each year.

8. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2013, the County was not involved in any litigation.

9. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2013, the County managed its risks as follows:

Employee Health Insurance:

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

Liability Insurance:

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

- General Liability,
- Automobile Liability,
- Officials' Liability, and
- Law Enforcement Liability

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, 2013, the County has vested balance in the cumulative reserve fund of \$59,552.78.

The County carries no deductible for the General and Automobile Liability coverage, a \$500 deductible for the Officials' Liability coverage, and a \$2,000 deductible for the Law Enforcement Liability coverage.

The County does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The County joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The County's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The County pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

The County does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

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

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
General Property Taxes--Current	\$ 2,483,455.00	\$ 2,483,455.00	\$ 2,476,095.14	\$ (7,359.86)
General Property Taxes--Delinquent	10,500.00	10,500.00	11,640.72	1,140.72
Penalties and Interest	2,397.00	2,397.00	8,333.74	5,936.74
Telephone Tax (Outside)	2.00	2.00	0.69	(1.31)
Mobile Home Tax	158.00	158.00	130.98	(27.02)
Tax Deed Revenue	0.00	0.00	6,125.79	6,125.79
Licenses and Permits	6,373.00	6,373.00	10,484.00	4,111.00
<b>Intergovernmental Revenue:</b>				
Federal Grants	346,750.00	399,982.93	89,289.01	(310,693.92)
Federal Shared Revenue	4,325.00	4,325.00	5,415.70	1,090.70
Federal Payments in Lieu of Taxes	260.00	260.00	0.00	(260.00)
State Grants	0.00	6,300.00	6,300.00	0.00
<b>State Shared Revenue:</b>				
Bank Franchise	13,209.00	13,209.00	19,103.97	5,894.97
Court Appointed Attorney/Public Defender	1,168.00	1,168.00	792.09	(375.91)
Telecommunications Gross Receipts Tax	25,268.00	25,268.00	23,018.86	(2,249.14)
Motor Vehicle 1/4%	1,135.00	1,135.00	1,793.72	658.72
<b>Charges for Goods and Services:</b>				
<b>General Government:</b>				
Treasurer's Fees	6,259.00	6,259.00	7,246.65	987.65
Register of Deeds' Fees	42,094.00	42,094.00	75,356.37	33,262.37
Legal Services	7,884.00	7,884.00	6,206.87	(1,677.13)
Clerk of Courts Fees	4,358.00	4,358.00	3,772.00	(586.00)
Other Fees	600.00	600.00	814.86	214.86
<b>Public Safety:</b>				
Law Enforcement	4,882.00	4,882.00	5,917.73	1,035.73
Prisoner Care	1,853.00	1,853.00	0.00	(1,853.00)
<b>Health and Welfare:</b>				
<b>Economic Assistance:</b>				
Poor Lien Recoveries	13,423.00	13,423.00	10,830.37	(2,592.63)
<b>Health Assistance:</b>				
County Nurse	275.00	275.00	400.00	125.00
Ambulance	133,615.00	133,615.00	148,866.60	15,251.60
Social Services	1,181.00	1,181.00	1,127.20	(53.80)
Conservation of Natural Resources	34,492.00	34,492.00	24,570.56	(9,921.44)
<b>Fines and Forfeits:</b>				
Costs	1,261.00	1,261.00	1,873.00	612.00
<b>Miscellaneous Revenue:</b>				
Investment Earnings	13,000.00	13,000.00	4,666.80	(8,333.20)
Rent	6,698.00	6,698.00	6,798.00	100.00
Contributions and Donations	135.00	135.00	0.00	(135.00)
Other	0.00	0.00	30.00	30.00
<b>Total Revenues</b>	<b>3,167,010.00</b>	<b>3,226,542.93</b>	<b>2,957,001.42</b>	<b>(269,541.51)</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Legislative:</b>				
Board of County Commissioners	95,340.00	95,340.00	88,557.55	6,782.45
Contingency	100,000.00	100,000.00		
Amount Transferred		(29,043.00)		70,957.00
Elections	4,900.00	4,900.00	2,828.49	2,071.51
Judicial System	3,200.00	5,848.00	5,847.73	0.27
<b>Financial Administration:</b>				
Auditor	113,839.00	113,839.00	105,927.14	7,911.86
Treasurer	103,768.00	103,768.00	99,014.73	4,753.27
Other	38,669.00	41,240.00	41,239.26	0.74
<b>Legal Services:</b>				
State's Attorney	90,205.00	90,205.00	85,830.60	4,374.40
Court Appointed Attorney	22,600.00	22,600.00	19,298.82	3,301.18
<b>Other Administration:</b>				
General Government Building	104,987.00	104,987.00	103,199.92	1,787.08
Director of Equalization	120,215.00	120,215.00	102,266.79	17,948.21
Register of Deeds	62,531.00	62,531.00	59,143.70	3,387.30
Veterans Service Officer	8,887.00	8,887.00	8,729.86	157.14
Predatory Animal	5,182.00	5,182.00	5,181.08	0.92

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Public Safety:				
Law Enforcement:				
Sheriff	185,323.00	185,323.00	166,685.22	18,637.78
County Jail	21,000.00	62,765.00	62,120.00	645.00
Coroner	4,892.00	4,892.00	3,231.62	1,660.38
Protective and Emergency Services:				
Fire Protection	0.00	1,600.00	1,538.57	61.43
Public Works:				
Transportation:				
Airport	372,384.00	425,616.93	54,082.92	371,534.01
Health and Welfare:				
Economic Assistance:				
Support of Poor	47,511.00	47,511.00	9,557.09	37,953.91
Health Assistance:				
County Nurse	46,481.00	46,481.00	37,973.99	8,507.01
Ambulance	174,170.00	180,588.00	180,587.57	0.43
Other	2,100.00	2,100.00	0.00	2,100.00
Social Services:				
Care of Aged	22,203.00	22,203.00	22,202.20	0.80
Mental Health Services:				
Mentally Ill	720.00	720.00	720.00	0.00
Mentally Health Centers	13,114.00	13,115.00	13,114.04	0.96
Mental Illness Board	2,000.00	2,327.00	2,325.97	1.03
Culture and Recreation:				
Culture:				
Historical Museum	500.00	500.00	500.00	0.00
Memorial Day Expense	1,000.00	1,000.00	1,000.00	0.00
Other	425.00	425.00	425.00	0.00
Recreation:				
Exhibition Building	5,000.00	5,000.00	5,000.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	55,580.00	55,580.00	43,347.80	12,232.20
Soil Conservation Districts	9,000.00	9,000.00	9,000.00	0.00
Weed and Pest Control	163,555.00	169,855.00	160,593.56	9,261.44
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	6,020.00	6,020.00	5,275.57	744.43
Urban and Rural Development	18,500.00	18,500.00	8,500.00	10,000.00
Total Expenditures	<u>2,025,801.00</u>	<u>2,111,620.93</u>	<u>1,514,846.79</u>	<u>596,774.14</u>
Excess of Revenues Over (Under) Expenditures	<u>1,141,209.00</u>	<u>1,114,922.00</u>	<u>1,442,154.63</u>	<u>327,232.63</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	0.00	0.00	1,053.29	1,053.29
Transfers Out	(1,952,035.00)	(1,952,035.00)	(1,329,285.00)	622,750.00
Insurance Proceeds	3,564.00	3,564.00	1,686.35	(1,877.65)
Sale of County Property	500.00	500.00	1,136.20	636.20
Total Other Financing Sources (Uses)	<u>(1,947,971.00)</u>	<u>(1,947,971.00)</u>	<u>(1,325,409.16)</u>	<u>622,561.84</u>
Net Change in Fund Balance	(806,762.00)	(833,049.00)	116,745.47	949,794.47
Fund Balance - Beginning	<u>2,467,312.57</u>	<u>2,467,312.57</u>	<u>2,467,312.57</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 1,660,550.57</u>	<u>\$ 1,634,263.57</u>	<u>\$ 2,584,058.04</u>	<u>\$ 949,794.47</u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Wheel Tax	\$ 90,000.00	\$ 90,000.00	\$ 115,237.65	\$ 25,237.65
Licenses and Permits	800.00	800.00	1,000.00	200.00
Intergovernmental Revenue:				
Federal Grants	0.00	87,807.04	87,807.04	0.00
State Grants	0.00	161,869.02	161,869.02	0.00
State Shared Revenue:				
Motor Vehicle Licenses	526,030.00	526,030.00	735,160.60	209,130.60
Prorate/Port of Entry Fees	33,000.00	33,000.00	46,632.22	13,632.22
63 3/4% Mobile Home	1,274.00	1,274.00	3,408.18	2,134.18
Motor Fuel Tax	0.00	0.00	5,454.92	5,454.92
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	10,120.00	10,120.00	20,035.97	9,915.97
Miscellaneous Revenue:				
Investment Earnings	0.00	0.00	1,018.48	1,018.48
Contributions and Donations	0.00	30,000.00	30,000.00	0.00
Other	21.00	21.00	150.95	129.95
<b>Total Revenues</b>	<b>661,245.00</b>	<b>940,921.06</b>	<b>1,207,775.03</b>	<b>266,853.97</b>
<b>Expenditures:</b>				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	2,640,194.00	3,222,923.01	3,154,269.87	68,653.14
Intergovernmental Expenditures	9,000.00	11,675.00	11,673.89	1.11
Debt Service	52,827.00	102,962.00	102,849.30	112.70
<b>Total Expenditures</b>	<b>2,702,021.00</b>	<b>3,337,560.01</b>	<b>3,268,793.06</b>	<b>68,766.95</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(2,040,776.00)</b>	<b>(2,396,638.95)</b>	<b>(2,061,018.03)</b>	<b>335,620.92</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,934,750.00	1,934,750.00	1,300,000.00	(634,750.00)
Transfers Out	0.00	0.00	(1,018.48)	(1,018.48)
Long-Term Debt Issued	0.00	265,000.00	265,000.00	0.00
Insurance Proceeds	3,026.00	36,053.35	34,521.38	(1,531.97)
Sale of County Property	3,000.00	8,025.60	102,534.16	94,508.56
<b>Total Other Financing Sources (Uses)</b>	<b>1,940,776.00</b>	<b>2,243,828.95</b>	<b>1,701,037.06</b>	<b>(542,791.89)</b>
<b>Net Change in Fund Balance</b>	<b>(100,000.00)</b>	<b>(152,810.00)</b>	<b>(359,980.97)</b>	<b>(207,170.97)</b>
Fund Balance - Beginning	926,842.18	926,842.18	926,842.18	0.00
<b>FUND BALANCE - ENDING</b>	<b>\$ 826,842.18</b>	<b>\$ 774,032.18</b>	<b>\$ 566,861.21</b>	<b>\$ (207,170.97)</b>

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
<b>Taxes:</b>				
General Property Taxes--Current	\$ 2,391,195.00	\$ 2,391,195.00	\$ 2,379,754.81	\$ (11,440.19)
General Property Taxes--Delinquent	12,000.00	12,000.00	14,096.62	2,096.62
Penalties and Interest	0.00	0.00	8,087.04	8,087.04
Telephone Tax (Outside)	2.00	2.00	0.87	(1.13)
Mobile Home Tax	0.00	0.00	133.56	133.56
Tax Deed Revenue	0.00	0.00	14,211.05	14,211.05
Licenses and Permits	4,328.00	4,328.00	7,956.00	3,628.00
<b>Intergovernmental Revenue:</b>				
Federal Grants	222,500.00	251,085.00	226,903.67	(24,181.33)
Federal Shared Revenue	4,500.00	4,500.00	4,392.07	(107.93)
Federal Payments in Lieu of Taxes	260.00	260.00	0.00	(260.00)
State Grants	8,300.00	13,500.00	5,200.00	(8,300.00)
<b>State Shared Revenue:</b>				
Bank Franchise	0.00	0.00	22,643.22	22,643.22
Court Appointed Attorney/Public Defender	1,400.00	1,400.00	865.71	(534.29)
Telecommunications Gross Receipts Tax	23,736.00	23,736.00	17,666.80	(6,069.20)
Motor Vehicle 1/4%	1,350.00	1,350.00	1,623.68	273.68
<b>Charges for Goods and Services:</b>				
<b>General Government:</b>				
Treasurer's Fees	2,078.00	2,078.00	7,401.01	5,323.01
Register of Deeds' Fees	45,000.00	45,000.00	52,613.51	7,613.51
Legal Services	2,100.00	2,100.00	5,462.91	3,362.91
Clerk of Courts Fees	4,600.00	4,600.00	4,130.20	(469.80)
Other Fees	850.00	800.00	1,218.31	418.31
<b>Public Safety:</b>				
Law Enforcement	103,080.00	103,080.00	77,045.07	(26,034.93)
Prisoner Care	1,000.00	1,000.00	2,281.56	1,281.56
<b>Health and Welfare:</b>				
<b>Economic Assistance:</b>				
Poor Lien Recoveries	7,897.00	7,897.00	6,166.36	(1,730.64)
<b>Health Assistance:</b>				
County Nurse	0.00	0.00	180.00	180.00
Ambulance	145,000.00	145,000.00	140,322.10	(4,677.90)
Social Services	1,137.00	1,137.00	1,207.16	70.16
Mental Health Services	0.00	0.00	29.33	29.33
Conservation of Natural Resources	35,000.00	35,000.00	46,072.95	11,072.95
<b>Fines and Forfeits:</b>				
Costs	1,500.00	1,500.00	1,868.00	368.00
Other	0.00	0.00	100.00	100.00
<b>Miscellaneous Revenue:</b>				
Investment Earnings	30,000.00	30,000.00	9,080.02	(20,919.98)
Rent	6,698.00	6,698.00	6,598.00	(100.00)
Contributions and Donations	0.00	0.00	290.60	290.60
Other	0.00	0.00	988.61	988.61
<b>Total Revenues</b>	<b>3,055,511.00</b>	<b>3,089,246.00</b>	<b>3,066,590.80</b>	<b>(22,655.20)</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Legislative:</b>				
Board of County Commissioners	107,581.00	109,161.00	109,091.55	69.45
Contingency	108,168.00	108,168.00		
Amount Transferred		(42,261.00)		65,907.00
Elections	19,300.00	19,355.00	19,350.83	4.17
Judicial System	3,200.00	3,200.00	2,077.75	1,122.25
<b>Financial Administration:</b>				
Auditor	135,893.00	135,893.00	108,157.70	27,735.30
Treasurer	107,530.00	107,530.00	98,122.26	9,407.74
Other	37,774.00	37,774.00	35,219.42	2,554.58
<b>Legal Services:</b>				
State's Attorney	87,043.00	87,043.00	85,156.52	1,886.48
Court Appointed Attorney	22,600.00	22,600.00	21,059.16	1,540.84
<b>Other Administration:</b>				
General Government Building	102,640.00	111,940.00	111,931.48	8.52
Director of Equalization	106,859.00	106,859.00	98,838.15	8,020.85
Register of Deeds	61,947.00	61,947.00	58,338.23	3,608.77

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Veterans Service Officer	17,519.00	17,519.00	9,176.16	8,342.84
Predatory Animal	5,182.00	5,182.00	5,181.08	0.92
Public Safety:				
Law Enforcement:				
Sheriff	236,900.00	236,900.00	225,216.46	11,683.54
County Jail	20,000.00	48,800.00	48,730.00	70.00
Coroner	4,892.00	4,967.00	4,963.73	3.27
Public Works:				
Transportation:				
Airport	237,384.00	265,969.00	265,440.16	528.84
Health and Welfare:				
Economic Assistance:				
Support of Poor	46,287.00	60,618.79	52,419.11	8,199.68
Health Assistance:				
County Nurse	48,118.00	48,118.00	39,975.82	8,142.18
Ambulance	148,092.00	150,542.00	149,503.73	1,038.27
Other	2,100.00	2,100.00	0.00	2,100.00
Social Services:				
Care of Aged	21,735.00	21,735.00	21,734.04	0.96
Mental Health Services:				
Mentally Ill	720.00	720.00	720.00	0.00
Mentally Health Centers	13,114.00	13,115.00	13,114.04	0.96
Mental Illness Board	2,000.00	2,000.00	1,527.50	472.50
Culture and Recreation:				
Culture:				
Historical Museum	500.00	500.00	500.00	0.00
Memorial Day Expense	1,000.00	1,000.00	1,000.00	0.00
Other	425.00	425.00	425.00	0.00
Recreation:				
Exhibition Building	5,000.00	5,000.00	5,000.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	59,411.00	59,411.00	43,273.90	16,137.10
Soil Conservation Districts	8,200.00	8,200.00	8,200.00	0.00
Weed and Pest Control	153,327.00	158,527.00	134,630.23	23,896.77
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	5,984.00	5,984.00	4,906.91	1,077.09
Urban and Rural Development	8,265.00	8,265.00	8,264.45	0.55
Total Expenditures	<u>1,946,690.00</u>	<u>1,994,806.79</u>	<u>1,791,245.37</u>	<u>203,561.42</u>
Excess of Revenues Over (Under) Expenditures	<u>1,108,821.00</u>	<u>1,094,439.21</u>	<u>1,275,345.43</u>	<u>180,906.22</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	0.00	0.00	44.50	44.50
Transfers Out	(1,405,794.00)	(1,405,794.00)	(1,307,723.92)	98,070.08
Insurance Proceeds	2,400.00	16,731.79	14,331.79	(2,400.00)
Sale of County Property	500.00	500.00	0.00	(500.00)
Total Other Financing Sources (Uses)	<u>(1,402,894.00)</u>	<u>(1,388,562.21)</u>	<u>(1,293,347.63)</u>	<u>95,214.58</u>
Net Change in Fund Balance	(294,073.00)	(294,123.00)	(18,002.20)	276,120.80
Fund Balance - Beginning	<u>2,485,314.77</u>	<u>2,485,314.77</u>	<u>2,485,314.77</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 2,191,241.77</u>	<u>\$ 2,191,191.77</u>	<u>\$ 2,467,312.57</u>	<u>\$ 276,120.80</u>

**SUPPLEMENTARY INFORMATION  
CLARK 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)
<b>Revenues:</b>				
Taxes:				
Wheel Tax	\$ 90,000.00	\$ 92,220.00	\$ 114,372.77	\$ 22,152.77
Licenses and Permits	400.00	400.00	1,450.00	1,050.00
Intergovernmental Revenue:				
Federal Grants	0.00	656,496.38	688,871.62	32,375.24
State Grants	0.00	212,411.76	212,411.76	0.00
State Shared Revenue:				
Motor Vehicle Licenses	572,000.00	572,000.00	708,759.10	136,759.10
Prorate/Port of Entry Fees	33,000.00	33,000.00	50,108.01	17,108.01
63 3/4% Mobile Home	0.00	0.00	3,878.88	3,878.88
Other State Shared Revenue	0.00	0.00	6,006.80	6,006.80
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	15,336.00	15,336.00	18,770.08	3,434.08
Other	0.00	0.00	14,725.88	14,725.88
Miscellaneous Revenue:				
Other	0.00	0.00	130.64	130.64
<b>Total Revenues</b>	<b>710,736.00</b>	<b>1,581,864.14</b>	<b>1,819,485.54</b>	<b>237,621.40</b>
<b>Expenditures:</b>				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	2,006,101.00	3,232,769.14	3,214,450.43	18,318.71
Intergovernmental Expenditures	9,000.00	11,220.00	11,213.83	6.17
Debt Service	70,154.00	70,154.00	70,152.33	1.67
<b>Total Expenditures</b>	<b>2,085,255.00</b>	<b>3,314,143.14</b>	<b>3,295,816.59</b>	<b>18,326.55</b>
Excess of Revenues Over (Under) Expenditures	(1,374,519.00)	(1,732,279.00)	(1,476,331.05)	255,947.95
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,397,011.00	1,397,011.00	1,300,000.00	(97,011.00)
Insurance Proceeds	1,500.00	1,500.00	320.00	(1,180.00)
Sale of County Property	3,000.00	120,760.00	124,353.68	3,593.68
<b>Total Other Financing Sources (Uses)</b>	<b>1,401,511.00</b>	<b>1,519,271.00</b>	<b>1,424,673.68</b>	<b>(94,597.32)</b>
Net Change in Fund Balance	26,992.00	(213,008.00)	(51,657.37)	161,350.63
Fund Balance - Beginning	1,015,191.02	1,015,191.02	1,015,191.02	0.00
Adjustments:				
Reimbursement to the State for Federal and State Grant Dollars	0.00	0.00	(36,691.47)	(36,691.47)
Adjusted Fund Balance - Beginning	1,015,191.02	1,015,191.02	978,499.55	(36,691.47)
<b>FUND BALANCE - ENDING</b>	<b>\$ 1,042,183.02</b>	<b>\$ 802,183.02</b>	<b>\$ 926,842.18</b>	<b>\$ 124,659.16</b>

CLARK 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.

**CLARK COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Two Years Ended December 31, 2013

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures 2012	Expenditures 2013
US Department of Interior:				
Direct Federal Funding:				
Bureau of Land Management, Payments in Lieu of Taxes (Note 2)	15.226		\$ 1,584.00	\$ 1,546.00
Distribution of Receipts to State and Local Governments (Note 2)	15.227		<u>7,688.00</u>	<u>10,374.00</u>
Total US Department of Interior			<u>9,272.00</u>	<u>11,920.00</u>
US Department of Transportation:				
Highway Planning and Construction Cluster:				
Indirect Federal Funding:				
SD Department of Transportation, Highway Planning and Construction (Note 3)	20.205		403,407.20	
Other Programs:				
Indirect Federal Funding:				
SD Department of Transportation, Airport Improvement Program (Note 3)	20.106	3-46-0009-07-2012	<u>243,223.74</u>	<u>37,999.31</u>
Total US Department of Transportation			<u>646,630.94</u>	<u>37,999.31</u>
US General Services Administration:				
Indirect Federal Funding:				
SD Federal Property Agency, Donation of Federal Surplus Personal Property (Note 4)	39.003		<u>33,834.66</u>	<u>726.06</u>
US Department of Energy:				
Indirect Federal Funding:				
SD Governor's Office of Economic Development (ARRA), Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		<u>32,375.24</u>	
US Elections Assistance Commission:				
Indirect Federal Funding:				
SD Secretary of State, Help America Vote Act Requirements Payments	90.401			<u>9,972.03</u>
US Department of Homeland Security:				
Indirect Federal Funding:				
SD Department of Public Safety, Office of Emergency Management, Emergency Management Performance Grants	97.042		6,394.85	14,655.58
Homeland Security Grant Program	97.067		<u>41,282.72</u>	<u>6,278.75</u>
Total US Department of Homeland Security			<u>47,677.57</u>	<u>20,934.33</u>
<b>GRAND TOTAL</b>			<u>\$ 769,790.41</u>	<u>\$ 81,551.73</u>

**Note 1:** This accompanying schedule of expenditures of federal awards includes the federal grant activity of the County and is presented on the modified cash basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

**Note 2:** Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

**Note 3:** This represents a Major Federal Financial Assistance Program.

**Note 4:** The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the County.

**CLARK COUNTY**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT**  
**For the Two Years Ended December 31, 2013**

<u>Indebtedness</u>	<u>Long-Term Debt January 1, 2012</u>	<u>Add New Debt</u>	<u>Less Debt Retired</u>	<u>Long-Term Debt December 31, 2013</u>
<b>Governmental Long-Term Debt:</b>				
Other Long-Term Debt Payable	\$ 243,264.09	\$ 300,636.38	\$ 286,752.62	\$ 257,147.85

Note 1 - Long-Term Debt:

Debt payable at December 31, 2013 is comprised of the following:

Tax Increment District Promissory Note:

Tax Increment District Promissory Note Issued 12/16/2008, Final Maturity 12/16/2020, Interest Rate 6%, Paid from the TIF#1 Debt Service Fund	\$	86,786.15
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Motor Grader Promissory Note:

Motor Grader Promissory Note Issued 5/21/2013, Final Maturity 1/20/2018, Interest Rate 3%, Paid from the Road and Bridge Fund	\$	170,361.70
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