CLAY COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2013

CLAY COUNTY
COUNTY OFFICIALS
December 31, 2013

Board of Commissioners:
Leslie Kephart
Travis Mockler
Phyllis Packard
Raymond Passick
Leo Powell

Auditor:
Carri Crum

Treasurer:
Catherine Powell

State's Attorney:
Teddi Gertsma

Register of Deeds:
Ray Hofman

Sheriff:
Andrew Howe

CLAY COUNTY
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STATE OF SOUTH DAKOTA
DEPARTMENT OF LEGISLATIVE AUDIT

427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605)773-3595
FAX(605)773-6454

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
Clay County
Vermillion, 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 Clay 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 April 6, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

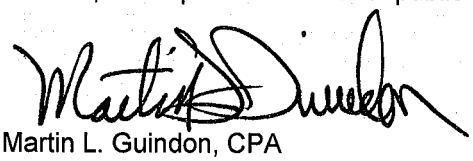
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Martin L. Guindon, CPA
Auditor General

April 6, 2015

CLAY COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Findings:

The prior audit report contained no written audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS

Current Audit Finding:

Compliance and Other Matters:

Finding No. 2013-001:

The County has not instituted the tax deed procurement procedures in accordance with South Dakota Codified Law (SDCL) 10-25-1 (Tax Deeds) or SDCL 10-26-1 (Scavenger Tax Law) on 41 parcels of real property having delinquent taxes from tax year 2001 through 2009 in the total amount of $337,223.64.

Analysis:

SDCL 10-25-1 states:

> In the case of any real property sold for taxes and not yet redeemed, the owner or holder of the tax certificate may conduct, or cause to be conducted, proceedings to procure a tax deed on the real property, as provided by SDCL 10-25-2 to 10-25-12, inclusive. The proceedings shall be initiated no sooner than three years from the date of the tax sale or at any time thereafter within six years from the date of the tax sale subject to the provisions of SDCL 10-25-16 to 10-25-19, inclusive. The time period applies equally to the county or any other purchaser of the tax certificate. Any assignee of a tax certificate shall take the certificate subject to the time period of the first owner of the tax certificate.

SDCL 10-26-1 states:

> The treasurer of each county within this state may make a list of all taxes upon all real property in the county that appear from the tax records to be delinquent for a period of at least six years and that have not been satisfied by payment, or redemption, or sale of real estate, against which such taxes are assessed, to actual purchasers. The list shall include all such taxes upon any real estate that may at any tax sale have been bid in for the county, except real estate upon which the county holds school loans, and shall include all tax judgments against lands that have not been sold or bid off for the payment of the judgment. If a tax judgment stands against any such real estate, unsatisfied, the taxes and interest shall be computed as if the judgment had not been taken, and a sale of the real estate under the provisions of this chapter satisfies the judgment. The list shall contain a description of each piece or parcel of land and each lot, block, and addition, upon which taxes have not been paid as specified in this section. Opposite each description the name of the owner to whom the taxes are assessed, if known, shall be specified. If the name of the owner is unknown, a statement to that effect shall be provided. The year for which the taxes are delinquent shall be shown giving the year and the amount of tax for each year including the penalty and interest for each year and the total aggregate amount of all taxes delinquent and the penalty and interest. The year given is deemed inclusive.

The County has not initiated tax deed procedures on 29 properties which were three through six years delinquent or scavenger tax law procedures allowed by statute for the 12 properties delinquent seven

years or more. The total outstanding delinquent taxes related to the 41 parcels located in Clay County was $337,223.64, which does not include penalties and interest.

RECOMMENDATION:

We recommend the County institute tax deed procurement procedures in accordance with South Dakota Codified Law 10-25-1 and 10-26-1.

Management's Response:

Management chose not to respond to this finding.

STATE OF SOUTH DAKOTA
DEPARTMENT OF LEGISLATIVE AUDIT

427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605)773-3595
FAX(605)773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

County Commission
Clay County
Vermillion, 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 Clay 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 Clay 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 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 April 6, 2015 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

April 6, 2015

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

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	$ 3,329,393.29
TOTAL ASSETS	$ 3,329,393.29
NET POSITION:	
Restricted For: (See Note 5)	
Ditch Special Assessment Purposes	$ 244,685.25
Other Purposes	77,749.62
Unrestricted	3,006,958.42
TOTAL NET POSITION	$ 3,329,393.29

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

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	$ 1,453,150.73	$ 381,156.49	$ 25,529.30	$ (1,046,464.94)
Public Safety	1,419,957.44	131,531.24	177,963.83	(1,110,462.37)
Public Works	2,323,893.42	31,743.68	929,590.59	(1,362,559.15)
Health and Welfare	352,135.44	20,806.50		(331,328.94)
Culture and Recreation	61,971.73		21,191.01	(40,780.72)
Conservation of Natural Resources	300,000.64	24,963.27	110,941.68	(164,095.69)
Urban and Economic Development	60,189.69	9,605.00		(50,584.69)
*Interest on Long-Term Debt	9,376.23			(9,376.23)
Total Primary Government	$ 5,980,675.32	$ 599,806.18	$ 1,265,216.41	(4,115,652.73)
	General Revenues:			
	Taxes:			
	Property Taxes			4,190,070.55
	State Shared Revenues			126,296.83
	Unrestricted Investment Earnings			21,578.19
	Miscellaneous Revenue			3,766.92
	Total General Revenues			4,341,712.49
	Change in Net Position			226,059.76
	Net Position - Beginning			3,103,333.53
	NET POSITION - ENDING			$ 3,329,393.29

* 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.

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	$ 1,311,448.82	$ 205,399.41	$ 41,875.11	$ (1,064,174.30)
Public Safety	1,288,969.09	132,399.59	66,061.47	(1,090,508.03)
Public Works	2,809,312.01	52,199.82	925,377.14	(1,831,735.05)
Health and Welfare	187,406.98	23,805.42		(163,601.56)
Culture and Recreation	61,008.39		20,349.80	(40,658.59)
Conservation of Natural Resources	251,949.02	32,119.76	111,801.33	(108,027.93)
Urban and Economic Development	57,394.41	6,395.50		(50,998.91)
*Interest on Long-Term Debt	6,565.38			(6,565.38)
Total Primary Government	$ 5,974,054.10	$ 452,319.50	$ 1,165,464.85	(4,356,269.75)
General Revenues:				
Taxes:				
Property Taxes				4,022,126.62
911 Telephone Surcharge				77,057.06
State Shared Revenues				80,435.43
Unrestricted Investment Earnings				18,777.39
Miscellaneous Revenue				197,158.96
Total General Revenues				4,395,555.46
Change in Net Position				39,285.71
Net Position - Beginning				3,064,047.82
NET POSITION - ENDING				$ 3,103,333.53

* 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.

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	$ 2,248,312.94	$ 647,041.53	$ 434,038.82	$ 3,329,393.29
TOTAL ASSETS	$ 2,248,312.94	$ 647,041.53	$ 434,038.82	$ 3,329,393.29
FUND BALANCES: (See Note 1.j.)				
Restricted	$	$	$ 322,434.87	$ 322,434.87
Assigned	813,563.00	647,041.53	111,603.95	1,572,208.48
Unassigned	1,434,749.94			1,434,749.94
TOTAL FUND BALANCES	$ 2,248,312.94	$ 647,041.53	$ 434,038.82	$ 3,329,393.29

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

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CLAY 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
Revenues:				
Taxes:				
General Property Taxes--Current	$ 4,039,075.92	$	$ 105,440.77	$ 4,144,516.69
General Property Taxes--Delinquent	28,599.78			28,599.78
Penalties and Interest	11,002.36			11,002.36
Telephone Tax (Outside)	613.63			613.63
Mobile Home Tax	5,338.09			5,338.09
Licenses and Permits	18,453.00		2,585.00	21,038.00
Intergovernmental Revenue:				
Federal Grants	39,342.43	14,774.96	55,579.38	109,696.77
Federal Shared Revenue	42.31		1.72	44.03
State Grants	8,616.50		16,571.00	25,187.50
State Shared Revenue:				
Bank Franchise	15,994.21			15,994.21
Motor Vehicle Licenses		861,441.05		861,441.05
Court Appointed Attorney/Public Defender	3,864.03			3,864.03
Prorate/Port of Entry Fees		46,119.16		46,119.16
Abused and Neglected Child Defense	499.37			499.37
63 3/4% Mobile Home		1,858.95		1,858.95
Telecommunications Gross Receipts Tax	109,102.62			109,102.62
Motor Vehicle 1/4%	2,970.45			2,970.45
Motor Fuel Tax		5,396.47		5,396.47
911 Remittances			104,897.95	104,897.95
Other Intergovernmental Revenue			1,200.00	1,200.00
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	67,880.24			67,880.24
Register of Deeds' Fees	165,892.00		12,690.42	178,582.42
Legal Services	42,754.17		1,225.00	43,979.17
Clerk of Courts Fees	17,785.83			17,785.83
Public Safety:				
Law Enforcement	50,651.81			50,651.81
Prisoner Care	33,152.00			33,152.00

Sobriety Testing			24,614.00	24,614.00
Other			300.00	300.00
Public Works:				
Road Maintenance Contract Charges		31,365.35		31,365.35
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	4,570.72			4,570.72
Health Assistance:				
Women Infants and Children	13,150.78			13,150.78
Urban and Economic Development	1,000.00			1,000.00
Conservation of Natural Resources	24,963.27			24,963.27
Fines and Forfeits:				
Fines	1,885.25			1,885.25
Costs	17,266.26			17,266.26
Miscellaneous Revenue:				
Investment Earnings	15,106.91	5,526.17	945.11	21,578.19
Special Assessments			103,240.68	103,240.68
Other	1,861.80	378.33		2,240.13
Total Revenues	4,741,435.74	966,860.44	429,291.03	6,137,587.21
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	152,709.76			152,709.76
Elections	6,127.07			6,127.07
Judicial System	72,492.07			72,492.07
Financial Administration:				
Auditor	170,754.88			170,754.88
Treasurer	230,463.58			230,463.58
Legal Services:				
State's Attorney	207,901.18			207,901.18
Public Defender	48,975.77			48,975.77
Court Appointed Attorney	18,343.24			18,343.24
Abused and Neglected Child Defense	10,851.46			10,851.46
Other Administration:				
General Government Building	185,562.07			185,562.07
Director of Equalization	198,169.21			198,169.21
Register of Deeds	123,721.92		1,414.13	125,136.05
Veterans Service Officer	23,717.63			23,717.63
Predatory Animal	1,946.76			1,946.76
Public Safety:				
Law Enforcement:				
Sheriff	607,436.01			607,436.01
County Jail	308,274.50		34,288.21	342,562.71

CLAY 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	8,755.24			8,755.24
Protective and Emergency Services:				
Fire Protection			105,156.23	105,156.23
Emergency and Disaster Services	5,222.54		78,723.39	83,945.93
Communication Center			272,101.32	272,101.32
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		2,239,944.73		2,239,944.73
Sanitation:				
Solid Waste	7,920.00			7,920.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	48,521.01			48,521.01
Public Welfare	1,950.00			1,950.00
Other	2,623.00			2,623.00
Health Assistance:				
County Nurse	51,557.80			51,557.80
Ambulance	119,837.00			119,837.00
Women Infants and Children	11,085.97			11,085.97
Social Services:				
Domestic Abuse			3,835.00	3,835.00
Mental Health Services:				
Mentally Ill	95,025.66			95,025.66
Drug Abuse	3,200.00			3,200.00
Mental Health Centers	14,500.00			14,500.00
Culture and Recreation:				
Culture:				
Public Library	5,000.00			5,000.00
Historical Museum	7,050.00			7,050.00
Historical Sites	19,371.73			19,371.73
Recreation:				
County Fair	13,000.00			13,000.00
Senior Center	17,550.00			17,550.00

Conservation of Natural Resources:				
Soil Conservation:				
County Extension	63,805.72			63,805.72
Soil Conservation Districts	34,060.00			34,060.00
Weed and Pest Control	105,798.13			105,798.13
Water Conservation:				
Other - Ditch Special Assessments			96,336.79	96,336.79
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	38,567.69			38,567.69
Urban and Rural Development	11,142.00			11,142.00
Economic Development:				
Tourism, Industrial or Recreational Development	10,480.00			10,480.00
Debt Service		85,404.92		85,404.92
Total Expenditures	3,063,470.60	2,325,349.65	591,855.07	5,980,675.32
Excess of Revenues Over (Under) Expenditures	1,677,965.14	(1,358,489.21)	(162,564.04)	156,911.89
Other Financing Sources (Uses):				
Transfers In		1,415,000.00	175,000.00	1,590,000.00
Transfers Out	(1,590,000.00)			(1,590,000.00)
Insurance Proceeds	65,380.95			65,380.95
Sale of County Property	1,845.00	1,921.92		3,766.92
Total Other Financing Sources (Uses)	(1,522,774.05)	1,416,921.92	175,000.00	69,147.87
Net Change in Fund Balance	155,191.09	58,432.71	12,435.96	226,059.76
Fund Balance - Beginning	2,093,121.85	588,608.82	421,602.86	3,103,333.53
FUND BALANCE - ENDING	$ 2,248,312.94	$ 647,041.53	$ 434,038.82	$ 3,329,393.29

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

CLAY 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	$ 3,881,910.00	$	$ 102,121.99	$ 3,984,031.99
General Property Taxes--Delinquent	24,463.90			24,463.90
Penalties and Interest	8,738.49			8,738.49
Telephone Tax (Outside)	290.21			290.21
Mobile Home Tax	4,602.03			4,602.03
911 Telephone Surcharge			77,057.06	77,057.06
Licenses and Permits	16,114.50		3,120.00	19,234.50
Intergovernmental Revenue:				
Federal Grants	55,755.80	49,281.05	21,798.36	126,835.21
Federal Shared Revenue	44.93		1.97	46.90
State Grants	14,617.73		16,060.00	30,677.73
State Shared Revenue:				
Bank Franchise	12,908.10			12,908.10
Motor Vehicle Licenses		815,504.17		815,504.17
Court Appointed Attorney/Public Defender	4,322.24			4,322.24
Prorate/Port of Entry Fees		50,065.04		50,065.04
Abused and Neglected Child Defense	453.30			453.30
63 3/4% Mobile Home		5,129.55		5,129.55
Telecommunications Gross Receipts Tax	66,327.33			66,327.33
Motor Vehicle 1/4%	2,587.75			2,587.75
Motor Fuel Tax		5,397.33		5,397.33
911 Remittances			26,124.91	26,124.91
Other State Shared Revenue			1,200.00	1,200.00
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	29,691.45			29,691.45
Register of Deeds' Fees	120,588.30		2,991.00	123,579.30
Legal Services	12,706.19		1,350.00	14,056.19
Clerk of Courts Fees	21,121.02			21,121.02
Other Fees	3,700.00			3,700.00
Public Safety:				
Law Enforcement	48,811.11			48,811.11

Prisoner Care	48,560.00			48,560.00
Sobriety Testing			15,136.00	15,136.00
Other			150.00	150.00
Public Works:				
Road Maintenance Contract Charges		41,927.25		41,927.25
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	8,795.84			8,795.84
Health Assistance:				
Women Infants and Children	11,889.58			11,889.58
Urban and Economic Development	1,225.00			1,225.00
Conservation of Natural Resources	31,794.96			31,794.96
Fines and Forfeits:				
Fines	2,829.45			2,829.45
Costs	15,814.57			15,814.57
Miscellaneous Revenue:				
Investment Earnings	13,435.14	4,547.36	794.89	18,777.39
Special Assessments			98,320.72	98,320.72
Other	1,969.22	9,035.84		11,005.06
Total Revenues	4,466,068.14	980,887.59	366,226.90	5,813,182.63
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	134,245.05			134,245.05
Elections	31,672.35			31,672.35
Judicial System	71,749.10			71,749.10
Financial Administration:				
Auditor	162,486.23			162,486.23
Treasurer	200,274.24			200,274.24
Legal Services:				
State's Attorney	200,897.37			200,897.37
Public Defender	47,542.19			47,542.19
Court Appointed Attorney	21,104.85			21,104.85
Abused and Neglected Child Defense	2,671.30			2,671.30
Other Administration:				
General Government Building	127,550.42			127,550.42
Director of Equalization	165,515.66			165,515.66
Register of Deeds	120,160.68			120,160.68
Veterans Service Officer	23,632.62			23,632.62
Predatory Animal	1,946.76			1,946.76
Public Safety:				
Law Enforcement:				
Sheriff	570,596.03			570,596.03

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
County Jail	301,122.53		25,922.65	327,045.18
Coroner	13,206.30			13,206.30
Protective and Emergency Services:				
Fire Protection			102,293.29	102,293.29
Emergency and Disaster Services	4,953.67		45,779.61	50,733.28
Communication Center			225,095.01	225,095.01
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		2,291,474.46		2,291,474.46
Sanitation:				
Solid Waste	6,973.01			6,973.01
Health and Welfare:				
Economic Assistance:				
Support of Poor	19,214.64			19,214.64
Public Welfare	1,950.00			1,950.00
Other	7,681.00			7,681.00
Health Assistance:				
County Nurse	40,445.33			40,445.33
Women Infants and Children	9,775.96			9,775.96
Social Services:				
Domestic Abuse			4,435.00	4,435.00
Mental Health Services:				
Mentally Ill	86,704.05			86,704.05
Drug Abuse	3,090.00			3,090.00
Mental Health Centers	14,111.00			14,111.00
Culture and Recreation:				
Culture:				
Public Library	5,000.00			5,000.00
Historical Museum	6,550.00			6,550.00
Historical Sites	22,205.94			22,205.94
Recreation:				
County Fair	13,000.00			13,000.00
Senior Center	14,252.45			14,252.45

Conservation of Natural Resources:				
Soil Conservation:				
County Extension	61,193.09			61,193.09
Soil Conservation Districts	29,000.00			29,000.00
Weed and Pest Control	94,939.66			94,939.66
Water Conservation:				
Other - Ditch Special Assessments			66,816.27	66,816.27
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	36,111.41			36,111.41
Urban and Rural Development	10,808.00			10,808.00
Economic Development:				
Tourism, Industrial or Recreational Development	10,475.00			10,475.00
Debt Service		517,429.92		517,429.92
Total Expenditures	2,694,807.89	2,808,904.38	470,341.83	5,974,054.10
Excess of Revenues Over (Under) Expenditures	1,771,260.25	(1,828,016.79)	(104,114.93)	(160,871.47)
Other Financing Sources (Uses):				
Transfers In		1,500,000.00	145,000.00	1,645,000.00
Transfers Out	(1,645,000.00)			(1,645,000.00)
Insurance Proceeds	1,396.00	1,187.60	414.62	2,998.22
Sale of County Property	468.00	196,690.96		197,158.96
Total Other Financing Sources (Uses)	(1,643,136.00)	1,697,878.56	145,414.62	200,157.18
Net Change in Fund Balance	128,124.25	(130,138.23)	41,299.69	39,285.71
Fund Balance - Beginning	1,964,997.60	718,747.05	380,303.17	3,064,047.82
FUND BALANCE - ENDING	$ 2,093,121.85	$ 588,608.82	$ 421,602.86	$ 3,103,333.53

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

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

	Private-Purpose Trust Funds	Agency Funds
ASSETS:		
Cash and Cash Equivalents	$ 0.76	$ 302,458.94
Investments	1,000.00	
TOTAL ASSETS	$ 1,000.76	$ 302,458.94
NET POSITION:		
Restricted Jolley 4-H Achievement Awards	$ 1,000.76	$
Net Position Held in Agency Capacity		302,458.94
TOTAL NET POSITION	$ 1,000.76	$ 302,458.94

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

CLAY COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
For the Year Ended December 31, 2013

	Private-Purpose Trust Funds
ADDITIONS	$ 0.00
DEDUCTIONS	0.00
Change in Net Position	0.00
Net Position - Beginning	1,000.76
Net Position - Ending	$ 1,000.76

The Notes to the Financial Statements are an integral part of this statement.

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

	Private-Purpose Trust Funds
ADDITIONS:	
Earnings from Deposits and Investments	$ 0.76
DEDUCTIONS	0.00
Change in Net Position	0.76
Net Position - Beginning	1,000.00
Net Position - Ending	$ 1,000.76

The Notes to the Financial Statements are an integral part of this statement.

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 Clay 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 activated this HRC solely for the purpose of abdicating its power or authority over the non-municipal housing assistance projects within the County to the Vermillion Housing and Redevelopment Commission organized by the City of Vermillion. Therefore, this component unit's financial activity was not included on the County's annual report. The financial activity of this component unit is included as a component unit on the City of Vermillion'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, Fire Protection, Emergency Management, Domestic Abuse, Ditch Special Assessment, 24/7 Sobriety, and Modernization and Preservation Relief. These funds are reported on the fund financial statements as "Other Governmental Funds."

Fiduciary Funds:

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

Private-Purpose Trust Funds – Private-purpose trust funds are used for trust arrangements under which the principal and income benefit individuals, private organizations, or other governments. The Jolley Award Fund is the only private-purpose trust fund maintained by the County. Interest earnings from a certificate of deposit are given to children as awards for 4-H achievements.

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 are presented using a modified cash basis of accounting. The County has not elected to modify their cash basis presentation by recording capital assets arising from cash transactions and depreciating those assets where appropriate so any capital assets owned by the County and the related depreciation are not reported on the financial statements of the County.

f. Long-Term Liabilities:

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

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

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

g. Program Revenues:

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

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.

2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

h. Equity Classifications:

Government-wide Financial Statements:

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

1. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as Net Position – Restricted. The Agency Funds 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	**Revenue Source**
Road and Bridge Fund	Motor Vehicle Licenses, Taxes, and Other Intergovernmental Revenues

A schedule of fund balances is provided as follows:

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Restricted For:				
Ditch Special Assessment Purposes	$	$	$ 244,685.25	$ 244,685.25
Fire Protection Purposes			47,198.05	47,198.05
24/7 Sobriety Purposes			16,074.28	16,074.28
Modernization and Preservation Relief Purposes			14,267.29	14,267.29
Domestic Abuse Purposes			210.00	210.00
Assigned To:				
Applied to Next Year's Budget	813,563.00			813,563.00
Road and Bridge Purposes		647,041.53		647,041.53
911 Service Purposes			69,911.62	69,911.62
Emergency Management Purposes			41,692.33	41,692.33
Unassigned	1,434,749.94			1,434,749.94
Total Fund Balances	$ 2,248,312.94	$ 647,041.53	$ 434,038.82	$ 3,329,393.29

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 12/31/2013
Ditch Special Assessment Fund:	
Activity	
Water Conservation – Other	$ 96,336.79

The County inadvertently did not include the Ditch Special Assessment Fund in the adopted annual appropriations ordinance for CY 2013. The County did approve the actual expenditures from the fund.

The County has included the fund in subsequent annual appropriation ordinances.

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.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2013 the County's deposits in financial institutions were not exposed to custodial credit risk.

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

Interest Rate Risk – The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The County's policy is to credit all income from investments to the fund making the investment. Agency funds and funds with immaterial balances are excluded from the allocation process.

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, 2013 was as follows:

Major Purposes:		
Ditch Special Assessment Purposes	$ 244,685.25	
Other Purposes:		
Fire Protection Purposes	47,198.05	
24/7 Sobriety Program Purposes	16,074.28	
Domestic Abuse Purposes	210.00	
Modernization and Preservation Relief Purposes	14,267.29	
Total Other Purposes	77,749.62	
Total Restricted Net Position		**$ 322,434.87**

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

6. INTERFUND TRANSFERS

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

	Transfers To:		
Transfers From:	Road and Bridge Fund	Other Governmental Funds	Total
Major Funds:			
General Fund	$ 1,415,000.00	$ 175,000.00	$ 1,590,000.00

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

	Transfers To:		
Transfers From:	Road and Bridge Fund	Other Governmental Funds	Total
Major Funds:			
General Fund	$ 1,500,000.00	$ 145,000.00	$ 1,645,000.00

The County typically budgets transfers to the Road and Bridge Fund, 911 Service Fund, and the Emergency Management Fund (Other Governmental Funds) to conduct the indispensable functions of 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 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 $106,341.24, $101,994.11, and $99,821.60, respectively, equal to the required contributions each year.

8. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2013, the County was involved in the litigation noted below:

In 2012, a lawsuit was filed against Clay County and Prairie Center Township over flood damage. It is understood that a summary judgment was granted in part and denied in part with an issue of eminent domain remaining. Claims Associates Incorporated is handling this matter on the behalf of the County and in the interests of the South Dakota Public Assurance Alliance, of which the County is a member. The County has received no further update on this matter. No determination can be made at this time regarding the potential outcome of this lawsuit.

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:

a. Property Coverage
b. General Liability
c. Officials' Liability
d. Law Enforcement Operations
e. Automobile Liability

The agreement with the SDPAA provides that the above coverages will be provided to a $5,000,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of $250,000 for property coverage and $500,000 for liability coverage to the upper limit. A portion of the member premiums are also allocated to a cumulative reserve fund. The County would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

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

As of December 31, 2013, the County has vested balance in the cumulative reserve fund of $53,204.98.

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 has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The County does not assign any fund balance in the General Fund and pays unemployment against the current year budget as bills are submitted.

During the two years ended December 31, 2013, no claims for unemployment benefits were paid. At December 31, 2013, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	$ 4,079,203.00	$ 4,079,203.00	$ 4,039,075.92	$ (40,127.08)
General Property Taxes--Delinquent	31,887.00	31,887.00	28,599.78	(3,287.22)
Penalties and Interest	11,000.00	11,000.00	11,002.36	2.36
Telephone Tax (Outside)	613.00	613.00	613.63	0.63
Mobile Home Tax	4,100.00	4,100.00	5,338.09	1,238.09
Licenses and Permits	12,700.00	12,700.00	18,453.00	5,753.00
Intergovernmental Revenue:				
Federal Grants	33,000.00	33,000.00	39,342.43	6,342.43
Federal Shared Revenue	0.00	0.00	42.31	42.31
State Grants	5,000.00	5,000.00	8,616.50	3,616.50
State Shared Revenue:				
Bank Franchise	11,000.00	11,000.00	15,994.21	4,994.21
Court Appointed Attorney/Public Defender	4,000.00	4,000.00	3,864.03	(135.97)
Abused and Neglected Child Defense	400.00	400.00	499.37	99.37
Telecommunications Gross Receipts Tax	60,100.00	60,100.00	109,102.62	49,002.62
Motor Vehicle 1/4%	2,000.00	2,000.00	2,970.45	970.45
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	29,750.00	29,750.00	67,880.24	38,130.24
Register of Deeds' Fees	103,000.00	103,000.00	165,892.00	62,892.00
Legal Services	11,000.00	11,000.00	42,754.17	31,754.17
Clerk of Courts Fees	18,000.00	18,000.00	17,785.83	(214.17)
Public Safety:				
Law Enforcement	44,000.00	44,000.00	50,651.81	6,651.81
Prisoner Care	42,000.00	42,000.00	33,152.00	(8,848.00)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	8,000.00	8,000.00	4,570.72	(3,429.28)
Health Assistance:				
Women Infants and Children	9,000.00	9,000.00	13,150.78	4,150.78
Urban and Economic Development	0.00	0.00	1,000.00	1,000.00
Conservation of Natural Resources	9,000.00	9,000.00	24,963.27	15,963.27
Fines and Forfeits:				
Fines	2,000.00	2,000.00	1,885.25	(114.75)
Costs	13,000.00	13,000.00	17,266.26	4,266.26
Miscellaneous Revenue:				
Investment Earnings	20,000.00	20,000.00	15,106.91	(4,893.09)
Other	1,200.00	1,200.00	1,861.80	661.80
Total Revenues	4,564,953.00	4,564,953.00	4,741,435.74	176,482.74
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	163,000.00	163,000.00	152,709.76	10,290.24
Contingency	120,000.00	120,000.00		
Amount Transferred		(73,760.00)		46,240.00
Elections	8,000.00	8,000.00	6,127.07	1,872.93
Judicial System	78,400.00	78,400.00	72,492.07	5,907.93
Financial Administration:				
Auditor	170,814.00	170,814.00	170,754.88	59.12
Treasurer	225,640.00	232,640.00	230,463.58	2,176.42
Legal Services:				
State's Attorney	240,371.00	240,371.00	207,901.18	32,469.82
Public Defender	50,087.00	50,087.00	48,975.77	1,111.23
Court Appointed Attorney	30,000.00	30,000.00	18,343.24	11,656.76
Abused and Neglected Child Defense	7,000.00	10,900.00	10,851.46	48.54
Other Administration:				
General Government Building	139,150.00	189,150.00	185,562.07	3,587.93
Director of Equalization	197,311.00	198,211.00	198,169.21	41.79
Register of Deeds	121,725.00	123,725.00	123,721.92	3.08
Veterans Service Officer	24,760.00	24,760.00	23,717.63	1,042.37
Predatory Animal	2,000.00	2,000.00	1,946.76	53.24
Public Safety:				
Law Enforcement:				
Sheriff	598,500.00	607,500.00	607,436.01	63.99

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
County Jail	289,950.00	308,350.00	308,274.50	75.50
Coroner	5,925.00	8,825.00	8,755.24	69.76
Protective and Emergency Services:				
Emergency and Disaster Services	5,078.00	5,578.00	5,222.54	355.46
Public Works:				
Sanitation:				
Solid Waste	9,100.00	9,100.00	7,920.00	1,180.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	50,000.00	50,000.00	48,521.01	1,478.99
Public Welfare	1,950.00	1,950.00	1,950.00	0.00
Other	20,000.00	20,000.00	2,623.00	17,377.00
Health Assistance:				
County Nurse	41,375.00	52,875.00	51,557.80	1,317.20
Ambulance	120,000.00	120,000.00	119,837.00	163.00
Women Infants and Children	13,690.00	13,690.00	11,085.97	2,604.03
Mental Health Services:				
Mentally Ill	87,500.00	95,100.00	95,025.66	74.34
Drug Abuse	3,200.00	3,200.00	3,200.00	0.00
Mental Health Centers	14,500.00	14,500.00	14,500.00	0.00
Culture and Recreation:				
Culture:				
Public Library	5,000.00	5,000.00	5,000.00	0.00
Historical Museum	6,800.00	7,050.00	7,050.00	0.00
Historical Sites	23,200.00	23,200.00	19,371.73	3,828.27
Recreation:				
County Fair	13,000.00	13,000.00	13,000.00	0.00
Senior Center	17,550.00	17,550.00	17,550.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	60,619.00	63,869.00	63,805.72	63.28
Soil Conservation Districts	27,500.00	34,060.00	34,060.00	0.00
Weed and Pest Control	107,400.00	107,400.00	105,798.13	1,601.87
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	40,909.00	40,909.00	38,567.69	2,341.31
Urban and Rural Development	11,200.00	11,200.00	11,142.00	58.00
Economic Development:				
Tourism, Industrial or Recreational Development	10,500.00	10,500.00	10,480.00	20.00
Total Expenditures	3,162,704.00	3,212,704.00	3,063,470.60	149,233.40
Excess of Revenues Over (Under) Expenditures	1,402,249.00	1,352,249.00	1,677,965.14	325,716.14
Other Financing Sources (Uses):				
Transfers Out	(1,626,129.00)	(1,626,129.00)	(1,590,000.00)	36,129.00
Insurance Proceeds	1,000.00	51,000.00	65,380.95	14,380.95
Sale of County Property	200.00	200.00	1,845.00	1,645.00
Total Other Financing Sources (Uses)	(1,624,929.00)	(1,574,929.00)	(1,522,774.05)	52,154.95
Net Change in Fund Balance	(222,680.00)	(222,680.00)	155,191.09	377,871.09
Fund Balance - Beginning	2,093,121.85	2,093,121.85	2,093,121.85	0.00
FUND BALANCE - ENDING	$ 1,870,441.85	$ 1,870,441.85	$ 2,248,312.94	$ 377,871.09

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Intergovernmental Revenue:				
Federal Grants	$ 43,000.00	$ 43,000.00	$ 14,774.96	$ (28,225.04)
State Shared Revenue:				
Motor Vehicle Licenses	850,000.00	850,000.00	861,441.05	11,441.05
Prorate/Port of Entry Fees	51,000.00	51,000.00	46,119.16	(4,880.84)
63 3/4% Mobile Home	5,000.00	5,000.00	1,858.95	(3,141.05)
Motor Fuel Tax	10,000.00	10,000.00	5,396.47	(4,603.53)
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	20,000.00	20,000.00	31,365.35	11,365.35
Miscellaneous Revenue:				
Investment Earnings	4,000.00	4,000.00	5,526.17	1,526.17
Other	0.00	0.00	378.33	378.33
Total Revenues	983,000.00	983,000.00	966,860.44	(16,139.56)
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	2,715,235.08	2,715,235.08	2,239,944.73	475,290.35
Debt Service	85,404.92	85,404.92	85,404.92	0.00
Total Expenditures	2,800,640.00	2,800,640.00	2,325,349.65	475,290.35
Excess of Revenues Over (Under) Expenditures	(1,817,640.00)	(1,817,640.00)	(1,358,489.21)	459,150.79
Other Financing Sources (Uses):				
Transfers In	1,412,640.00	1,412,640.00	1,415,000.00	2,360.00
Insurance Proceeds	2,000.00	2,000.00	0.00	(2,000.00)
Sale of County Property	3,000.00	3,000.00	1,921.92	(1,078.08)
Total Other Financing Sources (Uses)	1,417,640.00	1,417,640.00	1,416,921.92	(718.08)
Net Change in Fund Balance	(400,000.00)	(400,000.00)	58,432.71	458,432.71
Fund Balance - Beginning	588,608.82	588,608.82	588,608.82	0.00
FUND BALANCE - ENDING	$ 188,608.82	$ 188,608.82	$ 647,041.53	$ 458,432.71

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	$ 3,939,011.00	$ 3,939,011.00	$ 3,881,910.00	$ (57,101.00)
General Property Taxes--Delinquent	28,000.00	28,000.00	24,463.90	(3,536.10)
Penalties and Interest	5,000.00	5,000.00	8,738.49	3,738.49
Telephone Tax (Outside)	0.00	0.00	290.21	290.21
Mobile Home Tax	4,100.00	4,100.00	4,602.03	502.03
Licenses and Permits	13,400.00	13,400.00	16,114.50	2,714.50
Intergovernmental Revenue:				
Federal Grants	27,000.00	27,000.00	55,755.80	28,755.80
Federal Shared Revenue	0.00	0.00	44.93	44.93
State Grants	5,000.00	5,000.00	14,617.73	9,617.73
State Shared Revenue:				
Bank Franchise	10,000.00	10,000.00	12,908.10	2,908.10
Court Appointed Attorney/Public Defender	4,000.00	4,000.00	4,322.24	322.24
Abused and Neglected Child Defense	600.00	600.00	453.30	(146.70)
Telecommunications Gross Receipts Tax	80,000.00	80,000.00	66,327.33	(13,672.67)
Motor Vehicle 1/4%	2,000.00	2,000.00	2,587.75	587.75
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	19,550.00	19,550.00	29,691.45	10,141.45
Register of Deeds' Fees	75,800.00	75,800.00	120,588.30	44,788.30
Legal Services	18,000.00	18,000.00	12,706.19	(5,293.81)
Clerk of Courts Fees	15,200.00	15,200.00	21,121.02	5,921.02
Other Fees	0.00	0.00	3,700.00	3,700.00
Public Safety:				
Law Enforcement	39,300.00	39,300.00	48,811.11	9,511.11
Prisoner Care	32,500.00	32,500.00	48,560.00	16,060.00
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	13,500.00	13,500.00	8,795.84	(4,704.16)
Veterans Service Officer	3,750.00	3,750.00	0.00	(3,750.00)
Health Assistance:				
Women Infants and Children	9,400.00	9,400.00	11,889.58	2,489.58
Mental Health Services	7,000.00	7,000.00	0.00	(7,000.00)
Urban and Economic Development	0.00	0.00	1,225.00	1,225.00
Conservation of Natural Resources	0.00	0.00	31,794.96	31,794.96
Fines and Forfeits:				
Fines	0.00	0.00	2,829.45	2,829.45
Costs	11,000.00	11,000.00	15,814.57	4,814.57
Miscellaneous Revenue:				
Investment Earnings	22,000.00	22,000.00	13,435.14	(8,564.86)
Other	2,000.00	2,000.00	1,969.22	(30.78)
Total Revenues	4,387,111.00	4,387,111.00	4,466,068.14	78,957.14
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	140,729.00	140,729.00	134,245.05	6,483.95
Contingency	120,000.00	120,000.00		
Amount Transferred		(71,902.45)		48,097.55
Elections	35,500.00	35,500.00	31,672.35	3,827.65
Judicial System	71,800.00	71,800.00	71,749.10	50.90
Financial Administration:				
Auditor	159,844.00	162,544.00	162,486.23	57.77
Treasurer	192,461.00	200,361.00	200,274.24	86.76
Legal Services:				
State's Attorney	201,810.00	201,810.00	200,897.37	912.63
Public Defender	48,620.00	48,620.00	47,542.19	1,077.81
Court Appointed Attorney	25,000.00	25,000.00	21,104.85	3,895.15
Abused and Neglected Child Defense	6,000.00	6,000.00	2,671.30	3,328.70
Other Administration:				
General Government Building	136,833.00	136,833.00	127,550.42	9,282.58
Director of Equalization	186,586.00	186,586.00	165,515.66	21,070.34
Register of Deeds	116,239.00	120,239.00	120,160.68	78.32
Veterans Service Officer	21,801.00	23,801.00	23,632.62	168.38
Predatory Animal	2,000.00	2,000.00	1,946.76	53.24

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Public Safety:				
Law Enforcement:				
Sheriff	571,400.00	571,400.00	570,596.03	803.97
County Jail	278,000.00	301,500.00	301,122.53	377.47
Coroner	6,825.00	13,225.00	13,206.30	18.70
Protective and Emergency Services:				
Emergency and Disaster Services	4,970.00	4,970.00	4,953.67	16.33
Public Works:				
Sanitation:				
Solid Waste	9,100.00	9,100.00	6,973.01	2,126.99
Health and Welfare:				
Economic Assistance:				
Support of Poor	38,000.00	38,000.00	19,214.64	18,785.36
Public Welfare	1,950.00	1,950.00	1,950.00	0.00
Other	20,000.00	20,000.00	7,681.00	12,319.00
Health Assistance:				
County Nurse	42,092.00	42,092.00	40,445.33	1,646.67
Ambulance	15,000.00	15,000.00	0.00	15,000.00
Women Infants and Children	10,300.00	10,300.00	9,775.96	524.04
Mental Health Services:				
Mentally Ill	90,000.00	90,000.00	86,704.05	3,295.95
Drug Abuse	3,090.00	3,090.00	3,090.00	0.00
Mental Health Centers	14,111.00	14,111.00	14,111.00	0.00
Culture and Recreation:				
Culture:				
Public Library	5,000.00	5,000.00	5,000.00	0.00
Historical Museum	6,550.00	6,550.00	6,550.00	0.00
Historical Sites	25,000.00	25,000.00	22,205.94	2,794.06
Recreation:				
County Fair	13,000.00	13,000.00	13,000.00	0.00
Senior Center	13,900.00	14,252.45	14,252.45	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	60,619.00	63,619.00	61,193.09	2,425.91
Soil Conservation Districts	25,000.00	29,000.00	29,000.00	0.00
Weed and Pest Control	111,300.00	111,300.00	94,939.66	16,360.34
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	59,979.00	59,979.00	36,111.41	23,867.59
Urban and Rural Development	11,800.00	11,800.00	10,808.00	992.00
Economic Development:				
Tourism, Industrial or Recreational Development	10,500.00	10,500.00	10,475.00	25.00
Total Expenditures	2,912,709.00	2,894,659.00	2,694,807.89	199,851.11
Excess of Revenues Over (Under) Expenditures	1,474,402.00	1,492,452.00	1,771,260.25	278,808.25
Other Financing Sources (Uses):				
Transfers Out	(1,706,353.00)	(1,706,353.00)	(1,645,000.00)	61,353.00
Insurance Proceeds	0.00	0.00	1,396.00	1,396.00
Sale of County Property	0.00	0.00	468.00	468.00
Total Other Financing Sources (Uses)	(1,706,353.00)	(1,706,353.00)	(1,643,136.00)	63,217.00
Net Change in Fund Balance	(231,951.00)	(213,901.00)	128,124.25	342,025.25
Fund Balance - Beginning	1,964,997.60	1,964,997.60	1,964,997.60	0.00
FUND BALANCE - ENDING	$ 1,733,046.60	$ 1,751,096.60	$ 2,093,121.85	$ 342,025.25

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Intergovernmental Revenue:				
Federal Grants	$ 10,000.00	$ 10,000.00	$ 49,281.05	$ 39,281.05
State Shared Revenue:				
Motor Vehicle Licenses	757,000.00	757,000.00	815,504.17	58,504.17
Prorate/Port of Entry Fees	34,000.00	34,000.00	50,065.04	16,065.04
63 3/4% Mobile Home	4,000.00	4,000.00	5,129.55	1,129.55
Motor Fuel Tax	0.00	0.00	5,397.33	5,397.33
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	20,000.00	20,000.00	41,927.25	21,927.25
Miscellaneous Revenue:				
Investment Earnings	8,000.00	8,000.00	4,547.36	(3,452.64)
Other	0.00	0.00	9,035.84	9,035.84
Total Revenues	833,000.00	833,000.00	980,887.59	147,887.59
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	2,147,099.08	2,334,199.08	2,291,474.46	42,724.62
Debt Service	517,429.92	517,429.92	517,429.92	0.00
Total Expenditures	2,664,529.00	2,851,629.00	2,808,904.38	42,724.62
Excess of Revenues Over (Under) Expenditures	(1,831,529.00)	(2,018,629.00)	(1,828,016.79)	190,612.21
Other Financing Sources (Uses):				
Transfers In	1,500,000.00	1,500,000.00	1,500,000.00	0.00
Insurance Proceeds	16,529.00	16,529.00	1,187.60	(15,341.40)
Sale of County Property	15,000.00	202,100.00	196,690.96	(5,409.04)
Total Other Financing Sources (Uses)	1,531,529.00	1,718,629.00	1,697,878.56	(20,750.44)
Net Change in Fund Balance	(300,000.00)	(300,000.00)	(130,138.23)	169,861.77
Fund Balance - Beginning	718,747.05	718,747.05	718,747.05	0.00
FUND BALANCE - ENDING	$ 418,747.05	$ 418,747.05	$ 588,608.82	$ 169,861.77

CLAY 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.

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

Indebtedness	Long-Term Debt January 1, 2012	Add New Debt	Less Debt Retired	Long-Term Debt December 31, 2013
Governmental Long-Term Debt:				
Financing (Capital Acquisition) Lease Payable	$ 30,645.97	$ 798,057.00	$ 586,893.23	$ 241,809.74

Note 1 - Long Term Debt:

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

Financing (Capital Acquisition) Leases:

Capital Acquisition Lease of three motor graders. Maturity Date - December 2016. Interest rate of 2.950%. Payments are being made from the Road and Bridge Fund.	$ 241,809.74