

CODINGTON COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2014

CODINGTON COUNTY
COUNTY OFFICIALS
December 31, 2014

Board of Commissioners:

Elmer Brinkman
Brenda Hanten
George Heller
Myron Johnson
Tyler McElhany

Auditor:

Cindy Brugman

Treasurer:

Carol Maloney

State's Attorney:

Dawn Elshere

Register of Deeds:

Ann Rasmussen

Sheriff:

Toby Wishard

CODINGTON COUNTY
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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

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

County Commission
Codington County
Watertown, 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 Codington County, South Dakota (County), as of December 31, 2014, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 28, 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,

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

September 28, 2015



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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
Codington County
Watertown, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Codington 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, 2014. 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, Codington 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, 2014.

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

September 28, 2015

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

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Findings:

The prior audit report contained no written audit findings.

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 award tested as a major program was:
 - Highway Planning and Construction Cluster
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- h. Codington 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
Codington County
Watertown, 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 Codington County, South Dakota (County), as of December 31, 2014, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of accounting of the governmental activities, each major fund, and the aggregate remaining fund information of Codrington County as of December 31, 2014, and the respective changes in financial position 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.

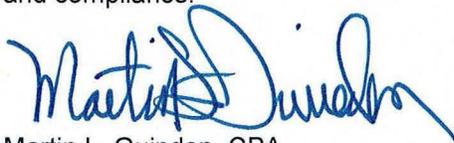
Other Matters

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 September 28, 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, 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

September 28, 2015

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

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 13,772,956.39
Investments	600,000.00
TOTAL ASSETS	\$ 14,372,956.39
NET POSITION:	
Restricted For: (See Note 4)	
Road and Bridge Purposes	\$ 485,993.11
Other Purposes	177,186.97
Unrestricted	13,709,776.31
TOTAL NET POSITION	\$ 14,372,956.39

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

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 3,275,458.74	\$ 664,072.42	\$ 22,689.49	\$ (2,588,696.83)
Public Safety	3,097,031.12	500,435.61	366,486.93	(2,230,108.58)
Public Works	3,715,786.87	121,086.58	2,416,131.28	(1,178,569.01)
Health and Welfare	394,173.57	70,463.40		(323,710.17)
Culture and Recreation	463,945.03	109,428.76	921.00	(353,595.27)
Conservation of Natural Resources	328,720.10	126,530.97	6,300.00	(195,889.13)
Urban and Economic Development	105,395.16	28,312.62	12,335.00	(64,747.54)
Intergovernmental	29,912.57			(29,912.57)
*Interest on Long-Term Debt	23,087.70			(23,087.70)
Total Primary Government	\$ 11,433,510.86	\$ 1,620,330.36	\$ 2,824,863.70	(6,988,316.80)
General Revenues:				
Taxes:				
				7,203,215.93
				299,125.64
				264,957.23
				17,300.00
				62,528.78
				449,646.73
				<u>8,296,774.31</u>
				1,308,457.51
				<u>13,064,498.88</u>
				<u>\$ 14,372,956.39</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.

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 3,335,346.53	\$ 626,831.67	\$ 107,673.28	\$ (2,600,841.58)
Public Safety	3,140,271.54	532,152.55	530,822.13	(2,077,296.86)
Public Works	2,126,727.60	118,802.23	1,991,897.14	(16,028.23)
Health and Welfare	338,891.03	67,881.28	669.65	(270,340.10)
Culture and Recreation	407,066.66	65,708.36	11,170.07	(330,188.23)
Conservation of Natural Resources	326,401.40	141,587.32	5,200.00	(179,614.08)
Urban and Economic Development	88,982.58	33,685.90		(55,296.68)
Intergovernmental	30,085.20			(30,085.20)
*Interest on Long-Term Debt	26,202.81			(26,202.81)
Total Primary Government	\$ 9,819,975.35	\$ 1,586,649.31	\$ 2,647,432.27	(5,585,893.77)
General Revenues:				
Taxes:				
				6,975,970.32
				300,852.15
				269,990.60
				14,740.00
				59,553.23
				44,779.16
				<u>7,665,885.46</u>
				2,079,991.69
				<u>10,984,507.19</u>
				<u>\$ 13,064,498.88</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.

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 9,331,829.45	\$ 4,192,786.11	\$ 248,340.83	\$ 13,772,956.39
Investments	600,000.00			600,000.00
TOTAL ASSETS	<u>\$ 9,931,829.45</u>	<u>\$ 4,192,786.11</u>	<u>\$ 248,340.83</u>	<u>\$ 14,372,956.39</u>
FUND BALANCES: (See Note 1.j.)				
Restricted	\$	\$ 485,993.11	\$ 177,186.97	\$ 663,180.08
Assigned	6,610,392.48	3,706,793.00	71,153.86	10,388,339.34
Unassigned	3,321,436.97			3,321,436.97
TOTAL FUND BALANCES	<u>\$ 9,931,829.45</u>	<u>\$ 4,192,786.11</u>	<u>\$ 248,340.83</u>	<u>\$ 14,372,956.39</u>

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

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 7,157,859.42	\$	\$	\$ 7,157,859.42
General Property Taxes--Delinquent	28,234.04		3.59	28,237.63
Penalties and Interest	14,532.03		2.22	14,534.25
Telephone Tax (Outside)	276.29			276.29
Mobile Home Tax	1,996.27			1,996.27
Wheel Tax		299,125.64		299,125.64
Tax Deed Revenue	312.07			312.07
Licenses and Permits	37,402.62		6,780.00	44,182.62
Intergovernmental Revenue:				
Federal Grants	21,197.23	464,931.90	68,174.68	554,303.81
Federal Shared Revenue	17,300.00			17,300.00
State Grants	6,300.00			6,300.00
State Shared Revenue:				
Bank Franchise	106,862.47	3,555.05		110,417.52
Motor Vehicle Licenses		1,831,486.83		1,831,486.83
Court Appointed Attorney/Public Defender	15,722.19			15,722.19
Prorate License Fees		99,887.37		99,887.37
63 3/4% Mobile Home		9,009.31		9,009.31
Telecommunications Gross Receipts Tax	147,601.46			147,601.46
Motor Vehicle 1/4%	6,967.30			6,967.30
Motor Fuel Tax		10,815.87		10,815.87
911 Remittances			282,793.68	282,793.68
Other Payments in Lieu of Taxes	6,938.25			6,938.25
Other Intergovernmental Revenue	1,856.51			1,856.51
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	40,623.32			40,623.32
Register of Deeds' Fees	315,103.00		19,697.86	334,800.86
Legal Services	177,640.35		4,317.33	181,957.68
Clerk of Court Fees	54,864.24			54,864.24
Other Fees	17,381.67		24.00	17,405.67
Public Safety:				
Law Enforcement	75,922.63			75,922.63

Prisoner Care	288,027.57			288,027.57
Sobriety Testing			43,261.00	43,261.00
Other			25,382.04	25,382.04
Public Works:				
Road Maintenance Contract Charges		23,078.01		23,078.01
Other		98,008.57		98,008.57
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	30,912.20			30,912.20
Veterans Service Officer	4,375.00			4,375.00
Health Assistance:				
Women, Infants and Children	584.06		32,187.14	32,771.20
Culture and Recreation	109,428.76			109,428.76
Conservation of Natural Resources	61,708.37			61,708.37
Other Charges	22.60			22.60
Fines and Forfeits:				
Fines	1,586.69			1,586.69
Costs	39,850.95			39,850.95
Forfeits	8,220.00			8,220.00
Other	12,553.01			12,553.01
Miscellaneous Revenue:				
Investment Earnings	43,048.22	18,136.27	1,344.29	62,528.78
Rent	91,387.37			91,387.37
Contributions and Donations	1,470.10		7,577.34	9,047.44
Refund of Prior Year's Expenditures	6,537.41			6,537.41
Other	960.56	21.47	150.00	1,132.03
Total Revenues	<u>8,953,566.23</u>	<u>2,858,056.29</u>	<u>491,695.17</u>	<u>12,303,317.69</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners

265,920.58

265,920.58

Elections

63,868.68

63,868.68

Judicial System

33,666.29

33,666.29

Financial Administration:

Auditor

246,724.06

246,724.06

Treasurer

347,319.11

347,319.11

Other (Credit Bureau Payments)

16,330.21

16,330.21

Legal Services:

State's Attorney and Legal Catastrophic

546,360.95

69,339.30

615,700.25

Public Defender

190,047.26

190,047.26

Court Appointed Attorney

64,431.17

64,431.17

Other Administration:

General Government Building

385,932.96

385,932.96

Director of Equalization

583,388.96

583,388.96

Register of Deeds

238,170.75

2,624.98

240,795.73

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Veterans Service Officer	112,973.48			112,973.48
Predatory Animal	7,309.90			7,309.90
Other (Watertown Transit)	32,000.00			32,000.00
Public Safety:				
Law Enforcement:				
Sheriff	1,139,166.07			1,139,166.07
County Jail	1,402,276.40		48,404.90	1,450,681.30
Coroner	10,919.51			10,919.51
Juvenile Detention	2,383.84			2,383.84
Other Law Enforcement	1,750.00			1,750.00
Protective and Emergency Services:				
Emergency and Disaster Services			187,585.03	187,585.03
Communication Center			272,308.59	272,308.59
Other Protective and Emergency			32,236.78	32,236.78
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		3,715,786.87		3,715,786.87
Health and Welfare:				
Economic Assistance:				
Support of Poor	96,755.90			96,755.90
Public Welfare	1,496.61			1,496.61
Health Assistance:				
County Nurse	62,943.80			62,943.80
Women, Infants and Children			48,629.84	48,629.84
Other (West Nile Prevention)	667.01			667.01
Social Services:				
Care of Aged	13,959.96			13,959.96
Domestic Abuse	20,000.00		11,252.00	31,252.00
Other	2,500.00			2,500.00
Mental Health Services:				
Mentally Ill	32,761.57			32,761.57
Developmentally Disabled	5,040.00			5,040.00
Mental Health Centers	68,034.00			68,034.00
Mental Illness Board	30,132.88			30,132.88

Culture and Recreation:				
Culture:				
Historical Museum	6,416.37			6,416.37
Memorial Day Expense	150.00			150.00
Recreation:				
Recreational Programs	12,000.00			12,000.00
Parks	158,267.78			158,267.78
Exhibition Building	277,110.88			277,110.88
Other	10,000.00			10,000.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	138,171.79			138,171.79
Weed and Pest Control	170,040.49			170,040.49
Other (Waterfowl Production)	12,267.82			12,267.82
Water Conservation:				
Water Conservation Districts	8,240.00			8,240.00
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	79,645.16			79,645.16
Economic Development:				
Tourism, Industrial or Recreational Development	750.00			750.00
Other	25,000.00			25,000.00
Intergovernmental Expenditures		29,912.57		29,912.57
Debt Service	92,137.80			92,137.80
Total Expenditures	<u>7,015,430.00</u>	<u>3,745,699.44</u>	<u>672,381.42</u>	<u>11,433,510.86</u>
Excess of Revenues Over (Under) Expenditures	<u>1,938,136.23</u>	<u>(887,643.15)</u>	<u>(180,686.25)</u>	<u>869,806.83</u>
Other Financing Sources (Uses):				
Transfers In	19,377.58	862,782.00	182,280.00	1,064,439.58
Transfers Out	(1,045,062.00)	(18,136.27)	(1,241.31)	(1,064,439.58)
Sale of County Property	9,749.75	428,900.93		438,650.68
Total Other Financing Sources (Uses)	<u>(1,015,934.67)</u>	<u>1,273,546.66</u>	<u>181,038.69</u>	<u>438,650.68</u>
Net Change in Fund Balance	922,201.56	385,903.51	352.44	1,308,457.51
Fund Balance - Beginning	<u>9,009,627.89</u>	<u>3,806,882.60</u>	<u>247,988.39</u>	<u>13,064,498.88</u>
FUND BALANCE - ENDING	<u>\$ 9,931,829.45</u>	<u>\$ 4,192,786.11</u>	<u>\$ 248,340.83</u>	<u>\$ 14,372,956.39</u>

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

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 6,901,228.60	\$	\$	\$ 6,901,228.60
General Property Taxes--Delinquent	52,360.96		86.49	52,447.45
Penalties and Interest	19,848.88		40.42	19,889.30
Telephone Tax (Outside)	214.29			214.29
Mobile Home Tax	2,189.33		1.35	2,190.68
Wheel Tax		300,852.15		300,852.15
Licenses and Permits	84,815.90		7,110.00	91,925.90
Intergovernmental Revenue:				
Federal Grants	178,838.46	43,239.47	155,874.43	377,952.36
Federal Shared Revenue	14,740.00			14,740.00
State Grants	5,200.00	195,896.93		201,096.93
State Shared Revenue:				
Bank Franchise	94,236.19	3,135.01		97,371.20
Motor Vehicle Licenses		1,636,533.75		1,636,533.75
Court Appointed Attorney/Public Defender	15,777.79			15,777.79
Prorate License Fees		93,218.39		93,218.39
Abused and Neglected Child Defense	275.32			275.32
63 3/4% Mobile Home		12,101.71		12,101.71
Telecommunications Gross Receipts Tax	169,800.75			169,800.75
Motor Vehicle 1/4%	6,417.32			6,417.32
Motor Fuel Tax		10,906.89		10,906.89
911 Remittances			292,482.16	292,482.16
Other Payments in Lieu of Taxes	2,818.65			2,818.65
Other Intergovernmental Revenue	669.65			669.65
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	42,151.00			42,151.00
Register of Deeds' Fees	324,705.50		23,037.42	347,742.92
Legal Services	139,607.92		4,307.00	143,914.92
Clerk of Court Fees	36,114.68			36,114.68
Other Fees	8,273.21	0.94	45.00	8,319.15
Public Safety:				
Law Enforcement	88,586.75			88,586.75

Prisoner Care	277,251.95			277,251.95
Sobriety Testing			52,356.00	52,356.00
Other	85.00		23,533.67	23,618.67
Public Works:				
Road Maintenance Contract Charges		45,883.91		45,883.91
Other		72,918.32		72,918.32
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	33,086.88			33,086.88
Health Assistance:				
Women, Infants and Children	715.89		26,791.58	27,507.47
Culture and Recreation	65,708.36			65,708.36
Conservation of Natural Resources	63,832.32			63,832.32
Other Charges	176.93			176.93
Fines and Forfeits:				
Fines	389.00			389.00
Costs	28,792.26			28,792.26
Forfeits	13,050.00			13,050.00
Other	41,929.00			41,929.00
Miscellaneous Revenue:				
Investment Earnings	40,125.54	17,277.76	2,149.93	59,553.23
Rent	81,392.92			81,392.92
Contributions and Donations			12,931.82	12,931.82
Refund of Prior Year's Expenditures	10,253.99			10,253.99
Other	45.00			45.00
Total Revenues	<u>8,845,706.19</u>	<u>2,431,965.23</u>	<u>600,747.27</u>	<u>11,878,418.69</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners	361,959.96			361,959.96
Elections	6,003.07			6,003.07
Judicial System	40,529.40			40,529.40

Financial Administration:

Auditor	235,351.76			235,351.76
Treasurer	323,416.67			323,416.67
Other (Credit Bureau Payments)	16,973.18			16,973.18

Legal Services:

State's Attorney and Legal Catastrophic	491,225.41		64,295.76	555,521.17
Public Defender	191,138.61			191,138.61
Court Appointed Attorney	141,581.81			141,581.81
Abused and Neglected Child Defense	1,755.60			1,755.60

Other Administration:

General Government Building	355,197.45		160,821.00	516,018.45
Director of Equalization	520,229.85			520,229.85
Register of Deeds	227,822.69		390.00	228,212.69

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Veterans Service Officer	108,409.42			108,409.42
Predatory Animal	7,309.90			7,309.90
Other (Watertown Transit)	15,000.00			15,000.00
Public Safety:				
Law Enforcement:				
Sheriff	1,136,262.80			1,136,262.80
County Jail	1,369,793.55		51,026.23	1,420,819.78
Coroner	8,746.03			8,746.03
Juvenile Detention	4,401.10			4,401.10
Other Law Enforcement	2,425.00			2,425.00
Protective and Emergency Services:				
Emergency and Disaster Services			257,009.83	257,009.83
Communication Center			278,270.94	278,270.94
Other Protective and Emergency			32,336.06	32,336.06
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		2,126,727.60		2,126,727.60
Health and Welfare:				
Economic Assistance:				
Support of Poor	75,260.55			75,260.55
Public Welfare	1,492.24			1,492.24
Health Assistance:				
County Nurse	59,308.35			59,308.35
Women, Infants and Children			45,135.63	45,135.63
Other (West Nile Prevention)	83.47			83.47
Social Services:				
Care of Aged	13,342.00			13,342.00
Domestic Abuse	6,000.00		11,360.00	17,360.00
Other	2,500.00			2,500.00
Mental Health Services:				
Mentally Ill	29,739.35			29,739.35
Developmentally Disabled	4,980.00			4,980.00
Mental Health Centers	66,700.00			66,700.00
Mental Illness Board	22,989.44			22,989.44

Culture and Recreation:				
Culture:				
Historical Museum	10,186.30			10,186.30
Recreation:				
Recreational Programs	12,000.00			12,000.00
Parks	156,298.68			156,298.68
Exhibition Building	218,581.68			218,581.68
Other	10,000.00			10,000.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	129,983.33			129,983.33
Weed and Pest Control	178,045.76			178,045.76
Other (Waterfowl Production)	10,382.31			10,382.31
Water Conservation:				
Water Conservation Districts	7,990.00			7,990.00
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	63,232.58			63,232.58
Economic Development:				
Tourism, Industrial or Recreational Development	750.00			750.00
Other	25,000.00			25,000.00
Intergovernmental Expenditures		30,085.20		30,085.20
Debt Service	92,137.80			92,137.80
Total Expenditures	<u>6,762,517.10</u>	<u>2,156,812.80</u>	<u>900,645.45</u>	<u>9,819,975.35</u>
Excess of Revenues Over (Under) Expenditures	<u>2,083,189.09</u>	<u>275,152.43</u>	<u>(299,898.18)</u>	<u>2,058,443.34</u>
Other Financing Sources (Uses):				
Transfers In	19,373.67	758,800.00	195,433.00	973,606.67
Transfers Out	(954,233.00)	(17,277.76)	(2,095.91)	(973,606.67)
Insurance Proceeds	25.63			25.63
Sale of County Property	6,490.21	13,260.04	1,772.47	21,522.72
Total Other Financing Sources (Uses)	<u>(928,343.49)</u>	<u>754,782.28</u>	<u>195,109.56</u>	<u>21,548.35</u>
Net Change in Fund Balance	1,154,845.60	1,029,934.71	(104,788.62)	2,079,991.69
Fund Balance - Beginning	<u>7,854,782.29</u>	<u>2,776,947.89</u>	<u>352,777.01</u>	<u>10,984,507.19</u>
FUND BALANCE - ENDING	<u>\$ 9,009,627.89</u>	<u>\$ 3,806,882.60</u>	<u>\$ 247,988.39</u>	<u>\$ 13,064,498.88</u>

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

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

	<u>Agency Funds</u>
ASSETS:	
Cash and Cash Equivalents	<u>\$ 891,045.41</u>
TOTAL ASSETS	<u><u>\$ 891,045.41</u></u>
NET POSITION:	
Net Position Held in Agency Capacity	<u>\$ 891,045.41</u>
TOTAL NET POSITION	<u><u>\$ 891,045.41</u></u>

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

CODINGTON 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 Codington 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 under the authority of South Dakota Codified Law 11-7-7. The County created this HRC solely for the purpose of abdicating its power or authority over the housing projects within Codington County to The Housing and Redevelopment Commission of the City of Watertown organized by the City of Watertown. The County Commission, though, retains the statutory authority for the County Commissioner's Chairperson with the approval of the Board of County Commissioners appointment of the five members of this HRC for five-year, staggered terms. The HRC elects its own chairperson and recruits and employs its own management personnel and other workers. The County Commission also retains the statutory authority to approve or deny or otherwise modify the HRC'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 HRC. Because Codington County abdicated their power and authority over this HRC to The Housing and Redevelopment Commission of the City of Watertown organized by the City of Watertown, this component unit's financial activity was not included on Codington County's annual report. The financial activity of this component unit would be included as a component unit on the City of Watertown annual report.

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

The County and the City of Watertown jointly govern the Watertown-Codington Regional Railroad Authority. See detailed note entitled "Jointly Governed Organization" for specific disclosure.

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, Victim of Crime, Domestic Abuse, Women, Infants and Children, Courthouse Building, 24/7 Sobriety, Search and Rescue, and Modernization and Preservation Relief. These funds are reported on the fund financial statements as "Other Governmental Funds."

Fiduciary Funds:

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

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

c. Measurement Focus and Basis of Accounting:

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

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

Measurement Focus:

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

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

Basis of Accounting:

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

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

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

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

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

d. Deposits and Investments:

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

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

e. Capital Assets:

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

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

f. Long-Term Liabilities:

Long-term liabilities consist of Financing (Capital Acquisition) Leases.

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using a modified cash basis of accounting. The County has not elected to modify their cash basis presentation by recording long-term debt 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.

g. Program Revenues:

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

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

h. Equity Classifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

i. Application of Net Position:

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

j. Fund Balance Classification Policies and Procedures:

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the County classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the County Commissioners
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The County uses *restricted/committed* amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use *committed, then assigned, and lastly unassigned amounts* of unrestricted fund balance when expenditures are made.

The Government *does not* have a formal minimum fund balance policy.

The purpose of each major special revenue fund and revenue source is listed below:

Major Special Revenue Fund

Road and Bridge Fund

Revenue Source

Motor Vehicle Licenses/Taxes

A schedule of fund balances is provided as follows:

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Restricted For:				
Road and Bridge Purposes	\$	\$ 475,581.26	\$	\$ 475,581.26
Snow Removal Purposes		8,078.62		8,078.62
Highway and Bridge Reserve Purposes		2,333.23		2,333.23
Courthouse Building Purposes			31,382.80	31,382.80
911 Service Purposes			29,720.33	29,720.33
Domestic Abuse Purposes			1,960.33	1,960.33
24/7 Sobriety Purposes			32,055.80	32,055.80
Modernization and Preservation Relief Purposes			49,129.30	49,129.30
Search and Rescue Purposes			32,938.41	32,938.41
Assigned To:				
Applied to Next Year's Budget	1,031,000.00			1,031,000.00
Capital Outlay Accumulations	5,579,392.48			5,579,392.48
Road and Bridge Purposes		3,706,793.00		3,706,793.00
Emergency Management Purposes			46,303.88	46,303.88
Victims of Crime Purposes			19,099.13	19,099.13
Women, Infants and Children Purposes			5,750.85	5,750.85
Unassigned	3,321,436.97			3,321,436.97
Total Fund Balances	<u>\$ 9,931,829.45</u>	<u>\$ 4,192,786.11</u>	<u>\$ 248,340.83</u>	<u>\$ 14,372,956.39</u>

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

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

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

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

Credit Risk – State law limits eligible investments for the County, as discussed above. The County has an investment policy that would further limit its investment choices.

As of December 31, 2014, the County had the following investments:

<u>Investment</u>	<u>Credit Rating</u>	<u>Fair Value</u>
External Investment Pools:		
SDFIT	Unrated	\$ 6,971.76

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing. It is regulated by a nine member board with representation from municipalities, school districts and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

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’s formal investment policy limits investment maturities to 18 months as allowed by SDCL 4-5-6.1. Plus 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, 2014 was as follows:

Major Purposes:

Road and Bridge Purposes	<u>\$ 485,993.11</u>
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Other Purposes:

911 Service Purposes	29,720.33
Domestic Abuse Purposes	1,960.33
Courthouse Building Purposes	31,382.80
24/7 Sobriety Purposes	32,055.80
Modernization and Preservation Relief Purposes	49,129.30
Search and Rescue Purposes	<u>32,938.41</u>

Total Other Purposes	<u>177,186.97</u>
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Total Restricted Net Position	<u><u>\$ 663,180.08</u></u>
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These balances are restricted due to federal grant and statutory requirements.

5. INTERFUND TRANSFERS

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

<u>Transfers From:</u>	<u>Transfers To:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	
Major Funds:				
General Fund	\$	\$ 862,782.00	\$ 182,280.00	\$ 1,045,062.00
Road and Bridge Fund	18,136.27			18,136.27
Other Governmental Funds	1,241.31			1,241.31
Total	\$ 19,377.58	\$ 862,782.00	\$ 182,280.00	\$ 1,064,439.58

Interfund transfers for the year ended December 31, 2013 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	\$	\$ 758,800.00	\$ 195,433.00	\$ 954,233.00
Road and Bridge Fund	17,277.76			17,277.76
Other Governmental Funds	2,095.91			2,095.91
Total	\$ 19,373.67	\$ 758,800.00	\$ 195,433.00	\$ 973,606.67

The County typically budgets transfers to the Road and Bridge Fund and the Other Governmental Funds; Emergency Management Fund, Victims of Crime Fund, and Women, Infants and Children 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 by these funds.

6. 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, 2014, 2013, and 2012 were \$253,169.65, \$236,576.43, and \$215,674.22, respectively, equal to the required contributions each year.

7. JOINTLY GOVERNED ORGANIZATIONS

The County, in conjunction with the City of Watertown, (members) created the Watertown-Codington County Regional Railroad Authority (Authority). The Authority was created to maintain and improve the railroad to and in their respective jurisdictions. The Authority was created as allowed by SDCL 49-17A and was incorporated on June 17, 2002. The Authority board is comprised of five commissioners, two commissioners appointed by each of the members and one commissioner appointed by the joint agreement of the members. The political subdivisions which are members of the Authority and their commissioners, officers and agents shall not be liable for any obligations of the Authority. The Authority shall not certify to any of the governing bodies of the members any tax levy as allowed by SDCL 49-17A-21 without first having received the approval for such certification from the governing body to which the certification shall be made. The Authority shall not issue bonds or notes as allowed by SDCL 49-17A-27 for which it or any other entity shall become liable without the approval of the governing boards of a majority of the Members.

8. JOINT VENTURES

The County participates in a joint venture, known as the Hamlin-Codington Regional Library, formed for the purpose of providing library and bookmobile services to Hamlin and Codington counties.

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

Hamlin County	50%
Codington County	50%

The joint venture's governing board is composed of six representatives, three representatives from each county approved by both county commission boards. The board is responsible for adopting the budget and setting service fees at a level adequate to fund the adopted budget.

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

Separate financial statements for this joint venture are available from the Hamlin-Codington Regional Library.

At December 31, 2014, this joint venture had total cash net assets of \$24,911.55 and no long-term debt.

9. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2014, the County was involved in several lawsuits. No determination can be made at this time regarding the potential outcome of these lawsuits. However, as discussed in the Risk Management note, the County has liability coverage for itself and its employees with South Dakota Public Assurance Alliance. Therefore, no material effects are anticipated to the County as a result of the potential outcome of these lawsuits.

10. RISK MANAGEMENT

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

Employee Health Insurance:

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

Liability Insurance:

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

- a. general liability;
- b. automobile liability;
- c. officials liability; and
- d. law enforcement liability

The agreement with the SDPAA provides that the above coverages will be provided to a \$2,000,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$250,000 for property coverage and \$500,000 for liability coverage to the upper limit. A portion of the member premiums are also allocated to a cumulative reserve fund. The County would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

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

As of December 31, 2014, the County has vested balance in the cumulative reserve fund of \$151,852.21.

The County carries a \$ 2,500 deductible for the official's liability coverage, \$3,000 deductible for the law enforcement liability coverage, \$500 deductible for special perils, \$500 deductible for comprehensive, and \$1,000 deductible for collision for automobile 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 has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

During the year two years ended December 31, 2014 no claims for unemployment benefits were paid. At December 31, 2014 no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 7,196,831.00	\$ 7,196,831.00	\$ 7,157,859.42	\$ (38,971.58)
General Property Taxes--Delinquent	50,000.00	50,000.00	28,234.04	(21,765.96)
Penalties and Interest	16,000.00	16,000.00	14,532.03	(1,467.97)
Telephone Tax (Outside)	100.00	100.00	276.29	176.29
Mobile Home Tax	2,000.00	2,000.00	1,996.27	(3.73)
Tax Deed Revenue	0.00	0.00	312.07	312.07
Licenses and Permits	36,950.00	36,950.00	37,402.62	452.62
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	21,197.23	21,197.23
Federal Shared Revenue	0.00	0.00	17,300.00	17,300.00
State Grants	5,000.00	5,000.00	6,300.00	1,300.00
State Shared Revenue:				
Bank Franchise	50,000.00	50,000.00	106,862.47	56,862.47
Court Appointed Attorney/Public Defender	15,000.00	15,000.00	15,722.19	722.19
Telecommunications Gross Receipts Tax	175,000.00	175,000.00	147,601.46	(27,398.54)
Motor Vehicle 1/4%	4,038.00	4,038.00	6,967.30	2,929.30
Other Payments in Lieu of Taxes	4,700.00	4,700.00	6,938.25	2,238.25
Other Intergovernmental Revenue	500.00	500.00	1,856.51	1,356.51
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	35,640.00	35,640.00	40,623.32	4,983.32
Register of Deeds' Fees	270,000.00	270,000.00	315,103.00	45,103.00
Legal Services	130,000.00	130,000.00	177,640.35	47,640.35
Clerk of Courts Fees	40,000.00	40,000.00	54,864.24	14,864.24
Other Fees	12,000.00	12,000.00	17,381.67	5,381.67
Public Safety:				
Law Enforcement	85,300.00	85,300.00	75,922.63	(9,377.37)
Prisoner Care	295,000.00	295,000.00	288,027.57	(6,972.43)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	60,000.00	60,000.00	30,912.20	(29,087.80)
Veterans Service Officer	4,000.00	4,000.00	4,375.00	375.00
Health Assistance:				
Women, Infants and Children	500.00	500.00	584.06	84.06
Culture and Recreation	59,000.00	59,000.00	109,428.76	50,428.76
Conservation of Natural Resources	60,000.00	60,000.00	61,708.37	1,708.37
Other Charges	0.00	0.00	22.60	22.60
Fines and Forfeits:				
Fines	0.00	0.00	1,586.69	1,586.69
Costs	20,000.00	20,000.00	39,850.95	19,850.95
Forfeits	12,000.00	12,000.00	8,220.00	(3,780.00)
Other	0.00	0.00	12,553.01	12,553.01
Miscellaneous Revenue:				
Investment Earnings	50,000.00	50,000.00	43,048.22	(6,951.78)
Rent	84,800.00	84,800.00	91,387.37	6,587.37
Contributions and Donations	0.00	0.00	1,470.10	1,470.10
Refund of Prior Year's Expenditures	0.00	0.00	6,537.41	6,537.41
Other	0.00	0.00	960.56	960.56
Total Revenues	8,774,359.00	8,774,359.00	8,953,566.23	179,207.23
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	254,873.00	273,208.00	265,920.58	7,287.42
Contingency	184,522.00	184,522.00		
Amount Transferred		(26,060.86)		158,461.14
Elections	81,800.00	81,800.00	63,868.68	17,931.32
Judicial System	70,000.00	70,000.00	33,666.29	36,333.71
Financial Administration:				
Auditor	279,565.00	279,565.00	246,724.06	32,840.94
Treasurer	373,631.00	373,631.00	347,319.11	26,311.89
Other (Credit Bureau Payments)	28,200.00	28,200.00	16,330.21	11,869.79
Legal Services:				
State's Attorney and Legal Catastrophic	567,563.00	567,563.00	546,360.95	21,202.05
Public Defender	204,000.00	204,000.00	190,047.26	13,952.74
Court Appointed Attorney	90,000.00	90,000.00	64,431.17	25,568.83
Abused and Neglected Child Defense	3,000.00	3,000.00	0.00	3,000.00
Other Administration:				
General Government Building	389,970.20	389,970.20	385,932.96	4,037.24
Director of Equalization	614,654.00	614,654.00	583,388.96	31,265.04
Register of Deeds	275,470.00	275,470.00	238,170.75	37,299.25
Veterans Service Officer	113,456.00	113,456.00	112,973.48	482.52
Predatory Animal	7,500.00	7,500.00	7,309.90	190.10
Self-Insurance Plan (Unemployment Insurance)	10,000.00	10,000.00	0.00	10,000.00

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Other (Watertown Transit)	20,000.00	32,000.00	32,000.00	0.00
Public Safety:				
Law Enforcement:				
Sheriff	1,228,936.00	1,235,378.23	1,139,166.07	96,212.16
County Jail	1,510,182.00	1,510,182.00	1,402,276.40	107,905.60
Coroner	17,130.00	17,130.00	10,919.51	6,210.49
Juvenile Detention	10,000.00	10,000.00	2,383.84	7,616.16
Other Law Enforcement	3,700.00	3,700.00	1,750.00	1,950.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	353,170.00	353,170.00	96,755.90	256,414.10
Public Welfare	1,500.00	1,500.00	1,496.61	3.39
Health Assistance:				
County Nurse	67,250.00	67,250.00	62,943.80	4,306.20
Other (West Nile Prevention)	2,388.00	2,388.00	667.01	1,720.99
Social Services:				
Care of Aged	13,960.00	13,960.00	13,959.96	0.04
Domestic Abuse	20,000.00	20,000.00	20,000.00	0.00
Other	2,500.00	2,500.00	2,500.00	0.00
Mental Health Services:				
Mentally Ill	35,000.00	35,000.00	32,761.57	2,238.43
Developmentally Disabled	5,100.00	5,100.00	5,040.00	60.00
Mental Health Centers	68,034.00	68,034.00	68,034.00	0.00
Mental Illness Board	30,000.00	30,132.88	30,132.88	0.00
Culture and Recreation:				
Culture:				
Historical Museum	5,500.00	6,421.00	6,416.37	4.63
Memorial Day Expense	150.00	150.00	150.00	0.00
Recreation:				
Recreational Programs	12,000.00	12,000.00	12,000.00	0.00
Parks	167,476.00	167,476.00	158,267.78	9,208.22
Exhibition Building	280,684.00	280,684.00	277,110.88	3,573.12
Other	10,000.00	10,000.00	10,000.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	159,030.00	159,030.00	138,171.79	20,858.21
Weed and Pest Control	195,600.00	195,600.00	170,040.49	25,559.51
Other (Waterfowl Production)	12,000.00	12,267.82	12,267.82	0.00
Water Conservation:				
Water Conservation Districts	8,300.00	8,300.00	8,240.00	60.00
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	72,985.00	79,645.16	79,645.16	0.00
Economic Development:				
Tourism, Industrial or Recreational Development	750.00	750.00	750.00	0.00
Other	25,000.00	25,000.00	25,000.00	0.00
Debt Service	92,137.80	92,137.80	92,137.80	0.00
Total Expenditures	<u>7,978,667.00</u>	<u>7,997,365.23</u>	<u>7,015,430.00</u>	<u>981,935.23</u>
Excess of Revenues Over (Under) Expenditures	<u>795,692.00</u>	<u>776,993.77</u>	<u>1,938,136.23</u>	<u>1,161,142.46</u>
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	19,377.58	19,377.58
Transfers Out	(1,045,062.00)	(1,045,062.00)	(1,045,062.00)	0.00
Sale of County Property	0.00	0.00	9,749.75	9,749.75
Total Other Financing Sources (Uses)	<u>(1,045,062.00)</u>	<u>(1,045,062.00)</u>	<u>(1,015,934.67)</u>	<u>29,127.33</u>
Net Change in Fund Balance	(249,370.00)	(268,068.23)	922,201.56	1,190,269.79
Fund Balance - Beginning	<u>9,009,627.89</u>	<u>9,009,627.89</u>	<u>9,009,627.89</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 8,760,257.89</u>	<u>\$ 8,741,559.66</u>	<u>\$ 9,931,829.45</u>	<u>\$ 1,190,269.79</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues:				
Taxes:				
Wheel Tax	\$ 300,000.00	\$ 300,000.00	\$ 299,125.64	\$ (874.36)
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	464,931.90	464,931.90
State Shared Revenue:				
Bank Franchise	2,500.00	2,500.00	3,555.05	1,055.05
Motor Vehicle Licenses	1,632,000.00	1,632,000.00	1,831,486.83	199,486.83
Prorate License Fees	90,000.00	90,000.00	99,887.37	9,887.37
63 3/4% Mobile Home	4,000.00	4,000.00	9,009.31	5,009.31
Motor Fuel Tax	14,000.00	14,000.00	10,815.87	(3,184.13)
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	20,000.00	20,000.00	23,078.01	3,078.01
Other	37,000.00	37,000.00	98,008.57	61,008.57
Miscellaneous Revenue:				
Investment Earnings	0.00	0.00	18,136.27	18,136.27
Other	0.00	0.00	21.47	21.47
Total Revenues	<u>2,099,500.00</u>	<u>2,099,500.00</u>	<u>2,858,056.29</u>	<u>758,556.29</u>
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	4,017,082.00	4,119,936.37	3,715,786.87	404,149.50
Intergovernmental Expenditures	30,000.00	32,000.00	29,912.57	2,087.43
Total Expenditures	<u>4,047,082.00</u>	<u>4,151,936.37</u>	<u>3,745,699.44</u>	<u>406,236.93</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,947,582.00)</u>	<u>(2,052,436.37)</u>	<u>(887,643.15)</u>	<u>1,164,793.22</u>
Other Financing Sources (Uses):				
Transfers In	862,782.00	862,782.00	862,782.00	0.00
Transfers Out	0.00	0.00	(18,136.27)	(18,136.27)
Sale of County Property	405,000.00	405,000.00	428,900.93	23,900.93
Total Other Financing Sources (Uses)	<u>1,267,782.00</u>	<u>1,267,782.00</u>	<u>1,273,546.66</u>	<u>5,764.66</u>
Net Change in Fund Balance	(679,800.00)	(784,654.37)	385,903.51	1,170,557.88
Fund Balance - Beginning	3,806,882.60	3,806,882.60	3,806,882.60	0.00
FUND BALANCE - ENDING	<u>\$ 3,127,082.60</u>	<u>\$ 3,022,228.23</u>	<u>\$ 4,192,786.11</u>	<u>\$ 1,170,557.88</u>

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 6,940,070.00	\$ 6,940,070.00	\$ 6,901,228.60	\$ (38,841.40)
General Property Taxes--Delinquent	56,000.00	56,000.00	52,360.96	(3,639.04)
Penalties and Interest	15,000.00	15,000.00	19,848.88	4,848.88
Telephone Tax (Outside)	90.00	90.00	214.29	124.29
Mobile Home Tax	2,000.00	2,000.00	2,189.33	189.33
Licenses and Permits	35,900.00	35,900.00	84,815.90	48,915.90
Intergovernmental Revenue:				
Federal Grants	55,000.00	55,686.30	178,838.46	123,152.16
Federal Shared Revenue	0.00	0.00	14,740.00	14,740.00
State Grants	4,000.00	4,000.00	5,200.00	1,200.00
State Shared Revenue:				
Bank Franchise	40,000.00	40,000.00	94,236.19	54,236.19
Court Appointed Attorney/Public Defender	15,000.00	15,000.00	15,777.79	777.79
Abused and Neglected Child Defense	0.00	0.00	275.32	275.32
Telecommunications Gross Receipts Tax	165,000.00	165,000.00	169,800.75	4,800.75
Motor Vehicle 1/4%	4,038.00	4,038.00	6,417.32	2,379.32
Other Payments in Lieu of Taxes	2,400.00	2,400.00	2,818.65	418.65
Other Intergovernmental Revenue	500.00	500.00	669.65	169.65
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	35,600.00	35,600.00	42,151.00	6,551.00
Register of Deeds' Fees	240,000.00	240,000.00	324,705.50	84,705.50
Legal Services	117,000.00	117,000.00	139,607.92	22,607.92
Clerk of Courts Fees	40,000.00	40,000.00	36,114.68	(3,885.32)
Other Fees	10,000.00	10,000.00	8,273.21	(1,726.79)
Public Safety:				
Law Enforcement	84,500.00	84,500.00	88,586.75	4,086.75
Prisoner Care	225,000.00	225,000.00	277,251.95	52,251.95
Other	0.00	0.00	85.00	85.00
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	60,000.00	60,000.00	33,086.88	(26,913.12)
Health Assistance:				
Women, Infants and Children	800.00	800.00	715.89	(84.11)
Culture and Recreation	63,500.00	63,500.00	65,708.36	2,208.36
Conservation of Natural Resources	60,000.00	60,000.00	63,832.32	3,832.32
Other Charges	200.00	200.00	176.93	(23.07)
Fines and Forfeits:				
Fines	0.00	0.00	389.00	389.00
Costs	0.00	0.00	28,792.26	28,792.26
Forfeits	12,000.00	12,000.00	13,050.00	1,050.00
Other	0.00	0.00	41,929.00	41,929.00
Miscellaneous Revenue:				
Investment Earnings	50,000.00	50,000.00	40,125.54	(9,874.46)
Rent	20,000.00	20,000.00	81,392.92	61,392.92
Refund of Prior Year's Expenditures	0.00	0.00	10,253.99	10,253.99
Other	0.00	0.00	45.00	45.00
Total Revenues	8,353,598.00	8,354,284.30	8,845,706.19	491,421.89
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	284,333.00	362,083.00	361,959.96	123.04
Contingency	259,155.00	259,155.00		
Amount Transferred		(85,100.00)		174,055.00
Elections	20,000.00	20,000.00	6,003.07	13,996.93
Judicial System	63,000.00	63,000.00	40,529.40	22,470.60
Financial Administration:				
Auditor	251,107.00	251,107.00	235,351.76	15,755.24
Treasurer	348,461.00	348,461.00	323,416.67	25,044.33
Other (Credit Bureau Payments)	30,200.00	30,200.00	16,973.18	13,226.82
Legal Services:				
State's Attorney and Legal Catastrophic	525,618.00	525,618.00	491,225.41	34,392.59
Public Defender	194,000.00	194,000.00	191,138.61	2,861.39
Court Appointed Attorney	85,000.00	141,700.00	141,581.81	118.19
Abused and Neglected Child Defense	2,000.00	2,000.00	1,755.60	244.40
Other Administration:				
General Government Building	357,685.20	360,306.14	355,197.45	5,108.69
Director of Equalization	574,335.00	574,335.00	520,229.85	54,105.15
Register of Deeds	261,156.00	261,156.00	227,822.69	33,333.31
Veterans Service Officer	115,944.00	115,944.00	108,409.42	7,534.58
Predatory Animal	7,500.00	7,500.00	7,309.90	190.10
Self-Insurance Plan (Unemployment Insurance)	10,000.00	10,000.00	0.00	10,000.00
Other (Watertown Transit)	15,000.00	15,000.00	15,000.00	0.00

SUPPLEMENTARY INFORMATION
CODINGTON 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	1,127,690.00	1,136,490.00	1,136,262.80	227.20
County Jail	1,437,730.00	1,440,335.36	1,369,793.55	70,541.81
Coroner	17,130.00	17,130.00	8,746.03	8,383.97
Juvenile Detention	10,000.00	10,000.00	4,401.10	5,598.90
Other Law Enforcement	3,600.00	3,600.00	2,425.00	1,175.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	344,352.00	344,352.00	75,260.55	269,091.45
Public Welfare	1,500.00	1,500.00	1,492.24	7.76
Health Assistance:				
County Nurse	64,361.00	64,361.00	59,308.35	5,052.65
Other (West Nile Prevention)	2,388.00	2,388.00	83.47	2,304.53
Social Services:				
Care of Aged	13,342.00	13,342.00	13,342.00	0.00
Domestic Abuse	6,000.00	6,000.00	6,000.00	0.00
Other	2,500.00	2,500.00	2,500.00	0.00
Mental Health Services:				
Mentally Ill	35,000.00	35,000.00	29,739.35	5,260.65
Developmentally Disabled	4,500.00	5,100.00	4,980.00	120.00
Mental Health Centers	66,700.00	66,700.00	66,700.00	0.00
Mental Illness Board	30,000.00	30,000.00	22,989.44	7,010.56
Culture and Recreation:				
Culture:				
Historical Museum	4,500.00	10,186.30	10,186.30	0.00
Memorial Day Expense	150.00	150.00	0.00	150.00
Recreation:				
Recreational Programs	12,000.00	12,000.00	12,000.00	0.00
Parks	155,230.00	165,713.77	156,298.68	9,415.09
Exhibition Building	263,270.00	263,270.00	218,581.68	44,688.32
Other	10,000.00	10,000.00	10,000.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	154,844.00	154,844.00	129,983.33	24,860.67
Weed and Pest Control	184,678.00	184,678.00	178,045.76	6,632.24
Other (Waterfowl Production)	17,000.00	17,000.00	10,382.31	6,617.69
Water Conservation:				
Water Conservation Districts	8,200.00	8,200.00	7,990.00	210.00
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	69,638.00	69,638.00	63,232.58	6,405.42
Economic Development:				
Tourism, Industrial or Recreational Development	750.00	750.00	750.00	0.00
Other	25,000.00	25,000.00	25,000.00	0.00
Debt Service	92,137.80	92,137.80	92,137.80	0.00
Total Expenditures	<u>7,568,685.00</u>	<u>7,648,831.37</u>	<u>6,762,517.10</u>	<u>886,314.27</u>
Excess of Revenues Over (Under) Expenditures	<u>784,913.00</u>	<u>705,452.93</u>	<u>2,083,189.09</u>	<u>1,377,736.16</u>
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	19,373.67	19,373.67
Transfers Out	(954,233.00)	(954,233.00)	(954,233.00)	0.00
Insurance Proceeds	0.00	0.00	25.63	25.63
Sale of County Property	0.00	0.00	6,490.21	6,490.21
Total Other Financing Sources (Uses)	<u>(954,233.00)</u>	<u>(954,233.00)</u>	<u>(928,343.49)</u>	<u>25,889.51</u>
Net Change in Fund Balance	(169,320.00)	(248,780.07)	1,154,845.60	1,403,625.67
Fund Balance - Beginning	<u>7,854,782.29</u>	<u>7,854,782.29</u>	<u>7,854,782.29</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 7,685,462.29</u>	<u>\$ 7,606,002.22</u>	<u>\$ 9,009,627.89</u>	<u>\$ 1,403,625.67</u>

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
Wheel Tax	\$ 300,000.00	\$ 300,000.00	\$ 300,852.15	\$ 852.15
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	43,239.47	43,239.47
State Grants	0.00	0.00	195,896.93	195,896.93
State Shared Revenue:				
Bank Franchise	1,500.00	1,500.00	3,135.01	1,635.01
Motor Vehicle Licenses	1,600,000.00	1,600,000.00	1,636,533.75	36,533.75
Prorate License Fees	90,000.00	90,000.00	93,218.39	3,218.39
63 3/4% Mobile Home	4,000.00	4,000.00	12,101.71	8,101.71
Motor Fuel Tax	0.00	0.00	10,906.89	10,906.89
Charges for Goods and Services:				
General Government:				
Other Fees	0.00	0.00	0.94	0.94
Public Works:				
Road Maintenance Contract Charges	40,000.00	40,000.00	45,883.91	5,883.91
Other	37,000.00	37,000.00	72,918.32	35,918.32
Miscellaneous Revenue:				
Investment Earnings	0.00	0.00	17,277.76	17,277.76
Total Revenues	<u>2,072,500.00</u>	<u>2,072,500.00</u>	<u>2,431,965.23</u>	<u>359,465.23</u>
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	3,301,300.00	3,497,196.93	2,126,727.60	1,370,469.33
Intergovernmental Expenditures	30,000.00	30,000.00	30,085.20	(85.20)
Total Expenditures	<u>3,331,300.00</u>	<u>3,527,196.93</u>	<u>2,156,812.80</u>	<u>1,370,384.13</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,258,800.00)</u>	<u>(1,454,696.93)</u>	<u>275,152.43</u>	<u>1,729,849.36</u>
Other Financing Sources (Uses):				
Transfers In	758,800.00	758,800.00	758,800.00	0.00
Transfers Out	0.00	0.00	(17,277.76)	(17,277.76)
Sale of County Property	0.00	0.00	13,260.04	13,260.04
Total Other Financing Sources (Uses)	<u>758,800.00</u>	<u>758,800.00</u>	<u>754,782.28</u>	<u>(4,017.72)</u>
Net Change in Fund Balance	(500,000.00)	(695,896.93)	1,029,934.71	1,725,831.64
Fund Balance - Beginning	<u>2,776,947.89</u>	<u>2,776,947.89</u>	<u>2,776,947.89</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 2,276,947.89</u>	<u>\$ 2,081,050.96</u>	<u>\$ 3,806,882.60</u>	<u>\$ 1,725,831.64</u>

CODINGTON 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.

CODINGTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Two Years Ended December 31, 2014

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures 2013	Expenditures 2014
US Department of Housing and Urban Development: CDBG - State-Administered CDBG Cluster: Indirect Federal Funding: SD Governor's Office of Economic Development, Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		\$ 63,750.00	\$ 13,335.00
US Department of Interior: Direct Federal Funding: Bureau of Land Management, Distribution of Receipts to State and Local Governments (Note 2) (Note 4)	15.227		14,740.00	17,300.00
Indirect Federal Funding: Bureau of Land Management, SD Department of Agriculture, National Fire Plan - Rural Fire Assistance	15.242		880.66	
SD Department of Education, Historical Preservation Fund Grants in Aid	15.904	SD-12-027 SD-13-018	686.30	921.00
Total US Department of Interior			<u>16,306.96</u>	<u>18,221.00</u>
US Department of Justice: Direct Federal Funding: Bulletproof Vest Partnership Program	16.607			1,499.00
Public Safety Partnership and Community Policing Grants	16.710		47,556.53	
Indirect Federal Funding: SD Associations of County Commissioners, Juvenile Justice and Delinquency Prevention-- Allocation to States	16.540		2,235.11	1,141.79
Total US Department of Justice			<u>49,791.64</u>	<u>2,640.79</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		25,379.59	732,505.58
US General Services Administration: Indirect Federal Funding: SD Federal Property Agency, Donation of Federal Surplus Personal Property (Note 5)	39.003		2,900.64	704.57
US Department of Health and Human Services: Indirect Federal Funding: SD Department of Health, Public Health Emergency Preparedness	93.069		3,500.00	
US Department of Homeland Security: Indirect Federal Funding: SD Department of Public Safety, Office of Emergency Management, Disaster Grants-Public Assistance	97.036		15,632.16	
Emergency Management Performance Grants	97.042		67,361.54	59,048.90
Homeland Security Grant Program (Note 4)	97.067		85,012.89	14,687.35
Total US Department of Homeland Security			<u>168,006.59</u>	<u>73,736.25</u>
GRAND TOTAL			<u>\$ 329,635.42</u>	<u>\$ 841,143.19</u>

CODINGTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Two Years Ended December 31, 2014
 (Continued)

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures 2013	Expenditures 2014
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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: Of the federal expenditures presented in the schedule, the County provided federal awards to sub-recipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Distribution of Receipts to State and Local Governments	15.227	\$ 22,650.13
Homeland Security Grant Program	97.067	\$ 62,394.35

Note 5: The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the County.

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

<u>Indebtedness</u>	<u>Long-Term Debt January 1, 2013</u>	<u>Add New Debt</u>	<u>Less Debt Retired</u>	<u>Long-Term Debt December 31, 2014</u>
Governmental Long-Term Debt:				
Other Long-Term Debt Payable:				
Financing (Capital Acquisition) Leases	\$ 581,893.29	\$ 10,747.60	\$ 140,364.47	\$ 452,276.42

Note 1 - Long-Term Debt:

Debt payable at December 31, 2014 is comprised of the following:

Financing (Capital Acquisition) Leases:

Energy Conservation Measures Lease Agreement; Issued 2/25/2005; Final Maturity 2/25/2020; Interest Rate 4.670%; Paid from the General Fund	\$ 442,396.48
Copier Lease Agreement; Issued 6/4/2014; Final Maturity 9/4/2019; Interest Rate 6.760%; Paid from the General Fund	\$ 9,879.94