

DOUGLAS COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2014

DOUGLAS COUNTY
COUNTY OFFICIALS
December 31, 2014

Board of Commissioners:

Karen Blume
Sue Denning
Ewald Fink
Floyd Muntefering
Merlin Van Zee

Auditor:
Phyllis Barker

Treasurer:
Julie Brenner

State's Attorney:
Craig Parkhurst

Register of Deeds:
Randall Larson

Sheriff:
Jonathan Coler

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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
Douglas County
Armour, 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 Douglas 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 November 17, 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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Current Audit Findings as item No. 2014-001 to be a material weakness.

Compliance and Other Matters

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

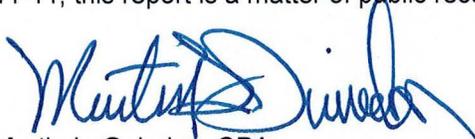
and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Current Audit Findings as items No. 2014-002 and No. 2014-003.

County's Response to Findings

The County did not wish to respond to the findings identified in our audit as described in the accompanying Schedule of Current Audit Findings.

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

November 17, 2015

DOUGLAS COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Other Audit Findings:

Finding No. 2012-01:

Internal accounting controls over financial reporting were inadequate resulting in inaccurate and incomplete information being presented to the users of the annual financial reports. This finding has not been corrected and has been restated as Finding No. 2014-001.

Finding No. 2012-02:

Internal accounting controls over accounting procedures were inadequate resulting in the lack of proper authorization and control over financial transactions. This finding has been substantially resolved.

SCHEDULE OF CURRENT AUDIT FINDINGS

Current Audit Findings:

Internal Control-Related Findings - Material Weakness:

Financial Reporting Errors

Finding No. 2014-001:

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

Analysis:

We noted the following significant errors in the County's annual financial reports for the years ended December 31, 2013 and December 31, 2014:

- a. The 2014 Statement of Net Position – Restricted for Road and Bridge Purposes was understated by \$55,252.55, Restricted for Other Purposes was overstated by \$25,063.56, and Unrestricted Net Position was overstated by \$30,188.99.
- b. The 2014 Balance Sheet – General Fund Cash and Cash Equivalents and Unassigned Fund Balance was understated by \$8,162.70 and the Other Governmental Funds Cash and Cash Equivalents and Assigned Fund Balance was overstated by the same amount.
- c. The 2014 Balance Sheet – Road and Bridge Fund Unassigned Fund Balance was overstated by \$161,482.71, Restricted Fund Balance was understated by \$55,252.55, and Assigned Fund Balance was understated by \$106,230.16. The Other Governmental Funds Restricted Fund Balance was overstated by \$25,063.56 and Assigned Fund Balance was understated by the same amount.
- d. The 2014 Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund Telecommunications Gross Receipts Tax revenue was understated by \$4,019.47 while the Other Governmental Funds 911 Remittance Revenues were overstated by the same amount.

- e. The 2013 Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund Telecommunications Gross Receipts Tax revenue was understated by \$4,143.23 and the Other Governmental Funds 911 Remittance revenue was overstated by the same amount. Road and Bridge Fund Prorate/Port of Entry Fee revenues was overstated by \$71,562.40 and the Motor Vehicle License revenue was understated by the same amount. The Other Governmental Funds Emergency and Disaster Service expenditures were understated by \$43,308.00 and Federal Grant revenue was overstated by the same amount. The Other Governmental Funds 911 Surcharge revenue was overstated by \$3,026.11 and 911 Remittance revenue was understated by the same amount.

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

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

Recommendation:

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

Management's Response:

Management chose not to respond to this finding.

Compliance and Other Matters:

Budgetary Noncompliance

Finding No. 2014-002:

The County incurred expenditures in excess of appropriations contrary to South Dakota Codified Law (SDCL) 7-21-25.

Analysis:

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

SDCL 7-21-25 states: "Unless specially and expressly authorized by law, it shall be unlawful for the board of county commissioners or any member thereof, or for any officer of any county or any employee thereof in charge of any institution or agency of a county, in any manner whatsoever, either for a purpose, object, or item for which no appropriation is provided in the budget of such county for the fiscal year in which such indebtedness is attempted to be contracted or liability attempted to be created, or in excess of the amount of any specific appropriation for any purpose, object or item set forth in the budgets of such county, for the fiscal year in which such indebtedness is attempted to be contracted or liability attempted to be created."

In 2013 the County incurred expenditures in excess of appropriations, in the amount of \$326,270.00, for the Health Assistance – Hospital appropriations line item.

Recommendation:

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

Management's Response:

Management chose not to respond to this finding.

Surplus Unassigned Fund Balance

Finding No. 2014-003:

The unassigned fund balance of the General Fund exceeded the maximum amount allowed by SDCL 7-21-18.1 by approximately \$496,000 as of December 31, 2014.

Analysis:

SDCL 7-21-18.1 states: "The total unreserved, undesignated fund balance of the general fund may not exceed forty percent of the total amount of all general fund appropriations contained in the budget for the next fiscal year. The total unreserved, undesignated fund balance of the general fund of the county as of March thirty-first and September thirtieth shall be published in the minutes of the proceedings of the board of county commissioners and reported to the Department of Legislative Audit. The report shall be on forms prescribed by the Department of Legislative Audit."

Governmental Accounting Standards Board (GASB) Statement 54, paragraph 17 states: "Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund."

GASB 54 changed the manner in which fund balance is to be reported by changing unreserved, undesignated fund balance to unassigned fund balance. So while SDCL 7-21-18.1 refers to unreserved, undesignated fund balance and GASB 54 refers to unassigned fund balance these terms are synonymous.

Our analysis of the County General Fund indicated an excessive unassigned fund balance existed at December 31, 2014 as follows:

Total Unassigned Fund Balance at December 31, 2014		\$ 1,233,269.72
Less:		
2015 General Fund Appropriations	1,842,183.00	
Percentage of Allowable Retainage	<u>40%</u>	
Allowable Fund Balance Retainage		<u>(736,873.20)</u>
Unassigned Surplus Fund Balance at December 31, 2014 in Excess of the Amount Allowed by SDCL 7-21-18.1		<u>\$ 496,396.52</u>

Recommendation:

3. We recommend the unassigned fund balance of the General Fund be limited to 40 percent of the next year's General Fund appropriations as required by SDCL 7-21-18.1.

Management's Response:

Management chose not to respond to this finding.



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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

County Commission
Douglas County
Armour, 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 Douglas 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 Douglas County as of December 31, 2014, and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the County's basic financial statements. The Budgetary Comparison Schedules and the Schedule of Changes in Long-Term Debt listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2015 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Martin L. Guindoh, CPA
Auditor General

November 17, 2015

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

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 1,425,603.38
Investments	400,000.00
	1,825,603.38
TOTAL ASSETS	\$ 1,825,603.38
NET POSITION:	
Restricted For: (See Note 5)	
Road and Bridge Purposes	\$ 55,252.55
911 Service Purposes	101,316.08
Other Purposes	21,822.36
Unrestricted	1,647,212.39
	1,647,212.39
TOTAL NET POSITION	\$ 1,825,603.38

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

DOUGLAS 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	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 624,299.42	\$ 80,876.99	\$ 1,483.35	\$	\$ (541,939.08)
Public Safety	269,860.21	123,247.44	36,945.89	1,200.00	(108,466.88)
Public Works	659,332.07	8,892.13	591,329.11		(59,110.83)
Health and Welfare	88,185.05	3,339.60			(84,845.45)
Culture and Recreation	19,695.21	9,183.90			(10,511.31)
Conservation of Natural Resources	58,263.23	10,082.96			(48,180.27)
Urban and Economic Development	12,358.86	142.40			(12,216.46)
*Interest on Long-Term Debt	20,150.45				(20,150.45)
Total Primary Government	\$ 1,752,144.50	\$ 235,765.42	\$ 629,758.35	\$ 1,200.00	(885,420.73)
General Revenues:					
Taxes:					
	Property Taxes				1,516,517.40
	Wheel Tax				96,956.28
	State Shared Revenues				29,154.74
	Grants and Contributions not Restricted to Specific Programs				5,257.77
	Unrestricted Investment Earnings				4,995.37
	Miscellaneous Revenue				46,237.41
	Total General Revenues				1,699,118.97
	Change in Net Position				813,698.24
	Net Position - Beginning				1,011,905.14
	NET POSITION - ENDING				\$ 1,825,603.38

* 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.

DOUGLAS 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	\$ 570,697.04	\$ 95,364.74	\$ 1,360.78	\$ (473,971.52)
Public Safety	314,247.75	102,148.00	79,972.27	(132,127.48)
Public Works	1,566,411.17	35,269.84	530,666.15	(1,000,475.18)
Health and Welfare	499,076.61		326,823.16	(172,253.45)
Culture and Recreation	22,587.28	7,742.44		(14,844.84)
Conservation of Natural Resources	83,914.67	9,326.95		(74,587.72)
Urban and Economic Development	12,096.14			(12,096.14)
Intergovernmental	9,221.42			(9,221.42)
*Interest on Long-Term Debt	55,567.32			(55,567.32)
Total Primary Government	\$ 3,133,819.40	\$ 249,851.97	\$ 938,822.36	(1,945,145.07)
General Revenues:				
Taxes:				
	Property Taxes			1,562,751.12
	Wheel Tax			93,221.87
	State Shared Revenues			26,877.87
	Grants and Contributions not Restricted to Specific Programs			2,827.19
	Unrestricted Investment Earnings			4,559.13
	Miscellaneous Revenue			24,153.85
	Total General Revenues			1,714,391.03
	Change in Net Position			(230,754.04)
	Net Position - Beginning			1,246,930.27
	Adjustments:			
	Prior Period Adjustment - Tax Deed Sale Apportionment			(4,271.09)
	Adjusted Net Position - Beginning			1,242,659.18
	NET POSITION - ENDING			\$ 1,011,905.14

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

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

DOUGLAS 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	\$ 965,618.87	\$ 313,082.71	\$ 146,901.80	\$ 1,425,603.38
Investments	400,000.00			400,000.00
TOTAL ASSETS	<u><u>\$ 1,365,618.87</u></u>	<u><u>\$ 313,082.71</u></u>	<u><u>\$ 146,901.80</u></u>	<u><u>\$ 1,825,603.38</u></u>
FUND BALANCES: (See Note 1.j.)				
Restricted	\$	\$ 55,252.55	\$ 123,138.44	\$ 178,390.99
Assigned	132,349.15	257,830.16	23,763.36	413,942.67
Unassigned	1,233,269.72			1,233,269.72
TOTAL FUND BALANCES	<u><u>\$ 1,365,618.87</u></u>	<u><u>\$ 313,082.71</u></u>	<u><u>\$ 146,901.80</u></u>	<u><u>\$ 1,825,603.38</u></u>

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

DOUGLAS 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	\$ 1,510,249.61	\$	\$	\$ 1,510,249.61
General Property Taxes--Delinquent	2,766.60			2,766.60
Penalties and Interest	3,501.19			3,501.19
Wheel Tax		96,956.28		96,956.28
Licenses and Permits	651.40		450.00	1,101.40
Intergovernmental Revenue:				
Federal Payments in Lieu of Taxes	5,257.77			5,257.77
State Grants	1,200.00			1,200.00
State Shared Revenue:				
Bank Franchise	9,438.06			9,438.06
Motor Vehicle Licenses		561,527.80		561,527.80
Prorate License Fees		29,801.31		29,801.31
Telecommunications Gross Receipts Tax	16,274.27			16,274.27
Motor Vehicle 1/4%	1,483.35			1,483.35
Motor Fuel Tax		3,201.95		3,201.95
911 Remittances	545.34	85.63	36,314.92	36,945.89
Other Payments in Lieu of Taxes	240.46			240.46
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	4,476.05			4,476.05
Register of Deeds' Fees	37,505.00		6,809.86	44,314.86
Legal Services	8,456.50		150.00	8,606.50
Clerk of Court Fees	2,378.80			2,378.80

Other Fees	262.50			262.50
Public Safety:				
Law Enforcement	121,884.44			121,884.44
Prisoner Care	50.00			50.00
Sobriety Testing			1,079.00	1,079.00
Public Works:				
Road Maintenance Contract Charges		8,892.13		8,892.13
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	2,889.60			2,889.60
Veterans Service Officer	1,875.00			1,875.00
Culture and Recreation	9,183.90			9,183.90
Conservation of Natural Resources	9,057.96			9,057.96
Fines and Forfeits:				
Costs	875.00		25.00	900.00
Miscellaneous Revenue:				
Investment Earnings	4,172.95	344.54	477.88	4,995.37
Rent	18,813.28			18,813.28
Refund of Prior Year's Expenditures	1,818.48	165.00		1,983.48
Other	423.71	342.85	9.65	776.21
Total Revenues	<u>1,775,731.22</u>	<u>701,317.49</u>	<u>45,316.31</u>	<u>2,522,365.02</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners

58,713.67

58,713.67

Elections

17,121.71

17,121.71

Judicial System

5,802.49

5,802.49

Financial Administration:

Auditor

88,387.40

88,387.40

Treasurer

89,377.84

89,377.84

Legal Services:

State's Attorney

54,165.37

54,165.37

Other Administration:

General Government Building

121,896.24

121,896.24

Director of Equalization

85,724.72

85,724.72

DOUGLAS 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>
Register of Deeds	52,056.51		1,762.05	53,818.56
Veterans Service Officer	10,920.72			10,920.72
Predatory Animal	2,953.83			2,953.83
Public Safety:				
Law Enforcement:				
Sheriff	241,754.81			241,754.81
County Jail	6,884.72		115.00	6,999.72
Coroner	1,008.50			1,008.50
Protective and Emergency Services:				
Emergency and Disaster Services			9,495.19	9,495.19
Communication Center	81.95		10,520.04	10,601.99
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		659,332.07		659,332.07
Health and Welfare:				
Economic Assistance:				
Support of Poor	6,729.41			6,729.41
Health Assistance:				
County Nurse	20,871.27			20,871.27
Ambulance	38,575.76			38,575.76
Social Services:				
Care of Aged	4,000.00			4,000.00
Domestic Abuse	1,200.00		495.00	1,695.00
Mental Health Services:				
Mentally Ill	725.38			725.38
Developmentally Disabled	15,350.00			15,350.00

Mental Illness Board	238.23			238.23
Culture and Recreation:				
Culture:				
Historical Museum	1,459.90			1,459.90
Memorial Day Expense	450.00			450.00
Recreation:				
Parks	6,685.15			6,685.15
County Fair	11,100.16			11,100.16
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	9,357.05			9,357.05
Soil Conservation Districts	11,000.00			11,000.00
Weed and Pest Control	37,906.18			37,906.18
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	12,358.86			12,358.86
Debt Service	55,567.32			55,567.32
Total Expenditures	<u>1,070,425.15</u>	<u>659,332.07</u>	<u>22,387.28</u>	<u>1,752,144.50</u>
Excess of Revenues Over (Under) Expenditures	<u>705,306.07</u>	<u>41,985.42</u>	<u>22,929.03</u>	<u>770,220.52</u>
Other Financing Sources (Uses):				
Transfers In		250,000.00	14,000.00	264,000.00
Transfers Out	(264,000.00)			(264,000.00)
Insurance Proceeds	25,799.95	391.97		26,191.92
Sale of County Property	4,066.10	13,219.70		17,285.80
Total Other Financing Sources (Uses)	<u>(234,133.95)</u>	<u>263,611.67</u>	<u>14,000.00</u>	<u>43,477.72</u>
Net Change in Fund Balance	471,172.12	305,597.09	36,929.03	813,698.24
Fund Balance - Beginning	<u>894,446.75</u>	<u>7,485.62</u>	<u>109,972.77</u>	<u>1,011,905.14</u>
FUND BALANCE - ENDING	<u>\$ 1,365,618.87</u>	<u>\$ 313,082.71</u>	<u>\$ 146,901.80</u>	<u>\$ 1,825,603.38</u>

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

DOUGLAS 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	\$ 1,555,315.39	\$	\$	\$ 1,555,315.39
General Property Taxes--Delinquent	3,293.77			3,293.77
Penalties and Interest	4,141.96			4,141.96
Wheel Tax		93,221.87		93,221.87
Licenses and Permits	507.00		450.00	957.00
Intergovernmental Revenue:				
Federal Grants	326,270.00	553.16	43,308.00	370,131.16
Federal Payments in Lieu of Taxes	2,827.19			2,827.19
State Shared Revenue:				
Bank Franchise	7,872.34			7,872.34
Motor Vehicle Licenses		499,199.08		499,199.08
Prorate License Fees		28,171.30		28,171.30
Telecommunications Gross Receipts Tax	18,721.93			18,721.93
Motor Vehicle 1/4%	1,360.78			1,360.78
Motor Fuel Tax		3,295.77		3,295.77
911 Remittances			36,664.27	36,664.27
Other Payments in Lieu of Taxes	283.60			283.60
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	3,830.00			3,830.00
Register of Deeds' Fees	36,282.00		7,864.47	44,146.47
Legal Services	4,565.91		100.00	4,665.91
Clerk of Court Fees	2,016.40			2,016.40
Other Fees	235.00			235.00

Public Safety:				
Law Enforcement	100,487.00			100,487.00
Prisoner Care	50.00			50.00
Sobriety Testing			1,226.00	1,226.00
Public Works:				
Road Maintenance Contract Charges		35,269.84		35,269.84
Culture and Recreation	7,742.44			7,742.44
Conservation of Natural Resources	9,326.95			9,326.95
Fines and Forfeits:				
Costs	385.00			385.00
Miscellaneous Revenue:				
Investment Earnings	3,652.45	532.13	374.55	4,559.13
Rent	39,513.96			39,513.96
Other	936.02	478.83		1,414.85
Total Revenues	<u>2,129,617.09</u>	<u>660,721.98</u>	<u>89,987.29</u>	<u>2,880,326.36</u>

Expenditures:

General Government:				
Legislative:				
Board of County Commissioners	72,639.44			72,639.44
Elections	531.41			531.41
Judicial System	8,438.58			8,438.58
Financial Administration:				
Auditor	80,785.71			80,785.71
Treasurer	88,322.13			88,322.13
Legal Services:				
State's Attorney	54,194.97			54,194.97
Other Administration:				
General Government Building	116,515.44			116,515.44
Director of Equalization	82,678.53			82,678.53
Register of Deeds	50,311.54		180.00	50,491.54
Veterans Service Officer	11,668.54			11,668.54
Predatory Animal	4,430.75			4,430.75
Public Safety:				
Law Enforcement:				
Sheriff	223,948.95			223,948.95
County Jail	26,843.00			26,843.00

DOUGLAS 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>
Coroner	629.09			629.09
Protective and Emergency Services:				
Emergency and Disaster Services			52,306.61	52,306.61
Communication Center			10,520.10	10,520.10
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		1,566,411.17		1,566,411.17
Health and Welfare:				
Economic Assistance:				
Support of Poor	11,234.11			11,234.11
Health Assistance:				
County Nurse	19,777.92			19,777.92
Hospital	326,270.00			326,270.00
Ambulance	112,571.27			112,571.27
Social Services:				
Care of Aged	4,000.00			4,000.00
Domestic Abuse	1,200.00		100.00	1,300.00
Mental Health Services:				
Mentally Ill	6,783.52			6,783.52
Developmentally Disabled	15,200.00			15,200.00
Mental Health Centers	877.03			877.03
Mental Illness Board	1,062.76			1,062.76
Culture and Recreation:				
Culture:				
Historical Museum	1,953.98			1,953.98
Memorial Day Expense	450.00			450.00

Recreation:				
Parks	8,491.98			8,491.98
County Fair	11,691.32			11,691.32
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	28,947.28			28,947.28
Soil Conservation Districts	11,000.00			11,000.00
Weed and Pest Control	43,967.39			43,967.39
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	12,096.14			12,096.14
Intergovernmental Expenditures		9,221.42		9,221.42
Debt Service	55,567.32			55,567.32
Total Expenditures	<u>1,495,080.10</u>	<u>1,575,632.59</u>	<u>63,106.71</u>	<u>3,133,819.40</u>
Excess of Revenues Over (Under) Expenditures	<u>634,536.99</u>	<u>(914,910.61)</u>	<u>26,880.58</u>	<u>(253,493.04)</u>
Other Financing Sources (Uses):				
Transfers In		825,000.00		825,000.00
Transfers Out	(825,000.00)			(825,000.00)
Insurance Proceeds	1,355.00	736.00		2,091.00
Sale of County Property	285.00	20,363.00		20,648.00
Total Other Financing Sources (Uses)	<u>(823,360.00)</u>	<u>846,099.00</u>	<u>0.00</u>	<u>22,739.00</u>
Net Change in Fund Balance	<u>(188,823.01)</u>	<u>(68,811.61)</u>	<u>26,880.58</u>	<u>(230,754.04)</u>
Fund Balance - Beginning	1,087,540.85	76,297.23	83,092.19	1,246,930.27
Adjustments:				
Prior Period Adjustment - Tax Deed Sale Apportionment	(4,271.09)			(4,271.09)
Adjusted Fund Balance - Beginning	<u>1,083,269.76</u>	<u>76,297.23</u>	<u>83,092.19</u>	<u>1,242,659.18</u>
FUND BALANCE - ENDING	<u>\$ 894,446.75</u>	<u>\$ 7,485.62</u>	<u>\$ 109,972.77</u>	<u>\$ 1,011,905.14</u>

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

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

	<u>Agency Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ 213,328.00
TOTAL ASSETS	<u>\$ 213,328.00</u>
NET POSITION:	
Net Position Held in Agency Capacity	\$ 213,328.00
TOTAL NET POSITION	<u>\$ 213,328.00</u>

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

DOUGLAS 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 Douglas 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.

Douglas County organized the Douglas County Housing and Redevelopment Commission solely for abdicating its authority over the non-municipal housing projects within Douglas County to the Armour Housing Commission organized by the Municipality of Armour. Therefore, this component unit's financial activity was not included on the County's annual report. The financial activity of the component unit is to be included on the Municipality of Armour's annual report.

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

b. Basis of Presentation:

Government-wide Financial Statements:

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are

restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

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

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

Fiduciary Funds:

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

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

c. Measurement Focus and Basis of Accounting:

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

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

Measurement Focus:

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

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

Basis of Accounting:

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

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

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

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

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

d. Deposits and Investments:

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

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by 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 include, but are not limited to, General Obligation Bonds, Revenue Bonds, Certificates of Participation, Financing (Capital Acquisition) Leases, and Compensated Absences.

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

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

g. Program Revenues:

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

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

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

h. Equity Classifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

i. Application of Net Position:

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

j. Fund Balance Classification Policies and Procedures:

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

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

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

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

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

Major Special Revenue Fund
Road and Bridge Fund

Revenue Source
Motor Vehicle Licenses

A schedule of fund balances is provided as follows:

**DOUGLAS 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	\$	\$ 55,252.55	\$	\$ 55,252.55
911 Service Purposes			101,316.08	101,316.08
Domestic Abuse Purposes			2,306.82	2,306.82
24/7 Sobriety Purposes			5,451.99	5,451.99
Modernization and Preservation Purposes			14,063.55	14,063.55
Assigned To:				
Applied to Next Year's Budget	132,349.15			132,349.15
Road and Bridge Purposes		257,830.16		257,830.16
911 Service Purposes			16,817.20	16,817.20
Emergency Management Purposes			6,863.06	6,863.06
Domestic Abuse Purposes			32.76	32.76
24/7 Sobriety Purposes			50.34	50.34
Unassigned	<u>1,233,269.72</u>			<u>1,233,269.72</u>
Total Fund Balances	<u><u>\$ 1,365,618.87</u></u>	<u><u>\$ 313,082.71</u></u>	<u><u>\$ 146,901.80</u></u>	<u><u>\$ 1,825,603.38</u></u>

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

General Fund:	Year Ended 12/31/2013
<u>Activity</u>	
Hospital	\$ 326,270.00

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

In the future, the County Auditor and the Board of County Commissioners will track federal grant revenues and expenditures in order to make the appropriate budget supplements in order to cover the necessary expenditures related to the federal grants.

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

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

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

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

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

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the County’s deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2014 the County’s deposits in financial institutions were not exposed to custodial credit risk.

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

Interest Rate Risk – The County does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The County’s policy is to credit all income from investments to the fund making the investment.

4. PROPERTY TAXES

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

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

5. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2014 was as follows:

Major Purposes:

Road and Bridge Purposes	\$ 55,252.55
911 Service Purposes	<u>101,316.08</u>

Other Purposes:

Domestic Abuse Purposes	2,306.82
24/7 Sobriety Program Purposes	5,451.99
Modernization and Preservation Relief Purposes	<u>14,063.55</u>

Total Other Purposes	<u>21,822.36</u>
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Total Restricted Net Position **\$ 178,390.99**

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

6. 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>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	
Major Funds:			
General Fund	\$ 250,000.00	\$ 14,000.00	\$ 264,000.00

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

	<u>Transfers To:</u>
	Road and Bridge
<u>Transfers From:</u>	<u>Fund</u>

Major Funds:

General Fund	\$ 825,000.00
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The County typically budgets transfers to the Road and Bridge Fund and the Emergency Management Fund (Other Governmental Funds) to conduct the indispensable functions of the County.

7. PRIOR PERIOD ADJUSTMENT

The Net Position as of January 1, 2013 has been adjusted to restate the effects of a prior period adjustment related to disbursing other taxing entities share of Tax Deed Revenues collected in 2012 to the appropriate taxing entities. The January 1, 2013 beginning Fund Balance has been adjusted for the same reason as stated above. The adjustment represents the effects in the General Fund of disbursing 2012 Tax Deed Collections in the subsequent year.

8. RETIREMENT PLAN

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

General employees are required by state statute to contribute 6 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent, respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The County's share of contributions to the SDRS for the fiscal years ended December 31, 2014, 2013, and 2012 were \$35,656.63, \$36,806.30, and \$34,994.20, respectively, equal to the required contributions each year.

9. JOINT VENTURES

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

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

Municipalities:

Armour - .6%, Avon - 1.0%, Corsica - .4%, Dante - .1%, Delmont - .2%, Geddes - .2%, Lake Andes - .6%, Pickstown - .1%, Platte - .9%, Ravinia - .1%, Scotland - .7%, Springfield - .6%, Tabor - .7%, Tyndall - 2.4%, Wagner - 1.1%

Counties:

Bon Homme - 23.9%, Charles Mix - 32.2%, Douglas - 13.2%, Gregory - 21.0%

The joint venture's governing board is composed of representatives, who are city council members or county commissioners. 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:

Southern Missouri Recycling and Waste Management District
c/o Mike Wentland
38053 SD Highway 50
Lake Andes, SD 57356

At December 31, 2013, this joint venture had total assets of \$3,106,438.74, total liabilities of \$1,321,024.32, and total net position of \$1,785,414.42.

At December 31, 2014, audited financial information for this joint venture was not available.

10. SIGNIFICANT CONTINGENCIES – LITIGATION

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

11. 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 purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier. 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 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
DOUGLAS COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 1,512,731.00	\$ 1,512,731.00	\$ 1,510,249.61	\$ (2,481.39)
General Property Taxes--Delinquent	0.00	0.00	2,766.60	2,766.60
Penalties and Interest	0.00	0.00	3,501.19	3,501.19
Licenses and Permits	290.00	290.00	651.40	361.40
Intergovernmental Revenue:				
Federal Payments in Lieu of Taxes	0.00	0.00	5,257.77	5,257.77
State Grants	0.00	0.00	1,200.00	1,200.00
State Shared Revenue:				
Bank Franchise	8,000.00	8,000.00	9,438.06	1,438.06
Telecommunications Gross Receipts Tax	25,000.00	25,000.00	16,274.27	(8,725.73)
Motor Vehicle 1/4%	1,000.00	1,000.00	1,483.35	483.35
911 Remittances	0.00	0.00	545.34	545.34
Other Payments in Lieu of Taxes	300.00	300.00	240.46	(59.54)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	3,602.00	3,602.00	4,476.05	874.05
Register of Deeds' Fees	32,000.00	32,000.00	37,505.00	5,505.00
Legal Services	4,000.00	4,000.00	8,456.50	4,456.50
Clerk of Courts Fees	4,150.00	4,150.00	2,378.80	(1,771.20)
Other Fees	165.00	165.00	262.50	97.50
Public Safety:				
Law Enforcement	117,500.00	117,500.00	121,884.44	4,384.44
Prisoner Care	850.00	850.00	50.00	(800.00)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	500.00	500.00	2,889.60	2,389.60
Veterans Service Officer	1,875.00	1,875.00	1,875.00	0.00
Culture and Recreation	8,400.00	8,400.00	9,183.90	783.90
Conservation of Natural Resources	12,000.00	12,000.00	9,057.96	(2,942.04)
Fines and Forfeits:				
Costs	200.00	200.00	875.00	675.00
Other	100.00	100.00	0.00	(100.00)
Miscellaneous Revenue:				
Investment Earnings	3,700.00	3,700.00	4,172.95	472.95
Rent	20,000.00	20,000.00	18,813.28	(1,186.72)
Refund of Prior Year's Expenditures	0.00	0.00	1,818.48	1,818.48
Other	1,000.00	1,000.00	423.71	(576.29)
Total Revenues	1,757,363.00	1,757,363.00	1,775,731.22	18,368.22
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	61,950.00	61,950.00	58,713.67	3,236.33
Contingency	60,000.00	60,000.00		
Amount Transferred		(4,850.00)		55,150.00
Elections	21,900.00	21,900.00	17,121.71	4,778.29
Judicial System	23,650.00	23,650.00	5,802.49	17,847.51
Financial Administration:				
Auditor	92,130.00	92,130.00	88,387.40	3,742.60
Treasurer	98,350.00	98,350.00	89,377.84	8,972.16
Legal Services:				
State's Attorney	62,450.00	62,450.00	54,165.37	8,284.63
Other Administration:				
General Government Building	136,900.00	136,900.00	121,896.24	15,003.76
Director of Equalization	91,145.00	91,145.00	85,724.72	5,420.28
Register of Deeds	53,610.00	53,610.00	52,056.51	1,553.49
Veterans Service Officer	9,880.00	11,480.00	10,920.72	559.28
Predatory Animal	2,954.00	2,954.00	2,953.83	0.17
Public Safety:				
Law Enforcement:				
Sheriff	243,600.00	245,600.00	241,754.81	3,845.19

SUPPLEMENTARY INFORMATION
DOUGLAS 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)
County Jail	42,500.00	42,500.00	6,884.72	35,615.28
Coroner	1,750.00	1,750.00	1,008.50	741.50
Protective and Emergency Services:				
Communication Center	25,000.00	25,000.00	81.95	24,918.05
Health and Welfare:				
Economic Assistance:				
Support of Poor	30,700.00	30,700.00	6,729.41	23,970.59
Health Assistance:				
County Nurse	20,025.00	20,925.00	20,871.27	53.73
Ambulance	41,800.00	41,800.00	38,575.76	3,224.24
Social Services:				
Care of Aged	4,000.00	4,000.00	4,000.00	0.00
Domestic Abuse	1,200.00	1,200.00	1,200.00	0.00
Mental Health Services:				
Mentally Ill	6,500.00	6,500.00	725.38	5,774.62
Developmentally Disabled	15,200.00	15,350.00	15,350.00	0.00
Mental Health Centers	500.00	500.00	0.00	500.00
Mental Illness Board	4,000.00	4,000.00	238.23	3,761.77
Culture and Recreation:				
Culture:				
Historical Museum	1,260.00	1,460.00	1,459.90	0.10
Memorial Day Expense	450.00	450.00	450.00	0.00
Recreation:				
Parks	11,150.00	11,150.00	6,685.15	4,464.85
County Fair	15,350.00	15,350.00	11,100.16	4,249.84
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	33,900.00	33,900.00	9,357.05	24,542.95
Soil Conservation Districts	11,000.00	11,000.00	11,000.00	0.00
Weed and Pest Control	45,000.00	45,000.00	37,906.18	7,093.82
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	13,410.00	13,410.00	12,358.86	1,051.14
Debt Service	55,569.00	55,569.00	55,567.32	1.68
Total Expenditures	1,338,783.00	1,338,783.00	1,070,425.15	268,357.85
Excess of Revenues Over (Under) Expenditures	418,580.00	418,580.00	705,306.07	286,726.07
Other Financing Sources (Uses):				
Transfers Out	(514,000.00)	(514,000.00)	(264,000.00)	250,000.00
Insurance Proceeds	0.00	0.00	25,799.95	25,799.95
Sale of County Property	0.00	0.00	4,066.10	4,066.10
Total Other Financing Sources (Uses)	(514,000.00)	(514,000.00)	(234,133.95)	279,866.05
Net Change in Fund Balance	(95,420.00)	(95,420.00)	471,172.12	566,592.12
Fund Balance - Beginning	894,446.75	894,446.75	894,446.75	0.00
FUND BALANCE - ENDING	\$ 799,026.75	\$ 799,026.75	\$ 1,365,618.87	\$ 566,592.12

SUPPLEMENTARY INFORMATION
DOUGLAS 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>		
Revenues:				
Taxes:				
Wheel Tax	\$ 90,000.00	\$ 90,000.00	\$ 96,956.28	\$ 6,956.28
Intergovernmental Revenue:				
State Shared Revenue:				
Motor Vehicle Licenses	365,000.00	365,000.00	561,527.80	196,527.80
Prorate License Fees	80,000.00	80,000.00	29,801.31	(50,198.69)
Motor Fuel Tax	0.00	0.00	3,201.95	3,201.95
911 Remittances	0.00	0.00	85.63	85.63
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	3,000.00	3,000.00	8,892.13	5,892.13
Miscellaneous Revenue:				
Investment Earnings	30,000.00	30,000.00	344.54	(29,655.46)
Refund of Prior Year's Expenditures	15,000.00	15,000.00	165.00	(14,835.00)
Other	10,000.00	10,000.00	342.85	(9,657.15)
Total Revenues	<u>593,000.00</u>	<u>593,000.00</u>	<u>701,317.49</u>	<u>108,317.49</u>
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	1,083,000.00	1,083,000.00	659,332.07	423,667.93
Excess of Revenues Over (Under) Expenditures	<u>(490,000.00)</u>	<u>(490,000.00)</u>	<u>41,985.42</u>	<u>531,985.42</u>
Other Financing Sources (Uses):				
Transfers In	500,000.00	500,000.00	250,000.00	(250,000.00)
Insurance Proceeds	0.00	0.00	391.97	391.97
Sale of County Property	0.00	0.00	13,219.70	13,219.70
Total Other Financing Sources (Uses)	<u>500,000.00</u>	<u>500,000.00</u>	<u>263,611.67</u>	<u>(236,388.33)</u>
Net Change in Fund Balance	10,000.00	10,000.00	305,597.09	295,597.09
Fund Balance - Beginning	<u>7,485.62</u>	<u>7,485.62</u>	<u>7,485.62</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 17,485.62</u>	<u>\$ 17,485.62</u>	<u>\$ 313,082.71</u>	<u>\$ 295,597.09</u>

SUPPLEMENTARY INFORMATION
DOUGLAS 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	\$ 1,557,890.00	\$ 1,557,890.00	\$ 1,555,315.39	\$ (2,574.61)
General Property Taxes--Delinquent	3,000.00	3,000.00	3,293.77	293.77
Penalties and Interest	1,000.00	1,000.00	4,141.96	3,141.96
Licenses and Permits	800.00	800.00	507.00	(293.00)
Intergovernmental Revenue:				
Federal Grants	9,000.00	9,000.00	326,270.00	317,270.00
Federal Payments in Lieu of Taxes	4,000.00	4,000.00	2,827.19	(1,172.81)
State Shared Revenue:				
Bank Franchise	9,000.00	9,000.00	7,872.34	(1,127.66)
Telecommunications Gross Receipts Tax	30,000.00	30,000.00	18,721.93	(11,278.07)
Motor Vehicle 1/4%	1,000.00	1,000.00	1,360.78	360.78
Other Payments in Lieu of Taxes	300.00	300.00	283.60	(16.40)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	3,750.00	3,750.00	3,830.00	80.00
Register of Deeds' Fees	30,000.00	30,000.00	36,282.00	6,282.00
Legal Services	9,200.00	9,200.00	4,565.91	(4,634.09)
Clerk of Courts Fees	2,000.00	2,000.00	2,016.40	16.40
Other Fees	100.00	100.00	235.00	135.00
Public Safety:				
Law Enforcement	73,000.00	73,000.00	100,487.00	27,487.00
Prisoner Care	0.00	0.00	50.00	50.00
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	2,000.00	2,000.00	0.00	(2,000.00)
Veterans Service Officer	3,000.00	3,000.00	0.00	(3,000.00)
Culture and Recreation	8,500.00	8,500.00	7,742.44	(757.56)
Conservation of Natural Resources	7,500.00	7,500.00	9,326.95	1,826.95
Fines and Forfeits:				
Costs	1,500.00	1,500.00	385.00	(1,115.00)
Other	2,500.00	2,500.00	0.00	(2,500.00)
Miscellaneous Revenue:				
Investment Earnings	12,000.00	12,000.00	3,652.45	(8,347.55)
Rent	25,000.00	25,000.00	39,513.96	14,513.96
Other	7,000.00	7,000.00	936.02	(6,063.98)
Total Revenues	1,803,040.00	1,803,040.00	2,129,617.09	326,577.09
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	70,750.00	72,640.00	72,639.44	0.56
Contingency	60,000.00	60,000.00		
Amount Transferred		(16,562.64)		43,437.36
Elections	1,500.00	1,500.00	531.41	968.59
Judicial System	25,500.00	25,500.00	8,438.58	17,061.42
Financial Administration:				
Auditor	90,582.00	90,582.00	80,785.71	9,796.29
Treasurer	92,700.00	92,700.00	88,322.13	4,377.87
Legal Services:				
State's Attorney	62,260.00	62,260.00	54,194.97	8,065.03
Other Administration:				
General Government Building	127,402.68	127,402.68	116,515.44	10,887.24
Director of Equalization	87,330.00	87,330.00	82,678.53	4,651.47
Register of Deeds	50,420.00	50,420.00	50,311.54	108.46
Veterans Service Officer	9,500.00	11,668.90	11,668.54	0.36
Predatory Animal	0.00	4,430.74	4,430.75	(0.01)
Public Safety:				
Law Enforcement:				
Sheriff	216,500.00	223,950.00	223,948.95	1.05
County Jail	42,500.00	42,500.00	26,843.00	15,657.00
Coroner	1,550.00	1,550.00	629.09	920.91
Protective and Emergency Services:				
Communication Center	50,000.00	50,000.00	0.00	50,000.00

SUPPLEMENTARY INFORMATION
DOUGLAS 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)
Health and Welfare:				
Economic Assistance:				
Support of Poor	30,700.00	30,700.00	11,234.11	19,465.89
Health Assistance:				
County Nurse	19,440.00	19,778.00	19,777.92	0.08
Hospital	0.00	0.00	326,270.00	(326,270.00)
Ambulance	121,120.00	121,120.00	112,571.27	8,548.73
Social Services:				
Care of Aged	4,000.00	4,000.00	4,000.00	0.00
Domestic Abuse	1,200.00	1,200.00	1,200.00	0.00
Mental Health Services:				
Mentally Ill	6,500.00	6,785.00	6,783.52	1.48
Developmentally Disabled	15,200.00	15,200.00	15,200.00	0.00
Mental Health Centers	3,200.00	3,200.00	877.03	2,322.97
Mental Illness Board	4,000.00	4,000.00	1,062.76	2,937.24
Culture and Recreation:				
Culture:				
Historical Museum	3,510.00	3,510.00	1,953.98	1,556.02
Memorial Day Expense	450.00	450.00	450.00	0.00
Recreation:				
Parks	11,900.00	11,900.00	8,491.98	3,408.02
County Fair	16,950.00	16,950.00	11,691.32	5,258.68
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	33,980.00	33,980.00	28,947.28	5,032.72
Soil Conservation Districts	11,000.00	11,000.00	11,000.00	0.00
Weed and Pest Control	50,757.00	50,757.00	43,967.39	6,789.61
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	13,170.00	13,170.00	12,096.14	1,073.86
Debt Service	55,567.32	55,567.32	55,567.32	0.00
Total Expenditures	<u>1,391,139.00</u>	<u>1,391,139.00</u>	<u>1,495,080.10</u>	<u>(103,941.10)</u>
Excess of Revenues Over (Under) Expenditures	<u>411,901.00</u>	<u>411,901.00</u>	<u>634,536.99</u>	<u>222,635.99</u>
Other Financing Sources (Uses):				
Transfers Out	(948,730.00)	(948,730.00)	(825,000.00)	123,730.00
Insurance Proceeds	1,000.00	1,000.00	1,355.00	355.00
Sale of County Property	1,000.00	1,000.00	285.00	(715.00)
Total Other Financing Sources (Uses)	<u>(946,730.00)</u>	<u>(946,730.00)</u>	<u>(823,360.00)</u>	<u>123,370.00</u>
Net Change in Fund Balance	<u>(534,829.00)</u>	<u>(534,829.00)</u>	<u>(188,823.01)</u>	<u>346,005.99</u>
Fund Balance - Beginning	1,087,540.85	1,087,540.85	1,087,540.85	0.00
Adjustments:				
Prior Period Adjustment - Tax Deed Sale Apportionment	0.00	0.00	(4,271.09)	(4,271.09)
Adjusted Fund Balance Beginning	<u>1,087,540.85</u>	<u>1,087,540.85</u>	<u>1,083,269.76</u>	<u>(4,271.09)</u>
FUND BALANCE - ENDING	<u>\$ 552,711.85</u>	<u>\$ 552,711.85</u>	<u>\$ 894,446.75</u>	<u>\$ 341,734.90</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Wheel Tax	\$ 100,000.00	\$ 100,000.00	\$ 93,221.87	\$ (6,778.13)
Intergovernmental Revenue:				
Federal Grants	10,000.00	10,000.00	553.16	(9,446.84)
State Shared Revenue:				
Motor Vehicle Licenses	563,000.00	563,000.00	499,199.08	(63,800.92)
Prorate License Fees	60,000.00	60,000.00	28,171.30	(31,828.70)
Motor Fuel Tax	4,000.00	4,000.00	3,295.77	(704.23)
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	5,100.00	5,100.00	35,269.84	30,169.84
Miscellaneous Revenue:				
Investment Earnings	4,000.00	4,000.00	532.13	(3,467.87)
Other	1,000.00	1,000.00	478.83	(521.17)
Total Revenues	<u>747,100.00</u>	<u>747,100.00</u>	<u>660,721.98</u>	<u>(86,378.02)</u>
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	1,823,830.00	1,823,830.00	1,566,411.17	257,418.83
Intergovernmental Expenditures	10,000.00	10,000.00	9,221.42	778.58
Total Expenditures	<u>1,833,830.00</u>	<u>1,833,830.00</u>	<u>1,575,632.59</u>	<u>258,197.41</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,086,730.00)</u>	<u>(1,086,730.00)</u>	<u>(914,910.61)</u>	<u>171,819.39</u>
Other Financing Sources (Uses):				
Transfers In	934,730.00	934,730.00	825,000.00	(109,730.00)
Insurance Proceeds	0.00	0.00	736.00	736.00
Sale of County Property	0.00	0.00	20,363.00	20,363.00
Total Other Financing Sources (Uses)	<u>934,730.00</u>	<u>934,730.00</u>	<u>846,099.00</u>	<u>(88,631.00)</u>
Net Change in Fund Balance	(152,000.00)	(152,000.00)	(68,811.61)	83,188.39
Fund Balance - Beginning	76,297.23	76,297.23	76,297.23	0.00
FUND BALANCE - ENDING	<u>\$ (75,702.77)</u>	<u>\$ (75,702.77)</u>	<u>\$ 7,485.62</u>	<u>\$ 83,188.39</u>

DOUGLAS COUNTY
NOTES TO THE SUPPLEMENTARY INFORMATION
Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget

Note 1. Budgets and Budgetary Accounting:

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Between the fifteenth and thirtieth days of July in each year the Board of County commissioners prepares and files with the County Auditor a provisional budget for the following year, containing a detailed estimate of cash balances, revenues, and expenditures.
2. Prior to the first Tuesday in September in each year a notice of budget hearing is published once each week for two successive weeks, and the text of the provisional budget is published with the first publication.
3. The Board of County Commissioners holds a meeting for the purpose of considering the provisional budget on or prior to the first Tuesday in September in each year. Such hearings must be concluded by October first. Changes made to the provisional budget are entered at length in the minutes of the Board of County Commissioners.
4. Before October first of each year the Board of County Commissioners adopts an annual budget for the ensuing year. The adopted budget is filed in the office of the County Auditor.
5. After adoption by the Board of County Commissioners, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 7.
6. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total county budget.
7. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
8. Unexpended appropriations lapse at year end unless encumbered by resolution of the Board of County Commissioners.
9. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

**SUPPLEMENTARY INFORMATION
DOUGLAS 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:				
Financing (Capital Acquisition) Lease	\$ 452,334.84	\$	\$ 68,804.52	\$ 383,530.32

Note 1 - Long-Term Debt:

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

Financing (Capital Acquisition) Leases:

Lease Purchase of a heating/cooling system for the Courthouse; annual payments of principal and 5.04% interest will be made from the General Fund. These payments started in July 2011 and will continue until June 2023.	\$ 383,530.32
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