

**MCPHERSON COUNTY**

**AUDIT REPORT**

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

MCPHERSON COUNTY  
COUNTY OFFICIALS  
December 31, 2013

Board of Commissioners:

Delmar Metzger  
Rick Beilke  
Jeff Neuharth  
Jim Schumacher  
Sid Feickert

Auditor:

Jennifer Guthmiller

Treasurer:

Donna Breitag

State's Attorney:

Donald Kallenberger

Register of Deeds:

John Hilgemann

Sheriff:

David Ackerman



MCPHERSON COUNTY  
TABLE OF CONTENTS

Page

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 <i>Government Auditing Standards</i> .....	1
Schedule of Prior Audit Findings.....	3
Schedule of Current Audit Findings.....	3
Independent Auditor's Report.....	5
<i>Basic Financial Statements</i>	
<b><u>Government-wide Financial Statements:</u></b>	
As of December 31, 2013:	
Statement of Net Position--Modified Cash Basis.....	7
For the Year Ended December 31, 2013:	
Statement of Activities--Modified Cash Basis.....	8
For the Year Ended December 31, 2012:	
Statement of Activities--Modified Cash Basis.....	9
<b><u>Fund Financial Statements:</u></b>	
<b><u>Governmental Funds</u></b>	
As of December 31, 2013:	
Balance Sheet--Modified Cash Basis.....	10
For the Year Ended December 31, 2013:	
Statement of Revenues, Expenditures and Changes in Fund Balances--Modified Cash Basis.....	12
For the Year Ended December 31, 2012:	
Statement of Revenues, Expenditures and Changes in Fund Balances--Modified Cash Basis.....	16
<b><u>Fiduciary Funds</u></b>	
As of December 31, 2013:	
Statement of Fiduciary Net Position--Modified Cash Basis.....	20
Notes to the Modified Cash Basis Financial Statements.....	21

*Supplementary Information:*

For the Year Ended December 31, 2013:

Budgetary Comparison Schedule--Modified Cash Basis--General Fund .....	33
Budgetary Comparison Schedule--Modified Cash Basis--Road and Bridge Fund .....	35

For the Year Ended December 31, 2012:

Budgetary Comparison Schedule--Modified Cash Basis--General Fund .....	36
Budgetary Comparison Schedule--Modified Cash Basis--Road and Bridge Fund .....	38

Notes to the Supplementary Information – Budgetary Comparison Schedules .....	39
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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  
McPherson County  
Leola, 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 McPherson County, South Dakota (County), as of December 31, 2013, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 2, 2014.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings that we consider to be significant deficiencies. We consider the deficiency described in the accompanying Schedule of Current Audit Findings as item No. 2013-001 to be a significant deficiency.

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

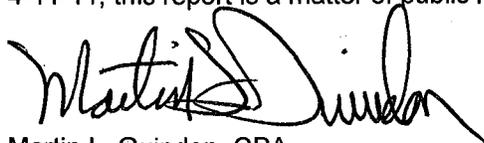
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination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

### ***County's Response to Findings***

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

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

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



Martin L. Guindon, CPA  
Auditor General

December 2, 2014

MCPHERSON COUNTY  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**Prior Audit Findings:**

Finding No. 2011-01:

The County improperly expended \$226,128.31 of Snow Removal Reserve Funds and did not maintain an adequate reserve for the Snow Removal Funds in violation of South Dakota Codified Law (SDCL) 34-5-7. This finding has been resolved.

Finding No. 2011-02:

The unassigned fund balance of the General Fund exceeded the maximum allowed by South Dakota Codified Law (SDCL) 7-21-18.1 by approximately \$340,000 as of December 31, 2011. This finding has been resolved.

**SCHEDULE OF CURRENT AUDIT FINDINGS**

**Current Audit Findings:**

***Internal Control-Related Findings – Significant Deficiency:***

Cash Internal Control Deficiencies

Finding No. 2013-001:

The County's internal controls over cash assets were inadequate resulting in diminished assurance that the County's financial transactions were properly recorded and its assets were adequately safeguarded.

Analysis:

United States General Accounting Office, Government Auditing Standards, 2011 revisions, state:

Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.

We noted the following internal control deficiencies over cash:

- a. The Auditor's Account with the Treasurer, as required by South Dakota Codified Law (SDCL) 7-10-3, was not being accurately completed. SDCL 7-10-3 states: "The county auditor shall also at the close of each calendar month list all cash and cash items in the hands of the county treasurer and at the same time verify the balances in the several bank depositories...." The County Auditor was not counting and listing all cash and cash items in the hands of the County Treasurer and was not at the same time verifying the balances in the several bank depositories. The Auditor's Account with the Treasurer serves as a check and balance of the County Treasurer's Office by verifying all cash items and bank accounts noted in the Treasurer's Daily Balance Record for propriety.
- b. Instances were noted in which the County Treasurer issued a motor vehicle receipt; however, payment was not received from the individual the same day; and in some instances payment was not received for several days. SDCL 7-11-9 states that receipts shall be issued whenever the county treasurer receives any money, warrants, or orders on any account.

- c. The County Treasurer was not depositing intact and was not properly maintaining the cash change fund. The County Treasurer had an established change fund in the amount of \$600.00. The County Treasurer would buy postage for other departments with the cash change fund and at the end of the month request reimbursement on a County voucher. However, the reimbursement was not used to replenish the change fund but was instead deposited into the County Treasurer's checking account. The County Treasurer used other cash received during the day's business to replenish the change fund throughout the month.

RECOMMENDATIONS:

1. We recommend the County Auditor verify the cash and cash items in the hands of the County Treasurer and verify balances in the several bank depositories on a monthly basis as required by SDCL 7-10-3.
2. We recommend the County Treasurer only issue receipts after payment is received as required by SDCL 7-11-9.
3. We recommend the County Treasurer deposit collections intact and properly maintain the cash change fund.

Management's Response:

The Board of Commissioner's acknowledges the cash internal control deficiencies and they will be discussed with the appropriate department heads to correct the deficiencies.



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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

County Commission  
McPherson County  
Leola, 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 McPherson County, South Dakota (County), as of December 31, 2013, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of accounting of the governmental activities, each major fund, and the aggregate remaining fund information of McPherson County as of December 31, 2013, and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

### **Basis of Accounting**

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

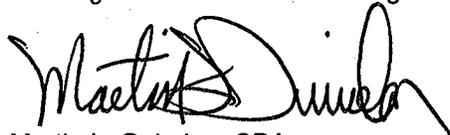
### **Other Matters**

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the County's basic financial statements. The Budgetary Comparison Schedules 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 December 2, 2014, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Martin L. Guindon, CPA  
Auditor General

December 2, 2014

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

	<b>Primary Government Governmental Activities</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 742,541.36
Investments	992,740.52
<b>TOTAL ASSETS</b>	<b>\$ 1,735,281.88</b>
<b>NET POSITION:</b>	
Restricted For: (See Note 4)	
Road and Bridge Purposes	\$ 283,998.56
Other Purposes	10,071.88
Unrestricted	1,441,211.44
<b>TOTAL NET POSITION</b>	<b>\$ 1,735,281.88</b>

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

**MCPHERSON 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
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 673,465.93	\$ 69,063.94	\$ 8,189.05	\$ (596,212.94)
Public Safety	228,510.17	41,992.02	30,887.71	(155,630.44)
Public Works	1,574,188.71	51,495.64	857,589.85	(665,103.22)
Health and Welfare	62,634.42	20,709.44		(41,924.98)
Culture and Recreation	11,132.00			(11,132.00)
Conservation of Natural Resources	59,439.10		11,814.46	(47,624.64)
Urban and Economic Development	13,373.67			(13,373.67)
<b>Total Primary Government</b>	<b>\$ 2,622,744.00</b>	<b>\$ 183,261.04</b>	<b>\$ 908,481.07</b>	<b>(1,531,001.89)</b>
<b>General Revenues:</b>				
Taxes:				
Property Taxes				1,606,577.01
State Shared Revenues				116,827.34
Grants and Contributions not Restricted to Specific Programs				385.00
Unrestricted Investment Earnings				6,482.66
Miscellaneous Revenue				28,214.29
<b>Total General Revenues</b>				<b>1,758,486.30</b>
Change in Net Position				227,484.41
Net Position - Beginning				1,507,797.47
<b>NET POSITION - ENDING</b>				<b>\$ 1,735,281.88</b>

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

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 676,843.90	\$ 70,838.42	\$	\$ (606,005.48)
Public Safety	223,330.24	49,103.24	52,271.52	(121,955.48)
Public Works	1,597,821.66	28,435.97	837,891.08	(731,494.61)
Health and Welfare	76,826.14	484.48		(76,341.66)
Culture and Recreation	11,132.00			(11,132.00)
Conservation of Natural Resources	57,868.10	54.45	4,125.00	(53,688.65)
Urban and Economic Development	7,676.10			(7,676.10)
<b>Total Primary Government</b>	<b>\$ 2,651,498.14</b>	<b>\$ 148,916.56</b>	<b>\$ 894,287.60</b>	<b>(1,608,293.98)</b>
<b>General Revenues:</b>				
Taxes:				
Property Taxes				1,567,288.11
911 Telephone Surcharge				18,910.69
State Shared Revenues				127,880.71
Grants and Contributions not Restricted to Specific Programs				395.00
Unrestricted Investment Earnings				6,880.94
Miscellaneous Revenue				164,487.00
<b>Total General Revenues</b>				<b>1,885,842.45</b>
Change in Net Position				277,548.47
Net Position - Beginning				1,230,249.00
<b>NET POSITION - ENDING</b>				<b>\$ 1,507,797.47</b>

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

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 93,401.83	\$ 629,564.76	\$ 19,574.77	\$ 742,541.36
Investments	992,740.52			992,740.52
<b>TOTAL ASSETS</b>	<u>\$ 1,086,142.35</u>	<u>\$ 629,564.76</u>	<u>\$ 19,574.77</u>	<u>\$ 1,735,281.88</u>
<b>FUND BALANCES:</b> (See Note 1.i.)				
Restricted	\$	\$ 283,998.56	\$ 10,071.88	\$ 294,070.44
Assigned	342,452.00			342,452.00
Unassigned	743,690.35	345,566.20	9,502.89	1,098,759.44
<b>TOTAL FUND BALANCES</b>	<u>\$ 1,086,142.35</u>	<u>\$ 629,564.76</u>	<u>\$ 19,574.77</u>	<u>\$ 1,735,281.88</u>

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

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**MCPHERSON 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>
<b>Revenues:</b>				
<b>Taxes:</b>				
General Property Taxes--Current	\$ 1,359,468.89	\$ 233,824.97	\$	\$ 1,593,293.86
General Property Taxes--Delinquent	6,364.94	1,055.39		7,420.33
Penalties and Interest	5,033.46	790.56		5,824.02
Mobile Home Tax	35.59	3.21		38.80
Licenses and Permits	2,223.60	4,760.00	100.00	7,083.60
<b>Intergovernmental Revenue:</b>				
Federal Grants	12,349.51	16,387.94		28,737.45
Federal Shared Revenue	6,614.46	1,344.20		7,958.66
Federal Payments in Lieu of Taxes	385.00			385.00
State Grants	898.41	146,352.33	3,136.30	150,387.04
<b>State Shared Revenue:</b>				
Bank Franchise	4,823.57	1,796.86		6,620.43
Motor Vehicle Licenses		589,973.02		589,973.02
State Highway Fund (former 10% game)		4,900.03		4,900.03
Court Appointed Attorney/Public Defender	61.98			61.98
Prorate/Port of Entry Fees		38,043.40		38,043.40
Secondary Road Motor Vehicle Remittances		53,451.51		53,451.51
Telecommunications Gross Receipts Tax	15,335.52			15,335.52
Motor Vehicle 1/4%	977.56			977.56
Wind Farm Taxes	94,800.83			94,800.83
Motor Fuel Tax		7,137.42		7,137.42
911 Remittances			26,853.00	26,853.00
State Payments in Lieu of Taxes	70.56			70.56

**Charges for Goods and Services:**

<b>General Government:</b>			
Treasurer's Fees	3,738.36		3,738.36
Register of Deeds' Fees	49,661.50	7,929.42	57,590.92
Driver's License Exam	555.00		555.00
Legal Services	1,302.27		1,302.27
Clerk of Courts Fees	1,776.20		1,776.20
Other Fees	1,877.59		1,877.59
<b>Public Safety:</b>			
Law Enforcement	3,752.27	37,452.05	41,204.32
Sobriety Testing		381.00	381.00
<b>Public Works:</b>			
Road Maintenance Contract Charges		35,177.07	35,177.07
Other		11,558.57	11,558.57
<b>Health and Welfare:</b>			
<b>Economic Assistance:</b>			
Poor Lien Recoveries	20,709.44		20,709.44
<b>Fines and Forfeits:</b>			
Costs	306.70		306.70
<b>Miscellaneous Revenue:</b>			
Investment Earnings	4,480.39	2,002.27	6,482.66
Refund of Prior Year's Expenditures	149.00		149.00
Other	2,890.29	1,011.15	3,901.44
<b>Total Revenues</b>	<u>1,600,642.89</u>	<u>1,149,569.90</u>	<u>2,826,064.56</u>

**Expenditures:****General Government:****Legislative:**

Board of County Commissioners	96,932.51		96,932.51
Elections	1,835.99		1,835.99
Judicial System	1,846.80		1,846.80

**Financial Administration:**

Auditor	90,383.15		90,383.15
Treasurer	90,925.30		90,925.30
Data Processing	404.64		404.64

**Legal Services:**

State's Attorney	65,699.73		65,699.73
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**MCPHERSON 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>
Court Appointed Attorney	8,331.63			8,331.63
Other Administration:				
General Government Building	112,265.29			112,265.29
Director of Equalization	95,197.95			95,197.95
Register of Deeds	73,283.18		4,299.98	77,583.16
Veterans Service Officer	25,780.10			25,780.10
Predatory Animal	4,821.68			4,821.68
Other	1,458.00			1,458.00
Public Safety:				
Law Enforcement:				
Sheriff	120,996.92		52,065.30	173,062.22
County Jail	4,661.50			4,661.50
Coroner	1,108.51			1,108.51
Protective and Emergency Services:				
Fire Protection	1,603.77			1,603.77
Emergency and Disaster Services			12,887.60	12,887.60
Communication Center			35,186.57	35,186.57
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	49,691.19	1,524,497.52		1,574,188.71
Health and Welfare:				
Economic Assistance:				
Support of Poor	11,472.55			11,472.55
Other	2,500.00			2,500.00
Health Assistance:				
County Nurse	27,500.00			27,500.00
Ambulance	13,684.48			13,684.48

Mental Health Services:				
Mentally Ill	3,257.39			3,257.39
Developmentally Disabled	720.00			720.00
Mental Health Centers	3,500.00			3,500.00
Culture and Recreation:				
Recreation:				
Recreational Programs	5,632.00			5,632.00
Senior Center	5,500.00			5,500.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	29,340.24			29,340.24
Soil Conservation Districts	1,000.00			1,000.00
Weed and Pest Control	29,098.86			29,098.86
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	560.00			560.00
Urban and Rural Development	6,682.52			6,682.52
Economic Development:				
Tourism, Industrial or Recreational Development	6,131.15			6,131.15
Total Expenditures	<u>993,807.03</u>	<u>1,524,497.52</u>	<u>104,439.45</u>	<u>2,622,744.00</u>
Excess of Revenues Over (Under) Expenditures	<u>606,835.86</u>	<u>(374,927.62)</u>	<u>(28,587.68)</u>	<u>203,320.56</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In		500,000.00	20,800.00	520,800.00
Transfers Out	(520,800.00)			(520,800.00)
Sale of County Property	9.37	24,154.48		24,163.85
Total Other Financing Sources (Uses)	<u>(520,790.63)</u>	<u>524,154.48</u>	<u>20,800.00</u>	<u>24,163.85</u>
Net Change in Fund Balance	86,045.23	149,226.86	(7,787.68)	227,484.41
Fund Balance - Beginning	<u>1,000,097.12</u>	<u>480,337.90</u>	<u>27,362.45</u>	<u>1,507,797.47</u>
FUND BALANCE - ENDING	<u>\$ 1,086,142.35</u>	<u>\$ 629,564.76</u>	<u>\$ 19,574.77</u>	<u>\$ 1,735,281.88</u>

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

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
<b>Taxes:</b>				
General Property Taxes--Current	\$ 1,318,699.90	\$ 229,827.01	\$	\$ 1,548,526.91
General Property Taxes--Delinquent	10,733.97	1,891.86		12,625.83
Penalties and Interest	4,726.63	787.12		5,513.75
Mobile Home Tax	618.19	3.43		621.62
911 Telephone Surcharge			18,910.69	18,910.69
Licenses and Permits	6,441.00	1,130.00	105.00	7,676.00
<b>Intergovernmental Revenue:</b>				
Federal Grants	6,545.00		49,851.52	56,396.52
Federal Shared Revenue	7,151.47	1,540.67		8,692.14
Federal Payments in Lieu of Taxes	395.00			395.00
State Grants		152,938.19	3,675.36	156,613.55
<b>State Shared Revenue:</b>				
Bank Franchise	4,276.52	1,593.07		5,869.59
Motor Vehicle Licenses	7.00	564,725.60		564,732.60
State Highway Fund (former 10% game)		4,900.03		4,900.03
Court Appointed Attorney/Public Defender	271.92			271.92
Prorate/Port of Entry Fees		40,962.69		40,962.69
63 3/4% Mobile Home		7,501.85		7,501.85
Secondary Road Motor Vehicle Remittances		54,500.73		54,500.73
Telecommunications Gross Receipts Tax	15,779.77			15,779.77
Motor Vehicle 1/4%	860.34			860.34
Wind Farm Taxes	106,231.35			106,231.35
Motor Fuel Tax		7,138.96		7,138.96
911 Remittances			9,009.57	9,009.57

## Charges for Goods and Services:

General Government:			
Treasurer's Fees	3,507.50		3,507.50
Register of Deeds' Fees	42,294.90	1,155.00	43,449.90
Driver's License Exam	650.00		650.00
Legal Services	49.00	100.00	149.00
Clerk of Courts Fees	4,357.95		4,357.95
Other Fees	3,999.34		3,999.34
Public Safety:			
Law Enforcement	6,998.24	42,000.00	48,998.24
Public Works:			
Road Maintenance Contract Charges		4,397.95	4,397.95
Other		22,908.02	22,908.02
Health and Welfare:			
Economic Assistance:			
Poor Lien Recoveries	484.48		484.48
Conservation of Natural Resources	54.45		54.45
Miscellaneous Revenue:			
Investment Earnings	6,880.94		6,880.94
Refund of Prior Year's Expenditures	90.00		90.00
Other	855.81	286.63	1,142.44
Total Revenues	<u>1,552,960.67</u>	<u>1,097,033.81</u>	<u>2,774,801.62</u>

## Expenditures:

## General Government:

## Legislative:

Board of County Commissioners	102,122.25		102,122.25
Elections	16,524.58		16,524.58
Judicial System	4,604.51		4,604.51
Financial Administration:			
Auditor	85,310.90		85,310.90
Treasurer	93,618.13		93,618.13
Data Processing	334.79		334.79
Legal Services:			
State's Attorney	64,113.99		64,113.99
Court Appointed Attorney	10,661.10		10,661.10

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Administration:				
General Government Building	89,230.29			89,230.29
Director of Equalization	96,413.26			96,413.26
Register of Deeds	76,129.72			76,129.72
Veterans Service Officer	27,247.73			27,247.73
Predatory Animal	4,821.68			4,821.68
Other	5,710.97			5,710.97
Public Safety:				
Law Enforcement:				
Sheriff	91,354.29		49,936.07	141,290.36
County Jail	17,923.60			17,923.60
Coroner	985.32			985.32
Protective and Emergency Services:				
Fire Protection	1,591.57			1,591.57
Emergency and Disaster Services			40,631.85	40,631.85
Communication Center			29,917.11	29,917.11
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		1,595,947.35		1,595,947.35
Snow		1,874.31		1,874.31
Health and Welfare:				
Economic Assistance:				
Support of Poor	23,929.86			23,929.86
Other	2,408.82			2,408.82
Health Assistance:				
County Nurse	27,000.00			27,000.00
Ambulance	18,135.40			18,135.40

Mental Health Services:				
Mentally Ill	1,852.06			1,852.06
Mental Health Centers	3,500.00			3,500.00
Culture and Recreation:				
Recreation:				
Recreational Programs	5,632.00			5,632.00
Senior Center	5,500.00			5,500.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	33,840.61			33,840.61
Soil Conservation Districts	1,000.00			1,000.00
Weed and Pest Control	23,027.49			23,027.49
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	802.05			802.05
Urban and Rural Development	6,574.05			6,574.05
Economic Development:				
Tourism, Industrial or Recreational Development	300.00			300.00
Total Expenditures	<u>942,201.02</u>	<u>1,597,821.66</u>	<u>120,485.03</u>	<u>2,660,507.71</u>
Excess of Revenues Over (Under) Expenditures	<u>610,759.65</u>	<u>(500,787.85)</u>	<u>4,322.11</u>	<u>114,293.91</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In		713,229.53		713,229.53
Transfers Out	(713,229.53)			(713,229.53)
Sale of County Property	1,971.46	161,283.10		163,254.56
Total Other Financing Sources (Uses)	<u>(711,258.07)</u>	<u>874,512.63</u>	<u>0.00</u>	<u>163,254.56</u>
Net Change in Fund Balance	(100,498.42)	373,724.78	4,322.11	277,548.47
Fund Balance - Beginning	<u>1,100,595.54</u>	<u>106,613.12</u>	<u>23,040.34</u>	<u>1,230,249.00</u>
FUND BALANCE - ENDING	<u>\$ 1,000,097.12</u>	<u>\$ 480,337.90</u>	<u>\$ 27,362.45</u>	<u>\$ 1,507,797.47</u>

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

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

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 72,693.93
<b>TOTAL ASSETS</b>	<u>\$ 72,693.93</u>
<b>NET POSITION:</b>	
Net Position Held in Agency Capacity	\$ 72,693.93
<b>TOTAL NET POSITION</b>	<u>\$ 72,693.93</u>

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

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

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

The County participates in two cooperative units. 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, Joint Law Enforcement, 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. Program Revenues:

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

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

g. 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.

h. 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.

i. 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**  
Taxes, Federal and State Grants, and  
Motor Vehicle Licenses

A schedule of fund balances is provided as follows:

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Fund Balances:</b>				
Restricted For:				
Snow Removal Purposes	\$	\$ 283,998.56	\$	\$ 283,998.56
911 Service Purposes			40.13	40.13
Emergency Management Purposes			4,086.31	4,086.31
24/7 Sobriety Purposes			381.00	381.00
Domestic Abuse Purposes			780.00	780.00
Modernization and Preservation Relief Purposes			4,784.44	4,784.44
Assigned To:				
Applied to Next Year's Budget	342,452.00			342,452.00
Road and Bridge Purposes		345,566.20		345,566.20
Joint Law Enforcement Purposes			9,502.89	9,502.89
Unassigned	<u>743,690.35</u>			
<b>Total Fund Balances</b>	<u><u>\$ 1,086,142.35</u></u>	<u><u>\$ 629,564.76</u></u>	<u><u>\$ 19,574.77</u></u>	<u><u>\$ 1,735,281.88</u></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 no investment policy that would further limit its investment choices.

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

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

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

3. PROPERTY TAXES

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

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

4. RESTRICTED NET POSITION

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

**Major Purposes:**

Snow Removal Purposes	<u>\$ 283,998.56</u>
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**Other Purposes:**

911 Service Purposes	40.13
Domestic Abuse Purposes	780.00
Emergency Management Purposes	4,086.31
24/7 Sobriety Purposes	381.00
Modernization and Preservation Relief Purposes	<u>4,784.44</u>

Total Other Purposes	<u>10,071.88</u>
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<b>Total Restricted Net Position</b>	<b><u>\$ 297,070.44</u></b>
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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, 2013 were as follows:

<b><u>Transfers From:</u></b>	<b><u>Transfers To:</u></b>		<b><u>Total</u></b>
	<b>Road and Bridge Fund</b>	<b>Other Governmental Funds</b>	
Major Funds:			
General Fund	\$ 500,000.00	\$ 20,800.00	\$ 520,800.00

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

<b><u>Transfers From:</u></b>	<b><u>Transfers To:</u></b>
	<b>Road and Bridge Fund</b>
Major Funds:	
General Fund	\$ 713,229.53

The County typically budgets transfers to the Road and Bridge Fund, the Emergency Management Fund, and the Joint Law Enforcement Fund (Other Governmental Funds) to conduct the indispensable functions of the County.

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, 2013, 2012, and 2011 were \$53,792.14, \$49,691.68, and \$49,818.11, respectively, equal to the required contributions each year.

7. JOINT VENTURES

The County participates in two joint ventures to provide services to the regional areas encompassing each of the joint ventures. These are:

Five County Television Translator District  
North Central Regional E-911 Center

Five County Television Translator District

The County participates in a joint venture, known as the Five County Television Translator District, formed for the purpose of providing television program distribution services to the citizens within the Translator District.

The members of the Five County Television Translator District are:

Campbell County  
Edmunds County  
McPherson County  
Potter County  
Walworth County

The joint powers agreement is formulated in accordance with SDCL's 1-24 and 49-32A. The governing board consists of five representatives, one appointed by each of the five participating counties.

Pursuant to SDCL 49-32A-14, the operations and activities of the television district shall be financed by appropriations from the participating counties from the county general funds in the same proportion that the population of each county is to the total district population.

The percentage of participation is based upon the population of each county in ratio to the total district population. The entity does not have an equity interest in the net position of the joint venture. However, the entity would share in the net position for their proportion upon dissolution of the joint venture and has a responsibility to fund its proportionate share of deficits.

Separate financial statements for this joint venture are available from Walworth County.

At December 31, 2013, this joint venture had total assets of \$107,163.32, no liabilities, and total net position of \$107,163.32.

#### North Central Regional E-911 Center

The County participates in a joint venture, known as the North Central Regional E-911 Center, formed for the purpose of providing efficient and consolidated E-911 services to the citizens of the member counties.

The members of the North Central Regional E-911 Center are:

- Walworth County
- Campbell County
- Corson County
- Edmunds County
- McPherson County
- Perkins County
- Sioux County, North Dakota
- Harding County
- Potter County

The joint powers agreement is formulated in accordance with SDCL 34-45. The governing board consists of two members from each governmental entity entering the joint agreement. The War Hawk Civil Defense Coordinator and a responder from the Standing Rock Emergency Services are permanent, nonvoting board members.

The operations and activities of the center are financed by the telephone surcharge, less the state coordinator fee per phone of the participating government entity.

The members interest varies based upon its cumulative contributions. This entity does not have an equity interest in the net position of the joint venture. However, the entity would share in the net position for their proportion upon dissolution of the joint venture and has a responsibility to fund its proportionate share of deficits.

Separate financial statements for this joint venture are available from Walworth County.

At December 31, 2013, this joint venture had total assets of \$263,695.89, no liabilities, and total net position of \$263,695.89.

The record keeping for this joint venture was turned over to the City of Mobridge in 2014.

#### 8. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2013, the County was involved in several indigent medial claims lawsuits. No determination can be made at this time regarding the potential outcome of these lawsuits. However, the County participates in the state catastrophic health care program which would limit the County's exposure to \$25,000 plus 10% of the approved amounts over \$25,000. Therefore, no material effects are anticipated to the County as a result of the potential outcome of these lawsuits.

9. RISK MANAGEMENT

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

Employee Health Insurance:

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

Liability Insurance:

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

- General Liability,
- Automobile Liability,
- Officials' Liability,
- Law Enforcement Liability,
- Employee Benefit Liability,
- Automobile Physical Damage,
- Boiler & Machinery, and
- Building & Property Damage

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, 2013, the County has vested balance in the cumulative reserve fund of \$47,138.41.

The County carries no deductible for General and Automobile Liability coverages, a \$500 deductible for Officials' Liability coverage, a \$2,000 deductible for Law Enforcement Liability coverage, \$500 comprehensive and a \$1,000 collision deductible for Automobile Physical Damage

coverage, a \$500 deductible for Boiler and Machinery coverage, and a \$250 deductible for Property and Machinery 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 two years ended December 31, 2013, three claims were filed for unemployment benefits. These claims resulted in the payment of benefits in the amount of \$7,168.97. At December 31, 2013, no claims had been filed and were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next year.

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 1,377,147.00	\$ 1,377,147.00	\$ 1,359,468.89	\$ (17,678.11)
General Property Taxes--Delinquent	7,500.00	7,500.00	6,364.94	(1,135.06)
Penalties and Interest	6,000.00	6,000.00	5,033.46	(966.54)
Mobile Home Tax	100.00	100.00	35.59	(64.41)
Licenses and Permits	750.00	750.00	2,223.60	1,473.60
Intergovernmental Revenue:				
Federal Grants	2,200.00	2,200.00	12,349.51	10,149.51
Federal Shared Revenue	6,000.00	6,000.00	6,614.46	614.46
Federal Payments in Lieu of Taxes	375.00	375.00	385.00	10.00
State Grants	2,000.00	2,000.00	898.41	(1,101.59)
State Shared Revenue:				
Bank Franchise	4,000.00	4,000.00	4,823.57	823.57
Court Appointed Attorney/Public Defender	200.00	200.00	61.98	(138.02)
Telecommunications Gross Receipts Tax	15,000.00	15,000.00	15,335.52	335.52
Motor Vehicle 1/4%	400.00	400.00	977.56	577.56
Wind Farm Taxes	115,000.00	115,000.00	94,800.83	(20,199.17)
Other Payments in Lieu of Taxes	50.00	50.00	70.56	20.56
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	3,345.00	3,345.00	3,738.36	393.36
Register of Deeds' Fees	30,000.00	30,000.00	49,661.50	19,661.50
Driver's License Exam	600.00	600.00	555.00	(45.00)
Legal Services	200.00	200.00	1,302.27	1,102.27
Clerk of Courts Fees	3,500.00	3,500.00	1,776.20	(1,723.80)
Other Fees	1,250.00	1,250.00	1,877.59	627.59
Public Safety:				
Law Enforcement	3,000.00	3,000.00	3,752.27	752.27
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	3,000.00	3,000.00	20,709.44	17,709.44
Fines and Forfeits:				
Costs	0.00	0.00	306.70	306.70
Miscellaneous Revenue:				
Investment Earnings	10,000.00	10,000.00	4,480.39	(5,519.61)
Refund of Prior Year's Expenditures	1,000.00	1,000.00	149.00	(851.00)
Other	1,000.00	1,000.00	2,890.29	1,890.29
<b>Total Revenues</b>	<b>1,593,617.00</b>	<b>1,593,617.00</b>	<b>1,600,642.89</b>	<b>7,025.89</b>
<b>Expenditures:</b>				
General Government:				
Legislative:				
Board of County Commissioners	95,130.00	96,980.00	96,932.51	47.49
Contingency	150,000.00	150,000.00		
Amount Transferred		(68,100.00)		81,900.00
Elections	1,500.00	1,840.00	1,835.99	4.01
Judicial System	5,200.00	5,200.00	1,846.80	3,353.20
Financial Administration:				
Auditor	92,850.00	92,850.00	90,383.15	2,466.85
Treasurer	96,549.00	96,549.00	90,925.30	5,623.70
Data Processing	600.00	600.00	404.64	195.36
Legal Services:				
State's Attorney	72,470.00	72,470.00	65,699.73	6,770.27
Court Appointed Attorney	15,600.00	15,600.00	8,331.63	7,268.37
Other Administration:				
General Government Building	121,970.00	121,970.00	112,265.29	9,704.71
Director of Equalization	91,450.00	95,200.00	95,197.95	2.05
Register of Deeds	75,270.00	75,270.00	73,283.18	1,986.82
Veterans Service Officer	29,120.00	29,120.00	25,780.10	3,339.90
Predatory Animal	4,900.00	4,900.00	4,821.68	78.32
Other	0.00	1,500.00	1,458.00	42.00

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Safety:				
Law Enforcement:				
Sheriff	153,685.00	153,685.00	120,996.92	32,688.08
County Jail	20,000.00	20,000.00	4,661.50	15,338.50
Coroner	1,750.00	1,750.00	1,108.51	641.49
Protective and Emergency Services:				
Fire Protection	3,500.00	3,500.00	1,603.77	1,896.23
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	0.00	50,000.00	49,691.19	308.81
Health and Welfare:				
Economic Assistance:				
Support of Poor	43,000.00	43,000.00	11,472.55	31,527.45
Other	2,500.00	2,500.00	2,500.00	0.00
Health Assistance:				
County Nurse	27,000.00	27,500.00	27,500.00	0.00
Ambulance	16,400.00	16,400.00	13,684.48	2,715.52
Mental Health Services:				
Mentally Ill	3,000.00	3,310.00	3,257.39	52.61
Developmentally Disabled	5,100.00	5,100.00	720.00	4,380.00
Mental Health Centers	3,500.00	3,500.00	3,500.00	0.00
Culture and Recreation:				
Recreation:				
Recreational Programs	5,650.00	5,650.00	5,632.00	18.00
Senior Center	5,500.00	5,500.00	5,500.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	46,050.00	46,050.00	29,340.24	16,709.76
Soil Conservation Districts	1,000.00	1,000.00	1,000.00	0.00
Weed and Pest Control	32,715.00	32,715.00	29,098.86	3,616.14
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	900.00	900.00	560.00	340.00
Urban and Rural Development	6,500.00	6,700.00	6,682.52	17.48
Economic Development:				
Tourism, Industrial or Recreational Development	5,300.00	6,300.00	6,131.15	168.85
Total Expenditures	<u>1,235,659.00</u>	<u>1,227,009.00</u>	<u>993,807.03</u>	<u>233,201.97</u>
Excess of Revenues Over (Under) Expenditures	<u>357,958.00</u>	<u>366,608.00</u>	<u>606,835.86</u>	<u>240,227.86</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(723,910.00)	(723,910.00)	(520,800.00)	203,110.00
Sale of County Property	2,000.00	2,000.00	9.37	(1,990.63)
Total Other Financing Sources (Uses)	<u>(721,910.00)</u>	<u>(721,910.00)</u>	<u>(520,790.63)</u>	<u>201,119.37</u>
Net Change in Fund Balance	(363,952.00)	(355,302.00)	86,045.23	441,347.23
Fund Balance - Beginning	1,000,097.12	1,000,097.12	1,000,097.12	0.00
<b>FUND BALANCE - ENDING</b>	<u>\$ 636,145.12</u>	<u>\$ 644,795.12</u>	<u>\$ 1,086,142.35</u>	<u>\$ 441,347.23</u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 235,075.00	\$ 235,075.00	\$ 233,824.97	\$ (1,250.03)
General Property Taxes--Delinquent	1,500.00	1,500.00	1,055.39	(444.61)
Penalties and Interest	1,000.00	1,000.00	790.56	(209.44)
Mobile Home Tax	0.00	0.00	3.21	3.21
Licenses and Permits	2,000.00	2,000.00	4,760.00	2,760.00
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	16,387.94	16,387.94
Federal Shared Revenue	1,500.00	1,500.00	1,344.20	(155.80)
State Grants	0.00	0.00	146,352.33	146,352.33
State Shared Revenue:				
Bank Franchise	1,500.00	1,500.00	1,796.86	296.86
Motor Vehicle Licenses	630,000.00	630,000.00	589,973.02	(40,026.98)
State Highway Fund (former 10% game)	0.00	0.00	4,900.03	4,900.03
Prorate/Port of Entry Fees	44,000.00	44,000.00	38,043.40	(5,956.60)
63 3/4% Mobile Home	2,000.00	2,000.00	0.00	(2,000.00)
Secondary Road Motor Vehicle Remittances	55,000.00	55,000.00	53,451.51	(1,548.49)
Motor Fuel Tax	0.00	0.00	7,137.42	7,137.42
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	150,000.00	150,000.00	35,177.07	(114,822.93)
Other	0.00	0.00	11,558.57	11,558.57
Miscellaneous Revenue:				
Investment Earnings	2,000.00	2,000.00	2,002.27	2.27
Refund of Prior Year's Expenditures	200.00	200.00	0.00	(200.00)
Other	500.00	500.00	1,011.15	511.15
<b>Total Revenues</b>	<u>1,126,275.00</u>	<u>1,126,275.00</u>	<u>1,149,569.90</u>	<u>23,294.90</u>
<b>Expenditures:</b>				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	1,845,381.00	1,845,381.00	1,524,497.52	320,883.48
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(719,106.00)</u>	<u>(719,106.00)</u>	<u>(374,927.62)</u>	<u>344,178.38</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	703,110.00	703,110.00	500,000.00	(203,110.00)
Sale of County Property	20,000.00	20,000.00	24,154.48	4,154.48
<b>Total Other Financing Sources (Uses)</b>	<u>723,110.00</u>	<u>723,110.00</u>	<u>524,154.48</u>	<u>(198,955.52)</u>
<b>Net Change in Fund Balance</b>	4,004.00	4,004.00	149,226.86	145,222.86
<b>Fund Balance - Beginning</b>	<u>480,337.90</u>	<u>480,337.90</u>	<u>480,337.90</u>	<u>0.00</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 484,341.90</u>	<u>\$ 484,341.90</u>	<u>\$ 629,564.76</u>	<u>\$ 145,222.86</u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 1,336,604.00	\$ 1,336,604.00	\$ 1,318,699.90	\$ (17,904.10)
General Property Taxes--Delinquent	5,000.00	5,000.00	10,733.97	5,733.97
Penalties and Interest	6,000.00	6,000.00	4,726.63	(1,273.37)
Mobile Home Tax	100.00	100.00	618.19	518.19
Licenses and Permits	750.00	750.00	6,441.00	5,691.00
Intergovernmental Revenue:				
Federal Grants	7,900.00	7,900.00	6,545.00	(1,355.00)
Federal Shared Revenue	6,000.00	6,000.00	7,151.47	1,151.47
Federal Payments in Lieu of Taxes	375.00	375.00	395.00	20.00
State Grants	2,000.00	2,000.00	0.00	(2,000.00)
State Shared Revenue:				
Bank Franchise	4,000.00	4,000.00	4,276.52	276.52
Motor Vehicle Licenses	0.00	0.00	7.00	7.00
Court Appointed Attorney/Public Defender	0.00	0.00	271.92	271.92
Telecommunications Gross Receipts Tax	15,000.00	15,000.00	15,779.77	779.77
Motor Vehicle 1/4%	300.00	300.00	860.34	560.34
Wind Farm Taxes	110,000.00	110,000.00	106,231.35	(3,768.65)
Other Payments in Lieu of Taxes	50.00	50.00	0.00	(50.00)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	3,200.00	3,200.00	3,507.50	307.50
Register of Deeds' Fees	24,000.00	24,000.00	42,294.90	18,294.90
Driver's License Exam	600.00	600.00	650.00	50.00
Legal Services	0.00	0.00	49.00	49.00
Clerk of Courts Fees	3,500.00	3,500.00	4,357.95	857.95
Other Fees	1,400.00	1,400.00	3,999.34	2,599.34
Public Safety:				
Law Enforcement	3,000.00	3,000.00	6,998.24	3,998.24
Sobriety Testing	100.00	100.00	0.00	(100.00)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	3,000.00	3,000.00	484.48	(2,515.52)
Conservation of Natural Resources	0.00	0.00	54.45	54.45
Miscellaneous Revenue:				
Rent	20,000.00	20,000.00	6,880.94	(13,119.06)
Refund of Prior Year's Expenditures	1,000.00	1,000.00	90.00	(910.00)
Other	1,000.00	1,000.00	855.81	(144.19)
<b>Total Revenues</b>	<b>1,554,879.00</b>	<b>1,554,879.00</b>	<b>1,552,960.67</b>	<b>(1,918.33)</b>
<b>Expenditures:</b>				
General Government:				
Legislative:				
Board of County Commissioners	98,435.00	102,435.00	102,122.25	312.75
Contingency	150,000.00	150,000.00		
Amount Transferred		(57,600.00)		92,400.00
Elections	20,000.00	20,000.00	16,524.58	3,475.42
Judicial System	6,000.00	6,000.00	4,604.51	1,395.49
Financial Administration:				
Auditor	89,770.00	89,770.00	85,310.90	4,459.10
Treasurer	94,150.00	94,150.00	93,618.13	531.87
Data Processing	700.00	700.00	334.79	365.21
Legal Services:				
State's Attorney	71,180.00	71,180.00	64,113.99	7,066.01
Court Appointed Attorney	12,000.00	12,000.00	10,661.10	1,338.90
Other Administration:				
General Government Building	126,970.00	126,970.00	89,230.29	37,739.71
Director of Equalization	89,125.00	96,425.00	96,413.26	11.74
Register of Deeds	75,400.00	76,400.00	76,129.72	270.28
Veterans Service Officer	29,530.00	29,530.00	27,247.73	2,282.27
Predatory Animal	4,900.00	4,900.00	4,821.68	78.32
Self-Insurance Plan	0.00	6,000.00	5,710.97	289.03

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Public Safety:				
Law Enforcement:				
Sheriff	112,685.00	112,685.00	91,354.29	21,330.71
County Jail	20,000.00	20,000.00	17,923.60	2,076.40
Coroner	1,750.00	1,750.00	985.32	764.68
Protective and Emergency Services:				
Fire Protection	3,500.00	3,500.00	1,591.57	1,908.43
Health and Welfare:				
Economic Assistance:				
Support of Poor	43,000.00	43,000.00	23,929.86	19,070.14
Other	2,500.00	2,500.00	2,408.82	91.18
Health Assistance:				
County Nurse	27,500.00	27,500.00	27,000.00	500.00
Ambulance	15,000.00	18,200.00	18,135.40	64.60
Mental Health Services:				
Mentally Ill	3,000.00	3,000.00	1,852.06	1,147.94
Developmentally Disabled	5,320.00	5,320.00	0.00	5,320.00
Mental Health Centers	3,500.00	3,500.00	3,500.00	0.00
Culture and Recreation:				
Recreation:				
Recreational Programs	5,650.00	5,650.00	5,632.00	18.00
Senior Center	5,500.00	5,500.00	5,500.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	37,788.00	37,788.00	33,840.61	3,947.39
Soil Conservation Districts	1,000.00	1,000.00	1,000.00	0.00
Weed and Pest Control	33,915.00	33,915.00	23,027.49	10,887.51
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	900.00	900.00	802.05	97.95
Urban and Rural Development	6,500.00	6,600.00	6,574.05	25.95
Economic Development:				
Tourism, Industrial or Recreational Development	5,300.00	5,300.00	300.00	5,000.00
<b>Total Expenditures</b>	<b>1,202,468.00</b>	<b>1,166,468.00</b>	<b>942,201.02</b>	<b>224,266.98</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>352,411.00</b>	<b>388,411.00</b>	<b>610,759.65</b>	<b>222,348.65</b>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(483,000.00)	(483,000.00)	(713,229.53)	(230,229.53)
Sale of County Property	2,000.00	2,000.00	1,971.46	(28.54)
<b>Total Other Financing Sources (Uses)</b>	<b>(481,000.00)</b>	<b>(481,000.00)</b>	<b>(711,258.07)</b>	<b>(230,258.07)</b>
<b>Net Change in Fund Balance</b>	<b>(128,589.00)</b>	<b>(92,589.00)</b>	<b>(100,498.42)</b>	<b>(7,909.42)</b>
<b>Fund Balance - Beginning</b>	<b>1,100,595.54</b>	<b>1,100,595.54</b>	<b>1,100,595.54</b>	<b>0.00</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 972,006.54</b>	<b>\$ 1,008,006.54</b>	<b>\$ 1,000,097.12</b>	<b>\$ (7,909.42)</b>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 227,479.00	\$ 227,479.00	\$ 229,827.01	\$ 2,348.01
General Property Taxes--Delinquent	1,000.00	1,000.00	1,891.86	891.86
Penalties and Interest	1,000.00	1,000.00	787.12	(212.88)
Mobile Home Tax	0.00	0.00	3.43	3.43
Licenses and Permits	2,700.00	2,700.00	1,130.00	(1,570.00)
Intergovernmental Revenue:				
Federal Shared Revenue	1,500.00	1,500.00	1,540.67	40.67
State Grants	0.00	0.00	152,938.19	152,938.19
State Shared Revenue:				
Bank Franchise	1,500.00	1,500.00	1,593.07	93.07
Motor Vehicle Licenses	581,000.00	581,000.00	564,725.60	(16,274.40)
State Highway Fund (former 10% game)	0.00	0.00	4,900.03	4,900.03
Prorate/Port of Entry Fees	44,000.00	44,000.00	40,962.69	(3,037.31)
63 3/4% Mobile Home	2,000.00	2,000.00	7,501.85	5,501.85
Secondary Road Motor Vehicle Remittances	55,000.00	55,000.00	54,500.73	(499.27)
Motor Fuel Tax	0.00	0.00	7,138.96	7,138.96
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	150,000.00	150,000.00	4,397.95	(145,602.05)
Other	0.00	0.00	22,908.02	22,908.02
Miscellaneous Revenue:				
Investment Earnings	7,000.00	7,000.00	0.00	(7,000.00)
Refund of Prior Year's Expenditures	200.00	200.00	0.00	(200.00)
Other	750.00	750.00	286.63	(463.37)
<b>Total Revenues</b>	<b>1,075,129.00</b>	<b>1,075,129.00</b>	<b>1,097,033.81</b>	<b>21,904.81</b>
<b>Expenditures:</b>				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	1,723,610.00	1,723,610.00	1,595,947.35	127,662.65
Snow	25,000.00	25,000.00	1,874.31	23,125.69
<b>Total Expenditures</b>	<b>1,748,610.00</b>	<b>1,748,610.00</b>	<b>1,597,821.66</b>	<b>150,788.34</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(673,481.00)</b>	<b>(673,481.00)</b>	<b>(500,787.85)</b>	<b>172,693.15</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	462,600.00	462,600.00	713,229.53	250,629.53
Sale of County Property	130,000.00	130,000.00	161,283.10	31,283.10
<b>Total Other Financing Sources (Uses)</b>	<b>592,600.00</b>	<b>592,600.00</b>	<b>874,512.63</b>	<b>281,912.63</b>
<b>Net Change in Fund Balance</b>	<b>(80,881.00)</b>	<b>(80,881.00)</b>	<b>373,724.78</b>	<b>454,605.78</b>
<b>Fund Balance - Beginning</b>	<b>106,613.12</b>	<b>106,613.12</b>	<b>106,613.12</b>	<b>0.00</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 25,732.12</b>	<b>\$ 25,732.12</b>	<b>\$ 480,337.90</b>	<b>\$ 454,605.78</b>

MCPHERSON 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.