

MELLETTE COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2015

MELLETTE COUNTY
COUNTY OFFICIALS
December 31, 2015

Board of Commissioners:
Casey Krogman, Chairman
Cecil Brandis Jr., Vice Chairman
Ted E. Schmidt, Member

Auditor:
Jerry Schwarting

Treasurer:
Connie Hill

State's Attorney:
Zach Pahlke

Register of Deeds:
Karen O'Brien

Sheriff:
Mike Blom

MELLETTTE COUNTY
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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 at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

SDRS has three different classes of employees, Class A, Class B public safety and Class B judicial. Class A retirement benefits are determined as 1.7 percent prior to 2008 and 1.55 percent thereafter of the employee’s final 3-year average compensation times the employee’s years of service. Employees with 3 years of service are eligible to retire at age 55. Class B public safety benefits are determined as 2.4 percent for service prior to 2008 and 2.0 percent thereafter of employee final average compensation. Class B judicial benefits are determined as 3.733 percent for service prior to 2008 and 3.333 percent thereafter of employee final average compensation. All Class B employees with 3 years of service are eligible to retire at age 45. Employees are eligible for service-related disability benefits regardless of length of service. Three years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a percent of the employee’s final average salary.

The annual increase in the amount of the SDRS benefits payable on each July 1st is indexed to the consumer price index (CPI) based on SDRS funded status:

- If the SDRS market value funded ratio is 100% or more – 3.1% COLA
- If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
 - 90.0% to 99.9% funded — 2.1% minimum and 2.8% maximum COLA
 - 80.0% to 90.0% funded — 2.1% minimum and 2.4% maximum COLA
- If the SDRS market value funded ratio is less than 80% -- 2.1% COLA

All benefits except those depending on the Member’s Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. 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 calendar years ended December 31, 2015, 2014, and 2013 were \$27,146.23, \$24,924.12, and \$24,336.93, respectively, equal to the required contributions each year.

Pension Liabilities (Assets):

At June 30, 2015, SDRS is 104.1% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the County as of June 30, 2015 are as follows:

Proportionate share of net position restricted for pension benefits	\$ 2,523,767.18
Less proportionate share of total pension liability	<u>2,424,440.09</u>
Proportionate share of net pension liability (asset)	<u>\$ (99,327.09)</u>

The net pension liability (asset) was measured as of June 30, 2015 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the County's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2015, the County's proportion was .0234191%, which is a decrease of .0004697% from its proportion measured as of June 30, 2014.

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary Increases	5.83 percent at entry to 3.87 percent after 30 years of service
Investment Rate of Return	7.25 percent through 2016 and 7.50 percent thereafter, net of pension plan investment expense

Mortality rates were based on the RP-2000 Employee Mortality Table for males and females, as appropriate.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2011. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	61.0%	4.5%
Fixed Income	27.0%	1.8%
Real Estate	10.0%	5.2%
Cash	2.0%	0.0%
Total	<u>100%</u>	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 7.25 percent through 2016 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return

on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of liability (asset) to changes in the discount rate:

The following presents the County's proportionate share of net pension liability (asset) calculated using the discount rate of 7.25 percent through 2016 and 7.50 percent thereafter, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.25/6.50%) or 1-percentage point higher (8.25/8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset)	\$ 250,005.19	\$ (99,327.09)	\$ (384,177.48)

Pension Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

8. JOINT VENTURES

The county participates in a joint venture known as the Tri-County Landfill Association, Inc., formed for the purpose of providing solid waste disposal services to participating members.

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

Plankinton City	2.50%	Murdo City	2.81%
Stickney City	1.33%	Jones County	2.16%
White Lake City	1.73%	Kennebec City	1.17%
Aurora County	7.39%	Oacoma City	1.52%
Chamberlain City	9.70%	Presho City	2.70%
Kimball City	3.07%	Reliance City	0.70%
Pukwana City	1.09%	Lyman County	4.30%
Brule County	8.81%	Colome City	1.28%
Buffalo County	1.09%	New Witten City	.36%
Alpena City	1.04%	Winner City	13.84%
Lane City	.29%	Trip County	13.10%
Wessington Springs City	4.47%	White River City	2.46%
Jerauld County	4.21%	Wood City	.30%
Draper City	.51%	Mellette County	6.07%

The joint venture's governing board is composed of twelve representatives-one from each of the eight counties and four members at large. 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 assets of the joint venture, but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from the Tri-County Landfill Association, Inc.

At December 31, 2014, this joint venture had total assets of \$2,042,328.00, total liabilities of \$944,512.00, and total net position of \$1,097,816.00.

The December 31, 2015, financial information for the joint venture was not available.

9. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2015, the County was involved in several lawsuits related to indigent health care claims. No determination can be made at this time regarding the potential outcome of these lawsuits. The indigent health care claims are subject to several legal defenses and the County intends to defend those suits vigorously. No material effects are anticipated to the County as a result of the potential outcome of these lawsuits.

10. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2015, 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:

- Government General Liability,
- Law Enforcement Liability,
- Government Automobile Liability,
- Automobile Physical Damage,
- Government Officer's Liability,
- Property Coverage,
- Boiler and Machinery Coverage, and
- Employee Dishonesty

The agreement with the SDPAA provides that the above coverages will be provided to varying limits. 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, 2015, the County has vested balance in the cumulative reserve fund of \$35,826.00.

The County carries various deductibles for the above coverages.

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, 2015, no claims for unemployment benefits were paid.

At December 31, 2015, one claim had been filed and was outstanding. This claim resulted in the payment of unemployment benefits totaling \$4,081.00 in calendar year 2016. No additional claims for unemployment benefits were filed in 2016.

SUPPLEMENTARY INFORMATION
MELLETTE COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2015

	<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>
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 752,150.00	\$ 752,150.00	\$ 699,638.29	\$ (52,511.71)
General Property Taxes--Delinquent	0.00	0.00	5,774.45	5,774.45
Penalties and Interest	0.00	0.00	2,863.28	2,863.28
Licenses and Permits	850.00	850.00	1,353.00	503.00
Intergovernmental Revenue:				
Federal Grants	6,000.00	6,000.00	21,920.35	15,920.35
State Grants	6,000.00	6,000.00	642.38	(5,357.62)
State Shared Revenue:				
Court Appointed Attorney/Public Defender	5,000.00	5,000.00	867.10	(4,132.90)
Abused and Neglected Child Defense	2,000.00	2,000.00	248.38	(1,751.62)
Telecommunications Gross Receipts Tax	16,300.00	16,300.00	11,134.42	(5,165.58)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	5,195.00	5,195.00	1,996.50	(3,198.50)
Register of Deeds' Fees	11,900.00	11,900.00	17,802.50	5,902.50
Driver's License Exam	1,500.00	1,500.00	1,705.00	205.00
Legal Services	12,000.00	12,000.00	8,623.72	(3,376.28)
Clerk of Courts Fees	1,000.00	1,000.00	1,276.80	276.80
Other Fees	300.00	300.00	526.75	226.75
Public Safety:				
Law Enforcement	33,300.00	33,300.00	34,878.29	1,578.29
Health and Welfare:				
Health Assistance:				
Ambulance	65,000.00	65,000.00	123,104.98	58,104.98
Social Services	7,300.00	7,300.00	9,522.57	2,222.57
Fines and Forfeits:				
Costs	1,000.00	1,000.00	160.00	(840.00)
Forfeits	1,000.00	1,000.00	260.00	(740.00)
Other	1,000.00	1,000.00	1,319.00	319.00
Miscellaneous Revenue:				
Investment Earnings	1,000.00	1,000.00	1,370.04	370.04
Rent	13,000.00	13,000.00	12,460.00	(540.00)
Contributions and Donations	1,900.00	1,900.00	0.00	(1,900.00)
Refund of Prior Year's Expenditures	3,000.00	3,000.00	849.16	(2,150.84)
Other	2,000.00	2,000.00	3,151.05	1,151.05
Total Revenues	949,695.00	949,695.00	963,448.01	13,753.01
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	38,486.00	40,436.00	40,412.24	23.76
Contingency	15,000.00	15,000.00		
Amount Transferred		(6,315.00)		8,685.00
Elections	2,440.00	2,440.00	1,595.13	844.87
Judicial System	8,600.00	8,600.00	856.84	7,743.16
Financial Administration:				
Auditor	77,851.00	77,851.00	68,540.48	9,310.52
Treasurer	61,853.00	61,853.00	60,526.51	1,326.49
Other	1,350.00	1,350.00	1,521.94	(171.94)
Legal Services:				
State's Attorney	52,830.00	62,830.00	61,967.07	862.93
Court Appointed Attorney	38,000.00	41,900.00	40,412.98	1,487.02
Abused and Neglected Child Defense	10,000.00	10,000.00	5,900.19	4,099.81
Other Administration:				
General Government Building	42,400.00	47,400.00	46,229.75	1,170.25
Director of Equalization	55,485.00	55,485.00	50,380.97	5,104.03
Register of Deeds	51,456.00	51,456.00	49,176.71	2,279.29

**SUPPLEMENTARY INFORMATION
MELLETTTE COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2015
(Continued)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Veterans Service Officer	4,450.00	4,650.00	4,650.63	(0.63)
Predatory Animal	3,308.00	3,308.00	3,308.34	(0.34)
Public Safety:				
Law Enforcement:				
Sheriff	262,000.00	262,000.00	249,701.43	12,298.57
County Jail	129,082.00	169,062.00	164,260.28	4,801.72
Coroner	970.00	3,970.00	3,640.82	329.18
Health and Welfare:				
Economic Assistance:				
Support of Poor	800.00	5,400.00	5,321.00	79.00
Health Assistance:				
Ambulance	50,650.00	60,650.00	60,993.23	(343.23)
Mental Health Services:				
Mentally Ill	1,500.00	1,500.00	1,706.82	(206.82)
Mental Health Centers	200.00	200.00	0.00	200.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	10,992.00	10,992.00	9,296.91	1,695.09
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	10,311.00	10,576.00	10,576.00	0.00
Total Expenditures	<u>930,014.00</u>	<u>1,002,594.00</u>	<u>940,976.27</u>	<u>61,617.73</u>
Excess of Revenues Over (Under) Expenditures	<u>19,681.00</u>	<u>(52,899.00)</u>	<u>22,471.74</u>	<u>75,370.74</u>
Other Financing Sources (Uses):				
Transfers Out	(36,000.00)	(36,000.00)	(21,700.00)	14,300.00
Insurance Proceeds	1,000.00	1,000.00	22,526.89	21,526.89
Sale of County Property	3,000.00	3,000.00	1,514.00	(1,486.00)
Total Other Financing Sources (Uses)	<u>(32,000.00)</u>	<u>(32,000.00)</u>	<u>2,340.89</u>	<u>34,340.89</u>
Net Change in Fund Balance	(12,319.00)	(84,899.00)	24,812.63	109,711.63
Fund Balance - Beginning	<u>349,942.29</u>	<u>349,942.29</u>	<u>349,942.29</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 337,623.29</u>	<u>\$ 265,043.29</u>	<u>\$ 374,754.92</u>	<u>\$ 109,711.63</u>

**SUPPLEMENTARY INFORMATION
MELLETTE COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Wheel Tax	\$ 38,000.00	\$ 38,000.00	\$ 39,583.92	\$ 1,583.92
Intergovernmental Revenue:				
State Grants	125,000.00	125,000.00	133,622.74	8,622.74
State Shared Revenue:				
Motor Vehicle Licenses	360,000.00	360,000.00	343,177.70	(16,822.30)
Prorate License Fees	15,000.00	15,000.00	22,805.59	7,805.59
63 3/4% Mobile Home	0.00	0.00	12,112.58	12,112.58
Secondary Road Motor Vehicle Remittances	17,000.00	17,000.00	24,251.29	7,251.29
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	7,000.00	7,000.00	13,395.50	6,395.50
Miscellaneous Revenue:				
Other	0.00	0.00	834.19	834.19
Total Revenues	<u>562,000.00</u>	<u>562,000.00</u>	<u>589,783.51</u>	<u>27,783.51</u>
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	562,000.00	562,000.00	395,177.36	166,822.64
Debt Service	0.00	0.00	119,890.40	(119,890.40)
Total Expenditures	<u>562,000.00</u>	<u>562,000.00</u>	<u>515,067.76</u>	<u>46,932.24</u>
Net Change in Fund Balance	0.00	0.00	74,715.75	74,715.75
Fund Balance - Beginning	<u>663,567.49</u>	<u>663,567.49</u>	<u>663,567.49</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 663,567.49</u>	<u>\$ 663,567.49</u>	<u>\$ 738,283.24</u>	<u>\$ 74,715.75</u>

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 728,068.00	\$ 728,068.00	\$ 719,197.74	\$ (8,870.26)
General Property Taxes--Delinquent	5,000.00	5,000.00	8,143.38	3,143.38
Penalties and Interest	1,300.00	1,300.00	3,118.00	1,818.00
Licenses and Permits	900.00	900.00	814.00	(86.00)
Intergovernmental Revenue:				
Federal Grants	51,700.00	51,700.00	0.00	(51,700.00)
State Grants	6,000.00	6,000.00	39,195.40	33,195.40
State Shared Revenue:				
Court Appointed Attorney/Public Defender	2,500.00	2,500.00	1,216.78	(1,283.22)
Abused and Neglected Child Defense	1,500.00	1,500.00	179.56	(1,320.44)
Telecommunications Gross Receipts Tax	17,300.00	17,300.00	11,575.70	(5,724.30)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	1,995.00	1,995.00	2,191.00	196.00
Register of Deeds' Fees	15,900.00	15,900.00	16,576.00	676.00
Driver's License Exam	1,500.00	1,500.00	1,725.00	225.00
Legal Services	10,000.00	10,000.00	24,660.72	14,660.72
Clerk of Courts Fees	1,000.00	1,000.00	947.60	(52.40)
Other Fees	100.00	100.00	161.18	61.18
Public Safety:				
Law Enforcement	34,300.00	34,300.00	33,889.73	(410.27)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	0.00	0.00	5,600.00	5,600.00
Health Assistance:				
Ambulance	65,000.00	65,000.00	70,057.38	5,057.38
Social Services	7,300.00	7,300.00	6,077.12	(1,222.88)
Fines and Forfeits:				
Costs	1,000.00	1,000.00	872.41	(127.59)
Forfeits	1,000.00	1,000.00	912.50	(87.50)
Other	1,000.00	1,000.00	526.00	(474.00)
Miscellaneous Revenue:				
Investment Earnings	3,000.00	3,000.00	1,275.50	(1,724.50)
Rent	13,000.00	13,000.00	11,385.00	(1,615.00)
Contributions and Donations	1,900.00	1,900.00	0.00	(1,900.00)
Refund of Prior Year's Expenditures	500.00	500.00	4,020.71	3,520.71
Other	2,000.00	2,000.00	5,791.39	3,791.39
Total Revenues	974,763.00	974,763.00	970,109.80	(4,653.20)
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	38,219.00	42,019.00	41,965.87	53.13
Contingency	15,000.00	15,000.00		
Amount Transferred		(13,150.00)		1,850.00
Elections	10,217.00	11,417.00	11,404.60	12.40
Judicial System	8,600.00	8,600.00	985.68	7,614.32
Financial Administration:				
Auditor	67,207.00	71,907.00	71,853.43	53.57
Treasurer	56,841.00	56,841.00	51,939.72	4,901.28
Other	2,050.00	2,050.00	1,300.51	749.49
Legal Services:				
State's Attorney	46,757.00	49,457.00	51,432.28	(1,975.28)
Court Appointed Attorney	43,000.00	43,000.00	13,203.27	29,796.73
Abused and Neglected Child Defense	20,000.00	20,000.00	1,904.39	18,095.61
Other Administration:				
General Government Building	51,000.00	51,000.00	44,977.69	6,022.31

**SUPPLEMENTARY INFORMATION
MELLETTE 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)
Director of Equalization	54,286.00	54,286.00	48,963.53	5,322.47
Register of Deeds	55,611.00	55,611.00	43,449.73	12,161.27
Veterans Service Officer	4,493.00	4,743.00	4,735.31	7.69
Predatory Animal	2,962.00	2,962.00	2,962.74	(0.74)
Public Safety:				
Law Enforcement:				
Sheriff	300,147.00	300,147.00	269,173.24	30,973.76
County Jail	182,226.00	182,226.00	63,381.88	118,844.12
Coroner	970.00	970.00	608.90	361.10
Health and Welfare:				
Economic Assistance:				
Support of Poor	800.00	800.00	299.27	500.73
Health Assistance:				
Ambulance	78,900.00	78,900.00	50,079.74	28,820.26
Mental Health Services:				
Mentally Ill	1,000.00	4,100.00	4,009.90	90.10
Mental Health Centers	200.00	200.00	0.00	200.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	10,729.00	10,729.00	8,544.91	2,184.09
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	10,311.00	10,461.00	10,447.88	13.12
Total Expenditures	<u>1,061,526.00</u>	<u>1,064,276.00</u>	<u>797,624.47</u>	<u>266,651.53</u>
Excess of Revenues Over (Under) Expenditures	<u>(86,763.00)</u>	<u>(89,513.00)</u>	<u>172,485.33</u>	<u>261,998.33</u>
Other Financing Sources (Uses):				
Transfers Out	(40,000.00)	(50,000.00)	(27,800.00)	22,200.00
Insurance Proceeds	1,000.00	1,000.00	6,112.50	5,112.50
Sale of County Property	0.00	0.00	4,922.00	4,922.00
Total Other Financing Sources (Uses)	<u>(39,000.00)</u>	<u>(49,000.00)</u>	<u>(16,765.50)</u>	<u>32,234.50</u>
Net Change in Fund Balance	(125,763.00)	(138,513.00)	155,719.83	294,232.83
Fund Balance - Beginning	194,222.46	194,222.46	194,222.46	0.00
FUND BALANCE - ENDING	<u>\$ 68,459.46</u>	<u>\$ 55,709.46</u>	<u>\$ 349,942.29</u>	<u>\$ 294,232.83</u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Wheel Tax	\$ 36,000.00	\$ 36,000.00	\$ 39,892.44	\$ 3,892.44
Intergovernmental Revenue:				
State Grants	120,000.00	120,000.00	127,667.07	7,667.07
State Shared Revenue:				
Motor Vehicle Licenses	350,000.00	350,000.00	354,580.94	4,580.94
Prorate License Fees	16,000.00	16,000.00	7,759.66	(8,240.34)
63 3/4% Mobile Home	3,000.00	3,000.00	3,372.52	372.52
Secondary Road Motor Vehicle Remittances	17,000.00	17,000.00	21,215.74	4,215.74
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	7,500.00	7,500.00	17,058.94	9,558.94
Miscellaneous Revenue:				
Investment Earnings	0.00	0.00	66.31	66.31
Other	0.00	0.00	1,876.70	1,876.70
Total Revenues	<u>549,500.00</u>	<u>549,500.00</u>	<u>573,490.32</u>	<u>23,990.32</u>
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	469,235.00	476,902.07	466,127.02	10,775.05
Debt Service	80,265.00	80,265.00	120,213.05	(39,948.05)
Total Expenditures	<u>549,500.00</u>	<u>557,167.07</u>	<u>586,340.07</u>	<u>(29,173.00)</u>
Excess of Revenues Over (Under) Expenditures	0.00	(7,667.07)	(12,849.75)	(5,182.68)
Other Financing Sources (Uses):				
Sale of County Property	0.00	0.00	3,200.00	3,200.00
Net Change in Fund Balance	0.00	(7,667.07)	(9,649.75)	(1,982.68)
Fund Balance - Beginning	<u>673,217.24</u>	<u>673,217.24</u>	<u>673,217.24</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 673,217.24</u>	<u>\$ 665,550.17</u>	<u>\$ 663,567.49</u>	<u>\$ (1,982.68)</u>

MELLETTTE 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
MELLETTTE COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET)**

South Dakota Retirement System

*Last 10 Fiscal Years

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.0234191%	0.0238888%
County's proportionate share of net pension liability (asset)	\$ (99,327)	\$ (172,109)
County's covered-employee payroll	\$ 388,402	\$ 371,741
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-25.57%	-46.30%
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.1%	107.3%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30. Until a full 10-year trend is compiled, the County will present information for those years for which information is available.

MELLETTE COUNTY
NOTES TO THE SUPPLEMENTARY INFORMATION
Schedule of the Proportionate Share of the Net Pension Liability (Asset)

Changes of benefit terms:

No significant changes.

Changes of assumptions:

No significant changes.

SUPPLEMENTARY INFORMATION
MELLETTTE COUNTY
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Two Years Ended December 31, 2015

<u>Indebtedness</u>	<u>Long-Term Debt</u> <u>January 1, 2014</u>	<u>Add</u> <u>New</u> <u>Debt</u>	<u>Less</u> <u>Debt</u> <u>Retired</u>	<u>Long-Term</u> <u>Debt</u> <u>December 31, 2015</u>
Governmental Long-Term Debt:				
Financing (Capital Acquisition) Leases	\$ 539,255.11	\$	210,380.32	\$ 328,874.79

Note 1 - Long-Term Debt:

Debt payable at December 31, 2015 is comprised of the following:

Financing (Capital Acquisition) Leases:

The County entered into a capital acquisition lease to acquire a 140M2 Caterpillar motor grader on September 6, 2011 at an initial cost of \$248,071. The agreement called for an initial down payment of \$41,620, five annual payments of \$21,509.86, and a balloon payment of \$125,000 on September 1, 2016. The lease carries an interest rate of 3.1% and payments are made from the Road and Bridge Fund.

The County entered into a capital acquisition lease to acquire two 2012 Caterpillar 140M2 motor graders on June 1, 2012 for an initial cost of \$532,038. The agreement called for an initial down payment of \$80,840 and five subsequent annual payments of \$98,380.54. The lease carries an interest rate of 2.95% and payments are made from the Road and Bridge Fund.