

MELLETTE COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2021

MELLETTE COUNTY
COUNTY OFFICIALS
December 31, 2021

Board of Commissioners:

Bob Bouman
Casey Krogman
Dan Valburg

Auditor:
Jenny Galbraith

Treasurer:
Hilary Nesheim

State's Attorney:
Zach Pahlke

Register of Deeds:
Karen O'Brien

Sheriff:
Mike Blom

MELLETTE COUNTY
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RUSSELL A. OLSON
AUDITOR GENERAL

**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**

Independent Auditor's Report

County Commission
Mellette County
White River, 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 Mellette County, South Dakota (County), as of December 31, 2021, 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 June 8, 2023.

Report on 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) as a basis for designing 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 a 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 a 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Current Audit Findings as item No. 2020-001 that we consider to be a significant deficiency.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Russell A. Olson". The signature is written in a cursive, flowing style.

Russell A. Olson
Auditor General

June 8, 2023

MELLETTE COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Findings:

The prior audit report contained no written audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS

Current Audit Finding:

Internal Control-Related Findings - Significant Deficiency:

Financial Reporting Errors

Finding No. 2021-001:

Criteria:

The County's internal control structure should be designed to provide for the preparation of the annual financial reports, which includes having an adequate system for recording and processing entries material to the annual financial reports being audited in accordance with the modified cash basis of accounting. This is the seventh consecutive audit in which a similar finding was noted.

Condition:

The County does not have an internal control system designed to provide for the preparation of the annual financial reports in accordance with the modified cash basis of accounting. We noted numerous significant reporting errors within the annual reports prepared by the County.

Context:

We noted the following significant errors in the County's annual financial reports for the years ended December 31, 2020 and December 31, 2021.

a. The 2021 Statement of Net Position contained the following significant errors:

- Cash and Cash Equivalents was overstated by \$325,043.43.
- Investments was understated by \$350,000.00.
- Restricted for Road and Bridge Purposes was understated by \$927,149.67.
- Restricted for American Rescue Plan Purposes was understated by \$198,294.96.
- Restricted for Other Purposes was understated by \$72,382.99.
- Unrestricted Net Position was understated by \$625,761.30.

b. The 2021 Statement of Activities contained the following significant errors:

- Public Works Expense was understated, and Interest on Long-Term Debt was overstated by \$76,325.70.
- Charges for Services – General Government was overstated by \$48,690.59.
- Operating Grants – General Government was overstated by \$239,236.37.
- Operating Grants – Public Safety was understated by \$108,363.73.
- Operating Grants – Public Works was understated by \$244,779.82.

- c. The 2020 Statement of Activities contained the following significant errors:
- Public Works Expense was understated, and Interest on Long-Term Debt was overstated by \$33,239.53.
 - Charges for Services – General Government was overstated by \$189,774.83.
 - Operating Grants – General Government was overstated by \$363,574.41.
 - General Revenues – Miscellaneous Revenue was overstated by \$30,262.89.
 - Public Safety Expense was understated by \$496,063.22.
 - Public Works Expense was understated by \$579,972.63.
 - Operating Grants – Public Safety was understated by \$228,069.07.
 - Operating Grants – Public Works was understated by \$373,316.93.
 - Ending Net Position was overstated by \$1,076,035.85.
- d. The 2021 Governmental Funds Balance Sheet contained the following significant errors:
- General Fund Cash and Cash Equivalents was overstated, and Investments was understated by \$350,000.00.
 - General Fund Unassigned Fund Balance was overstated, and Assigned Fund Balance was understated by \$291,872.00.
 - Road and Bridge Fund Assigned Fund Balance was overstated, and Restricted Fund Balance was understated by \$547,149.41.
- e. The 2021 Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance contained the following errors:
- General Fund Federal Grant Revenues was understated, and Licenses and Permits Revenues was overstated by \$48,690.59.
- f. The 2020 Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance contained the following errors:
- General Fund Licenses and Permits Revenues was overstated by \$189,774.83.
 - General Fund Federal Grant Revenues was understated by \$194,257.00.

Effect:

Inaccurate and incomplete information may be presented to the users of the annual financial reports.

Cause:

The County does not have an internal control system designed to provide for the preparation of the annual financial reports in accordance with the modified cash basis of accounting.

Recommendation:

We recommend that the County strengthen internal controls over financial reporting.

Views of responsible officials:

Management chose not to respond to this finding.



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RUSSELL A. OLSON
AUDITOR GENERAL

Independent Auditor's Report

County Commission
Mellette County
White River, South Dakota

Report on the Audit of the Financial Statements

Opinions

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 Mellette County, South Dakota (County), as of December 31, 2021, 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.

In our opinion, the accompanying modified cash basis of accounting financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mellette County as of December 31, 2021, 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 for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the modified cash basis of accounting financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of Changes in Long-Term Debt 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of Changes in Long-Term Debt are 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 June 8, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely 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 effectiveness of the County's 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 County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Russell A. Olson". The signature is written in a cursive, flowing style.

Russell A. Olson
Auditor General

June 8, 2023

MELLETTE COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2021

	<u>Primary Government Governmental Activities</u>
ASSETS:	
Cash and Cash Equivalents	\$ 1,473,588.92
Investments	<u>350,000.00</u>
TOTAL ASSETS	<u><u>\$ 1,823,588.92</u></u>
NET POSITION:	
Restricted For: (See Note 4)	
Road and Bridge Purposes	\$ 927,149.67
American Rescue Plan Act Purposes	198,294.96
Other Purposes	72,382.99
Unrestricted	<u>625,761.30</u>
TOTAL NET POSITION	<u><u>\$ 1,823,588.92</u></u>

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

MELLETTTE COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2021

Program Revenues					Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 467,152.64	\$ 65,858.00	\$ 204,037.18	\$ 7,118.60	\$ (190,138.86)
Public Safety	659,366.94	102,988.04	108,363.73		(448,015.17)
Public Works	522,074.41	34,067.72	717,476.37		229,469.68
Health and Welfare	39,524.21	55,984.13			16,459.92
Culture and Recreation	250.00				(250.00)
Conservation of Natural Resources	7,848.80				(7,848.80)
Urban and Economic Development	10,790.89				(10,790.89)
**Interest on Long-Term Debt	12,183.95				(12,183.95)
Total Primary Government	\$ 1,719,191.84	\$ 258,897.89	\$ 1,029,877.28	\$ 7,118.60	(423,298.07)
General Revenues:					
Taxes:					
Property Taxes					856,772.99
Wheel Tax					52,725.78
State Shared Revenues					29,953.10
Unrestricted Investment Earnings					4,153.50
Miscellaneous Revenue					34,405.05
Total General Revenues					978,010.42
Change in Net Position					554,712.35
Net Position - Beginning					1,268,876.57
NET POSITION - ENDING					\$ 1,823,588.92

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

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

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

MELLETTE COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 521,452.76	\$ 69,460.51	\$ 608.37	\$ 16,172.36	\$ (435,211.52)
Public Safety	547,125.58	74,653.51	228,069.07		(244,403.00)
Public Works	613,212.16	24,980.00	799,310.24		211,078.08
Health and Welfare	56,527.44	84,288.55			27,761.11
Culture and Recreation	250.00				(250.00)
Conservation of Natural Resources	8,692.53				(8,692.53)
Urban and Economic Development	10,425.83				(10,425.83)
**Interest on Long-Term Debt	2,871.03				(2,871.03)
Total Primary Government	\$ 1,760,557.33	\$ 253,382.57	\$ 1,027,987.68	\$ 16,172.36	(463,014.72)
General Revenues:					
Taxes:					
Property Taxes					810,002.60
Wheel Tax					50,417.58
State Shared Revenues					33,126.50
Grants and Contributions not Restricted to Specific Programs					5,040.00
Unrestricted Investment Earnings					4,422.39
Miscellaneous Revenue					10,372.07
Total General Revenues					913,381.14
Change in Net Position					450,366.42
Net Position - Beginning					818,510.15
NET POSITION - ENDING					\$ 1,268,876.57

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

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

MELLETTE COUNTY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2021

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 471,880.59	\$ 927,149.67	\$ 74,558.66	\$ 1,473,588.92
Investments	350,000.00			350,000.00
TOTAL ASSETS	<u><u>\$ 821,880.59</u></u>	<u><u>\$ 927,149.67</u></u>	<u><u>\$ 74,558.66</u></u>	<u><u>\$ 1,823,588.92</u></u>
FUND BALANCES: (See Note 1.j.)				
Restricted	\$ 198,294.96	\$ 927,149.67	\$ 72,382.99	\$ 1,197,827.62
Assigned	291,872.00		2,175.67	294,047.67
Unassigned	331,713.63			331,713.63
TOTAL FUND BALANCES	<u><u>\$ 821,880.59</u></u>	<u><u>\$ 927,149.67</u></u>	<u><u>\$ 74,558.66</u></u>	<u><u>\$ 1,823,588.92</u></u>

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

MELLETTTE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 811,244.09	\$	\$ 13,060.46	\$ 824,304.55
General Property Taxes--Delinquent	27,725.09		398.72	28,123.81
Penalties and Interest	4,284.03		60.60	4,344.63
Wheel Tax		52,725.78		52,725.78
Licenses and Permits	1,947.00		720.00	2,667.00
Intergovernmental Revenue:				
Federal Grants	248,985.55	23,438.00	45,771.30	318,194.85
State Grants		194,158.23		194,158.23
State Shared Revenue:				
Motor Vehicle Licenses		380,589.08		380,589.08
Court Appointed Attorney/Public Defender	3,049.06			3,049.06
Prorate License Fees		23,835.84		23,835.84
63 3/4% Mobile Home		31,761.44		31,761.44
Secondary Road Remittances		36,510.19		36,510.19
Telecommunications Gross Receipts Tax	5,145.27			5,145.27
Motor Vehicle 1/4%	693.16			693.16
Motor Fuel Tax		2,226.92		2,226.92
911 Remittances			13,901.84	13,901.84
Liquor Tax Reversion (25%)	24,807.83			24,807.83
Other Intergovernmental Revenue			24,956.67	24,956.67
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	7,774.75			7,774.75

Register of Deeds' Fees	19,622.00		7,460.43	27,082.43
Driver's License Exam	3,666.00			3,666.00
Legal Services	11,211.24			11,211.24
Clerk of Courts Fees	995.00			995.00
Other Fees	221.58			221.58
Public Safety:				
Law Enforcement	90,721.04			90,721.04
Sobriety Testing			8,638.00	8,638.00
Public Works:				
Road Maintenance Contract Charges		34,067.72		34,067.72
Health and Welfare:				
Health Assistance:				
Ambulance	45,380.42			45,380.42
Social Services	10,603.71			10,603.71
Fines and Forfeits:				
Costs	484.37		25.00	509.37
Forfeits	2,500.00			2,500.00
Other	619.63			619.63
Miscellaneous Revenue:				
Investment Earnings	4,153.50			4,153.50
Rent	12,240.00			12,240.00
Contributions and Donations		11,719.29		11,719.29
Other	7,554.29		631.47	8,185.76
Total Revenues	<u>1,345,628.61</u>	<u>791,032.49</u>	<u>115,624.49</u>	<u>2,252,285.59</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners	39,424.18			39,424.18
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Elections	1,179.64			1,179.64
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Judicial System	8,544.59			8,544.59
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Financial Administration:

Auditor	73,807.56			73,807.56
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Treasurer	66,104.84			66,104.84
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Other	584.30			584.30
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MELLETTTE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021
(Continued)

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Legal Services:				
State's Attorney	65,516.53			65,516.53
Court Appointed Attorney	45,239.77			45,239.77
Other General Government:				
General Government Building	57,953.59			57,953.59
Director of Equalization	52,897.23			52,897.23
Register of Deeds	49,460.72		2,222.64	51,683.36
Veterans Service Officer	4,218.39			4,218.39
Public Safety:				
Law Enforcement:				
Sheriff	363,434.65			363,434.65
County Jail	162,707.40		31,781.80	194,489.20
Coroner	4,653.32			4,653.32
Protective and Emergency Services:				
Fire Protection			22,128.55	22,128.55
Emergency and Disaster Services			52,663.70	52,663.70
Communication Center			21,997.52	21,997.52
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		445,747.37		445,747.37
Health and Welfare:				
Economic Assistance:				
Support of Poor	333.00			333.00
Health Assistance:				
Ambulance	30,365.48			30,365.48

Social Services:				
Domestic Abuse			4,800.00	4,800.00
Mental Health Services:				
Mentally Ill	4,025.73			4,025.73
Culture and Recreation:				
Culture:				
Historical Museum	250.00			250.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	7,848.80			7,848.80
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	6,411.13			6,411.13
Urban and Rural Development	4,379.76			4,379.76
Debt Service		88,509.65		88,509.65
Total Expenditures	<u>1,049,340.61</u>	<u>534,257.02</u>	<u>135,594.21</u>	<u>1,719,191.84</u>
Excess of Revenues Over (Under) Expenditures	<u>296,288.00</u>	<u>256,775.47</u>	<u>(19,969.72)</u>	<u>533,093.75</u>
Other Financing Sources (Uses):				
Transfers In			25,000.00	25,000.00
Transfers Out	(25,000.00)			(25,000.00)
Insurance Proceeds	7,118.60			7,118.60
Sale of County Property	14,500.00			14,500.00
Total Other Financing Sources (Uses)	<u>(3,381.40)</u>	<u>0.00</u>	<u>25,000.00</u>	<u>21,618.60</u>
Net Change in Fund Balance	292,906.60	256,775.47	5,030.28	554,712.35
Fund Balance - Beginning	<u>528,973.99</u>	<u>670,374.20</u>	<u>69,528.38</u>	<u>1,268,876.57</u>
FUND BALANCE - ENDING	<u>\$ 821,880.59</u>	<u>\$ 927,149.67</u>	<u>\$ 74,558.66</u>	<u>\$ 1,823,588.92</u>

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

MELLETTTE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 788,197.08	\$	\$ 12,768.67	\$ 800,965.75
General Property Taxes--Delinquent	6,715.55		98.40	6,813.95
Penalties and Interest	2,188.53		34.37	2,222.90
Wheel Tax		50,417.58		50,417.58
Licenses and Permits	664.00		390.00	1,054.00
Intergovernmental Revenue:				
Federal Grants	198,403.86	155,166.61		353,570.47
State Grants		204,869.31	18,000.00	222,869.31
State Shared Revenue:				
Motor Vehicle Licenses		372,669.04		372,669.04
Prorate License Fees		21,833.57		21,833.57
63 3/4% Mobile Home		1,387.20		1,387.20
Secondary Road Remittances		27,866.55		27,866.55
Telecommunications Gross Receipts Tax	9,935.53			9,935.53
Motor Vehicle 1/4%	608.37			608.37
Motor Fuel Tax		2,236.95		2,236.95
911 Remittances			11,665.51	11,665.51
Liquor Tax Reversion (25%)	23,190.97			23,190.97
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	6,525.25			6,525.25
Register of Deeds' Fees	25,925.30		6,015.20	31,940.50
Driver's License Exam	2,252.00			2,252.00

Legal Services	13,570.75			13,570.75
Clerk of Courts Fees	1,202.00			1,202.00
Other Fees	651.01			651.01
Public Safety:				
Law Enforcement	62,520.01			62,520.01
Sobriety Testing			8,306.00	8,306.00
Other	1,200.00			1,200.00
Public Works:				
Road Maintenance Contract Charges		24,980.00		24,980.00
Health and Welfare:				
Health Assistance:				
Ambulance	77,084.45			77,084.45
Social Services	7,204.10			7,204.10
Fines and Forfeits:				
Costs	393.66		25.00	418.66
Forfeits	1,350.00			1,350.00
Other	858.84			858.84
Miscellaneous Revenue:				
Investment Earnings	4,422.39			4,422.39
Rent	12,265.00			12,265.00
Contributions and Donations	5,040.00	13,280.71		18,320.71
Other	9,757.19	42.55	572.33	10,372.07
Total Revenues	<u>1,262,125.84</u>	<u>874,750.07</u>	<u>57,875.48</u>	<u>2,194,751.39</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners	32,481.69			32,481.69
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Elections	19,773.95			19,773.95
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Judicial System	948.20			948.20
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Financial Administration:

Auditor	69,824.46			69,824.46
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Treasurer	66,103.53			66,103.53
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Other	457.28			457.28
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MELLETTTE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020
(Continued)

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Legal Services:				
State's Attorney	68,782.63			68,782.63
Court Appointed Attorney	61,702.85			61,702.85
Other General Government:				
General Government Building	69,172.76			69,172.76
Director of Equalization	69,930.84			69,930.84
Register of Deeds	55,870.69		2,412.24	58,282.93
Veterans Service Officer	3,991.64			3,991.64
Public Safety:				
Law Enforcement:				
Sheriff	304,317.94			304,317.94
County Jail	177,787.94		12,491.86	190,279.80
Coroner	1,465.48			1,465.48
Protective and Emergency Services:				
Fire Protection			19,223.41	19,223.41
Emergency and Disaster Services			8,576.34	8,576.34
Communication Center			23,262.61	23,262.61
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		579,972.63		579,972.63
Health and Welfare:				
Health Assistance:				
Ambulance	48,561.53			48,561.53
Social Services:				
Domestic Abuse			1,200.00	1,200.00

Mental Health Services:				
Mentally Ill	5,565.91			5,565.91
Mental Health Centers	1,200.00			1,200.00
Culture and Recreation:				
Culture:				
Historical Museum	250.00			250.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	8,692.53			8,692.53
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	6,046.07			6,046.07
Urban and Rural Development	4,379.76			4,379.76
Debt Service		36,110.56		36,110.56
Total Expenditures	<u>1,077,307.68</u>	<u>616,083.19</u>	<u>67,166.46</u>	<u>1,760,557.33</u>
⇒ Excess of Revenues Over (Under) Expenditures	<u>184,818.16</u>	<u>258,666.88</u>	<u>(9,290.98)</u>	<u>434,194.06</u>
Other Financing Sources (Uses):				
Transfers In			21,510.00	21,510.00
Transfers Out	(21,510.00)			(21,510.00)
Insurance Proceeds	16,172.36			16,172.36
Total Other Financing Sources (Uses)	<u>(5,337.64)</u>	<u>0.00</u>	<u>21,510.00</u>	<u>16,172.36</u>
Net Change in Fund Balance	179,480.52	258,666.88	12,219.02	450,366.42
Fund Balance - Beginning	<u>349,493.47</u>	<u>411,707.32</u>	<u>57,309.36</u>	<u>818,510.15</u>
FUND BALANCE - ENDING	<u>\$ 528,973.99</u>	<u>\$ 670,374.20</u>	<u>\$ 69,528.38</u>	<u>\$ 1,268,876.57</u>

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

MELLETTE COUNTY
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
December 31, 2021

	<u>Custodial Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ 37,616.20
TOTAL ASSETS	<u><u>\$ 37,616.20</u></u>
NET POSITION:	
Restricted For:	
Individuals, Organizations, and Other Governments	\$ 37,616.20
TOTAL NET POSITION	<u><u>\$ 37,616.20</u></u>

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

MELLETTE COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
For the Year Ended December 31, 2021

	Custodial Funds
ADDITIONS:	
Property Tax Collections for Other Governments	\$ 1,388,915.51
State Shared Revenue Collections for Other Governments	471,487.43
Other Additions	<u>9,458.98</u>
Total Additions	<u>1,869,861.92</u>
DEDUCTIONS:	
Payments of Property Tax to Other Governments	1,397,393.51
Payments of State Shared Revenue to Other Governments	512,929.71
Other Deductions	<u>9,517.51</u>
Total Deductions	<u>1,919,840.73</u>
Change in Net Position	(49,978.81)
Net Position - Beginning	<u>87,595.01</u>
NET POSITION - ENDING	<u><u>\$ 37,616.20</u></u>

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

MELLETTE COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
For the Year Ended December 31, 2020

	Custodial Funds
ADDITIONS:	
Property Tax Collections for Other Governments	\$ 1,350,941.74
State Shared Revenue Collections for Other Governments	433,304.91
Other Additions	<u>3,463.65</u>
Total Additions	<u>1,787,710.30</u>
DEDUCTIONS:	
Payments of Property Tax to Other Governments	1,358,205.28
Payments of State Shared Revenue to Other Governments	423,915.57
Other Deductions	<u>2,345.19</u>
Total Deductions	<u>1,784,466.04</u>
Change in Net Position	3,244.26
Net Position - Beginning	<u>84,350.75</u>
NET POSITION - ENDING	<u><u>\$ 87,595.01</u></u>

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

MELLETTE 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 Mellette 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 has created a Housing and Redevelopment Commission under the authority of South Dakota Codified Law 11-7-7. This commission has not been active and there is no financial information to report.

The County participates in a cooperative unit, the Tri-County Landfill Association, Inc. 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, Fire Protection, Emergency Management, Domestic Abuse, Dissolved Township, 24/7 Sobriety, Modernization and Preservation Relief, and Rural Access Infrastructure. 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:

Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial 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, improvements other than buildings, furnishings and equipment, construction/development in progress, infrastructure, intangible lease assets, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

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

f. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, Financed Purchase Agreements.

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

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

g. Program Revenues:

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

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

h. Equity Classifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned, or Unassigned components. Fiduciary fund equity is reported as restricted net position.

i. Application of Net Position:

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

j. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor 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 County would first use *committed, then assigned, and lastly unassigned amounts* of unrestricted fund balance when expenditures are made.

The County does not have a formal minimum fund balance policy.

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

Major Special Revenue Fund

Road and Bridge Fund

Revenue Source

Motor Vehicle Licenses, Wheel Tax, State Grants, and Federal Grants

A schedule of fund balances is provided as follows:

**MELLETTTE COUNTY
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Restricted For:				
Road and Bridge Purposes	\$	\$ 756,881.70	\$	\$ 756,881.70
Snow Removal Purposes		57,762.39		57,762.39
Secondary Road Purposes		34,660.36		34,660.36
Highway and Bridge Reserve Purposes		77,845.22		77,845.22
American Rescue Plan Purposes	198,294.96			198,294.96
Rural Access Infrastructure Purposes			24,956.67	24,956.67
Domestic Abuse Purposes			983.77	983.77
Dissolved Township Purposes			2,433.64	2,433.64
24/7 Sobriety Purposes			28,594.56	28,594.56
Modernization and Preservation Relief Purposes			15,414.35	15,414.35
Assigned To:				
Applied to Next Year's Budget	241,872.00			241,872.00
Capital Outlay Accumulations	50,000.00			50,000.00
911 Service Purposes			1,906.01	1,906.01
Fire Protection Purposes			157.10	157.10
Emergency Management Purposes			112.56	112.56
Unassigned	331,713.63			331,713.63
Total Fund Balances	<u>\$ 821,880.59</u>	<u>\$ 927,149.67</u>	<u>\$ 74,558.66</u>	<u>\$ 1,823,588.92</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.

As of December 31, 2021, the investments reported in the financial statements consist of only certificates of deposit.

Credit Risk – State law limits eligible investments for the County, as discussed above. The County has no investment policy that would further limit its investment choices.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2021, the County's deposits in financial institutions were not exposed to custodial credit risk.

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

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The County's policy is to credit all income from deposits and investments to the General Fund. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported.

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, 2021 was as follows:

Major Purposes:

Road and Bridge Purposes	\$ 927,149.67
American Rescue Plan Purposes	<u>198,294.96</u>

Other Purposes:

Rural Access Infrastructure Purposes	24,956.67
Domestic Abuse Purposes	983.77
Dissolved Township Purposes	2,433.64
24/7 Sobriety Purposes	28,594.56
Modernization and Preservation Relief Purposes	<u>15,414.35</u>

Total Other Purposes	<u>72,382.99</u>
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Total Restricted Net Position	<u>\$ 1,197,827.62</u>
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These balances are restricted due to federal grant and statutory requirements.

5. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2021 were as follows:

	<u>Transfers To:</u>
	Other
	Governmental
<u>Transfers From:</u>	<u>Funds</u>
Major Funds:	
General Fund	\$ 25,000.00

Interfund transfers for the year ended December 31, 2020 were as follows:

	<u>Transfers To:</u>
	Other
	Governmental
<u>Transfers From:</u>	<u>Funds</u>

Major Funds:

General Fund	\$ 21,510.00
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The County typically budgets transfers to the Emergency Management Fund, 911 Service Fund, and Fire Protection Fund (Other Governmental Funds) to conduct the indispensable functions of the County.

6. PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit pension plan administered by SDRS 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 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 general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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. The County's share of contributions to the SDRS for the calendar years ended December 31, 2021, 2020, and 2019, equal to the required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 36,267.35
2020	\$ 37,011.05
2019	\$ 31,930.76

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2021, SDRS is 105.53% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the County as of this measurement period ending June 30, 2021 are as follows:

Proportionate share of total pension liability	\$ 3,827,950.15
Less proportionate share of net position restricted for pension benefits	<u>4,039,364.86</u>
Proportionate share of net pension asset	<u><u>\$ (211,414.71)</u></u>

The net pension asset was measured as of June 30, 2021 and the total pension liability used to calculate the net pension 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, 2021, the County's proportion was 0.0276060%, which is an increase of 0.0015231% from its proportion measured as of June 30, 2020.

Actuarial Assumptions:

The total pension asset in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.25% and real returns of 4.25%
Future COLAs	2.25%

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

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, 2021 (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	58.0%	4.3%
Fixed Income	30.0%	1.6%
Real Estate	10.0%	4.6%
Cash	<u>2.0%</u>	0.9%
Total	<u>100%</u>	

Discount Rate:

The discount rate used to measure the total pension asset was 6.50%. 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 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 asset.

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

The following presents the County's proportionate share of net pension asset calculated using the discount rate of 6.50%, 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 (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset)	\$ 342,333.02	\$ (211,414.71)	\$ (660,928.97)

Pension Plan Fiduciary Net Position:

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

7. JOINT VENTURES**Tri-County Landfill Association:**

The County participates in a joint venture, known as the Tri-County Landfill Association, Inc., formed for the purpose of providing 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	0.36%
Alpena City	1.04%	Winner City	13.84%
Lane City	0.29%	Tripp County	13.10%
Wessington Springs City	4.47%	White River City	2.46%
Jerauld County	4.21%	Wood City	0.30%
Draper City	0.51%	Mellette County	6.07%

The joint venture's governing board is composed of 12 representatives, one from each of the 8 Counties and 4 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 Position of the joint venture but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

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

At December 31, 2020, this joint venture had total assets of \$3,477,829.00, total liabilities of \$1,332,434.00, and total net position of \$2,145,395.00.

At December 31, 2021, financial information for this joint venture was not available.

8. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2021, the County was not involved in any litigation.

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, 2021, 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 a Members' Annual Operating Contribution, to provide liability coverage detailed below, under an occurrence-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,
Automobile Liability,
Automobile Physical Damage,
Property Coverage, and
Boiler and Machinery Coverage

Effective October 5, 2021, the SDPAA adopted a new policy on member departures. Departing members will no longer be eligible for any partial refund of the calculated portion of their contributions which was previously allowed. The prior policy provided the departing member with such a partial refund because the departing member took sole responsibility for all claims and claims expenses whether reported or unreported at the time of their departure from the SDPAA. With such partial refund being no longer available, the SDPAA will now assume responsibility for all reported claims of a departing member pursuant to the revised IGC.

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, 2021, one claim was filed for unemployment benefits. This claim resulted in the payment of benefits in the amount of \$356.21. At December 31, 2021, no claims had been filed and were outstanding. One claim for unemployment benefits was filed and paid in the next year.

SUPPLEMENTARY INFORMATION
MELLETTE COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 839,773.00	\$ 839,773.00	\$ 811,244.09	\$ (28,528.91)
General Property Taxes--Delinquent	5,000.00	5,000.00	27,725.09	22,725.09
Penalties and Interest	1,500.00	1,500.00	4,284.03	2,784.03
Licenses and Permits	1,280.00	1,280.00	1,947.00	667.00
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	248,985.55	248,985.55
State Shared Revenue:				
Court Appointed Attorney/Public Defender	0.00	0.00	3,049.06	3,049.06
Telecommunications Gross Receipts Tax	23,500.00	23,500.00	5,145.27	(18,354.73)
Motor Vehicle 1/4%	0.00	0.00	693.16	693.16
Liquor Tax Reversion (25%)	0.00	0.00	24,807.83	24,807.83
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	4,500.00	4,500.00	7,774.75	3,274.75
Register of Deeds' Fees	15,500.00	15,500.00	19,622.00	4,122.00
Driver's License Exam	2,000.00	2,000.00	3,666.00	1,666.00
Legal Services	9,000.00	9,000.00	11,211.24	2,211.24
Clerk of Courts Fees	1,000.00	1,000.00	995.00	(5.00)
Other Fees	500.00	500.00	221.58	(278.42)
Public Safety:				
Law Enforcement	50,000.00	50,000.00	90,721.04	40,721.04
Health and Welfare:				
Health Assistance:				
Ambulance	75,000.00	75,000.00	45,380.42	(29,619.58)
Social Services	7,500.00	7,500.00	10,603.71	3,103.71
Fines and Forfeits:				
Fines	350.00	350.00	0.00	(350.00)
Costs	1,000.00	1,000.00	484.37	(515.63)
Forfeits	0.00	0.00	2,500.00	2,500.00
Other	500.00	500.00	619.63	119.63
Miscellaneous Revenue:				
Investment Earnings	2,000.00	2,000.00	4,153.50	2,153.50
Rent	12,000.00	12,000.00	12,240.00	240.00
Other	5,000.00	5,000.00	7,554.29	2,554.29
Total Revenues	1,056,903.00	1,056,903.00	1,345,628.61	288,725.61
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	27,950.00	39,950.00	39,424.18	525.82
Contingency	15,000.00	15,000.00		
Amount Transferred		(13,075.00)		1,925.00
Elections	1,700.00	1,700.00	1,179.64	520.36
Judicial System	8,000.00	8,550.00	8,544.59	5.41
Financial Administration:				
Auditor	75,250.00	75,250.00	73,807.56	1,442.44
Treasurer	86,050.00	86,050.00	66,104.84	19,945.16
Other	700.00	700.00	584.30	115.70
Legal Services:				
State's Attorney	74,275.00	74,275.00	65,516.53	8,758.47
Court Appointed Attorney	57,500.00	57,500.00	45,239.77	12,260.23

SUPPLEMENTARY INFORMATION
MELLETTE COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2021
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Abused and Neglected Child Defense	5,000.00	5,000.00	0.00	5,000.00
Other General Government:				
General Government Building	66,600.00	66,600.00	57,953.59	8,646.41
Director of Equalization	71,605.00	71,605.00	52,897.23	18,707.77
Register of Deeds	68,690.00	68,690.00	49,460.72	19,229.28
Veterans Service Officer	5,113.00	5,113.00	4,218.39	894.61
Public Safety:				
Law Enforcement:				
Sheriff	347,650.00	364,650.00	363,434.65	1,215.35
County Jail	137,455.00	167,455.00	162,707.40	4,747.60
Coroner	6,315.00	6,315.00	4,653.32	1,661.68
Health and Welfare:				
Economic Assistance:				
Support of Poor	2,500.00	2,500.00	333.00	2,167.00
Health Assistance:				
Ambulance	58,700.00	58,700.00	30,365.48	28,334.52
Social Services:				
Domestic Abuse	4,800.00	4,800.00	0.00	4,800.00
Mental Health Services:				
Mentally Ill	4,000.00	4,000.00	4,025.73	(25.73)
Mental Health Centers	600.00	600.00	0.00	600.00
Culture and Recreation:				
Culture:				
Historical Museum	250.00	250.00	250.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	14,100.00	14,100.00	7,848.80	6,251.20
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	6,550.00	6,550.00	6,411.13	138.87
Urban and Rural Development	4,400.00	4,400.00	4,379.76	20.24
Economic Development:				
Other	500.00	500.00	0.00	500.00
Total Expenditures	1,151,253.00	1,197,728.00	1,049,340.61	148,387.39
Excess of Revenues Over (Under) Expenditures	(94,350.00)	(140,825.00)	296,288.00	437,113.00
Other Financing Sources (Uses):				
Transfers Out	(33,000.00)	(33,000.00)	(25,000.00)	8,000.00
Insurance Proceeds	3,000.00	3,000.00	7,118.60	4,118.60
Sale of County Property	0.00	0.00	14,500.00	14,500.00
Total Other Financing Sources (Uses)	(30,000.00)	(30,000.00)	(3,381.40)	26,618.60
Net Change in Fund Balance	(124,350.00)	(170,825.00)	292,906.60	463,731.60
Fund Balance - Beginning	528,973.99	528,973.99	528,973.99	0.00
FUND BALANCE - ENDING	\$ 404,623.99	\$ 358,148.99	\$ 821,880.59	\$ 463,731.60

SUPPLEMENTARY INFORMATION
MELLETTE COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Wheel Tax	\$ 50,000.00	\$ 50,000.00	\$ 52,725.78	\$ 2,725.78
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	23,438.00	23,438.00
State Grants	160,000.00	160,000.00	194,158.23	34,158.23
State Shared Revenue:				
Motor Vehicle Licenses	350,000.00	350,000.00	380,589.08	30,589.08
Prorate License Fees	20,000.00	20,000.00	23,835.84	3,835.84
63 3/4% Mobile Home	5,000.00	5,000.00	31,761.44	26,761.44
Secondary Road Remittances	25,000.00	25,000.00	36,510.19	11,510.19
Motor Fuel Tax	0.00	0.00	2,226.92	2,226.92
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	8,500.00	8,500.00	34,067.72	25,567.72
Miscellaneous Revenue:				
Contributions and Donations	0.00	0.00	11,719.29	11,719.29
Other	1,000.00	1,000.00	0.00	(1,000.00)
Total Revenues	619,500.00	619,500.00	791,032.49	171,532.49
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	632,500.00	632,500.00	445,747.37	186,752.63
Debt Service	100,674.00	100,674.00	88,509.65	12,164.35
Total Expenditures	733,174.00	733,174.00	534,257.02	198,916.98
Net Change in Fund Balance	(113,674.00)	(113,674.00)	256,775.47	370,449.47
Fund Balance - Beginning	670,374.20	670,374.20	670,374.20	0.00
FUND BALANCE - ENDING	\$ 556,700.20	\$ 556,700.20	\$ 927,149.67	\$ 370,449.47

SUPPLEMENTARY INFORMATION
MELLETTE COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 812,473.00	\$ 812,473.00	\$ 788,197.08	\$ (24,275.92)
General Property Taxes--Delinquent	5,000.00	5,000.00	6,715.55	1,715.55
Penalties and Interest	1,500.00	1,500.00	2,188.53	688.53
Licenses and Permits	1,000.00	1,000.00	664.00	(336.00)
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	198,403.86	198,403.86
State Shared Revenue:				
Liquor Tax Reversion (Unincorporated Town)	8,000.00	8,000.00	0.00	(8,000.00)
Telecommunications Gross Receipts Tax	21,500.00	21,500.00	9,935.53	(11,564.47)
Motor Vehicle 1/4%	0.00	0.00	608.37	608.37
Liquor Tax Reversion (25%)	0.00	0.00	23,190.97	23,190.97
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	4,625.00	4,625.00	6,525.25	1,900.25
Register of Deeds' Fees	15,500.00	15,500.00	25,925.30	10,425.30
Driver's License Exam	2,000.00	2,000.00	2,252.00	252.00
Legal Services	8,000.00	8,000.00	13,570.75	5,570.75
Clerk of Courts Fees	1,000.00	1,000.00	1,202.00	202.00
Other Fees	500.00	500.00	651.01	151.01
Public Safety:				
Law Enforcement	50,060.00	50,060.00	62,520.01	12,460.01
Other	0.00	0.00	1,200.00	1,200.00
Health and Welfare:				
Health Assistance:				
Ambulance	90,000.00	90,000.00	77,084.45	(12,915.55)
Social Services	7,500.00	7,500.00	7,204.10	(295.90)
Fines and Forfeits:				
Fines	500.00	500.00	0.00	(500.00)
Costs	0.00	0.00	393.66	393.66
Forfeits	1,000.00	1,000.00	1,350.00	350.00
Other	500.00	500.00	858.84	358.84
Miscellaneous Revenue:				
Investment Earnings	2,000.00	2,000.00	4,422.39	2,422.39
Rent	12,000.00	12,000.00	12,265.00	265.00
Contributions and Donations	0.00	0.00	5,040.00	5,040.00
Refund of Prior Year's Expenditures	500.00	500.00	0.00	(500.00)
Other	2,000.00	2,000.00	9,757.19	7,757.19
Total Revenues	1,047,158.00	1,047,158.00	1,262,125.84	214,967.84
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	48,150.00	48,150.00	32,481.69	15,668.31
Contingency	15,000.00	15,000.00		
Amount Transferred		(12,506.00)		2,494.00
Elections	16,450.00	19,774.00	19,773.95	0.05
Judicial System	8,100.00	8,100.00	948.20	7,151.80
Financial Administration:				
Auditor	87,350.00	87,350.00	69,824.46	17,525.54
Treasurer	85,450.00	85,450.00	66,103.53	19,346.47
Other	700.00	700.00	457.28	242.72

SUPPLEMENTARY INFORMATION
MELLETTE COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2020
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Legal Services:				
State's Attorney	75,000.00	75,000.00	68,782.63	6,217.37
Court Appointed Attorney	47,500.00	62,500.00	61,702.85	797.15
Abused and Neglected Child Defense	5,000.00	5,000.00	0.00	5,000.00
Other General Government:				
General Government Building	59,320.00	69,173.00	69,172.76	0.24
Director of Equalization	73,823.00	73,823.00	69,930.84	3,892.16
Register of Deeds	76,690.00	76,690.00	55,870.69	20,819.31
Veterans Service Officer	5,140.00	5,140.00	3,991.64	1,148.36
Public Safety:				
Law Enforcement:				
Sheriff	332,450.00	332,450.00	304,317.94	28,132.06
County Jail	122,900.00	182,900.00	177,787.94	5,112.06
Coroner	6,315.00	6,315.00	1,465.48	4,849.52
Health and Welfare:				
Economic Assistance:				
Support of Poor	5,500.00	5,500.00	0.00	5,500.00
Health Assistance:				
Ambulance	73,995.00	73,995.00	48,561.53	25,433.47
Social Services:				
Domestic Abuse	1,200.00	1,200.00	0.00	1,200.00
Mental Health Services:				
Mentally Ill	3,000.00	5,566.00	5,565.91	0.09
Mental Health Centers	200.00	1,200.00	1,200.00	0.00
Culture and Recreation:				
Culture:				
Historical Museum	250.00	250.00	250.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	15,050.00	15,050.00	8,692.53	6,357.47
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	6,550.00	6,550.00	6,046.07	503.93
Urban and Rural Development	4,400.00	4,400.00	4,379.76	20.24
Economic Development:				
Other	500.00	500.00	0.00	500.00
Total Expenditures	1,175,983.00	1,255,220.00	1,077,307.68	177,912.32
Excess of Revenues Over (Under) Expenditures	(128,825.00)	(208,062.00)	184,818.16	392,880.16
Other Financing Sources (Uses):				
Transfers Out	(33,000.00)	(33,000.00)	(21,510.00)	11,490.00
Insurance Proceeds	3,000.00	3,000.00	16,172.36	13,172.36
Sale of County Property	1,000.00	1,000.00	0.00	(1,000.00)
Total Other Financing Sources (Uses)	(29,000.00)	(29,000.00)	(5,337.64)	23,662.36
Net Change in Fund Balance	(157,825.00)	(237,062.00)	179,480.52	416,542.52
Fund Balance - Beginning	349,493.47	349,493.47	349,493.47	0.00
FUND BALANCE - ENDING	\$ 191,668.47	\$ 112,431.47	\$ 528,973.99	\$ 416,542.52

SUPPLEMENTARY INFORMATION
MELLETTE COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Wheel Tax	\$ 50,000.00	\$ 50,000.00	\$ 50,417.58	\$ 417.58
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	155,166.61	155,166.61
State Grants	160,000.00	160,000.00	204,869.31	44,869.31
State Shared Revenue:				
Motor Vehicle Licenses	350,000.00	350,000.00	372,669.04	22,669.04
Prorate License Fees	20,000.00	20,000.00	21,833.57	1,833.57
63 3/4% Mobile Home	5,000.00	5,000.00	1,387.20	(3,612.80)
Secondary Road Remittances	25,000.00	25,000.00	27,866.55	2,866.55
Motor Fuel Tax	0.00	0.00	2,236.95	2,236.95
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	8,500.00	8,500.00	24,980.00	16,480.00
Miscellaneous Revenue:				
Contributions and Donations	0.00	0.00	13,280.71	13,280.71
Other	1,000.00	1,000.00	42.55	(957.45)
Total Revenues	619,500.00	619,500.00	874,750.07	255,250.07
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	549,000.00	584,000.00	579,972.63	4,027.37
Debt Service	36,111.00	36,111.00	36,110.56	0.44
Total Expenditures	585,111.00	620,111.00	616,083.19	4,027.81
Net Change in Fund Balance	34,389.00	(611.00)	258,666.88	259,277.88
Fund Balance - Beginning	411,707.32	411,707.32	411,707.32	0.00
FUND BALANCE - ENDING	\$ 446,096.32	\$ 411,096.32	\$ 670,374.20	\$ 259,277.88

MELLETTE 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
MELLETTE COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
South Dakota Retirement System

*Last 10 Years

	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability/asset	0.0276060%	0.0260829%	0.0242576%	0.0263224%	0.0260328%	0.0256777%	0.0234191%	0.0238880%
County's proportionate share of net pension liability (asset)	\$ (211,415)	\$ (1,133)	\$ (2,571)	\$ (614)	\$ (2,363)	\$ 86,737	\$ (99,327)	\$ (172,109)
County's covered payroll	\$ 571,089	\$ 523,629	\$ 471,468	\$ 492,328	\$ 484,972	\$ 452,580	\$ 388,402	\$ 371,741
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.02%	0.22%	0.55%	0.12%	0.49%	19.16%	25.57%	46.30%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

* The amounts presented for each 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 from Prior Valuation

The June 30, 2021 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 Actuarial Valuation. One change in actuarial assumptions and one plan provision change are reflected and described below.

The details of the changes since the last valuation are as follows:

Benefit Provision Changes

Legislation enacted in 2021 reduced the minimum SDRS COLA from 0.5% to 0%. This change will impact the SDRS COLA only when inflation is very low or when a restricted maximum COLA of 0.5% is not affordable. The change had no impact on the current assets or liabilities of SDRS.

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2020 and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.41%. For this June 30, 2021 Actuarial Valuation, future COLAs are assumed to equal the baseline COLA assumption of 2.25%.

The change in the COLA assumption increased the Actuarial Accrued Liability by \$1,135 million, or 8.9% of the Actuarial Accrued Liability based on the 1.41% restricted maximum COLA.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation.

**SUPPLEMENTARY INFORMATION
MELLETTE COUNTY
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Two Years Ended December 31, 2021**

<u>Indebtedness</u>	<u>Long-Term Debt January 1, 2020</u>	<u>Add New Debt</u>	<u>Less Debt Retired</u>	<u>Long-Term Debt December 31, 2021</u>
Governmental Long-Term Debt:				
Financed Purchase Agreement	\$ 134,871.36	\$ 236,250.00	\$ (109,565.23)	\$ 261,556.13

Note 1 - Long-Term Debt:

Debt payable at December 31, 2021 is comprised of the following:

Financed Purchase Agreement:

The County entered into a financed purchase agreement to purchase a 950GC Caterpillar Wheel Loader. The agreement called for an initial down payment of \$36,110.56 along with 5 annual payments of principal and interest in the amount of \$36,110.56. This agreement has an interest rate of 2.80% and the payment is made from the Road and Bridge Fund. This agreement matures in 2023. \$ 69,318.35

During 2019, the County entered into a financed purchase agreement for a 2019 CAT Motor Grader. The County traded in an old motor grader for \$110,000. The County will make 5 annual payments of principal and interest in the amount of \$52,399.09. This agreement has an interest rate of 3.55% and the payment is made from the Road and Bridge Fund. This agreement matures in 2025. \$ 192,237.78