MINNEHAHA COUNTY

AUDIT REPORT

For the Year Ended December 31, 2015

MINNEHAHA COUNTY
COUNTY OFFICIALS
December 31, 2015

Board of Commissioners:
Cindy Heiberger, Chairman
Jeff Barth
Gerald Beninga
Dick Kelly
Jean Bender

Auditor:
Bob Litz

Treasurer:
Pam Nelson

State's Attorney:
Aaron McGowan

Register of Deeds:
Julie Risty

Sheriff:
Mike Milstead

MINNEHAHA COUNTY
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Fiduciary Funds

As of December 31, 2015:

STATE OF SOUTH DAKOTA
DEPARTMENT OF LEGISLATIVE AUDIT

427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605)773-3595

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

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

County Commission
Minnehaha County
Sioux Falls, 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 financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Minnehaha County, South Dakota (County), as of December 31, 2015, and for the year then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 20, 2016.

Our report includes a reference to other auditors who audited the financial statements of the Minnehaha County Housing and Redevelopment Commission - Safe Home Limited Partnership, a discretely presented component unit of the County, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Martin L. Guindon, CPA
Auditor General

September 20, 2016

427 SOUTH CHAPELLE
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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

County Commission
Minnehaha County
Sioux Falls, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Minnehaha County, South Dakota (County), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Minnehaha County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

Martin L. Guindon, CPA
Auditor General

September 20, 2016

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

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Federal Audit Findings:

The prior report contained no written federal audit findings.

Prior Other Audit Finding:

Finding No. 2014-001:

Internal accounting controls over financial reporting for the year 2014 were inadequate resulting in inaccurate information being presented to the users of the annual financial report. This finding has been resolved.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Summary of the Independent Auditor's Results:

Financial Statements

a. An unmodified opinion was issued on the financial statements of each opinion unit.

b. No material weaknesses or significant deficiencies were disclosed by our audit of the financial statements.

c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.

e. Our audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR 200.516(a).

f. The federal awards tested as major programs were:

1.	CFDA # 95.001	High Intensity Drug Trafficking Area Grant Program
2.	CFDA # 97.067	Homeland Security Grant Program

g. The dollar threshold used to distinguish between Type A and Type B federal award programs was $750,000.

h. Minnehaha County did qualify as a low-risk auditee.

Current Federal Audit Findings:

There are no written current federal compliance audit findings to report.

Current Other Audit Findings:

There are no written current other audit findings to report.

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DEPARTMENT OF LEGISLATIVE AUDIT

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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

County Commission
Minnehaha County
Sioux Falls, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Minnehaha County, South Dakota (County), as of December 31, 2015, and for the year then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Minnehaha County Housing and Redevelopment Commission - Safe Home Limited Partnership, which represents 100 percent of the assets, liabilities, net position, expenses and revenues of the discretely presented component unit of the County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Minnehaha County Housing and Redevelopment Commission - Safe Home Limited Partnership is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Minnehaha County as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of Funding Progress, Schedule of the County Contributions, and the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) on pages 46 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The County has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated September 20, 2016 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Martin L. Guindon, CPA
Auditor General

September 20, 2016

MINNEHAHA COUNTY
STATEMENT OF NET POSITION
December 31, 2015

	Primary Government Governmental Activities	Component Unit
ASSETS:		
Cash and Cash Equivalents	$ 29,780,232.43	$ 10,989.00
Cash with Fiscal Agent	7,899,918.75	
Taxes Receivable--Delinquent	682,210.95	
Accounts Receivable, Net	54,112.37	1,237.00
Notes Receivable (Safe Home)	245,133.79	
Due from Federal Government	12,105.31	
Due from State Government	1,334,622.50	
Due from Local Governments	221,536.83	
Due from Others	175,774.48	3,235.00
Inventory of Supplies	528,349.50	
Deposit with Insurance Pool	343,399.39	
Restricted Assets:		
Cash and Cash Equivalents		90,677.00
Net Pension Asset	6,698,334.67	
Capital Assets:		
Land, Improvements and Construction in Progress	5,532,307.34	77,116.00
Other Capital Assets, Net of Depreciation	86,453,238.60	2,782,374.00
TOTAL ASSETS	$ 139,961,276.91	$ 2,965,628.00
DEFERRED OUTFLOWS OF RESOURCES:		
Pension Related Deferred Outflows	$ 11,690,527.64	$
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 11,690,527.64	$ 0.00
LIABILITIES:		
Hospital Claims Payable	$ 836,174.96	$
Accounts Payable	1,845,821.65	20,980.00
Other Current Liabilities	200.00	2,774.00
Unearned Revenue	221,503.96	1,614.00
Noncurrent Liabilities:		
Due Within One Year	6,127,947.32	50,216.00
Due in More than One Year	31,772,345.78	469,398.00
TOTAL LIABILITIES	$ 40,803,993.67	$ 544,982.00
DEFERRED INFLOWS OF RESOURCES:		
Pension Related Deferred Inflows	$ 9,883,520.95	$
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 9,883,520.95	$ 0.00

MINNEHAHA COUNTY
STATEMENT OF NET POSITION
December 31, 2015
(Continued)

	Primary Government: Governmental Activities	Component Unit
NET POSITION:		
Net Investment in Capital Assets	$ 58,086,208.95	$
Restricted For: (See Note 10)		
Road and Bridge Purposes	10,566,158.84	
Courthouse Building Purposes	2,771,129.34	
Bond Redemption Purposes	8,548,135.28	
SDRS Pension Purposes	8,505,341.36	
Other Purposes	4,287,140.71	
Unrestricted	8,200,175.45	2,420,646.00
TOTAL NET POSITION	$ 100,964,289.93	$ 2,420,646.00

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

MINNEHAHA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Component Unit
Primary Government:					
Governmental Activities:					
General Government	$ 19,104,165.28	$ 3,498,473.88	$ 652,974.97	$ (14,952,716.43)	$
Public Safety	26,234,876.50	4,896,486.15	3,929,540.00	(17,408,850.35)	
Public Works	9,930,952.84	27,467.45	11,469,837.32	1,566,351.93	
Health and Welfare	5,670,895.53	226,541.80	309,078.71	(5,135,275.02)	
Culture and Recreation	2,565,123.66	18,806.60	672,910.49	(1,873,406.57)	
Conservation of Natural Resources	81,159.05			(81,159.05)	
Urban and Economic Development	565,726.13	342,097.35	137.02	(223,491.76)	
Intergovernmental	331,691.16			(331,691.16)	
*Depreciation Expense - Unallocated	119,464.91			(119,464.91)	
**Interest on Long-Term Debt	1,283,159.56			(1,283,159.56)	
Total Primary Government	$ 65,887,214.62	$ 9,009,873.23	$ 17,034,478.51	(39,842,862.88)	
Component Unit:					
Minnehaha County Housing and Redevelopment Commission and Safe Home LLP	$ 244,176.00	$ 209,354.00	$		(34,822.00)
General Revenues:					
Taxes:					
Property Taxes				41,567,759.07	
Wheel Tax				3,284,584.40	
State Shared Revenues				1,836,995.09	
Unrestricted Investment Earnings				121,787.98	83.00
Miscellaneous Revenue				57,793.60	
Total General Revenues				46,868,920.14	83.00
Change in Net Position				7,026,057.26	(34,739.00)
Net Position - Beginning				86,945,624.78	2,455,385.00
Adjustments: (See Note 12)					
Prior Period Adjustment - Pension Net Asset				7,490,524.53	
Prior Period Adjustment - Tax Increment Financing				(497,916.64)	
Adjusted Net Position - Beginning				93,938,232.67	2,455,385.00
NET POSITION - ENDING				$ 100,964,289.93	$ 2,420,646.00

*This amount excludes the depreciation that is included in the direct expenses of the various functions. (See Note 7)

**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.

MINNEHAHA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015

	General Fund	Road and Bridge Fund	Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	$ 12,169,861.44	$ 9,647,751.87	$ 630,479.10	$ 4,196,106.38	$ 26,644,198.79
Cash with Fiscal Agent			7,899,918.75		7,899,918.75
Taxes Receivable--Delinquent	572,758.94		17,737.43	91,714.58	682,210.95
Notes Receivable (Safe Home)	245,133.79				245,133.79
Due from Federal Government	12,105.31				12,105.31
Due from State Government	111,345.72	1,000,765.44		222,511.34	1,334,622.50
Due from Local Governments	221,536.83				221,536.83
Due from Others	175,148.73	625.75			175,774.48
Inventory of Supplies		528,349.50			528,349.50
Deposit with Insurance Pool	343,399.39				343,399.39
TOTAL ASSETS	$ 13,851,290.15	$ 11,177,492.56	$ 8,548,135.28	$ 4,510,332.30	$ 38,087,250.29
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Hospital Claims Payable	$ 836,174.96	$	$	$	$ 836,174.96
Accounts Payable	861,638.87	325,596.77		378,910.93	1,566,146.57
Sign Deposits	200.00				200.00
Unearned Revenue	146,466.51			75,037.45	221,503.96
Total Liabilities	1,844,480.34	325,596.77	0.00	453,948.38	2,624,025.49
Deferred Inflows of Resources:					
Unavailable Revenue--Property Taxes	572,758.94		17,737.43	91,714.58	682,210.95
Fund Balances: (See Note 1.m.)					
Nonspendable	559,317.37	528,349.50			1,087,666.87
Restricted		10,323,546.29	8,530,397.85	3,712,906.88	22,566,851.02
Assigned	4,161,211.95			251,762.46	4,412,974.41
Unassigned	6,713,521.55				6,713,521.55
Total Fund Balances	11,434,050.87	10,851,895.79	8,530,397.85	3,964,669.34	34,781,013.85
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 13,851,290.15	$ 11,177,492.56	$ 8,548,135.28	$ 4,510,332.30	$ 38,087,250.29

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

MINNEHAHA COUNTY
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2015

Total Fund Balances - Governmental Funds		$ 34,781,013.85
Amounts reported for governmental activities in the Statement of Net Position are different because:		
	Net Pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	6,698,334.67
	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets of $168,766,131.86 less accumulated depreciation of $76,780,585.92.	91,985,545.94
	Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	11,690,527.64
	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. G.O. Bonds $ 33,882,936.99 Accrued Leave $ 3,265,661.46 Other Long-Term Debt $ 278,316.64	(37,426,915.09)
	Assets, such as taxes receivable (delinquent), are not available to pay for current period expenditures and therefore are deferred in the funds.	682,210.95
	Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	(9,883,520.95)
	Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets ($3,190,146.01) and liabilities ($279,675.08) of internal service funds are included in governmental activities in the Statement of Net Position.	2,910,470.93
	Long-term liability for net other post employment obligation is not due and payable in the current period and therefore is not reported in the funds.	(473,378.01)
Net Position of Governmental Activities		$ 100,964,289.93

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

MINNEHAHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	General Fund	Road and Bridge Fund	Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
General Property Taxes--Current	$ 34,474,818.23	$	$ 1,009,243.45	$ 5,490,975.27	$ 40,975,036.95
General Property Taxes--Delinquent	346,163.21		12,176.36	51,797.08	410,136.65
Penalties and Interest	67,601.70		2,248.15	10,647.74	80,497.59
Telephone Tax (Outside)	8,823.62				8,823.62
Mobile Home Tax	16,538.04		492.37	2,041.94	19,072.35
Wheel Tax		3,284,584.40			3,284,584.40
Tax Deed Revenue	1,758.70		51.50	247.81	2,058.01
Other Taxes	14,763.50				14,763.50
Licenses and Permits	324,818.36	26,296.77		52,770.00	403,885.13
Intergovernmental Revenue:					
Federal Grants	397,232.63	96,303.69		674,113.29	1,167,649.61
Federal Shared Revenue	632,649.21				632,649.21
Federal Payments in Lieu of Taxes	8,927.34		261.35	2,470.89	11,659.58
State Grants		2,899,239.52			2,899,239.52
State Shared Revenue:					
Bank Franchise	962,749.76				962,749.76
Motor Vehicle Licenses		7,870,820.50			7,870,820.50
Court Appointed Attorney/Public Defender	180,979.72				180,979.72
Prorate License Fees		404,102.05			404,102.05
Abused and Neglected Child Defense	46,713.35				46,713.35
63 3/4% Mobile Home/Manufactured Home		72,556.29			72,556.29
Telecommunications Gross Receipts Tax	874,245.33				874,245.33
Motor Vehicle 1/4%	40,897.16				40,897.16
Motor Fuel Tax		43,307.71			43,307.71
911 Remittances				2,086,805.61	2,086,805.61
Other Payments in Lieu of Taxes	3,595.69		110.32	394.60	4,100.61
Other Intergovernmental Revenue:					
Museum Operations (City Share)	526,822.56				526,822.56
Health and Human Service Operations (City Share)	273,465.71				273,465.71
Other Intergovernmental Revenue	226,764.89		48,584.72		275,349.61
Tea-Ellis Shooting Range	9,300.00				9,300.00
Human Resources Consulting	57,756.98				57,756.98
Juvenile Delinquency Center Physicals	154.00				154.00
Charges for Goods and Services:					
General Government:					
Treasurer's Fees	320,752.19				320,752.19
Register of Deeds' Fees	2,060,470.00			95,932.30	2,156,402.30
Legal Services	616,172.79			16,416.01	632,588.80

Clerk of Courts Fees	240,758.12				240,758.12
Other Fees	55,824.97				55,824.97
Public Safety:					
Law Enforcement	1,421,589.82				1,421,589.82
Prisoner Care	2,646,374.65				2,646,374.65
Sobriety Testing				433,918.09	433,918.09
Other	408.10				408.10
Public Works:					
Other		1,170.68			1,170.68
Health and Welfare:					
Economic Assistance:					
Poor Lien Recoveries	209,400.71				209,400.71
Veterans Service Officer	4,687.50				4,687.50
Mental Health Services	12,453.59				12,453.59
Culture and Recreation				18,806.60	18,806.60
Urban and Economic Development	67,747.49				67,747.49
Fines and Forfeits:					
Fines	14,614.16				14,614.16
Costs	131,349.24				131,349.24
Forfeits	234,414.09				234,414.09
Other	190.00			2,537.00	2,727.00
Miscellaneous Revenue:					
Investment Earnings	36,805.88	11,065.66	68,130.06	5,786.38	121,787.98
Rent	52,143.20				52,143.20
Contributions and Donations	8,511.08				8,511.08
Refund of Prior Year's Expenditures	45,057.17				45,057.17
Other	232,825.57	83,507.56		169,649.43	485,982.56
Total Revenues	47,910,090.01	14,792,954.83	1,141,298.28	9,115,310.04	72,959,653.16
Expenditures:					
General Government:					
Legislative:					
Board of County Commissioners	641,475.82				641,475.82
Elections	85,769.63				85,769.63
Judicial System	1,476,173.04				1,476,173.04
Financial Administration:					
Auditor	799,279.65				799,279.65
Treasurer	1,260,804.95				1,260,804.95
Other				927,717.72	927,717.72
Legal Services:					
State's Attorney	3,647,488.96				3,647,488.96
Public Defender	2,563,971.51				2,563,971.51
Court Appoint Attorney	703,341.33				703,341.33
Other Administration:					
General Government Building	2,312,622.53				2,312,622.53
Director of Equalization	1,295,027.32				1,295,027.32
Register of Deeds	748,957.03			66,527.79	815,484.82
Predatory Animal	5,066.38				5,066.38
Self-Insurance Plan	184,891.68				184,891.68
Other (S.E.C.O.G.)	24,033.00				24,033.00

MINNEHAHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015
(Continued)

	General Fund	Road and Bridge Fund	Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
Information Technology	1,720,263.60				1,720,263.60
Human Resources	379,643.48				379,643.48
Public Safety:					
Law Enforcement:					
Sheriff	5,229,196.75			13,559.84	5,242,756.59
County Jail	12,004,557.02				12,004,557.02
Coroner	328,285.29				328,285.29
Juvenile Detention	3,174,127.86				3,174,127.86
Air Guard	659,723.75				659,723.75
Humane Society	34,623.96				34,623.96
Southeast Technical Institute Security	134,638.38				134,638.38
24/7 Sobriety				394,593.14	394,593.14
Involuntary Commitment Housing	222,660.00				222,660.00
Protective and Emergency Services:					
Fire Protection				501,868.00	501,868.00
Emergency and Disaster Services				546,336.06	546,336.06
Communication Center	302,073.00			2,086,805.61	2,388,878.61
Public Works:					
Highways and Bridges:					
Highways, Roads and Bridges		7,251,987.09			7,251,987.09
Health and Welfare:					
Economic Assistance:					
Support of Poor	3,187,102.03			33,213.00	3,220,315.03
Health Assistance:					
Ambulance	180,000.00				180,000.00
Social Services:					
Inter-lakes Community Action	2,000.00				2,000.00
Compass Center	35,000.00				35,000.00
Domestic Abuse				69,496.63	69,496.63
Safe Home	655,773.58				655,773.58
Children's Inn	89,250.00				89,250.00
Helpline Center	4,000.00				4,000.00
Mental Health Services:					
Mentally Ill	1,074,701.30				1,074,701.30
Developmentally Disabled	5,000.00				5,000.00
Mental Health Centers	174,468.00				174,468.00
Culture and Recreation:					
Culture:					
Public Library				1,012,000.00	1,012,000.00
Historical Museum	1,089,722.29			141,147.59	1,230,869.88
Memorial Day Expense	1,034.94				1,034.94

County Cemetery	2,590.00				2,590.00
Recreation:					
Parks	57,102.86				57,102.86
County Fair	150,000.00				150,000.00
Conservation of Natural Resources:					
Soil Conservation:					
County Extension	77,115.07				77,115.07
Soil Conservation Districts	2,000.00				2,000.00
Agri-Business	2,500.00				2,500.00
Urban and Economic Development:					
Urban Development:					
Planning and Zoning	564,303.34				564,303.34
Economic Development:					
Sioux Falls Development Foundation	500.00				500.00
Forward Sioux Falls	500.00				500.00
Minnehaha County Economic Development Association	5,000.00				5,000.00
Intergovernmental Expenditures		331,691.16			331,691.16
Debt Service	4,100.00		1,469,423.20	3,372,899.52	4,846,422.72
Capital Outlay	509,747.70	3,878,728.00		95,827.87	4,484,303.57
Total Expenditures	47,812,207.03	11,462,406.25	1,469,423.20	9,261,992.77	70,006,029.25
Excess of Revenues Over (Under) Expenditures	97,882.98	3,330,548.58	(328,124.92)	(146,682.73)	2,953,623.91
Other Financing Sources (Uses):					
Transfers In				150,000.00	150,000.00
Transfers Out	(150,000.00)				(150,000.00)
Insurance Proceeds	30,542.45				30,542.45
Sale of County Property	107,416.57	63,979.96			171,396.53
Total Other Financing Sources (Uses)	(12,040.98)	63,979.96	0.00	150,000.00	201,938.98
Net Change in Fund Balance	85,842.00	3,394,528.54	(328,124.92)	3,317.27	3,155,562.89
Changes in Nonspendable		(132,370.51)			(132,370.51)
Fund Balance - Beginning	11,348,208.87	7,589,737.76	8,858,522.77	3,961,352.07	31,757,821.47
FUND BALANCE - ENDING	$ 11,434,050.87	$ 10,851,895.79	$ 8,530,397.85	$ 3,964,669.34	$ 34,781,013.85

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

MINNEHAHA COUNTY
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds	$	3,155,562.89
Amounts reported for governmental activities in the Statement of Activities are different because:		
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.		4,484,303.57
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.		(4,868,075.43)
In the Statement of Activities, the loss on disposal of assets is reported, whereas in the governmental funds, the disposal of fixed assets is not reflected. This is the amount by which deletions ($1,962,137.31) exceeds accumulated depreciation of the deletions ($1,672,206.84).		(289,930.47)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position. G.O. Bonds $ 3,323,163.16 Other Long-Term Debt $ 240,100.00		3,563,263.16
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available".		41,610.21
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the Statement of Activities, expenses for these benefits are recognized when the employees earn leave credits.		(81,884.70)
Other Post Employment benefits reported in the Statement of Activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.		9,977.74
Supplies acquired are an expenditure on the fund statements when purchased but are expensed on the Statement of Activities when consumed. This amount represents the "change in" inventory of supplies.		(132,370.51)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		1,014,816.82
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		128,783.98
Change in Net Position of Governmental Activities	$	7,026,057.26

The Notes to the Financial Statements are an integral part of this statement.

MINNEHAHA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2015

	Internal Service Funds
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 3,136,033.64
Accounts Receivable, Net	54,112.37
TOTAL ASSETS	$ 3,190,146.01
LIABILITIES:	
Current Liabilities:	
Accounts Payable	$ 279,675.08
TOTAL LIABILITIES	$ 279,675.08
NET POSITION:	
Unrestricted Net Position	$ 2,910,470.93
TOTAL NET POSITION	$ 2,910,470.93

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

MINNEHAHA COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	Internal Service Funds
Operating Revenues:	
Charges for Goods and Services	$ 4,472,344.14
Operating Expenses:	
Other Current Expense:	
Insurance Costs	306,841.32
Claims Paid	3,811,926.97
Administration Fee	176,547.32
Other	52,721.85
Total Operating Expenses	4,348,037.46
Operating Income (Loss)	124,306.68
Nonoperating Revenues (Expenses):	
Investment Earnings	4,477.30
Change in Net Position	128,783.98
Net Position - Beginning	2,781,686.95
NET POSITION - ENDING	$ 2,910,470.93

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

MINNEHAHA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	Internal Service Funds
Cash Flows from Operating Activities:	
Cash Receipts from Customers	$ 4,474,492.51
Cash Payments to Suppliers of Goods and Services	(4,396,158.97)
Net Cash Provided (Used) by Operating Activities	78,333.54
Cash Flows from Investing Activities:	
Cash Received for Interest	4,477.30
Net Increase (Decrease) in Cash and Cash Equivalents	82,810.84
Cash and Cash Equivalents at Beginning of Year	3,053,222.80
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 3,136,033.64
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	$ 124,306.68
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Increase in Receivables	(51,964.00)
Increase in Accounts and Other Payables	5,990.86
Net Cash Provided (Used) by Operating Activities	$ 78,333.54

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

MINNEHAHA COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2015

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	$ 5,041,288.66
TOTAL ASSETS	$ 5,041,288.66
LIABILITIES:	
Amounts Held for Others	$ 23,038.12
Due to Other Governments	5,018,250.54
TOTAL LIABILITIES	$ 5,041,288.66

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

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

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The County is financially accountable if its County Commission appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the County (primary government). The County may also be financially accountable for another organization if that organization is fiscally dependent on the County.

Minnehaha County (County) created a Housing and Redevelopment Commission (Commission) under the authority of South Dakota Codified Law 11-7-1 on February 9, 2010. The Commission is a proprietary fund-type, discretely-presented component unit. The five members of the Commission are appointed by the County Commission's Chairperson with the approval of the Board of County Commissioners for five-year, staggered terms. The County employs the management and personnel and retains the statutory authority to approve or deny or otherwise modify the Commission's budget which gives the County the ability to impose its will on the Commission.

On February 19, 2010, the Commission entered into a partnership agreement and is the General Partner of Safe Home Limited Partnership (Partnership) whose purpose is to provide for construction of permanent housing for the homeless pursuant to a tax credit program and to borrow funds for such purposes and to mortgage or otherwise encumber any or all of the Partnership's assets to secure such borrowing. The Partnership is a proprietary fund-type, discretely-presented component unit of the Commission. The five members of the Partnership Board consist of the same appointed members of the Commission which gives the County the ability to impose its will on the Partnership.

Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from: Minnehaha County Housing and Redevelopment Commission, 415 North Dakota Avenue, Sioux Falls, SD 57104.

The County participates in a cooperative unit, with the City of Sioux Falls. 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 three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. 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: Courthouse Building, 911 Service, Fire Protection, Emergency Management, Domestic Abuse, Public Library, Pass-Through Grants, Museum Store, Museum Enterprise, Emergency Food and Shelter Program (EFSP), Modernization and Preservation Relief, and 24/7 Sobriety. These funds are reported on the fund financial statements as "Other Governmental Funds".

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Bond Redemption Fund – to account for property taxes which may be used only for the payment of the debt principal, interest, and related costs. This is a major fund.

The SDN Communication Tax Increment District #2 Fund maintained by the County is not considered a major fund and is reported on the financial statements as "Other Governmental Funds".

Proprietary Funds:

Internal Service Funds – Internal service funds may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds should be used only if the reporting government is the predominant participant in the activity. Internal service funds are never considered to be major funds. The Healthcare Self-Insurance Fund is the only internal service fund maintained by the County.

Fiduciary Funds:

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

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental fund types, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental and component unit activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the County is 30 days. The revenues which are accrued at December 31, 2015 are amounts due from federal, state, and local governments and other entities.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Reported unearned revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary and fiduciary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. <u>Interfund Eliminations and Reclassifications</u>:

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

> In order to minimize the doubling-up effect of internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the Internal Service Fund, so that expenses are reported only by the function to which they relate.

e. 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 primarily of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by SDCL 4-5-6.

f. Capital Assets:

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

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2015 balance of governmental activities capital assets, excluding infrastructure, was reported based on original costs.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 1980, were not required to be capitalized by the County. Infrastructure assets acquired since January 1, 1980 are recorded at cost, and classified as "Improvements Other than Buildings."

For governmental activities Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide financial statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land and Land Rights	$ 1.00	-------N/A------	-------N/A------
Improvements Other Than Buildings	$ 50,000.00	Straight-line	10-25 years
Buildings	$ 50,000.00	Straight-line	40-99 years
Machinery and Equipment	$ 5,000.00	Straight-line	3-25 years
Infrastructure	$ 50,000.00	Straight-line	25-50 years

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as expenditures of the appropriate governmental fund upon acquisition.

g. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term liabilities primarily consist of limited tax general obligation bonds, financing (capital acquisition) leases, compensated absences, and other postemployment benefits.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due.

h. 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.

i. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

j. Cash and Cash Equivalents:

The County pools the cash resources of its funds for cash management purposes. The proprietary fund essentially has access to the entire amount of its cash resources on demand. Accordingly, each proprietary fund's equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows.

k. Equity Classifications:

Government-wide Financial Statements:

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

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable), and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. 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.

3. Unrestricted Net Position – All other net position that do not meet the definition of "Restricted" or "Net Investment in Capital Assets."

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Agency Funds have no fund equity. The Net Position is reported as Net Position Held in Agency Capacity.

l. 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.

m. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the County Commissioners.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Nonspendable Fund Balance is comprised of the following:

- Amounts reported in nonspendable form such as inventory and South Dakota Public Assurance Alliance.
- Amount not in cash form such as long-term portion of loans receivable.

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

The 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	**Revenue Source**
Road and Bridge Fund	Motor Vehicle Licenses, Grants, Taxes, and Intergovernmental Revenue

A schedule of fund balances is provided as follows:

MINNEHAHA COUNTY
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	Road and Bridge Fund	Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	$	$ 528,349.50	$	$	$ 528,349.50
South Dakota Public Assurance Alliance	343,399.39				343,399.39
Notes Receivable	215,917.98				215,917.98
Restricted For:					
Road and Bridge Purposes		10,323,546.29			10,323,546.29
Bond Redemption Purposes			8,530,397.85		8,530,397.85
Courthouse Building Purposes				2,708,356.54	2,708,356.54
Fire Protection Purposes				66,267.12	66,267.12
Library Purposes				373,849.30	373,849.30
Domestic Abuse Purposes				19,405.38	19,405.38
24/7 Sobriety Purposes				372,168.88	372,168.88
Modernization and Preservation Relief Purposes				172,637.93	172,637.93
TIF #2 Debt Service Purposes				221.73	221.73
Assigned To:					
Applied to Next Year's Budget	3,839,121.00				3,839,121.00
Museum Store Purposes				59,358.30	59,358.30
Museum Enterprise Purposes				172,027.97	172,027.97
Emergency Management Purposes				20,376.19	20,376.19
Donation Purposes	22,090.95				22,090.95
Safe Home Operation Purposes	300,000.00				300,000.00
Unassigned	6,713,521.55				6,713,521.55
Total Fund Balances	$ 11,434,050.87	$ 10,851,895.79	$ 8,530,397.85	$ 3,964,669.34	$ 34,781,013.85

n. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. County contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

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

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

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

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

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

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.

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 fund making the investment with the exception of agency funds, which are credited to the General Fund.

3. CASH WITH TRUSTEE

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

Amount:	Purpose:
$ 7,899,918.75	For Debt Service, by debt covenants (sinking funds required to be in a separate account)

4. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The County expects receivables to be collected within one year. In 2012 the County loaned the Housing Redevelopment Commission/Safe Home Limited Partnership, a component unit of the County, $458,956.00 to defray costs associated with providing permanent housing for the homeless. A receivable of $245,133.79 exists at December 31, 2015. The County expects $29,215.81 to be collected within one year with the remaining balance of $215,917.98 to be collected in monthly installments through September 1, 2026. The note receivable is to the General Fund. The long-term portion of notes receivable is offset with Nonspendable Fund Balance as it is not available to fund current obligations.

5. INVENTORY

Inventory in the General Fund and special revenue funds consists of expendable supplies held for consumption. Supply inventories are recorded at cost.

Government-wide Financial Statements:

In the government-wide financial statements, inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed.

Fund Financial Statements:

In the fund financial statements, purchases of supply inventory items are recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

6. 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.

7. CHANGES IN GENERAL CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2015 is as follows:

	Balance 1/1/2015	Increases	Decreases	Balance 12/31/2015
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$ 5,371,792.84	$	$ (117,353.00)	$ 5,254,439.84
Construction in Progress		277,867.50		277,867.50
Total Capital Assets not being Depreciated	5,371,792.84	277,867.50	(117,353.00)	5,532,307.34
Capital Assets being Depreciated:				
Infrastructure (Improvements Other Than Buildings)	69,383,431.71	3,361,629.00	(767,477.00)	71,977,583.71
Buildings	76,021,369.76	81,317.87	(283,875.00)	75,818,812.63
Machinery and Equipment	15,532,845.79	763,489.20	(858,906.81)	15,437,428.18
Total Capital Assets being Depreciated	160,937,647.26	4,206,436.07	(1,910,258.81)	163,233,824.52
TOTAL CAPITAL ASSETS	$ 166,309,440.10	$ 4,484,303.57	$ (2,027,611.81)	$ 168,766,131.86
Less Accumulated Depreciation for:				
Infrastructure (Improvements Other Than Buildings)	$ (30,132,446.64)	$ (2,179,621.04)	$ 767,477.00	$ (31,544,590.68)
Buildings	(33,380,758.31)	(1,657,500.63)	143,711.77	(34,894,547.17)
Machinery and Equipment	(10,136,986.88)	(1,030,953.76)	826,492.57	(10,341,448.07)
Total Accumulated Depreciation	(73,650,191.83)	(4,868,075.43)	1,737,681.34	(76,780,585.92)
Total Capital Assets being Depreciated, Net	87,287,455.43	(661,639.36)	(172,577.47)	86,453,238.60
Governmental Activity Capital Assets, Net	$ 92,659,248.27	$ (383,771.86)	$ (289,930.47)	$ 91,985,545.94

Depreciation expense was charged to functions as follows:

General Government	$ 815,525.25
Public Safety	990,654.06
Public Works	2,600,309.84
Health and Welfare	211,760.86
Culture and Recreation	129,850.21
Urban and Economic Development	510.30
Depreciation Unallocated	119,464.91
Total Depreciation Expense-Governmental Activities	$ 4,868,075.43

Construction Work in Progress at December 31, 2015 is composed of the following:

Project Name	Project Authorization	Expended thru 12/31/2015	Committed	Required Future Financing
2016 Mack Chassis	$ 240,000.00	$ 138,933.75	$ 79,454.00	$ 21,612.25
2016 Mack Chassis	240,000.00	138,933.75	79,454.00	21,612.25
TOTAL	$ 480,000,00	$ 277,867.50	$ 158,908.00	$ 43,224.50

8. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 1/1/2015	Additions	Deletions	Ending Balance 12/31/2015	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds and Certificates Payable:					
Certificates of Participation	$ 37,206,100.15	$	$ 3,323,163.16	$ 33,882,936.99	$ 3,419,153.93
Tax Incremental Financing Notes	497,916.64		236,000.00	261,916.64	11,176.17
Financing (Capital Acquisition) Leases	20,500.00		4,100.00	16,400.00	4,100.00
Other Liabilities:					
Compensated Absences	3,183,776.75	2,775,401.93	2,693,517.22	3,265,661.46	2,693,517.22
Other Post-Employment Benefits (Retiree Health Insurance)	483,355.75		9,977.74	473,378.01	0.00
Total Governmental Activities	$ 41,391,649.29	$ 2,775,401.93	$ 6,266,758.12	$ 37,900,293.10	$ 6,127,947.32

In 2014 the County refunded the Limited Tax Obligation Bonds – Series 2007. The proceeds from this issuance were placed in an irrevocable trust with an escrow agent to provide debt service payments on the Limited Tax General Obligation Crossover Refunding Bonds – Series 2014A until December 1, 2017, at which time the refunded bonds will be paid off and the liability for those bonds will be removed from the County's records. On December 31, 2015, the County had $7,889,918.75 on deposit with the escrow agent in this irrevocable trust to retire $8,645,000.00 of bonds still outstanding.

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

Certificates of Participation:

Limited Tax General Obligation – Series 2005A, 4.0 to 4.25 Percent Interest, Final Maturity Date of November 2020 – Payment made from the Building Fund (Special Revenue Fund)	$ 1,505,000.00
Limited Tax General Obligation – Series 2005B, 4.0 to 4.25 Percent Interest, Final Maturity Date of November 2016 – Payment made by the Building Fund (Special Revenue Fund)	$ 275,000.00
Limited Tax General Obligation – Series 2005C, 4.29 Percent Interest, Final Maturity Date of November 2025 – Payment made by the Building Fund (Special Revenue Fund)	$ 1,757,936.99

Limited Tax General Obligation – Series 2006, 3.65 to 4.0 Percent Interest, Final Maturity Date of December 2020 – Payment made by the Building Fund (Special Revenue Fund)	$ 1,180,000.00
Limited Tax General Obligation – Series 2007A, 4.25 to 4.75 Percent Interest, Final Maturity Date of December 2017 – Payment made by the Bond Redemption Fund (Debt Service Fund)	$ 8,645,000.00
Taxable Limited Tax General Obligation – Series 2010A, (Recovery Zone Economic Development Bonds), 1.50 to 5.75 Percent Interest, Final Maturity Date of December 2030 – Payment made by the Bond Redemption Fund (Debt Service Fund)	$ 2,475,000.00
Limited Tax General Obligation – Series 2011A, 0.65 to 2.30 Percent Interest, Final Maturity Date of December 2020 – Payment made by the Building Fund (Special Revenue Fund)	$ 1,320,000.00
Limited Tax General Obligation – Series 2013A, 2.00 to 2.125 Percent Interest, Final Maturity Date of December 2020 – Payment made by the Building Fund (Special Revenue Fund)	$ 9,190,000.00
Limited Tax General Obligation Cross Over Refunding Bonds – Series 2014A, 2.30 to 5.00 Percent Interest, Final Maturity Date of November 2027 – Payment made by the Bond Redemption Fund (Debt Service Fund)	$ 7,535,000.00

Tax Incremental Financing Notes:

Tax Increment Financing Notes – South Dakota Network (SDN) 6.00 Percent Interest, Final Maturity Date of December 2030 – Payment made from Tax Incremental District #2 Fund (Debt Service Fund)	$ 261,916.64

Financing (Capital Acquisition) Leases:

Capital Lease – Computer Hardware – 0 Percent Interest, Final Maturity Date of January 2019 – Retired by the General Fund	$ 16,400.00

The purchase price at the commencement of the financing (capital acquisition) lease was:

Principal	$ 24,600.00
Interest	0.00
TOTAL	$ 24,600.00

The principal amount, above, was included in the appropriate classification of capital assets, and is being depreciated over the useful-life of the asset.

Compensated Absences:

Amount owed by the County to employees for their accrued annual and sick leave balances, including the County's share of payroll deductions. Payments to be made by the fund that the payroll expenditures are charged to.	$ 3,265,661.46

The annual requirements to amortize all debt outstanding as of December 31, 2015, except for compensated absences and other postemployment benefits are as follows:

Annual Requirements to Amortize Long-Term Debt
December 31, 2015

Year Ending Dec. 31,	Tax Incremental Financing Notes Principal	Tax Incremental Financing Notes Interest	Certificates of Participation Principal	Certificates of Participation Interest	Financing (Capital Acquisition) Lease Principal	Financing (Capital Acquisition) Lease Interest	Total Principal	Total Interest
2016	$ 11,176.17	$ 15,549.83	$ 3,419,153.93	$ 1,180,097.11	$ 4,100.00	$ 0.00	$ 3,434,430.10	$ 1,195,646.94
2017	11,856.80	14,869.20	11,000,404.45	1,082,311.59	4,100.00	0.00	11,016,361.25	1,097,180.79
2018	12,578.87	14,147.13	3,636,926.01	641,822.53	4,100.00	0.00	3,653,604.88	655,969.66
2019	13,344.93	13,381.07	3,728,730.34	544,385.70	4,100.00	0.00	3,746,175.27	557,766.77
2020	14,157.63	12,568.37	3,835,829.70	439,356.34	0.00	0.00	3,849,987.33	451,924.71
2021-2025	84,820.47	48,809.53	4,811,892.56	1,164,423.84	0.00	0.00	4,896,713.03	1,213,233.37
2026-2030	113,981.77	19,648.23	3,450,000.00	317,475.00	0.00	0.00	3,563,981.77	337,123.23
TOTAL	$ 261,916.64	$ 138,973.36	$ 33,882,936.99	$ 5,369,872.11	$ 16,400.00	$ 0.00	$ 34,161,253.63	$ 5,508,845.47

9. CONDUIT DEBT

In the past, the County has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the County, the State of South Dakota, nor any other political subdivision of the State is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2015, there were eight series of conduit bonds outstanding, with an aggregate unpaid principal amount of $31,738,216.35.

10. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2015, was as follows:

Major Purposes:		
Road and Bridge Purposes	$ 10,566,158.84	
Courthouse Building Purposes	2,771,129.34	
Bond Redemption Purposes	8,548,135.28	
SDRS Pension Purposes	8,505,341.36	
Other Purposes:		
Insurance Reserve Purposes (General Fund)	343,399.39	
Fire Protection Purposes	75,624.51	
Public Library Purposes	393,433.69	
Domestic Abuse Purposes	19,405.38	
24/7 Program Purposes	372,168.88	
Modernization and Preservation Relief Purposes	172,637.93	
Self-Insurance Purposes	2,910,470.93	
Total Other Purposes	4,287,140.71	
Total Restricted Net Position		**$ 34,677,905.53**

These balances are restricted due to federal grants, bond covenants, and statutory requirements.

11. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2015, were as follows:

Transfers From:	**Transfers To:** Other Governmental Funds
Major Funds:	
General Fund	$ 150,000.00

The County typically budgets transfers to the Emergency Management Fund (Other Governmental Funds) to conduct the indispensable functions of the County.

12. PRIOR PERIOD ADJUSTMENTS

The County implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. As a result, beginning net position has been restated to reflect the related net pension asset and deferred outflows of resources as of January 1, 2015 as follows:

Net Position January 1, 2015, as previously reported	$ 86,945,624.78
Restatement for pension accounting:	
Net Pension Asset	11,458,873.95
Pension related Deferred Outflows of Resources	9,302,958.39
Pension related Deferred Inflows of Resources	(13,271,307.81)
Net Position January 1, 2015, as restated	$ 94,436,149.31

The Net Position as of January 1, 2015 reported on the government-wide Statement of Activities has been adjusted to include the liability for the Tax Increment Financing Notes issued November 2010 between Minnehaha County and South Dakota Network (SDN). The liability was certified by the county auditor on November 3, 2015.

Net Position January 1, 2015, as restated from above	$ 94,436,149.31
Tax Increment Financing Liability	(497,916.64)
Net Position January 1, 2015, as restated	$ 93,938,232.67

13. 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 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://www.sdrs.sd.gov/publications/ or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

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

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

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

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

Contributions:
Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The County's share of contributions to the SDRS for the fiscal years ended December 31, 2015, 2014, and 2013 were $1,756,272.16, $1,700,718.20, and $1,651,284.20, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:
At June 30, 2015, SDRS is 104.1% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the County as of this measurement period and reported by the County as of December 31, 2015 are as follows:

Proportionate share of net position restricted for pension benefits	$ 170,195,627.39
Less proportionate share of total pension liability	163,497,292.72
Proportionate share of net pension liability (asset)	$ (6,698,334.67)

At December 31, 2015, the County reported a liability (asset) of ($6,698,334.67) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the County's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2015, the County's proportion was 1.579317%, which is a decrease of .0111791% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the County recognized pension expense (revenue) of $715,324.58. At December 31, 2015 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	$ 1,371,514.48	$
Changes in assumption	5,311,357.83	
Net Difference between projected and actual earnings on pension plan investments	4,091,899.07	9,883,520.95
Changes in proportion and difference between County contributions and proportionate share of contributions	36,143.61	
County contributions subsequent to the measurement date	879,612.65	
TOTAL	$ 11,690,527.64	$ 9,883,520.95

$879,612.65 reported as deferred outflow of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended Dec. 31,	
2016	$ 327,903.75
2017	327,903.75
2018	(843,377.39)
2019	1,114,963.93
TOTAL	$ 927,394.04

Actuarial Assumptions:

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	61.0%	4.5%
Fixed Income	27.0%	1.8%
Real Estate	10.0%	5.2%
Cash	2.0%	0.8%
Total	100%	

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

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

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset)	$ 16,859,633.34	$ (6,698,334.67)	$ (25,907,828.78)

Pension Plan Fiduciary Net Position:
Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

14. OTHER POSTEMPLOYMENT BENEFITS - HEALTHCARE PLAN

Plan Description. The Minnehaha County Health Care Trust Plan is a single-employer defined benefit healthcare plan administered by Minnehaha County. The Minnehaha County Health Care Trust Plan provides medical insurance benefits to eligible retirees and their spouses as permitted by South Dakota Codified Law 6-1-16. Benefit provisions were established and may be amended by the governing board. The health plan does not issue separately stated stand-alone financial statements.

Funding Policy. The contribution requirements of plan members and the County are established and may be amended by the governing board. A benefited employee, who retires from the County on or after the age of 45 with at least 15 years of consecutive service with the County and has 5 years of plan participation immediately preceding retirement, may be eligible for retiree health insurance coverage. Coverage ceases when the retiree attains the age of 65. The retiree is responsible for 102% of the full active premium rates for either single or family coverage.

Annual OPEB Cost and Net OPEB Obligation. The entity's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the financial components of the plan:

Annual Required Contribution (ARC)	$	49,864.00
Interest on net OPEB obligation		22,328.00
Adjustment to annual required contribution		(29,050.00)
Annual OPEB Cost		43,142.00
Contributions made		(53,119.74)
Increase (Decrease) in net OPEB obligation		(9,977.74)
Net OPEB obligation – beginning of year		483,355.75
Net OPEB obligation – end of year	$	473,378.01

The entity's annual OPEB cost data and net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/13	$ 43,142.00	$ 18,326.00	42.48%	$ 471,374.65
12/31/14	$ 43,142.00	$ 31,160.90	72.23%	$ 483,355.74
12/31/15	$ 43,142.00	$ 53,119.74	123.17%	$ 473,378.01

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The above schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2013, the most recent actuarial valuation date, the projected unit credit method was used. The actuarial assumptions included a 5% rate of return and an annual healthcare cost trend rate of 5.5% for 2014 reduced by .5% decrements to an ultimate rate of 5% for year 2015 and thereafter. Both rates include a 3% percent inflation assumption. The UAAL is being amortized at a level dollar amount on an open basis over a period of 30 years.

15. JOINT VENTURES

Metro Communications Agency was jointly formed by Minnehaha County and the City of Sioux Falls in 1980. In 2007, the County and the City entered into a subsequent joint cooperative agreement changing the composition and structure of Metro Communications to an administrative agency with its own standing, separate and apart from the governmental organizations of either the County or the City, effective on January 1, 2008.

The agency is governed by a five member Council which includes two County Commissioners, the Mayor and two members of the City Council appointed by the Mayor. The agency is responsible for county-wide public safety dispatch, maintenance of centralized dispatch records and the maintenance and purchasing of related communications equipment. Complete financial statements are available at the administrative offices located at 500 North Dakota Avenue in Sioux Falls, South Dakota

16. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2015, the County was involved in several lawsuits. No determination can be made at this time regarding the potential outcome of these lawsuits. However, as discussed in the Risk Management note, the County has liability coverage for itself and its employees with South Dakota Public Assurance Alliance. Therefore, no material effects are anticipated to the County as a result of the potential outcome of these lawsuits.

17. RISK MANAGEMENT

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

Employee Health Insurance:

The County is self-insured for employee health insurance.

Minnehaha County purchases catastrophic coverage for employee's health insurance to minimize their exposure to risks of loss to the self-insurance program. The County purchased two types of insurance. The first is aggregate excess liability insurance. The first is aggregate excess liability insurance. This insurance will pay 100% of all claims in excess of a pre-determined dollar amount for a claim year. The insurance company, applying an insurance industry formula based upon previous years' annual claims and group size, determines the dollar amount of aggregate claims. In 2015, the minimum aggregate deductible was the greater of: $4,554,665 or 100% of the monthly aggregate deductible for the first month of the policy year then multiplied by 12. The other form of insurance carried by the county on the self-insurance program covers individual cases. In 2015 the insurance set a $100,000 yearly deductible on individual cases. Any individual's eligible claim expenses exceeding $100,000 will be paid 100% by the insurance company. The insurance company sets an unlimited maximum lifetime coverage amount on individuals. Based on the 2015 insurance agreement and a review of the previous agreement, the county's self-insurance program has not had any significant reductions in insurance coverage from previous years to the current year.

Minimum Aggregate Amount:

In 2015 the self-insurance program's total yearly claim expenses did not exceed the minimum aggregate deductible established by the insurance company. Additionally, the County's self-insurance program's total yearly claims have not exceeded the minimum aggregate deductible amount set by the insurance company for the previous ten years (2004 through 2015).

Individual Claim Amount:

In 2015 the insurance company set a $100,000 yearly deductible level on individual cases. In 2015 the program had four individuals with claim expenses that exceeded the individual claim level amount. In 2014 the program had one individual with claim expenses that exceeded the individual claim level amount, and in 2013 the program had four individuals with claim expenses that exceeded the individual claim level amount.

The County has net position in the Self-Insurance Fund in the amount of $2,910,470.93 for the payment of future claims.

Liability Insurance:

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

a. General Liability,
b. Automotive Liability,
c. Official's Liability, and
d. Law Enforcement Liability

The agreement with the SDPAA provides that the above coverages will be provided to a $1,000,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of $250,000 for property coverage and $500,000 for liability coverage to the upper limit. A portion of the member premiums are also allocated to a cumulative reserve fund. The County would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

End of County's First Full Year	50%
End of County's Second Full Year	60%
End of County's Third Full Year	70%
End of County's Fourth Full Year	80%

End of County's Fifth Full Year	90%
End of County's Sixth Full Year and Thereafter	100%

As of December 31, 2015, the County has vested balance in the cumulative reserve fund of $343,399.39.

The County does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The County joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The County's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The County pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first $650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of $2,000,000 per incident.

The County does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

The County has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

During the year ended December 31, 2015, two claims were filed for unemployment benefits. These claims resulted in the payment of benefits in the amount of $1,272.38. At December 31, 2015, one claim in the amount of $1,002.00 had been filed and was outstanding.

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	$ 34,776,781.00	$ 34,776,781.00	$ 34,474,818.23	$ (301,962.77)
General Property Taxes--Delinquent	400,000.00	400,000.00	346,163.21	(53,836.79)
Penalties and Interest	75,000.00	75,000.00	67,601.70	(7,398.30)
Telephone Tax (Outside)	5,000.00	5,000.00	8,823.62	3,823.62
Mobile Home Tax	20,000.00	20,000.00	16,538.04	(3,461.96)
Tax Deed Revenue	4,000.00	4,000.00	1,758.70	(2,241.30)
Other Taxes	22,000.00	22,000.00	14,763.50	(7,236.50)
Licenses and Permits	237,000.00	237,000.00	324,818.36	87,818.36
Intergovernmental Revenue:				
Federal Grants	36,000.00	36,000.00	397,232.63	361,232.63
Federal Shared Revenue	767,321.00	767,321.00	632,649.21	(134,671.79)
Federal Payments in Lieu of Taxes	2,700.00	2,700.00	8,927.34	6,227.34
State Shared Revenue:				
Bank Franchise	900,000.00	900,000.00	962,749.76	62,749.76
Court Appointed Attorney/Public Defender	230,000.00	230,000.00	180,979.72	(49,020.28)
Abused and Neglected Child Defense	0.00	0.00	46,713.35	46,713.35
Telecommunications Gross Receipts Tax	950,000.00	950,000.00	874,245.33	(75,754.67)
Motor Vehicle 1/4%	36,000.00	36,000.00	40,897.16	4,897.16
Other Payments in Lieu of Taxes	2,000.00	2,000.00	3,595.69	1,595.69
Other Intergovernmental Revenue:				
Museum Operations (City Share)	526,822.00	526,822.00	526,822.56	0.56
Health and Human Service Operations (City Share)	245,000.00	245,000.00	273,465.71	28,465.71
Other Intergovernmental Revenue	220,000.00	220,000.00	226,764.89	6,764.89
Tea-Ellis Shooting Range	0.00	0.00	9,300.00	9,300.00
Human Resources Consulting	55,000.00	55,000.00	57,756.98	2,756.98
Juvenile Delinquency Center Physicals	1,000.00	1,000.00	154.00	(846.00)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	320,550.00	320,550.00	320,752.19	202.19
Register of Deeds' Fees	1,935,400.00	1,935,400.00	2,060,470.00	125,070.00
Legal Services	666,000.00	666,000.00	616,172.79	(49,827.21)
Clerk of Courts Fees	230,000.00	230,000.00	240,758.12	10,758.12
Other Fees	52,741.00	52,741.00	55,824.97	3,083.97
Public Safety:				
Law Enforcement	1,482,000.00	1,482,000.00	1,421,589.82	(60,410.18)
Prisoner Care	3,247,000.00	3,247,000.00	2,646,374.65	(600,625.35)
Other	400.00	400.00	408.10	8.10
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	225,000.00	225,000.00	209,400.71	(15,599.29)
Veterans Service Officer	4,700.00	4,700.00	4,687.50	(12.50)
Mental Health Services	11,000.00	11,000.00	12,453.59	1,453.59
Urban and Economic Development	72,100.00	72,100.00	67,747.49	(4,352.51)
Fines and Forfeits:				
Fines	32,900.00	32,900.00	14,614.16	(18,285.84)
Costs	120,000.00	120,000.00	131,349.24	11,349.24
Forfeits	160,000.00	160,000.00	234,414.09	74,414.09
Other	2,000.00	2,000.00	190.00	(1,810.00)
Miscellaneous Revenue:				
Investment Earnings	50,000.00	50,000.00	36,805.88	(13,194.12)
Rent	56,000.00	56,000.00	52,143.20	(3,856.80)

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2015
(Continued)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Contributions and Donations	400.00	400.00	8,511.08	8,111.08
Refund of Prior Year's Expenditures	40,000.00	40,000.00	45,057.17	5,057.17
Other	197,100.00	197,100.00	232,825.57	35,725.57
Total Revenues	48,416,915.00	48,416,915.00	47,910,090.01	(506,824.99)
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	653,910.00	685,354.99	677,821.82	7,533.17
Contingency	25,000.00	25,000.00		
Amount Transferred		0.00		25,000.00
Elections	90,687.00	200,074.50	195,157.13	4,917.37
Judicial System	1,184,192.00	1,476,192.00	1,476,173.04	18.96
Financial Administration:				
Auditor	742,188.00	806,893.72	799,279.65	7,614.07
Treasurer	1,319,964.00	1,319,964.00	1,260,804.95	59,159.05
Legal Services:				
State's Attorney	3,495,745.00	3,669,134.38	3,647,488.96	21,645.42
Public Defender	2,578,974.00	2,591,315.00	2,563,971.51	27,343.49
Court Appointed Attorney	746,934.00	746,934.00	703,341.33	43,592.67
Other Administration:				
General Government Building	2,463,609.00	2,464,042.08	2,333,622.53	130,419.55
Director of Equalization	1,389,746.00	1,390,234.90	1,312,656.32	77,578.58
Register of Deeds	776,796.00	776,796.00	748,957.03	27,838.97
Predatory Animal	5,067.00	5,067.00	5,066.38	0.62
Self-Insurance Plan	260,500.00	260,500.00	184,891.68	75,608.32
Other (S.E.C.O.G.)	24,033.00	24,033.00	24,033.00	0.00
Information Technology	1,869,903.00	1,870,869.00	1,786,978.00	83,891.00
Human Resources	402,266.00	402,689.81	379,643.48	23,046.33
Public Safety:				
Law Enforcement:				
Sheriff	5,764,327.00	5,926,782.27	5,413,316.75	513,465.52
County Jail	12,518,518.00	12,802,518.56	12,073,424.82	729,093.74
Coroner	332,700.00	332,700.00	328,285.29	4,414.71
Juvenile Detention	3,536,055.00	3,537,312.95	3,174,127.86	363,185.09
Air Guard	788,062.00	788,062.00	659,723.75	128,338.25
Humane Society	47,000.00	47,000.00	34,623.96	12,376.04
Southeast Technical Institute Security	146,781.00	146,781.00	134,638.38	12,142.62
Involuntary Commitment Housing	222,660.00	222,660.00	222,660.00	0.00
Protective and Emergency Services:				
Communication Center	302,073.00	302,073.00	302,073.00	0.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	3,400,179.00	3,571,068.07	3,187,102.03	383,966.04
Health Assistance:				
Ambulance	180,000.00	180,000.00	180,000.00	0.00
Social Services:				
Inter-Lakes Community Action	2,000.00	2,000.00	2,000.00	0.00
Compass Center	35,000.00	35,000.00	35,000.00	0.00
Safe Home	679,039.00	682,953.15	655,773.58	27,179.57
Children's Inn	89,250.00	89,250.00	89,250.00	0.00
Helpline Center	4,000.00	4,000.00	4,000.00	0.00

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2015
(Continued)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Mental Health Services:				
Mentally Ill	1,007,800.00	1,074,923.34	1,074,701.30	222.04
Developmentally Disabled	5,000.00	5,000.00	5,000.00	0.00
Mental Health Centers	174,468.00	174,468.00	174,468.00	0.00
Culture and Recreation:				
Culture:				
Historical Museum	1,090,045.00	1,118,480.35	1,089,722.29	28,758.06
Memorial Day Expense	1,100.00	1,100.00	1,034.94	65.06
County Cemetery	1,500.00	3,252.90	2,590.00	662.90
Recreation:				
Parks	85,548.00	85,548.00	62,785.86	22,762.14
County Fair	150,000.00	150,000.00	150,000.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	87,972.00	87,977.42	77,115.07	10,862.35
Soil Conservation Districts	2,000.00	2,000.00	2,000.00	0.00
Agri-Business	2,500.00	2,500.00	2,500.00	0.00
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	546,182.00	572,700.00	564,303.34	8,396.66
Economic Development:				
Sioux Falls Development Foundation	500.00	500.00	500.00	0.00
Forward Sioux Falls	500.00	500.00	500.00	0.00
Minnehaha County Economic Development Association	5,000.00	5,000.00	5,000.00	0.00
Debt Service	0.00	0.00	4,100.00	(4,100.00)
Total Expenditures	49,237,273.00	50,669,205.39	47,812,207.03	2,856,998.36
Excess of Revenues Over (Under) Expenditures	(820,358.00)	(2,252,290.39)	97,882.98	2,350,173.37
Other Financing Sources (Uses):				
Transfers Out	(150,000.00)	(150,000.00)	(150,000.00)	0.00
Insurance Proceeds	50,000.00	50,000.00	30,542.45	(19,457.55)
Sale of County Property	50,000.00	50,000.00	107,416.57	57,416.57
Total Other Financing Sources (Uses)	(50,000.00)	(50,000.00)	(12,040.98)	37,959.02
Net Change in Fund Balance	(870,358.00)	(2,302,290.39)	85,842.00	2,388,132.39
Fund Balance - Beginning	11,348,208.87	11,348,208.87	11,348,208.87	0.00
FUND BALANCE - ENDING	$ 10,477,850.87	$ 9,045,918.48	$ 11,434,050.87	$ 2,388,132.39

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual Amounts**	**Positive (Negative)**
Revenues:				
Taxes:				
Wheel Tax	$ 3,225,000.00	$ 3,225,000.00	$ 3,284,584.40	$ 59,584.40
Licenses and Permits	20,000.00	20,000.00	26,296.77	6,296.77
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	96,303.69	96,303.69
State Grants	0.00	0.00	2,899,239.52	2,899,239.52
State Shared Revenue:				
Motor Vehicle Licenses	7,200,000.00	7,200,000.00	7,870,820.50	670,820.50
Prorate License Fees	385,000.00	385,000.00	404,102.05	19,102.05
63 3/4% Mobile Home/Manufactured Home	1,000.00	1,000.00	72,556.29	71,556.29
Motor Fuel Tax	42,000.00	42,000.00	43,307.71	1,307.71
Charges for Goods and Services:				
Public Works:				
Other	10,000.00	10,000.00	1,170.68	(8,829.32)
Miscellaneous Revenue:				
Investment Earnings	0.00	0.00	11,065.66	11,065.66
Other	10,000.00	10,000.00	83,507.56	73,507.56
Total Revenues	10,893,000.00	10,893,000.00	14,792,954.83	3,899,954.83
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	11,993,728.00	13,016,153.34	11,130,715.09	1,885,438.25
Intergovernmental Expenditures	322,500.00	332,500.00	331,691.16	808.84
Total Expenditures	12,316,228.00	13,348,653.34	11,462,406.25	1,886,247.09
Excess of Revenues Over (Under) Expenditures	(1,423,228.00)	(2,455,653.34)	3,330,548.58	5,786,201.92
Other Financing Sources (Uses):				
Sale of County Property	10,000.00	10,000.00	63,979.96	53,979.96
Net Change in Fund Balance	(1,413,228.00)	(2,445,653.34)	3,394,528.54	5,840,181.88
Changes in Nonspendable	0.00	0.00	(132,370.51)	(132,370.51)
Fund Balance - Beginning	7,589,737.76	7,589,737.76	7,589,737.76	0.00
FUND BALANCE - ENDING	$ 6,176,509.76	$ 5,144,084.42	$ 10,851,895.79	$ 5,707,811.37

MINNEHAHA COUNTY
NOTES TO THE REQUIRED 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.

10. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with USGAAP.

Note 2. GAAP/Budgetary Accounting Basis Differences:

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new sheriff's patrol car would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a new sheriff's patrol car would be reported as an expenditure of the Public Safety/Law Enforcement function of government, along with all other current Law Enforcement Department related expenditures.

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT LIABILITY
December 31, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (Insert Cost Method) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
December 31, 2008	$	$ 740,601.00	$ 740,601.00	0.00%	$ 21,409,624.00	3.50%
December 31, 2013	$	$ 460,911.00	$ 460,911.00	0.00%	$ 23,764,574.00	1.90%

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
SCHEDULE OF THE COUNTY CONTRIBUTIONS

South Dakota Retirement System

*Last 10 Fiscal Years

	2015	2014
Contractually required contribution	$ 1,730,031.05	$ 1,668,804.00
Contributions in relation to the contractually required contribution	1,730,007.81	1,668,804.30
Contribution deficiency (excess)	$ 23.24	$ (0.30)
County's covered-employee payroll	$ 25,846,471.45	$ 24,892,876.61
Contributions as a percentage of covered-employee payroll	6.69%	6.70%

* Until a full 10-year trend is compiled, the County will present information for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

*Last 10 Fiscal Years

	2015	2014
County's proportion of the net pension liability (asset)	1.5793170%	1.5904961%
County's proportionate share of net pension liability (asset)	$ (6,698,334.67)	$ (11,458,873.95)
County's covered-employee payroll	$ 25,846,471.45	$ 24,892,876.61
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-25.92%	-46.03%
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.1%	107.3%

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

MINNEHAHA COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of County Contributions

Changes of benefit terms:

No significant changes.

Changes of assumptions:

No significant changes.

MINNEHAHA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures 2015
Child Nutrition Cluster:				
US Department of Agriculture Pass-Through Programs:				
SD Department of Education,				
Cash Assistance:				
School Breakfast Program	10.553		$	$ 10,829.04
National School Lunch Program	10.555			17,674.08
Total Child Nutrition Cluster - US Department of Agriculture			**0.00**	**28,503.12**
US Department of Housing and Urban Development - Pass-Through Programs:				
SD Governor's Office of Economic Development,				
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	1112-302	30,861.00	30,861.00
Total US Department of Housing and Urban Development			**30,861.00**	**30,861.00**
US Department of Interior - Direct Programs:				
Distribution of Receipts to State and Local Governments (Note 3)	15.227	71209341	23,521.42	35,181.00
Total US Department of Interior			**23,521.42**	**35,181.00**
US Department of Justice - Direct Programs:				
State Criminal Alien Assistance Program	16.606			8,350.46
Public Safety Partnership and Community Policing Grant	16.710			11,979.07
Subtotal US Department of Justice - Direct Programs			0.00	20,329.53
US Department of Justice - Pass-Through Programs:				
SD Department of Corrections,				
Juvenile Accountability Block Grants (Note 3)	16.523	FFY2012/2013-JABG-01	28,078.44	28,078.44
SD Network Against Family Violence and Sexual Assault,				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590			25,802.35
City of Sioux Falls,				
Edward Byrne Memorial Justice Assistance Grant Program	16.738			13,559.84
SD Attorney General's Office,				
ARRA Internet Crimes against Children Task Force Program	16.800			983.28
Subtotal US Department of Justice - Pass-Through Programs			28,078.44	68,423.91
Total US Department of Justice			**28,078.44**	**88,753.44**
Highway Planning and Construction Cluster:				
US Department of Transportation - Pass-Through Programs:				
SD Department of Public Safety--Highway Safety,				
Highway Planning and Construction	20.205			75,435.69
Subtotal US Department of Transportation - Highway Planning and Construction Cluster			0.00	75,435.69
Highway Safety Cluster:				
US Department of Transportation - Pass-Through Programs:				
SD Department of Public Safety--Highway Safety,				
State and Community Highway Safety	20.600			17,408.80
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601			6,647.17
Subtotal US Department of Transportation - Highway Safety Cluster			0.00	24,055.97
Other Programs:				
US Department of Transportation - Pass-Through Programs:				
SD Department of Public Safety--Impaired Driving Prosecutor,				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608			160,541.02
Total US Department of Transportation			**0.00**	**260,032.68**
US General Services Administration - Pass-Through Programs:				
SD Federal Property Agency,				
Donation of Federal Surplus Personal Property (Note 5)	39.003			450.94
Total US General Services Administration			**0.00**	**450.94**
US Elections Assistance Commission:				
Indirect Federal Funding:				
SD Secretary of State,				
Help America Vote Act Requirements Payments	90.401			109,187.50
Total US Elections Assistance Commission			**0.00**	**109,187.50**

MINNEHAHA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015
(Continued)

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures 2015
US Department of Health and Human Services - Pass-Through Programs:				
SD Department of Health,				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074			14,510.00
National Bioterrorism Hospital Preparedness Program	93.889	15PHP02	100,158.77	107,110.12
SD Department of Social Services,				
Promoting Safe and Stable Families	93.556	13-0842-201	78,043.50	78,043.50
Total US Department of Health and Human Services			**178,202.27**	**199,663.62**
US Executive Office of the President - Pass Through Programs:				
SD Attorney General,				
High Intensity Drug Trafficking Areas (HIDTA) Program (Note 4)	95.001	G15MW0004A		63,349.61
Total US Executive Office of the President			**0.00**	**63,349.61**
US Department of Homeland Security - Direct Programs:				
Emergency Food and Shelter National Board Program	97.024			33,213.00
Subtotal US Department of Homeland Security - Direct Programs			0.00	33,213.00
US Department of Homeland Security - Pass-Through Programs:				
SD Department of Public Safety--Office of Emergency Management,				
Emergency Management Performance Grants	97.042	2015-SS-00103-S01		176,349.71
Homeland Security Grant Program (Note 4)	97.067		94,862.04	196,504.52
Subtotal US Department of Homeland Security - Pass-Through Programs			94,862.04	372,854.23
Total US Department of Homeland Security			**94,862.04**	**406,067.23**
GRAND TOTAL			**$ 355,525.17**	**$ 1,222,050.14**

Note 1: ***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the County under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 2: ***Summary of Significant Accounting Policies***

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance

Note 3: ***Federal Reimbursement***

Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

Note 4: ***Major Federal Financial Assistance Program***

This represents a Major Federal Financial Assistance Program.

Note 5: ***Federal Surplus Property***

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