

POTTER COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2012

POTTER COUNTY
COUNTY OFFICIALS
December 31, 2012

Board of Commissioners:

Dean Maroney
Bruce Williams
Delvin Worth
Ray Shellito
William Arbach

Auditor:
Karen S. Doerr

Treasurer:
Jeanie Lagan

State's Attorney:
Craig Smith

Register of Deeds:
Elaine Storkson

Sheriff:
Curt Hamburger

POTTER COUNTY
TABLE OF CONTENTS

Page

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1
Schedule of Prior Audit Findings.....	3
Schedule of Current Audit Findings.....	3
Independent Auditor's Report.....	4
<i>Basic Financial Statements</i>	
<u>Government-wide Financial Statements:</u>	
As of December 31, 2012:	
Statement of Net Position--Modified Cash Basis.....	6
For the Year Ended December 31, 2012:	
Statement of Activities--Modified Cash Basis.....	7
For the Year Ended December 31, 2011:	
Statement of Activities--Modified Cash Basis.....	8
<u>Fund Financial Statements:</u>	
<u>Governmental Funds</u>	
As of December 31, 2012:	
Balance Sheet--Modified Cash Basis.....	9
For the Year Ended December 31, 2012:	
Statement of Revenues, Expenditures and Changes in Fund Balances--Modified Cash Basis.....	10
For the Year Ended December 31, 2011:	
Statement of Revenues, Expenditures and Changes in Fund Balances--Modified Cash Basis.....	14
<u>Fiduciary Funds</u>	
As of December 31, 2012:	
Statement of Fiduciary Net Position--Modified Cash Basis.....	18
Notes to the Modified Cash Basis Financial Statements.....	19

Supplementary Information:

For the Year Ended December 31, 2012:

Budgetary Comparison Schedule--Modified Cash Basis--General Fund	30
Budgetary Comparison Schedule--Modified Cash Basis--Road and Bridge Fund	32

For the Year Ended December 31, 2011:

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

Notes to the Supplementary Information – Budgetary Comparison Schedules	36
---	----



427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3595
FAX (605) 773-6454

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
Potter County
Gettysburg, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Potter County, South Dakota (County), as of December 31, 2012 and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 7, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

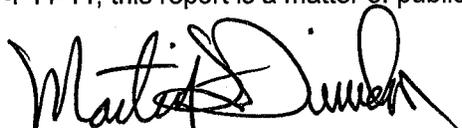
Compliance and Other Matters

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,

and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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

February 7, 2014

POTTER COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Findings:

The prior audit report contained no written audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS

Current Audit Findings:

There are no current audit findings to report.



427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3595
FAX (605) 773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

County Commission
Potter County
Gettysburg, South Dakota

Report on the Financial Statements

We have audited the accompanying modified cash basis of accounting financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Potter County, South Dakota (County), as of December 31, 2012 and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of accounting of the governmental activities, each major fund, and the aggregate remaining fund information of Potter County as of December 31, 2012, and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis of Accounting

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

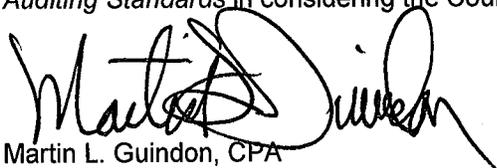
Other Matters

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2014 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Martin L. Guindon, CPA
Auditor General

February 7, 2014

POTTER COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2012

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 999,132.28
Investments	500,000.00
TOTAL ASSETS	\$ 1,499,132.28
NET POSITION:	
Restricted For: (See Note 4)	
Road and Bridge Purposes	\$ 126,793.16
Other Purposes	76,206.34
Unrestricted	1,296,132.78
TOTAL NET POSITION	\$ 1,499,132.28

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

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 708,247.12	\$ 63,155.61	\$ 6,176.96	\$ (638,914.55)
Public Safety	355,591.10	7,904.90	33,511.01	(314,175.19)
Public Works	1,622,905.01	283.50	644,501.11	(978,120.40)
Health and Welfare	47,027.93	9,091.30		(37,936.63)
Culture and Recreation	107,382.39			(107,382.39)
Conservation of Natural Resources	108,609.84	6,860.03		(101,749.81)
Urban and Economic Development	7,992.77			(7,992.77)
Total Primary Government	\$ 2,957,756.16	\$ 87,295.34	\$ 684,189.08	(2,186,271.74)
General Revenues:				
Taxes:				
Property Taxes				1,907,469.63
911 Telephone Surcharge				21,139.80
State Shared Revenues				57,670.37
Grants and Contributions not Restricted to Specific Programs				32,776.92
Unrestricted Investment Earnings				11,086.58
Miscellaneous Revenue				132,011.43
Total General Revenues				2,162,154.73
Change in Net Position				(24,117.01)
Net Position - Beginning				1,523,249.29
NET POSITION - ENDING				\$ 1,499,132.28

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

POTTER COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 632,297.78	\$ 44,949.46	\$ 957.33	\$ (586,390.99)
Public Safety	365,501.15	5,908.10	189,918.30	(169,674.75)
Public Works	1,682,846.34	772.80	547,150.72	(1,134,922.82)
Health and Welfare	109,539.24	78,211.42		(31,327.82)
Culture and Recreation	110,205.68			(110,205.68)
Conservation of Natural Resources	101,857.52	7,542.37	493.95	(93,821.20)
Urban and Economic Development	7,863.03			(7,863.03)
Total Primary Government	\$ 3,010,110.74	\$ 137,384.15	\$ 738,520.30	(2,134,206.29)
General Revenues:				
Taxes:				
Property Taxes				1,856,981.52
911 Telephone Surcharge				27,881.95
State Shared Revenues				21,624.44
Grants and Contributions not Restricted to Specific Programs				31,592.00
Unrestricted Investment Earnings				18,952.06
Miscellaneous Revenue				87,769.23
Total General Revenues				2,044,801.20
Change in Net Position				(89,405.09)
Net Position - Beginning				1,612,654.38
NET POSITION - ENDING				\$ 1,523,249.29

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

**POTTER COUNTY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2012**

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 218,934.64	\$ 666,132.85	\$ 114,064.79	\$ 999,132.28
Investments	500,000.00			500,000.00
TOTAL ASSETS	\$ 718,934.64	\$ 666,132.85	\$ 114,064.79	\$ 1,499,132.28
FUND BALANCES: (See Note 1. h.)				
Restricted	\$	\$ 126,793.16	\$ 76,206.34	\$ 202,999.50
Assigned	633,867.00	539,339.69	37,858.45	1,211,065.14
Unassigned	85,067.64			85,067.64
TOTAL FUND BALANCES	\$ 718,934.64	\$ 666,132.85	\$ 114,064.79	\$ 1,499,132.28

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

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 1,544,379.65	\$ 284,708.87	\$ 61,892.18	\$ 1,890,980.70
General Property Taxes--Delinquent	4,348.58	532.60	180.51	5,061.69
Penalties and Interest	3,247.22	558.24	132.76	3,938.22
Mobile Home Tax	5,636.16	1,080.92	233.75	6,950.83
911 Telephone Surcharge			21,139.80	21,139.80
Tax Deed Revenue	516.71		21.48	538.19
Licenses and Permits	4,250.00		330.00	4,580.00
Intergovernmental Revenue:				
Federal Grants	987.50	1,572.50	30,951.01	33,511.01
Federal Shared Revenue	423.87	89.42	17.63	530.92
Federal Payments in Lieu of Taxes	32,246.00			32,246.00
State Shared Revenue:				
Bank Franchise	25,393.88			25,393.88
Motor Vehicle Licenses		458,803.25		458,803.25
State Highway Fund (former 10% game)		15,382.00		15,382.00
Court Appointed Attorney/Public Defender	861.68			861.68
Prorate/Port of Entry Fees		34,051.37		34,051.37
63 3/4% Mobile Home		11,427.48		11,427.48
Secondary Road Motor Vehicle Remittances		124,837.01		124,837.01
Telecommunications Gross Receipts Tax	14,945.54			14,945.54
Motor Vehicle 1/4%	5,315.28			5,315.28
Motor Fuel Tax		6,118.29		6,118.29
911 Remittances			11,212.66	11,212.66
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	335.25			335.25

Register of Deeds' Fees	43,414.20		942.00	44,356.20
Driver's License Exam	2,150.00			2,150.00
Legal Services	8,725.36		175.00	8,900.36
Clerk of Courts Fees	2,833.80			2,833.80
Public Safety:				
Law Enforcement	4,241.60			4,241.60
Sobriety Testing			1,116.00	1,116.00
Other	1,617.30			1,617.30
Public Works:				
Other		283.50		283.50
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	3,973.21			3,973.21
Health Assistance:				
Women, Infants and Children	5,118.09			5,118.09
Conservation of Natural Resources	6,860.03			6,860.03
Fines and Forfeits:				
Costs	930.00			930.00
Miscellaneous Revenue:				
Investment Earnings	7,388.85	2,856.35	841.38	11,086.58
Refund of Prior Year's Expenditures	751.38	1,434.76	332.35	2,518.49
Other	1,239.25	14,282.25	6,558.78	22,080.28
Total Revenues	<u>1,732,130.39</u>	<u>958,018.81</u>	<u>136,077.29</u>	<u>2,826,226.49</u>

Expenditures:

General Government:

 Legislative:

 Board of County Commissioners

125,346.54

125,346.54

 Elections

17,459.21

17,459.21

 Judicial System

7,622.28

7,622.28

 Financial Administration:

 Auditor

95,809.13

95,809.13

 Treasurer

114,876.89

114,876.89

 Legal Services:

 State's Attorney

84,771.44

84,771.44

 Court Appointed Attorney

13,013.18

13,013.18

 Other Administration:

 General Government Building

65,334.91

65,334.91

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Director of Equalization	88,147.27			88,147.27
Register of Deeds	86,194.27			86,194.27
Veterans Service Officer	7,903.81			7,903.81
Predatory Animal	1,768.19			1,768.19
Public Safety:				
Law Enforcement:				
Sheriff	220,354.63			220,354.63
County Jail	6,730.50		210.00	6,940.50
Protective and Emergency Services:				
Fire Protection			61,900.00	61,900.00
Emergency and Disaster Services			36,902.21	36,902.21
Communication Center			29,493.76	29,493.76
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		1,622,905.01		1,622,905.01
Health and Welfare:				
Economic Assistance:				
Support of Poor	4,189.86			4,189.86
Other	2,500.00			2,500.00
Health Assistance:				
Ambulance	16,000.00			16,000.00
Women, Infants and Children	8,265.95			8,265.95
Social Services:				
Care of Aged	2,000.00			2,000.00
Domestic Abuse			600.00	600.00
Mental Health Services:				
Mentally Ill	5,479.45			5,479.45
Developmentally Disabled	3,880.00			3,880.00

Mental Health Centers	2,693.00			2,693.00
Mental Illness Board	1,419.67			1,419.67
Culture and Recreation:				
Culture:				
Public Library	83,962.00		4,440.39	88,402.39
Other	700.00			700.00
Recreation:				
Recreational Programs	5,280.00			5,280.00
County Fair	7,000.00			7,000.00
Senior Center	6,000.00			6,000.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	29,554.64			29,554.64
Soil Conservation Districts	8,500.00			8,500.00
Weed and Pest Control	70,555.20			70,555.20
Urban and Economic Development:				
Urban Development:				
Urban and Rural Development	7,992.77			7,992.77
Total Expenditures	<u>1,201,304.79</u>	<u>1,622,905.01</u>	<u>133,546.36</u>	<u>2,957,756.16</u>
Excess of Revenues Over (Under) Expenditures	<u>530,825.60</u>	<u>(664,886.20)</u>	<u>2,530.93</u>	<u>(131,529.67)</u>
Other Financing Sources (Uses):				
Transfers In		621,147.00	6,000.00	627,147.00
Transfers Out	(627,147.00)			(627,147.00)
Sale of County Property	19,722.23	87,690.43		107,412.66
Total Other Financing Sources (Uses)	<u>(607,424.77)</u>	<u>708,837.43</u>	<u>6,000.00</u>	<u>107,412.66</u>
Net Change in Fund Balance	(76,599.17)	43,951.23	8,530.93	(24,117.01)
Fund Balance - Beginning	<u>795,533.81</u>	<u>622,181.62</u>	<u>105,533.86</u>	<u>1,523,249.29</u>
FUND BALANCE - ENDING	<u>\$ 718,934.64</u>	<u>\$ 666,132.85</u>	<u>\$ 114,064.79</u>	<u>\$ 1,499,132.28</u>

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

POTTER COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 1,498,293.30	\$ 283,354.95	\$ 60,041.01	\$ 1,841,689.26
General Property Taxes--Delinquent	3,080.35	476.66	127.63	3,684.64
Penalties and Interest	3,211.59	614.10	130.98	3,956.67
Mobile Home Tax	6,192.08	1,201.93	256.94	7,650.95
911 Telephone Surcharge			27,881.95	27,881.95
Licenses and Permits	4,224.00		510.00	4,734.00
Intergovernmental Revenue:				
Federal Grants		66,473.79	1,715.31	68,189.10
Federal Shared Revenue	393.12	84.48	16.35	493.95
Federal Payments in Lieu of Taxes	31,592.00			31,592.00
State Grants	3,500.00	113,495.20		116,995.20
State Shared Revenue:				
Bank Franchise	21,624.44			21,624.44
Motor Vehicle Licenses		363,469.62		363,469.62
State Highway Fund (former 10% game)		15,382.00		15,382.00
Court Appointed Attorney/Public Defender	957.33			957.33
Prorate/Port of Entry Fees		32,450.40		32,450.40
63 3/4% Mobile Home		9,072.10		9,072.10
Secondary Road Motor Vehicle Remittances		103,239.92		103,239.92
Telecommunications Gross Receipts Tax	23,536.68			23,536.68
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	2,502.50			2,502.50
Register of Deeds' Fees	31,700.50			31,700.50
Driver's License Exam	1,540.00			1,540.00
Legal Services	4,585.69		75.00	4,660.69

Clerk of Courts Fees	2,641.40			2,641.40
Other Fees	29.37			29.37
Public Safety:				
Law Enforcement	4,703.10			4,703.10
Sobriety Testing			690.00	690.00
Other	170.00			170.00
Public Works:				
Road Maintenance Contract Charges		772.80		772.80
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	73,815.50			73,815.50
Veterans Service Officer	1,875.00			1,875.00
Health Assistance:				
Women, Infants and Children	4,395.92			4,395.92
Culture and Recreation			9,491.84	9,491.84
Conservation of Natural Resources	7,542.37			7,542.37
Fines and Forfeits:				
Costs	345.00			345.00
Miscellaneous Revenue:				
Investment Earnings	8,176.16	9,654.86	1,121.04	18,952.06
Refund of Prior Year's Expenditures	3,118.57	572.35	330.72	4,021.64
Other	1,519.75	736.00		2,255.75
Total Revenues	<u>1,745,265.72</u>	<u>1,001,051.16</u>	<u>102,388.77</u>	<u>2,848,705.65</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners

122,359.50

122,359.50

Elections

1,976.43

1,976.43

Judicial System

9,627.75

9,627.75

Financial Administration:

Auditor

88,348.70

88,348.70

Treasurer

106,114.70

106,114.70

Legal Services:

State's Attorney

80,333.02

80,333.02

Court Appointed Attorney

6,683.65

6,683.65

Other Administration:

General Government Building

36,352.53

36,352.53

POTTER COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011
(Continued)

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Director of Equalization	85,546.83			85,546.83
Register of Deeds	79,238.17			79,238.17
Veterans Service Officer	9,333.82			9,333.82
Predatory Animal	1,768.19			1,768.19
Public Safety:				
Law Enforcement:				
Sheriff	184,831.52			184,831.52
County Jail	31,075.67		226.00	31,301.67
Protective and Emergency Services:				
Fire Protection			58,000.00	58,000.00
Emergency and Disaster Services			13,795.61	13,795.61
Communication Center			52,966.35	52,966.35
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		1,414,898.34		1,414,898.34
Health and Welfare:				
Economic Assistance:				
Support of Poor	73,530.96			73,530.96
Other	2,500.00			2,500.00
Health Assistance:				
Ambulance	16,000.00			16,000.00
Women, Infants and Children	7,529.48			7,529.48
Social Services:				
Care of Aged	2,000.00			2,000.00
Domestic Abuse			600.00	600.00
Mental Health Services:				
Mentally Ill	600.00			600.00
Developmentally Disabled	3,880.00			3,880.00

Mental Health Centers	2,693.00			2,693.00
Mental Illness Board	205.80			205.80
Culture and Recreation:				
Culture:				
Public Library	86,886.79		4,338.89	91,225.68
Other	700.00			700.00
Recreation:				
Recreational Programs	5,280.00			5,280.00
County Fair	7,000.00			7,000.00
Senior Center	6,000.00			6,000.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	28,331.76			28,331.76
Soil Conservation Districts	4,250.00			4,250.00
Weed and Pest Control	69,275.76			69,275.76
Urban and Economic Development:				
Urban Development:				
Urban and Rural Development	7,863.03			7,863.03
Capital Outlay	29,220.49	267,948.00		297,168.49
Total Expenditures	<u>1,197,337.55</u>	<u>1,682,846.34</u>	<u>129,926.85</u>	<u>3,010,110.74</u>
Excess of Revenues Over (Under) Expenditures	<u>547,928.17</u>	<u>(681,795.18)</u>	<u>(27,538.08)</u>	<u>(161,405.09)</u>
Other Financing Sources (Uses):				
Transfers In		676,688.00	30,759.00	707,447.00
Transfers Out	(707,447.00)			(707,447.00)
Sale of County Property		72,000.00		72,000.00
Total Other Financing Sources (Uses)	<u>(707,447.00)</u>	<u>748,688.00</u>	<u>30,759.00</u>	<u>72,000.00</u>
Net Change in Fund Balance	(159,518.83)	66,892.82	3,220.92	(89,405.09)
Fund Balance - Beginning	<u>955,052.64</u>	<u>555,288.80</u>	<u>102,312.94</u>	<u>1,612,654.38</u>
FUND BALANCE - ENDING	<u>\$ 795,533.81</u>	<u>\$ 622,181.62</u>	<u>\$ 105,533.86</u>	<u>\$ 1,523,249.29</u>

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

**POTTER COUNTY
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
December 31, 2012**

	<u>Agency Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ 241,261.91
TOTAL ASSETS	<u>\$ 241,261.91</u>
NET POSITION:	
Net Position Held in Agency Capacity	\$ 241,261.91
TOTAL NET POSITION	<u>\$ 241,261.91</u>

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

POTTER COUNTY
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.c., these financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

a. Financial Reporting Entity:

The reporting entity of Potter 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.

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

The County participates in two cooperative units, the Five County Television Translator District and the North Central Regional E-911 Center. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the County.

b. Basis of Presentation:

Government-wide Financial Statements:

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

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

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

Fiduciary Funds:

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

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

c. Measurement Focus and Basis of Accounting:

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

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

Measurement Focus:

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

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

Basis of Accounting:

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

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

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

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

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

d. Deposits and Investments:

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity

at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6. Under the modified cash basis of accounting, investments are carried at cost.

e. 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.

f. Equity Classifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

g. 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.

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

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

Major Special Revenue Fund
Road and Bridge Fund

Revenue Source
Motor Vehicle Licenses

A schedule of fund balances is provided as follows:

**POTTER COUNTY
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Restricted For:				
Snow Removal Purposes	\$	\$ 126,793.16	\$	\$ 126,793.16
911 Service Purposes			10,849.98	10,849.98
Library Purposes			39,483.44	39,483.44
Emergency Management Purposes			499.72	499.72
24/7 Sobriety Purposes			2,140.39	2,140.39
Domestic Abuse Purposes			665.00	665.00
Fire Protection Purposes			21,625.81	21,625.81
Modernization and Preservation Relief Purposes			942.00	942.00
Assigned To:				
Applied to Next Year's Budget	233,867.00			233,867.00
Capital Outlay Accumulations	400,000.00			400,000.00
Road and Bridge Purposes		539,339.69		539,339.69
Emergency Management Purposes			6,262.35	6,262.35
911 Service Purposes			30,759.00	30,759.00
Fire Protection Purposes			837.10	837.10
Unassigned	85,067.64			85,067.64
Total Fund Balances	<u>\$ 718,934.64</u>	<u>\$ 666,132.85</u>	<u>\$ 114,064.79</u>	<u>\$ 1,499,132.28</u>

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

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

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

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

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

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

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

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

3. PROPERTY TAXES

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

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

6. RETIREMENT PLAN

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

General employees are required by state statute to contribute 6 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent, respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The County's share of contributions to the SDRS for the fiscal years ended December 31, 2012, 2011, and 2010 were \$37,075.43, \$37,651.53, and \$37,020.66, respectively, equal to the required contributions each year.

7. JOINT VENTURES

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

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

a. Five County Television Translator District

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

Members:

Campbell County
Edmunds County
McPherson County
Potter County
Walworth County

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

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

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

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

At December 31, 2012, this joint venture had a total cash fund balance of \$97,160.24 and no long-term debt.

b. North Central Regional E-911 Center

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

The members of the joint venture are as follows:

<u>Original Members</u>	<u>Contracting Members</u>
Corson County	Campbell County
Edmunds County	McPherson County
Perkins County	Sioux County, North Dakota
Walworth County	Harding County
	Potter County

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

The operations and activities of the center are financed by telephone surcharge, less the state coordinator fee per phone of the participating government entity. The County remits 65 cents of the 75 cent surcharge for land line phones and remits 75 cents for cell line phones.

The County retains no equity interest in the net position of the joint venture but does have a responsibility to fund its proportionate share of deficits of the joint venture. The County's proportionate share varies based upon its cumulative contributions.

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

At December 31, 2012, this joint venture had a total cash fund balance of \$307,162.75 and no long-term debt.

8. 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, 2012, the County managed its risks as follows:

Employee Health Insurance:

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

Liability Insurance:

The County purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

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

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

Unemployment Benefits:

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

During the two years ended December 31, 2012, no claims for unemployment benefits were paid. At December 31, 2012, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

9. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2012, the County was not involved in any litigation.

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 1,551,074.00	\$ 1,551,074.00	\$ 1,544,379.65	\$ (6,694.35)
General Property Taxes--Delinquent	3,024.00	3,024.00	4,348.58	1,324.58
Penalties and Interest	3,208.00	3,208.00	3,247.22	39.22
Mobile Home Tax	6,604.00	6,604.00	5,636.16	(967.84)
Tax Deed Revenue	617.00	617.00	516.71	(100.29)
Licenses and Permits	4,348.00	4,348.00	4,250.00	(98.00)
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	987.50	987.50
Federal Shared Revenue	357.00	357.00	423.87	66.87
Federal Payments in Lieu of Taxes	32,800.00	32,800.00	32,246.00	(554.00)
State Shared Revenue:				
Bank Franchise	29,220.00	29,220.00	25,393.88	(3,826.12)
Court Appointed Attorney/Public Defender	620.00	620.00	861.68	241.68
Telecommunications Gross Receipts Tax	15,280.00	15,280.00	14,945.54	(334.46)
Motor Vehicle 1/4%	2,940.00	2,940.00	5,315.28	2,375.28
Other Intergovernmental Revenue	6,000.00	6,000.00	0.00	(6,000.00)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	665.00	665.00	335.25	(329.75)
Register of Deeds' Fees	22,680.00	22,680.00	43,414.20	20,734.20
Driver's License Exam	1,540.00	1,540.00	2,150.00	610.00
Legal Services	4,300.00	4,300.00	8,725.36	4,425.36
Clerk of Courts Fees	2,780.00	2,780.00	2,833.80	53.80
Public Safety:				
Law Enforcement	2,790.00	2,790.00	4,241.60	1,451.60
Other	0.00	0.00	1,617.30	1,617.30
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	6,920.00	6,920.00	3,973.21	(2,946.79)
Health Assistance:				
Women, Infants and Children	6,050.00	6,050.00	5,118.09	(931.91)
Conservation of Natural Resources	0.00	0.00	6,860.03	6,860.03
Fines and Forfeits:				
Costs	750.00	750.00	930.00	180.00
Miscellaneous Revenue:				
Investment Earnings	9,000.00	9,000.00	7,388.85	(1,611.15)
Refund of Prior Year's Expenditures	3,670.00	3,670.00	751.38	(2,918.62)
Other	550.00	550.00	1,239.25	689.25
Total Revenues	1,717,787.00	1,717,787.00	1,732,130.39	14,343.39
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	123,978.00	125,348.00	125,346.54	1.46
Contingency	100,000.00	100,000.00		
Amount Transferred		(35,864.70)		64,135.30
Elections	20,964.00	20,964.00	17,459.21	3,504.79
Judicial System	14,000.00	14,000.00	7,622.28	6,377.72
Financial Administration:				
Auditor	94,653.00	95,809.13	95,809.13	0.00
Treasurer	116,100.00	116,100.00	114,876.89	1,223.11
Legal Services:				
State's Attorney	86,334.00	86,334.00	84,771.44	1,562.56
Court Appointed Attorney	5,000.00	18,015.00	13,013.18	5,001.82
Other Administration:				
General Government Building	58,595.00	65,334.91	65,334.91	0.00
Director of Equalization	89,046.00	89,046.00	88,147.27	898.73
Register of Deeds	89,212.00	89,212.00	86,194.27	3,017.73
Veterans Service Officer	8,183.00	8,183.00	7,903.81	279.19
Predatory Animal	1,769.00	1,769.00	1,768.19	0.81

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Safety:				
Law Enforcement:				
Sheriff	220,995.00	220,995.00	220,354.63	640.37
County Jail	21,500.00	21,500.00	6,730.50	14,769.50
Coroner	100.00	100.00	0.00	100.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	34,000.00	34,000.00	4,189.86	29,810.14
Other	2,500.00	2,500.00	2,500.00	0.00
Health Assistance:				
Ambulance	16,000.00	16,000.00	16,000.00	0.00
Women, Infants and Children	9,290.00	9,290.00	8,265.95	1,024.05
Social Services:				
Care of Aged	2,000.00	2,000.00	2,000.00	0.00
Mental Health Services:				
Mentally Ill	1,000.00	7,479.45	5,479.45	2,000.00
Developmentally Disabled	3,880.00	3,880.00	3,880.00	0.00
Mental Health Centers	2,329.00	2,693.00	2,693.00	0.00
Mental Illness Board	100.00	1,600.00	1,419.67	180.33
Culture and Recreation:				
Culture:				
Public Library	83,962.00	83,962.00	83,962.00	0.00
Other	700.00	700.00	700.00	0.00
Recreation:				
Recreational Programs	5,280.00	5,280.00	5,280.00	0.00
County Fair	7,000.00	7,000.00	7,000.00	0.00
Senior Center	6,000.00	6,000.00	6,000.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	36,811.00	36,811.00	29,554.64	7,256.36
Soil Conservation Districts	8,500.00	8,500.00	8,500.00	0.00
Weed and Pest Control	93,160.00	93,160.00	70,555.20	22,604.80
Urban and Economic Development:				
Urban Development:				
Urban and Rural Development	7,996.00	7,996.00	7,992.77	3.23
Total Expenditures	<u>1,370,937.00</u>	<u>1,365,696.79</u>	<u>1,201,304.79</u>	<u>164,392.00</u>
Excess of Revenues Over (Under) Expenditures	<u>346,850.00</u>	<u>352,090.21</u>	<u>530,825.60</u>	<u>178,735.39</u>
Other Financing Sources (Uses):				
Transfers Out	(627,321.00)	(627,321.00)	(627,147.00)	174.00
Sale of County Property	0.00	0.00	19,722.23	19,722.23
Total Other Financing Sources (Uses)	<u>(627,321.00)</u>	<u>(627,321.00)</u>	<u>(607,424.77)</u>	<u>19,896.23</u>
Net Change in Fund Balance	(280,471.00)	(275,230.79)	(76,599.17)	198,631.62
Fund Balance - Beginning	<u>795,533.81</u>	<u>795,533.81</u>	<u>795,533.81</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 515,062.81</u>	<u>\$ 520,303.02</u>	<u>\$ 718,934.64</u>	<u>\$ 198,631.62</u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 284,552.00	\$ 284,552.00	\$ 284,708.87	\$ 156.87
General Property Taxes--Delinquent	25.00	25.00	532.60	507.60
Penalties and Interest	230.00	230.00	558.24	328.24
Mobile Home Tax	500.00	500.00	1,080.92	580.92
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	1,572.50	1,572.50
Federal Shared Revenue	45.00	45.00	89.42	44.42
State Shared Revenue:				
Motor Vehicle Licenses	325,000.00	325,000.00	458,803.25	133,803.25
State Highway Fund (former 10% game)	15,380.00	15,380.00	15,382.00	2.00
Prorate/Port of Entry Fees	26,970.00	26,970.00	34,051.37	7,081.37
63 3/4% Mobile Home	8,310.00	8,310.00	11,427.48	3,117.48
Secondary Road Motor Vehicle Remittances	89,470.00	89,470.00	124,837.01	35,367.01
Motor Fuel Tax	0.00	0.00	6,118.29	6,118.29
Charges for Goods and Services:				
Public Works:				
Other	0.00	0.00	283.50	283.50
Miscellaneous Revenue:				
Investment Earnings	6,500.00	6,500.00	2,856.35	(3,643.65)
Refund of Prior Year's Expenditures	0.00	0.00	1,434.76	1,434.76
Other	0.00	0.00	14,282.25	14,282.25
Total Revenues	756,982.00	756,982.00	958,018.81	201,036.81
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	1,631,663.00	1,631,663.00	1,622,905.01	8,757.99
Excess of Revenues Over (Under) Expenditures	(874,681.00)	(874,681.00)	(664,886.20)	209,794.80
Other Financing Sources (Uses):				
Transfers In	610,618.00	610,618.00	621,147.00	10,529.00
Sale of County Property	50,000.00	50,000.00	87,690.43	37,690.43
Total Other Financing Sources (Uses)	660,618.00	660,618.00	708,837.43	48,219.43
Net Change in Fund Balance	(214,063.00)	(214,063.00)	43,951.23	258,014.23
Fund Balance - Beginning	622,181.62	622,181.62	622,181.62	0.00
FUND BALANCE - ENDING	\$ 408,118.62	\$ 408,118.62	\$ 666,132.85	\$ 258,014.23

SUPPLEMENTARY INFORMATION
POTTER COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 1,506,765.00	\$ 1,506,765.00	\$ 1,498,293.30	\$ (8,471.70)
General Property Taxes--Delinquent	4,108.00	4,108.00	3,080.35	(1,027.65)
Penalties and Interest	3,312.00	3,312.00	3,211.59	(100.41)
Mobile Home Tax	6,602.00	6,602.00	6,192.08	(409.92)
Tax Deed Revenue	621.00	621.00	0.00	(621.00)
Licenses and Permits	4,390.00	4,390.00	4,224.00	(166.00)
Intergovernmental Revenue:				
Federal Grants	5,000.00	5,000.00	0.00	(5,000.00)
Federal Shared Revenue	250.00	250.00	393.12	143.12
Federal Payments in Lieu of Taxes	30,044.00	30,044.00	31,592.00	1,548.00
State Grants	3,000.00	3,000.00	3,500.00	500.00
State Shared Revenue:				
Bank Franchise	30,000.00	30,000.00	21,624.44	(8,375.56)
Court Appointed Attorney/Public Defender	360.00	360.00	957.33	597.33
Telecommunications Gross Receipts Tax	17,972.00	17,972.00	23,536.68	5,564.68
Other Intergovernmental Revenue	1,500.00	1,500.00	0.00	(1,500.00)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	586.00	586.00	2,502.50	1,916.50
Register of Deeds' Fees	21,580.00	21,580.00	31,700.50	10,120.50
Driver's License Exam	1,500.00	1,500.00	1,540.00	40.00
Legal Services	5,000.00	5,000.00	4,585.69	(414.31)
Clerk of Courts Fees	2,600.00	2,600.00	2,641.40	41.40
Other Fees	0.00	0.00	29.37	29.37
Public Safety:				
Law Enforcement	2,400.00	2,400.00	4,703.10	2,303.10
Other	0.00	0.00	170.00	170.00
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	6,880.00	6,880.00	73,815.50	66,935.50
Veterans Service Officer	1,875.00	1,875.00	1,875.00	0.00
Health Assistance:				
Women, Infants and Children	5,600.00	5,600.00	4,395.92	(1,204.08)
Conservation of Natural Resources	32,000.00	32,000.00	7,542.37	(24,457.63)
Fines and Forfeits:				
Costs	540.00	540.00	345.00	(195.00)
Miscellaneous Revenue:				
Investment Earnings	48,000.00	48,000.00	8,176.16	(39,823.84)
Refund of Prior Year's Expenditures	4,000.00	4,000.00	3,118.57	(881.43)
Other	1,500.00	1,500.00	1,519.75	19.75
Total Revenues	1,747,985.00	1,747,985.00	1,745,265.72	(2,719.28)
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	140,069.00	140,069.00	122,359.50	17,709.50
Contingency	97,000.00	97,000.00		
Amount Transferred		(92,668.96)		4,331.04
Elections	2,000.00	2,000.00	1,976.43	23.57
Judicial System	11,000.00	11,000.00	9,627.75	1,372.25
Financial Administration:				
Auditor	87,975.00	88,350.00	88,348.70	1.30
Treasurer	109,264.00	109,264.00	106,114.70	3,149.30
Legal Services:				
State's Attorney	82,267.00	82,267.00	80,333.02	1,933.98
Court Appointed Attorney	5,000.00	6,700.00	6,683.65	16.35
Other Administration:				
General Government Building	57,377.00	57,377.00	40,967.02	16,409.98
Director of Equalization	83,444.00	85,547.00	85,546.83	0.17
Register of Deeds	85,078.00	85,078.00	79,238.17	5,839.83
Veterans Service Officer	9,174.00	9,334.00	9,333.82	0.18

SUPPLEMENTARY INFORMATION
POTTER COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2011
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Predatory Animal	1,769.00	1,769.00	1,768.19	0.81
Public Safety:				
Law Enforcement:				
Sheriff	207,886.00	209,486.00	209,437.52	48.48
County Jail	11,000.00	31,100.00	31,075.67	24.33
Coroner	100.00	100.00	0.00	100.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	20,000.00	73,530.96	73,530.96	0.00
Other	2,500.00	2,500.00	2,500.00	0.00
Health Assistance:				
Ambulance	16,000.00	16,000.00	16,000.00	0.00
Women, Infants and Children	9,290.00	9,290.00	7,529.48	1,760.52
Social Services:				
Care of Aged	2,000.00	2,000.00	2,000.00	0.00
Mental Health Services:				
Mentally Ill	2,000.00	2,000.00	600.00	1,400.00
Developmentally Disabled	3,880.00	3,880.00	3,880.00	0.00
Mental Health Centers	2,693.00	2,693.00	2,693.00	0.00
Mental Illness Board	500.00	500.00	205.80	294.20
Culture and Recreation:				
Culture:				
Public Library	82,316.00	87,316.00	86,886.79	429.21
Other	700.00	700.00	700.00	0.00
Recreation:				
Recreational Programs	5,280.00	5,280.00	5,280.00	0.00
County Fair	7,000.00	7,000.00	7,000.00	0.00
Senior Center	6,000.00	6,000.00	6,000.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	41,233.00	41,233.00	28,331.76	12,901.24
Soil Conservation Districts	4,250.00	4,250.00	4,250.00	0.00
Weed and Pest Control	93,760.00	93,760.00	69,275.76	24,484.24
Urban and Economic Development:				
Urban Development:				
Urban and Rural Development	7,866.00	7,866.00	7,863.03	2.97
Total Expenditures	<u>1,297,671.00</u>	<u>1,289,571.00</u>	<u>1,197,337.55</u>	<u>92,233.45</u>
Excess of Revenues Over (Under) Expenditures	<u>450,314.00</u>	<u>458,414.00</u>	<u>547,928.17</u>	<u>89,514.17</u>
Other Financing Sources (Uses):				
Transfers Out	(707,447.00)	(707,447.00)	(707,447.00)	0.00
Insurance Proceeds	500.00	500.00	0.00	(500.00)
Sale of County Property	1,000.00	1,000.00	0.00	(1,000.00)
Total Other Financing Sources (Uses)	<u>(705,947.00)</u>	<u>(705,947.00)</u>	<u>(707,447.00)</u>	<u>(1,500.00)</u>
Net Change in Fund Balance	(255,633.00)	(247,533.00)	(159,518.83)	88,014.17
Fund Balance - Beginning	<u>955,052.64</u>	<u>955,052.64</u>	<u>955,052.64</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 699,419.64</u>	<u>\$ 707,519.64</u>	<u>\$ 795,533.81</u>	<u>\$ 88,014.17</u>

**SUPPLEMENTARY INFORMATION
POTTER COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 283,828.00	\$ 283,828.00	\$ 283,354.95	\$ (473.05)
General Property Taxes--Delinquent	40.00	40.00	476.66	436.66
Penalties and Interest	48.00	48.00	614.10	566.10
Mobile Home Tax	108.00	108.00	1,201.93	1,093.93
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	66,473.79	66,473.79
Federal Shared Revenue	5.00	5.00	84.48	79.48
State Grants	0.00	0.00	113,495.20	113,495.20
State Shared Revenue:				
Motor Vehicle Licenses	303,844.00	303,844.00	363,469.62	59,625.62
State Highway Fund (former 10% game)	15,400.00	15,400.00	15,382.00	(18.00)
Prorate/Port of Entry Fees	26,285.00	26,285.00	32,450.40	6,165.40
63 3/4% Mobile Home	5,700.00	5,700.00	9,072.10	3,372.10
Secondary Road Motor Vehicle Remittances	84,153.00	84,153.00	103,239.92	19,086.92
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	20,000.00	20,000.00	772.80	(19,227.20)
Miscellaneous Revenue:				
Investment Earnings	18,410.00	18,410.00	9,654.86	(8,755.14)
Refund of Prior Year's Expenditures	150.00	150.00	572.35	422.35
Other	500.00	500.00	736.00	236.00
Total Revenues	758,471.00	758,471.00	1,001,051.16	242,580.16
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	1,498,223.00	1,682,872.70	1,682,846.34	26.36
Excess of Revenues Over (Under) Expenditures	(739,752.00)	(924,401.70)	(681,795.18)	242,606.52
Other Financing Sources (Uses):				
Transfers In	676,688.00	676,688.00	676,688.00	0.00
Insurance Proceeds	2,000.00	2,000.00	0.00	(2,000.00)
Sale of County Property	40,000.00	40,000.00	72,000.00	32,000.00
Total Other Financing Sources (Uses)	718,688.00	718,688.00	748,688.00	30,000.00
Net Change in Fund Balance	(21,064.00)	(205,713.70)	66,892.82	272,606.52
Fund Balance - Beginning	555,288.80	555,288.80	555,288.80	0.00
FUND BALANCE - ENDING	\$ 534,224.80	\$ 349,575.10	\$ 622,181.62	\$ 272,606.52

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

Note 1. Budgets and Budgetary Accounting:

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

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

Note 2. Other Comprehensive Basis of Accounting Modified Cash Basis/Budgetary Accounting Basis Differences:

The financial statements prepared in conformity with USGAAP applied within the context of the modified cash basis of accounting 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. This is applicable to 2011 only.