

**TODD COUNTY**

**AUDIT REPORT**

**For the Two Years Ended December 31, 2014**

TODD COUNTY  
COUNTY OFFICIALS  
December 31, 2014

Board of Commissioners:  
Greg Grimshaw – Chairman  
William Giroux  
Dwight Logterman  
Patsy Valandra  
Alec Whipple

Auditor:  
Barb Desersa

Treasurer:  
Marla Liggett

State's Attorney:  
Alvin Pahlke

Register of Deeds:  
Louise Flisram

Sheriff:  
Joe Farmer



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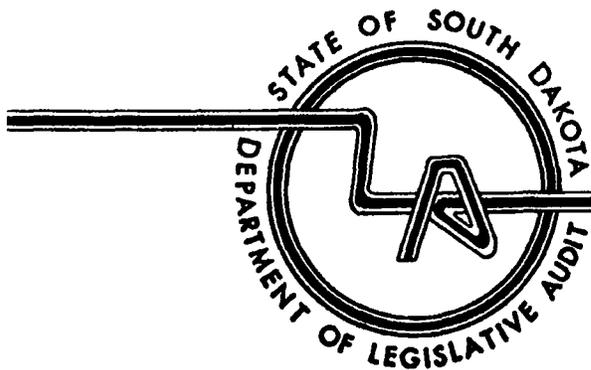
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427 SOUTH CHAPELLE  
C/O 500 EAST CAPITOL  
PIERRE SD 57501-5070  
(605) 773-3595

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  
Todd County  
Mission, 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 Todd County, South Dakota (County), as of December 31, 2014, 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 April 20, 2016.

***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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Current Audit Findings we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings as items No. 2014-001 and 2014-002 to be material weaknesses.

***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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Current Audit Findings as items No. 2014-003, 2014-004, and 2014-005.

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

The County did not wish to respond to the findings identified in our audit as described in the accompanying Schedule of Current Audit Findings.

### ***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

April 20, 2016

TODD COUNTY  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**Prior Audit Finding:**

Finding No. 2012-01:

Deficiencies were noted in the delinquent tax collection process as properties with delinquent taxes were not being taken for tax deed. This situation has not been resolved and has been restated as current audit finding No. 2014-005.

**SCHEDULE OF CURRENT AUDIT FINDINGS**

**Current Audit Findings:**

***Internal Control-Related Findings - Material Weaknesses:***

Financial Reporting Errors

Finding No. 2014-001:

Internal accounting controls over financial reporting for the years 2013 and 2014 were inadequate resulting in inaccurate information being presented to the users of the annual financial reports.

Analysis:

We noted the following significant errors in the County's annual financial reports for the years ended December 31, 2013 and December 31, 2014:

- a. In the 2014 Statement of Net Position – Net Position Unrestricted was understated and Net Position – Restricted for Other Purposes was overstated by \$33,101.51.
- b. The 2014 Governmental Funds Balance Sheet contained the following errors:
  - General Fund Assigned Fund Balance was understated and Unassigned Fund Balance was overstated by \$157,290.00.
  - Other Governmental Funds Assigned Fund Balance was understated and Unassigned Fund Balance was overstated by \$33,101.51.
- c. In the 2014 Statement of Activities Public Works Expenses was understated and Interest on Long-Term Debt was overstated by \$85,495.94.
- d. In the 2013 Statement of Activities Public Works Expenses was understated and Interest on Long-Term Debt was overstated by \$81,103.90.
- e. In the 2014 Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances the Other Governmental Funds Culture and Recreation Revenues were understated by \$1,864.00, County Fair Expenditures was understated by \$8,118.23 and Transfers In were understated by \$6,003.59.
- f. The 2013 Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances contained the following errors:

- General Fund Transfers Out were understated and Prior Period Adjustments were overstated by \$69,731.83.
- Road and Bridge Fund Transfers In were understated and Prior Period Adjustments were overstated by \$65,000.00.
- Other Governmental Funds Transfers In were understated and Prior Period Adjustments were overstated by \$4,731.83.

Other less significant errors were also noted in the County's annual financial reports.

We were able to correct the material reporting errors and therefore have issued an unmodified auditor's opinion on the financial statements contained in this audit report. However, users of the annual financial reports received information of diminished reliability.

RECOMMENDATION:

1. We recommend the County strengthen internal accounting controls over financial reporting.

Management's Response:

Management chose not to respond to this finding.

Cash Internal Control Deficiencies

Finding No. 2014-002:

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

Analysis:

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

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

We noted that the County Auditor had not reconciled the General Ledger cash balances with the County Treasurer's Office balances since May 2014 resulting in an internal control deficiency over accounting for cash.

During the audit, the cash balances by fund were reconciled and reconstructed as of December 31, 2014.

The County was exposed to an increased risk of accounting errors or irregularities not being detected in a timely manner. The County was also exposed to a greater risk that management decisions could be made using inaccurate cash balance amounts.

RECOMMENDATION:

2. We recommend that the County improve internal controls over accounting for cash to insure that cash assets are properly recorded.

Management's Response:

Management chose not to respond to this finding.

**Compliance and Other Matters:**

Annual Financial Reports

Finding No. 2014-003:

The County Auditor did not prepare, publish or file with the Auditor General of the Department of Legislative Audit on a timely basis the annual financial reports for the years ended December 31, 2013 or December 31, 2014 as required by South Dakota Codified Law (SDCL) 7-10-4.

Analysis:

SDCL 7-10-4 states:

The County Auditor shall prepare by the first day of March of each year a report of the revenues and expenditures of the previous years and the assets, liabilities and equity of the county as of December thirty-first of the previous year. The report shall be made in the form prescribed by the auditor-general and shall be published within thirty days in the official newspapers of the county. A copy of the publication shall be filed with the auditor-general.

The annual financial reports for Todd County for the years ended December 31, 2013 and December 31, 2014 were not published or filed with the Department of Legislative Audit. In addition to being a violation of SDCL 7-10-4, the County Auditor's failure to prepare, publish and file the annual financial report on a timely basis resulted in withholding financial information from the taxpayers of the County.

RECOMMENDATION:

3. We recommend that future annual reports be prepared, published and filed with the Department of Legislative Audit on a timely basis.

Management's Response:

Management chose not to respond to this finding.

Unfunded Highway and Bridge Reserve

Finding No. 2014-004:

The County improperly expended \$86,041.75 of Highway and Bridge Reserve Funds and did not maintain an adequate reserve for the Highway and Bridge Reserve in violation of SDCL 10-12-13.

Analysis:

SDCL 10-12-13 states:

The board of county commissioners may levy an annual tax as a reserve fund to be accumulated and used for the purpose of maintaining, repairing, constructing, and reconstructing roads and bridges as follows:

...

Moneys in the fund may be expended in the laying out, marking, maintaining, constructing, and reconstructing roads and maintaining, constructing, and reconstructing bridges, under the jurisdiction of the board of county commissioners. The tax levy shall be in addition to all other levies authorized to be made by the board of county commissioners for road and bridge purposes provided for in § 10-12-21. The proceeds of such levy shall be placed in a special fund to be

known as the county highway and bridge reserve fund. Any increased tax levy imposed pursuant to this section is exempt from the provisions of chapter 10-13, if the county establishes the amount of revenue payable from taxes on real property pursuant to § 10-12-13.1. However, each year thereafter, the county may increase the amount of revenue payable from property taxes by applying the growth and the index factor pursuant to the provisions of § 10-13-35.

Based on the County records, the unexpended balance of the Highway and Bridge Reserve as of December 31, 2014, accounted for within the Road and Bridge Fund, should have been \$231,385.79. However, the balance of the Highway and Bridge Reserve as of December 31, 2014 was only \$145,344.04. The County improperly expended \$86,041.75 in Highway and Bridge Reserves for activities other than intended by SDCL 10-12-13.

RECOMMENDATION:

4. We recommend the County replenish the Highway and Bridge Reserve to the required balance and refrain from expending the reserve funds for purposes other than those allowed by statute.

Management's Response:

Management chose not to respond to this finding.

Delinquent Tax Collection Deficiencies

Finding No. 2014-005:

Deficiencies were noted in the delinquent tax collection process as properties with delinquent taxes were not being taken for tax deed. This is the third consecutive audit to contain this finding.

Analysis:

SDCL 10-25-1 states:

In the case of any real property sold for taxes and not yet redeemed, the owner or holder of the tax certificate may conduct, or cause to be conducted, proceedings to procure a tax deed on the real property, as provided by SDCL 10-23-2 to 10-25-12, inclusive. The proceedings shall be initiated no sooner than three years from the date of the tax sale or at any time thereafter within six years from the date of the tax sale subject to the provisions of SDCL 10-25-16 to 10-25-19, inclusive. The time period applies equally to the county or any other purchaser of the tax certificate. Any assignee of a tax certificate shall take the certificate subject to the time period of the first owner of the tax certificate.

Based on information provided to us by the Treasurer's office and on our review of all properties which had delinquent taxes, we noted 40 properties for which the County could have instituted the tax deed procurement procedures pursuant to SDCL 10-25-1 as of December 31, 2014.

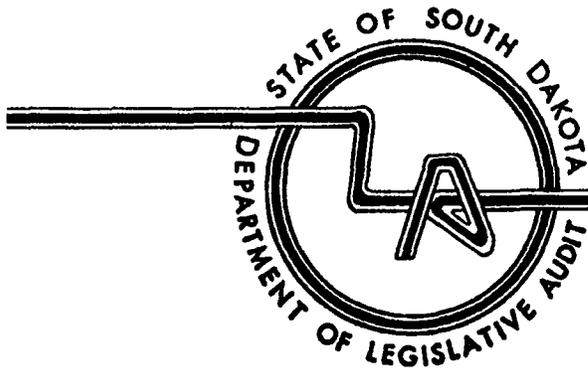
We asked the Treasurer's office personnel if any properties subject to delinquent taxes had been taken in the past years. We were informed that the Treasurer's office had taken 17 properties in the past two years. However, the number of properties subject to delinquent taxes that could be taken has not been reduced by a significant number.

RECOMMENDATION:

5. We recommend that the County institute the tax deed procurement procedures on all applicable properties pursuant to SDCL 10-25-1.

Management's Response:

Management chose not to respond to this finding.



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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

County Commission  
Todd County  
Mission, 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 Todd County, South Dakota (County), as of December 31, 2014, 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 Todd County as of December 31, 2014, 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.

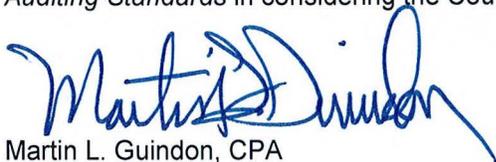
### **Other Matters**

#### *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 and the Schedule of Changes in Long-Term Debt 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 April 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, 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

April 20, 2016

**TODD COUNTY**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**December 31, 2014**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 1,434,279.91
<b>TOTAL ASSETS</b>	<b>\$ 1,434,279.91</b>
<b>NET POSITION:</b>	
Restricted For: (See Note 5)	
Road and Bridge Purposes	\$ 251,874.36
911 Service Purposes	174,083.23
Other Purposes	23,298.32
Unrestricted	985,024.00
<b>TOTAL NET POSITION</b>	<b>\$ 1,434,279.91</b>

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



**TODD COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For the Year Ended December 31, 2013**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 366,155.81	\$ 39,929.80	\$ 8,993.23	\$ (317,232.78)
Public Safety	321,545.32	1,280.52	123,685.90	(196,578.90)
Public Works	763,633.02		644,460.28	(119,172.74)
Health and Welfare	17,969.54	420.00		(17,549.54)
Culture and Recreation	15,108.48	2,430.50		(12,677.98)
Conservation of Natural Resources	12,200.00			(12,200.00)
Urban and Economic Development	126,210.00		126,210.00	0.00
*Interest on Long-Term Debt	14,015.34			(14,015.34)
<b>Total Primary Government</b>	<b>\$ 1,636,837.51</b>	<b>\$ 44,060.82</b>	<b>\$ 903,349.41</b>	<b>(689,427.28)</b>
<b>General Revenues:</b>				
Taxes:				
				616,794.30
				66,753.57
				6,590.20
				8,692.50
				<u>698,830.57</u>
				9,403.29
				<u>1,611,194.59</u>
				<u>\$ 1,620,597.88</u>

\* 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.

**TODD COUNTY  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
December 31, 2014**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>911 Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 1,037,964.24	\$ 165,832.61	\$ 174,083.23	\$ 56,399.83	\$ 1,434,279.91
<b>TOTAL ASSETS</b>	<u>\$ 1,037,964.24</u>	<u>\$ 165,832.61</u>	<u>\$ 174,083.23</u>	<u>\$ 56,399.83</u>	<u>\$ 1,434,279.91</u>
<b>FUND BALANCES:</b> (See Note 1.j.)					
Restricted	\$	\$ 251,874.36	\$ 174,083.23	\$ 23,298.32	\$ 449,255.91
Assigned	457,290.00			33,101.51	490,391.51
Unassigned	580,674.24	(86,041.75)			494,632.49
<b>TOTAL FUND BALANCES</b>	<u>\$ 1,037,964.24</u>	<u>\$ 165,832.61</u>	<u>\$ 174,083.23</u>	<u>\$ 56,399.83</u>	<u>\$ 1,434,279.91</u>

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

**TODD COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2014**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>911 Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes:					
General Property Taxes--Current	\$ 620,922.91	\$	\$	\$	\$ 620,922.91
General Property Taxes--Delinquent	17,619.36	5.68		1.50	17,626.54
Penalties and Interest	4,999.48	17.35		4.58	5,021.41
Telephone Tax (Outside)	6.45				6.45
Licenses and Permits	2,761.00			300.00	3,061.00
Intergovernmental Revenue:					
Federal Grants				25,732.67	25,732.67
State Grants		185,064.21			185,064.21
State Shared Revenue:					
Bank Franchise	1,814.30				1,814.30
Motor Vehicle Licenses		357,542.14			357,542.14
Liquor Tax Reversion	5,827.50				5,827.50
Court Appointed Attorney/Public Defender	103.14				103.14
Prorate License Fees		36,402.10			36,402.10
63 3/4% Mobile Home		1,772.25			1,772.25
Secondary Road Motor Vehicle Remittances		118,129.70			118,129.70
Telecommunications Gross Receipts Tax	52,108.03				52,108.03
Motor Vehicle 1/4%	1,097.40				1,097.40
Motor Fuel Tax		3,946.61			3,946.61
911 Remittances			13,360.08		13,360.08
Charges for Goods and Services:					
General Government:					
Treasurer's Fees	6,514.33				6,514.33
Register of Deeds' Fees	17,093.00			5,411.86	22,504.86
Legal Services	401.00				401.00
Clerk of Courts Fees	1,520.00			25.00	1,545.00
Public Safety:					
Law Enforcement	333.88				333.88
Culture and Recreation				1,864.00	1,864.00
Fines and Forfeits:					
Costs	540.80				540.80

Miscellaneous Revenue:					
Investment Earnings	2,633.79	432.74	721.84	108.17	3,896.54
Rent	1,950.00				1,950.00
Other	4,610.58				4,610.58
Total Revenues	<u>742,856.95</u>	<u>703,312.78</u>	<u>14,081.92</u>	<u>33,447.78</u>	<u>1,493,699.43</u>

**Expenditures:**

General Government:

Legislative:

Board of County Commissioners	54,185.32				54,185.32
Elections	29,103.01				29,103.01
Judicial System	23.80				23.80

Financial Administration:

Auditor	59,482.31				59,482.31
Treasurer	62,439.95				62,439.95

Legal Services:

State's Attorney	11,798.45				11,798.45
Court Appointed Attorney	2,273.79				2,273.79

Other Administration:

General Government Building	19,698.41				19,698.41
Director of Equalization	38,406.19				38,406.19
Register of Deeds	36,503.60			765.06	37,268.66
Veterans Service Officer	3,592.32				3,592.32
Predatory Animal	3,749.86				3,749.86
Self-Insurance Plan	36,991.76				36,991.76

Public Safety:

Law Enforcement:

Sheriff	108,726.11				108,726.11
County Jail	20,019.06				20,019.06
Coroner	4,325.59				4,325.59

Protective and Emergency Services:

Fire Protection	3,500.00				3,500.00
Emergency and Disaster Services				13,378.06	13,378.06
Communication Center			231,445.97		231,445.97

Public Works:

Highways and Bridges:

Highways, Roads and Bridges		781,615.37			781,615.37
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Health and Welfare:

Economic Assistance:

Support of Poor	3,577.00				3,577.00
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Mental Health Services:

Developmentally Disabled	1,200.00				1,200.00
Mental Health Centers	9,000.00				9,000.00
Mental Illness Board	2,147.38				2,147.38

**TODD COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>911 Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Culture and Recreation:					
Recreation:					
County Fair	7,874.35			8,118.23	15,992.58
Conservation of Natural Resources:					
Soil Conservation:					
Soil Conservation Districts	12,000.00				12,000.00
Weed and Pest Control	167.21				167.21
Urban and Economic Development:					
Urban Development:					
Urban and Rural Development				18,790.00	18,790.00
Debt Service		95,119.24			95,119.24
Total Expenditures	<u>530,785.47</u>	<u>876,734.61</u>	<u>231,445.97</u>	<u>41,051.35</u>	<u>1,680,017.40</u>
Excess of Revenues Over (Under) Expenditures	<u>212,071.48</u>	<u>(173,421.83)</u>	<u>(217,364.05)</u>	<u>(7,603.57)</u>	<u>(186,317.97)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In				15,403.59	15,403.59
Transfers Out	(15,403.59)				(15,403.59)
Total Other Financing Sources (Uses)	<u>(15,403.59)</u>	<u>0.00</u>	<u>0.00</u>	<u>15,403.59</u>	<u>0.00</u>
Net Change in Fund Balance	196,667.89	(173,421.83)	(217,364.05)	7,800.02	(186,317.97)
Fund Balance - Beginning	<u>841,296.35</u>	<u>339,254.44</u>	<u>391,447.28</u>	<u>48,599.81</u>	<u>1,620,597.88</u>
FUND BALANCE - ENDING	<u>\$ 1,037,964.24</u>	<u>\$ 165,832.61</u>	<u>\$ 174,083.23</u>	<u>\$ 56,399.83</u>	<u>\$ 1,434,279.91</u>

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

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**TODD COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2013**

	General Fund	Road and Bridge Fund	911 Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes:					
General Property Taxes--Current	\$ 595,784.17	\$	\$	\$	\$ 595,784.17
General Property Taxes--Delinquent	16,530.35				16,530.35
Penalties and Interest	4,479.78				4,479.78
Licenses and Permits	3,057.00			420.00	3,477.00
Intergovernmental Revenue:					
Federal Grants	8,010.87			173,497.73	181,508.60
State Grants		184,916.28			184,916.28
State Shared Revenue:					
Bank Franchise	1,382.43				1,382.43
Motor Vehicle Licenses		313,961.29			313,961.29
Liquor Tax Reversion	5,426.05				5,426.05
Court Appointed Attorney/Public Defender	21.97				21.97
Prorate License Fees		33,901.26			33,901.26
63 3/4% Mobile Home		2,577.16			2,577.16
Secondary Road Motor Vehicle Remittances		105,137.79			105,137.79
Telecommunications Gross Receipts Tax	59,945.09				59,945.09
Motor Vehicle 1/4%	960.39				960.39
Motor Fuel Tax		3,966.50			3,966.50
911 Remittances			76,398.17		76,398.17
Charges for Goods and Services:					
General Government:					
Treasurer's Fees	5,894.96				5,894.96
Register of Deeds' Fees	16,539.00			6,396.42	22,935.42
Legal Services	4,899.45				4,899.45
Clerk of Courts Fees	1,559.20			100.00	1,659.20
Public Safety:					
Law Enforcement	529.32				529.32
Culture and Recreation				2,430.50	2,430.50

Fines and Forfeits:					
Costs	334.20				334.20
Miscellaneous Revenue:					
Investment Earnings	3,823.61	1,212.06	1,428.11	126.42	6,590.20
Rent	1,800.00				1,800.00
Contributions and Donations		100.77			100.77
Other	3,564.26		104.86		3,669.12
Total Revenues	<u>734,542.10</u>	<u>645,773.11</u>	<u>77,931.14</u>	<u>182,971.07</u>	<u>1,641,217.42</u>

**Expenditures:**

## General Government:

## Legislative:

Board of County Commissioners

89,130.76

89,130.76

Elections

3,883.78

3,883.78

Judicial System

833.80

833.80

## Financial Administration:

Auditor

60,909.58

60,909.58

Treasurer

64,927.81

64,927.81

## Legal Services:

State's Attorney

12,471.33

12,471.33

Court Appointed Attorney

2,068.39

2,068.39

## Other Administration:

General Government Building

14,764.71

14,764.71

Director of Equalization

39,004.41

39,004.41

Register of Deeds

36,511.38

36,511.38

Veterans Service Officer

3,352.34

3,352.34

Predatory Animal

3,749.86

3,749.86

Self-Insurance Plan

34,547.66

34,547.66

## Public Safety:

## Law Enforcement:

Sheriff

98,798.65

98,798.65

County Jail

17,626.47

17,626.47

Coroner

2,345.80

2,345.80

## Protective and Emergency Services:

Fire Protection

10,500.00

10,500.00

Emergency and Disaster Services

49,762.19

49,762.19

Communication Center

142,512.21

142,512.21

## Public Works:

## Highways and Bridges:

Highways, Roads and Bridges

682,529.12

682,529.12

**TODD COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2013  
(Continued)

	General Fund	Road and Bridge Fund	911 Service Fund	Other Governmental Funds	Total Governmental Funds
Health and Welfare:					
Economic Assistance:					
Support of Poor	4,227.00				4,227.00
Social Services:					
Domestic Abuse				1,200.00	1,200.00
Mental Health Services:					
Mentally Ill	600.00				600.00
Developmentally Disabled	1,680.00				1,680.00
Mental Health Centers	9,000.00				9,000.00
Mental Illness Board	1,262.54				1,262.54
Culture and Recreation:					
Recreation:					
County Fair	9,518.09			5,590.39	15,108.48
Conservation of Natural Resources:					
Soil Conservation:					
Soil Conservation Districts	12,000.00				12,000.00
Weed and Pest Control	200.00				200.00
Urban and Economic Development:					
Urban Development:					
Urban and Rural Development				126,210.00	126,210.00
Debt Service		95,119.24			95,119.24
Total Expenditures	<u>533,914.36</u>	<u>777,648.36</u>	<u>142,512.21</u>	<u>182,762.58</u>	<u>1,636,837.51</u>
Excess of Revenues Over (Under) Expenditures	<u>200,627.74</u>	<u>(131,875.25)</u>	<u>(64,581.07)</u>	<u>208.49</u>	<u>4,379.91</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In		165,000.00		12,356.83	177,356.83
Transfers Out	(177,356.83)				(177,356.83)

Insurance Proceeds		898.38			898.38
Sale of County Property		4,125.00			4,125.00
Total Other Financing Sources (Uses)	<u>(177,356.83)</u>	<u>170,023.38</u>	<u>0.00</u>	<u>12,356.83</u>	<u>5,023.38</u>
Net Change in Fund Balance	23,270.91	38,148.13	(64,581.07)	12,565.32	9,403.29
Fund Balance - Beginning	<u>818,025.44</u>	<u>301,106.31</u>	<u>456,028.35</u>	<u>36,034.49</u>	<u>1,611,194.59</u>
FUND BALANCE - ENDING	<u>\$ 841,296.35</u>	<u>\$ 339,254.44</u>	<u>\$ 391,447.28</u>	<u>\$ 48,599.81</u>	<u>\$ 1,620,597.88</u>

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

**TODD COUNTY  
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
December 31, 2014**

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 80,187.93
<b>TOTAL ASSETS</b>	<u>\$ 80,187.93</u>
<b>NET POSITION:</b>	
Net Position Held in Agency Capacity	\$ 80,187.93
<b>TOTAL NET POSITION</b>	<u>\$ 80,187.93</u>

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

TODD 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 Todd 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.

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.

911 Service Fund – authorized by SDCL 34-45-4 and 12 to account for the collections generated by 911 system charges with expenditures of these funds used for the operations of the system. This is a major fund.

The remaining special revenue funds are not considered major funds: Emergency Management, Domestic Abuse, Courthouse Building, Fairboard Fund, Pass-Through Grants, 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.

e. Capital Assets:

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

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

f. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, General Obligation Bonds, Revenue Bonds, Certificates of Participation, Financing (Capital Acquisition) Leases, and Compensated Absences.

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

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

g. Program Revenues:

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

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

h. Equity Classifications:

*Government-wide Financial Statements:*

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

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

*Fund Financial Statements:*

Governmental fund equity is classified as fund balance, and 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.

i. Application of Net Position:

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

j. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the County Commissioners.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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

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

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

**Major Special Revenue Fund**

Road and Bridge Fund  
911 Service Fund

**Revenue Source**

Motor Vehicle Licenses  
911 Remittances

A schedule of fund balances is provided as follows:

**TODD COUNTY  
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>911 Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Fund Balances:</b>					
Restricted For:					
Highway and Bridge Reserve Purposes	\$	\$ 231,385.79	\$	\$	\$ 231,385.79
Snow Removal Purposes		20,488.57			20,488.57
911 Service Purposes			174,083.23		174,083.23
Domestic Abuse Purposes				5,253.41	5,253.41
Courthouse Building Purposes				6,737.66	6,737.66
Modernization and Preservation Relief Purposes				11,307.25	11,307.25
Assigned To:					
Applied to Next Year's Budget	157,290.00				157,290.00
Capital Outlay Accumulations	300,000.00				300,000.00
Domestic Abuse Purposes				102.58	102.58
Emergency Management Purposes				23,603.14	23,603.14
Courthouse Building Purposes				128.36	128.36
Fairboard Purposes				9,267.43	9,267.43
Unassigned	<u>580,674.24</u>	<u>(86,041.75)</u>			<u>494,632.49</u>
<b>Total Fund Balances</b>	<u><u>\$ 1,037,964.24</u></u>	<u><u>\$ 165,832.61</u></u>	<u><u>\$ 174,083.23</u></u>	<u><u>\$ 56,399.83</u></u>	<u><u>\$ 1,434,279.91</u></u>

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

The County is limited by statute as to what types of expenditures can be made from Highway and Bridge Reserve Funds, which are accounted for within the Road and Bridge Fund. The County may use Highway and Bridge Reserve Funds for the purpose of matching federal aid grants in laying out, marking, constructing and reconstructing roads and bridges of the county.

During the calendar year 2014 the County had expenditures in the Road and Bridge Fund that were greater than the amount of available unreserved funds. As a result, the balance of the Highway and Bridge Reserve was depleted, in the amount of \$86,041.75, below the required reserve balance. The following shows the required Highway and Bridge Reserve balance as compared to the December 31, 2014 actual balance of the Reserve, and the amount that the County will be required to replenish.

As of December 31, 2014		
Required Reserve	Actual Balance	Deficiency in Reserve Amount
\$ 231,385.79	\$ 145,344.04	\$ 86,041.75

3. 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.

4. 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.

5. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2014 was as follows:

**Major Purposes:**

Road and Bridge Purposes	\$ 251,874.36
911 Service Purposes	<u>174,083.23</u>

**Other Purposes:**

Domestic Abuse Purposes	5,253.41
Courthouse Building Purposes	6,737.66
Modernization and Preservation Relief Purposes	<u>11,307.25</u>

Total Other Purposes	<u>23,298.32</u>
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**Total Restricted Net Position** **\$ 449,255.91**

These balances are restricted due to statutory requirements.

6. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2014 were as follows:

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

Major Funds:	
General Fund	\$ 15,403.59

Interfund transfers for the year ended December 31, 2013 were as follows:

<u>Transfers From:</u>	<u>Transfers To:</u>		<u>Total</u>
	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	
Major Funds:			
General Fund	\$ 165,000.00	\$ 12,356.83	\$ 177,356.83

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

7. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2014, 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 the South Dakota Public Assurance Alliance. Therefore, no material effects are anticipated to the County as a result of the potential outcome of these lawsuits.

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, 2014, the County managed its risks as follows:

Employee Health Insurance:

The County does not provide health insurance benefits to its employees.

Liability Insurance:

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

- General Liability,
- Errors and Omissions of Officials and Employees,
- Automobile Liability,
- Property Damage,
- Boiler and Machinery, and
- Vehicle Physical Damage

The agreement with the SDPAA provides that the above coverages will be provided to a \$2,000,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$250,000 for property coverage and \$500,000 for liability coverage to the upper limit. A portion of the member premiums are also allocated to a cumulative reserve fund. The County would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

End of County's First Full Year	50%
End of County's Second Full Year	60%
End of County's Third Full Year	70%
End of County's Fourth Full Year	80%
End of County's Fifth Full Year	90%
End of County's Sixth Full Year and Thereafter	100%

As of December 31, 2014, the County has vested balance in the cumulative reserve fund of \$32,244.37.

The County carries a various deductibles for the above coverages.

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

#### Worker's Compensation:

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

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

#### Unemployment Benefits:

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

During the year two years ended December 31, 2014, no claims for unemployment benefits were paid. At December 31, 2014, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 632,438.00	\$ 632,438.00	\$ 620,922.91	\$ (11,515.09)
General Property Taxes--Delinquent	14,000.00	14,000.00	17,619.36	3,619.36
Penalties and Interest	3,800.00	3,800.00	4,999.48	1,199.48
Telephone Tax (Outside)	0.00	0.00	6.45	6.45
Licenses and Permits	2,900.00	2,900.00	2,761.00	(139.00)
Intergovernmental Revenue:				
Federal Grants	5,000.00	5,000.00	0.00	(5,000.00)
State Shared Revenue:				
Bank Franchise	2,500.00	2,500.00	1,814.30	(685.70)
Liquor Tax Reversion	8,500.00	8,500.00	5,827.50	(2,672.50)
Court Appointed Attorney/Public Defender	1,700.00	1,700.00	103.14	(1,596.86)
Telecommunications Gross Receipts Tax	60,000.00	60,000.00	52,108.03	(7,891.97)
Motor Vehicle 1/4%	3,000.00	3,000.00	1,097.40	(1,902.60)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	5,000.00	5,000.00	6,514.33	1,514.33
Register of Deeds' Fees	15,000.00	15,000.00	17,093.00	2,093.00
Legal Services	500.00	500.00	401.00	(99.00)
Clerk of Courts Fees	1,500.00	1,500.00	1,520.00	20.00
Public Safety:				
Law Enforcement	810.00	810.00	333.88	(476.12)
Fines and Forfeits:				
Costs	750.00	750.00	540.80	(209.20)
Miscellaneous Revenue:				
Investment Earnings	3,000.00	3,000.00	2,633.79	(366.21)
Rent	2,000.00	2,000.00	1,950.00	(50.00)
Other	4,900.00	4,900.00	4,610.58	(289.42)
<b>Total Revenues</b>	<b>767,298.00</b>	<b>767,298.00</b>	<b>742,856.95</b>	<b>(24,441.05)</b>
<b>Expenditures:</b>				
General Government:				
Legislative:				
Board of County Commissioners	77,163.00	77,163.00	54,185.32	22,977.68
Contingency	36,000.00	36,000.00		
Amount Transferred		(13,487.05)		22,512.95
Elections	32,000.00	32,000.00	29,103.01	2,896.99
Judicial System	10,160.00	10,160.00	23.80	10,136.20
Financial Administration:				
Auditor	60,105.00	60,105.00	59,482.31	622.69
Treasurer	65,584.00	65,584.00	62,439.95	3,144.05
Legal Services:				
State's Attorney	35,550.00	35,550.00	11,798.45	23,751.55
Court Appointed Attorney	6,000.00	6,000.00	2,273.79	3,726.21
Abused and Neglected Child Defense	5,000.00	5,000.00	0.00	5,000.00
Other Administration:				
General Government Building	20,115.00	20,115.00	19,698.41	416.59
Director of Equalization	41,058.00	41,058.00	38,406.19	2,651.81
Register of Deeds	41,325.00	41,325.00	36,503.60	4,821.40
Veterans Service Officer	4,572.00	4,572.00	3,592.32	979.68
Predatory Animal	3,750.00	3,750.00	3,749.86	0.14
Self-Insurance Plan	40,000.00	40,000.00	36,991.76	3,008.24
Public Safety:				
Law Enforcement:				
Sheriff	104,117.00	108,726.11	108,726.11	0.00
County Jail	16,500.00	21,500.00	20,019.06	1,480.94
Coroner	8,537.00	8,537.00	4,325.59	4,211.41

**SUPPLEMENTARY INFORMATION**  
**TODD COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**For the Year Ended December 31, 2014**  
**(Continued)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Positive (Negative)</b>
Protective and Emergency Services:				
Fire Protection	10,500.00	10,500.00	3,500.00	7,000.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	20,000.00	20,000.00	3,577.00	16,423.00
Health Assistance:				
Board of Health	500.00	500.00	0.00	500.00
Social Services:				
Child Support Enforcement	1,000.00	1,000.00	0.00	1,000.00
Mental Health Services:				
Mentally Ill	2,000.00	2,000.00	0.00	2,000.00
Developmentally Disabled	1,440.00	1,440.00	1,200.00	240.00
Mental Health Centers	9,000.00	9,000.00	9,000.00	0.00
Mental Illness Board	6,500.00	6,500.00	2,147.38	4,352.62
Culture and Recreation:				
Recreation:				
County Fair	10,000.00	10,000.00	7,874.35	2,125.65
Conservation of Natural Resources:				
Soil Conservation:				
Soil Conservation Districts	12,000.00	12,000.00	12,000.00	0.00
Weed and Pest Control	2,076.00	2,076.00	167.21	1,908.79
Total Expenditures	<u>682,552.00</u>	<u>678,674.06</u>	<u>530,785.47</u>	<u>147,888.59</u>
Excess of Revenues Over (Under) Expenditures	84,746.00	88,623.94	212,071.48	123,447.54
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(224,382.00)</u>	<u>(224,382.00)</u>	<u>(15,403.59)</u>	<u>208,978.41</u>
Net Change in Fund Balance	(139,636.00)	(135,758.06)	196,667.89	332,425.95
Fund Balance - Beginning	<u>841,296.35</u>	<u>841,296.35</u>	<u>841,296.35</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 701,660.35</u>	<u>\$ 705,538.29</u>	<u>\$ 1,037,964.24</u>	<u>\$ 332,425.95</u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Delinquent	\$ 0.00	\$ 0.00	\$ 5.68	\$ 5.68
Penalties and Interest	0.00	0.00	17.35	17.35
Intergovernmental Revenue:				
State Grants	0.00	0.00	185,064.21	185,064.21
State Shared Revenue:				
Motor Vehicle Licenses	360,000.00	360,000.00	357,542.14	(2,457.86)
Prorate License Fees	37,000.00	37,000.00	36,402.10	(597.90)
63 3/4% Mobile Home	1,500.00	1,500.00	1,772.25	272.25
Secondary Road Motor Vehicle Remittances	83,500.00	83,500.00	118,129.70	34,629.70
Motor Fuel Tax	4,000.00	4,000.00	3,946.61	(53.39)
Miscellaneous Revenue:				
Investment Earnings	2,000.00	2,000.00	432.74	(1,567.26)
<b>Total Revenues</b>	<b>488,000.00</b>	<b>488,000.00</b>	<b>703,312.78</b>	<b>215,312.78</b>
<b>Expenditures:</b>				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	707,862.00	892,926.21	781,615.36	111,310.85
Debt Service	95,120.00	95,120.00	95,119.24	0.76
<b>Total Expenditures</b>	<b>802,982.00</b>	<b>988,046.21</b>	<b>876,734.60</b>	<b>111,311.61</b>
Excess of Revenues Over (Under) Expenditures	(314,982.00)	(500,046.21)	(173,421.82)	326,624.39
<b>Other Financing Sources (Uses):</b>				
Transfers In	214,982.00	214,982.00	0.00	(214,982.00)
Net Change in Fund Balance	(100,000.00)	(285,064.21)	(173,421.82)	111,642.39
Fund Balance - Beginning	339,254.44	339,254.44	339,254.44	0.00
<b>FUND BALANCE - ENDING</b>	<b>\$ 239,254.44</b>	<b>\$ 54,190.23</b>	<b>\$ 165,832.62</b>	<b>\$ 111,642.39</b>

**SUPPLEMENTARY INFORMATION  
TODD COUNTY  
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
911 SERVICE FUND  
For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental Revenue:				
State Shared Revenue:				
911 Remittances	\$ 95,500.00	\$ 95,500.00	\$ 13,360.08	\$ (82,139.92)
Miscellaneous Revenue:				
Investment Earnings	1,500.00	1,500.00	721.84	(778.16)
Total Revenues	<u>97,000.00</u>	<u>97,000.00</u>	<u>14,081.92</u>	<u>(82,918.08)</u>
<b>Expenditures:</b>				
Public Safety:				
Protective and Emergency Services:				
Communication Center	97,000.00	235,000.00	231,445.97	3,554.03
Net Change in Fund Balance	0.00	(138,000.00)	(217,364.05)	(79,364.05)
Fund Balance - Beginning	<u>391,447.28</u>	<u>391,447.28</u>	<u>391,447.28</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 391,447.28</u>	<u>\$ 253,447.28</u>	<u>\$ 174,083.23</u>	<u>\$ (79,364.05)</u>

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 611,811.00	\$ 611,811.00	\$ 595,784.17	\$ (16,026.83)
General Property Taxes--Delinquent	11,000.00	11,000.00	16,530.35	5,530.35
Penalties and Interest	4,200.00	4,200.00	4,479.78	279.78
Licenses and Permits	2,900.00	2,900.00	3,057.00	157.00
Intergovernmental Revenue:				
Federal Grants	8,500.00	8,500.00	8,010.87	(489.13)
State Shared Revenue:				
Bank Franchise	1,000.00	1,000.00	1,382.43	382.43
Liquor Tax Reversion	5,000.00	5,000.00	5,426.05	426.05
Court Appointed Attorney/Public Defender	50.00	50.00	21.97	(28.03)
Telecommunications Gross Receipts Tax	54,000.00	54,000.00	59,945.09	5,945.09
Motor Vehicle 1/4%	1,000.00	1,000.00	960.39	(39.61)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	4,800.00	4,800.00	5,894.96	1,094.96
Register of Deeds' Fees	13,500.00	13,500.00	16,539.00	3,039.00
Legal Services	4,500.00	4,500.00	4,899.45	399.45
Clerk of Courts Fees	1,500.00	1,500.00	1,559.20	59.20
Public Safety:				
Law Enforcement	620.00	620.00	529.32	(90.68)
Fines and Forfeits:				
Costs	750.00	750.00	334.20	(415.80)
Miscellaneous Revenue:				
Investment Earnings	5,000.00	5,000.00	3,823.61	(1,176.39)
Rent	2,000.00	2,000.00	1,800.00	(200.00)
Other	3,300.00	3,300.00	3,564.26	264.26
<b>Total Revenues</b>	<b>735,431.00</b>	<b>735,431.00</b>	<b>734,542.10</b>	<b>(888.90)</b>
<b>Expenditures:</b>				
General Government:				
Legislative:				
Board of County Commissioners	69,163.00	89,163.00	89,130.76	32.24
Contingency	36,000.00	36,000.00		
Amount Transferred		(21,800.00)		14,200.00
Elections	7,500.00	7,500.00	3,883.78	3,616.22
Judicial System	10,119.00	10,119.00	833.80	9,285.20
Financial Administration:				
Auditor	62,712.00	62,712.00	60,909.58	1,802.42
Treasurer	65,230.00	65,230.00	64,927.81	302.19
Legal Services:				
State's Attorney	35,000.00	35,000.00	12,471.33	22,528.67
Court Appointed Attorney	6,000.00	6,000.00	2,068.39	3,931.61
Abused and Neglected Child Defense	5,000.00	5,000.00	0.00	5,000.00
Other Administration:				
General Government Building	19,926.00	19,926.00	14,764.71	5,161.29
Director of Equalization	40,496.00	40,496.00	39,004.41	1,491.59
Register of Deeds	58,359.00	58,359.00	36,511.38	21,847.62
Veterans Service Officer	4,630.00	4,630.00	3,352.34	1,277.66
Predatory Animal	3,750.00	3,750.00	3,749.86	0.14
Self-Insurance Plan	40,000.00	40,000.00	34,547.66	5,452.34
Public Safety:				
Law Enforcement:				
Sheriff	101,716.00	101,716.00	98,798.65	2,917.35
County Jail	16,500.00	17,700.00	17,626.47	73.53
Coroner	7,730.00	7,730.00	2,345.80	5,384.20

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Protective and Emergency Services:				
Fire Protection	10,500.00	10,500.00	10,500.00	0.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	20,000.00	20,000.00	4,227.00	15,773.00
Health Assistance:				
Board of Health	500.00	500.00	0.00	500.00
Social Services:				
Child Support Enforcement	1,000.00	1,000.00	0.00	1,000.00
Mental Health Services:				
Mentally Ill	2,000.00	2,000.00	600.00	1,400.00
Developmentally Disabled	2,160.00	2,160.00	1,680.00	480.00
Mental Health Centers	9,720.00	9,720.00	9,000.00	720.00
Mental Illness Board	6,500.00	6,500.00	1,262.54	5,237.46
Culture and Recreation:				
Recreation:				
County Fair	16,925.00	16,925.00	9,518.09	7,406.91
Conservation of Natural Resources:				
Soil Conservation:				
Soil Conservation Districts	12,000.00	12,000.00	12,000.00	0.00
Weed and Pest Control	2,076.00	2,076.00	200.00	1,876.00
Total Expenditures	<u>673,212.00</u>	<u>672,612.00</u>	<u>533,914.36</u>	<u>138,697.64</u>
Excess of Revenues Over (Under) Expenditures	62,219.00	62,819.00	200,627.74	137,808.74
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(258,551.00)</u>	<u>(258,551.00)</u>	<u>(177,356.83)</u>	<u>81,194.17</u>
Net Change in Fund Balance	(196,332.00)	(195,732.00)	23,270.91	219,002.91
Fund Balance - Beginning	<u>818,025.44</u>	<u>818,025.44</u>	<u>818,025.44</u>	<u>0.00</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ 621,693.44</u></u>	<u><u>\$ 622,293.44</u></u>	<u><u>\$ 841,296.35</u></u>	<u><u>\$ 219,002.91</u></u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental Revenue:				
State Grants	\$ 0.00	\$ 0.00	\$ 184,916.28	\$ 184,916.28
State Shared Revenue:				
Motor Vehicle Licenses	312,000.00	312,000.00	313,961.29	1,961.29
Prorate License Fees	35,000.00	35,000.00	33,901.26	(1,098.74)
63 3/4% Mobile Home	3,000.00	3,000.00	2,577.16	(422.84)
Secondary Road Motor Vehicle Remittances	98,000.00	98,000.00	105,137.79	7,137.79
Motor Fuel Tax	1,500.00	1,500.00	3,966.50	2,466.50
Miscellaneous Revenue:				
Investment Earnings	2,000.00	2,000.00	1,212.06	(787.94)
Contributions and Donations	0.00	0.00	100.77	100.77
<b>Total Revenues</b>	<b>451,500.00</b>	<b>451,500.00</b>	<b>645,773.11</b>	<b>194,273.11</b>
<b>Expenditures:</b>				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	707,306.00	892,222.00	682,529.12	209,692.88
Debt Service	95,120.00	95,120.00	95,119.24	0.76
<b>Total Expenditures</b>	<b>802,426.00</b>	<b>987,342.00</b>	<b>777,648.36</b>	<b>209,693.64</b>
Excess of Revenues Over (Under) Expenditures	(350,926.00)	(535,842.00)	(131,875.25)	403,966.75
<b>Other Financing Sources (Uses):</b>				
Transfers In	250,926.00	250,926.00	165,000.00	(85,926.00)
Insurance Proceeds	0.00	0.00	898.38	898.38
Sale of County Property	0.00	0.00	4,125.00	4,125.00
<b>Total Other Financing Sources (Uses)</b>	<b>250,926.00</b>	<b>250,926.00</b>	<b>170,023.38</b>	<b>(80,902.62)</b>
Net Change in Fund Balance	(100,000.00)	(284,916.00)	38,148.13	323,064.13
Fund Balance - Beginning	301,106.31	301,106.31	301,106.31	0.00
<b>FUND BALANCE - ENDING</b>	<b>\$ 201,106.31</b>	<b>\$ 16,190.31</b>	<b>\$ 339,254.44</b>	<b>\$ 323,064.13</b>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental Revenue:				
State Shared Revenue:				
911 Remittances	\$ 75,000.00	\$ 75,000.00	\$ 76,398.17	\$ 1,398.17
Miscellaneous Revenue:				
Investment Earnings	2,500.00	2,500.00	1,428.11	(1,071.89)
Other	0.00	0.00	104.86	104.86
Total Revenues	<u>77,500.00</u>	<u>77,500.00</u>	<u>77,931.14</u>	<u>431.14</u>
<b>Expenditures:</b>				
Public Safety:				
Protective and Emergency Services:				
Communication Center	<u>80,000.00</u>	<u>395,000.00</u>	<u>142,512.21</u>	<u>252,487.79</u>
Net Change in Fund Balance	(2,500.00)	(317,500.00)	(64,581.07)	252,918.93
Fund Balance - Beginning	<u>456,028.35</u>	<u>456,028.35</u>	<u>456,028.35</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 453,528.35</u>	<u>\$ 138,528.35</u>	<u>\$ 391,447.28</u>	<u>\$ 252,918.93</u>

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

Note 1. Budgets and Budgetary Accounting:

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

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

**SUPPLEMENTARY INFORMATION  
TODD COUNTY  
SCHEDULE OF CHANGES IN LONG-TERM DEBT  
For the Two Years Ended December 31, 2014**

<u>Indebtedness</u>	<u>Long-Term Debt January 1, 2013</u>	<u>Add New Debt</u>	<u>Less Debt Retired</u>	<u>Long-Term Debt December 31, 2014</u>
<b>Governmental Long-Term Debt:</b>				
Financing (Capital Acquisition) Leases	\$ 288,063.38	\$	(166,599.84)	\$ 121,463.54

Note 1 - Long-Term Debt:

Debt payable at December 31, 2014 is comprised of the following:

Financing (Capital Acquisition) Leases:

Lease Purchase of two motor graders for the highway department; annual payments of principal and 6.25% interest in the amount of \$51,273.50 will be made from the Road and Bridge Fund. These payments started in November 2008 and continued until November 2014. At December 31, 2014 this lease had been fully paid.	\$	0.00
Lease Purchase of one motor grader for the highway department; annual payments of principal and 4.05% interest in the amount of \$43,875.74 will be made from the Road and Bridge Fund. These payments started in April 2012 and will continue until April 2017.	\$	121,463.54