

WALWORTH COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2013

WALWORTH COUNTY
COUNTY OFFICIALS
December 31, 2013

Board of Commissioners:

Denis Arbach
Phylliss Pudwill
Don Leff
Richard Godkin
Duane Martin

Auditor:
Rebecca Krein

Treasurer:
Greg Pudwill

State's Attorney:
James Hare

Register of Deeds:
Susan Eisemann

Sheriff:
Duane Mohr



WALWORTH COUNTY
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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
Walworth County
Selby, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Walworth County, South Dakota (County), as of December 31, 2013, 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 November 6, 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.

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. 2013-001 and No. 2013-002 to be material weaknesses.

Compliance and Other Matters

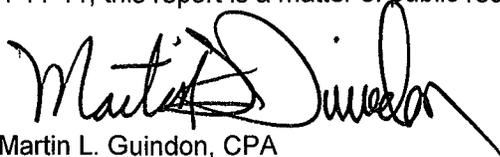
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination 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 or other matters that are required to be reported under *Government Auditing Standards*.

County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

November 6, 2014

WALWORTH COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Findings:

Finding No. 2011-01:

The County Auditor did not prepare, publish or file with the Auditor General of the Department of Legislative Audit on a timely basis annual financial reports for the years ended December 31, 2010 and December 31, 2011 as required by South Dakota Codified Law (SDCL) 7-10-4. This finding has not been resolved and is restated as a part of current audit finding No. 2013-004.

Finding No. 2011-02:

The unassigned fund balance of the General Fund exceeded the maximum allowed by South Dakota Codified Law (SDCL) 7-21-18.1 by approximately \$676,000 as of December 31, 2011. This finding has not been resolved and is restated as current audit finding No. 2013-003.

SCHEDULE OF CURRENT AUDIT FINDINGS

Current Other Audit Findings:

Internal Control-Related Findings - Material Weaknesses:

Cash Internal Control Deficiencies

Finding No. 2013-001:

The County's internal controls over 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; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.

We noted the following internal control deficiencies over cash:

- a. The County Treasurer's Daily Balance Record was not reconciled to the bank account balances since April of 2013. Without reconciliation between the County Treasurer Daily Balance Record and the bank account balances, the County Auditor was unable to determine whether the General Ledger Cash balances were correct.

The Department of Legislative Audit was contacted to provide assistance in resolving the discrepancies. We assisted in reconciling the County Treasurer Daily Balance Record to the bank accounts as of December 31, 2013. We also assisted in reconciling the County Treasurer's records to the General Ledger maintained by the County Auditor. Variances found were primarily, but not limited to, the County Treasurer not correctly accounting for activity directly deposited into the County's bank accounts and the County Auditor making incorrect adjusting journal entries affecting the General Ledger Cash accounts.

- b. The December 31, 2013 cash balances recorded in the general ledger for Law Library, Advance Tax, and Overpayment of Taxes Funds did not reflect the correct balances. The Law Library Fund had a negative balance of \$3,857.75 as of December 31, 2013 and as of May 31, 2014 the negative balance had grown to \$9,513.56. The Advance Tax Fund had a negative balance of \$1,914.88 as of May 31, 2014. The negative balance was due to incorrectly making payments out of the Advance Tax Fund that should have come from the Partial Payments Fund. The Overpayment of Taxes Fund was overstated by \$7,029.28, as of December 31, 2013. The overstated balance was due to not making the correct accounting entries to reduce cash when disbursing amounts from the fund. The Overpayment of Taxes Fund should have reflected a December 31, 2013 balance of \$23.50.
- c. Proper subsidiary records were not maintained for the Advance Tax Fund and the Partial Payments Fund making it very difficult to determine the individual taxpayer to which the funds should be allocated.
- d. The Auditor's Account with the Treasurer, required by South Dakota Codified Law (SDCL) 7-10-3, was not being completed and compared to the cash balance in the general ledger. The Auditor's Account with the Treasurer serves as a check and balance of the County Treasurer's Office by verifying all cash items and bank accounts noted in the Treasurer's Daily Balance Record for propriety.
- e. The County Treasurer did not provide adequate supporting documentation to the County Auditor when signing treasurer checks to allow the County Auditor to determine the propriety of the treasurer's checks.
- f. Adjustments to miscellaneous receipts made by the County Treasurer were not reviewed by the County Auditor for propriety. Instances were noted where adjusting entries did not contain documentation of approval or review by an individual other than the person preparing the entry. Instances were also found where adjusting entries lacked an adequate explanation.

As a result, the County was exposed to an increased risk of accounting errors or irregularities not being detected in a timely manner.

RECOMMENDATIONS:

1. We recommend the County perform a monthly reconciliation of the bank accounts balances to the County Treasurer's records and to the general ledger cash balances.
2. We recommend the County perform a monthly reconciliation of the Agency Fund cash balances to assure the accuracy of the cash balance amounts.
3. We recommend the County establish and maintain proper subsidiary records for the Advance Tax Fund and the Partial Payments Fund and reconcile the subsidiary records to the general ledger cash balances.
4. We recommend the County Auditor perform a monthly verification of the County Treasurer's accounts as required by SDCL 7-10-3 and document and resolve any variances between the general ledger cash balances and reconciled County Treasurer's cash balances.
5. We recommend the County Treasurer provide proper supporting documentation for treasurer's change checks to the County Auditor.
6. We recommend the County Auditor review all adjustments made to miscellaneous receipts by the County Treasurer's Office and that all adjusting entries made by the County Auditor include an adequate explanation and evidence of independent review.

Management's Response:

The board fully agrees with all recommendations and fully attempt to follow through with each.

Financial Reporting Errors

Finding No. 2013-002:

Internal accounting controls over financial reporting were inadequate resulting in inaccurate and incomplete information being presented to users of the annual financial report.

Analysis:

We noted the following significant errors in the County's annual financial report for the year ended December 31, 2013:

- a. Statement of Net Position – Governmental Activities – Net Position contained reporting errors totaling \$1,257,631.92 which were necessary to make Net Position agree with total Fund Balance reported on the Balance Sheet.
- b. Statement of Net Position – Business Type Activities – Unrestricted Net Position was understated by \$681,686.81 and Restricted Net Position was overstated the same amount.
- c. Statement of Activities – Governmental Activities – revenues totaling \$427,806.22 were not reported in the proper category.
- d. Road and Bridge Fund – Assigned Fund Balance was understated by \$190,479.19; the result of incorrectly preparing monitoring compliance worksheets tracking restricted dollars and reporting Unassigned Fund Balance in a Special Revenue Fund.
- e. Road and Bridge Fund – State Grant revenues and Highways, Roads and Bridges expenditures were understated in the amount of \$144,798.76 due to incorrectly reporting a budget supplement as a revenue and expenditure reduction.
- f. Other Governmental Funds – 911 Remittance revenue, totaling \$86,300.60, was incorrectly reported as 911 Telephone Surcharge Taxes.
- g. Cash and Cash Equivalents were overstated and Investments were understated in the amount of \$2,250,000.00 due to incorrectly reporting certificates of deposit with a maturity greater than 90 days as a Cash and Cash Equivalent.

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

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 report received information of diminished reliability.

RECOMMENDATION:

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

Management's Response:

The board agrees that we need to be more aware of internal accounting controls and financial reporting.

Compliance and Other Matters:

Surplus Unassigned Fund Balance

Finding No. 2013-003:

The unassigned fund balance of the General Fund exceeded the maximum allowed by SDCL 7-21-18.1 by approximately \$787,000 as of December 31, 2013. This is the fifth consecutive audit to contain this finding.

Analysis:

SDCL 7-21-18.1 states: "The total unreserved, undesignated fund balance of the general fund may not exceed forty percent of the total amount of all general fund appropriations contained in the budget for the next fiscal year...."

Governmental Accounting Standards Board (GASB) Statement 54, paragraph 17 states: "Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund."

GASB 54 changed the manner in which fund balance is to be reported by changing unreserved, undesignated fund balance to unassigned fund balance. So while SDCL 7-21-18.1 refers to unreserved, undesignated fund balance and GASB 54 refers to unassigned fund balance these terms are synonymous.

Our analysis of the County General Fund indicated an excessive unassigned fund balance existed at December 31, 2013 as follows:

Total Unassigned Fund Balance at December 31, 2013		\$ 1,836,611.38
Less:		
2014 General Fund Appropriations	2,622,033.00	
Percentage of Allowable Retainage	<u>40%</u>	
Allowable Fund Balance Retainage		<u>(1,048,813.20)</u>
Unassigned Surplus Fund Balance at December 31, 2013 in Excess of the Amount Allowed by SDCL 7-21-18.1		<u>\$ 787,798.18</u>

RECOMMENDATION:

8. We recommend the unassigned fund balance of the General Fund be limited to 40 percent of the next year's General Fund appropriations as required by SDCL 7-21-18.1.

Management's Response:

The board is aware of the excess and will consider all options and move towards compliance.

Noncompliance with South Dakota Codified Laws

Finding No. 2013-004:

The County did not comply with several SDCL's governing the operations of the County.

Analysis:

a. SDCL 7-10-4 states:

"The county auditor shall prepare by the first day in March of each year a report of the revenues and expenditures of the previous year 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 report for the County for the year ended December 31, 2012 was not filed with the Department of Legislative Audit until November 25, 2013 and was not published until December 5, 2013. The annual financial report for the County for the year ended December 31, 2013 was filed timely with the Department of Legislative Audit but has not been published. This is the fourth consecutive audit report in which this finding has appeared.

In addition to being in violation of SDCL 7-10-4, the County's failure to prepare and publish the annual financial reports on a timely basis resulted in withholding financial information from the taxpayers of the County.

- b. SDCL 7-21-18.1 states that the total unreserved, undesignated fund balance of the General Fund of the County as of March 31st and September 30th shall be published in the minutes of the proceedings of the Board of County Commissioners and reported to the Department of Legislative Audit on forms prescribed by the Department of Legislative Audit. The County Auditor did not publish the September 30, 2012, March 31, 2013, and September 30, 2013 total unreserved, undesignated fund balances of the General Fund in the minutes or report them to the Department of Legislative Audit.
- c. SDCL 10-43-77 states that the County Treasurer, upon receipt of the funds [Bank Franchise Tax] remitted to the County, pursuant to SDCL's 10-43-75.1 and 10-45-76, shall apportion and distribute the funds between the taxing subdivisions, including the County, in the same proportion as the average of personal property taxes assessed in each taxing subdivision, including the County, for calendar years 1972, 1973, 1974, 1975, and 1976 were distributed as determined and certified by the Secretary of Revenue and Regulation. The County incorrectly apportioned the Bank Franchise taxes received using a personal property tax replacement distribution worksheet. The Department of Legislative Audit recommended in 2010 that the personal property tax replacement distribution worksheet not be used and SDCL 10-43-77 be followed. By not following SDCL 10-43-77 the County is at risk for not apportioning the correct amounts to the taxing subdivisions. As a result, for calendar year 2012, 2013, and 2014, the County was over remitted \$31,587.34, municipalities were over remitted \$19,109.76, and school districts were under remitted \$50,697.10.
- d. Refuge Revenue Sharing is an annual payment received directly from the United States Department of Interior, Fish and Wildlife Service. These funds are received based on land owned by the Federal Government and under the administration of the U.S. Fish and Wildlife Service, such as Waterfowl Production Areas. The payment received in 2013, in the amount of \$1,911.00, was not apportioned to the various governments. This payment should be apportioned to the various governments in the same proportion as representative tax bills for the area.
- e. The apportionment and distribution for the CY 2013 25% County Road remittance, totaling \$5,119.76, was not made as required by SDCL 10-12-9.
- f. In 2011 the County incorrectly distributed the Motor Fuel Tax receipt to municipalities, recording the distribution as prorate revenue. The State of South Dakota caught the mistake and recommended a correction in 2012. We found no evidence a correction, in the amount of

\$843.94, was made in either 2012 or 2013 in order for the County to get reimbursed. SDCL 10-47B-149.1 states that the money should be receipted into the Road and Bridge Fund with 40% of the amount dedicated for secondary road use.

- g. Monitoring compliance worksheets for tracking restricted fund balances for Secondary Road, Snow Removal, and Highway, Bridge and Reserve within the Road and Bridge Fund were not properly prepared resulting in incorrect information being provided to the County Commission and Highway Department. The compliance worksheets tracking Secondary Road monies did not reflect all the County's secondary road expenditures and revenues restricted for secondary road use. Monitoring compliance worksheets document compliance over Highway, Bridge and Reserve monies in accordance with SDCL 10-12-13, Secondary Road monies in accordance with SDCL 31-12-27, and Snow Removal and Emergency funds in accordance with SDCL's 34-5-2 and 34-5-3.
- h. SDCL 10-17-9 states that the County Auditor shall reconcile the unpaid taxes shown in the tax lists that are no more than six years old to the unpaid balance of taxes in the tax list account each December thirty-first or within thirty days thereafter. We found no evidence that the County Auditor performed the required reconciliation.
- i. SDCL 10-23-2 states that the County Treasurer shall give notice of the sale of real property for taxes or assessments by publication in the official newspapers of the County. The County Auditor is to reconcile the published list of unpaid taxes to the unpaid taxes in the tax list. The County Auditor did not perform a reconciliation of the December 2013 published list of unpaid taxes to the unpaid taxes in the County Treasurer's tax list as required by SDCL 10-23-2.
- j. Nine certificates of deposit, totaling \$626,737.48, restricted for landfill closure and postclosure use did not have the South Dakota Department of Environment and Natural Resources listed on the certificates as is required by SDCL 34A-6-1.12.

RECOMMENDATIONS:

- 9. We recommend the County Auditor prepare and publish the County annual report within the timeframe established by SDCL 7-10-4.
- 10. We recommend the County Auditor publish in the minutes and file the report of the March 31st and September 30th total unreserved, undesignated fund balances of the General Fund in accordance with SDCL 7-21-18.1.
- 11. We recommend the County Treasurer apportion Bank Franchise taxes in accordance with SDCL 10-43-77. Also, we recommend the County consult with legal counsel to determine appropriate corrective action for the incorrect apportionment of the Bank Franchise taxes for calendar years 2012, 2013, and 2014.
- 12. We recommend the County properly apportion the 2013 Refuge Revenue Sharing remittance to the various taxing entities.
- 13. We recommend the County apportion and distribute the 2013 25% County Road remittance to the proper entities.
- 14. We recommend the County adjust their 2014 Prorate distribution to the municipalities to recover the overpayment of Motor Fuel Tax revenue.
- 15. We recommend monitoring compliance worksheets be properly prepared.

16. We recommend the County Auditor reconcile the published list of unpaid taxes to the unpaid taxes in the tax list in accordance with SDCL 10-23-2.
17. We recommend the County Auditor reconcile the tax account record with the tax list in accordance with SDCL 10-17-9.
18. We recommend that certificates of deposit restricted for landfill closure and postclosure use list the South Dakota Department of Environment and Natural Resources on the certificates as is required by SDCL 34A-6-1.12.

Management's Response:

The board will strive to work with our Department heads to address every issue requiring attention.



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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

County Commission
Walworth County
Selby, South Dakota

Report on the Financial Statements

We have audited the accompanying modified cash basis of accounting financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Walworth County, South Dakota (County), as of December 31, 2013, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Walworth County as of December 31, 2013, 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.

The County changed its basis of accounting from a basis consistent with accounting principles generally accepted in the United States to a modified cash basis of accounting. Accordingly, a comparison of the accompanying financial statements to financial statements presented in prior years is not recommended.

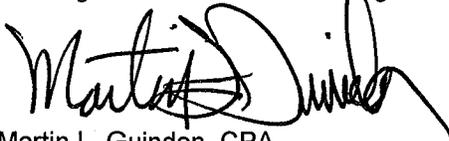
Other Matters

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 November 6, 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

November 6, 2014

WALWORTH COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and Cash Equivalents	\$ 1,708,712.14	\$ 753,522.14	\$ 2,462,234.28
Investments	2,250,000.00		2,250,000.00
Restricted Assets:			
Cash and Cash Equivalents		54,949.33	54,949.33
Investments		626,737.48	626,737.48
TOTAL ASSETS	<u>\$ 3,958,712.14</u>	<u>\$ 1,435,208.95</u>	<u>\$ 5,393,921.09</u>
NET POSITION:			
Restricted For: (See Note 6)			
Road and Bridge Purposes	\$ 673,243.23	\$	\$ 673,243.23
911 Service Purposes	195,932.78		195,932.78
Other Purposes	38,266.62		38,266.62
Unrestricted	<u>3,051,269.51</u>	<u>1,435,208.95</u>	<u>4,486,478.46</u>
TOTAL NET POSITION	<u>\$ 3,958,712.14</u>	<u>\$ 1,435,208.95</u>	<u>\$ 5,393,921.09</u>

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

WALWORTH 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	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 980,310.84	\$ 124,183.16	\$ 5,087.53	\$	\$ (851,040.15)	\$	\$ (851,040.15)
Public Safety	833,595.28	212,214.33	173,572.37		(447,808.58)		(447,808.58)
Public Works	1,580,963.07	2,282.94	1,028,539.55		(550,140.58)		(550,140.58)
Health and Welfare	104,398.23	7,942.73			(96,455.50)		(96,455.50)
Culture and Recreation	17,842.47				(17,842.47)		(17,842.47)
Conservation of Natural Resources	93,885.97	33,354.09	4,947.31		(55,584.57)		(55,584.57)
Urban and Economic Development	323,012.63			309,000.00	(14,012.63)		(14,012.63)
Intergovernmental Expenditures	13,951.58				(13,951.58)		(13,951.58)
Total Governmental Activities	3,947,960.07	379,977.25	1,212,146.76	309,000.00	(2,046,836.06)	0.00	(2,046,836.06)
Business-Type Activities:							
Solid Waste	527,020.39	536,373.64				9,353.25	9,353.25
Total Primary Government	\$ 4,474,980.46	\$ 916,350.89	\$ 1,212,146.76	\$ 309,000.00	(2,046,836.06)	9,353.25	(2,037,482.81)
General Revenues:							
Taxes:							
Property Taxes					1,864,523.23		1,864,523.23
Wheel Tax					138,672.81		138,672.81
State Shared Revenues					81,657.41		81,657.41
Grants and Contributions not Restricted to Specific Programs					39,639.00		39,639.00
Unrestricted Investment Earnings					14,240.66	4,148.90	18,389.56
Miscellaneous Revenue					151,018.57	6,937.05	157,955.62
Total General Revenues					2,289,751.68	11,085.95	2,300,837.63
Change in Net Position					242,915.62	20,439.20	263,354.82
Net Position - Beginning					3,715,796.52	1,414,769.75	5,130,566.27
NET POSITION - ENDING					\$ 3,958,712.14	\$ 1,435,208.95	\$ 5,393,921.09

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
General Government	\$ 909,636.44	\$ 113,156.21	\$ 9,022.72	\$ (787,457.51)	\$	\$ (787,457.51)
Public Safety	842,613.86	93,630.64	93,227.33	(655,755.89)		(655,755.89)
Public Works	1,247,125.65	108,644.64	850,293.29	(288,187.72)		(288,187.72)
Health and Welfare	112,200.78	5,304.06		(106,896.72)		(106,896.72)
Culture and Recreation	20,500.93			(20,500.93)		(20,500.93)
Conservation of Natural Resources	99,381.62	33,582.17	4,125.00	(61,674.45)		(61,674.45)
Urban and Economic Development	14,091.97	190.00		(13,901.97)		(13,901.97)
Intergovernmental Expenditures	15,332.62			(15,332.62)		(15,332.62)
Total Governmental Activities	3,260,883.87	354,507.72	956,668.34	(1,949,707.81)	0.00	(1,949,707.81)
Business-Type Activities:						
Solid Waste	453,693.71	526,004.35	94,513.28		166,823.92	166,823.92
Total Primary Government	\$ 3,714,577.58	\$ 880,512.07	\$ 1,051,181.62	(1,949,707.81)	166,823.92	(1,782,883.89)
General Revenues:						
Taxes:						
Property Taxes				1,802,621.34		1,802,621.34
Wheel Tax				137,663.93		137,663.93
911 Telephone Surcharge				37,654.21		37,654.21
State Shared Revenues				78,117.92		78,117.92
Grants and Contributions not Restricted to Specific Programs				41,742.15		41,742.15
Unrestricted Investment Earnings				22,289.13	7,782.88	30,072.01
Miscellaneous Revenue				154,463.58	250.00	154,713.58
Total General Revenues				2,274,552.26	8,032.88	2,282,585.14
Change in Net Position				324,844.45	174,856.80	499,701.25
Net Position - Beginning				6,895,274.81	1,469,230.73	8,364,505.54
Adjustments:						
Change in Basis of Accounting (See Note 12)				(3,504,322.74)	(229,317.78)	(3,733,640.52)
Adjusted Net Position - Beginning				3,390,952.07	1,239,912.95	4,630,865.02
NET POSITION - ENDING				\$ 3,715,796.52	\$ 1,414,769.75	\$ 5,130,566.27

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

WALWORTH COUNTY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2013

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 717,420.95	\$ 772,276.36	\$ 219,014.83	\$ 1,708,712.14
Investments	2,000,000.00	250,000.00		2,250,000.00
TOTAL ASSETS	<u><u>\$ 2,717,420.95</u></u>	<u><u>\$ 1,022,276.36</u></u>	<u><u>\$ 219,014.83</u></u>	<u><u>\$ 3,958,712.14</u></u>
FUND BALANCES: (See Note 1.k.)				
Restricted	\$ 15,184.57	\$ 673,243.23	\$ 219,014.83	\$ 907,442.63
Assigned	865,625.00	349,033.13		1,214,658.13
Unassigned	1,836,611.38			1,836,611.38
TOTAL FUND BALANCES	<u><u>\$ 2,717,420.95</u></u>	<u><u>\$ 1,022,276.36</u></u>	<u><u>\$ 219,014.83</u></u>	<u><u>\$ 3,958,712.14</u></u>

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

WALWORTH 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	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 1,808,343.60	\$ 37,592.55	\$ 5,012.01	\$ 1,850,948.16
General Property Taxes--Delinquent	8,746.93	170.08	4.61	8,921.62
Penalties and Interest	2,968.15	63.46	2.63	3,034.24
Mobile Home Tax	1,564.07	33.52	2.71	1,600.30
Wheel Tax		138,672.81		138,672.81
Tax Deed Revenue	18.30			18.30
Other Taxes			0.61	0.61
Licenses and Permits	8,918.50		1,080.00	9,998.50
Intergovernmental Revenue:				
Federal Grants	24,781.72		371,490.05	396,271.77
Federal Shared Revenue	1,911.00			1,911.00
Federal Payments in Lieu of Taxes	39,639.00			39,639.00
State Grants	4,947.31	144,798.76		149,746.07
State Shared Revenue:				
Bank Franchise	45,188.40	562.59		45,750.99
Motor Vehicle Licenses		647,460.14		647,460.14
State Highway Fund (former 10% game)		32,079.40		32,079.40
Court Appointed Attorney/Public Defender	4,024.21			4,024.21
Prorate/Port of Entry Fees		36,201.24		36,201.24
Abused and Neglected Child Defense	1,063.32			1,063.32
63 3/4% Mobile Home		9,550.52		9,550.52
Secondary Road Motor Vehicle Remittances		158,449.49		158,449.49
Telecommunications Gross Receipts Tax	35,906.42			35,906.42
911 Remittances			86,300.60	86,300.60
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	10,584.65			10,584.65
Register of Deeds' Fees	55,223.25		2,832.00	58,055.25

Legal Services	21,323.14		400.00	21,723.14
Clerk of Courts Fees	6,068.00			6,068.00
Other Fees	1,164.98			1,164.98
Public Safety:				
Law Enforcement	15,352.23			15,352.23
Prisoner Care	191,685.46			191,685.46
Sobriety Testing			57.94	57.94
Public Works:				
Road Maintenance Contract Charges		2,282.94		2,282.94
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	7,517.23			7,517.23
Health Assistance:				
Other	425.50			425.50
Conservation of Natural Resources	33,354.09			33,354.09
Other Charges	477.64			477.64
Fines and Forfeits:				
Costs	3,598.70			3,598.70
Forfeits	1,520.00			1,520.00
Miscellaneous Revenue:				
Investment Earnings	9,185.76	4,348.10	706.80	14,240.66
Rent	14,200.00			14,200.00
Contributions and Donations	82.69		362.50	445.19
Refund of Prior Year's Expenditures	1,030.97	1,839.00	470.00	3,339.97
Other	70.00			70.00
Total Revenues	<u>2,360,885.22</u>	<u>1,214,104.60</u>	<u>468,722.46</u>	<u>4,043,712.28</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners	121,682.34			121,682.34
Elections	2,943.60			2,943.60
Judicial System	31,665.20			31,665.20

Financial Administration:

Auditor	111,712.94			111,712.94
Treasurer	122,205.63			122,205.63

Legal Services:

State's Attorney	163,813.22			163,813.22
Court Appointed Attorney	67,777.34			67,777.34
Abused and Neglected Child Defense	22,793.51			22,793.51

WALWORTH 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	Other Governmental Funds	Total Governmental Funds
Other Administration:				
General Government Building	71,596.04			71,596.04
Director of Equalization	142,425.72			142,425.72
Register of Deeds	104,928.82			104,928.82
Veterans Service Officer	14,559.05			14,559.05
Predatory Animal	2,207.43			2,207.43
Public Safety:				
Law Enforcement:				
Sheriff	223,184.68		603.05	223,787.73
County Jail	470,487.98			470,487.98
Coroner	4,497.51			4,497.51
Protective and Emergency Services:				
Fire Protection			4,900.00	4,900.00
Emergency and Disaster Services	27,191.22		35,730.84	62,922.06
Communication Center			67,000.00	67,000.00
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		1,580,963.07		1,580,963.07
Health and Welfare:				
Economic Assistance:				
Support of Poor	16,269.32			16,269.32
Other	2,500.00			2,500.00
Health Assistance:				
County Nurse	32,310.00			32,310.00
Ambulance	25,925.00			25,925.00
Other	583.24			583.24
Mental Health Services:				
Mentally Ill	8,124.84			8,124.84
Developmentally Disabled	900.00			900.00
Mental Health Centers	15,500.00			15,500.00

Mental Illness Board	2,285.83			2,285.83
Culture and Recreation:				
Culture:				
Historical Museum	4,000.00			4,000.00
Recreation:				
Parks	144.47			144.47
Senior Center	2,000.00			2,000.00
Other	11,698.00			11,698.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	26,962.43			26,962.43
Weed and Pest Control	66,923.54			66,923.54
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	4,012.63			4,012.63
Urban and Rural Development			309,000.00	309,000.00
Economic Development:				
Tourism, Industrial or Recreational Development	10,000.00			10,000.00
Intergovernmental Expenditures		13,951.58		13,951.58
Total Expenditures	<u>1,935,811.53</u>	<u>1,594,914.65</u>	<u>417,233.89</u>	<u>3,947,960.07</u>
Excess of Revenues Over (Under) Expenditures	<u>425,073.69</u>	<u>(380,810.05)</u>	<u>51,488.57</u>	<u>95,752.21</u>
Other Financing Sources (Uses):				
Long-Term Debt Issued	6,384.41			6,384.41
Insurance Proceeds	5.00	140,774.00		140,779.00
Total Other Financing Sources (Uses)	<u>6,389.41</u>	<u>140,774.00</u>	<u>0.00</u>	<u>147,163.41</u>
Net Change in Fund Balance	431,463.10	(240,036.05)	51,488.57	242,915.62
Fund Balance - Beginning	<u>2,285,957.85</u>	<u>1,262,312.41</u>	<u>167,526.26</u>	<u>3,715,796.52</u>
FUND BALANCE - ENDING	<u>\$ 2,717,420.95</u>	<u>\$ 1,022,276.36</u>	<u>\$ 219,014.83</u>	<u>\$ 3,958,712.14</u>

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

WALWORTH 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	\$ 1,744,055.68	\$ 36,335.59	\$ 4,826.12	\$ 1,785,217.39
General Property Taxes--Delinquent	11,688.14	229.14	10.25	11,927.53
Penalties and Interest	3,520.02	74.95	3.83	3,598.80
Mobile Home Tax	1,619.43	34.71	3.00	1,657.14
Wheel Tax		137,663.93		137,663.93
911 Telephone Surcharge			37,654.21	37,654.21
Tax Deed Revenue	220.48			220.48
Licenses and Permits	3,672.50		840.00	4,512.50
Intergovernmental Revenue:				
Federal Grants	50,406.23		25,161.20	75,567.43
Federal Shared Revenue	1,126.15			1,126.15
Federal Payments in Lieu of Taxes	40,616.00			40,616.00
State Grants	4,125.00			4,125.00
State Shared Revenue:				
Bank Franchise	42,694.18	527.30		43,221.48
Motor Vehicle Licenses		641,989.47		641,989.47
State Highway Fund (former 10% game)		32,079.40		32,079.40
Court Appointed Attorney/Public Defender	4,945.08			4,945.08
Prorate/Port of Entry Fees		13,514.70		13,514.70
Abused and Neglected Child Defense	2,327.10			2,327.10
63 3/4% Mobile Home		16,512.48		16,512.48
Secondary Road Motor Vehicle Remittances		146,197.24		146,197.24
Telecommunications Gross Receipts Tax	34,896.44			34,896.44
Motor Vehicle 1/4%	1,750.54			1,750.54
911 Remittances			17,659.90	17,659.90
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	9,285.11			9,285.11
Register of Deeds' Fees	54,543.70		2,151.00	56,694.70
Legal Services	22,455.62		250.00	22,705.62

Clerk of Courts Fees	5,333.60			5,333.60
Other Fees	3,017.63			3,017.63
Public Safety:				
Law Enforcement	13,518.22			13,518.22
Prisoner Care	71,104.66			71,104.66
Sobriety Testing			221.75	221.75
Public Works:				
Road Maintenance Contract Charges		108,644.64		108,644.64
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	5,304.06			5,304.06
Urban and Economic Development	190.00			190.00
Conservation of Natural Resources	33,582.17			33,582.17
Other Charges	897.05			897.05
Fines and Forfeits:				
Costs	4,890.01			4,890.01
Forfeits	3,896.00			3,896.00
Miscellaneous Revenue:				
Investment Earnings	15,720.64	5,714.35	854.14	22,289.13
Rent	10,710.00			10,710.00
Contributions and Donations	0.62		201.75	202.37
Refund of Prior Year's Expenditures	72.21			72.21
Other	2,430.00			2,430.00
Total Revenues	<u>2,204,614.27</u>	<u>1,139,517.90</u>	<u>89,837.15</u>	<u>3,433,969.32</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners	125,492.03			125,492.03
Elections	20,595.16			20,595.16
Judicial System	25,070.47			25,070.47

Financial Administration:

Auditor	93,911.57			93,911.57
Treasurer	113,486.94			113,486.94
Other	3,384.85			3,384.85

Legal Services:

State's Attorney	158,678.33			158,678.33
Court Appointed Attorney	69,736.86			69,736.86
Abused and Neglected Child Defense	22,442.79			22,442.79

Other Administration:

General Government Building	73,233.83			73,233.83
Director of Equalization	90,353.19			90,353.19

WALWORTH 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>
Register of Deeds	97,254.05			97,254.05
Veterans Service Officer	13,788.94			13,788.94
Predatory Animal	2,207.43			2,207.43
Public Safety:				
Law Enforcement:				
Sheriff	240,894.93		357.47	241,252.40
County Jail	466,431.97			466,431.97
Coroner	6,530.06			6,530.06
Juvenile Detention	10,794.48			10,794.48
Other Law Enforcement			2,528.80	2,528.80
Protective and Emergency Services:				
Fire Protection			16,344.00	16,344.00
Emergency and Disaster Services	30,106.30		32,532.12	62,638.42
Communication Center			36,093.73	36,093.73
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		1,247,125.65		1,247,125.65
Health and Welfare:				
Economic Assistance:				
Support of Poor	22,687.63			22,687.63
Other	2,500.00			2,500.00
Health Assistance:				
County Nurse	30,770.00			30,770.00
Ambulance	25,470.00			25,470.00
Other	285.37			285.37
Social Services:				
Domestic Abuse			2,810.00	2,810.00
Mental Health Services:				
Mentally Ill	2,030.32			2,030.32
Developmentally Disabled	600.00			600.00
Drug Abuse	3,000.00			3,000.00
Mental Health Centers	15,500.00			15,500.00

Mental Illness Board	6,547.46			6,547.46
Culture and Recreation:				
Culture:				
Historical Museum	4,000.00			4,000.00
Recreation:				
Parks	532.93			532.93
Senior Center	4,000.00			4,000.00
Other	11,968.00			11,968.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	32,077.26			32,077.26
Weed and Pest Control	67,304.36			67,304.36
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	3,931.97			3,931.97
Urban and Rural Development	160.00			160.00
Economic Development:				
Tourism, Industrial or Recreational Development	10,000.00			10,000.00
Intergovernmental Expenditures		15,332.62		15,332.62
Total Expenditures	<u>1,907,759.48</u>	<u>1,262,458.27</u>	<u>90,666.12</u>	<u>3,260,883.87</u>
Excess of Revenues Over (Under) Expenditures	<u>296,854.79</u>	<u>(122,940.37)</u>	<u>(828.97)</u>	<u>173,085.45</u>
Other Financing Sources (Uses):				
Transfers In		300,000.00		300,000.00
Transfers Out	(300,000.00)			(300,000.00)
Sale of County Property		151,759.00		151,759.00
Total Other Financing Sources (Uses)	<u>(300,000.00)</u>	<u>451,759.00</u>	<u>0.00</u>	<u>151,759.00</u>
Net Change in Fund Balance	<u>(3,145.21)</u>	<u>328,818.63</u>	<u>(828.97)</u>	<u>324,844.45</u>
Fund Balance - Beginning	2,347,156.13	1,392,178.68	160,340.87	3,899,675.68
Adjustments:				
Change in Basis of Accounting (See Note 12)	<u>(58,053.07)</u>	<u>(458,684.90)</u>	<u>8,014.36</u>	<u>(508,723.61)</u>
Adjusted Fund Balance Beginning	<u>2,289,103.06</u>	<u>933,493.78</u>	<u>168,355.23</u>	<u>3,390,952.07</u>
FUND BALANCE - ENDING	<u>\$ 2,285,957.85</u>	<u>\$ 1,262,312.41</u>	<u>\$ 167,526.26</u>	<u>\$ 3,715,796.52</u>

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

WALWORTH COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2013

	Enterprise Funds
	Solid Waste
	Fund
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 753,522.14
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	54,949.33
Restricted Investments	626,737.48
Total Noncurrent Assets	681,686.81
TOTAL ASSETS	\$ 1,435,208.95
NET POSITION:	
Unrestricted	\$ 1,435,208.95
TOTAL NET POSITION	\$ 1,435,208.95

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

WALWORTH COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	Enterprise Funds
	Solid Waste
	Fund
Operating Revenues:	
Charges for Goods and Services	\$ 536,373.64
Miscellaneous	5,437.05
Total Operating Revenues	541,810.69
Operating Expenses:	
Personal Services	220,288.42
Other Current Expense	306,731.97
Total Operating Expenses	527,020.39
Operating Income (Loss)	14,790.30
Nonoperating Revenues (Expenses):	
Investment Earnings	4,148.90
Sale of County Property	1,500.00
Total Nonoperating Revenues (Expenses)	5,648.90
Change in Net Position	20,439.20
Net Position - Beginning	1,414,769.75
NET POSITION - ENDING	\$ 1,435,208.95

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

WALWORTH COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	Enterprise Funds
	Solid Waste
	Fund
Operating Revenues:	
Charges for Goods and Services	\$ 526,004.35
Operating Expenses:	
Personal Services	201,674.46
Other Current Expense	236,319.25
Capital Assets	15,700.00
Total Operating Expenses	453,693.71
Operating Income (Loss)	72,310.64
Nonoperating Revenues (Expenses):	
Operating Grants	94,513.28
Investment Earnings	7,782.88
Rental Revenue	250.00
Total Nonoperating Revenues (Expenses)	102,546.16
Change in Net Position	174,856.80
Net Position - Beginning	1,469,230.73
Adjustments:	
Change in Basis of Accounting (See Note 12)	(229,317.78)
Adjusted Net Position - Beginning	1,239,912.95
NET POSITION - ENDING	\$ 1,414,769.75

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

WALWORTH COUNTY
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
December 31, 2013

	<u>Agency Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ 602,852.01
TOTAL ASSETS	<u>\$ 602,852.01</u>
NET POSITION:	
Net Position Held in Agency Capacity	\$ 602,852.01
TOTAL NET POSITION	<u>\$ 602,852.01</u>

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

WALWORTH 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 Walworth 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 (HRC) under the authority of South Dakota Codified Law (SDCL) 11-7-7. The County created the HRC solely for the purpose of abdicating its power or authority over administering the section 8 housing assistance program within the County to the Mobridge Housing Commission organized by the City of Mobridge. The five members of the Commission are appointed by the County Commission's Chairperson with the approval of the Board of County Commissioners for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The County Commission, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct a low-income housing unit, or to issue debt, which gives the County Commission the ability to impose its will on the Commission. Because the County activated this HRC solely for the purpose of abdicating its power or authority over administering the section 8 housing assistance program within the County over to the Mobridge Housing Commission organized by the City of Mobridge, this component unit's financial activity was not included on the County's annual report. The financial activity of this component unit is included on the City of Mobridge's annual report.

The County participates in three cooperative units. 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. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

Road and Bridge Fund – to account for funds credited to the road and bridge fund pursuant to SDCL 32-11-4.2 to be used by the board of county commissioners for grading, constructing, planing, dragging, and maintaining county highways and also for

dragging, maintaining, and grading secondary roads. Proper equipment for dragging, grading, and maintaining highways, such as graders, tractors, drags, maintainers, and planers may be purchased from the road and bridge fund. (SDCL 32-11-2 and 32-11-4.2) This is a major fund.

The remaining special revenue funds are not considered major funds: 911 Service, Fire Protection, Emergency Management, Domestic Abuse, Pass-Through Grants, 24/7 Sobriety, DARE Program, and Modernization and Preservation Relief. These funds are reported on the fund financial statements as "Other Governmental Funds."

Proprietary Funds:

Enterprise Funds – Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's principal revenue sources.

- a. *The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)*
- b. *Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.*
- c. *The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).*

Solid Waste Fund – financed primarily by user charges this fund accounts for the solid waste operation of the County as provided by SDCL 34A-6. This is a major fund.

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, both governmental and business-type 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 and business-type 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, while the fund financial statements for proprietary fund types would use the 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 primarily of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by SDCL 4-5-6. Under the modified cash basis of accounting, investments are carried at cost.

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 (both governmental and business-type activities) and the fund financial statements, governmental and business-type activities 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 (both governmental and business-type activities) and the fund financial statements, governmental and business-type activities 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. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in Net Position, revenues and expenses are classified as operating or non-operating revenues and expenses. Operating revenues and expenses directly relate to the purpose of the fund.

i. 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. Proprietary fund equity is classified the same as in the government-wide financial statements. Agency Funds have no fund equity. The Net Position is reported as Net Position Held in Agency Capacity.

j. 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.

k. Fund Balance Classification Policies and Procedures:

In accordance with 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

Revenue Source

Snow and Highway and Bridge Reserve Taxes, Wheel Tax, Motor Vehicle Licenses, State Highway Fund, and Secondary Road Motor Vehicle Remittances

A schedule of fund balances is provided as follows:

**WALWORTH COUNTY
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Restricted For:				
Point of Dispensing Grant Purposes	\$ 15,184.57	\$	\$	\$ 15,184.57
Snow Removal Purposes		44,469.31		44,469.31
Secondary Road Purposes		553,524.85		553,524.85
Highway Bridge and Reserve Purposes		75,249.07		75,249.07
911 Service Purposes			195,932.78	195,932.78
Fire Protection Purposes			11,267.11	11,267.11
Emergency Management Purposes			4,215.49	4,215.49
24/7 Sobriety Purposes			933.69	933.69
DARE Program Purposes			202.76	202.76
Modernization and Preservation Relief Purposes			4,983.00	4,983.00
Domestic Abuse Purposes			1,480.00	1,480.00
Assigned To:				
Applied to Next Year's Budget	485,625.00			485,625.00
Courthouse Renovation Purposes	380,000.00			380,000.00
Road and Bridge Purposes		349,033.13		349,033.13
Unassigned	1,836,611.38			1,836,611.38
Total Fund Balances	<u>\$ 2,717,420.95</u>	<u>\$ 1,022,276.36</u>	<u>\$ 219,014.83</u>	<u>\$ 3,958,712.14</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.

As of December 31, 2013, the County had the following investments:

<u>Investment</u>	<u>Credit Rating</u>	<u>Fair Value</u>
External Investment Pools:		
SDFIT	Unrated	\$ 4,436.19

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing. It is regulated by a nine member board with representation from municipalities, school districts, and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

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. RESTRICTED CASH AND INVESTMENTS

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

<u>Amount:</u>	<u>Purpose:</u>
\$ 681,686.81	For required Closure and Postclosure Costs for the Landfill as required by ARSD 74:27:16:05 for financial assurance.

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. LANDFILLS

The Landfill operation is handled as an Enterprise Fund by the County. The plan for the operation of the disposal site is based on Administrative Rules of the State of South Dakota (ARSD) 74:27:13. Plans for the operation and various contingencies have been prepared for and are available at the office of the Landfill Supervisor.

Based on the most recent assessment of the landfill, the airspace of the landfill site is 1,143,418 cubic yards, with an estimated life expectancy of 30 years. When calculating the closure/postclosure costs, used airspace in cubic yards as provided by Goldsmith Heck Engineers, Inc. was used.

The County is required to recognize the cost of closure and postclosure care as the landfill is used. The County is also required to take into account the possibilities of higher or lower costs due to inflation, changes in technology, or changes in regulations. The County is in compliance with the funding requirements set forth for closure and postclosure.

Financial assurances for corrective action are only required at facilities with known releases of contaminants. The County has not had any know releases of contaminants. The closure/postclosure requirements were established at \$1,034,990.20 for the landfill area with these costs being adjusted each year for the effects of inflation or deflation.

The County has \$288,478.26 and \$393,208.55 set aside in an account for closure and postclosure costs, respectively, for a total of \$681,686.81, as required by ARSD 74:27:16:05, for financial assurance as of December 31, 2013.

Due to the County changing the basis of accounting to the modified cash basis of accounting (see Note 1.c.), the financial statements do not reflect this liability. However, the County has presented as Supplementary Information a Schedule of Changes in Long-Term Debt, along with related notes, which includes details of the Accrued Landfill Closure and Postclosure Care Cost.

Use of the landfill area began in 1993. Refuge deposited at the landfill through December 31, 2013, was 695,270 cubic yards. This amount represents usage of approximately 61 percent of the total landfill capacity.

6. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2013 was as follows:

Major Purposes:

Road and Bridge Purposes	\$ 673,243.23
911 Service Purposes	<u>195,932.78</u>

Other Purposes:

Fire Protection Purposes	11,267.11
Domestic Abuse Purposes	1,480.00
Emergency Management Purposes	4,215.49
24/7 Sobriety Purposes	933.69
Modernization and Preservation Relief Purposes	4,983.00
DARE Program Purposes	202.76
Point of Dispensing Grant Purposes	<u>15,184.57</u>

Total Other Purposes	<u>38,266.62</u>
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Total Restricted Net Position \$ 907,442.63

These balances are restricted due to federal grant and statutory requirements.

7. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2012 were as follows:

	<u>Transfers To:</u>
	Road and Bridge Fund
<u>Transfers From:</u>	<u>Fund</u>

Major Funds:

General Fund	\$ 300,000.00
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The County typically budgets transfers to the Road and Bridge Fund to conduct the indispensable functions of the County.

8. 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 SDCL 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, 2013, 2012, and 2011 were \$85,314.57, \$78,359.72, and \$76,185.89, respectively, equal to the required contributions each year.

9. JOINT VENTURES

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

- Five County Television Translator District
- North Central Regional E-911 Center
- War Hawk Emergency Management District

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.

The members of the Five County Television Translator District are:

- Campbell County
- Edmunds County
- McPherson County
- Potter County
- Walworth County

The joint powers agreement is formulated in accordance with SDCL's 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 assets of the joint venture. However, the entity would share in the net assets 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, 2013, this joint venture had total assets of \$107,163.32, no liabilities, and total net position of \$107,163.32.

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 North Central Regional E-911 Center are:

- Walworth County
- Campbell County
- Corson County
- Edmunds County
- McPherson County
- Perkins County
- Sioux 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 and a responder from the Standing Rock Emergency Services are permanent, nonvoting board members.

The operations and activities of the center are financed by the telephone surcharge, less the state coordinator fee per phone of the participating government entity.

The members interest varies based upon its cumulative contributions. This entity does not have an equity interest in the net assets of the joint venture. However, the entity would share in the net assets 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, 2013, this joint venture had total assets of \$263,695.89, no liabilities, and total net position of \$263,695.89.

The record keeping for this joint venture was turned over to the City of Mobridge in 2014.

War Hawk Emergency Management District

The County participates in a joint venture, known as the War Hawk Emergency Management District, formulated in accordance with SDCL 33-15 for the purpose of providing emergency management services to the participating members.

The members of the War Hawk Emergency Management District are:

- Campbell County
- Corson County
- Dewey County
- Walworth County
- Ziebach County
- Cheyenne Indian Agency Tribal Council
- Standing Rock Tribal Council

The joint powers agreement is formulated in accordance with SDCL 33-15. The joint venture's advisory board is composed of twelve representatives. It consists of one board member and civil defense director from each county and one representative for each of the Indian Tribal Councils.

The board is responsible for appointing a director for the district, for approving the budget, for setting the district's policies, and for holding regular meetings to review the progress of the Emergency Management Organization and to make further recommendations. Dewey County is the recording agency for the district.

Each member has an equal percentage of participation. This entity does not have an equity interest in the net assets of the joint venture. However, the entity would share in the net assets 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 Dewey County.

At December 31, 2013, this joint venture had total assets of \$27,776.94, no liabilities, and total net position of \$27,776.94.

10. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2013, the County was not involved in any litigation.

11. 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, 2013, the County managed its risks as follows:

Employee Health Insurance:

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

Liability Insurance:

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

General Liability,
Automobile Liability,
Officials' Liability, and
Law Enforcement Liability

The agreement with the SDPAA provides that the above coverages will be provided to a \$4,000,000 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, 2013, the County has vested balance in the cumulative reserve fund of \$66,396.10.

The County carries no deductible for the General Liability and Automobile Liability coverages, a \$1,000 deductible for the Officials' Liability coverage, and a \$2,000 deductible for the Law Enforcement Liability coverage.

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

Worker's Compensation:

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

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

Unemployment Benefits:

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

During the two years ended December 31, 2013, no claims for unemployment benefits were paid. At December 31, 2013, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

12. PRIOR PERIOD ADJUSTMENT – BEGINNING FUND BALANCE/NET POSITION ADJUSTMENT FOR CHANGE IN BASIS OF ACCOUNTING

Beginning Fund Balance of the Governmental Funds has been adjusted to restate the cumulative effects of changing from the modified accrual basis of accounting to the modified cash basis of accounting (See Note 1.c.). The following items reconcile the beginning fund balances.

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Accounts Payable	\$ 2,975.45	\$ 1,691.61	\$ 17,106.74	\$ 21,773.80
Accounts Receivable, Net	(9,226.85)		(9,092.38)	(18,319.23)
Due From Other Government	(20,569.90)			(20,569.90)
Inventory of Supplies	(5,245.68)	(438,244.48)		(443,490.16)
Deposits	(22,132.04)	(22,132.03)		(44,264.07)
Prepaid Expenses	(3,854.05)			(3,854.05)
Beginning Fund Balance Adjustments Due to Accounting Change – Modified Accrual to Modified Cash Basis	<u>\$ (58,053.07)</u>	<u>\$ (458,684.90)</u>	<u>\$ 8,014.36</u>	<u>\$ (508,723.61)</u>

Beginning Net Position of the Business-Type Activities/Solid Waste Fund, and the Governmental Activities has been adjusted to restate the cumulative effects of changing from the full accrual basis of accounting to the modified cash basis of accounting (See Note 1.c.). The following items reconcile the beginning net position.

	Total Governmental Activities
Net Affect of Governmental Funds (above)	\$ (508,723.61)
Capital Assets and Related Accumulated Depreciation	(3,027,787.86)
Long-Term Liabilities	61,886.34
Assets Deferred in the funds	<u>(29,697.61)</u>
Beginning Net Position Adjustments Due to Accounting Change – Full Accrual to Modified Cash Basis	<u>\$ (3,504,322.74)</u>
	Business-Type Activities/Solid Waste Fund
Accounts Payable	\$ 51,381.04
Accounts Receivable, Net	(56,878.79)
Due From Other Government	(52,720.02)
Inventory of Supplies	(6,778.70)
Deposits	(22,132.03)
Capital Assets and Related Accumulated Depreciation	(732,558.05)
Compensated Absences	5,349.37
Accrued Landfill Closure and Postclosure Care Costs	<u>585,019.40</u>
Beginning Net Position Adjustments Due to Accounting Change – Full Accrual to Modified Cash Basis	<u>\$ (229,317.78)</u>

SUPPLEMENTARY INFORMATION
WALWORTH 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)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 1,838,444.00	\$ 1,838,444.00	\$ 1,808,343.60	\$ (30,100.40)
General Property Taxes--Delinquent	15,000.00	15,000.00	8,746.93	(6,253.07)
Penalties and Interest	5,400.00	5,400.00	2,968.15	(2,431.85)
Mobile Home Tax	1,740.00	1,740.00	1,564.07	(175.93)
Tax Deed Revenue	0.00	0.00	18.30	18.30
Licenses and Permits	3,710.00	3,710.00	8,918.50	5,208.50
Intergovernmental Revenue:				
Federal Grants	2,000.00	2,000.00	24,781.72	22,781.72
Federal Shared Revenue	544.00	544.00	1,911.00	1,367.00
Federal Payments in Lieu of Taxes	44,000.00	44,000.00	39,639.00	(4,361.00)
State Grants	5,200.00	5,200.00	4,947.31	(252.69)
State Shared Revenue:				
Bank Franchise	25,000.00	25,000.00	45,188.40	20,188.40
Court Appointed Attorney/Public Defender	4,400.00	4,400.00	4,024.21	(375.79)
Abused and Neglected Child Defense	2,300.00	2,300.00	1,063.32	(1,236.68)
Telecommunications Gross Receipts Tax	37,500.00	37,500.00	35,906.42	(1,593.58)
Motor Vehicle 1/4%	1,300.00	1,300.00	0.00	(1,300.00)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	8,315.00	8,315.00	10,584.65	2,269.65
Register of Deeds' Fees	37,000.00	37,000.00	55,223.25	18,223.25
Legal Services	21,375.00	21,375.00	21,323.14	(51.86)
Clerk of Courts Fees	6,500.00	6,500.00	6,068.00	(432.00)
Other Fees	3,870.00	3,870.00	1,164.98	(2,705.02)
Public Safety:				
Law Enforcement	15,015.00	15,015.00	15,352.23	337.23
Prisoner Care	64,700.00	64,700.00	191,685.46	126,985.46
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	3,200.00	3,200.00	7,517.23	4,317.23
Health Assistance:				
Other	500.00	500.00	425.50	(74.50)
Mental Health Services	25.00	25.00	0.00	(25.00)
Urban and Economic Development	300.00	300.00	0.00	(300.00)
Conservation of Natural Resources	5,657.00	5,657.00	33,354.09	27,697.09
Other Charges	1,125.00	1,125.00	477.64	(647.36)
Fines and Forfeits:				
Costs	5,000.00	5,000.00	3,598.70	(1,401.30)
Forfeits	2,000.00	2,000.00	1,520.00	(480.00)
Miscellaneous Revenue:				
Investment Earnings	41,000.00	41,000.00	9,185.76	(31,814.24)
Rent	7,000.00	7,000.00	14,200.00	7,200.00
Contributions and Donations	0.00	0.00	82.69	82.69
Refund of Prior Year's Expenditures	50.00	50.00	1,030.97	980.97
Other	2,200.00	2,200.00	70.00	(2,130.00)
Total Revenues	2,211,370.00	2,211,370.00	2,360,885.22	149,515.22
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	114,625.00	114,625.00	121,682.34	(7,057.34)
Contingency	125,000.00	125,000.00		
Amount Transferred		(94,814.82)		30,185.18
Elections	5,250.00	5,250.00	2,943.60	2,306.40
Judicial System	35,550.00	35,550.00	31,665.20	3,884.80
Financial Administration:				
Auditor	98,975.00	111,712.94	111,712.94	0.00
Treasurer	119,755.00	122,205.63	122,205.63	0.00
Legal Services:				
State's Attorney	174,355.00	174,355.00	163,813.22	10,541.78
Court Appointed Attorney	60,000.00	69,309.16	67,777.34	1,531.82
Abused and Neglected Child Defense	25,000.00	25,000.00	22,793.51	2,206.49
Other Administration:				
General Government Building	121,300.00	121,300.00	71,596.04	49,703.96
Director of Equalization	96,450.00	142,724.81	142,425.72	299.09

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Register of Deeds	104,550.00	104,928.82	104,928.82	0.00
Veterans Service Officer	15,380.00	15,380.00	14,559.05	820.95
Predatory Animal	2,210.00	2,210.00	2,207.43	2.57
Public Safety:				
Law Enforcement:				
Sheriff	225,725.00	225,725.00	223,184.68	2,540.32
County Jail	523,700.00	523,700.00	470,487.98	53,212.02
Coroner	6,160.00	6,160.00	4,497.51	1,662.49
Protective and Emergency Services:				
Emergency and Disaster Services	12,750.00	27,191.22	27,191.22	0.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	25,650.00	25,650.00	16,269.32	9,380.68
Other	2,500.00	2,500.00	2,500.00	0.00
Health Assistance:				
County Nurse	32,310.00	32,310.00	32,310.00	0.00
Ambulance	27,500.00	27,500.00	25,925.00	1,575.00
Other	1,215.00	1,215.00	583.24	631.76
Mental Health Services:				
Mentally Ill	2,800.00	8,124.84	8,124.84	0.00
Developmentally Disabled	720.00	900.00	900.00	0.00
Mental Health Centers	15,500.00	15,500.00	15,500.00	0.00
Mental Illness Board	2,000.00	2,285.83	2,285.83	0.00
Culture and Recreation:				
Culture:				
Historical Museum	4,500.00	4,500.00	4,000.00	500.00
Recreation:				
Parks	0.00	144.47	144.47	0.00
Senior Center	4,000.00	4,000.00	2,000.00	2,000.00
Other	11,698.00	11,698.00	11,698.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	26,240.00	26,962.43	26,962.43	0.00
Weed and Pest Control	42,830.00	67,825.24	66,923.54	901.70
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	2,440.00	4,012.63	4,012.63	0.00
Urban and Rural Development	200.00	200.00	0.00	200.00
Economic Development:				
Tourism, Industrial or Recreational Development	10,000.00	10,000.00	10,000.00	0.00
Total Expenditures	<u>2,078,838.00</u>	<u>2,102,841.20</u>	<u>1,935,811.53</u>	<u>167,029.67</u>
Excess of Revenues Over (Under) Expenditures	<u>132,532.00</u>	<u>108,528.80</u>	<u>425,073.69</u>	<u>316,544.89</u>
Other Financing Sources (Uses):				
Transfers Out	(300,000.00)	(300,000.00)	0.00	300,000.00
Long-Term Debt Issued	0.00	0.00	6,384.41	6,384.41
Insurance Proceeds	0.00	0.00	5.00	5.00
Total Other Financing Sources (Uses)	<u>(300,000.00)</u>	<u>(300,000.00)</u>	<u>6,389.41</u>	<u>306,389.41</u>
Net Change in Fund Balance	(167,468.00)	(191,471.20)	431,463.10	622,934.30
Fund Balance - Beginning	2,285,957.85	2,285,957.85	2,285,957.85	0.00
FUND BALANCE - ENDING	<u>\$ 2,118,489.85</u>	<u>\$ 2,094,486.65</u>	<u>\$ 2,717,420.95</u>	<u>\$ 622,934.30</u>

SUPPLEMENTARY INFORMATION
WALWORTH 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		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 39,410.00	\$ 39,410.00	\$ 37,592.55	\$ (1,817.45)
General Property Taxes--Delinquent	300.00	300.00	170.08	(129.92)
Penalties and Interest	100.00	100.00	63.46	(36.54)
Mobile Home Tax	40.00	40.00	33.52	(6.48)
Wheel Tax	114,000.00	114,000.00	138,672.81	24,672.81
Licenses and Permits	125.00	125.00	0.00	(125.00)
Intergovernmental Revenue:				
State Grants	0.00	144,798.76	144,798.76	0.00
State Shared Revenue:				
Bank Franchise	400.00	400.00	562.59	162.59
Motor Vehicle Licenses	497,000.00	497,000.00	647,460.14	150,460.14
State Highway Fund (former 10% game)	32,080.00	32,080.00	32,079.40	(0.60)
Prorate/Port of Entry Fees	30,000.00	30,000.00	36,201.24	6,201.24
63 3/4% Mobile Home	11,000.00	11,000.00	9,550.52	(1,449.48)
Secondary Road Motor Vehicle Remittances	115,000.00	115,000.00	158,449.49	43,449.49
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	3,800.00	3,800.00	2,282.94	(1,517.06)
Miscellaneous Revenue:				
Investment Earnings	6,000.00	6,000.00	4,348.10	(1,651.90)
Refund of Prior Year's Expenditures	0.00	0.00	1,839.00	1,839.00
Total Revenues	849,255.00	994,053.76	1,214,104.60	220,050.84
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	1,508,450.00	1,653,248.76	1,580,963.07	72,285.69
Intergovernmental Expenditures	10,500.00	10,500.00	13,951.58	(3,451.58)
Total Expenditures	1,518,950.00	1,663,748.76	1,594,914.65	68,834.11
Excess of Revenues Over (Under) Expenditures	(669,695.00)	(669,695.00)	(380,810.05)	288,884.95
Other Financing Sources (Uses):				
Transfers In	300,000.00	300,000.00	0.00	(300,000.00)
Insurance Proceeds	175,000.00	175,000.00	140,774.00	(34,226.00)
Total Other Financing Sources (Uses)	475,000.00	475,000.00	140,774.00	(334,226.00)
Net Change in Fund Balance	(194,695.00)	(194,695.00)	(240,036.05)	(45,341.05)
Fund Balance - Beginning	1,262,312.41	1,262,312.41	1,262,312.41	0.00
FUND BALANCE - ENDING	\$ 1,067,617.41	\$ 1,067,617.41	\$ 1,022,276.36	\$ (45,341.05)

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 1,740,884.00	\$ 1,740,884.00	\$ 1,744,055.68	\$ 3,171.68
General Property Taxes--Delinquent	14,000.00	14,000.00	11,688.14	(2,311.86)
Penalties and Interest	4,500.00	4,500.00	3,520.02	(979.98)
Mobile Home Tax	1,700.00	1,700.00	1,619.43	(80.57)
Tax Deed Revenue	500.00	500.00	220.48	(279.52)
Licenses and Permits	4,450.00	4,450.00	3,672.50	(777.50)
Intergovernmental Revenue:				
Federal Grants	59,000.00	59,000.00	50,406.23	(8,593.77)
Federal Shared Revenue	450.00	450.00	1,126.15	676.15
Federal Payments in Lieu of Taxes	40,000.00	40,000.00	40,616.00	616.00
State Grants	0.00	4,125.00	4,125.00	0.00
State Shared Revenue:				
Bank Franchise	25,000.00	25,000.00	42,694.18	17,694.18
Court Appointed Attorney/Public Defender	4,500.00	4,500.00	4,945.08	445.08
Abused and Neglected Child Defense	2,500.00	2,500.00	2,327.10	(172.90)
Telecommunications Gross Receipts Tax	40,000.00	40,000.00	34,896.44	(5,103.56)
Motor Vehicle 1/4%	1,200.00	1,200.00	1,750.54	550.54
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	7,875.00	7,875.00	9,285.11	1,410.11
Register of Deeds' Fees	40,000.00	40,000.00	54,543.70	14,543.70
Legal Services	23,875.00	23,875.00	22,455.62	(1,419.38)
Clerk of Courts Fees	6,500.00	6,500.00	5,333.60	(1,166.40)
Other Fees	3,770.00	3,770.00	3,017.63	(752.37)
Public Safety:				
Law Enforcement	14,650.00	14,650.00	13,518.22	(1,131.78)
Prisoner Care	65,300.00	65,300.00	71,104.66	5,804.66
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	3,000.00	3,000.00	5,304.06	2,304.06
Health Assistance:				
Other	500.00	500.00	0.00	(500.00)
Urban and Economic Development	200.00	200.00	190.00	(10.00)
Conservation of Natural Resources	5,500.00	5,500.00	33,582.17	28,082.17
Other Charges	1,000.00	1,000.00	897.05	(102.95)
Fines and Forfeits:				
Costs	5,000.00	5,000.00	4,890.01	(109.99)
Forfeits	2,000.00	2,000.00	3,896.00	1,896.00
Miscellaneous Revenue:				
Investment Earnings	40,000.00	40,000.00	15,720.64	(24,279.36)
Rent	6,700.00	6,700.00	10,710.00	4,010.00
Contributions and Donations	0.00	0.00	0.62	0.62
Refund of Prior Year's Expenditures	0.00	0.00	72.21	72.21
Other	2,100.00	2,100.00	2,430.00	330.00
Total Revenues	2,166,654.00	2,170,779.00	2,204,614.27	33,835.27
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	135,870.00	135,870.00	125,492.03	10,377.97
Contingency	125,000.00	125,000.00		
Amount Transferred		(106,501.04)		18,498.96
Elections	31,700.00	31,700.00	20,595.16	11,104.84
Judicial System	30,150.00	30,150.00	25,070.47	5,079.53
Financial Administration:				
Auditor	98,175.00	100,175.00	93,911.57	6,263.43
Treasurer	116,850.00	119,850.00	113,486.94	6,363.06
Other	0.00	0.00	3,384.85	(3,384.85)
Legal Services:				
State's Attorney	174,485.00	174,485.00	158,678.33	15,806.67
Court Appointed Attorney	60,000.00	69,309.16	69,736.86	(427.70)
Abused and Neglected Child Defense	25,000.00	25,000.00	22,442.79	2,557.21
Other Administration:				
General Government Building	121,300.00	121,300.00	73,233.83	48,066.17
Director of Equalization	98,030.00	100,030.00	90,353.19	9,676.81
Register of Deeds	98,375.00	100,375.00	97,254.05	3,120.95
Veterans Service Officer	15,735.00	15,735.00	13,788.94	1,946.06

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Predatory Animal	2,210.00	2,210.00	2,207.43	2.57
Public Safety:				
Law Enforcement:				
Sheriff	238,500.00	240,607.89	240,894.93	(287.04)
County Jail	449,000.00	465,081.53	466,431.97	(1,350.44)
Coroner	6,130.00	6,530.06	6,530.06	0.00
Juvenile Detention	1,000.00	10,794.48	10,794.48	0.00
Protective and Emergency Services:				
Emergency and Disaster Services	12,550.00	29,701.00	30,106.30	(405.30)
Health and Welfare:				
Economic Assistance:				
Support of Poor	24,450.00	24,450.00	22,687.63	1,762.37
Other	2,500.00	2,500.00	2,500.00	0.00
Health Assistance:				
County Nurse	30,770.00	30,770.00	30,770.00	0.00
Ambulance	26,590.00	26,590.00	25,470.00	1,120.00
Other	1,965.00	1,965.00	285.37	1,679.63
Mental Health Services:				
Mentally Ill	2,800.00	2,800.00	2,030.32	769.68
Developmentally Disabled	720.00	720.00	600.00	120.00
Drug Abuse	3,000.00	3,000.00	3,000.00	0.00
Mental Health Centers	15,500.00	15,500.00	15,500.00	0.00
Mental Illness Board	2,000.00	6,547.46	6,547.46	0.00
Culture and Recreation:				
Culture:				
Historical Museum	4,000.00	4,000.00	4,000.00	0.00
Recreation:				
Parks	1,900.00	1,900.00	532.93	1,367.07
Senior Center	4,000.00	4,000.00	4,000.00	0.00
Other	11,968.00	11,968.00	11,968.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	26,260.00	32,775.81	32,077.26	698.55
Weed and Pest Control	37,990.00	42,115.00	67,304.36	(25,189.36)
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	2,575.00	4,070.93	3,931.97	138.96
Urban and Rural Development	80.00	80.00	160.00	(80.00)
Economic Development:				
Tourism, Industrial or Recreational Development	10,000.00	10,000.00	10,000.00	0.00
Total Expenditures	<u>2,049,128.00</u>	<u>2,023,155.28</u>	<u>1,907,759.48</u>	<u>115,395.80</u>
Excess of Revenues Over (Under) Expenditures	117,526.00	147,623.72	296,854.79	149,231.07
Other Financing Sources (Uses):				
Transfers Out	<u>(300,000.00)</u>	<u>(300,000.00)</u>	<u>(300,000.00)</u>	<u>0.00</u>
Net Change in Fund Balance	<u>(182,474.00)</u>	<u>(152,376.28)</u>	<u>(3,145.21)</u>	<u>149,231.07</u>
Fund Balance - Beginning	2,347,156.13	2,347,156.13	2,347,156.13	0.00
Adjustments:				
Change in Basis of Accounting	<u>(58,053.07)</u>	<u>(58,053.07)</u>	<u>(58,053.07)</u>	<u>0.00</u>
Adjusted Fund Balance - Beginning	<u>2,289,103.06</u>	<u>2,289,103.06</u>	<u>2,289,103.06</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 2,106,629.06</u>	<u>\$ 2,136,726.78</u>	<u>\$ 2,285,957.85</u>	<u>\$ 149,231.07</u>

SUPPLEMENTARY INFORMATION
WALWORTH 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	\$ 36,315.00	\$ 36,315.00	\$ 36,335.59	\$ 20.59
General Property Taxes--Delinquent	300.00	300.00	229.14	(70.86)
Penalties and Interest	100.00	100.00	74.95	(25.05)
Mobile Home Tax	40.00	40.00	34.71	(5.29)
Wheel Tax	105,000.00	105,000.00	137,663.93	32,663.93
Licenses and Permits	150.00	150.00	0.00	(150.00)
Intergovernmental Revenue:				
State Shared Revenue:				
Bank Franchise	325.00	325.00	527.30	202.30
Motor Vehicle Licenses	555,000.00	555,000.00	641,989.47	86,989.47
State Highway Fund (former 10% game)	32,080.00	32,080.00	32,079.40	(0.60)
Prorate/Port of Entry Fees	31,000.00	31,000.00	13,514.70	(17,485.30)
63 3/4% Mobile Home	6,500.00	6,500.00	16,512.48	10,012.48
Secondary Road Motor Vehicle Remittances	125,000.00	125,000.00	146,197.24	21,197.24
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	3,750.00	3,750.00	108,644.64	104,894.64
Miscellaneous Revenue:				
Investment Earnings	12,000.00	12,000.00	5,714.35	(6,285.65)
Total Revenues	<u>907,560.00</u>	<u>907,560.00</u>	<u>1,139,517.90</u>	<u>231,957.90</u>
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	1,498,125.00	1,498,125.00	1,247,125.65	250,999.35
Intergovernmental Expenditures	10,500.00	10,550.00	15,332.62	(4,782.62)
Total Expenditures	<u>1,508,625.00</u>	<u>1,508,675.00</u>	<u>1,262,458.27</u>	<u>246,216.73</u>
Excess of Revenues Over (Under) Expenditures	<u>(601,065.00)</u>	<u>(601,115.00)</u>	<u>(122,940.37)</u>	<u>478,174.63</u>
Other Financing Sources (Uses):				
Transfers In	300,000.00	300,000.00	300,000.00	0.00
Sale of County Property	142,000.00	142,000.00	151,759.00	9,759.00
Total Other Financing Sources (Uses)	<u>442,000.00</u>	<u>442,000.00</u>	<u>451,759.00</u>	<u>9,759.00</u>
Net Change in Fund Balance	<u>(159,065.00)</u>	<u>(159,115.00)</u>	<u>328,818.63</u>	<u>487,933.63</u>
Fund Balance - Beginning	1,392,178.68	1,392,178.68	1,392,178.68	0.00
Adjustments:				
Change in Basis of Accounting	(458,684.90)	(458,684.90)	(458,684.90)	0.00
Adjusted Fund Balance - Beginning	<u>933,493.78</u>	<u>933,493.78</u>	<u>933,493.78</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 774,428.78</u>	<u>\$ 774,378.78</u>	<u>\$ 1,262,312.41</u>	<u>\$ 487,933.63</u>

WALWORTH 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.

WALWORTH COUNTY
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Two Years Ended December 31, 2013

<u>Indebtedness</u>	<u>Long-Term Debt January 1, 2012</u>	<u>Add New Debt</u>	<u>Less Debt Retired</u>	<u>Long-Term Debt December 31, 2013</u>
Enterprise Long-Term Debt:				
Accrued Landfill Closure and Postclosure Care Costs	\$ 585,019.40	\$ 96,667.41	\$	\$ 681,686.81