

**BENNETT COUNTY**

**AUDIT REPORT**

**For the Two Years Ended December 31, 2022**

BENNETT COUNTY  
COUNTY OFFICIALS  
December 31, 2022

Board of Commissioners:

Jeff Slattery  
Rod Kirk  
Judd Schomp  
David Bakley  
Cole Blu Donovan

Auditor:  
Chante' Cook

Treasurer:  
Jolene Donovan

State's Attorney:  
Sarah Harris

Register of Deeds:  
Jaci Clifford

Sheriff:  
Paul Williams

BENNETT COUNTY  
TABLE OF CONTENTS

Page

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	1
Schedule of Prior Audit Findings.....	3
Schedule of Current Audit Findings.....	3
Independent Auditor's Report.....	10
<i>Basic Financial Statements</i>	
<b><u>Government-wide Financial Statements:</u></b>	
As of December 31, 2022:	
Statement of Net Position--Modified Cash Basis.....	13
For the Year Ended December 31, 2022:	
Statement of Activities--Modified Cash Basis.....	14
For the Year Ended December 31, 2021:	
Statement of Activities--Modified Cash Basis.....	15
<b><u>Fund Financial Statements:</u></b>	
<u>Governmental Funds</u>	
As of December 31, 2022:	
Balance Sheet--Modified Cash Basis.....	16
For the Year Ended December 31, 2022:	
Statement of Revenues, Expenditures and Changes in Fund Balances--Modified Cash Basis.....	18
For the Year Ended December 31, 2021:	
Statement of Revenues, Expenditures and Changes in Fund Balances--Modified Cash Basis.....	22
<u>Fiduciary Funds</u>	
As of December 31, 2022:	
Statement of Fiduciary Net Position--Modified Cash Basis.....	26
For the Year Ended December 31, 2022:	
Statement of Changes in Fiduciary Net Position--Modified Cash Basis.....	27

For the Year Ended December 31, 2021:

Statement of Changes in Fiduciary Net Position--Modified Cash Basis..... 28

Notes to the Modified Cash Basis Financial Statements..... 29

*Supplementary Information:*

For the Year Ended December 31, 2022:

Budgetary Comparison Schedule--Modified Cash Basis--General Fund..... 44

Budgetary Comparison Schedule--Modified Cash Basis--Road and Bridge Fund..... 46

For the Year Ended December 31, 2021:

Budgetary Comparison Schedule--Modified Cash Basis--General Fund..... 47

Budgetary Comparison Schedule--Modified Cash Basis--Road and Bridge Fund..... 49

Notes to the Supplementary Information – Budgetary Comparison Schedules..... 50

Schedule of the County’s Proportionate Share of the Net Pension Liability (Asset)..... 51

Notes to the Supplementary Information – Pension Schedules..... 52

Schedule of Changes in Long-Term Debt..... 54



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

RUSSELL A. OLSON  
AUDITOR GENERAL

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

**Independent Auditor's Report**

County Commission  
Bennett County  
Martin, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bennett County, South Dakota (County), as of December 31, 2022, 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 January 22, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Current Audit Findings as item No. 2022-001 to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Current Audit Findings as items No. 2022-002 and No. 2022-003.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit. 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 other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **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.



Russell A. Olson  
Auditor General

January 22, 2025

BENNETT COUNTY  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**Prior Audit Findings:**

The prior audit report contained no written audit findings.

**SCHEDULE OF CURRENT AUDIT FINDINGS**

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

Inadequate Supporting Documentation for Purchases

Finding No. 2022-001:

Criteria:

The County's internal controls over the expenditure process were inadequate resulting in diminished assurance that the County accurately paid for goods and services delivered and that the amount paid was in accordance with the amounts stated in the awarded bid.

South Dakota Codified Law (SDCL) 7-22-1 states, in part:

Before any account, claim, or demand against any county for any obligation, property, or services for which the county is liable may be allowed, the person who has the account, claim, or demand shall:

- (1) Submit in writing and verify that the account is just and true, the money charged was actually paid for the purposes stated; the property charged for was actually delivered or used for the purposes stated, and was of the value charged; and the services charged were actually rendered and of the value as charged. If the services were official, for which fees are prescribed by law, that the fees and amounts charged for the services are allowed by law and no part of the account, claim, or demand has been paid; or
- (2) Present an invoice or verification which shall be attached to a county voucher, the latter being signed or verified by the county official who purchased the property or had the services rendered to the effect that the account is just and true; the money charged was actually paid for the purposes stated; the property charged for was actually delivered or used for the purposes stated, and was of the value charged; and the services charged for were actually rendered and of the value as charged. If the services were official, for which fees are prescribed by law, that the fees and amounts charged for the services are allowed by law and no part of the account, claim, or demand has been paid...

Supporting documentation should be obtained by the County that includes the necessary information to allow for the recalculation of the amount due to determine that the awarded bid price was charged for the goods or services received. The supporting documentation should also include dates when the work is completed and on what roads the goods or services were applied, so cost accounting records can be properly maintained.

Condition:

Invoices submitted by the vendor for supplies and services related to the County Road and Bridge Fund did not always contain adequate supporting documentation that would allow for the County to recalculate the invoice and verify that the appropriate bid price was charged for the supplies and services.

Context:

We noted the following lack of supporting documentation:

- Invoices submitted for gravel purchases did not always include load slips to support the tons purchased to allow the County to determine if the appropriate amounts were billed and the correct bid price was paid.
- Invoices submitted for gravel hauling did not always include adequate information indicating the actual tons and miles hauled to allow the County to determine if appropriate amounts were billed and the correct bid price was paid.
- Invoices submitted for gravel hauling did not always indicate the roads to which the gravel was hauled to support the miles charged, to allow the County to determine that the services were actually performed and to record the costs to the appropriate roads in the cost accounting system.
- Invoices submitted for snow removal did not include the dates when the snow removal services were performed to allow the County to determine if the services were actually performed.
- Invoices submitted for snow removal or other road work did not always indicate the roads where the work was performed to allow recording of costs to the appropriate roads in the cost accounting system.

Effect:

The County was exposed to an increased risk that the County paid for goods or services not received, paid amounts were in excess of the amounts in the awarded bids and that the highway cost accounting records were not properly maintained.

Cause:

The Board of County Commissioners did not properly monitor supporting documentation to determine that proper support was attached to allow the County to determine that the goods or services were received and that awarded bid prices were paid.

Recommendation:

1. We recommend that the County require invoices be submitted, including load tickets to support quantities received, information indicating which roads were impacted by the goods or services being purchased and the appropriate information to verify that the awarded bid price was paid.

Views of responsible officials:

In 2021 and 2022 Bennett County struggled with filling the County Auditor position. In 2021 and 2022 there were 3 different County Auditors with 2 being appointed. In 2023 to 2024 the struggle continued with 3 County Auditors and a time period without a County Auditor at all. The County Auditor position is crucial for the proper management of the County. In 2025 a County Auditor has been elected who will fulfill the position and help the County get back to correct procedures. The County also had 5 different Highway Superintendents and numerous Highway Secretaries which is another crucial part of County management. The County is still without a Highway Superintendent or a Secretary.



**Compliance and Other Matters:**

Noncompliance State Competitive Bid Statutes

Finding No. 2022-002:

Criteria:

SDCL 5-18A-14 states, in part:

If the purchasing agency intends to enter into a contract for any public improvement that involves the expenditure of one hundred thousand dollars or more, or a contract for the purchase of supplies or services, other than professional services, that involves the expenditure of fifty thousand dollars or more, the purchasing agency shall advertise for bids or proposals. The advertisement shall appear as a legal notice in the appointed legal newspaper. The advertisement shall be printed at least twice, with the first publication at least ten days before opening of bids or the deadline for the submission of proposals... The advertisement shall state the time and place where the bids will be opened or the deadline for the submission of proposals...

The limit for purchase of supplies or services was increased to fifty thousand dollars effective July 1, 2023.

SDCL 5-18A-5 states:

The following procedures apply to the use of competitive sealed bids:

- (1) Public notice of the invitation for bids shall be given pursuant to § 5-18A-14;
- (2) The invitation for bids shall include a purchase description, all contractual terms and conditions applicable to the procurement. The invitation for bids for supplies shall include the length of time, not to exceed forty-five days, between the bid opening and the award of the bid;
- (3) A bid may be submitted either manually or electronically in a manner authorized by the purchasing agency;
- (4) Each bid shall be opened publicly in the presence of one or more witnesses at the time and place designated in the invitation for bids. The amount of each bid, and other relevant information as may be specified, together with the name of each bidder shall be recorded. Except as otherwise provided by law, the record and each bid shall be open to public inspection;
- (5) Each bid shall be unconditionally accepted without alteration or correction, except as authorized in this section. Each bid shall be evaluated based on the requirements set forth in the invitation for bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total or life cycle costs. The invitation for bids shall set forth the evaluation criteria to be used. No criteria may be used in bid evaluation that are not set forth in the invitation for bids;
- (6) Any bid may be withdrawn by letter, by electronic communications, or in person before the time specified in the advertisement for bid. The purchasing agency may allow modification of bids by mail, facsimile, or electronic notice received at the place designated in the invitation to bid not later than the time set for the opening of bids. A modification may not reveal the bid price but shall provide the addition, subtraction, or modification so the final prices or terms will not be known to the purchasing agency until the sealed bid is opened. A modification may not be withdrawn after the time set for the opening of bids. Each modification shall be confirmed in writing by the successful bidder before award of the contract. No bid made may be changed or altered by telephone. After bid opening, no withdrawal of a bid or change in bid prices or other provisions of bids prejudicial to the interest of the purchasing agency or fair competition is permitted. The purchasing agency may waive technical irregularities in the bid or proposal of the low bidder or offeror that do not alter the price, quality, or quantity of the services, or items of

tangible personal property bid or offered. Any decision to permit the correction or withdrawal of a bid, or to cancel an award or a contract based on a bid mistake, shall be supported by a written determination made by the purchasing agency, and included in the bid file;

- (7) The contract for services or public improvement shall be awarded within thirty days and the contract for supplies shall be awarded within forty-five days of the bid opening by written notice to the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the invitation for bids. The purchasing agency may reject any and all bids and readvertise for bids if none of the bids are satisfactory, or if the purchasing agency believes an agreement has been entered into by the bidders to prevent competition. If the low bidder is not responsible or the bid is not made in accordance with the requirements of this chapter and chapters 5-18B, 5-18C, and 5-18D or the low bid is withdrawn as authorized by this section, the bid of the next lowest responsible and responsive bidder may be accepted;
- (8) If it is considered impractical to initially prepare a purchase description to support an award based on price, an invitation for bids may be issued requesting the submission of unpriced offers to be followed by an invitation for bids limited to those bidders whose offers have been qualified under the criteria set forth in the first solicitation;
- (9) If, after advertising for bids, no firm bids are received, the purchasing agency may negotiate a contract for the purchase of the supplies, services, or public improvement projects at the most advantageous price, if the specifications of the original bid are met;
- (10) If two or more competitive sealed bids submitted are identical in price and product quality, the bids are the low bid, and no resident bidder preference is applicable, the purchasing agency may:
  - (a) Award the bid by lottery to one of the identical low bidders; or
  - (b) Reject all the bids and resolicit bids for the required supplies, services, or public improvement.

Condition:

The County accepted all submitted bids for gravel hauling, gravel purchases and various equipment rental for road projects. A detailed analysis to determine the lowest responsible and responsive bidder was not completed for each purchase or project to determine the true low bid for each specific purchase or project. The County paid for equipment rentals that were not included in the bid specifications. The County paid for gravel purchases for a gravel type that was not included in the bid specifications. The County paid for gravel purchases from other than the apparent lowest responsible and responsive bidder with no analysis retained in the bid files that the low bidder's gravel did not meet the County specifications.

Context:

We noted the following non-compliance with state bid laws:

- The County awarded all bids received for gravel purchases, gravel hauling, equipment rental and road work. An analysis of each project was not completed to determine which awarded bid was the low bid for that specific project.
- The County awarded and paid for ditch pulling projects to a vendor that was not the apparent low bidder.
- The County awarded and paid for pit run gravel purchases to a vendor that was not the apparent low bidder.
- The County awarded and paid for road blading projects that were not included in the specifications for road work.
- The County awarded and paid for culvert replacement projects to a vendor that was not the apparent low bidder.
- The County made purchases of crushed gravel without advertising for bids.
- Bids received for gravel hauling in 2022 were not comparable, as one bidder bid per mile and the other bidders bid per ton mile.
- Snow removal services were not bid for the 2022-2023 winter season.

- The County let bids for culvert removal/replacement, blading and road maintenance and snow removal on April 6, 2023. There was no record in official minutes that the board ever accepted and awarded these bids.
  - The County paid for snow removal projects in 2023 to a vendor that was not the apparent low bidder even though there was no record of the bid being awarded.
  - The County paid for culvert replacement projects in 2023 to a vendor that was not the apparent low bidder even though there was no record of the bid being awarded.
- The County paid for oversized rock in March 2024 at a bid price other than what was the accepted bid price that was in effect until May 2024 when the new bid was awarded.

Effect:

The County is not in compliance with SDCL 5-18A-14 and 5-18A-5.

Cause:

The County's bidding process was inadequate as some items requiring bidding were not bid. Also, the Board of County Commissioners awarded all bids for gravel, gravel hauling, equipment rental and road work and did not perform any analysis to determine who the lowest responsible and responsive bidder was for each specific purchase of supply or service.

Recommendation:

2. We recommend that the County comply with all state competitive bid statutes.

Views of responsible officials:

In 2021 and 2022 Bennett County struggled with filling the County Auditor position. In 2021 and 2022 there were 3 different County Auditors with 2 being appointed. In 2023 to 2024 the struggle continued with 3 County Auditors and a time period without a County Auditor at all. The County Auditor position is crucial for the proper management of the County. In 2025 a County Auditor has been elected who will fulfill the position and help the County get back to correct procedures. The County also had 5 different Highway Superintendents and numerous Highway Secretaries which is another crucial part of County management. The County is still without a Highway Superintendent or a Secretary.

Budgetary Noncompliance

Finding No. 2022-003:

Criteria:

South Dakota Codified Law (SDCL) 7-21-25 states:

Unless specially and expressly authorized by law, it shall be unlawful for the board of county commissioners or any member thereof, or for any officer of any county or any employee thereof in charge of any institution or agency of a county, to contract any indebtedness or incur any liabilities for or in behalf of the county, in any manner whatsoever, either for a purpose, object, or item for which no appropriation is provided in the budget of such county for the fiscal year in which such indebtedness is attempted to be contracted or liability attempted to be created, or in excess of the amount of any specific appropriation for any purpose, object, or item set forth in the budgets of such county, for the fiscal year in which such indebtedness is attempted to be contracted or liability attempted to be created.

Condition:

The County incurred expenditures in excess of appropriations contrary to SDCL 7-21-25.

Context:

We noted the following expenditures in excess of appropriations for the years ended December 31, 2022:

	<u>Year Ended</u> <u>12/31/2022</u>
<u>Road and Bridge Fund:</u>	
<u>Activity:</u>	
Highways, Roads and Bridges	\$ 80,647.47
Debt Service	\$ 30,852.53
<u>Rural Access Infrastructure Fund:</u>	
<u>Activity:</u>	
Other Public Works	\$ 19,760.00

Effect:

The County was not in compliance with SDCL 7-21-25.

Cause:

The Board of County Commissioners did not properly monitor the departmental budgets in order to make the appropriate budget supplements or contingency transfers.

Recommendation:

3. We recommend that the County comply with SDCL 7-21-25.

Views of responsible officials:

In 2021 and 2022 Bennett County struggled with filling the County Auditor position. In 2021 and 2022 there were 3 different County Auditors with 2 being appointed. In 2023 to 2024 the struggle continued with 3 County Auditors and a time period without a County Auditor at all. The County Auditor position is crucial for the proper management of the County. In 2025 a County Auditor has been elected who will fulfill the position and help the County get back to correct procedures. The County also had 5 different Highway Superintendents and numerous Highway Secretaries which is another crucial part of County management. The County is still without a Highway Superintendent or a Secretary.

Surplus Unassigned Fund Balance

Finding No. 2022-004:

Criteria:

South Dakota Codified Law (SDCL) 7-21-18.1 states: "The total unassigned 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."

Condition:

The unassigned fund balance of the General Fund exceeded the maximum allowed by SDCL 7-21-18.1 by approximately \$299,000.00 as of December 31, 2022.

Context:

Our analysis of the County General Fund indicated an excessive unassigned fund balance existed at December 31, 2022 as follows:

Total Unassigned Fund Balance at December 31, 2022		\$ 1,116,296.15
Less:		
2023 General Fund Appropriations	2,041,292.00	
Percentage of Allowable Retainage	<u>40%</u>	
Allowable Fund Balance Retainage		<u>(816,516.80)</u>
Unassigned Surplus Fund Balance at December 31, 2022 in Excess of the Amount Allowed by SDCL 7-21-18.1		<u>\$ 299,779.35</u>

Effect:

The County is in not in compliance with SDCL 7-21-18.1.

Cause:

The Board of County Commissioners has not committed or assigned fund balances for county purpose or reduced taxes to comply with SDCL 7-21-18.1.

Recommendation:

4. We recommend that the County comply with SDCL 7-21-18.1.

Views of responsible officials:

In 2021 and 2022 Bennett County struggled with filling the County Auditor position. In 2021 and 2022 there were 3 different County Auditors with 2 being appointed. In 2023 to 2024 the struggle continued with 3 County Auditors and a time period without a County Auditor at all. The County Auditor position is crucial for the proper management of the County. In 2025 a County Auditor has been elected who will fulfill the position and help the County get back to correct procedures.



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

RUSSELL A. OLSON  
AUDITOR GENERAL

## Independent Auditor's Report

County Commission  
Bennett County  
Martin, South Dakota

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying modified cash basis of accounting financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bennett County, South Dakota (County), as of December 31, 2022, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying modified cash basis of accounting financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bennett County as of December 31, 2022, and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

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

As discussed in Note 2 to the financial statements, in 2022, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases; however, this implementation did not

result in a restatement of the net position as of January 1, 2022. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.



Russell A. Olson  
Auditor General

January 22, 2025



**BENNETT COUNTY**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**December 31, 2022**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 5,087,607.07
Investments	178,006.79
	5,265,613.86
<b>TOTAL ASSETS</b>	<b>\$ 5,265,613.86</b>
<b>NET POSITION:</b>	
Restricted For: (See Note 6)	
Road and Bridge Purposes	\$ 53,080.26
American Rescue Plan Purposes	605,630.49
Other Purposes	308,635.04
Unrestricted	4,298,268.07
	4,298,268.07
<b>TOTAL NET POSITION</b>	<b>\$ 5,265,613.86</b>

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

**BENNETT COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 871,856.77	\$ 113,946.19	\$ 6,097.68	\$ (751,812.90)
Public Safety	1,061,224.28	34,829.60	47,197.70	(979,196.98)
Public Works	1,569,831.00		793,883.22	(775,947.78)
Health and Welfare	54,990.91	3,706.78	10,000.00	(41,284.13)
Culture and Recreation	50,058.42			(50,058.42)
Conservation of Natural Resources	47,175.72			(47,175.72)
Intergovernmental	2,000.00			(2,000.00)
**Interest on Long-Term Debt	15,712.05			(15,712.05)
<b>Total Primary Government</b>	<b>\$ 3,672,849.15</b>	<b>\$ 152,482.57</b>	<b>\$ 857,178.60</b>	<b>(2,663,187.98)</b>
<b>General Revenues:</b>				
	Taxes:			
	Property Taxes			1,933,707.61
	Wheel Tax			62,922.88
	State Shared Revenues			62,919.95
	Grants and Contributions not Restricted to Specific Programs			404,102.31
	Unrestricted Investment Earnings			35,574.71
	Debt Issued			111,500.00
	Miscellaneous Revenue			38,581.40
	<b>Total General Revenues</b>			<b>2,649,308.86</b>
	Change in Net Position			(13,879.12)
	Net Position - Beginning			5,279,492.98
	<b>NET POSITION - ENDING</b>			<b>\$ 5,265,613.86</b>

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

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



**BENNETT COUNTY  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
December 31, 2022**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 4,505,264.16	\$ 439,698.26	\$ 142,644.65	\$ 5,087,607.07
Investments			178,006.79	178,006.79
<b>TOTAL ASSETS</b>	<u>\$ 4,505,264.16</u>	<u>\$ 439,698.26</u>	<u>\$ 320,651.44</u>	<u>\$ 5,265,613.86</u>
<b>FUND BALANCES:</b> (See Note 1.j.)				
Restricted	\$ 605,630.49	\$ 53,080.26	\$ 308,635.04	\$ 967,345.79
Assigned	2,783,337.52	386,618.00	12,016.40	3,181,971.92
Unassigned	1,116,296.15			1,116,296.15
<b>TOTAL FUND BALANCES</b>	<u>\$ 4,505,264.16</u>	<u>\$ 439,698.26</u>	<u>\$ 320,651.44</u>	<u>\$ 5,265,613.86</u>

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

(blank page)

**BENNETT COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2022**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 1,836,087.54	\$	\$ 19,858.63	\$ 1,855,946.17
General Property Taxes--Delinquent	65,325.04		799.26	66,124.30
Penalties and Interest	11,488.46		132.99	11,621.45
Telephone Tax (Outside)	15.69			15.69
Wheel Tax		62,922.88		62,922.88
Licenses and Permits	2,908.00		780.00	3,688.00
Intergovernmental Revenue:				
Federal Grants	398,232.90		14,430.06	412,662.96
Federal Shared Revenue	10,951.96		118.45	11,070.41
State Grants	4,685.24	190,696.55	676.37	196,058.16
State Shared Revenue:				
Bank Franchise	26,492.61			26,492.61
Motor Vehicle Licenses		431,079.88		431,079.88
State Highway Fund (former 10% game)		4,827.80		4,827.80
Court Appointed Attorney/Public Defender	3,566.07			3,566.07
Prorate License Fees		30,793.83		30,793.83
Abused and Neglected Child Defense	1,126.30			1,126.30
63 3/4% Mobile Home		15,238.62		15,238.62
Secondary Road Remittances		94,977.70		94,977.70
Telecommunications Gross Receipts Tax	6,422.75			6,422.75
Motor Vehicle 1/4%	1,005.31			1,005.31
Motor Fuel Tax		4,538.04		4,538.04
911 Remittances			22,605.03	22,605.03
Liquor Tax Reversion (25%)	30,004.59			30,004.59
Other State Shared Revenue			21,730.80	21,730.80

## Charges for Goods and Services:

General Government:				
Treasurer's Fees	13,898.97			13,898.97
Register of Deeds' Fees	39,205.50		6,616.01	45,821.51
Legal Services	41,915.52			41,915.52
Clerk of Courts Fees	1,122.00			1,122.00
Other Fees	1,323.19			1,323.19
Public Safety:				
Law Enforcement	11,141.41		2,491.06	13,632.47
Sobriety Testing			14,097.00	14,097.00
Other	2,948.52		598.30	3,546.82
Health and Welfare:				
Economic Assistance:				
Veterans Service Officer	1,875.00			1,875.00
Health Assistance:				
Women, Infants and Children	3,706.78			3,706.78
Fines and Forfeits:				
Costs	3,005.31		200.00	3,205.31
Forfeits	250.00			250.00
Miscellaneous Revenue:				
Investment Earnings	68,667.56	11,183.68	(44,276.53)	35,574.71
Rent	4,400.00			4,400.00
Contributions and Donations	10,000.00			10,000.00
Refund of Prior Year's Expenditures	26,909.39	343.74	3,203.41	30,456.54
Other	7,409.86			7,409.86
Total Revenues	<u>2,636,091.47</u>	<u>846,602.72</u>	<u>64,060.84</u>	<u>3,546,755.03</u>

**Expenditures:**

## General Government:

## Legislative:

Board of County Commissioners	50,740.30			50,740.30
-------------------------------	-----------	--	--	-----------

Elections	17,425.92			17,425.92
-----------	-----------	--	--	-----------

Judicial System	10,073.64			10,073.64
-----------------	-----------	--	--	-----------

## Financial Administration:

Auditor	98,022.25			98,022.25
---------	-----------	--	--	-----------

Treasurer	94,926.10			94,926.10
-----------	-----------	--	--	-----------

Other	4,972.26			4,972.26
-------	----------	--	--	----------

**BENNETT COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2022**  
**(Continued)**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Legal Services:				
State's Attorney	136,447.46			136,447.46
Court Appointed Attorney	97,674.71			97,674.71
Abused and Neglected Child Defense	6,324.32			6,324.32
Other General Government:				
General Government Building	209,965.20			209,965.20
Director of Equalization	58,581.63			58,581.63
Register of Deeds	68,409.87		1,653.43	70,063.30
Veterans Service Officer	12,825.96			12,825.96
Predatory Animal	3,813.72			3,813.72
Public Safety:				
Law Enforcement:				
Sheriff	361,483.97			361,483.97
County Jail	400,220.50		46,182.26	446,402.76
Coroner	249.75			249.75
Juvenile Detention	26,732.63			26,732.63
Protective and Emergency Services:				
Fire Protection	147,000.00		2,960.39	149,960.39
Emergency and Disaster Services			42,978.12	42,978.12
Communication Center			39,437.89	39,437.89
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		1,428,530.52		1,428,530.52
Other Public Works			19,760.00	19,760.00
Health and Welfare:				
Economic Assistance:				
Other	25,986.27			25,986.27



Health Assistance:				
Women, Infants and Children	11,217.47			11,217.47
Mental Health Services:				
Mentally Ill	16,641.82			16,641.82
Mental Illness Board	1,145.35			1,145.35
Culture and Recreation:				
Culture:				
Public Library	20,000.00			20,000.00
Recreation:				
Exhibition Building	1,058.42			1,058.42
County Fair	5,000.00			5,000.00
Senior Center			24,000.00	24,000.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	42,175.72			42,175.72
Soil Conservation Districts	5,000.00			5,000.00
Intergovernmental Expenditures	2,000.00			2,000.00
Debt Service		137,252.53		137,252.53
Total Expenditures	<u>1,936,115.24</u>	<u>1,565,783.05</u>	<u>176,972.09</u>	<u>3,678,870.38</u>
Excess of Revenues Over (Under) Expenditures	<u>699,976.23</u>	<u>(719,180.33)</u>	<u>(112,911.25)</u>	<u>(132,115.35)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In			55,600.00	55,600.00
Transfers Out	(55,600.00)			(55,600.00)
Long-Term Debt Issued		111,500.00		111,500.00
Insurance Proceeds	6,021.23			6,021.23
Sale of County Property	65.00	650.00		715.00
Total Other Financing Sources (Uses)	<u>(49,513.77)</u>	<u>112,150.00</u>	<u>55,600.00</u>	<u>118,236.23</u>
Net Change in Fund Balance	650,462.46	(607,030.33)	(57,311.25)	(13,879.12)
Fund Balance - Beginning	<u>3,854,801.70</u>	<u>1,046,728.59</u>	<u>377,962.69</u>	<u>5,279,492.98</u>
FUND BALANCE - ENDING	<u>\$ 4,505,264.16</u>	<u>\$ 439,698.26</u>	<u>\$ 320,651.44</u>	<u>\$ 5,265,613.86</u>

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

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 1,801,702.49	\$	\$ 23,207.21	\$ 1,824,909.70
General Property Taxes--Delinquent	40,959.25		508.19	41,467.44
Penalties and Interest	11,577.76		139.60	11,717.36
Telephone Tax (Outside)	13.08			13.08
Wheel Tax		66,736.67		66,736.67
Licenses and Permits	816.00		540.00	1,356.00
Intergovernmental Revenue:				
Federal Grants	375,473.55	250,619.33	19,653.27	645,746.15
Federal Shared Revenue	10,766.68		138.50	10,905.18
State Grants	31,069.57	189,436.86	583.45	221,089.88
State Shared Revenue:				
Bank Franchise	19,784.91			19,784.91
Motor Vehicle Licenses		431,165.33	272.78	431,438.11
State Highway Fund (former 10% game)		4,827.80		4,827.80
Court Appointed Attorney/Public Defender	6,114.12			6,114.12
Prorate License Fees		30,132.51		30,132.51
Abused and Neglected Child Defense	2,695.93			2,695.93
63 3/4% Mobile Home		7,933.33		7,933.33
Secondary Road Remittances		113,239.82		113,239.82
Telecommunications Gross Receipts Tax	8,709.09			8,709.09
Motor Vehicle 1/4%	1,047.92			1,047.92
Motor Fuel Tax		4,704.41		4,704.41
911 Remittances			24,966.40	24,966.40
Liquor Tax Reversion (25%)	43,174.57			43,174.57
Other State Shared Revenue			25,371.86	25,371.86

<b>Charges for Goods and Services:</b>				
General Government:				
Treasurer's Fees	14,589.08			14,589.08
Register of Deeds' Fees	29,252.50		7,667.43	36,919.93
Legal Services	52,854.97		75.00	52,929.97
Clerk of Courts Fees	1,761.00			1,761.00
Other Fees	4,631.68			4,631.68
Public Safety:				
Law Enforcement	1,426.00		2,823.94	4,249.94
Sobriety Testing			22,576.00	22,576.00
Other	419.20		356.08	775.28
Health and Welfare:				
Economic Assistance:				
Veterans Service Officer	1,875.00			1,875.00
Health Assistance:				
Women, Infants and Children	5,875.97			5,875.97
Fines and Forfeits:				
Costs	6,932.33		75.00	7,007.33
Forfeits	7,100.00			7,100.00
Miscellaneous Revenue:				
Investment Earnings	6,977.30	2,176.58	(9,487.06)	(333.18)
Rent	4,800.00			4,800.00
Contributions and Donations	50.00			50.00
Refund of Prior Year's Expenditures	22,059.16	233.91	3,181.99	25,475.06
Other	434.78		343.13	777.91
<b>Total Revenues</b>	<b>2,514,943.89</b>	<b>1,101,206.55</b>	<b>122,992.77</b>	<b>3,739,143.21</b>

**Expenditures:**

General Government:				
Legislative:				
Board of County Commissioners	49,667.50			49,667.50
Elections	2,268.82			2,268.82
Judicial System	6,340.79			6,340.79
Financial Administration:				
Auditor	98,393.66			98,393.66
Treasurer	85,237.77			85,237.77
Other	34,871.25			34,871.25

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Legal Services:				
State's Attorney	130,072.21			130,072.21
Court Appointed Attorney	125,450.65			125,450.65
Abused and Neglected Child Defense	32,678.64			32,678.64
Other General Government:				
General Government Building	361,822.13		51,725.03	413,547.16
Director of Equalization	65,810.24			65,810.24
Register of Deeds	63,011.90		11,282.54	74,294.44
Veterans Service Officer	12,881.08			12,881.08
Predatory Animal	3,813.72			3,813.72
Public Safety:				
Law Enforcement:				
Sheriff	64,430.12			64,430.12
County Jail	374,632.71		42,904.42	417,537.13
Coroner	624.37			624.37
County-Wide Law Enforcement	271,555.94			271,555.94
Juvenile Detention	80,256.07			80,256.07
Protective and Emergency Services:				
Fire Protection	5,201.00		18,440.69	23,641.69
Emergency and Disaster Services			34,679.17	34,679.17
Communication Center			30,864.94	30,864.94
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		1,153,954.24		1,153,954.24
Health and Welfare:				
Economic Assistance:				
Other	25,716.81			25,716.81

Health Assistance:				
Women, Infants and Children	10,310.85			10,310.85
Mental Health Services:				
Mentally Ill	15,031.64			15,031.64
Mental Illness Board	1,647.79			1,647.79
Culture and Recreation:				
Culture:				
Public Library	20,000.00			20,000.00
Recreation:				
Exhibition Building	813.69			813.69
County Fair	5,000.00			5,000.00
Senior Center			28,800.00	28,800.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	39,397.81			39,397.81
Soil Conservation Districts	2,500.00			2,500.00
Weed and Pest Control	1,076.92			1,076.92
Debt Service		127,366.22		127,366.22
Total Expenditures	<u>1,990,516.08</u>	<u>1,281,320.46</u>	<u>218,696.79</u>	<u>3,490,533.33</u>
Excess of Revenues Over (Under) Expenditures	<u>524,427.81</u>	<u>(180,113.91)</u>	<u>(95,704.02)</u>	<u>248,609.88</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In			43,000.00	43,000.00
Transfers Out	(43,000.00)			(43,000.00)
Insurance Proceeds		15,490.63		15,490.63
Sale of County Property	33.37	1,563.80		1,597.17
Total Other Financing Sources (Uses)	<u>(42,966.63)</u>	<u>17,054.43</u>	<u>43,000.00</u>	<u>17,087.80</u>
Net Change in Fund Balance	481,461.18	(163,059.48)	(52,704.02)	265,697.68
Fund Balance - Beginning	<u>3,373,340.52</u>	<u>1,209,788.07</u>	<u>430,666.71</u>	<u>5,013,795.30</u>
FUND BALANCE - ENDING	<u>\$ 3,854,801.70</u>	<u>\$ 1,046,728.59</u>	<u>\$ 377,962.69</u>	<u>\$ 5,279,492.98</u>

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

**BENNETT COUNTY**  
**STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**December 31, 2022**

	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 3,183.60	\$ 217,292.35
Investments	20,000.00	
<b>TOTAL ASSETS</b>	<b>\$ 23,183.60</b>	<b>\$ 217,292.35</b>
<b>NET POSITION:</b>		
Restricted For:		
Individuals, Organizations, and Other Governments	\$	\$ 217,292.35
Private-Purpose Trust	23,183.60	
<b>TOTAL NET POSITION</b>	<b>\$ 23,183.60</b>	<b>\$ 217,292.35</b>

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

**BENNETT COUNTY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**For the Year Ended December 31, 2022**

	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>ADDITIONS:</b>		
Investment Earnings:		
Interest and Dividends	\$ 242.42	\$
Property Tax Collections for Other Governments		1,373,875.92
State Shared Revenue Collections for Other Governments		752,636.95
Other Additions		202,769.39
Total Additions	242.42	2,329,282.26
<b>DEDUCTIONS:</b>		
Payments of Property Tax to Other Governments		1,387,026.96
Payments of State Shared Revenue to Other Governments		752,326.37
Other Deductions		185,107.06
Total Deductions	0.00	2,324,460.39
Change in Net Position	242.42	4,821.87
Net Position - Beginning	22,941.18	212,470.48
<b>NET POSITION - ENDING</b>	<b>\$ 23,183.60</b>	<b>\$ 217,292.35</b>

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

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

	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>ADDITIONS:</b>		
Investment Earnings:		
Interest and Dividends	\$ 24.92	\$
Property Tax Collections for Other Governments		1,378,011.93
State Shared Revenue Collections for Other Governments		754,249.63
Other Additions		186,820.64
Total Additions	24.92	2,319,082.20
<b>DEDUCTIONS:</b>		
Payments of Property Tax to Other Governments		1,376,487.39
Payments of State Shared Revenue to Other Governments		730,335.39
Other Deductions		224,218.11
Total Deductions	0.00	2,331,040.89
Change in Net Position	24.92	(11,958.69)
Net Position - Beginning	22,916.26	224,429.17
<b>NET POSITION - ENDING</b>	<b>\$ 22,941.18</b>	<b>\$ 212,470.48</b>

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



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

b. Basis of Presentation:

*Government-wide Financial Statements:*

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

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

*Fund Financial Statements:*

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

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or

3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

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

**Governmental Funds:**

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

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

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

The remaining special revenue funds are not considered major funds: 911 Service, Fire Protection, Emergency Management, Domestic Abuse, Courthouse Building, 24/7 Sobriety, Senior Citizens Trust, Modernization and Preservation Relief, and Rural Access Infrastructure. These funds are reported on the fund financial statements as "Other Governmental Funds."

**Fiduciary Funds:**

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

*Private-Purpose Trust Funds* – Private-purpose trust funds are used for trust arrangements under which the principal and income benefit individuals, private organizations, or other governments.

Reynolds Trust Fund – is a private-purpose trust to accumulate funds to help offset the cost of a van for the nursing home.

*Custodial Funds* – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for the accumulation and distribution of property tax revenues and various pass-through funds.

c. Measurement Focus and Basis of Accounting:

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

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

*Measurement Focus:*

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

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

*Basis of Accounting:*

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

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

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

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

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

d. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist of those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6. Under the modified cash basis of accounting, investments are carried at market value.

e. Capital Assets:

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

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

f. Long-Term Liabilities:

Long-term liabilities may include, but are not limited to, General Obligation Bonds, Revenue Bonds, Certificates of Participation, Notes Payable, and Lease Liabilities.

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

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

g. Program Revenues:

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

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

h. Equity Classifications:

*Government-wide Financial Statements:*

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

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

*Fund Financial Statements:*

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

i. Application of Net Position:

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

j. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the County Commissioners.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

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

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

**Major Special Revenue Fund**

Road and Bridge Fund

**Revenue Source**

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

A schedule of fund balances is provided as follows:

**BENNETT COUNTY  
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Fund Balances:</b>				
Restricted For:				
American Rescue Plan Purposes	\$ 605,630.49	\$	\$	\$ 605,630.49
Road and Bridge Purposes		53,080.26		53,080.26
Senior Citizens Trust Purposes			180,233.33	180,233.33
Rural Access Infrastructure Purposes			27,342.66	27,342.66
Fire Protection Purposes			61,802.40	61,802.40
Modernization and Preservation Relief Purposes			36,116.65	36,116.65
Domestic Abuse Purposes			3,140.00	3,140.00
Assigned To:				
Courthouse Roof Replacement Purposes	207,623.03			207,623.03
Courthouse Concrete Work Purposes	150,000.00			150,000.00
County Jail Building Purposes	1,850,000.00			1,850,000.00
County Building Improvement Purposes	575,714.49			575,714.49
Road and Bridge Purposes		386,618.00		386,618.00
911 Service Purposes			2,707.63	2,707.63
Emergency Management Purposes			4,081.00	4,081.00
Domestic Abuse Purposes			60.37	60.37
24/7 Sobriety Purposes			1,572.36	1,572.36
Modernization and Preservation Relief Purposes			1,304.87	1,304.87
Fire Protection Purposes			2,283.14	2,283.14
Courthouse Building Purposes			7.03	7.03
Unassigned	<u>1,116,296.15</u>			<u>1,116,296.15</u>
<b>Total Fund Balances</b>	<u><u>\$ 4,505,264.16</u></u>	<u><u>\$ 439,698.26</u></u>	<u><u>\$ 320,651.44</u></u>	<u><u>\$ 5,265,613.86</u></u>

2. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2022, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. This statement improves accounting and financial reporting for leases; enhances the comparability of financial statements between governments; and also enhances the relevance, reliability, and consistency of information about the leasing activities of governments. The County prepared and presented the financial statements in accordance with the modified cash basis of accounting described in Note 1.c.; therefore, the implementation of this standard did not affect beginning net position or beginning fund balances.

3. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

The County is prohibited by statute from spending in excess of appropriated amounts at the department level. The following represents the significant overdrafts of the expenditures compared to appropriations:

	Year Ended 12/31/2022	Year Ended 12/31/2021
General Fund:		
<u>Activity</u>		
Board of County Commissioners	\$ 5.55	\$ 6,876.50
Treasurer		
Road and Bridge Fund:		
<u>Activity</u>		
Highways, Roads and Bridges	\$ 80,647.47	
Debt Service	\$ 30,852.53	
Rural Infrastructure Fund:		
<u>Activity</u>		
Other Public Works	\$ 19,760.00	

The Board of County Commissioners plans to take the following actions to address these violations:

The budgets will be monitored to insure that any necessary budget supplements or contingency transfers are approved more timely in the future.

4. 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.

**Fair Value Measurement** – The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of December 31, 2022:

- Government Backed Mortgages Level 1

**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, 2022, the County had the following investments.

Investment	Credit Rating	Fair Value
Government National Mortgage Association	N/A	\$ 178,006.79

**Concentration of Credit Risk** – The County places no limit on the amount that may be invested in any one issuer. More than 5 percent of the County’s investments are in Government National Mortgage Association 100%.

**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.

Investment Type	Greater than 10 years
Government National Mortgage Association	\$ 178,006.79

**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.

## 5. PROPERTY TAXES

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

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

6. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2022 was as follows:

**Major Purposes:**

American Rescue Plan Purposes	\$ 605,630.49
Road and Bridge Purposes	<u>53,080.26</u>

**Other Purposes:**

Senior Citizens Trust Purposes	180,233.33
Domestic Abuse Purposes	3,140.00
Fire Protection Purposes	61,802.40
Rural Access Infrastructure Purposes	27,342.66
Modernization and Preservation Relief Purposes	<u>36,116.65</u>

Total Other Purposes	<u>308,635.04</u>
----------------------	-------------------

**Total Restricted Net Position** **\$ 967,345.79**

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

7. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2022 were as follows:

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

Major Funds:	
General Fund	\$ 55,600.00

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

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

Major Funds:	
General Fund	\$ 43,000.00

The County typically budgets transfers to the 911 Service Fund, 24/7 Sobriety Fund, and the Emergency Management Fund (Other Governmental Funds) to conduct the indispensable functions of the County.

## 8. PENSION PLAN

### **Plan Information:**

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

### **Benefits Provided:**

SDRS has four classes of members: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

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

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

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

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

**Contributions:**

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The County's share of contributions to the SDRS for the calendar years ended December 31, 2022, 2021, and 2020, equal to the required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 51,041.50
2021	\$ 48,341.96
2020	\$ 51,331.15

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

At June 30, 2022, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the County as of this measurement period ending June 30, 2022 are as follows:

Proportionate share of total pension liability	\$ 4,927,970.61
Less proportionate share of net position restricted for pension benefits	<u>4,931,269.73</u>
Proportionate share of net pension asset	<u>\$ (3,299.12)</u>

The net pension asset was measured as of June 30, 2022 and the total pension liability used to calculate the net pension asset was based on a projection of the County's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the County's proportion was 0.034909%, which is a decrease of 0.002535% from its proportion measured as of June 30, 2021.

**Actuarial Assumptions:**

The total pension asset in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	2.10%

**Mortality Rates:**

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020

**Active and Terminated Vested Members:**

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

**Retired Members:**

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above

Public Safety Retirees: PubS-2010, 102% of rates at all ages

**Beneficiaries:**

PubG-2010 contingent survivor mortality table

**Disabled Members:**

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	3.7%
Fixed Income	30.0%	1.1%
Real Estate	10.0%	2.6%
Cash	<u>2.0%</u>	0.4%
Total	<u>100%</u>	

**Discount Rate:**

The discount rate used to measure the total pension asset was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

**Sensitivity of Liability (Asset) to Changes in the Discount Rate:**

The following presents the County’s proportionate share of net pension asset calculated using the discount rate of 6.50%, as well as what the County’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County’s proportionate share of the net pension liability (asset)	\$ 685,031.82	\$ (3,299.12)	\$ (565,847.37)

**Pension Plan Fiduciary Net Position:**

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

9. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2022, the County was involved in no lawsuits however, subsequently one has been filed. No determination can be made at this time regarding the potential outcome of this lawsuit. However, as discussed in the Risk Management note, the County has liability coverage for itself and its employees with South Dakota Public Assurance Alliance. Therefore, no material effects are anticipated to the County as a result of the potential outcome of this lawsuit.

10. 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, 2022, 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. The health insurance provided the County employees carries a \$3,000.00 deductible. The County’s policy is that the employee is responsible for the first \$750.00 and the County will pay the remaining \$2,250.00 to meet the plan’s deductible. Effective January 1, 2023, the deductible was raised to \$5,000.00. The employee is still responsible for the first \$750.00 and the county responsible for the remaining \$4,250.00.

Liability Insurance:

The County joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The County’s responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the County. The County pays a Members’ Annual Operating Contribution, to provide liability coverage detailed below, under 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 including Uninsured and Underinsured Motorists, Law Enforcement Liability, Officials Liability, Pollution Liability, Cyber Liability, Employee Theft, Property Damage for real and personal property, automobiles, mobile equipment, electronic data processing equipment, Earthquake and Floods.

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

The agreement with the SDPAA provides that the above coverages will be provided to a \$1,000,000 limit (\$1,500,000 Law Enforcement Liability). 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.

The County carries a \$100,000 deductible for cyber liability, \$10,000 deductible for the earthquake and flood coverage, \$2,000 deductible for the law enforcement liability coverage, \$500 deductible for the damage to real and personal property, mobile equipment, electronic data processing equipment, and automobile damage coverage, and \$250 deductible for the vehicle comprehensive 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 provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

**SUPPLEMENTARY INFORMATION**  
**BENNETT COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 1,908,704.00	\$ 1,908,704.00	\$ 1,836,087.54	\$ (72,616.46)
General Property Taxes--Delinquent	30,000.00	30,000.00	65,325.04	35,325.04
Penalties and Interest	5,000.00	5,000.00	11,488.46	6,488.46
Telephone Tax (Outside)	14.00	14.00	15.69	1.69
Licenses and Permits	2,400.00	2,400.00	2,908.00	508.00
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	398,232.90	398,232.90
Federal Shared Revenue	11,500.00	11,500.00	10,951.96	(548.04)
State Grants	0.00	0.00	4,685.24	4,685.24
State Shared Revenue:				
Bank Franchise	35,000.00	35,000.00	26,492.61	(8,507.39)
Court Appointed Attorney/Public Defender	5,200.00	5,200.00	3,566.07	(1,633.93)
Abused and Neglected Child Defense	660.00	660.00	1,126.30	466.30
Telecommunications Gross Receipts Tax	16,200.00	16,200.00	6,422.75	(9,777.25)
Motor Vehicle 1/4%	1,010.00	1,010.00	1,005.31	(4.69)
Liquor Tax Reversion (25%)	43,800.00	43,800.00	30,004.59	(13,795.41)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	13,400.00	13,400.00	13,898.97	498.97
Register of Deeds' Fees	33,200.00	33,200.00	39,205.50	6,005.50
Legal Services	33,700.00	33,700.00	41,915.52	8,215.52
Clerk of Courts Fees	1,400.00	1,400.00	1,122.00	(278.00)
Other Fees	1,800.00	1,800.00	1,323.19	(476.81)
Public Safety:				
Law Enforcement	1,200.00	1,200.00	11,141.41	9,941.41
Other	2,900.00	2,900.00	2,948.52	48.52
Health and Welfare:				
Economic Assistance:				
Veterans Service Officer	1,875.00	1,875.00	1,875.00	0.00
Health Assistance:				
Women, Infants and Children	9,000.00	9,000.00	3,706.78	(5,293.22)
Fines and Forfeits:				
Costs	3,400.00	3,400.00	3,005.31	(394.69)
Forfeits	2,300.00	2,300.00	250.00	(2,050.00)
Miscellaneous Revenue:				
Investment Earnings	13,900.00	13,900.00	68,667.56	54,767.56
Rent	4,800.00	4,800.00	4,400.00	(400.00)
Contributions and Donations	0.00	0.00	10,000.00	10,000.00
Refund of Prior Year's Expenditures	14,600.00	14,600.00	26,909.39	12,309.39
Other	1,500.00	1,500.00	7,409.86	5,909.86
<b>Total Revenues</b>	<b>2,198,463.00</b>	<b>2,198,463.00</b>	<b>2,636,091.47</b>	<b>437,628.47</b>
<b>Expenditures:</b>				
General Government:				
Legislative:				
Board of County Commissioners	61,575.00	61,575.00	50,740.30	10,834.70
Contingency	100,000.00	100,000.00		
Amount Transferred		(99,000.00)		1,000.00
Elections	20,855.00	20,855.00	17,425.92	3,429.08
Judicial System	12,725.00	12,725.00	10,073.64	2,651.36
Financial Administration:				
Auditor	106,870.00	106,870.00	98,022.25	8,847.75
Treasurer	91,246.00	94,920.55	94,926.10	(5.55)
Other	35,500.00	35,500.00	4,972.26	30,527.74



**SUPPLEMENTARY INFORMATION**  
**BENNETT COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**For the Year Ended December 31, 2022**  
**(Continued)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Legal Services:				
State's Attorney	137,635.00	137,635.00	136,447.46	1,187.54
Court Appointed Attorney	125,000.00	125,000.00	97,674.71	27,325.29
Abused and Neglected Child Defense	18,000.00	18,000.00	6,324.32	11,675.68
Other General Government:				
General Government Building	78,905.00	209,965.20	209,965.20	0.00
Director of Equalization	65,779.00	65,779.00	58,581.63	7,197.37
Register of Deeds	71,137.00	71,137.00	68,409.87	2,727.13
Veterans Service Officer	13,197.00	13,197.00	12,825.96	371.04
Predatory Animal	3,815.00	3,815.00	3,813.72	1.28
Public Safety:				
Law Enforcement:				
Sheriff	288,345.00	361,483.97	361,483.97	0.00
County Jail	438,689.00	438,689.00	400,220.50	38,468.50
Coroner	6,078.00	6,078.00	249.75	5,828.25
Juvenile Detention	47,000.00	47,000.00	26,732.63	20,267.37
Protective and Emergency Services:				
Fire Protection	0.00	147,000.00	147,000.00	0.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	2,000.00	2,000.00	0.00	2,000.00
Other	26,268.00	26,292.00	25,986.27	305.73
Health Assistance:				
Women, Infants and Children	12,848.00	12,848.00	11,217.47	1,630.53
Mental Health Services:				
Mentally Ill	22,000.00	22,000.00	16,641.82	5,358.18
Mental Illness Board	3,000.00	3,000.00	1,145.35	1,854.65
Culture and Recreation:				
Culture:				
Public Library	20,000.00	20,000.00	20,000.00	0.00
Recreation:				
Exhibition Building	3,675.00	3,675.00	1,058.42	2,616.58
County Fair	5,000.00	5,000.00	5,000.00	0.00
Senior Center	1,000.00	1,000.00	0.00	1,000.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	46,436.00	46,436.00	42,175.72	4,260.28
Soil Conservation Districts	5,000.00	5,000.00	5,000.00	0.00
Weed and Pest Control	9,000.00	9,000.00	0.00	9,000.00
Intergovernmental Expenditures	0.00	2,000.00	2,000.00	0.00
Total Expenditures	<u>1,878,578.00</u>	<u>2,136,475.72</u>	<u>1,936,115.24</u>	<u>200,360.48</u>
Excess of Revenues Over (Under) Expenditures	<u>319,885.00</u>	<u>61,987.28</u>	<u>699,976.23</u>	<u>637,988.95</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(51,000.00)	(51,000.00)	(55,600.00)	(4,600.00)
Insurance Proceeds	0.00	0.00	6,021.23	6,021.23
Sale of County Property	0.00	0.00	65.00	65.00
Total Other Financing Sources (Uses)	<u>(51,000.00)</u>	<u>(51,000.00)</u>	<u>(49,513.77)</u>	<u>1,486.23</u>
Net Change in Fund Balance	268,885.00	10,987.28	650,462.46	639,475.18
Fund Balance - Beginning	<u>3,854,801.70</u>	<u>3,854,801.70</u>	<u>3,854,801.70</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 4,123,686.70</u>	<u>\$ 3,865,788.98</u>	<u>\$ 4,505,264.16</u>	<u>\$ 639,475.18</u>

**SUPPLEMENTARY INFORMATION**  
**BENNETT COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**ROAD AND BRIDGE FUND**  
**For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes:				
Wheel Tax	\$ 63,000.00	\$ 63,000.00	\$ 62,922.88	\$ (77.12)
Intergovernmental Revenue:				
State Grants	166,000.00	166,000.00	190,696.55	24,696.55
State Shared Revenue:				
Motor Vehicle Licenses	416,000.00	416,000.00	431,079.88	15,079.88
State Highway Fund (former 10% game)	5,000.00	5,000.00	4,827.80	(172.20)
Prorate License Fees	28,000.00	28,000.00	30,793.83	2,793.83
63 3/4% Mobile Home	11,200.00	11,200.00	15,238.62	4,038.62
Secondary Road Remittances	109,000.00	109,000.00	94,977.70	(14,022.30)
Motor Fuel Tax	4,800.00	4,800.00	4,538.04	(261.96)
Miscellaneous Revenue:				
Investment Earnings	7,500.00	7,500.00	11,183.68	3,683.68
Refund of Prior Year's Expenditures	0.00	0.00	343.74	343.74
<b>Total Revenues</b>	<u>810,500.00</u>	<u>810,500.00</u>	<u>846,602.72</u>	<u>36,102.72</u>
<b>Expenditures:</b>				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	1,029,273.00	1,347,883.05	1,428,530.52	(80,647.47)
Debt Service	106,400.00	106,400.00	137,252.53	(30,852.53)
<b>Total Expenditures</b>	<u>1,135,673.00</u>	<u>1,454,283.05</u>	<u>1,565,783.05</u>	<u>(111,500.00)</u>
Excess of Revenues Over (Under) Expenditures	<u>(325,173.00)</u>	<u>(643,783.05)</u>	<u>(719,180.33)</u>	<u>(75,397.28)</u>
<b>Other Financing Sources (Uses):</b>				
Long-Term Debt Issued	0.00	0.00	111,500.00	111,500.00
Sale of County Property	0.00	0.00	650.00	650.00
<b>Total Other Financing Sources (Uses)</b>	<u>0.00</u>	<u>0.00</u>	<u>112,150.00</u>	<u>112,150.00</u>
Net Change in Fund Balance	(325,173.00)	(643,783.05)	(607,030.33)	36,752.72
Fund Balance - Beginning	<u>1,046,728.59</u>	<u>1,046,728.59</u>	<u>1,046,728.59</u>	<u>0.00</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 721,555.59</u>	<u>\$ 402,945.54</u>	<u>\$ 439,698.26</u>	<u>\$ 36,752.72</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 1,848,463.00	\$ 1,848,463.00	\$ 1,801,702.49	\$ (46,760.51)
General Property Taxes--Delinquent	25,000.00	25,000.00	40,959.25	15,959.25
Penalties and Interest	5,000.00	5,000.00	11,577.76	6,577.76
Telephone Tax (Outside)	5.00	5.00	13.08	8.08
Licenses and Permits	2,400.00	2,400.00	816.00	(1,584.00)
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	375,473.55	375,473.55
Federal Shared Revenue	11,100.00	11,100.00	10,766.68	(333.32)
State Grants	0.00	0.00	31,069.57	31,069.57
State Shared Revenue:				
Bank Franchise	34,500.00	34,500.00	19,784.91	(14,715.09)
Court Appointed Attorney/Public Defender	5,000.00	5,000.00	6,114.12	1,114.12
Abused and Neglected Child Defense	600.00	600.00	2,695.93	2,095.93
Telecommunications Gross Receipts Tax	16,000.00	16,000.00	8,709.09	(7,290.91)
Motor Vehicle 1/4%	1,000.00	1,000.00	1,047.92	47.92
Liquor Tax Reversion (25%)	35,000.00	35,000.00	43,174.57	8,174.57
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	13,000.00	13,000.00	14,589.08	1,589.08
Register of Deeds' Fees	21,000.00	21,000.00	29,252.50	8,252.50
Legal Services	32,100.00	32,100.00	52,854.97	20,754.97
Clerk of Courts Fees	1,600.00	1,600.00	1,761.00	161.00
Other Fees	1,500.00	1,500.00	4,631.68	3,131.68
Public Safety:				
Law Enforcement	1,000.00	1,000.00	1,426.00	426.00
Other	2,500.00	2,500.00	419.20	(2,080.80)
Health and Welfare:				
Economic Assistance:				
Veterans Service Officer	1,875.00	1,875.00	1,875.00	0.00
Health Assistance:				
Women, Infants and Children	9,000.00	9,000.00	5,875.97	(3,124.03)
Fines and Forfeits:				
Costs	2,900.00	2,900.00	6,932.33	4,032.33
Forfeits	1,000.00	1,000.00	7,100.00	6,100.00
Miscellaneous Revenue:				
Investment Earnings	9,000.00	9,000.00	6,977.30	(2,022.70)
Rent	4,800.00	4,800.00	4,800.00	0.00
Contributions and Donations	0.00	0.00	50.00	50.00
Refund of Prior Year's Expenditures	9,100.00	9,100.00	22,059.16	12,959.16
Other	1,000.00	1,000.00	434.78	(565.22)
<b>Total Revenues</b>	<b>2,095,443.00</b>	<b>2,095,443.00</b>	<b>2,514,943.89</b>	<b>419,500.89</b>

**Expenditures:**

General Government:

Legislative:

Board of County Commissioners 42,791.00 42,791.00 49,667.50 (6,876.50)

Contingency 100,000.00 100,000.00

Amount Transferred (90,856.00) 9,144.00

Elections 3,535.00 3,535.00 2,268.82 1,266.18

Judicial System 12,700.00 12,700.00 6,340.79 6,359.21

Financial Administration:

Auditor 95,265.00 99,632.77 98,393.66 1,239.11

Treasurer 78,728.00 86,683.02 85,237.77 1,445.25

Other 34,600.00 34,900.00 34,871.25 28.75

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Legal Services:				
State's Attorney	126,810.00	131,756.49	130,072.21	1,684.28
Court Appointed Attorney	125,000.00	125,500.00	125,450.65	49.35
Abused and Neglected Child Defense	10,000.00	33,000.00	32,678.64	321.36
Other General Government:				
General Government Building	76,655.00	370,226.11	361,822.13	8,403.98
Director of Equalization	68,786.00	71,237.43	65,810.24	5,427.19
Register of Deeds	56,346.00	63,894.20	63,011.90	882.30
Veterans Service Officer	12,205.00	13,370.15	12,881.08	489.07
Predatory Animal	3,815.00	3,815.00	3,813.72	1.28
Public Safety:				
Law Enforcement:				
Sheriff	61,600.00	64,633.81	64,430.12	203.69
County Jail	427,370.00	429,091.11	374,632.71	54,458.40
Coroner	6,578.00	6,578.00	624.37	5,953.63
County-Wide Law Enforcement	224,015.00	273,382.04	271,555.94	1,826.10
Juvenile Detention	45,000.00	82,000.00	80,256.07	1,743.93
Protective and Emergency Services:				
Fire Protection	0.00	5,201.00	5,201.00	0.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	2,500.00	2,500.00	0.00	2,500.00
Other	25,083.00	26,323.27	25,716.81	606.46
Health Assistance:				
Women, Infants and Children	12,347.00	13,506.63	10,310.85	3,195.78
Mental Health Services:				
Mentally Ill	21,700.00	21,700.00	15,031.64	6,668.36
Mental Illness Board	3,500.00	3,500.00	1,647.79	1,852.21
Culture and Recreation:				
Culture:				
Public Library	20,000.00	20,000.00	20,000.00	0.00
Recreation:				
Exhibition Building	3,500.00	3,500.00	813.69	2,686.31
County Fair	5,000.00	5,000.00	5,000.00	0.00
Senior Center	1,000.00	1,000.00	0.00	1,000.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	43,956.00	46,582.37	39,397.81	7,184.56
Soil Conservation Districts	2,500.00	2,500.00	2,500.00	0.00
Weed and Pest Control	10,000.00	10,000.00	1,076.92	8,923.08
Total Expenditures	<u>1,762,885.00</u>	<u>2,119,183.40</u>	<u>1,990,516.08</u>	<u>128,667.32</u>
Excess of Revenues Over (Under) Expenditures	<u>332,558.00</u>	<u>(23,740.40)</u>	<u>524,427.81</u>	<u>548,168.21</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(50,450.00)	(50,450.00)	(43,000.00)	7,450.00
Sale of County Property	0.00	0.00	33.37	33.37
Total Other Financing Sources (Uses)	<u>(50,450.00)</u>	<u>(50,450.00)</u>	<u>(42,966.63)</u>	<u>7,483.37</u>
Net Change in Fund Balance	282,108.00	(74,190.40)	481,461.18	555,651.58
Fund Balance - Beginning	<u>3,373,340.52</u>	<u>3,373,340.52</u>	<u>3,373,340.52</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 3,655,448.52</u>	<u>\$ 3,299,150.12</u>	<u>\$ 3,854,801.70</u>	<u>\$ 555,651.58</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes:				
Wheel Tax	\$ 62,000.00	\$ 62,000.00	\$ 66,736.67	\$ 4,736.67
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	250,619.33	250,619.33
State Grants	160,000.00	160,000.00	189,436.86	29,436.86
State Shared Revenue:				
Motor Vehicle Licenses	400,000.00	400,000.00	431,165.33	31,165.33
State Highway Fund (former 10% game)	4,828.00	4,828.00	4,827.80	(0.20)
Prorate License Fees	27,000.00	27,000.00	30,132.51	3,132.51
63 3/4% Mobile Home	5,000.00	5,000.00	7,933.33	2,933.33
Secondary Road Remittances	105,000.00	105,000.00	113,239.82	8,239.82
Motor Fuel Tax	4,700.00	4,700.00	4,704.41	4.41
Miscellaneous Revenue:				
Investment Earnings	7,400.00	7,400.00	2,176.58	(5,223.42)
Refund of Prior Year's Expenditures	0.00	0.00	233.91	233.91
Total Revenues	<u>775,928.00</u>	<u>775,928.00</u>	<u>1,101,206.55</u>	<u>325,278.55</u>
<b>Expenditures:</b>				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	876,847.00	1,327,690.78	1,153,954.24	173,736.54
Debt Service	108,210.00	127,366.22	127,366.22	0.00
Total Expenditures	<u>985,057.00</u>	<u>1,455,057.00</u>	<u>1,281,320.46</u>	<u>173,736.54</u>
Excess of Revenues Over (Under) Expenditures	<u>(209,129.00)</u>	<u>(679,129.00)</u>	<u>(180,113.91)</u>	<u>499,015.09</u>
<b>Other Financing Sources (Uses):</b>				
Insurance Proceeds	0.00	0.00	15,490.63	15,490.63
Sale of County Property	0.00	0.00	1,563.80	1,563.80
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>17,054.43</u>	<u>17,054.43</u>
Net Change in Fund Balance	(209,129.00)	(679,129.00)	(163,059.48)	516,069.52
Fund Balance - Beginning	<u>1,209,788.07</u>	<u>1,209,788.07</u>	<u>1,209,788.07</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 1,000,659.07</u>	<u>\$ 530,659.07</u>	<u>\$ 1,046,728.59</u>	<u>\$ 516,069.52</u>

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

Note 1. Budgets and Budgetary Accounting:

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

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

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

**South Dakota Retirement System**

\*Last 10 Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.034909%	0.037444%	0.035859%	0.032518%	0.033710%	0.034876%	0.032875%	0.030521%	0.034077%
County's proportionate share of net pension liability (asset)	\$ (3,299)	\$ (286,757)	\$ (1,557)	\$ (3,446)	\$ (786)	\$ (3,165)	\$ 111,049	\$ (129,450)	\$ (245,511)
County's covered-employee payroll	\$ 775,012	\$ 804,017	\$ 743,714	\$ 648,501	\$ 659,144	\$ 661,600	\$ 584,579	\$ 517,698	\$ 559,245
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.43%	35.67%	0.21%	0.53%	0.12%	0.48%	19.00%	25.00%	43.90%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

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

BENNETT COUNTY  
NOTES TO THE SUPPLEMENTARY INFORMATION  
Schedule of the Proportionate Share of the Net Pension Liability (Asset)

**Changes from Prior Valuation**

The June 30, 2022 Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021 Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

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

**Benefit Provision Changes**

During the 2022 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

**Actuarial Assumption Changes**

As a result of an experience analysis covering the period from July 1, 2016, to June 30, 2021, and presented to the SDRS Board of Trustees in April and June 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022, actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021, Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July



2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027, Actuarial Valuation and any recommended 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027, Actuarial Valuation.

### **Actuarial Method Changes**

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.

**SUPPLEMENTARY INFORMATION  
BENNETT COUNTY  
SCHEDULE OF CHANGES IN LONG-TERM DEBT  
For the Two Years Ended December 31, 2022**

<b>Indebtedness</b>	<b>Long-Term Debt January 1, 2021</b>	<b>Add New Debt</b>	<b>Less Debt Retired</b>	<b>Long-Term Debt December 31, 2022</b>
<b>Governmental Long-Term Debt:</b>				
Other Long-Term Debt Payable	\$ 415,464.71	\$ 111,500.00	\$ 242,646.01	\$ 284,318.70

Note 1 - Long-Term Debt:

Debt payable at December 31, 2022 is comprised of the following:

54 Other Long-Term Debt:

The County entered into a Financed Capital Acquisition Contract for a 2018 Komatsu Wheel Loader. Annual payments of principal and 4.75% interest will be made from the Road and Bridge Fund. Payments began in July 2022 and will continue until January 2026. \$ 84,343.99

The County entered into a Financed Capital Acquisition Contract for a 2012 John Deere 772G Motorgrader. Annual payments of principle and 4.45% interest will be made from the Road and Bridge Fund. Payments began in September 2019 and will continue until September 2023. \$ 47,564.63

The County entered into a Financed Capital Acquisition Contract for a 2014 John Deere 772G Motorgrader. Annual payments of principle and 3.75% interest will be made from the Road and Bridge Fund. Payments began in June 2020 and will continue until June 2025. \$ 73,360.00

The County entered into a Financed Capital Acquisition Contract for a 2014 John Deere 772G Motorgrader. Annual payments of principle and 3.75% interest will be made from the Road and Bridge Fund. Payments began in October 2021 and will continue until October 2025. \$ 79,050.08