

BENNETT COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2024

BENNETT COUNTY
COUNTY OFFICIALS
December 31, 2024

Board of Commissioners:

Dave Bakley
Keeley Clausen
Cole Blu Donovan
Bill Livermont
Susan Williams

Auditor:

Tasha Konotopka

Treasurer:

Jolene Donovan

State's Attorney:

Sarah Harris

Register of Deeds:

Jaci Clifford

Sheriff:

Jason Erwin

BENNETT COUNTY
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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, 2024, 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 May 20, 2026.

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 and Questioned Costs as item No. 2024-001 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, contracts, and grant agreements 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 and Questioned Costs as items No. 2024-002 and No. 2024-003.

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 and Questioned Costs. 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

May 20, 2026



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RUSSELL A. OLSON
AUDITOR GENERAL

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

County Commission
Bennett County
Martin, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bennett County, South Dakota (County), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the biennial period ended December 31, 2024. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, Bennett County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the biennial period ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

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

A handwritten signature in black ink that reads "Russell A. Olson". The signature is written in a cursive, flowing style.

Russell A. Olson
Auditor General

May 20, 2026

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

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Findings:

Finding No. 2022-001:

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. This finding has not been resolved and is restated as Current Audit Finding No. 2024-001.

Finding No. 2022-002:

Noncompliance with the state bid statutes was noted. This finding has not been resolved and is restated as Current Audit Finding No. 2024-002.

Finding No. 2022-003:

The County incurred expenditures in excess of appropriations contrary to SDCL 7-21-25. This finding has not been resolved and is restated as Current Audit Finding No. 2024-003.

Finding No. 2022-004:

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. This finding has not been resolved and is restated as Current Audit Finding No. 2024-004.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Section I – Summary of the Auditor's Results

Financial Statements

- a. An unmodified opinion was issued on the financial statements of each opinion unit.
- b. Material weaknesses were disclosed by our audit of the financial statements related to Inadequate Supporting Documentation for Purchases.
- c. Our audit did disclose noncompliance which was material to the financial statements related to Noncompliance with State Competitive Bid Statutes and Budgetary Non-Compliance.

Federal Awards

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
- f. The federal award tested as a major program was:

ALN # 21.027 – Coronavirus State and Local Fiscal Recovery Funds

- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. Bennett County did not qualify as a low-risk auditee.

Section II – Financial Statement Findings

Internal Control-Related Findings - Material Weakness:

Inadequate Supporting Documentation for Purchases

Finding No. 2024-001:

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. This is the second consecutive audit in which a similar finding was noted.

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 always 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 and planned corrective actions:

The written comments concerning the expenditure process and lack of documentation for invoices were at a time when the County did not have an Auditor, Highway Superintendent or Highway Secretary. These problems have been corrected with the election of an Auditor and the appointment of a Highway Superintendent and Highway Secretary.

Compliance and Other Matters:

Noncompliance with State Competitive Bid Statutes

Finding No. 2024-002:

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. This is the second consecutive audit in which a similar finding was noted.

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 stockpiling of crushed gravel without advertising for bids.
- 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.
- The county awarded bids for culvert removal and replacement, snow removal and blading and road maintenance based on the horsepower of the equipment which appears to be a restrictive specification.

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 and planned corrective actions:

The Commissioners are working very hard to correct the noncompliance of State Competitive Bid Statutes and have corrected these issues.

Budgetary Noncompliance

Finding No. 2024-003:

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. This is the second consecutive audit in which a similar finding was noted.

Context:

We noted the following expenditures in excess of appropriations for the years ended December 31, 2023 and 2024:

	Year Ended 12/31/2023	Year Ended 12/31/2024
General Fund:		
<u>Activity</u>		
Board of Commissioners	\$ 3,288.80	\$
Treasurer	5,720.72	10.42
Other Financial Administration	71,234.39	
General Government Buildings	24,230.35	
Veterans Service Officer	505.51	
Sheriff	29,637.36	
County-Wide Law Enforcement	7,997.24	
Highways, Roads and Bridges	106.76	
Hospital		546,795.92
Mentally Ill	1,202.15	
Exhibition Building	26,911.34	
County Extension	5,914.28	
Road and Bridge Fund:		
<u>Activity</u>		
Highways, Roads, and Bridges	524,875.38	
Debt Service	11,261.00	
Courthouse and Jail Building Fund:		
<u>Activity</u>		
General Government Buildings		7.03
Senior Citizens Fund:		
<u>Activity</u>		
Senior Center		124,643.01

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 and planned corrective actions:

The written comments concerning Budgetary Noncompliance have been corrected with the election of an Auditor.

Surplus Unassigned Fund Balance

Finding No. 2024-004:

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 \$150,400.00 as of December 31, 2024. This is the second consecutive audit in which a similar finding was noted.

Context:

Our analysis of the County General Fund indicated an excessive unassigned fund balance existed at December 31, 2024 as follows:

Total Unassigned Fund Balance at December 31, 2024		\$ 1,032,891.67
Less:		
2025 General Fund Appropriations	2,206,223.00	
Percentage of Allowable Retainage	<u>40%</u>	
Allowable Fund Balance Retainage		<u>(882,489.20)</u>
Unassigned Surplus Fund Balance at December 31, 2024 in Excess of the Amount Allowed by SDCL 7-21-18.1		<u>\$ 150,402.47</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 and planned corrective actions:

The Bennett County Board of Commissioners continues to cooperate with the Department of Legislative Audit to correct all insufficiencies.

Highway Cost Accounting Records

Finding No. 2024-005:

The county highway department did not maintain its records as required by the County Accounting Manual (CAM).

Criteria:

South Dakota Codified Laws (SDCL) 31-11-6 states:

The county highway superintendent shall keep a detailed record of the cost of any work on any section of the highway, bridge, tile, or culvert construction, repair work, or materials therefore done under his supervision by the county, by day labor and shall immediately upon the completion of each piece of work file the record with the county auditor, showing in detail the cost of all labor, materials, repairs, repair materials, hauling, inspection costs, and a proper proportion of the yearly equipment depreciation and repair charges for the county road building equipment, rental of machinery and every other item of cost....

The South Dakota Department of Legislative Audit in the CAM established a cost accounting system pursuant to SDCL 31-11-6 which was to be implemented by all South Dakota counties on January 1, 1986. The cost accounting system prescribed a uniform method for all counties from which to compute and compare highway department costs.

Condition:

Complete cost accounting records for 2023 and 2024 were not maintained.

Context:

We found that cost accounting records were not consistently maintained in 2023 and 2024. Complete cost records are not available for the years 2023 and 2024.

Effect:

The County is not in compliance with SDCL 31-11-6.

Cause:

The Board of County Commissioners did not make sure someone was maintaining the highway cost accounting system in 2023 and 2024 to comply with SDCL 31-11-6.

Recommendation:

5. We recommend that the County comply with SDCL 31-11-6 and implement the cost accounting system for the highway department as set forth in CAM.

Views of responsible officials and planned corrective actions:

The Highway cost accounting records are also implemented with the appointment of a Highway Secretary.

Section III – Federal Award Findings and Questioned Costs

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



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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, 2024, 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, 2024, 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 2023, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology

Arrangements; however, this implementation did not result in a restatement of the net position as of January 1, 2023. Our opinions are not modified with respect to this matter.

As discussed in Note 2 to the financial statements, in 2024, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections; however, this implementation did not result in a restatement of the net position as of January 1, 2024. 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 Schedule of Expenditures of Federal Awards, which as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 Schedule of Expenditures of Federal Awards, 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 May 20, 2026, 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, grant agreements, 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

May 20, 2026

BENNETT COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2024

	<u>Primary Government Governmental Activities</u>
ASSETS:	
Cash and Cash Equivalents	\$ 4,347,695.61
TOTAL ASSETS	<u><u>\$ 4,347,695.61</u></u>
NET POSITION:	
Restricted For: (See Note 6)	
Road and Bridge Purposes	\$ 127,530.62
Other Purposes	190,192.39
Unrestricted	<u>4,029,972.60</u>
TOTAL NET POSITION	<u><u>\$ 4,347,695.61</u></u>

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, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government
				Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 931,252.51	\$ 135,772.49	\$ 38,685.13	\$ (756,794.89)
Public Safety	1,164,382.46	83,346.03	50,424.71	(1,030,611.72)
Public Works	1,497,011.67		840,189.16	(656,822.51)
Health and Welfare	585,484.85	6,030.16	546,795.92	(32,658.77)
Culture and Recreation	171,780.61		157.50	(171,623.11)
Conservation of Natural Resources	64,393.79			(64,393.79)
**Interest on Long-Term Debt	9,898.81			(9,898.81)
Total Primary Government	<u>\$ 4,424,204.70</u>	<u>\$ 225,148.68</u>	<u>\$ 1,476,252.42</u>	<u>(2,722,803.60)</u>
General Revenues:				
Taxes:				
**The County does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.	Property Taxes			1,740,826.29
	Wheel Tax			71,139.90
	State Shared Revenues			70,089.66
	Grants and Contributions not Restricted to Specific Programs			10,409.49
	Unrestricted Investment Earnings			143,830.92
	Debt Issued			22,361.00
	Miscellaneous Revenue			37,761.41
Total General Revenues				<u>2,096,418.67</u>
Change in Net Position				(626,384.93)
Net Position - beginning, as previously reported				<u>4,974,080.54</u>
NET POSITION - ENDING				<u>\$ 4,347,695.61</u>

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, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government
				Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 984,480.33	\$ 87,488.40	\$ 4,716.28	\$ (892,275.65)
Public Safety	949,443.61	21,742.78	59,443.85	(868,256.98)
Public Works	1,659,581.33		859,175.37	(800,405.96)
Health and Welfare	41,286.00	10,700.12	6,316.68	(24,269.20)
Culture and Recreation	78,011.34			(78,011.34)
Conservation of Natural Resources	63,578.86			(63,578.86)
**Interest on Long-Term Debt	12,334.81			(12,334.81)
Total Primary Government	<u>\$ 3,788,716.28</u>	<u>\$ 119,931.30</u>	<u>\$ 929,652.18</u>	(2,739,132.80)
General Revenues:				
Taxes:				
**The County does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.	Property Taxes			1,987,727.97
	Wheel Tax			67,249.26
	State Shared Revenues			71,276.58
	Grants and Contributions not Restricted to Specific Programs			77,378.93
	Unrestricted Investment Earnings			197,793.07
	Miscellaneous Revenue			46,173.67
Total General Revenues				<u>2,447,599.48</u>
Change in Net Position				(291,533.32)
Net Position - beginning, as previously reported				<u>5,265,613.86</u>
NET POSITION - ENDING				<u>\$ 4,974,080.54</u>

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

BENNETT COUNTY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2024

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 3,901,200.19	\$ 237,550.22	\$ 208,945.20	\$ 4,347,695.61
TOTAL ASSETS	\$ 3,901,200.19	\$ 237,550.22	\$ 208,945.20	\$ 4,347,695.61
FUND BALANCES: (See Note 1.j.)				
Restricted	\$	\$ 127,530.62	\$ 190,192.39	\$ 317,723.01
Assigned	2,868,308.52	110,019.60	18,752.81	2,997,080.93
Unassigned	1,032,891.67			1,032,891.67
TOTAL FUND BALANCES	\$ 3,901,200.19	\$ 237,550.22	\$ 208,945.20	\$ 4,347,695.61

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, 2024

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 1,661,915.66	\$	\$ 21,036.90	\$ 1,682,952.56
General Property Taxes--Delinquent	46,897.59		507.24	47,404.83
Penalties and Interest	10,344.98		123.92	10,468.90
Wheel Tax		71,139.90		71,139.90
Licenses and Permits	7,352.00		840.00	8,192.00
Intergovernmental Revenue:				
Federal Grants	482,466.99		23,970.00	506,436.99
Federal Shared Revenue	10,279.37		130.12	10,409.49
State Grants	81,754.94	198,427.63	585.89	280,768.46
State Shared Revenue:				
Bank Franchise	35,455.70			35,455.70
Motor Vehicle Licenses		455,102.64		455,102.64
State Highway Fund (former 10% game)		4,827.80		4,827.80
Court Appointed Attorney/Public Defender	3,674.03			3,674.03
Prorate License Fees		31,200.06		31,200.06
Secondary Road Remittances		122,702.82		122,702.82
Telecommunications Gross Receipts Tax	5,333.98			5,333.98
Motor Vehicle 1/4%	1,138.97			1,138.97
Motor Fuel Tax		2,725.45		2,725.45
911 Remittances			25,868.82	25,868.82
Liquor Tax Reversion (25%)	29,299.98			29,299.98
Other State Shared Revenue	16,446.12		25,202.76	41,648.88

Charges for Goods and Services:

General Government:

Treasurer's Fees	29,478.33		75.00	29,553.33
Register of Deeds' Fees	27,041.50		4,772.49	31,813.99
Legal Services	40,197.79			40,197.79
Clerk of Courts Fees	1,603.00			1,603.00
Other Fees	2,033.63			2,033.63

Public Safety:

Law Enforcement	58,497.26			58,497.26
Sobriety Testing			12,958.40	12,958.40
Other	3,677.09		13,487.25	17,164.34

Health and Welfare:

Economic Assistance:

Veterans Service Officer	2,062.50			2,062.50
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Health Assistance:

Women, Infants and Children	6,030.16			6,030.16
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Fines and Forfeits:

Costs	3,191.28		150.00	3,341.28
Forfeits	4,500.00			4,500.00

Miscellaneous Revenue:

Investment Earnings	171,241.10	6,333.58	(33,743.76)	143,830.92
Rent	7,201.00			7,201.00
Contributions and Donations	157.50			157.50
Refund of Prior Year's Expenditures	32,929.74	248.44		33,178.18
Other	3,598.94	984.29		4,583.23

Total Revenues	<u>2,785,801.13</u>	<u>893,692.61</u>	<u>95,965.03</u>	<u>3,775,458.77</u>
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Expenditures:

General Government:

Legislative:

Board of County Commissioners	85,424.35			85,424.35
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Elections	23,308.08			23,308.08
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Judicial System	12,499.66			12,499.66
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Financial Administration:

Auditor	93,518.87			93,518.87
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Treasurer	123,663.42			123,663.42
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Other	31,774.50			31,774.50
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BENNETT COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024
(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	153,227.28			153,227.28
Court Appointed Attorney	119,759.78			119,759.78
Abused and Neglected Child Defense	5,089.56			5,089.56
Other General Government:				
General Government Building	87,215.38		7.03	87,222.41
Director of Equalization	97,090.42			97,090.42
Register of Deeds	71,614.51		9,590.83	81,205.34
Veterans Service Officer	13,655.12			13,655.12
Predatory Animal	3,813.72			3,813.72
Public Safety:				
Law Enforcement:				
Sheriff	597,143.19			597,143.19
County Jail	346,113.83		36,054.54	382,168.37
Coroner	5,545.87			5,545.87
Juvenile Detention	57,477.93			57,477.93
Protective and Emergency Services:				
Fire Protection			18,868.58	18,868.58
Emergency and Disaster Services			64,344.32	64,344.32
Communication Center			49,489.10	49,489.10
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		1,389,249.48		1,389,249.48
Health and Welfare:				
Health Assistance:				
Hospital	546,795.92			546,795.92

Women, Infants and Children	11,691.33			11,691.33
Mental Health Services:				
Mentally Ill	26,602.46			26,602.46
Mental Illness Board	395.14			395.14
Culture and Recreation:				
Culture:				
Public Library	20,000.00			20,000.00
Recreation:				
Exhibition Building	2,137.60			2,137.60
County Fair	5,000.00			5,000.00
Senior Center			144,643.01	144,643.01
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	53,233.56			53,233.56
Soil Conservation Districts	5,000.00			5,000.00
Weed and Pest Control	6,160.23			6,160.23
Debt Service		117,661.00		117,661.00
Total Expenditures	<u>2,604,951.71</u>	<u>1,506,910.48</u>	<u>322,997.41</u>	<u>4,434,859.60</u>
Excess of Revenues Over (Under) Expenditures	<u>180,849.42</u>	<u>(613,217.87)</u>	<u>(227,032.38)</u>	<u>(659,400.83)</u>
Other Financing Sources (Uses):				
Transfers In		600,000.00	86,000.00	686,000.00
Transfers Out	(686,000.00)			(686,000.00)
Long-Term Debt Issued	22,361.00			22,361.00
Insurance Proceeds	10,654.90			10,654.90
Total Other Financing Sources (Uses)	<u>(652,984.10)</u>	<u>600,000.00</u>	<u>86,000.00</u>	<u>33,015.90</u>
Net Change in Fund Balance	(472,134.68)	(13,217.87)	(141,032.38)	(626,384.93)
Fund Balance - beginning, as previously reported	<u>4,373,334.87</u>	<u>250,768.09</u>	<u>349,977.58</u>	<u>4,974,080.54</u>
FUND BALANCE - ENDING	<u>\$ 3,901,200.19</u>	<u>\$ 237,550.22</u>	<u>\$ 208,945.20</u>	<u>\$ 4,347,695.61</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, 2023

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 1,905,475.22	\$	\$ 20,415.05	\$ 1,925,890.27
General Property Taxes--Delinquent	48,595.81		542.91	49,138.72
Penalties and Interest	12,559.78		139.20	12,698.98
Wheel Tax		67,249.26		67,249.26
Licenses and Permits	6,860.00		480.00	7,340.00
Intergovernmental Revenue:				
Federal Grants	66,225.90	40,528.06	31,116.04	137,870.00
Federal Shared Revenue	11,019.51		133.52	11,153.03
State Grants	6,000.00	194,536.89	743.92	201,280.81
State Shared Revenue:				
Bank Franchise	35,820.16			35,820.16
Motor Vehicle Licenses		441,967.68		441,967.68
State Highway Fund (former 10% game)		4,827.80		4,827.80
Court Appointed Attorney/Public Defender	3,628.18			3,628.18
Prorate License Fees		31,351.73		31,351.73
63 3/4% Mobile Home		11,069.38		11,069.38
Secondary Road Remittances		114,181.97		114,181.97
Telecommunications Gross Receipts Tax	6,012.53			6,012.53
Motor Vehicle 1/4%	1,088.10			1,088.10
Motor Fuel Tax		4,484.42		4,484.42
911 Remittances			21,583.89	21,583.89
Liquor Tax Reversion (25%)	29,443.89			29,443.89
Other State Shared Revenue			16,227.44	16,227.44

Charges for Goods and Services:

General Government:

Treasurer's Fees	20,343.98			20,343.98
Register of Deeds' Fees	22,301.50		5,038.62	27,340.12
Legal Services	25,280.43		125.00	25,405.43
Clerk of Courts Fees	1,480.00			1,480.00
Other Fees	1,303.87			1,303.87

Public Safety:

Law Enforcement	1,514.00			1,514.00
Sobriety Testing			14,623.70	14,623.70
Other	1,399.29		834.68	2,233.97

Health and Welfare:

Economic Assistance:

Veterans Service Officer	1,875.00			1,875.00
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Health Assistance:

Women, Infants and Children	10,700.12			10,700.12
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Fines and Forfeits:

Costs	2,331.11			2,331.11
Forfeits	1,040.00			1,040.00

Miscellaneous Revenue:

Investment Earnings	182,280.82	6,883.53	8,628.72	197,793.07
Rent	2,400.00			2,400.00
Contributions and Donations	6,316.68			6,316.68
Refund of Prior Year's Expenditures	25,847.81	298.49	2,290.75	28,437.05
Other	2,136.62			2,136.62

Total Revenues

2,441,280.31	917,379.21	122,923.44	3,481,582.96
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Expenditures:

General Government:

Legislative:

Board of County Commissioners	84,863.80			84,863.80
Elections	2,322.30			2,322.30
Judicial System	12,375.73			12,375.73

Financial Administration:

Auditor	102,042.89			102,042.89
Treasurer	112,120.72			112,120.72
Other	106,734.39			106,734.39

BENNETT COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023
(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	148,603.25			148,603.25
Court Appointed Attorney	129,218.99			129,218.99
Abused and Neglected Child Defense	8,567.02			8,567.02
Other General Government:				
General Government Building	104,263.35			104,263.35
Director of Equalization	82,667.73			82,667.73
Register of Deeds	69,940.96		2,114.97	72,055.93
Veterans Service Officer	14,830.51			14,830.51
Predatory Animal	3,813.72			3,813.72
Public Safety:				
Law Enforcement:				
Sheriff	336,557.36			336,557.36
County Jail	423,844.75		42,108.03	465,952.78
Coroner	773.19			773.19
County-Wide Law Enforcement	7,997.24			7,997.24
Juvenile Detention	33,788.74			33,788.74
Protective and Emergency Services:				
Fire Protection			3,577.66	3,577.66
Emergency and Disaster Services			67,748.70	67,748.70
Communication Center			33,047.94	33,047.94
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	106.76	1,554,148.38		1,554,255.14
Health and Welfare:				
Economic Assistance:				
Support of Poor	611.63			611.63

Other	6,555.02			6,555.02
Health Assistance:				
Women, Infants and Children	10,181.00			10,181.00
Mental Health Services:				
Mentally Ill	23,202.15			23,202.15
Mental Illness Board	736.20			736.20
Culture and Recreation:				
Culture:				
Public Library	20,000.00			20,000.00
Recreation:				
Exhibition Building	53,011.34			53,011.34
County Fair	5,000.00			5,000.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	55,703.28			55,703.28
Soil Conservation Districts	7,500.00			7,500.00
Weed and Pest Control	375.58			375.58
Debt Service		117,661.00		117,661.00
Total Expenditures	<u>1,968,309.60</u>	<u>1,671,809.38</u>	<u>148,597.30</u>	<u>3,788,716.28</u>
Excess of Revenues Over (Under) Expenditures	<u>472,970.71</u>	<u>(754,430.17)</u>	<u>(25,673.86)</u>	<u>(307,133.32)</u>
Other Financing Sources (Uses):				
Transfers In		550,000.00	55,000.00	605,000.00
Transfers Out	(605,000.00)			(605,000.00)
Sale of County Property	100.00	15,500.00		15,600.00
Total Other Financing Sources (Uses)	<u>(604,900.00)</u>	<u>565,500.00</u>	<u>55,000.00</u>	<u>15,600.00</u>
Net Change in Fund Balance	(131,929.29)	(188,930.17)	29,326.14	(291,533.32)
Fund Balance - beginning, as previously reported	<u>4,505,264.16</u>	<u>439,698.26</u>	<u>320,651.44</u>	<u>5,265,613.86</u>
FUND BALANCE - ENDING	<u>\$ 4,373,334.87</u>	<u>\$ 250,768.09</u>	<u>\$ 349,977.58</u>	<u>\$ 4,974,080.54</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, 2024

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
ASSETS:		
Cash and Cash Equivalents	\$ 24,232.46	\$ 299,547.62
TOTAL ASSETS	<u>\$ 24,232.46</u>	<u>\$ 299,547.62</u>
NET POSITION:		
Restricted For:		
Individuals, Organizations, and Other Governments	\$	\$ 299,547.62
Private-Purpose Trust	<u>24,232.46</u>	
TOTAL NET POSITION	<u>\$ 24,232.46</u>	<u>\$ 299,547.62</u>

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, 2024

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS:		
Investment Earnings:		
Interest and Dividends	\$ 726.41	\$
Property Tax Collections for Other Governments		1,524,878.71
State Shared Revenue Collections for Other Governments		940,464.16
Other Additions		207,414.47
	<u>726.41</u>	<u>2,672,757.34</u>
Total Additions	<u>726.41</u>	<u>2,672,757.34</u>
DEDUCTIONS:		
Payments of Property Tax to Other Governments		1,411,305.50
Payments of State Shared Revenue to Other Governments		953,193.10
Other Deductions		273,570.72
	<u>0.00</u>	<u>2,638,069.32</u>
Total Deductions	<u>0.00</u>	<u>2,638,069.32</u>
Change in Net Position	726.41	34,688.02
Net Position - beginning, as previously reported	<u>23,506.05</u>	<u>264,859.60</u>
NET POSITION - ENDING	<u><u>\$ 24,232.46</u></u>	<u><u>\$ 299,547.62</u></u>

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, 2023

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Investment Earnings:		
Interest and Dividends	\$ 322.45	\$
Property Tax Collections for Other Governments		1,383,720.49
State Shared Revenue Collections for Other Governments		848,740.85
Other Additions		188,912.42
Total Additions	322.45	2,421,373.76
DEDUCTIONS:		
Payments of Property Tax to Other Governments		1,352,968.13
Payments of State Shared Revenue to Other Governments		822,295.71
Other Deductions		198,542.67
Total Deductions	0.00	2,373,806.51
Change in Net Position	322.45	47,567.25
Net Position - beginning, as previously reported	23,183.60	217,292.35
NET POSITION - ENDING	<u>\$ 23,506.05</u>	<u>\$ 264,859.60</u>

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 (closed in 2024), 24/7 Sobriety, Senior Citizens Trust (closed in 2024), 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 cost.

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, Lease Liabilities, Subscription Liabilities, and Other Long-Term 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, 2024**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Restricted For:				
Secondary Road Purposes	\$	\$ 127,530.62	\$	\$ 127,530.62
Rural Access Infrastructure Purposes			68,772.86	68,772.86
Fire Protection Purposes			82,387.57	82,387.57
Modernization and Preservation Relief Purposes			34,221.96	34,221.96
Domestic Abuse Purposes			4,810.00	4,810.00
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
Next Year's Budget	84,971.00			84,971.00
Road and Bridge Purposes		110,019.60		110,019.60
911 Service Purposes			233.43	233.43
Emergency Management Purposes			3,403.83	3,403.83
Domestic Abuse Purposes			60.37	60.37
24/7 Sobriety Purposes			991.89	991.89
Modernization and Preservation Relief Purposes			4,864.29	4,864.29
Fire Protection Purposes			9,199.00	9,199.00
Unassigned	<u>1,032,891.67</u>			<u>1,032,891.67</u>
Total Fund Balances	<u><u>\$ 3,901,200.19</u></u>	<u><u>\$ 237,550.22</u></u>	<u><u>\$ 208,945.20</u></u>	<u><u>\$ 4,347,695.61</u></u>

2. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2023, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). This statement improves accounting and financial reporting for SBITAs; enhances the comparability of financial statements between governments; and also enhances the understandability, reliability, relevance, and consistency of information about SBITAs. 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 these standards did not affect beginning net position or beginning fund balances.

In 2024, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to work within the financial reporting entity and describes the transactions or other events that constitutes those changes. There was no effect on beginning net position due to the implementation of this standard.

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 12/31/2023	Year Ended 12/31/2024
General Fund:		
Activity		
Board of Commissioners	\$ 3,288.80	\$
Treasurer	5,720.72	10.42
Other Financial Administration	71,234.39	
General Government Buildings	24,230.35	
Veterans Service Officer	505.51	
Sheriff	29,637.36	
County-Wide Law Enforcement	7,997.24	
Highways, Roads and Bridges	106.76	
Hospital		546,795.92
Mentally Ill	1,202.15	
Exhibition Building	26,911.34	
County Extension	5,914.28	
Courthouse Building Fund:		
Activity		
General Government Buildings		7.03
Senior Citizens Fund:		
Activity		
Senior Center		124,643.01

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.

As of December 31, 2024, the County does not have any investments to report.

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

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the County’s deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2024, the County’s deposits in financial institutions were not exposed to custodial credit risk.

Custodial Credit Risk – Investments – The risk that, in the event of the counterparty to a transaction, the County will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

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

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

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

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, 2024, was as follows:

Major Purposes:

Road and Bridge Purposes	<u>\$ 127,530.62</u>
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Other Purposes:

Domestic Abuse Purposes	4,810.00
Fire Protection Purposes	82,387.57
Rural Access Infrastructure Purposes	68,772.86
Modernization and Preservation	
Relief Purposes	<u>34,221.96</u>

Total Other Purposes	<u>190,192.39</u>
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Total Restricted Net Position	<u>\$ 317,723.01</u>
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These balances are restricted due to federal grant and statutory requirements.

7. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2024, were as follows:

	<u>Transfers To:</u>		
	Road and Bridge Fund	Other Governmental Funds	Total
<u>Transfers From:</u>			
Major Funds:			
General Fund	\$ 600,000.00	\$ 86,000.00	\$ 686,000.00

Interfund transfers for the year ended December 31, 2023, were as follows:

<u>Transfers From:</u>	<u>Transfers To:</u>		<u>Total</u>
	Road and Bridge Fund	Other Governmental Funds	
Major Funds:			
General Fund	\$ 550,000.00	\$ 55,000.00	\$ 605,000.00

The County typically budgets transfers to the Road and Bridge Fund and the 911 Service Fund, the Emergency Management Fund and the 24/7 Sobriety 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). SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions and 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. 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 3rd 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 3rd 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, 2024, 2023, and 2022, equal to the required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 54,060.40
2023	\$ 52,991.48
2022	\$ 51,041.50

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

At June 30, 2024, SDRS is 100.0% 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, 2024, are as follows:

Proportionate share of total pension liability	\$ 5,240,337.72
Less proportionate share of net position restricted for pension benefits	<u>5,241,759.65</u>
Proportionate share of net pension asset	<u><u>\$ (1,421.93)</u></u>

The net pension asset was measured as of June 30, 2024, 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, 2024, the County's proportion was 0.035127%, which is an increase of 0.004232% from its proportion measured as of June 30, 2023.

Actuarial Assumptions:

The total pension asset in the June 30, 2024, 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	1.71%

Mortality Rates:

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2021

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, 2024, 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, 2024 (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>
Public Equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
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)	\$ 722,548.99	\$ (1,421.93)	\$ (593,855.66)

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, 2024, the County was involved in several lawsuits. No determination can be made at this time regarding the potential outcome of these lawsuits. However, as discussed in the Risk Management note, the County has liability coverage for itself and its employees with South Dakota Public Assurance Alliance. Therefore, no material effects are anticipated to the County as a result of the potential outcome of these lawsuits.

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, 2024, 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 deductible. The County's policy is that the employee is responsible for the first \$750 and the County will pay the remaining \$2,250 to meet the plan's deductible. Effective January 1, 2023, the deductible was raised to \$5,000. The employee is still responsible for the first \$750 and the County responsible for the remaining \$4,250.

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 Coverage, Employee Theft, Property Damage for real and personal property, automobiles, mobile equipment, electronic data processing equipment, Earthquake and Floods.

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, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 1,729,627.00	\$ 1,729,627.00	\$ 1,661,915.66	\$ (67,711.34)
General Property Taxes--Delinquent	40,000.00	40,000.00	46,897.59	6,897.59
Penalties and Interest	7,500.00	7,500.00	10,344.98	2,844.98
Telephone Tax (Outside)	16.00	16.00	0.00	(16.00)
Licenses and Permits	7,400.00	7,400.00	7,352.00	(48.00)
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	482,466.99	482,466.99
Federal Shared Revenue	11,200.00	11,200.00	10,279.37	(920.63)
State Grants	0.00	0.00	81,754.94	81,754.94
State Shared Revenue:				
Bank Franchise	35,000.00	35,000.00	35,455.70	455.70
Court Appointed Attorney/Public Defender	5,350.00	5,350.00	3,674.03	(1,675.97)
Abused and Neglected Child Defense	1,000.00	1,000.00	0.00	(1,000.00)
Telecommunications Gross Receipts Tax	8,000.00	8,000.00	5,333.98	(2,666.02)
Motor Vehicle 1/4%	1,010.00	1,010.00	1,138.97	128.97
Liquor Tax Reversion (25%)	43,800.00	43,800.00	29,299.98	(14,500.02)
Other State Shared Revenue	0.00	0.00	16,446.12	16,446.12
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	16,600.00	16,600.00	29,478.33	12,878.33
Register of Deeds' Fees	34,000.00	34,000.00	27,041.50	(6,958.50)
Legal Services	35,100.00	35,100.00	40,197.79	5,097.79
Clerk of Courts Fees	1,400.00	1,400.00	1,603.00	203.00
Other Fees	1,800.00	1,800.00	2,033.63	233.63
Public Safety:				
Law Enforcement	1,500.00	1,500.00	58,497.26	56,997.26
Other	2,500.00	2,500.00	3,677.09	1,177.09
Health and Welfare:				
Economic Assistance:				
Veterans Service Officer	1,875.00	1,875.00	2,062.50	187.50
Health Assistance:				
Women, Infants and Children	9,000.00	9,000.00	6,030.16	(2,969.84)
Fines and Forfeits:				
Costs	3,400.00	3,400.00	3,191.28	(208.72)
Forfeits	2,300.00	2,300.00	4,500.00	2,200.00
Miscellaneous Revenue:				
Investment Earnings	70,000.00	70,000.00	171,241.10	101,241.10
Rent	4,800.00	4,800.00	7,201.00	2,401.00
Contributions and Donations	0.00	0.00	157.50	157.50
Refund of Prior Year's Expenditures	1,500.00	1,500.00	32,929.74	31,429.74
Other	22,000.00	22,000.00	3,598.94	(18,401.06)
Total Revenues	2,097,678.00	2,097,678.00	2,785,801.13	688,123.13
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	71,575.00	85,425.00	85,424.35	0.65
Contingency	100,000.00	100,000.00		
Amount Transferred		(100,000.00)		0.00
Elections	19,270.00	23,310.00	23,308.08	1.92
Judicial System	12,725.00	12,725.00	12,499.66	225.34
Financial Administration:				
Auditor	110,895.00	110,895.00	93,518.87	17,376.13
Treasurer	113,756.00	123,653.00	123,663.42	(10.42)

SUPPLEMENTARY INFORMATION
BENNETT COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2024
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Other	39,000.00	39,000.00	31,774.50	7,225.50
Legal Services:				
State's Attorney	156,975.00	156,975.00	153,227.28	3,747.72
Court Appointed Attorney	125,000.00	125,000.00	119,759.78	5,240.22
Abused and Neglected Child Defense	25,000.00	25,000.00	5,089.56	19,910.44
Other General Government:				
General Government Building	79,810.00	87,216.00	87,215.38	0.62
Director of Equalization	88,608.00	97,091.00	97,090.42	0.58
Register of Deeds	79,579.00	79,579.00	71,614.51	7,964.49
Veterans Service Officer	14,625.00	14,625.00	13,655.12	969.88
Predatory Animal	3,815.00	3,815.00	3,813.72	1.28
Public Safety:				
Law Enforcement:				
Sheriff	398,404.00	597,144.00	597,143.19	0.81
County Jail	429,650.00	429,650.00	346,113.83	83,536.17
Coroner	6,072.00	6,072.00	5,545.87	526.13
Juvenile Detention	47,000.00	57,478.00	57,477.93	0.07
Health and Welfare:				
Economic Assistance:				
Support of Poor	2,000.00	2,000.00	0.00	2,000.00
Other	225.00	225.00	0.00	225.00
Health Assistance:				
Hospital	0.00	0.00	546,795.92	(546,795.92)
Women, Infants and Children	13,625.00	13,625.00	11,691.33	1,933.67
Mental Health Services:				
Mentally Ill	22,000.00	26,603.00	26,602.46	0.54
Mental Illness Board	3,000.00	3,000.00	395.14	2,604.86
Culture and Recreation:				
Culture:				
Public Library	20,000.00	20,000.00	20,000.00	0.00
Recreation:				
Exhibition Building	16,100.00	16,100.00	2,137.60	13,962.40
County Fair	5,000.00	5,000.00	5,000.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	54,966.00	54,966.00	53,233.56	1,732.44
Soil Conservation Districts	5,000.00	5,000.00	5,000.00	0.00
Weed and Pest Control	9,000.00	9,000.00	6,160.23	2,839.77
Total Expenditures	2,072,675.00	2,230,172.00	2,604,951.71	(374,779.71)
Excess of Revenues Over (Under) Expenditures	25,003.00	(132,494.00)	180,849.42	313,343.42
Other Financing Sources (Uses):				
Transfers Out	(51,000.00)	(51,000.00)	(686,000.00)	(635,000.00)
Long-Term Debt Issued	0.00	0.00	22,361.00	22,361.00
Insurance Proceeds	0.00	0.00	10,654.90	10,654.90
Total Other Financing Sources (Uses)	(51,000.00)	(51,000.00)	(652,984.10)	(601,984.10)
Net Change in Fund Balance	(25,997.00)	(183,494.00)	(472,134.68)	(288,640.68)
Fund Balance - beginning, as previously reported	4,373,334.87	4,373,334.87	4,373,334.87	0.00
FUND BALANCE - ENDING	\$ 4,347,337.87	\$ 4,189,840.87	\$ 3,901,200.19	\$ (288,640.68)

SUPPLEMENTARY INFORMATION
BENNETT COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Wheel Tax	\$ 64,000.00	\$ 64,000.00	\$ 71,139.90	\$ 7,139.90
Intergovernmental Revenue:				
State Grants	190,000.00	190,000.00	198,427.63	8,427.63
State Shared Revenue:				
Motor Vehicle Licenses	430,000.00	430,000.00	455,102.64	25,102.64
State Highway Fund (former 10% game)	4,827.00	4,827.00	4,827.80	0.80
Prorate License Fees	28,000.00	28,000.00	31,200.06	3,200.06
63 3/4% Mobile Home	11,200.00	11,200.00	0.00	(11,200.00)
Secondary Road Remittances	109,000.00	109,000.00	122,702.82	13,702.82
Motor Fuel Tax	4,700.00	4,700.00	2,725.45	(1,974.55)
Miscellaneous Revenue:				
Investment Earnings	8,000.00	8,000.00	6,333.58	(1,666.42)
Refund of Prior Year's Expenditures	300.00	300.00	248.44	(51.56)
Other	0.00	0.00	984.29	984.29
Total Revenues	<u>850,027.00</u>	<u>850,027.00</u>	<u>893,692.61</u>	<u>43,665.61</u>
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	943,906.00	1,395,828.00	1,389,249.48	6,578.52
Debt Service	111,083.00	139,469.00	117,661.00	21,808.00
Total Expenditures	<u>1,054,989.00</u>	<u>1,535,297.00</u>	<u>1,506,910.48</u>	<u>28,386.52</u>
Excess of Revenues Over (Under) Expenditures	(204,962.00)	(685,270.00)	(613,217.87)	72,052.13
Other Financing Sources (Uses):				
Transfers In	<u>0.00</u>	<u>0.00</u>	<u>600,000.00</u>	<u>600,000.00</u>
Net Change in Fund Balance	(204,962.00)	(685,270.00)	(13,217.87)	672,052.13
Fund Balance - beginning, as previously reported	<u>250,768.09</u>	<u>250,768.09</u>	<u>250,768.09</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 45,806.09</u>	<u>\$ (434,501.91)</u>	<u>\$ 237,550.22</u>	<u>\$ 672,052.13</u>

SUPPLEMENTARY INFORMATION
BENNETT COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 1,963,591.00	\$ 1,963,591.00	\$ 1,905,475.22	\$ (58,115.78)
General Property Taxes--Delinquent	31,000.00	31,000.00	48,595.81	17,595.81
Penalties and Interest	5,200.00	5,200.00	12,559.78	7,359.78
Telephone Tax (Outside)	15.00	15.00	0.00	(15.00)
Licenses and Permits	2,400.00	2,400.00	6,860.00	4,460.00
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	66,225.90	66,225.90
Federal Shared Revenue	11,200.00	11,200.00	11,019.51	(180.49)
State Grants	0.00	0.00	6,000.00	6,000.00
State Shared Revenue:				
Bank Franchise	35,000.00	35,000.00	35,820.16	820.16
Court Appointed Attorney/Public Defender	5,350.00	5,350.00	3,628.18	(1,721.82)
Abused and Neglected Child Defense	700.00	700.00	0.00	(700.00)
Telecommunications Gross Receipts Tax	16,000.00	16,000.00	6,012.53	(9,987.47)
Motor Vehicle 1/4%	1,010.00	1,010.00	1,088.10	78.10
Liquor Tax Reversion (25%)	43,800.00	43,800.00	29,443.89	(14,356.11)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	13,400.00	13,400.00	20,343.98	6,943.98
Register of Deeds' Fees	33,600.00	33,600.00	22,301.50	(11,298.50)
Legal Services	33,700.00	33,700.00	25,280.43	(8,419.57)
Clerk of Courts Fees	1,400.00	1,400.00	1,480.00	80.00
Other Fees	1,750.00	1,750.00	1,303.87	(446.13)
Public Safety:				
Law Enforcement	0.00	0.00	1,514.00	1,514.00
Other	0.00	0.00	1,399.29	1,399.29
Health and Welfare:				
Economic Assistance:				
Veterans Service Officer	0.00	0.00	1,875.00	1,875.00
Health Assistance:				
Women, Infants and Children	0.00	0.00	10,700.12	10,700.12
Fines and Forfeits:				
Costs	3,400.00	3,400.00	2,331.11	(1,068.89)
Forfeits	2,300.00	2,300.00	1,040.00	(1,260.00)
Miscellaneous Revenue:				
Investment Earnings	13,900.00	13,900.00	182,280.82	168,380.82
Rent	4,800.00	4,800.00	2,400.00	(2,400.00)
Contributions and Donations	0.00	0.00	6,316.68	6,316.68
Refund of Prior Year's Expenditures	15,000.00	15,000.00	25,847.81	10,847.81
Other	1,500.00	1,500.00	2,136.62	636.62
Total Revenues	2,240,016.00	2,240,016.00	2,441,280.31	201,264.31
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	61,575.00	81,575.00	84,863.80	(3,288.80)
Contingency	100,000.00	100,000.00		
Amount Transferred		(20,000.00)		80,000.00
Elections	3,465.00	3,465.00	2,322.30	1,142.70
Judicial System	12,725.00	12,725.00	12,375.73	349.27
Financial Administration:				
Auditor	110,670.00	110,670.00	102,042.89	8,627.11
Treasurer	106,400.00	106,400.00	112,120.72	(5,720.72)
Other	35,500.00	35,500.00	106,734.39	(71,234.39)

SUPPLEMENTARY INFORMATION
BENNETT COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2023
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Legal Services:				
State's Attorney	152,798.00	152,798.00	148,603.25	4,194.75
Court Appointed Attorney	135,000.00	135,000.00	129,218.99	5,781.01
Abused and Neglected Child Defense	25,000.00	25,000.00	8,567.02	16,432.98
Other General Government:				
General Government Building	80,033.00	80,033.00	104,263.35	(24,230.35)
Director of Equalization	86,256.00	86,256.00	82,667.73	3,588.27
Register of Deeds	79,227.00	79,227.00	69,940.96	9,286.04
Veterans Service Officer	14,325.00	14,325.00	14,830.51	(505.51)
Predatory Animal	3,815.00	3,815.00	3,813.72	1.28
Public Safety:				
Law Enforcement:				
Sheriff	306,920.00	306,920.00	336,557.36	(29,637.36)
County Jail	436,220.00	436,220.00	423,844.75	12,375.25
Coroner	6,072.00	6,072.00	773.19	5,298.81
County-Wide Law Enforcement	0.00	0.00	7,997.24	(7,997.24)
Juvenile Detention	47,000.00	47,000.00	33,788.74	13,211.26
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	0.00	0.00	106.76	(106.76)
Health and Welfare:				
Economic Assistance:				
Support of Poor	2,000.00	2,000.00	611.63	1,388.37
Other	28,277.00	28,277.00	6,555.02	21,721.98
Health Assistance:				
Women, Infants and Children	13,625.00	13,625.00	10,181.00	3,444.00
Mental Health Services:				
Mentally Ill	22,000.00	22,000.00	23,202.15	(1,202.15)
Mental Illness Board	3,000.00	3,000.00	736.20	2,263.80
Culture and Recreation:				
Culture:				
Public Library	20,000.00	20,000.00	20,000.00	0.00
Recreation:				
Exhibition Building	26,100.00	26,100.00	53,011.34	(26,911.34)
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	49,789.00	49,789.00	55,703.28	(5,914.28)
Soil Conservation Districts	7,500.00	7,500.00	7,500.00	0.00
Weed and Pest Control	9,000.00	9,000.00	375.58	8,624.42
Total Expenditures	<u>1,990,292.00</u>	<u>1,990,292.00</u>	<u>1,968,309.60</u>	<u>21,982.40</u>
Excess of Revenues Over (Under) Expenditures	<u>249,724.00</u>	<u>249,724.00</u>	<u>472,970.71</u>	<u>223,246.71</u>
Other Financing Sources (Uses):				
Transfers Out	(51,000.00)	(51,000.00)	(605,000.00)	(554,000.00)
Sale of County Property	0.00	0.00	100.00	100.00
Total Other Financing Sources (Uses)	<u>(51,000.00)</u>	<u>(51,000.00)</u>	<u>(604,900.00)</u>	<u>(553,900.00)</u>
Net Change in Fund Balance	198,724.00	198,724.00	(131,929.29)	(330,653.29)
Fund Balance - beginning, as previously reported	<u>4,505,264.16</u>	<u>4,505,264.16</u>	<u>4,505,264.16</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 4,703,988.16</u>	<u>\$ 4,703,988.16</u>	<u>\$ 4,373,334.87</u>	<u>\$ (330,653.29)</u>

SUPPLEMENTARY INFORMATION
BENNETT COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Wheel Tax	\$ 64,000.00	\$ 64,000.00	\$ 67,249.26	\$ 3,249.26
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	40,528.06	40,528.06
State Grants	170,000.00	170,000.00	194,536.89	24,536.89
State Shared Revenue:				
Motor Vehicle Licenses	419,000.00	419,000.00	441,967.68	22,967.68
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	31,351.73	3,351.73
63 3/4% Mobile Home	11,200.00	11,200.00	11,069.38	(130.62)
Secondary Road Remittances	109,000.00	109,000.00	114,181.97	5,181.97
Motor Fuel Tax	4,800.00	4,800.00	4,484.42	(315.58)
Miscellaneous Revenue:				
Investment Earnings	7,000.00	7,000.00	6,883.53	(116.47)
Refund of Prior Year's Expenditures	0.00	0.00	298.49	298.49
Total Revenues	818,000.00	818,000.00	917,379.21	99,379.21
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	1,029,273.00	1,029,273.00	1,554,148.38	(524,875.38)
Debt Service	106,400.00	106,400.00	117,661.00	(11,261.00)
Total Expenditures	1,135,673.00	1,135,673.00	1,671,809.38	(536,136.38)
Excess of Revenues Over (Under) Expenditures	(317,673.00)	(317,673.00)	(754,430.17)	(436,757.17)
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	550,000.00	550,000.00
Sale of County Property	0.00	0.00	15,500.00	15,500.00
Total Other Financing Sources (Uses)	0.00	0.00	565,500.00	565,500.00
Net Change in Fund Balance	(317,673.00)	(317,673.00)	(188,930.17)	128,742.83
Fund Balance - beginning, as previously reported	439,698.26	439,698.26	439,698.26	0.00
FUND BALANCE - ENDING	\$ 122,025.26	\$ 122,025.26	\$ 250,768.09	\$ 128,742.83

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

Calendar Year	County's Proportion of the Net Pension Liability/Asset	County's Proportionate Share of the Net Pension Liability/Asset	County's Covered Payroll	County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2024	0.035127%	\$ (1,422)	\$ 847,506	0.17%	100.00%
2023	0.030895%	\$ (3,015)	\$ 816,888	0.37%	100.10%
2022	0.034909%	\$ (3,299)	\$ 775,012	0.43%	100.10%
2021	0.037444%	\$ (286,757)	\$ 804,017	35.67%	105.52%
2020	0.035859%	\$ (1,557)	\$ 743,714	0.21%	100.04%
2019	0.032518%	\$ (3,446)	\$ 648,501	0.53%	100.09%
2018	0.033710%	\$ (786)	\$ 659,144	0.12%	100.02%
2017	0.034876%	\$ (3,165)	\$ 661,600	0.48%	100.10%
2016	0.032875%	\$ 111,049	\$ 584,579	19.00%	96.89%
2015	0.030521%	\$ (129,450)	\$ 517,698	25.00%	104.10%

* The amounts presented for each year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30.

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, 2024, Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2023, Actuarial Valuation.

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

Benefit Provision Changes

During the 2024 Legislative Session no significant SDRS benefit changes were made.

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation.

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% 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, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.91%.

As of June 30, 2024, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2025 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 30, 2024, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.

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 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

SUPPLEMENTARY INFORMATION
BENNETT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Two Years Ended December 31, 2024

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures 2023	Total Federal Expenditures 2024
US Department of Interior - Direct Programs: Bureau of Land Management, Distribution of Receipts to State and Local Governments (Note 3)	15.227		\$ 11,483.48	\$ 16,523.00	\$ 16,523.00
Total US Department of the Interior			11,483.48	16,523.00	16,523.00
Highway Safety Cluster: US Department of Transportation - Pass-Through Programs: SD Department of Public Safety, State and Community Highway Safety Total Highway Safety Cluster	20.600		0.00	175.89 175.89	0.00
Total US Department of Transportation			0.00	175.89	0.00
US Department of Treasury - Direct Programs: COVID-19 Coronavirus State and Local Fiscal Recovery Funds (Note 4) COVID-19 Local Assistance and Tribal Consistency Fund	21.027 21.032			653,612.00 66,225.90	
Total US Department of Treasury			0.00	719,837.90	0.00
US Department of Homeland Security - Pass-Through Programs: SD Department of Public Safety - Office of Emergency Management, Disaster Grants-Public Assistance (Presidentially Declared Disasters) Hazard Mitigation Grant Emergency Management Performance Grants Homeland Security Grant Program	97.036 97.039 97.042 97.067	PA-08-SD-4689-PW-00040 HMPG-EV-01		35,799.61 2,473.60 26,633.02 4,483.02	482,466.99 23,970.00
Total US Department of Homeland Security			0.00	69,389.25	506,436.99
GRAND TOTAL			\$ 11,483.48	\$ 805,926.04	\$ 522,959.99

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the County under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Federal Reimbursement

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

Note 4: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.

**SUPPLEMENTARY INFORMATION
BENNETT COUNTY
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Two Years Ended December 31, 2024**

<u>Indebtedness</u>	<u>Long-Term Debt January 1, 2023</u>	<u>Add New Debt</u>	<u>Less Debt Retired</u>	<u>Long-Term Debt December 31, 2024</u>
Governmental Long-Term Debt:				
Other Long-Term Debt Payable	\$ 284,318.70	\$ 50,061.00	\$ 213,088.38	\$ 121,291.32

Note 1 - Long-Term Debt:

Debt payable at December 31, 2024 is comprised of the following:

Other Long-Term Debt:

59

The County entered into a Financed Purchase Agreement 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. \$ 29,682.16

The County entered into a Financed Purchase Agreement 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. \$ 25,375.07

The County entered into a Financed Purchase Agreement 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. \$ 27,343.22

The County entered into a Financed Purchase Agreement for a Schulte fx1800 Batwing Mower. Annual payments of principle and 9.46% interest will be made from the Road and Bridge Fund. Payments will be made until October 2, 2027. \$ 16,529.87

The County entered into a Financed Purchase Agreement for a 2024 Dodge Durango. Annual payments of principle and 7.50% interest will be made from the General Fund. Payments will be made until final maturity at February 20, 2025. \$ 22,361.00