

HUGHES COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2024

HUGHES COUNTY
COUNTY OFFICIALS
December 31, 2024

Board of Commissioners:

Bill Abernathy
Randy Brown
Rob Fines
Connie Hohn
Tom Rounds

Finance Officer:
Thomas Oliva

Chief Deputy Treasurer:

Ranae Hoffman
Linda Lafrentz

State's Attorney:
Casey Diebert

Register of Deeds:
Patty Williams

Sheriff:
Patrick Callahan

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

RUSSELL A. OLSON
AUDITOR GENERAL

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

Independent Auditor's Report

County Commission
Hughes County
Pierre, 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 Hughes 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 March 17, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Current Audit Findings as item No. 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit. The County did not wish to respond to the finding identified in our audit as described in the accompanying Schedule of Current Audit Findings.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record, and its distribution is not limited.



Russell A. Olson
Auditor General

March 17, 2026

HUGHES COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Finding:

Finding No. 2022-001:

The County does not have an internal control system designed to provide for the preparation of the annual financial reports in accordance with the modified cash basis of accounting. We noted numerous significant reporting errors within the annual reports prepared by the County. This finding has not been resolved and has been restated as Current Audit Finding No. 2024-001.

SCHEDULE OF CURRENT AUDIT FINDINGS

Current Audit Finding:

Internal Control-Related Findings - Significant Deficiency:

Financial Reporting Errors

Finding No. 2024-001:

Criteria:

The County's internal control structure should be designed to provide for the preparation of the annual financial reports, which includes having an adequate system for recording and processing entries material to the annual financial reports being audited in accordance with the modified cash basis of accounting.

Condition:

The County does not have an internal control system designed to provide for the preparation of the annual financial reports in accordance with the modified cash basis of accounting. We noted numerous significant reporting errors within the annual reports prepared by the County.

Context:

We identified misstatements on the 2023 and 2024 annual financial reports that were either individually material misstatements or required correction to properly present the annual financial reports. These corrections allowed for the issuance of an unmodified audit opinion on the financial statements.

Effect:

Inaccurate and incomplete information being presented to the users of the annual financial reports.

Cause:

The County does not have an internal control system designed to provide for the preparation of the annual financial reports in accordance with the modified cash basis of accounting.

Recommendation:

We recommend that the County strengthen internal controls over financial reporting.

Views of responsible officials:

Management chose not to respond to this finding.



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

RUSSELL A. OLSON
AUDITOR GENERAL

Independent Auditor's Report

County Commission
Hughes County
Pierre, 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 Hughes 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 Hughes 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 2024, the County implemented the provisions of 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 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, 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

March 17, 2026

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

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 15,029,257.96
TOTAL ASSETS	\$ 15,029,257.96
NET POSITION:	
Restricted For: (See Note 6)	
Road and Bridge Purposes	\$ 2,224,789.64
Courthouse Building Purposes	1,948,166.98
Other Purposes	213,761.07
Unrestricted	10,642,540.27
TOTAL NET POSITION	\$ 15,029,257.96

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

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 7,605,989.76	\$ 4,991,331.34	\$ 1,948,166.98	\$ 339,361.32	\$ 14,884,849.40
TOTAL ASSETS	<u>\$ 7,605,989.76</u>	<u>\$ 4,991,331.34</u>	<u>\$ 1,948,166.98</u>	<u>\$ 339,361.32</u>	<u>\$ 14,884,849.40</u>
FUND BALANCES: (See Note 1.k.)					
Restricted	\$ 19,896.04	\$ 2,224,789.64	\$ 1,948,166.98	\$ 193,865.03	\$ 4,386,717.69
Assigned	2,538,885.11	2,766,541.70		145,496.29	5,450,923.10
Unassigned	<u>5,047,208.61</u>				<u>5,047,208.61</u>
TOTAL FUND BALANCES	<u>\$ 7,605,989.76</u>	<u>\$ 4,991,331.34</u>	<u>\$ 1,948,166.98</u>	<u>\$ 339,361.32</u>	14,884,849.40

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Internal Service Fund is used by management to charge costs of medical deductible reimbursement activities to the individual funds. The assets and net position of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.

144,408.56

Net Position - Governmental Activities

\$ 15,029,257.96

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

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HUGHES 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>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes:					
General Property Taxes--Current	\$ 5,651,310.73	\$	\$ 234,500.83	\$ 243,856.58	\$ 6,129,668.14
General Property Taxes--Delinquent	37,627.50		1,569.87	489.27	39,686.64
Penalties and Interest	14,105.70		585.86	325.79	15,017.35
Telephone Tax (Outside)	351.28				351.28
Wheel Tax		249,983.01			249,983.01
Tax Deed Revenue	1,027.54				1,027.54
Licenses and Permits	67,284.20			4,204.50	71,488.70
Intergovernmental Revenue:					
Federal Grants	18,847.30	6,227.33		162,611.55	187,686.18
Federal Shared Revenue	437.68		18.16	20.39	476.23
Federal Payments in Lieu of Taxes	110,246.00				110,246.00
State Grants	133,030.66	213,679.49			346,710.15
State Shared Revenue:					
Bank Franchise	413,097.63			7,731.94	420,829.57
Motor Vehicle Licenses		1,376,046.06			1,376,046.06
Court Appointed Attorney/Public Defender	22,949.03				22,949.03
Prorate License Fees		75,062.98			75,062.98
63 3/4% Mobile Home		18,281.47			18,281.47
Secondary Road Remittances		464,033.90			464,033.90
Telecommunications Gross Receipts Tax	28,026.68				28,026.68
Motor Vehicle 1/4%	5,899.19				5,899.19
Renewable Facility Tax	12,333.25				12,333.25
Motor Fuel Tax		6,516.86			6,516.86
911 Remittances				50,322.31	50,322.31
Liquor Tax Reversion (25%)	82,925.70				82,925.70
Other State Shared Revenue	95,988.70			64,203.98	160,192.68
Other Payments in Lieu of Taxes	16,802.26				16,802.26
Other Intergovernmental Revenue	750.04			48.19	798.23
Charges for Goods and Services:					
General Government:					
Treasurer's Fees	67,570.00				67,570.00

Register of Deeds' Fees	181,155.50			9,590.49	190,745.99
Legal Services	191,790.91				191,790.91
Other Fees				31,220.00	31,220.00
Public Safety:					
Law Enforcement	254,615.27				254,615.27
Prisoner Care	4,600,634.81				4,600,634.81
Sobriety Testing				61,015.80	61,015.80
Public Works:					
Road Maintenance Contract Charges		54,540.75			54,540.75
Health and Welfare:					
Economic Assistance:					
Poor Lien Recoveries	21,165.83				21,165.83
Veterans Service Officer	26,138.50				26,138.50
Mental Health Services	1,817.65				1,817.65
Culture and Recreation	9,891.15				9,891.15
Other Charges	1,958.62				1,958.62
Fines and Forfeits:					
Costs	32,975.90				32,975.90
Forfeits	1,850.00				1,850.00
Miscellaneous Revenue:					
Investment Earnings	455,460.83	280,894.97	115,245.26	16,351.74	867,952.80
Rent				3,450.00	3,450.00
Contributions and Donations	3,000.00	68,991.13			71,991.13
Refund of Prior Year's Expenditures	24,363.79				24,363.79
Other	62,334.85	2,217.72			64,552.57
Total Revenues	<u>12,649,764.68</u>	<u>2,816,475.67</u>	<u>351,919.98</u>	<u>655,442.53</u>	<u>16,473,602.86</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners	350,047.11				350,047.11
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Elections	70,168.55				70,168.55
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Judicial System	134,640.67				134,640.67
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Financial Administration:

Auditor	241,468.63				241,468.63
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Treasurer	286,583.22				286,583.22
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Legal Services:

State's Attorney	697,488.08				697,488.08
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Court Appointed Attorney	806,783.16				806,783.16
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Abused and Neglected Child Defense	7,729.35				7,729.35
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HUGHES 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>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other General Government:					
General Government Building	285,255.47		95,914.00		381,169.47
Director of Equalization	168,230.94				168,230.94
Register of Deeds	145,062.79			14,659.43	159,722.22
Veterans Service Officer	74,280.86				74,280.86
Predatory Animal	1,724.24				1,724.24
Information Technology	147,999.17				147,999.17
Public Safety:					
Law Enforcement:					
Sheriff	989,575.27			49,640.57	1,039,215.84
County Jail	4,282,662.78				4,282,662.78
Coroner	19,975.69				19,975.69
Juvenile Detention	905,584.87				905,584.87
Protective and Emergency Services:					
Fire Protection				136,821.70	136,821.70
Emergency and Disaster Services				236,708.87	236,708.87
Communication Center				45,289.38	45,289.38
Public Works:					
Highways and Bridges:					
Highways, Roads and Bridges		1,881,392.31		132,356.88	2,013,749.19
Transportation:					
Other Transportation	20,000.04				20,000.04
Health and Welfare:					
Economic Assistance:					
Support of Poor	28,015.00				28,015.00
Health Assistance:					
Ambulance	158,188.50				158,188.50
Social Services:					
Domestic Abuse				4,339.50	4,339.50
Mental Health Services:					
Mentally Ill	280,427.74				280,427.74
Mental Illness Board	40,462.27				40,462.27

Culture and Recreation:					
Recreation:					
Exhibition Building	8,767.80				8,767.80
Conservation of Natural Resources:					
Soil Conservation:					
Weed Control	57,541.48				57,541.48
Urban and Economic Development:					
Urban Development:					
Planning and Zoning	111,373.71				111,373.71
Urban and Rural Development	17,558.67				17,558.67
Economic Development:					
Tourism, Industrial or Recreational Development				137,982.26	137,982.26
Debt Service				726,752.62	726,752.62
Total Expenditures	<u>10,337,596.06</u>	<u>1,881,392.31</u>	<u>95,914.00</u>	<u>1,484,551.21</u>	<u>13,799,453.58</u>
Excess of Revenues Over (Under) Expenditures	<u>2,312,168.62</u>	<u>935,083.36</u>	<u>256,005.98</u>	<u>(829,108.68)</u>	<u>2,674,149.28</u>
Other Financing Sources (Uses):					
Transfers In		300,000.00		919,852.62	1,219,852.62
Transfers Out	(1,219,852.62)				(1,219,852.62)
Insurance Proceeds	13,136.65	14,702.00		3,900.00	31,738.65
Sale of County Property		8,002.04			8,002.04
Total Other Financing Sources (Uses)	<u>(1,206,715.97)</u>	<u>322,704.04</u>	<u>0.00</u>	<u>923,752.62</u>	<u>39,740.69</u>
Net Change in Fund Balance	1,105,452.65	1,257,787.40	256,005.98	94,643.94	2,713,889.97
Fund Balance - beginning, as previously reported	<u>6,500,537.11</u>	<u>3,733,543.94</u>	<u>1,692,161.00</u>	<u>244,717.38</u>	<u>12,170,959.43</u>
FUND BALANCE - ENDING	<u>\$ 7,605,989.76</u>	<u>\$ 4,991,331.34</u>	<u>\$ 1,948,166.98</u>	<u>\$ 339,361.32</u>	<u>\$ 14,884,849.40</u>

Net Change in Fund Balances - Total Governmental Funds \$ 2,713,889.97

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Internal Service Fund is used by management to charge the costs of medical deductible reimbursement activities to the individual funds. The net revenue (expense) of the internal funds is reported within the Governmental Activities. 80,902.14

Change in Net Position of Governmental Activities \$ 2,794,792.11

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

HUGHES 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>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes:					
General Property Taxes--Current	\$ 5,443,868.69	\$	\$ 227,076.07	\$ 215,236.85	\$ 5,886,181.61
General Property Taxes--Delinquent	56,318.97		2,356.14	1,567.73	60,242.84
Penalties and Interest	19,854.43		828.73	599.27	21,282.43
Wheel Tax		251,627.21			251,627.21
Tax Deed Revenue	126.15				126.15
Licenses and Permits	269,989.98			5,382.51	275,372.49
Intergovernmental Revenue:					
Federal Grants	12,483.90	6,227.33		188,890.44	207,601.67
Federal Shared Revenue	50,491.04		20.45	22.00	50,533.49
Federal Payments in Lieu of Taxes	103,660.00				103,660.00
State Grants	108,818.90	1,321,643.86			1,430,462.76
State Shared Revenue:					
Bank Franchise	342,018.58			6,130.59	348,149.17
Motor Vehicle Licenses		1,369,600.17			1,369,600.17
Court Appointed Attorney/Public Defender	19,691.13				19,691.13
Prorate License Fees		76,153.71			76,153.71
63 3/4% Mobile Home		21,401.44			21,401.44
Secondary Road Remittances		462,840.84			462,840.84
Telecommunications Gross Receipts Tax	31,591.98				31,591.98
Motor Vehicle 1/4%	5,871.19				5,871.19
Motor Fuel Tax		6,534.35			6,534.35
911 Remittances				42,763.43	42,763.43
Liquor Tax Reversion (25%)	83,332.99				83,332.99
Other State Shared Revenue				50,845.99	50,845.99
Other Payments in Lieu of Taxes	15,033.05				15,033.05
Charges for Goods and Services:					
General Government:					
Treasurer's Fees	69,846.34				69,846.34
Register of Deeds' Fees	166,220.00			9,427.62	175,647.62

Legal Services	205,716.85				205,716.85
Other Fees				6,975.00	6,975.00
Public Safety:					
Law Enforcement	190,185.20				190,185.20
Prisoner Care	3,349,074.47				3,349,074.47
Sobriety Testing				74,078.41	74,078.41
Public Works:					
Road Maintenance Contract Charges		57,505.19			57,505.19
Health and Welfare:					
Economic Assistance:					
Poor Lien Recoveries	6,478.66				6,478.66
Veterans Service Officer	17,771.00				17,771.00
Culture and Recreation	14,757.37				14,757.37
Other Charges	1,231.25				1,231.25
Fines and Forfeits:					
Costs	36,722.25				36,722.25
Forfeits	550.00				550.00
Miscellaneous Revenue:					
Investment Earnings	278,690.00	128,860.88	65,431.97	9,592.03	482,574.88
Rent				2,800.00	2,800.00
Contributions and Donations	500.00	56,564.85			57,064.85
Refund of Prior Year's Expenditures	21,298.48				21,298.48
Other	18,233.77	1,984.60			20,218.37
Total Revenues	<u>10,940,426.62</u>	<u>3,760,944.43</u>	<u>295,713.36</u>	<u>614,311.87</u>	<u>15,611,396.28</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners	393,524.09				393,524.09
Elections	10,169.12				10,169.12
Judicial System	92,288.32				92,288.32

Financial Administration:

Auditor	231,439.95				231,439.95
Treasurer	280,082.16				280,082.16
Other	125,166.32				125,166.32

Legal Services:

State's Attorney	688,109.97				688,109.97
Public Defender	387,716.32				387,716.32
Court Appointed Attorney	349,561.11				349,561.11

Other General Government:

General Government Building	324,527.76		84,094.44		408,622.20
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HUGHES 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>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Director of Equalization	174,278.44				174,278.44
Register of Deeds	133,979.44			2,761.18	136,740.62
Veterans Service Officer	106,754.36				106,754.36
Predatory Animal	2,586.36				2,586.36
Public Safety:					
Law Enforcement:					
Sheriff	965,344.65				965,344.65
County Jail	4,172,939.00				4,172,939.00
Coroner	17,918.66				17,918.66
Juvenile Detention	845,129.63				845,129.63
Protective and Emergency Services:					
Fire Protection				130,978.81	130,978.81
Emergency and Disaster Services				150,458.03	150,458.03
Communication Center				38,487.08	38,487.08
Other Protective and Emergency				60,814.19	60,814.19
Public Works:					
Highways and Bridges:					
Highways, Roads and Bridges		2,494,708.96			2,494,708.96
Transportation:					
Other Transportation	17,499.96				17,499.96
Health and Welfare:					
Economic Assistance:					
Support of Poor	18,711.00				18,711.00
Health Assistance:					
Ambulance	144,960.00				144,960.00
Social Services:					
Domestic Abuse				5,207.01	5,207.01
Mental Health Services:					
Mentally Ill	254,234.11				254,234.11
Mental Illness Board	41,843.91				41,843.91

Culture and Recreation:					
Recreation:					
Exhibition Building	26,300.56				26,300.56
Conservation of Natural Resources:					
Soil Conservation:					
Weed Control	25,070.68				25,070.68
Urban and Economic Development:					
Urban Development:					
Planning and Zoning	101,173.14				101,173.14
Urban and Rural Development	17,047.25				17,047.25
Economic Development:					
Tourism, Industrial or Recreational Development				140,899.10	140,899.10
Debt Service				731,292.62	731,292.62
Total Expenditures	<u>9,948,356.27</u>	<u>2,494,708.96</u>	<u>84,094.44</u>	<u>1,260,898.02</u>	<u>13,788,057.69</u>
Excess of Revenues Over (Under) Expenditures	<u>992,070.35</u>	<u>1,266,235.47</u>	<u>211,618.92</u>	<u>(646,586.15)</u>	<u>1,823,338.59</u>
Other Financing Sources (Uses):					
Transfers In		300,000.00		801,292.62	1,101,292.62
Transfers Out	(1,101,292.62)				(1,101,292.62)
Insurance Proceeds	13,257.70				13,257.70
Sale of County Property	8,868.77	766.77			9,635.54
Total Other Financing Sources (Uses)	<u>(1,079,166.15)</u>	<u>300,766.77</u>	<u>0.00</u>	<u>801,292.62</u>	<u>22,893.24</u>
Net Change in Fund Balance	(87,095.80)	1,567,002.24	211,618.92	154,706.47	1,846,231.83
Fund Balance - beginning, as previously reported	<u>6,587,632.91</u>	<u>2,166,541.70</u>	<u>1,480,542.08</u>	<u>90,010.91</u>	<u>10,324,727.60</u>
FUND BALANCE - ENDING	<u>\$ 6,500,537.11</u>	<u>\$ 3,733,543.94</u>	<u>\$ 1,692,161.00</u>	<u>\$ 244,717.38</u>	<u>\$ 12,170,959.43</u>
Net Change in Fund Balances - Total Governmental Funds					\$ 1,846,231.83
Amounts reported for Governmental Activities in the Statement of Activities are different because:					
Internal Service Fund is used by management to charge the costs of medical deductible reimbursement activities to the individual funds. The net revenue (expense) of the internal funds is reported within the Governmental Activities.					<u>63,506.42</u>
Change in Net Position of Governmental Activities					<u>\$ 1,909,738.25</u>

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

**HUGHES COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2024**

	<u>Internal Service Funds</u>
ASSETS:	
Cash and Cash Equivalents	<u>\$ 144,408.56</u>
TOTAL ASSETS	<u><u>\$ 144,408.56</u></u>
NET POSITION:	
Other Purposes	<u>\$ 144,408.56</u>
TOTAL NET POSITION	<u><u>\$ 144,408.56</u></u>

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

HUGHES COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2024

	<u>Internal Service Funds</u>
Operating Revenues:	
Charges for Goods and Services	\$ 143,041.78
Operating Expenses:	
Deductible Reimbursement	<u>62,139.64</u>
Change in Net Position	80,902.14
Net Position - beginning, as previously reported	<u>63,506.42</u>
NET POSITION - ENDING	<u><u>\$ 144,408.56</u></u>

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

HUGHES COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	Internal Service Funds
Operating Revenues:	
Charges for Goods and Services	\$ 96,036.88
Operating Expenses:	
Deductible Reimbursement	32,530.46
Change in Net Position	63,506.42
Net Position - beginning, as previously reported	0.00
NET POSITION - ENDING	\$ 63,506.42

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

HUGHES COUNTY
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
December 31, 2024

	Custodial Funds
ASSETS:	
Cash and Cash Equivalents	\$ 916,471.40
TOTAL ASSETS	\$ 916,471.40
NET POSITION:	
Restricted For:	
Individuals, Organizations, and Other Governments	\$ 916,471.40
TOTAL NET POSITION	\$ 916,471.40

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

HUGHES COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
For the Year Ended December 31, 2024

	Custodial Funds
ADDITIONS:	
Property Tax Collections for Other Governments	\$ 20,914,107.21
State Shared Revenue Collections for Other Governments	6,271,284.31
Other Additions	2,532,520.60
Total Additions	29,717,912.12
DEDUCTIONS:	
Payments of Property Tax to Other Governments	20,871,176.60
Payments of State Shared Revenue to Other Governments	6,263,310.74
Other Deductions	2,631,877.86
Total Deductions	29,766,365.20
Change in Net Position	(48,453.08)
Net Position - beginning, as previously reported	964,924.48
NET POSITION - ENDING	\$ 916,471.40

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

HUGHES COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
For the Year Ended December 31, 2023

	Custodial Funds
ADDITIONS:	
Property Tax Collections for Other Governments	\$ 18,758,862.41
State Shared Revenue Collections for Other Governments	6,281,887.52
Other Additions	1,772,760.26
Total Additions	26,813,510.19
DEDUCTIONS:	
Payments of Property Tax to Other Governments	18,814,583.80
Payments of State Shared Revenue to Other Governments	6,241,415.47
Other Deductions	1,772,741.10
Total Deductions	26,828,740.37
Change in Net Position	(15,230.18)
Net Position - beginning, as previously reported	980,154.66
NET POSITION - ENDING	\$ 964,924.48

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

HUGHES 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 Hughes 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 three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or it meets the following criteria:

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

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

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

Governmental Funds:

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

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

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

Courthouse Building Fund – authorized by SDCL 7-25-1 to account for the accumulation of a special tax levy not to exceed ninety cents per thousand dollars of taxable valuation annually for the acquisition or construction of a courthouse, office, jail building, county extension buildings, grandstands and bleachers, highway maintenance buildings, or public library. This is a major fund.

The remaining special revenue funds are not considered major funds: 911 Service, Fire Protection, Emergency Management, Domestic Abuse, Harold Tax Increment Financing, 24/7 Sobriety, Modernization and Preservation Relief, and Rural Access Infrastructure. These funds are reported on the fund financial statements as “Other Governmental Funds.”

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Jail Debt Service Fund – to account for property taxes which may be used only for the payment of the debt principal, interest, and related costs. This is not a major fund.

Proprietary Funds:

Internal Service Funds – Internal service funds may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds should be used only if the reporting government is the predominant participant in the activity. The particular types of goods or services provided to other funds are as follows: Employee Medical Deductible Reimbursements. Internal service funds are never considered to be major funds. The Medical Expense Reimbursement Plan Fund is the only internal service fund maintained by the County.

Fiduciary Funds:

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

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 cost.

As a result of the use of this modified cash basis of accounting, certain assets, and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable

and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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

d. Deposits and Investments:

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

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. Proprietary Funds Revenue and Expense Classifications:

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

i. Equity Classifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned, or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as restricted net position.

j. Application of Net Position:

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

k. Fund Balance Classification Policies and Procedures:

In accordance with 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:

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Road and Bridge Fund	Wheel Tax, State and Federal Grants, and Motor Vehicle Licenses
Courthouse Building Fund	Property Taxes

A schedule of fund balances is provided as follows:

**HUGHES 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>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Restricted For:					
Exposition Building Purposes	\$ 19,896.04				\$ 19,896.04
Road and Bridge Purposes		2,224,789.64			2,224,789.64
Courthouse Building Purposes			1,948,166.98		1,948,166.98
911 Service Purposes				23,722.29	23,722.29
Emergency Management Purposes				12,956.36	12,956.36
24/7 Sobriety Purposes				40,717.48	40,717.48
Domestic Abuse Purposes				273.50	273.50
Modernization and Preservation Relief Purposes				116,195.40	116,195.40
Assigned To:					
Applied to Next Year's Budget	1,698,032.00				1,698,032.00
Capital Outlay Accumulations	840,853.11				840,853.11
Road and Bridge Purposes		2,766,541.70			2,766,541.70
Fire Protection Purposes				75,447.11	75,447.11
Emergency Management Purposes				70,049.18	70,049.18
Unassigned	5,047,208.61				5,047,208.61
Total Fund Balances	<u>\$ 7,605,989.76</u>	<u>\$ 4,991,331.34</u>	<u>\$ 1,948,166.98</u>	<u>\$ 339,361.32</u>	<u>\$ 14,884,849.40</u>

2. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

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.

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 this standard did not affect beginning net position or beginning fund balances.

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

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

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

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

As of December 31, 2024, the County reported no investments in the financial statements.

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.

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

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

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

4. PROPERTY TAXES

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

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

5. CONDUIT DEBT

In the past, the County issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the County, the State of South Dakota, nor any other political subdivision of the State is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2024, there was one series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$595,173.62.

6. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2024, was as follows:

Major Purposes:

Road and Bridge Purposes	\$ 2,224,789.64
Courthouse Building Purposes	<u>1,948,166.98</u>

Other Purposes:

Exposition Building Purposes	19,896.04
911 Service Purposes	23,722.29
Emergency Management Purposes	12,956.36
24/7 Sobriety Purposes	40,717.48
Domestic Abuse Purposes	273.50
Modernization and Preservation Relief Purposes	<u>116,195.40</u>

Total Other Purposes	<u>213,761.07</u>
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Total Restricted Net Position **\$ 4,386,717.69**

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 From:</u>	<u>Transfers To:</u>		<u>Total</u>
	Road and Bridge Fund	Other Governmental Funds	
Major Funds:			
General Fund	\$ 300,000.00	\$ 919,852.62	\$ 1,219,852.62

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	\$ 300,000.00	\$ 801,292.62	\$ 1,101,292.62

The County typically transfers to the Road and Bridge Fund and the Fire Protection Fund, the Emergency Management Fund and the Jail Debt Service Fund (Other Governmental Funds) to conduct the indispensable functions of the County.

8. TAX ABATEMENTS

Hughes County:

The County created the Hughes County Tax Increment District No. 1 in 2010 under the authority granted by South Dakota Codified Law section 11-9. The tax increment district was created to stimulate and develop the general economic welfare and prosperity of the County through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the area will likely significantly enhance the value of substantially all of the other real property in the tax increment district.

The county, municipal, and other local general property taxes levied on all taxable property within a tax incremental district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the tax increment district. The tax increments are allocated until all cost of the tax increment district project has been repaid; however, it cannot exceed 20 years.

In 2010, the County entered into a development agreement with Harrold Terminal, LLC. The County agreed to pay the Tax Increment Fund revenues it receives for the District to the developer as a discretionary grant to assist in funding the costs of project infrastructure. In addition, Harrold Terminal, LLC, and Hughes County Regional Rail Authority entered into a loan agreement through the South Dakota Department of Transportation for a \$2,620,000.00, fifteen-year loan. This loan is secured by the levying authority of the Tax Incremental District.

The proportionate share of the general property taxes collected from the tax increment district that were related to Hughes County, during the two years ended December 31, 2024 was \$32,750.30 in 2023 and \$36,821.07 in 2024. However, in accordance with a Road Maintenance Agreement between Hughes County and Harrold Terminal, LLC (Developer) signed in 2012, the Developer agreed to pay Hughes County 50% of the total tax revenue derived from the Tax Increment District levy. These payments amounted to \$56,557.58 in 2023 and \$68,975.84 in 2024.

Municipality of Pierre:

The Municipality of Pierre has created tax increment districts under the authority granted by South Dakota Codified Law section 11-9. The tax increment districts were created to stimulate and develop the general economic welfare and prosperity of the Municipality through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or other natural resources; and the improvement of the area will likely enhance the value of all of the other real property in the tax increment district.

The county, municipal and other local general property taxes levied on all taxable property within a tax incremental district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the tax increment district. The tax increments are allocated until all cost of the tax increment district project has been repaid; however, it cannot exceed 20 years. The Municipality of Pierre has four active tax increment districts. Because the general property taxes on tax increment districts are allocated to the districts, the taxes are not available to Hughes County during the life of the tax increment district.

The proportionate share of the general property taxes collected from these tax increment districts that were not available to Hughes County, during the two years ended December 31, 2024 was \$46,936.16 in 2023 and \$50,780.49 in 2024.

9. 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	\$ 406,336.77
2023	\$ 360,720.62
2022	\$ 354,436.14

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	\$ 34,383,907.49
Less proportionate share of net position restricted for pension benefits	<u>34,393,237.35</u>
Proportionate share of net pension asset	<u>\$ (9,329.86)</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 0.230482%, which is an increase of 0.001521% 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	100%	

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)	\$ 4,740,926.79	\$ (9,329.86)	\$ (3,896,519.48)

Pension Plan Fiduciary Net Position:

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

10. ACCOUNTABILITY FOR RELATED ORGANIZATIONS

The County, in conjunction with the Town of Harrold (members) created the Hughes County Regional Railroad Authority (Authority). The Authority was created to maintain and improve the railroad to and in their respective jurisdictions. The Authority was create as allowed by SDCL 49-17A and was incorporated on May 14, 1996. The Authority's board is comprised of five commissioners, two commissioners appointed by each of the members and one commissioner appointed by the joint agreement of the members. The political subdivisions which are members of the Authority and their commissioners, officers and agents shall not be liable for any obligations of the Authority. The Authority shall not certify to any of the governing bodies of the members any tax from the governing body to which the certification shall be made. The Authority shall not issue bonds or notes as allowed by SDCL 49-17A-27 for which it or any other entity shall become liable without the approval of the governing boards of a majority of the Members.

11. EXPOSITION BUILDING

The Exposition Building is an undivided interest, or joint operation, between Hughes County, Stanley County, Pierre City, and Ft. Pierre City for the construction and operation of a multiple use exposition building, located at the Stanley County Fairgrounds in Ft. Pierre, South Dakota. The primary use of the facility during the winter months is for hockey with multiple uses during other times of the year. Interest in the facility is as follows:

- Hughes County 35%
- Stanley County 15%
- City of Pierre 35%
- City of Ft. Pierre 15%

Hughes County is acting in the capacity of fiscal agent.

Operating revenues are paid to the Expo Board and maintained by Hughes County. Expenditures are approved by the Expo Board and paid by Hughes County. Each member, in proportion to their interest, pays their respective share of operation and maintenance cost. Hughes County's interest in the operation and maintenance of the facility is reported in the General Fund.

12. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2024, the County was not involved in any litigation.

13. 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.

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 an occurrence-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 and Physical Damage,
Law Enforcement Liability, and
Property, Building, and Equipment Coverage

The County carries various deductibles for the above coverages.

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

Worker's Compensation:

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

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

Unemployment Benefits:

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

During the two years ended December 31, 2024, two claims were filed for unemployment benefits. These claims resulted in the payment of benefits in the amount of \$15,796.91. At December 31, 2024, no claims had been filed and none were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next year.

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 5,710,879.00	\$ 5,710,879.00	\$ 5,651,310.73	\$ (59,568.27)
General Property Taxes--Delinquent	30,000.00	30,000.00	37,627.50	7,627.50
Penalties and Interest	15,000.00	15,000.00	14,105.70	(894.30)
Telephone Tax (Outside)	0.00	0.00	351.28	351.28
Tax Deed Revenue	800.00	800.00	1,027.54	227.54
Licenses and Permits	39,000.00	39,000.00	67,284.20	28,284.20
Intergovernmental Revenue:				
Federal Grants	8,000.00	8,000.00	18,847.30	10,847.30
Federal Shared Revenue	500.00	500.00	437.68	(62.32)
Federal Payments in Lieu of Taxes	92,000.00	92,000.00	110,246.00	18,246.00
State Grants	48,500.00	48,500.00	133,030.66	84,530.66
State Shared Revenue:				
Bank Franchise	250,000.00	250,000.00	413,097.63	163,097.63
Court Appointed Attorney/Public Defender	20,000.00	20,000.00	22,949.03	2,949.03
Telecommunications Gross Receipts Tax	50,000.00	50,000.00	28,026.68	(21,973.32)
Motor Vehicle 1/4%	5,000.00	5,000.00	5,899.19	899.19
Renewable Facility Tax	0.00	0.00	12,333.25	12,333.25
Liquor Tax Reversion (25%)	70,000.00	70,000.00	82,925.70	12,925.70
Other State Shared Revenue	0.00	0.00	95,988.70	95,988.70
Other Payments in Lieu of Taxes	11,000.00	11,000.00	16,802.26	5,802.26
Other Intergovernmental Revenue	0.00	0.00	750.04	750.04
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	68,200.00	68,200.00	67,570.00	(630.00)
Register of Deeds' Fees	153,000.00	153,000.00	181,155.50	28,155.50
Legal Services	100,000.00	100,000.00	191,790.91	91,790.91
Public Safety:				
Law Enforcement	162,000.00	162,000.00	254,615.27	92,615.27
Prisoner Care	3,964,550.00	3,964,550.00	4,600,634.81	636,084.81
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	2,000.00	2,000.00	21,165.83	19,165.83
Veterans Service Officer	9,000.00	9,000.00	26,138.50	17,138.50
Mental Health Services	0.00	0.00	1,817.65	1,817.65
Culture and Recreation	7,262.50	7,262.50	9,891.15	2,628.65
Conservation of Natural Resources	9,000.00	9,000.00	0.00	(9,000.00)
Other Charges	3,000.00	3,000.00	1,958.62	(1,041.38)
Fines and Forfeits:				
Costs	41,000.00	41,000.00	32,975.90	(8,024.10)
Forfeits	9,000.00	9,000.00	1,850.00	(7,150.00)
Miscellaneous Revenue:				
Investment Earnings	100,000.00	100,000.00	455,460.83	355,460.83
Contributions and Donations	0.00	0.00	3,000.00	3,000.00
Refund of Prior Year's Expenditures	20,000.00	20,000.00	24,363.79	4,363.79
Other	9,250.00	9,250.00	62,334.85	53,084.85
Total Revenues	11,007,941.50	11,007,941.50	12,649,764.68	1,641,823.18

Expenditures:

General Government:				
Legislative:				
Board of County Commissioners	324,865.00	350,965.00	350,047.11	917.89
Contingency	350,000.00	350,000.00		
Amount Transferred		(331,400.00)		18,600.00
Elections	66,800.00	70,200.00	70,168.55	31.45
Judicial System	119,300.00	134,700.00	134,640.67	59.33

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Financial Administration:				
Auditor	238,008.00	241,508.00	241,468.63	39.37
Treasurer	301,007.00	301,007.00	286,583.22	14,423.78
Legal Services:				
State's Attorney	666,329.00	697,529.00	697,488.08	40.92
Court Appointed Attorney	700,000.00	806,800.00	806,783.16	16.84
Abused and Neglected Child Defense	11,000.00	11,000.00	7,729.35	3,270.65
Other General Government:				
General Government Building	351,888.00	351,888.00	285,255.47	66,632.53
Director of Equalization	222,346.00	222,346.00	168,230.94	54,115.06
Register of Deeds	138,065.00	145,065.00	145,062.79	2.21
Veterans Service Officer	112,315.00	112,315.00	74,280.86	38,034.14
Predatory Animal	1,725.00	1,725.00	1,724.24	0.76
Information Technology	148,000.00	148,000.00	147,999.17	0.83
Public Safety:				
Law Enforcement:				
Sheriff	993,622.00	1,000,006.29	989,575.27	10,431.02
County Jail	4,306,948.00	4,320,888.46	4,282,662.78	38,225.68
Coroner	26,500.00	26,500.00	19,975.69	6,524.31
Juvenile Detention	875,942.00	924,542.00	905,584.87	18,957.13
Public Works:				
Transportation:				
Other Transportation	20,000.00	20,000.00	20,000.04	(0.04)
Health and Welfare:				
Economic Assistance:				
Support of Poor	79,450.00	79,450.00	28,015.00	51,435.00
Health Assistance:				
Ambulance	160,000.00	160,000.00	158,188.50	1,811.50
Mental Health Services:				
Mentally Ill	220,000.00	280,500.00	280,427.74	72.26
Mental Illness Board	27,000.00	40,800.00	40,462.27	337.73
Culture and Recreation:				
Culture:				
Public Library	5,000.00	5,000.00	0.00	5,000.00
Recreation:				
Exhibition Building	13,895.00	13,895.00	8,767.80	5,127.20
Conservation of Natural Resources:				
Soil Conservation:				
Weed Control	115,375.00	115,375.00	57,541.48	57,833.52
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	120,988.00	120,988.00	111,373.71	9,614.29
Urban and Rural Development	17,559.00	17,559.00	17,558.67	0.33
Total Expenditures	<u>10,733,927.00</u>	<u>10,739,151.75</u>	<u>10,337,596.06</u>	<u>401,555.69</u>
Excess of Revenues Over (Under) Expenditures	<u>274,014.50</u>	<u>268,789.75</u>	<u>2,312,168.62</u>	<u>2,043,378.87</u>
Other Financing Sources (Uses):				
Transfers Out	(1,219,100.00)	(1,219,100.00)	(1,219,852.62)	(752.62)
Insurance Proceeds	5,000.00	5,000.00	13,136.65	8,136.65
Total Other Financing Sources (Uses)	<u>(1,214,100.00)</u>	<u>(1,214,100.00)</u>	<u>(1,206,715.97)</u>	<u>7,384.03</u>
Net Change in Fund Balance	(940,085.50)	(945,310.25)	1,105,452.65	2,050,762.90
Fund Balance - beginning, as previously reported	<u>6,500,537.11</u>	<u>6,500,537.11</u>	<u>6,500,537.11</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 5,560,451.61</u>	<u>\$ 5,555,226.86</u>	<u>\$ 7,605,989.76</u>	<u>\$ 2,050,762.90</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Wheel Tax	\$ 240,000.00	\$ 240,000.00	\$ 249,983.01	\$ 9,983.01
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	6,227.33	6,227.33
State Grants	275,000.00	275,000.00	213,679.49	(61,320.51)
State Shared Revenue:				
Motor Vehicle Licenses	1,250,000.00	1,250,000.00	1,376,046.06	126,046.06
Prorate License Fees	68,000.00	68,000.00	75,062.98	7,062.98
63 3/4% Mobile Home	14,000.00	14,000.00	18,281.47	4,281.47
Secondary Road Remittances	439,600.00	439,600.00	464,033.90	24,433.90
Motor Fuel Tax	6,900.00	6,900.00	6,516.86	(383.14)
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	39,000.00	39,000.00	54,540.75	15,540.75
Miscellaneous Revenue:				
Investment Earnings	12,000.00	12,000.00	280,894.97	268,894.97
Contributions and Donations	48,000.00	48,000.00	68,991.13	20,991.13
Other	2,000.00	2,000.00	2,217.72	217.72
Total Revenues	<u>2,394,500.00</u>	<u>2,394,500.00</u>	<u>2,816,475.67</u>	<u>421,975.67</u>
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	4,955,143.00	4,955,143.00	1,881,392.31	3,073,750.69
Excess of Revenues Over (Under) Expenditures	<u>(2,560,643.00)</u>	<u>(2,560,643.00)</u>	<u>935,083.36</u>	<u>3,495,726.36</u>
Other Financing Sources (Uses):				
Transfers In	320,000.00	320,000.00	300,000.00	(20,000.00)
Insurance Proceeds	25,000.00	25,000.00	14,702.00	(10,298.00)
Sale of County Property	0.00	0.00	8,002.04	8,002.04
Total Other Financing Sources (Uses)	<u>345,000.00</u>	<u>345,000.00</u>	<u>322,704.04</u>	<u>(22,295.96)</u>
Net Change in Fund Balance	<u>(2,215,643.00)</u>	<u>(2,215,643.00)</u>	<u>1,257,787.40</u>	<u>3,473,430.40</u>
Fund Balance - beginning, as previously reported	3,733,543.94	3,733,543.94	3,733,543.94	0.00
FUND BALANCE - ENDING	<u>\$ 1,517,900.94</u>	<u>\$ 1,517,900.94</u>	<u>\$ 4,991,331.34</u>	<u>\$ 3,473,430.40</u>

**SUPPLEMENTARY INFORMATION
HUGHES COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
COURTHOUSE BUILDING FUND
For the Year Ended December 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 237,975.00	\$ 237,975.00	\$ 234,500.83	\$ (3,474.17)
General Property Taxes--Delinquent	1,200.00	1,200.00	1,569.87	369.87
Penalties and Interest	500.00	500.00	585.86	85.86
Intergovernmental Revenue:				
Federal Shared Revenue	15.00	15.00	18.16	3.16
Miscellaneous Revenue:				
Investment Earnings	7,000.00	7,000.00	115,245.26	108,245.26
Total Revenues	<u>246,690.00</u>	<u>246,690.00</u>	<u>351,919.98</u>	<u>105,229.98</u>
Expenditures:				
General Government:				
Other General Government:				
General Government Building	<u>422,250.00</u>	<u>422,250.00</u>	<u>95,914.00</u>	<u>326,336.00</u>
Net Change in Fund Balance	(175,560.00)	(175,560.00)	256,005.98	431,565.98
Fund Balance - beginning, as previously reported	<u>1,692,161.00</u>	<u>1,692,161.00</u>	<u>1,692,161.00</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 1,516,601.00</u>	<u>\$ 1,516,601.00</u>	<u>\$ 1,948,166.98</u>	<u>\$ 431,565.98</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 5,494,216.00	\$ 5,494,216.00	\$ 5,443,868.69	\$ (50,347.31)
General Property Taxes--Delinquent	30,000.00	30,000.00	56,318.97	26,318.97
Penalties and Interest	15,500.00	15,500.00	19,854.43	4,354.43
Telephone Tax (Outside)	250.00	250.00	0.00	(250.00)
Tax Deed Revenue	0.00	0.00	126.15	126.15
Licenses and Permits	39,000.00	39,000.00	269,989.98	230,989.98
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	12,483.90	12,483.90
Federal Shared Revenue	500.00	500.00	50,491.04	49,991.04
Federal Payments in Lieu of Taxes	92,000.00	92,000.00	103,660.00	11,660.00
State Grants	54,000.00	54,000.00	108,818.90	54,818.90
State Shared Revenue:				
Bank Franchise	240,000.00	240,000.00	342,018.58	102,018.58
Court Appointed Attorney/Public Defender	20,000.00	20,000.00	19,691.13	(308.87)
Telecommunications Gross Receipts Tax	60,000.00	60,000.00	31,591.98	(28,408.02)
Motor Vehicle 1/4%	5,000.00	5,000.00	5,871.19	871.19
Liquor Tax Reversion (25%)	70,000.00	70,000.00	83,332.99	13,332.99
Other Payments in Lieu of Taxes	10,500.00	10,500.00	15,033.05	4,533.05
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	68,350.00	68,350.00	69,846.34	1,496.34
Register of Deeds' Fees	156,000.00	156,000.00	166,220.00	10,220.00
Legal Services	100,000.00	100,000.00	205,716.85	105,716.85
Public Safety:				
Law Enforcement	159,500.00	159,500.00	190,185.20	30,685.20
Prisoner Care	4,550,000.00	4,550,000.00	3,349,074.47	(1,200,925.53)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	4,000.00	4,000.00	6,478.66	2,478.66
Veterans Service Officer	8,000.00	8,000.00	17,771.00	9,771.00
Culture and Recreation	20,750.00	20,750.00	14,757.37	(5,992.63)
Conservation of Natural Resources	9,000.00	9,000.00	0.00	(9,000.00)
Other Charges	3,000.00	3,000.00	1,231.25	(1,768.75)
Fines and Forfeits:				
Costs	41,000.00	41,000.00	36,722.25	(4,277.75)
Forfeits	10,000.00	10,000.00	550.00	(9,450.00)
Miscellaneous Revenue:				
Investment Earnings	25,000.00	25,000.00	278,690.00	253,690.00
Contributions and Donations	0.00	0.00	500.00	500.00
Refund of Prior Year's Expenditures	15,000.00	15,000.00	21,298.48	6,298.48
Other	5,250.00	5,250.00	18,233.77	12,983.77
Total Revenues	<u>11,305,816.00</u>	<u>11,305,816.00</u>	<u>10,940,426.62</u>	<u>(365,389.38)</u>
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	348,516.00	397,626.00	393,524.09	4,101.91
Contingency	250,000.00	250,000.00		
Amount Transferred		(235,920.00)		14,080.00
Elections	6,000.00	18,077.47	10,169.12	7,908.35
Judicial System	131,300.00	131,300.00	92,288.32	39,011.68
Financial Administration:				
Auditor	231,182.00	233,882.00	231,439.95	2,442.05

SUPPLEMENTARY INFORMATION
HUGHES 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		
Treasurer	296,643.00	296,643.00	280,082.16	16,560.84
Other	149,000.00	149,000.00	125,166.32	23,833.68
Legal Services:				
State's Attorney	783,382.00	783,382.00	688,109.97	95,272.03
Public Defender	390,000.00	390,000.00	387,716.32	2,283.68
Court Appointed Attorney	250,000.00	350,000.00	349,561.11	438.89
Abused and Neglected Child Defense	12,000.00	12,000.00	0.00	12,000.00
Other General Government:				
General Government Building	327,697.00	327,697.00	324,527.76	3,169.24
Director of Equalization	206,715.00	206,715.00	174,278.44	32,436.56
Register of Deeds	135,644.00	136,144.00	133,979.44	2,164.56
Veterans Service Officer	110,235.00	110,235.00	106,754.36	3,480.64
Predatory Animal	1,725.00	1,725.00	2,586.36	(861.36)
Public Safety:				
Law Enforcement:				
Sheriff	1,077,120.00	1,083,533.77	965,344.65	118,189.12
County Jail	4,638,383.00	4,638,383.00	4,172,939.00	465,444.00
Coroner	26,500.00	26,500.00	17,918.66	8,581.34
Juvenile Detention	859,670.00	880,270.00	845,129.63	35,140.37
Public Works:				
Transportation:				
Other Transportation	17,500.00	17,500.00	17,499.96	0.04
Health and Welfare:				
Economic Assistance:				
Support of Poor	75,100.00	75,100.00	18,711.00	56,389.00
Health Assistance:				
Ambulance	155,000.00	155,000.00	144,960.00	10,040.00
Mental Health Services:				
Mentally Ill	230,000.00	254,300.00	254,234.11	65.89
Mental Illness Board	28,000.00	42,000.00	41,843.91	156.09
Culture and Recreation:				
Recreation:				
Exhibition Building	39,700.00	39,700.00	26,300.56	13,399.44
Conservation of Natural Resources:				
Soil Conservation:				
Weed Control	70,375.00	70,375.00	25,070.68	45,304.32
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	104,020.00	104,020.00	101,173.14	2,846.86
Urban and Rural Development	17,050.00	17,050.00	17,047.25	2.75
Total Expenditures	<u>10,968,457.00</u>	<u>10,962,238.24</u>	<u>9,948,356.27</u>	<u>1,013,881.97</u>
Excess of Revenues Over (Under) Expenditures	<u>337,359.00</u>	<u>343,577.76</u>	<u>992,070.35</u>	<u>648,492.59</u>
Other Financing Sources (Uses):				
Transfers Out	(1,107,000.00)	(1,107,000.00)	(1,101,292.62)	5,707.38
Insurance Proceeds	5,000.00	5,000.00	13,257.70	8,257.70
Sale of County Property	0.00	0.00	8,868.77	8,868.77
Total Other Financing Sources (Uses)	<u>(1,102,000.00)</u>	<u>(1,102,000.00)</u>	<u>(1,079,166.15)</u>	<u>22,833.85</u>
Net Change in Fund Balance	(764,641.00)	(758,422.24)	(87,095.80)	671,326.44
Fund Balance - beginning, as previously reported	6,587,632.91	6,587,632.91	6,587,632.91	0.00
FUND BALANCE - ENDING	<u>\$ 5,822,991.91</u>	<u>\$ 5,829,210.67</u>	<u>\$ 6,500,537.11</u>	<u>\$ 671,326.44</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Wheel Tax	\$ 240,000.00	\$ 240,000.00	\$ 251,627.21	\$ 11,627.21
Intergovernmental Revenue:				
Federal Grants	5,600.00	5,600.00	6,227.33	627.33
State Grants	200,000.00	200,000.00	1,321,643.86	1,121,643.86
State Shared Revenue:				
Motor Vehicle Licenses	1,220,000.00	1,220,000.00	1,369,600.17	149,600.17
Prorate License Fees	65,000.00	65,000.00	76,153.71	11,153.71
63 3/4% Mobile Home	14,000.00	14,000.00	21,401.44	7,401.44
Secondary Road Remittances	439,600.00	439,600.00	462,840.84	23,240.84
Motor Fuel Tax	6,900.00	6,900.00	6,534.35	(365.65)
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	17,500.00	17,500.00	57,505.19	40,005.19
Miscellaneous Revenue:				
Investment Earnings	10,000.00	10,000.00	128,860.88	118,860.88
Contributions and Donations	45,000.00	45,000.00	56,564.85	11,564.85
Other	2,000.00	2,000.00	1,984.60	(15.40)
Total Revenues	<u>2,265,600.00</u>	<u>2,265,600.00</u>	<u>3,760,944.43</u>	<u>1,495,344.43</u>
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	4,909,091.00	4,909,091.00	2,494,708.96	2,414,382.04
Excess of Revenues Over (Under) Expenditures	<u>(2,643,491.00)</u>	<u>(2,643,491.00)</u>	<u>1,266,235.47</u>	<u>3,909,726.47</u>
Other Financing Sources (Uses):				
Transfers In	300,000.00	300,000.00	300,000.00	0.00
Sale of County Property	300,000.00	300,000.00	766.77	(299,233.23)
Total Other Financing Sources (Uses)	<u>600,000.00</u>	<u>600,000.00</u>	<u>300,766.77</u>	<u>(299,233.23)</u>
Net Change in Fund Balance	<u>(2,043,491.00)</u>	<u>(2,043,491.00)</u>	<u>1,567,002.24</u>	<u>3,610,493.24</u>
Fund Balance - beginning, as previously reported	<u>2,166,541.70</u>	<u>2,166,541.70</u>	<u>2,166,541.70</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 123,050.70</u>	<u>\$ 123,050.70</u>	<u>\$ 3,733,543.94</u>	<u>\$ 3,610,493.24</u>

**SUPPLEMENTARY INFORMATION
HUGHES COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
COURTHOUSE BUILDING FUND
For the Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 229,564.00	\$ 229,564.00	\$ 227,076.07	\$ (2,487.93)
General Property Taxes--Delinquent	1,500.00	1,500.00	2,356.14	856.14
Penalties and Interest	500.00	500.00	828.73	328.73
Intergovernmental Revenue:				
Federal Shared Revenue	15.00	15.00	20.45	5.45
Miscellaneous Revenue:				
Investment Earnings	2,000.00	2,000.00	65,431.97	63,431.97
Total Revenues	<u>233,579.00</u>	<u>233,579.00</u>	<u>295,713.36</u>	<u>62,134.36</u>
Expenditures:				
General Government:				
Other General Government:				
General Government Building	<u>200,000.00</u>	<u>200,000.00</u>	<u>84,094.44</u>	<u>115,905.56</u>
Net Change in Fund Balance	<u>33,579.00</u>	<u>33,579.00</u>	<u>211,618.92</u>	<u>178,039.92</u>
Fund Balance - beginning, as previously reported	<u>1,480,542.08</u>	<u>1,480,542.08</u>	<u>1,480,542.08</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 1,514,121.08</u>	<u>\$ 1,514,121.08</u>	<u>\$ 1,692,161.00</u>	<u>\$ 178,039.92</u>

HUGHES 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
HUGHES 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	0.230482%	\$ (9,330)	\$ 5,390,910	0.17%	100.00%
2023	0.228961%	\$ (22,348)	\$ 4,925,296	0.45%	100.10%
2022	0.231527%	\$ (21,881)	\$ 4,659,597	0.47%	100.10%
2021	0.229290%	\$ (1,755,969)	\$ 4,422,306	39.71%	105.52%
2020	0.228263%	\$ (9,913)	\$ 4,271,161	0.23%	100.04%
2019	0.225188%	\$ (23,864)	\$ 4,089,373	0.58%	100.09%
2018	0.223515%	\$ (5,213)	\$ 3,950,948	0.13%	100.02%
2017	0.222889%	\$ (20,227)	\$ 3,841,667	0.53%	100.10%
2016	0.230733%	\$ 779,395	\$ 3,774,893	20.65%	96.89%
2015	0.236258%	\$ (1,002,037)	\$ 3,643,350	27.50%	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.

HUGHES 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
HUGHES 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:				
Limited Tax General Obligation Certificates of Participation (Series 2020)	\$ 4,084,074.83	\$	\$ (1,300,092.50)	\$ 2,783,982.33

Note 1 - Long-Term Debt:

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

Limited Tax General Obligation Certificates of Participation (Series 2020):

<p>⌘ Limited Tax General Obligation Certificates of Participation, Series 2020, Matures December 2028, Interest Rate 2.180%. Payments are to be made from the Jail Debt Service Fund.</p>	\$ 2,783,982.33
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