

# **EDMUNDS COUNTY**

## **AUDIT REPORT**

**For the Two Years Ended December 31, 2019**



**State of South Dakota  
Department of Legislative Audit  
427 South Chapelle  
c/o 500 East Capitol  
Pierre, SD 57501-5070**

EDMUNDS COUNTY  
COUNTY OFFICIALS  
December 31, 2019

Board of Commissioners:

Robert Olson  
Morris Grosz  
Jerome Schaffner  
Dennis Hoyle  
Timothy Thomas

Auditor:  
Keith Schurr

Treasurer:  
Patricia Nigg

State's Attorney:  
Vaughn P. Beck

Register of Deeds:  
Gwen Geditz

Sheriff:  
Todd Holtz

EDMUNDS COUNTY  
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427 SOUTH CHAPELLE  
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PIERRE, SD 57501-5070  
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RUSSELL A. OLSON  
AUDITOR GENERAL

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

County Commission  
Edmunds County  
Ipswich, 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 Edmunds County, South Dakota (County), as of December 31, 2019, 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 2, 2021.

***Internal Control Over Financial Reporting***

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Current Audit Findings as item No. 2019-001 to be a material weakness.

### ***Compliance and Other Matters***

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

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

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

### ***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 2, 2021

EDMUNDS COUNTY  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**Prior Audit Findings:**

The prior audit report contained no written audit findings.

**SCHEDULE OF CURRENT AUDIT FINDINGS**

**Current Audit Finding:**

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

Cash Internal Control Deficiencies

Finding No. 2019-001:

Criteria:

The County's internal controls over the cash collections, daily receipting and depositing, and cash reconciliation process were inadequate resulting in diminished assurance that the County's financial transactions were properly recorded, and its assets were adequately safeguarded.

Condition:

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

We noted the following deficiencies in internal controls in the cash collections, daily receipting and depositing, and cash reconciliation process:

- The County Treasurer has not been reconciling the recorded balances of cash and investments with the balances on hand at the various official financial institutions. This reconciliation process serves as a check that the County's deposits and withdrawals have been properly recorded at the County and at the various financial institutions.
- The County Treasurer was holding daily receipts in the office longer than necessary and not depositing the daily receipts in a timely manner. This increases the risk that receipts could be misplaced.
- The County Treasurer was mixing the receipts from separate days in the deposits related to other days and has not been depositing daily receipts intact.

Effect:

The County was exposed to an increased risk of accounting error or irregularities not being detected in a timely manner. At December 31, 2019, the cash and investment balances recorded in the County's accounting records were approximately \$12,100 more than the balances in the official depositories of the County and approximately \$12,300 more than the balances in the official depositories of the County at December 31, 2020.

The County was exposed to an increased risk of receipts not being properly accounted for, being lost or potential misappropriation as daily receipts were not deposited in a timely manner. The following is a

summary of the May 2019 deposits in the County's checking and saving account statements compared to the date on which the receipts were recorded in the accounting records:

- April 25, 2019 receipts of approximately \$348,000 were not deposited until May 1, 2019.
- April 26, 2019 receipts of approximately \$370,000 were not deposited until May 2, 2019.
- April 29, 2019 receipts of approximately \$397,000 were not deposited until May 3, 2019.
- April 30, 2019 receipts of approximately \$1,036,000 were not deposited until May 6, 2019.
- May 1, 2019 receipts of approximately \$254,000 were not deposited until May 8, 2019.
- May 2, 2019 receipts of approximately \$247,000 were not deposited until May 9, 2019.
- May 3, May 6, and May 7, 2019 receipts of approximately \$315,000 were not deposited until May 10, 2019.
- May 8, 2019 receipts of approximately \$13,000 were not deposited until May 14, 2019.
- May 9, 2019 receipts of approximately \$50,000 were not deposited until May 22, 2019.
- May 10 and May 13, 2019 receipts of approximately \$50,000 were not deposited until May 23, 2019.
- May 14 and May 15, 2019 receipts of approximately \$49,000 were not deposited until May 24, 2019.
- May 14, May 16, May 17, and May 20, 2019 receipts of approximately \$33,000 were not deposited until May 29, 2019.
- May 21, May 22, and May 23, 2019 receipts of approximately \$43,000 were not deposited until May 30, 2019.
- May 24 and May 28, 2019 receipts of approximately \$26,000 were not deposited until May 31, 2019.

We also analyzed the December 31, 2019 deposit and noted that the deposit of this activity did not occur until January 15, 2020.

The County Treasurer was not depositing daily receipts intact. Daily receipts from future days were being used to make up deposits from previous days. Cash receipts (cash collections and checks) should be deposited intact with the County's financial institutions. "Intact" means that all cash and checks collected since the last deposit must be deposited. The following is an analysis of the deposit detail from May 16, 2019 to May 24, 2019 along with an analysis of the December 31, 2019 deposit detail:

- The May 16, 2019 deposit was made up of \$8,306.73 of checks that were not receipted in the County's accounting records until May 17 and May 18, 2019, along with cash of \$473.01. The accounting records indicated that no cash was receipted on May 16, 2019. The receipt for the May 18<sup>th</sup> activity was done on June 6, 2019 and backdated to May 18, 2019.
- The May 17, 2019 deposit was made up of \$5,294.13 of checks that were not receipted in the County's accounting records until May 18 and May 20, 2019, along with cash of \$44.69. The accounting records indicated that \$386.50 in cash was receipted on May 17, 2019. The receipt for the May 18<sup>th</sup> activity was done on June 6, 2019 and backdated to May 18, 2019.
- The May 20, 2019 deposit was made up of \$4,846.50 of checks that were not receipted in the County's accounting records until May 21 and May 22, 2019, along with cash of \$270.63. The accounting records indicated that \$245.10 in cash was receipted on May 20, 2019.
- The May 21, 2019 deposit was made up of \$3,951.68 of checks that were not receipted in the County's accounting records until May 22, 2019, along with cash of \$68.57. The accounting records indicated that \$63.00 in cash was receipted May 21, 2019.
- The May 22, 2019 deposit was made up of \$4,903.51 of checks that were not receipted in the County's accounting records until May 23, 2019, along with cash of \$138.92. The accounting records indicated that \$201.50 in cash was receipted May 22, 2019.
- The May 23, 2019 deposit was made up of \$5,041.89 of checks that were not receipted in the County's accounting records until May 24, 2019, along with cash of \$336.79. The accounting records indicated that \$475.17 in cash was receipted May 23, 2019.

- The May 24, 2019 deposit was made up of \$5,023.90 of checks that were not receipted in the County's accounting records until May 28, 2019, along with cash of \$70.52. The accounting records indicated that \$52.53 in cash was receipted May 24, 2019.

We also analyzed the December 31, 2019 deposit and noted that this type of activity was still occurring as that deposit was made up of \$4,197.70 of checks that were not receipted in the County's accounting records until January 8, January 9 and January 10, 2020, along with an unreceipted personal check from the County Treasurer of \$400.00.

Cause:

The County Treasurer's office does not have adequate internal control procedures in place related to the cash collections, daily receipting and depositing, and cash reconciliation process.

Recommendations:

1. We recommend that the County put into place reconciliation procedures to properly reconcile the recorded cash and investment balances with the balances recorded at the official financial institutions.
2. We recommend that the County put into place procedures to ensure that the balancing of daily activity and the deposit of daily receipts is being performed at the end of each day.
3. We recommend that the County put into place procedures to ensure that daily receipts are deposited intact, and only include monies from the appropriate day's activity.
4. We recommend that the County appoint appropriate personnel to ensure that the reconciliation procedures, the daily balancing and deposit procedures and the depositing intact procedures are being performed.

Views of responsible officials:

The County Commissioners will take the necessary steps to resolve and correct the internal control deficiencies by implementing the recommendations.



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RUSSELL A. OLSON  
AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

County Commission  
Edmunds County  
Ipswich, South Dakota

### ***Report on the Financial Statements***

We have audited the accompanying modified cash basis of accounting financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Edmunds County, South Dakota (County), as of December 31, 2019, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of accounting of the governmental activities, each major fund, and the aggregate remaining fund information Edmunds County as of December 31, 2019, and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

### ***Basis of Accounting***

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

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the County's basic financial statements. The Budgetary Comparison Schedules and the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2021, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is 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 the County's internal control over financial reporting and compliance.



Russell A. Olson  
Auditor General

March 2, 2021

**EDMUNDS COUNTY**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**December 31, 2019**

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 1,664,933.78
Investments	<u>1,500,000.00</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,164,933.78</u></u>
<b>NET POSITION:</b>	
Restricted For:	
Modernization and Preservation Relief Purposes	\$ 15,706.43
24/7 Sobriety Purposes	4,680.16
Unrestricted	<u>3,144,547.19</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 3,164,933.78</u></u>

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



**EDMUNDS COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For the Year Ended December 31, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 896,631.66	\$ 108,016.90	\$ 6,701.84	\$ (781,912.92)
Public Safety	800,658.13	34,166.29	73,623.84	(692,868.00)
Public Works	2,808,678.14	36,175.73	1,330,000.37	(1,442,502.04)
Health and Welfare	51,978.32	1,581.82		(50,396.50)
Culture and Recreation	80,783.33		1,993.53	(78,789.80)
Conservation of Natural Resources	104,807.62	7,938.49	10,177.10	(86,692.03)
Urban and Economic Development	12,167.85			(12,167.85)
Intergovernmental	20,238.29			(20,238.29)
<b>Total Primary Government</b>	<b>\$ 4,775,943.34</b>	<b>\$ 187,879.23</b>	<b>\$ 1,422,496.68</b>	<b>(3,165,567.43)</b>
<b>General Revenues:</b>				
Taxes:				
Property Taxes				3,029,425.84
Wheel Tax				135,133.53
State Shared Revenues				69,113.51
Grants and Contributions not Restricted to Specific Programs				5,860.97
Unrestricted Investment Earnings				34,572.87
Miscellaneous Revenue				64,718.81
<b>Total General Revenues</b>				<b>3,338,825.53</b>
Change in Net Position				173,258.10
Net Position - Beginning				2,991,675.68
<b>NET POSITION - ENDING</b>				<b>\$ 3,164,933.78</b>

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

**EDMUNDS COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For the Year Ended December 31, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 913,834.51	\$ 113,110.34	\$ 7,045.75	\$ (793,678.42)
Public Safety	712,300.51	39,319.73	97,007.17	(575,973.61)
Public Works	3,115,988.38	54,660.71	1,238,407.38	(1,822,920.29)
Health and Welfare	54,617.60	2,597.99		(52,019.61)
Culture and Recreation	88,988.91		1,998.24	(86,990.67)
Conservation of Natural Resources	93,592.99	1,755.99	5,485.40	(86,351.60)
Urban and Economic Development	11,981.44			(11,981.44)
Intergovernmental	23,152.88			(23,152.88)
<b>Total Primary Government</b>	<b>\$ 5,014,457.22</b>	<b>\$ 211,444.76</b>	<b>\$ 1,349,943.94</b>	<b>(3,453,068.52)</b>
<b>General Revenues:</b>				
Taxes:				
Property Taxes				2,970,070.45
Wheel Tax				135,060.68
State Shared Revenues				76,832.13
Grants and Contributions not Restricted to Specific Programs				5,214.83
Unrestricted Investment Earnings				17,541.48
Miscellaneous Revenue				219,065.91
<b>Total General Revenues</b>				<b>3,423,785.48</b>
Change in Net Position				(29,283.04)
Net Position - Beginning				3,020,958.72
<b>NET POSITION - ENDING</b>				<b>\$ 2,991,675.68</b>

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

**EDMUNDS COUNTY**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**December 31, 2019**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 873,302.86	\$ 751,340.76	\$ 40,290.16	\$ 1,664,933.78
Investments	835,000.00	650,000.00	15,000.00	1,500,000.00
<b>TOTAL ASSETS</b>	<u><u>\$ 1,708,302.86</u></u>	<u><u>\$ 1,401,340.76</u></u>	<u><u>\$ 55,290.16</u></u>	<u><u>\$ 3,164,933.78</u></u>
<b>FUND BALANCES:</b>				
Restricted:				
Modernization and Preservation Relief Purposes	\$	\$	\$ 15,706.43	\$ 15,706.43
24/7 Sobriety Purposes			4,680.16	4,680.16
Assigned:				
Applied to Next Year's Budget	522,733.00			522,733.00
Road and Bridge Purposes		1,401,340.76		1,401,340.76
Emergency Management Purposes			34,903.57	34,903.57
Unassigned	<u>1,185,569.86</u>			<u>1,185,569.86</u>
<b>TOTAL FUND BALANCES</b>	<u><u>\$ 1,708,302.86</u></u>	<u><u>\$ 1,401,340.76</u></u>	<u><u>\$ 55,290.16</u></u>	<u><u>\$ 3,164,933.78</u></u>

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

**EDMUNDS COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2019**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 3,012,540.61	\$	\$	\$ 3,012,540.61
General Property Taxes--Delinquent	8,401.29			8,401.29
Penalties and Interest	8,341.66			8,341.66
Telephone Tax (Outside)	142.28			142.28
Wheel Tax		135,133.53		135,133.53
Licenses and Permits	6,250.00	2,850.00	510.00	9,610.00
Intergovernmental Revenue:				
Federal Grants	14,519.78		16,614.69	31,134.47
Federal Shared Revenue	5,860.97			5,860.97
State Grants	10,177.10	295,017.93		305,195.03
State Shared Revenue:				
Bank Franchise	25,227.90			25,227.90
Motor Vehicle Licenses		978,500.59		978,500.59
Court Appointed Attorney/Public Defender	703.93			703.93
Prorate License Fees		51,200.48		51,200.48
Telecommunications Gross Receipts Tax	14,879.55			14,879.55
Motor Vehicle 1/4%	2,422.93			2,422.93
Motor Fuel Tax		5,281.37		5,281.37
911 Remittances			43,198.77	43,198.77
Liquor Tax Reversion (25%)	29,006.06			29,006.06
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	18,157.00			18,157.00
Register of Deeds' Fees	42,796.05		6,670.70	49,466.75
Driver's License Exam	2,142.00			2,142.00

Legal Services	5,884.99		275.00	6,159.99
Clerk of Courts Fees	4,069.00			4,069.00
Other Fees	17,116.28			17,116.28
Public Safety:				
Law Enforcement	10,632.51			10,632.51
Prisoner Care	13,212.78			13,212.78
Sobriety Testing			5,130.00	5,130.00
Public Works:				
Road Maintenance Contract Charges		33,325.73		33,325.73
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	1,581.82			1,581.82
Veterans Service Officer	1,875.00			1,875.00
Conservation of Natural Resources	7,938.49			7,938.49
Fines and Forfeits:				
Fines	4,826.00			4,826.00
Costs	50.00			50.00
Miscellaneous Revenue:				
Investment Earnings	21,041.21	13,011.03	520.63	34,572.87
Rent	2,585.88			2,585.88
Contributions and Donations	4,859.11			4,859.11
Refund of Prior Year's Expenditures	1,880.00	6,364.00		8,244.00
Total Revenues	<u>3,299,122.18</u>	<u>1,520,684.66</u>	<u>72,919.79</u>	<u>4,892,726.63</u>
<b>Expenditures:</b>				
General Government:				
Legislative:				
Board of County Commissioners	89,166.97			89,166.97
Elections	1,639.95			1,639.95
Judicial System	1,889.23			1,889.23
Financial Administration:				
Auditor	135,325.98			135,325.98
Treasurer	127,071.23			127,071.23
Legal Services:				
State's Attorney	74,402.79			74,402.79
Court Appointed Attorney	20,880.04			20,880.04

**EDMUNDS COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2019**  
**(Continued)**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Administration:				
General Government Building	114,968.72			114,968.72
Director of Equalization	157,751.86			157,751.86
Register of Deeds	125,897.71		18,852.00	144,749.71
Veterans Service Officer	19,324.09			19,324.09
Predatory Animal	4,461.09			4,461.09
Geographic Information System	5,000.00			5,000.00
Public Safety:				
Law Enforcement:				
Sheriff	591,988.96			591,988.96
County Jail	122,489.15		4,077.13	126,566.28
Coroner	6,660.09			6,660.09
Protective and Emergency Services:				
Emergency and Disaster Services			45,584.66	45,584.66
Communication Center			43,198.77	43,198.77
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		2,808,678.14		2,808,678.14
Health and Welfare:				
Economic Assistance:				
Support of Poor	794.12			794.12
Other	1,500.00			1,500.00
Health Assistance:				
Health Services	37,000.00			37,000.00
Ambulance	8,200.00			8,200.00
Social Services:				
Domestic Abuse			785.00	785.00

Mental Health Services:				
Mentally Ill	60.00			60.00
Mental Health Centers	3,500.00			3,500.00
Mental Illness Board	139.20			139.20
Culture and Recreation:				
Recreation:				
County Fair	75,266.33			75,266.33
Senior Center	5,500.00			5,500.00
Other	17.00			17.00
Conservation of Natural Resources:				
Soil Conservation:				
Soil Conservation Districts	16,950.00			16,950.00
Weed and Pest Control	87,857.62			87,857.62
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	4,190.36			4,190.36
Urban and Rural Development	7,977.49			7,977.49
Intergovernmental Expenditures		20,238.29		20,238.29
Total Expenditures	<u>1,847,869.98</u>	<u>2,828,916.43</u>	<u>112,497.56</u>	<u>4,789,283.97</u>
Excess of Revenues Over (Under) Expenditures	<u>1,451,252.20</u>	<u>(1,308,231.77)</u>	<u>(39,577.77)</u>	<u>103,442.66</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In		1,500,000.00	20,000.00	1,520,000.00
Transfers Out	(1,520,000.00)			(1,520,000.00)
Insurance Proceeds	13,340.63			13,340.63
Sale of County Property	7,317.60	49,157.21		56,474.81
Total Other Financing Sources (Uses)	<u>(1,499,341.77)</u>	<u>1,549,157.21</u>	<u>20,000.00</u>	<u>69,815.44</u>
Net Change in Fund Balance	(48,089.57)	240,925.44	(19,577.77)	173,258.10
Fund Balance - Beginning	<u>1,756,392.43</u>	<u>1,160,415.32</u>	<u>74,867.93</u>	<u>2,991,675.68</u>
FUND BALANCE - ENDING	<u>\$ 1,708,302.86</u>	<u>\$ 1,401,340.76</u>	<u>\$ 55,290.16</u>	<u>\$ 3,164,933.78</u>

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

**EDMUNDS COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2018**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
<b>Taxes:</b>				
General Property Taxes--Current	\$ 2,948,559.16	\$	\$	\$ 2,948,559.16
General Property Taxes--Delinquent	12,445.45			12,445.45
Penalties and Interest	8,940.96			8,940.96
Telephone Tax (Outside)	124.88			124.88
Wheel Tax		135,060.68		135,060.68
Licenses and Permits	7,383.00	2,050.00	570.00	10,003.00
<b>Intergovernmental Revenue:</b>				
Federal Grants	18,642.69		12,730.69	31,373.38
Federal Shared Revenue	5,214.83			5,214.83
State Grants	6,541.25	192,905.74	18,135.00	217,581.99
<b>State Shared Revenue:</b>				
Bank Franchise	27,787.36			27,787.36
Motor Vehicle Licenses		989,563.10		989,563.10
Court Appointed Attorney/Public Defender	527.09			527.09
Prorate License Fees		50,657.17		50,657.17
Telecommunications Gross Receipts Tax	21,051.01			21,051.01
Motor Vehicle 1/4%	2,509.72			2,509.72
Motor Fuel Tax		5,281.37		5,281.37
911 Remittances			43,908.36	43,908.36
Liquor Tax Reversion (25%)	27,993.76			27,993.76
<b>Charges for Goods and Services:</b>				
<b>General Government:</b>				
Treasurer's Fees	19,207.65			19,207.65
Register of Deeds' Fees	54,959.37		7,406.68	62,366.05
Driver's License Exam	2,028.00			2,028.00



Legal Services	8,529.48		196.50	8,725.98
Clerk of Courts Fees	3,874.00			3,874.00
Other Fees	5,112.78			5,112.78
Public Safety:				
Law Enforcement	12,968.94			12,968.94
Prisoner Care	17,158.29			17,158.29
Sobriety Testing			3,080.00	3,080.00
Public Works:				
Road Maintenance Contract Charges		52,610.71		52,610.71
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	2,597.99			2,597.99
Veterans Service Officer	1,875.00			1,875.00
Conservation of Natural Resources	1,755.99			1,755.99
Fines and Forfeits:				
Costs	5,569.50			5,569.50
Miscellaneous Revenue:				
Investment Earnings	11,360.51	5,857.57	323.40	17,541.48
Rent	2,510.88			2,510.88
Contributions and Donations	5,181.76		3,360.00	8,541.76
Refund of Prior Year's Expenditures	5,722.22	3,170.12	63.99	8,956.33
Total Revenues	<u>3,248,133.52</u>	<u>1,437,156.46</u>	<u>89,774.62</u>	<u>4,775,064.60</u>
<b>Expenditures:</b>				
General Government:				
Legislative:				
Board of County Commissioners	87,351.64			87,351.64
Elections	17,718.17			17,718.17
Judicial System	11,225.54			11,225.54
Financial Administration:				
Auditor	136,879.78			136,879.78
Treasurer	122,683.21			122,683.21
Legal Services:				
State's Attorney	70,415.08			70,415.08
Court Appointed Attorney	33,245.93			33,245.93
Other Administration:				
General Government Building	121,779.54			121,779.54
Director of Equalization	121,088.03			121,088.03

**EDMUNDS COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2018**  
**(Continued)**

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Register of Deeds	123,368.24		6,050.67	129,418.91
Veterans Service Officer	19,133.54			19,133.54
Predatory Animal	4,461.09			4,461.09
Geographic Information System	19,417.00			19,417.00
Information Technology	19,017.05			19,017.05
Public Safety:				
Law Enforcement:				
Sheriff	513,967.41			513,967.41
County Jail	109,375.34		19,867.36	129,242.70
Coroner	901.63			901.63
Protective and Emergency Services:				
Emergency and Disaster Services			47,475.51	47,475.51
Communication Center			43,908.36	43,908.36
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		3,115,988.38		3,115,988.38
Health and Welfare:				
Economic Assistance:				
Support of Poor	3,162.31			3,162.31
Other	1,500.00			1,500.00
Health Assistance:				
Health Services	36,750.00			36,750.00
Ambulance	8,200.00			8,200.00
Social Services:				
Domestic Abuse			766.50	766.50
Mental Health Services:				
Mentally Ill	719.99			719.99

Mental Health Centers	3,500.00			3,500.00
Mental Illness Board	18.80			18.80
Culture and Recreation:				
Recreation:				
County Fair	71,836.91			71,836.91
Senior Center	8,000.00			8,000.00
Other	9,152.00			9,152.00
Conservation of Natural Resources:				
Soil Conservation:				
Soil Conservation Districts	16,950.00			16,950.00
Weed and Pest Control	76,642.99			76,642.99
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	4,133.44			4,133.44
Urban and Rural Development	7,848.00			7,848.00
Intergovernmental Expenditures	2,977.00	20,175.88		23,152.88
Total Expenditures	<u>1,783,419.66</u>	<u>3,136,164.26</u>	<u>118,068.40</u>	<u>5,037,652.32</u>
Excess of Revenues Over (Under) Expenditures	<u>1,464,713.86</u>	<u>(1,699,007.80)</u>	<u>(28,293.78)</u>	<u>(262,587.72)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In		1,300,000.00	35,000.00	1,335,000.00
Transfers Out	(1,335,000.00)			(1,335,000.00)
Insurance Proceeds	22,500.00		695.10	23,195.10
Sale of County Property	2,070.00	208,039.58		210,109.58
Total Other Financing Sources (Uses)	<u>(1,310,430.00)</u>	<u>1,508,039.58</u>	<u>35,695.10</u>	<u>233,304.68</u>
Net Change in Fund Balance	154,283.86	(190,968.22)	7,401.32	(29,283.04)
Fund Balance - Beginning	<u>1,602,108.57</u>	<u>1,351,383.54</u>	<u>67,466.61</u>	<u>3,020,958.72</u>
FUND BALANCE - ENDING	<u>\$ 1,756,392.43</u>	<u>\$ 1,160,415.32</u>	<u>\$ 74,867.93</u>	<u>\$ 2,991,675.68</u>

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

**EDMUNDS COUNTY**  
**STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**December 31, 2019**

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 296,060.13
<b>TOTAL ASSETS</b>	<u>\$ 296,060.13</u>
<b>NET POSITION:</b>	
Restricted For:	
Individuals, Organizations and Other Governments	\$ 296,060.13
<b>TOTAL NET POSITION</b>	<u>\$ 296,060.13</u>

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

EDMUNDS 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 Edmunds 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.

The County organized the Edmunds County Housing and Redevelopment Commission solely for abdicating its authority over the non-municipal housing projects within the County to the Mobridge Housing Commission organized by the Municipality of Mobridge. Therefore, this component unit's financial activity was not included on the County's annual report. The financial activity of this component unit is to be included as a component unit on the Municipality of Mobridge's annual report.

The County participates in two cooperative units. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the County.

b. Basis of Presentation:

*Government-wide Financial Statements:*

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

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

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity,

revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the County or it meets the following criteria:

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

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

**Governmental Funds:**

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

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

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

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

**Fiduciary Funds:**

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

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are used to account for the accumulation and distribution of property tax revenues and various pass-through funds.

c. Measurement Focus and Basis of Accounting:

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

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

*Measurement Focus:*

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

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

*Basis of Accounting:*

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

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

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

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

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

d. Deposits and Investments:

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

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of

investment authorized by South Dakota Codified Law (SDCL) 4-5-6. Under the modified cash basis of accounting, investments are carried at cost.

e. Capital Assets:

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

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

f. Long-Term Liabilities:

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

The County does not have any outstanding Long-Term Debt as of December 31, 2019.

g. Program Revenues:

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

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

h. Equity Classifications:

*Government-wide Financial Statements:*

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

1. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and



regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

2. Unrestricted Net Position – All other net position that do not meet the definition of Restricted Net Position.

*Fund Financial Statements:*

Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned, or Unassigned components. Agency Funds have no fund equity. The Net Position is reported as Net Position Held in Agency Capacity.

i. Application of Net Position:

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

j. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted 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 Government would first use *committed*, then *assigned*, and lastly *unassigned amounts* of unrestricted fund balance when expenditures are made.

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

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

**Major Special Revenue Fund**

Road and Bridge Fund

**Revenue Source**

Federal and State Grants, and Motor Vehicle Licenses

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

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

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

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

As of December 31, 2019, the investments reported in the financial statements consist of only certificates of deposit.

**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, 2019, the County's deposits in financial institutions were exposed to custodial credit risk as follows:

<u>Depository Name</u>	<u>% Under-Collateralized</u>	<u>At-Risk Amount</u>
Ipswich State Bank	0.78%	<u>\$ 28,269.26</u>
Total Deposits Exposed to Custodial Credit Risk		<u>\$ 28,269.26</u>

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

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

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

### 3. 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.

### 4. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2019 were as follows:

<b><u>Transfers From:</u></b>	<b><u>Transfers To:</u></b>		<b><u>Total</u></b>
	Road and Bridge Fund	Other Governmental Funds	
Major Funds:			
General Fund	\$ 1,500,000.00	\$ 20,000.00	\$ 1,520,000.00

Interfund transfers for the year ended December 31, 2018 were as follows:

<b><u>Transfers From:</u></b>	<b><u>Transfers To:</u></b>		<b><u>Total</u></b>
	Road and Bridge Fund	Other Governmental Funds	
Major Funds:			
General Fund	\$ 1,300,000.00	\$ 35,000.00	\$ 1,335,000.00

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

### 5. PENSION PLAN

**Plan Information:**

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at

<http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

**Benefits Provided:**

SDRS has three different classes of employees, Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund 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.

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

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

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

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, 2019, 2018, and 2017, equal to the required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 95,245.81
2018	\$ 90,121.75
2017	\$ 85,758.06

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

At June 30, 2019, SDRS is 100.09% 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, 2019 are as follows:

Proportionate share of total pension liability	\$ 9,179,932.45
Less proportionate share of net position restricted for pension benefits	<u>9,187,738.63</u>
Proportionate share of net pension asset	<u>\$ (7,806.18 )</u>

The net pension asset was measured as of June 30, 2019 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, 2019, the County's proportion was 0.0736622%, which is an increase of 0.0037552% from its proportion measured as of June 30, 2018.

**Actuarial Assumptions:**

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense
Future COLAs	1.88%

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

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, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	4.7%
Fixed Income	30.0%	1.7%
Real Estate	10.0%	4.3%
Cash	2.0%	0.9%
Total	100%	

**Discount Rate:**

The discount rate used to measure the total pension liability 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)	\$ 1,295,672.45	\$ (7,806.18)	\$ (1,069,905.72)

6. **JOINT VENTURES**

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

Five County Television Translator District  
North Central Regional E-911 Center

**Five County Television Translator District:**

The County participates in a joint venture, known as the Five County Television Translator District, formed for the purpose of providing television program distribution services to the citizens within the Translator District.

The members of the Five County Television Translator District and their percentage of participation are as follows:

Campbell County	10%	Potter County	15%
Edmunds County	25%	Walworth County	34%
McPherson County	16%		

The joint powers agreement is formulated in accordance with South Dakota Codified Laws (SDCL) 1-24 and 49-32A. The governing board consists of five representatives, one appointed by each of the five participating counties.

Pursuant to SDCL 49-32A-14, the operations and activities of the television district shall be financed by appropriations from the participating counties from the county general funds in the same proportion that the population of each county is to the total district population.

The County retains no equity interest in the net position of the joint venture, but does have a responsibility to fund its proportionate share of deficits of the joint venture. The proportionate share varies in percentage based upon the respective populations of the five counties.

Separate financial statements for this joint venture are available from Walworth County.

At December 31, 2019, this joint venture had total assets of \$186,466.72, no liabilities, and total net position of \$186,466.72.

The Five County Television Translator District quit broadcasting and ceased to operate by the end of 2019. Edmunds County received \$47,415.12 on March 6, 2020 resulting from the dissolution.

#### North Central Regional E-911 Center:

The County participates in a joint venture, known as the North Central Regional E-911 Center, formed for the purpose of providing efficient and consolidated E-911 services to the citizens of the member counties.

The members of the North Central Regional E-911 Center are as follows:

<u>Original Members</u>	<u>Contracting Members</u>
Corson County	Campbell County
Edmunds County	McPherson County
Perkins County	Harding County
Walworth County	Potter County
	Sioux County, North Dakota

The joint powers agreement is formulated in accordance with South Dakota Codified Law (SDCL) 34-45. The governing board consists of two members from each governmental entity entering the joint agreement. The War Hawk Civil Defense Coordinator, as well as a responder from the Standing Rock Emergency Services are permanent nonvoting board members.

The operations and activities of the center are financed by the telephone surcharge, less the state coordinator fee per phone of the participating government entity. Members receive collected surcharge funds from the South Dakota Department of Public Safety monthly and in turn remit all of those funds to the North Central Regional E-911 Center.

The County retains no equity interest in the net position of the joint venture, but does have a responsibility to fund its proportionate share of deficits of the joint venture.

Separate financial statements for this joint venture are available from the Municipality of Mobridge.



At December 31, 2019, this joint venture had total assets of \$474,593.19, no liabilities, and total net position of \$474,593.19.

## 7. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2019, the County was not involved in any litigation.

## 8. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2019, the County managed its risks as follows:

### Employee Health Insurance:

The county joined the South Dakota School Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The county pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage provides a deductible of \$1,000 per person up to \$3,000 per family. This Health Insurance is administered by Wellmark Blue Cross Blue Shield of South Dakota and has an unlimited lifetime accumulation benefit.

### Liability Insurance:

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

- a. general liability,
- b. automobile liability,
- c. officials liability,
- d. law enforcement liability,
- e. automobile physical damage,
- f. boiler and equipment,
- g. building and property coverage,
- h. miscellaneous property, and
- i. flood & earthquake damage

Effective January 1, 2018, the SDPAA revised the method of calculating the amount available to be refunded to a withdrawing member. Upon giving proper written notice to the SDPAA a member may withdraw. Within 120 days following withdrawal, or as soon thereafter as the next Annual Budget is completed, the SDPAA will advise the withdrawing member of its total calculated portion of contributions made to the SDPAA that shall be refunded. Refunds are calculated based on the



pool's total contributions, along with the member's total contributions, current losses, unpaid losses, and loss expenses, the member's loss ratio, and number of membership years.

A member who withdraws from the SDPAA shall receive a calculated portion of their contributions refunded for unpaid casualty losses, based on the following schedule:

<u>Years</u>	<u>Percentage</u>
1	55%
2	50%
3	40%
4	35%
5	30%
6+	20%

All refunds shall be paid to the withdrawing Member over a five-year term.

As of December 31, 2019, the County's balance available to be refunded per the SDPAA was \$118,047.00, which was an increase of \$81,065.00 from the previous year.

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:

On January 1, 2010, the County elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

During the two years ended December 31, 2019, one claim was filed for unemployment benefits. This claim resulted in the payment of benefits in the amount of \$490.00. At December 31, 2019, no claims had been filed and were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next year.

**SUPPLEMENTARY INFORMATION**  
**EDMUNDS COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**For the Year Ended December 31, 2019**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 3,038,086.00	\$ 3,038,086.00	\$ 3,012,540.61	\$ (25,545.39)
General Property Taxes--Delinquent	10,000.00	10,000.00	8,401.29	(1,598.71)
Penalties and Interest	8,000.00	8,000.00	8,341.66	341.66
Telephone Tax (Outside)	125.00	125.00	142.28	17.28
Tax Deed Revenue	200.00	200.00	0.00	(200.00)
Licenses and Permits	5,920.00	5,920.00	6,250.00	330.00
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	14,519.78	14,519.78
Federal Shared Revenue	5,250.00	5,250.00	5,860.97	610.97
State Grants	6,200.00	6,200.00	10,177.10	3,977.10
State Shared Revenue:				
Bank Franchise	18,000.00	18,000.00	25,227.90	7,227.90
Court Appointed Attorney/Public Defender	800.00	800.00	703.93	(96.07)
Telecommunications Gross Receipts Tax	15,000.00	15,000.00	14,879.55	(120.45)
Motor Vehicle 1/4%	2,500.00	2,500.00	2,422.93	(77.07)
Liquor Tax Reversion (25%)	27,000.00	27,000.00	29,006.06	2,006.06
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	14,700.00	14,700.00	18,157.00	3,457.00
Register of Deeds' Fees	52,000.00	52,000.00	42,796.05	(9,203.95)
Driver's License Exam	2,400.00	2,400.00	2,142.00	(258.00)
Legal Services	10,200.00	10,200.00	5,884.99	(4,315.01)
Clerk of Courts Fees	3,500.00	3,500.00	4,069.00	569.00
Other Fees	3,000.00	3,000.00	17,116.28	14,116.28
Public Safety:				
Law Enforcement	11,000.00	11,000.00	10,632.51	(367.49)
Prisoner Care	12,000.00	12,000.00	13,212.78	1,212.78
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	1,200.00	1,200.00	1,581.82	381.82
Veterans Service Officer	1,875.00	1,875.00	1,875.00	0.00
Conservation of Natural Resources	5,000.00	5,000.00	7,938.49	2,938.49
Fines and Forfeits:				
Costs	3,500.00	3,500.00	4,826.00	1,326.00
Forfeits	100.00	100.00	50.00	(50.00)
Miscellaneous Revenue:				
Investment Earnings	6,500.00	6,500.00	21,041.21	14,541.21
Rent	1,500.00	1,500.00	2,585.88	1,085.88
Contributions and Donations	4,000.00	4,000.00	4,859.11	859.11
Refund of Prior Year's Expenditures	1,500.00	1,500.00	1,880.00	380.00
Total Revenues	3,271,056.00	3,271,056.00	3,299,122.18	28,066.18
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	97,281.00	97,281.00	89,166.97	8,114.03
Contingency	200,000.00	200,000.00		
Amount Transferred		(27,911.00)		172,089.00
Elections	2,600.00	2,600.00	1,639.95	960.05
Judicial System	3,200.00	3,200.00	1,889.23	1,310.77
Financial Administration:				
Auditor	145,197.00	145,197.00	135,325.98	9,871.02
Treasurer	133,329.00	133,329.00	127,071.23	6,257.77

**SUPPLEMENTARY INFORMATION**  
**EDMUNDS COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**For the Year Ended December 31, 2019**  
**(Continued)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Legal Services:				
State's Attorney	75,499.00	75,499.00	74,402.79	1,096.21
Court Appointed Attorney	37,000.00	37,000.00	20,880.04	16,119.96
Other Administration:				
General Government Building	138,757.00	138,757.00	114,968.72	23,788.28
Director of Equalization	165,107.00	165,107.00	157,751.86	7,355.14
Register of Deeds	128,369.00	128,369.00	125,897.71	2,471.29
Veterans Service Officer	21,801.00	21,801.00	19,324.09	2,476.91
Predatory Animal	4,462.00	4,462.00	4,461.09	0.91
Geographic Information System	11,000.00	11,000.00	5,000.00	6,000.00
Public Safety:				
Law Enforcement:				
Sheriff	556,260.00	591,989.80	591,988.96	0.84
County Jail	143,125.00	143,125.00	122,489.15	20,635.85
Coroner	3,985.00	6,661.00	6,660.09	0.91
Health and Welfare:				
Economic Assistance:				
Support of Poor	27,500.00	27,500.00	794.12	26,705.88
Other	1,500.00	1,500.00	1,500.00	0.00
Health Assistance:				
Health Services	37,500.00	37,500.00	37,000.00	500.00
Ambulance	8,200.00	8,200.00	8,200.00	0.00
Mental Health Services:				
Mentally Ill	2,000.00	2,000.00	60.00	1,940.00
Mental Health Centers	3,500.00	3,500.00	3,500.00	0.00
Mental Illness Board	1,000.00	1,000.00	139.20	860.80
Culture and Recreation:				
Recreation:				
County Fair	79,834.00	79,834.00	75,266.33	4,567.67
Senior Center	8,500.00	8,500.00	5,500.00	3,000.00
Other	9,200.00	9,200.00	17.00	9,183.00
Conservation of Natural Resources:				
Soil Conservation:				
Soil Conservation Districts	16,950.00	16,950.00	16,950.00	0.00
Weed and Pest Control	96,300.00	99,300.00	87,857.62	11,442.38
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	6,002.00	6,002.00	4,190.36	1,811.64
Urban and Rural Development	7,978.00	7,978.00	7,977.49	0.51
Total Expenditures	<u>2,172,936.00</u>	<u>2,186,430.80</u>	<u>1,847,869.98</u>	<u>338,560.82</u>
Excess of Revenues Over (Under) Expenditures	<u>1,098,120.00</u>	<u>1,084,625.20</u>	<u>1,451,252.20</u>	<u>366,627.00</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(1,520,000.00)	(1,520,000.00)	(1,520,000.00)	0.00
Insurance Proceeds	0.00	0.00	13,340.63	13,340.63
Sale of County Property	500.00	500.00	7,317.60	6,817.60
Total Other Financing Sources (Uses)	<u>(1,519,500.00)</u>	<u>(1,519,500.00)</u>	<u>(1,499,341.77)</u>	<u>20,158.23</u>
Net Change in Fund Balance	(421,380.00)	(434,874.80)	(48,089.57)	386,785.23
Fund Balance - Beginning	<u>1,756,392.43</u>	<u>1,756,392.43</u>	<u>1,756,392.43</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 1,335,012.43</u>	<u>\$ 1,321,517.63</u>	<u>\$ 1,708,302.86</u>	<u>\$ 386,785.23</u>

**SUPPLEMENTARY INFORMATION**  
**EDMUNDS COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**ROAD AND BRIDGE FUND**  
**For the Year Ended December 31, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes:				
Wheel Tax	\$ 140,000.00	\$ 140,000.00	\$ 135,133.53	\$ (4,866.47)
Licenses and Permits	1,500.00	1,500.00	2,850.00	1,350.00
Intergovernmental Revenue:				
State Grants	185,000.00	185,000.00	295,017.93	110,017.93
State Shared Revenue:				
Motor Vehicle Licenses	1,005,000.00	1,005,000.00	978,500.59	(26,499.41)
Prorate License Fees	50,000.00	50,000.00	51,200.48	1,200.48
Motor Vehicle 1/4%	5,300.00	5,300.00	5,281.37	(18.63)
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	45,000.00	45,000.00	33,325.73	(11,674.27)
Miscellaneous Revenue:				
Investment Earnings	4,000.00	4,000.00	13,011.03	9,011.03
Refund of Prior Year's Expenditures	2,500.00	2,500.00	6,364.00	3,864.00
Total Revenues	<u>1,438,300.00</u>	<u>1,438,300.00</u>	<u>1,520,684.66</u>	<u>82,384.66</u>
<b>Expenditures:</b>				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	3,546,364.00	3,546,364.00	2,808,678.14	737,685.86
Intergovernmental Expenditures	25,000.00	25,000.00	20,238.29	4,761.71
Total Expenditures	<u>3,571,364.00</u>	<u>3,571,364.00</u>	<u>2,828,916.43</u>	<u>742,447.57</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,133,064.00)</u>	<u>(2,133,064.00)</u>	<u>(1,308,231.77)</u>	<u>824,832.23</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,500,000.00	1,500,000.00	1,500,000.00	0.00
Insurance Proceeds	100.00	100.00	0.00	(100.00)
Sale of County Property	50,000.00	50,000.00	49,157.21	(842.79)
Total Other Financing Sources (Uses)	<u>1,550,100.00</u>	<u>1,550,100.00</u>	<u>1,549,157.21</u>	<u>(942.79)</u>
Net Change in Fund Balance	(582,964.00)	(582,964.00)	240,925.44	823,889.44
Fund Balance - Beginning	<u>1,160,415.32</u>	<u>1,160,415.32</u>	<u>1,160,415.32</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 577,451.32</u>	<u>\$ 577,451.32</u>	<u>\$ 1,401,340.76</u>	<u>\$ 823,889.44</u>

**SUPPLEMENTARY INFORMATION**  
**EDMUNDS COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**For the Year Ended December 31, 2018**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 2,958,922.00	\$ 2,958,922.00	\$ 2,948,559.16	\$ (10,362.84)
General Property Taxes--Delinquent	10,000.00	10,000.00	12,445.45	2,445.45
Penalties and Interest	8,000.00	8,000.00	8,940.96	940.96
Telephone Tax (Outside)	150.00	150.00	124.88	(25.12)
Tax Deed Revenue	200.00	200.00	0.00	(200.00)
Licenses and Permits	5,820.00	5,820.00	7,383.00	1,563.00
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	18,642.69	18,642.69
Federal Shared Revenue	6,250.00	6,250.00	5,214.83	(1,035.17)
State Grants	6,000.00	6,000.00	6,541.25	541.25
State Shared Revenue:				
Bank Franchise	14,000.00	14,000.00	27,787.36	13,787.36
Court Appointed Attorney/Public Defender	800.00	800.00	527.09	(272.91)
Telecommunications Gross Receipts Tax	17,500.00	17,500.00	21,051.01	3,551.01
Motor Vehicle 1/4%	2,400.00	2,400.00	2,509.72	109.72
Liquor Tax Reversion (25%)	26,000.00	26,000.00	27,993.76	1,993.76
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	13,200.00	13,200.00	19,207.65	6,007.65
Register of Deeds' Fees	55,000.00	55,000.00	54,959.37	(40.63)
Driver's License Exam	2,000.00	2,000.00	2,028.00	28.00
Legal Services	10,250.00	10,250.00	8,529.48	(1,720.52)
Clerk of Courts Fees	3,500.00	3,500.00	3,874.00	374.00
Other Fees	1,500.00	1,500.00	5,112.78	3,612.78
Public Safety:				
Law Enforcement	9,000.00	9,000.00	12,968.94	3,968.94
Prisoner Care	11,000.00	11,000.00	17,158.29	6,158.29
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	1,000.00	1,000.00	2,597.99	1,597.99
Veterans Service Officer	1,875.00	1,875.00	1,875.00	0.00
Conservation of Natural Resources	4,000.00	4,000.00	1,755.99	(2,244.01)
Fines and Forfeits:				
Costs	2,400.00	2,400.00	5,569.50	3,169.50
Forfeits	100.00	100.00	0.00	(100.00)
Miscellaneous Revenue:				
Investment Earnings	6,000.00	6,000.00	11,360.51	5,360.51
Rent	1,500.00	1,500.00	2,510.88	1,010.88
Contributions and Donations	3,000.00	3,000.00	5,181.76	2,181.76
Refund of Prior Year's Expenditures	1,500.00	1,500.00	5,722.22	4,222.22
Total Revenues	3,182,867.00	3,182,867.00	3,248,133.52	65,266.52
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	107,392.00	107,392.00	87,351.64	20,040.36
Contingency	200,000.00	200,000.00		
Amount Transferred		(8,526.00)		191,474.00
Elections	32,710.00	36,148.94	17,718.17	18,430.77
Judicial System	2,700.00	11,226.00	11,225.54	0.46
Financial Administration:				
Auditor	142,178.00	142,178.00	136,879.78	5,298.22
Treasurer	130,513.00	130,513.00	122,683.21	7,829.79

**SUPPLEMENTARY INFORMATION**  
**EDMUNDS COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**For the Year Ended December 31, 2018**  
**(Continued)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Legal Services:				
State's Attorney	73,985.00	73,985.00	70,415.08	3,569.92
Court Appointed Attorney	33,500.00	33,500.00	33,245.93	254.07
Other Administration:				
General Government Building	142,349.00	142,349.00	121,779.54	20,569.46
Director of Equalization	132,552.00	132,552.00	121,088.03	11,463.97
Register of Deeds	125,495.00	125,495.00	123,368.24	2,126.76
Veterans Service Officer	21,342.00	21,342.00	19,133.54	2,208.46
Predatory Animal	4,462.00	4,462.00	4,461.09	0.91
Geographic Information System	21,000.00	21,000.00	19,417.00	1,583.00
Information Technology	22,000.00	22,000.00	19,017.05	2,982.95
Public Safety:				
Law Enforcement:				
Sheriff	523,623.00	537,151.48	513,967.41	23,184.07
County Jail	137,801.00	137,801.00	109,375.34	28,425.66
Coroner	4,335.00	4,335.00	901.63	3,433.37
Health and Welfare:				
Economic Assistance:				
Support of Poor	32,500.00	32,500.00	3,162.31	29,337.69
Other	1,500.00	1,500.00	1,500.00	0.00
Health Assistance:				
Health Services	37,000.00	37,000.00	36,750.00	250.00
Ambulance	8,200.00	8,200.00	8,200.00	0.00
Mental Health Services:				
Mentally Ill	2,000.00	2,000.00	719.99	1,280.01
Mental Health Centers	3,500.00	3,500.00	3,500.00	0.00
Mental Illness Board	2,000.00	2,000.00	18.80	1,981.20
Culture and Recreation:				
Recreation:				
County Fair	77,966.00	77,966.00	71,836.91	6,129.09
Senior Center	8,000.00	8,000.00	8,000.00	0.00
Other	9,200.00	9,200.00	9,152.00	48.00
Conservation of Natural Resources:				
Soil Conservation:				
Soil Conservation Districts	16,950.00	16,950.00	16,950.00	0.00
Weed and Pest Control	94,582.00	94,582.00	76,642.99	17,939.01
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	5,902.00	5,902.00	4,133.44	1,768.56
Urban and Rural Development	8,000.00	8,000.00	7,848.00	152.00
Intergovernmental Expenditures	2,977.00	2,977.00	2,977.00	0.00
Total Expenditures	2,168,214.00	2,185,181.42	1,783,419.66	401,761.76
Excess of Revenues Over (Under) Expenditures	1,014,653.00	997,685.58	1,464,713.86	467,028.28
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(1,335,000.00)	(1,335,000.00)	(1,335,000.00)	0.00
Insurance Proceeds	0.00	0.00	22,500.00	22,500.00
Sale of County Property	500.00	500.00	2,070.00	1,570.00
Total Other Financing Sources (Uses)	(1,334,500.00)	(1,334,500.00)	(1,310,430.00)	24,070.00
Net Change in Fund Balance	(319,847.00)	(336,814.42)	154,283.86	491,098.28
Fund Balance - Beginning	1,602,108.57	1,602,108.57	1,602,108.57	0.00
FUND BALANCE - ENDING	\$ 1,282,261.57	\$ 1,265,294.15	\$ 1,756,392.43	\$ 491,098.28

**SUPPLEMENTARY INFORMATION**  
**EDMUNDS COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**ROAD AND BRIDGE FUND**  
**For the Year Ended December 31, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes:				
Wheel Tax	\$ 145,000.00	\$ 145,000.00	\$ 135,060.68	\$ (9,939.32)
Licenses and Permits	1,500.00	1,500.00	2,050.00	550.00
Intergovernmental Revenue:				
State Grants	185,000.00	185,000.00	192,905.74	7,905.74
State Shared Revenue:				
Motor Vehicle Licenses	1,000,000.00	1,000,000.00	989,563.10	(10,436.90)
Prorate License Fees	50,000.00	50,000.00	50,657.17	657.17
Motor Fuel Tax	5,300.00	5,300.00	5,281.37	(18.63)
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	40,000.00	40,000.00	52,610.71	12,610.71
Miscellaneous Revenue:				
Investment Earnings	3,500.00	3,500.00	5,857.57	2,357.57
Refund of Prior Year's Expenditures	2,500.00	2,500.00	3,170.12	670.12
<b>Total Revenues</b>	<b>1,432,800.00</b>	<b>1,432,800.00</b>	<b>1,437,156.46</b>	<b>4,356.46</b>
<b>Expenditures:</b>				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	3,457,671.00	3,457,671.00	3,115,988.38	341,682.62
Intergovernmental Expenditures	26,000.00	26,000.00	20,175.88	5,824.12
<b>Total Expenditures</b>	<b>3,483,671.00</b>	<b>3,483,671.00</b>	<b>3,136,164.26</b>	<b>347,506.74</b>
Excess of Revenues Over (Under) Expenditures	(2,050,871.00)	(2,050,871.00)	(1,699,007.80)	351,863.20
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,300,000.00	1,300,000.00	1,300,000.00	0.00
Insurance Proceeds	100.00	100.00	0.00	(100.00)
Sale of County Property	50,000.00	50,000.00	208,039.58	158,039.58
<b>Total Other Financing Sources (Uses)</b>	<b>1,350,100.00</b>	<b>1,350,100.00</b>	<b>1,508,039.58</b>	<b>157,939.58</b>
Net Change in Fund Balance	(700,771.00)	(700,771.00)	(190,968.22)	509,802.78
Fund Balance - Beginning	1,351,383.54	1,351,383.54	1,351,383.54	0.00
<b>FUND BALANCE - ENDING</b>	<b>\$ 650,612.54</b>	<b>\$ 650,612.54</b>	<b>\$ 1,160,415.32</b>	<b>\$ 509,802.78</b>

EDMUNDS 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**  
**EDMUNDS COUNTY**  
**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**

**South Dakota Retirement System**

\*Last 10 Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.0736622%	0.0699070%	0.0689284%	0.0707429%	0.0681942%	0.0680166%
County's proportionate share of net pension liability (asset)	\$ (7,806)	\$ (1,630)	\$ (6,255)	\$ 238,963	\$ (289,231)	\$ (490,032)
County's covered-employee payroll	\$ 1,498,268	\$ 1,392,241	\$ 1,343,021	\$ 1,290,527	\$ 1,191,830	\$ 1,139,620
41 County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.52%	-0.12%	-0.47%	18.52%	-24.27%	-43.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

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

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

**Changes of benefit terms:**

No significant changes.

**Changes of assumptions:**

Legislation enacted in 2017 modified the SDRS COLA. For COLAs first applicable in 2018, the SDRS COLA will equal the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% 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%. That condition existed as of June 30, 2018 and exists again this year as of June 30, 2019. Future COLAs are assumed to equal the current restricted maximum COLA which was 2.03% as of June 30, 2018 and is 1.88% as of June 30, 2019.

The changes in actuarial assumptions decreased the Actuarial Accrued Liability by 1.5% of the Actuarial Accrued Liability based on the 2.03% COLA, reflecting the current and assumed future restricted maximum COLA of 1.88%.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.

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