

**CHARLES MIX COUNTY**

**AUDIT REPORT**

**For the Two Years Ended December 31, 2016**

CHARLES MIX COUNTY  
COUNTY OFFICIALS  
December 31, 2016

Board of Commissioners:

Keith Mushitz  
Jack Soulek  
Neil VonEschen

Auditor:  
Sherri Fuchs

Treasurer:  
Karol Kniffen

State's Attorney:  
Steven Cotton

Register of Deeds:  
Monica Walder

Sheriff:  
Randy Thaler

CHARLES MIX COUNTY  
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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

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

County Commission  
Charles Mix County  
Lake Andes, 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 Charles Mix County, South Dakota (County), as of December 31, 2016, 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 February 15, 2018.

***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 identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. 2016-001 to be a material weakness.

A *significant deficiency* is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consider the deficiency described in the accompanying Schedule of Current Audit Findings as item No. 2016-002 to be a significant deficiency.

### ***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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Current Audit Findings as item No. 2016-003.

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

The County did not wish to respond to the findings identified in our audit as described in the accompanying Schedule of Current Audit Findings.

### ***Purpose of this Report***

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



Martin L. Guindon, CPA  
Auditor General

February 15, 2018

CHARLES MIX COUNTY  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**Prior Audit Findings:**

Finding No. 2014-001:

Internal accounting controls over financial reporting for the years 2013 and 2014 were inadequate resulting in inaccurate information being presented to the users of the annual financial reports. This finding has not been corrected and has been restated as Finding No. 2016-001.

Finding No. 2014-002:

The County's internal controls over accounting for cash assets were inadequate resulting in diminished assurance that the County's financial transactions were properly recorded and its assets were adequately safeguarded. This finding has been partially corrected and will be partially restated as Finding No. 2016-002.

Finding No. 2014-003:

The County incurred expenditures in excess of appropriations contrary to South Dakota Codified Law (SDCL) 7-21-25. This finding has been corrected.

**SCHEDULE OF CURRENT AUDIT FINDINGS**

**Current Audit Findings:**

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

Financial Reporting Errors

Finding No. 2016-001:

Internal accounting controls over financial reporting were inadequate resulting in inaccurate information being presented to the users of the annual financial reports. This is the seventh consecutive audit in which a similar finding was noted.

Analysis:

We noted the following significant errors in the County's annual financial reports for the years ended December 31, 2015 and December 31, 2016.

- a. The 2016 Statement of Net Position contained the following errors:
  - Cash and Cash Equivalents were overstated by \$229,456.14.
  - Net Position Restricted for Road and Bridge Purposes was overstated by \$3,125,822.76.
  - Net Position Restricted for Other Purposes was understated by \$25,292.98.
  - Unrestricted Net Position was understated by \$2,871,073.64.
  
- b. The 2016 Governmental Funds Balance Sheet contained the following errors:
  - General Fund Cash and Cash Equivalents were overstated by \$391,635.14.
  - General Fund Assigned Fund Balance was understated by \$1,059,925.00.

- General Fund Unassigned Fund Balance was overstated by \$1,451,560.14.
  - Road and Bridge Fund Cash and Cash Equivalents were understated by \$16,303.89.
  - Road and Bridge Fund Restricted Fund Balance was understated by \$6,566.68.
  - Road and Bridge Fund Assigned Fund Balance was \$9,737.21.
  - Other Governmental Funds Cash and Cash Equivalents were understated by \$158,961.52.
  - Other Governmental Funds Assigned Fund Balance was understated by \$162,626.04.
  - Other Governmental Funds Restricted Fund Balance was overstated by \$3,664.52.
- c. The 2016 Statement of Fiduciary Net Position contained the following errors:
- Agency Fund Cash and Cash Equivalents and Net Position Held in Agency Capacity were both overstated by \$3,873.41.
- d. The 2016 Statement of Activities contained the following errors:
- General Government Expenses were understated by \$92,589.18.
  - Charges for Services – General Government were overstated by \$69,167.84.
  - Operating Grants – General Government was overstated by \$387,756.03.
  - Operating Grants – Public Safety was understated by \$62,109.47.
  - Operating Grants – Public Works was understated by \$332,236.02.
  - General Revenues – Unrestricted Grants and Contributions were understated by \$52,992.00.
- e. The 2015 Statement of Activities contained the following errors:
- Beginning Net Position was overstated by \$183,803.10.
  - General Government Expenses were understated by \$165,404.15.
  - Charges for Services – Public Safety was overstated by \$241,400.50.
  - Charges for Services – Public Works was overstated by \$1,257,490.33.
  - Charges for Services – Health and Welfare was understated by \$155,065.16.
  - Operating Grants – General Government was overstated by \$706,813.02.
  - Operating Grants – Public Safety was overstated by \$86,335.34.
  - Operating Grants – Public Works was understated by \$1,953,626.08.
- f. The 2016 Statement of Revenues, Expenditures and Changes in Fund Balance contained the following errors:
- General Fund States Attorney Expenditures were understated by \$29,498.71.
  - Various other General Fund expenditure accounts were understated by a total of \$77,731.22.
  - Road and Bridge Fund Treasurer's Fees were overstated by \$69,167.84 and Road Maintenance Contract Charges were understated by the same amount.
- g. The 2015 Statement of Revenues, Expenditures and Changes in Fund Balance contained the following errors:
- Transfers Out were understated by \$118,737.81.
  - General Fund Commissioner Expenditures were understated by \$50,000.00.
  - General Fund Insurance Expenditures were understated by \$43,727.75.
  - General Fund Abused and Neglected Child Defense Expenditures were understated by \$31,000.00.
  - Various other General Fund expenditure accounts were understated by a total of \$31,726.65.
  - Other Governmental Funds Sobriety Testing Revenues were overstated by \$155,065.16.
  - Other Governmental Funds Transfers In were understated by \$82,115.17.

Other less significant errors were also noted on the County's annual financial reports.

We were able to correct the material reporting errors and therefore have issued an unmodified auditor's opinion on the financial statements contained in this audit report. However, users of the annual financial reports received information of diminished reliability.

RECOMMENDATION:

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

Management's Response:

Management chose not to respond to this finding.

***Internal Control-Related Findings - Significant Deficiency:***

Internal Control Deficiencies over the Apportionment Process

Finding No. 2016-002:

The County's internal controls over the apportionment process were inadequate resulting in diminished assurance that the County's apportionment related financial transactions were recorded properly.

Analysis:

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

Each month the County collects taxes and other revenues for the State of South Dakota, the school districts, the municipalities, the townships along with other taxing entities of the County and is charged with remitting these revenues to the appropriate entities.

We noted the following internal control deficiency in the apportionment process:

County personnel were not verifying that apportionment checks were coded to the proper funds, nor were County personnel reviewing agency fund balances to ensure that these funds were properly clearing out. Typically, these apportionment checks should be coded to the individual township/municipality agency fund, the State Motor Vehicle Agency Fund and the Road and Bridge Fund, or any other funds where the collections may have been receipted. However, beginning in August 2016, the coding of these checks changed from being coded to the various funds mentioned above, to only the township/municipality agency fund.

This resulted in \$9,229.96 in township monies and \$9,729.11 in municipality monies being accounted for in the Road and Bridge Fund and \$80,344.97 in township monies and \$25,916.51 in municipality monies being accounted for in the State Motor Vehicle Agency Fund. This also resulted in township and municipality agency funds having negative cash balances throughout the year.

RECOMMENDATION:

2. We recommend the County strengthen internal controls over the apportionment process.

Management's Response:

Management chose not to respond to this finding.

**Compliance and Other Matters:**

Annual Financial Reports

Finding No. 2016-003:

The County Auditor did not prepare, publish or file with the Auditor General of the Department of Legislative Audit on a timely basis the annual financial reports for the years ended December 31, 2015 and December 31, 2016 as required by South Dakota Codified Law (SDCL) 7-10-4.

Analysis:

SDCL 7-10-4 states:

The County Auditor shall prepare by the first day of March of each year a report of the revenues and expenditures of the previous year and the assets, liabilities, and equity of the county as of December thirty-first of the previous year. The report shall be made in the form prescribed by the auditor-general and shall be published within thirty days in the official newspapers of the county. A copy of the publication shall be filed with the auditor-general.

The annual financial report for Charles Mix County for the year ended December 31, 2015 was not filed with the Department of Legislative Audit until August 10, 2016 and was never published. The annual financial report for Charles Mix County for the year ended December 31, 2016 was not filed with the Department of Legislative Audit until June 30, 2017 and was not published until July 12, 2017. In addition to being a violation of SDCL 7-10-4, the County Auditor's failure to prepare, publish and file the annual financial report on a timely basis resulted in withholding financial information from the taxpayers of the County.

RECOMMENDATION:

3. We recommend that future annual financial reports be prepared, published and filed with the Department of Legislative Audit on a timely basis.

Management's Response:

Management chose not to respond to this finding.



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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

County Commission  
Charles Mix County  
Lake Andes, 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 Charles Mix County, South Dakota (County), as of December 31, 2016, 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 of Charles Mix County as of December 31, 2016, 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 February 15, 2018, 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.



Martin L. Guindon, CPA  
Auditor General

February 15, 2018

**CHARLES MIX COUNTY**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**December 31, 2016**

|                              | <b>Primary Government<br/>Governmental<br/>Activities</b> |
|------------------------------|---|
| <b>ASSETS:</b>               |   |
| Cash and Cash Equivalents    | \$ 4,835,410.39   |
| TOTAL ASSETS                 | \$ 4,835,410.39   |
| <b>NET POSITION:</b>         |   |
| Restricted For: (See Note 5) |   |
| Road and Bridge Purposes     | \$ 6,566.68   |
| Other Purposes               | 25,292.98   |
| Unrestricted                 | 4,803,550.73  |
| TOTAL NET POSITION           | \$ 4,835,410.39   |

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

**CHARLES MIX COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
For the Year Ended December 31, 2016

| <b>Functions/Programs</b>         | <b>Expenses</b>        | <b>Program Revenues</b>         |   | <b>Net (Expense) Revenue<br/>and Changes in<br/>Net Position</b> |
|-----------------------------------|------------------------|---------------------------------|---|--|
|                                   |                        | <b>Charges for<br/>Services</b> | <b>Operating<br/>Grants and<br/>Contributions</b> | <b>Primary Government<br/>Governmental<br/>Activities</b>        |
| <b>Primary Government:</b>        |                        |                                 |   |  |
| Governmental Activities:          |                        |                                 |   |  |
| General Government                | \$ 1,761,349.82        | \$ 216,254.30                   | \$ 114,219.17                                     | \$ (1,430,876.35)  |
| Public Safety                     | 1,673,123.04           | 406,135.87                      | 115,324.13  | (1,151,663.04)   |
| Public Works                      | 3,119,303.03           |                                 | 1,692,452.10                                      | (1,426,850.93)   |
| Health and Welfare                | 189,197.67             | 42,553.32                       |   | (146,644.35)   |
| Culture and Recreation            | 33,353.77              |                                 |   | (33,353.77)  |
| Conservation of Natural Resources | 222,268.63             | 9,304.68                        |   | (212,963.95)   |
| Urban and Economic Development    | 16,585.00              |                                 |   | (16,585.00)  |
| Intergovernmental                 | 34,746.39              |                                 |   | (34,746.39)  |
| <b>Total Primary Government</b>   | <b>\$ 7,049,927.35</b> | <b>\$ 674,248.17</b>            | <b>\$ 1,921,995.40</b>                            | <b>(4,453,683.78)</b>  |
| <b>General Revenues:</b>          |                        |                                 |   |  |
| Taxes:                            |                        |                                 |   |  |
| Property Taxes                    |                        |                                 |   | 4,014,009.20   |
| Wheel Tax                         |                        |                                 |   | 282,819.83   |
| State Shared Revenues             |                        |                                 |   | 129,287.35   |
| Unrestricted Investment Earnings  |                        |                                 |   | 9,665.39   |
| Miscellaneous Revenue             |                        |                                 |   | 176,455.47   |
| <b>Total General Revenues</b>     |                        |                                 |   | <b>4,612,237.24</b>  |
| Change in Net Position            |                        |                                 |   | 158,553.46   |
| Net Position - Beginning          |                        |                                 |   | 4,676,856.93   |
| <b>NET POSITION - ENDING</b>      |                        |                                 |   | <b>\$ 4,835,410.39</b>   |

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

**CHARLES MIX COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
For the Year Ended December 31, 2015

| <b>Functions/Programs</b>         | <b>Expenses</b>        | <b>Program Revenues</b>         |   |   | <b>Net (Expense) Revenue<br/>and Changes in<br/>Net Position</b> |
|-----------------------------------|------------------------|---------------------------------|---|---|--|
|                                   |                        | <b>Charges for<br/>Services</b> | <b>Operating<br/>Grants and<br/>Contributions</b> | <b>Capital<br/>Grants and<br/>Contributions</b> | <b>Primary Government<br/>Governmental<br/>Activities</b>        |
| <b>Primary Government:</b>        |                        |                                 |   |   |  |
| Governmental Activities:          |                        |                                 |   |   |  |
| General Government                | \$ 1,594,399.65        | \$ 229,181.13                   | \$ 36,394.15                                      | \$ 52,037.00                                    | \$ (1,276,787.37)  |
| Public Safety                     | 1,504,520.21           | 382,988.42                      | 86,335.34   |   | (1,035,196.45)   |
| Public Works                      | 3,401,486.18           | 38,939.55                       | 1,953,626.08                                      |   | (1,408,920.55)   |
| Health and Welfare                | 216,927.19             | 208,427.38                      |   |   | (8,499.81)   |
| Culture and Recreation            | 38,816.33              |                                 |   |   | (38,816.33)  |
| Conservation of Natural Resources | 221,564.85             | 21,670.53                       |   |   | (199,894.32)   |
| Urban and Economic Development    | 16,432.00              |                                 |   |   | (16,432.00)  |
| Intergovernmental                 | 41,201.20              |                                 |   |   | (41,201.20)  |
| <b>Total Primary Government</b>   | <b>\$ 7,035,347.61</b> | <b>\$ 881,207.01</b>            | <b>\$ 2,076,355.57</b>                            | <b>\$ 52,037.00</b>                             | <b>(4,025,748.03)</b>  |
| <b>General Revenues:</b>          |                        |                                 |   |   |  |
| Taxes:                            |                        |                                 |   |   |  |
| Property Taxes                    |                        |                                 |   |   | 3,921,055.84   |
| Wheel Tax                         |                        |                                 |   |   | 220,704.17   |
| State Shared Revenues             |                        |                                 |   |   | 84,031.60  |
| Unrestricted Investment Earnings  |                        |                                 |   |   | 8,647.83   |
| Miscellaneous Revenue             |                        |                                 |   |   | 204,543.09   |
| <b>Total General Revenues</b>     |                        |                                 |   |   | <b>4,438,982.53</b>  |
| Change in Net Position            |                        |                                 |   |   | 413,234.50   |
| Net Position - Beginning          |                        |                                 |   |   | 4,263,622.43   |
| <b>NET POSITION - ENDING</b>      |                        |                                 |   |   | <b>\$ 4,676,856.93</b>   |

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

**CHARLES MIX COUNTY  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
December 31, 2016**

|                                       | <u>General<br/>Fund</u> | <u>Road and Bridge<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---------------------------------------|-------------------------|---------------------------------|---|---|
| <b>ASSETS:</b>                        |                         |                                 |   |   |
| Cash and Cash Equivalents             | \$ 3,992,013.97         | \$ 653,010.52                   | \$ 190,385.90                           | \$ 4,835,410.39                         |
| <b>TOTAL ASSETS</b>                   | <u>\$ 3,992,013.97</u>  | <u>\$ 653,010.52</u>            | <u>\$ 190,385.90</u>                    | <u>\$ 4,835,410.39</u>                  |
| <b>FUND BALANCES:</b> (See Note 1.I.) |                         |                                 |   |   |
| Restricted                            | \$                      | \$ 6,566.68                     | \$ 25,292.98                            | \$ 31,859.66                            |
| Assigned                              | 2,407,433.00            | 646,443.84                      | 171,392.51                              | 3,225,269.35                            |
| Unassigned                            | 1,584,580.97            |                                 | (6,299.59)                              | 1,578,281.38                            |
| <b>TOTAL FUND BALANCES</b>            | <u>\$ 3,992,013.97</u>  | <u>\$ 653,010.52</u>            | <u>\$ 190,385.90</u>                    | <u>\$ 4,835,410.39</u>                  |

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

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**CHARLES MIX COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2016**

|  | <u>General<br/>Fund</u> | <u>Road and Bridge<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|---------------------------------|---|---|
| <b>Revenues:</b>                         |                         |                                 |   |   |
| Taxes:                                   |                         |                                 |   |   |
| General Property Taxes--Current          | \$ 3,975,100.36         | \$ 18,889.70                    | \$                                      | \$ 3,993,990.06                         |
| General Property Taxes--Delinquent       | 8,374.94                |                                 |   | 8,374.94                                |
| Penalties and Interest                   | 11,598.59               | 9.78                            |   | 11,608.37                               |
| Mobile Home Tax                          | 35.83                   |                                 |   | 35.83                                   |
| Wheel Tax                                |                         | 282,819.83                      |   | 282,819.83                              |
| Licenses and Permits                     | 11,577.00               |                                 | 1,470.00                                | 13,047.00                               |
| Intergovernmental Revenue:               |                         |                                 |   |   |
| Federal Grants                           | 32,575.91               |                                 |   | 32,575.91                               |
| Federal Shared Revenue                   | 19,117.00               |                                 |   | 19,117.00                               |
| Federal Payments in Lieu of Taxes        | 52,992.00               |                                 |   | 52,992.00                               |
| State Grants                             | 6,100.00                | 272,654.56                      | 30,432.77                               | 309,187.33                              |
| State Shared Revenue:                    |                         |                                 |   |   |
| Bank Franchise                           | 45,039.17               | 359.76                          | 2,577.11                                | 47,976.04                               |
| Motor Vehicle Licenses                   |                         | 1,254,528.37                    |   | 1,254,528.37                            |
| Prorate License Fees                     |                         | 72,125.01                       |   | 72,125.01                               |
| Secondary Road Motor Vehicle Remittances |                         | 16,439.56                       |   | 16,439.56                               |
| Telecommunications Gross Receipts Tax    | 42,382.80               |                                 |   | 42,382.80                               |
| Motor Vehicle 1/4%                       | 3,434.26                |                                 |   | 3,434.26                                |
| Renewable Facility Tax                   | 24,458.81               |                                 |   | 24,458.81                               |
| Motor Fuel Tax                           |                         | 7,536.76                        |   | 7,536.76                                |
| 911 Remittances                          |                         |                                 | 84,891.36                               | 84,891.36                               |
| Liquor Tax Reversion (25%)               | 14,469.70               |                                 |   | 14,469.70                               |
| Charges for Goods and Services:          |                         |                                 |   |   |
| General Government:                      |                         |                                 |   |   |
| Treasurer's Fees                         | 33,562.35               |                                 |   | 33,562.35                               |
| Register of Deeds' Fees                  | 84,644.50               |                                 | 8,958.96                                | 93,603.46                               |

|                                     |                     |                     |                   |                     |
|-------------------------------------|---------------------|---------------------|-------------------|---------------------|
| Legal Services                      | 63,910.19           |                     | 530.00            | 64,440.19           |
| Clerk of Courts Fees                | 6,378.80            |                     |                   | 6,378.80            |
| Other Fees                          |                     |                     | 300.00            | 300.00              |
| Public Safety:                      |                     |                     |                   |                     |
| Law Enforcement                     | 108,701.12          |                     | 195,187.95        | 303,889.07          |
| Prisoner Care                       | 64,201.00           |                     |                   | 64,201.00           |
| Sobriety Testing                    |                     |                     | 35,832.00         | 35,832.00           |
| Public Works:                       |                     |                     |                   |                     |
| Road Maintenance Contract Charges   |                     | 69,167.84           |                   | 69,167.84           |
| Health and Welfare:                 |                     |                     |                   |                     |
| Economic Assistance:                |                     |                     |                   |                     |
| Poor Lien Recoveries                | 12,525.32           |                     |                   | 12,525.32           |
| Veterans Service Officer            | 2,812.50            |                     |                   | 2,812.50            |
| Health Assistance:                  |                     |                     |                   |                     |
| County Nurse                        | 818.88              |                     |                   | 818.88              |
| Women, Infants and Children         | 29,209.12           |                     |                   | 29,209.12           |
| Conservation of Natural Resources   | 9,304.68            |                     |                   | 9,304.68            |
| Fines and Forfeits:                 |                     |                     |                   |                     |
| Costs                               | 2,013.80            |                     |                   | 2,013.80            |
| Forfeits                            | 200.00              |                     |                   | 200.00              |
| Miscellaneous Revenue:              |                     |                     |                   |                     |
| Investment Earnings                 | 8,118.83            | 1,179.20            | 367.36            | 9,665.39            |
| Rent                                | 1,780.00            | 330.00              |                   | 2,110.00            |
| Refund of Prior Year's Expenditures | 16,244.76           | 695.34              |                   | 16,940.10           |
| Other                               | 2,602.13            |                     |                   | 2,602.13            |
| <b>Total Revenues</b>               | <u>4,694,284.35</u> | <u>1,996,735.71</u> | <u>360,547.51</u> | <u>7,051,567.57</u> |

**Expenditures:**

General Government:

Legislative:

|                               |            |  |  |            |
|-------------------------------|------------|--|--|------------|
| Board of County Commissioners | 166,194.00 |  |  | 166,194.00 |
| Insurance                     | 48,370.00  |  |  | 48,370.00  |
| Elections                     | 64,381.22  |  |  | 64,381.22  |
| Judicial System               | 56,597.36  |  |  | 56,597.36  |
| Financial Administration:     |            |  |  |            |
| Auditor                       | 135,778.95 |  |  | 135,778.95 |
| Treasurer                     | 124,570.15 |  |  | 124,570.15 |

**CHARLES MIX COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2016**  
**(Continued)**

|                                    | <u>General<br/>Fund</u> | <u>Road and Bridge<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|------------------------------------|-------------------------|---------------------------------|---|---|
| Legal Services:                    |                         |                                 |   |   |
| State's Attorney                   | 260,528.71              |                                 |   | 260,528.71                              |
| Court Appointed Attorney           | 232,756.82              |                                 |   | 232,756.82                              |
| Abused and Neglected Child Defense | 54,262.49               |                                 |   | 54,262.49                               |
| Other Administration:              |                         |                                 |   |   |
| General Government Building        | 176,110.46              |                                 |   | 176,110.46                              |
| Director of Equalization           | 218,650.02              |                                 |   | 218,650.02                              |
| Register of Deeds                  | 116,611.68              |                                 | 5,673.17                                | 122,284.85                              |
| Veterans Service Officer           | 21,568.80               |                                 |   | 21,568.80                               |
| Predatory Animal                   | 7,797.87                |                                 |   | 7,797.87                                |
| Geographic Information System      | 71,498.12               |                                 |   | 71,498.12                               |
| Public Safety:                     |                         |                                 |   |   |
| Law Enforcement:                   |                         |                                 |   |   |
| Sheriff                            | 636,603.06              |                                 |   | 636,603.06                              |
| County Jail                        | 501,565.10              |                                 | 57,006.63                               | 558,571.73                              |
| Coroner                            | 14,437.95               |                                 |   | 14,437.95                               |
| Juvenile Detention                 | 70,963.56               |                                 |   | 70,963.56                               |
| Protective and Emergency Services: |                         |                                 |   |   |
| Emergency and Disaster Services    |                         |                                 | 111,711.30                              | 111,711.30                              |
| Communication Center               |                         |                                 | 280,835.44                              | 280,835.44                              |
| Public Works:                      |                         |                                 |   |   |
| Highways and Bridges:              |                         |                                 |   |   |
| Highways, Roads and Bridges        |                         | 3,119,303.03                    |   | 3,119,303.03                            |
| Health and Welfare:                |                         |                                 |   |   |
| Economic Assistance:               |                         |                                 |   |   |
| Support of Poor                    | 96.99                   |                                 |   | 96.99                                   |
| Health Assistance:                 |                         |                                 |   |   |
| County Nurse                       | 64,056.47               |                                 |   | 64,056.47                               |

|  |                        |                       |                      |                        |
|--|------------------------|-----------------------|----------------------|------------------------|
| Women, Infants and Children                  | 52,871.75              |                       |                      | 52,871.75              |
| Social Services:                             |                        |                       |                      |                        |
| Domestic Abuse                               |                        |                       | 3,000.00             | 3,000.00               |
| Mental Health Services:                      |                        |                       |                      |                        |
| Mentally Ill                                 | 45,217.46              |                       |                      | 45,217.46              |
| Mental Health Centers                        | 23,955.00              |                       |                      | 23,955.00              |
| Culture and Recreation:                      |                        |                       |                      |                        |
| Recreation:                                  |                        |                       |                      |                        |
| County Fair                                  | 21,563.37              |                       |                      | 21,563.37              |
| Senior Center                                | 11,790.40              |                       |                      | 11,790.40              |
| Conservation of Natural Resources:           |                        |                       |                      |                        |
| Soil Conservation:                           |                        |                       |                      |                        |
| County Extension                             | 37,435.95              |                       |                      | 37,435.95              |
| Soil Conservation Districts                  | 45,000.00              |                       |                      | 45,000.00              |
| Weed and Pest Control                        | 139,832.68             |                       |                      | 139,832.68             |
| Urban and Economic Development:              |                        |                       |                      |                        |
| Urban Development:                           |                        |                       |                      |                        |
| Planning and Zoning                          | 16,585.00              |                       |                      | 16,585.00              |
| Intergovernmental Expenditures               |                        | 34,746.39             |                      | 34,746.39              |
| Total Expenditures                           | <u>3,437,651.39</u>    | <u>3,154,049.42</u>   | <u>458,226.54</u>    | <u>7,049,927.35</u>    |
| Excess of Revenues Over (Under) Expenditures | <u>1,256,632.96</u>    | <u>(1,157,313.71)</u> | <u>(97,679.03)</u>   | <u>1,640.22</u>        |
| <b>Other Financing Sources (Uses):</b>       |                        |                       |                      |                        |
| Transfers In                                 |                        | 1,387,582.00          | 96,083.00            | 1,483,665.00           |
| Transfers Out                                | (1,483,665.00)         |                       |                      | (1,483,665.00)         |
| Insurance Proceeds                           | 10,469.71              | 3,417.53              |                      | 13,887.24              |
| Sale of County Property                      | 26.00                  | 143,000.00            |                      | 143,026.00             |
| Total Other Financing Sources (Uses)         | <u>(1,473,169.29)</u>  | <u>1,533,999.53</u>   | <u>96,083.00</u>     | <u>156,913.24</u>      |
| Net Change in Fund Balance                   | (216,536.33)           | 376,685.82            | (1,596.03)           | 158,553.46             |
| Fund Balance - Beginning                     | <u>4,208,550.30</u>    | <u>276,324.70</u>     | <u>191,981.93</u>    | <u>4,676,856.93</u>    |
| FUND BALANCE - ENDING                        | <u>\$ 3,992,013.97</u> | <u>\$ 653,010.52</u>  | <u>\$ 190,385.90</u> | <u>\$ 4,835,410.39</u> |

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

**CHARLES MIX COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2015**

|  | <u>General<br/>Fund</u> | <u>Road and Bridge<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|---------------------------------|---|---|
| <b>Revenues:</b>                         |                         |                                 |   |   |
| Taxes:                                   |                         |                                 |   |   |
| General Property Taxes--Current          | \$ 3,878,997.37         | \$ 17,677.84                    | \$                                      | \$ 3,896,675.21                         |
| General Property Taxes--Delinquent       | 9,411.86                |                                 |   | 9,411.86                                |
| Penalties and Interest                   | 14,220.34               | 17.58                           |   | 14,237.92                               |
| Mobile Home Tax                          | 730.85                  |                                 |   | 730.85                                  |
| Wheel Tax                                |                         | 220,704.17                      |   | 220,704.17                              |
| Licenses and Permits                     | 12,793.32               |                                 | 1,380.00                                | 14,173.32                               |
| Intergovernmental Revenue:               |                         |                                 |   |   |
| Federal Grants                           | 14,888.89               |                                 | 11,956.74                               | 26,845.63                               |
| Federal Shared Revenue                   | 7,302.30                |                                 |   | 7,302.30                                |
| Federal Payments in Lieu of Taxes        | 52,037.00               |                                 |   | 52,037.00                               |
| State Grants                             | 5,000.00                | 706,813.02                      | 4,548.52                                | 716,361.54                              |
| State Shared Revenue:                    |                         |                                 |   |   |
| Bank Franchise                           | 34,466.69               | 173.88                          | 1,972.16                                | 36,612.73                               |
| Motor Vehicle Licenses                   |                         | 1,154,884.63                    |   | 1,154,884.63                            |
| Prorate License Fees                     |                         | 69,786.64                       |   | 69,786.64                               |
| Secondary Road Motor Vehicle Remittances |                         | 11,434.67                       |   | 11,434.67                               |
| Telecommunications Gross Receipts Tax    | 47,094.35               |                                 |   | 47,094.35                               |
| Motor Vehicle 1/4%                       | 3,169.92                |                                 |   | 3,169.92                                |
| Motor Fuel Tax                           |                         | 7,537.20                        |   | 7,537.20                                |
| 911 Remittances                          |                         |                                 | 86,335.34                               | 86,335.34                               |
| State Payments in Lieu of Taxes          | 324.52                  |                                 |   | 324.52                                  |
| Charges for Goods and Services:          |                         |                                 |   |   |
| General Government:                      |                         |                                 |   |   |
| Treasurer's Fees                         | 19,785.96               |                                 |   | 19,785.96                               |
| Register of Deeds' Fees                  | 83,911.00               |                                 | 9,265.30                                | 93,176.30                               |
| Legal Services                           | 82,866.15               |                                 | 200.00                                  | 83,066.15                               |

|                                     |                     |                     |                   |                     |
|-------------------------------------|---------------------|---------------------|-------------------|---------------------|
| Clerk of Courts Fees                | 6,029.60            |                     | 400.00            | 6,429.60            |
| Other Fees                          |                     |                     | 600.00            | 600.00              |
| Public Safety:                      |                     |                     |                   |                     |
| Law Enforcement                     | 105,390.29          |                     | 100,623.73        | 206,014.02          |
| Prisoner Care                       | 143,563.51          |                     |                   | 143,563.51          |
| Sobriety Testing                    |                     |                     | 30,402.03         | 30,402.03           |
| Public Works:                       |                     |                     |                   |                     |
| Road Maintenance Contract Charges   |                     | 38,939.55           |                   | 38,939.55           |
| Health and Welfare:                 |                     |                     |                   |                     |
| Economic Assistance:                |                     |                     |                   |                     |
| Poor Lien Recoveries                | 19,098.84           |                     |                   | 19,098.84           |
| Veterans Service Officer            | 2,812.50            |                     |                   | 2,812.50            |
| Health Assistance:                  |                     |                     |                   |                     |
| County Nurse                        | 909.17              |                     |                   | 909.17              |
| Women, Infants and Children         | 33,354.21           |                     |                   | 33,354.21           |
| Conservation of Natural Resources   | 21,670.53           |                     |                   | 21,670.53           |
| Fines and Forfeits:                 |                     |                     |                   |                     |
| Costs                               | 3,008.86            |                     |                   | 3,008.86            |
| Miscellaneous Revenue:              |                     |                     |                   |                     |
| Investment Earnings                 | 6,916.71            | 1,477.83            | 253.29            | 8,647.83            |
| Rent                                | 1,835.00            |                     |                   | 1,835.00            |
| Refund of Prior Year's Expenditures | 24,645.32           | 1,478.37            | 22.50             | 26,146.19           |
| Other                               | 3,722.00            |                     |                   | 3,722.00            |
| Total Revenues                      | <u>4,639,957.06</u> | <u>2,230,925.38</u> | <u>247,959.61</u> | <u>7,118,842.05</u> |

**Expenditures:**

## General Government:

## Legislative:

|                               |            |  |  |            |
|-------------------------------|------------|--|--|------------|
| Board of County Commissioners | 167,549.15 |  |  | 167,549.15 |
|-------------------------------|------------|--|--|------------|

|           |           |  |  |           |
|-----------|-----------|--|--|-----------|
| Insurance | 93,727.75 |  |  | 93,727.75 |
|-----------|-----------|--|--|-----------|

|           |          |  |  |          |
|-----------|----------|--|--|----------|
| Elections | 8,262.25 |  |  | 8,262.25 |
|-----------|----------|--|--|----------|

|                 |           |  |  |           |
|-----------------|-----------|--|--|-----------|
| Judicial System | 54,119.42 |  |  | 54,119.42 |
|-----------------|-----------|--|--|-----------|

## Financial Administration:

|         |            |  |  |            |
|---------|------------|--|--|------------|
| Auditor | 149,142.75 |  |  | 149,142.75 |
|---------|------------|--|--|------------|

|           |            |  |  |            |
|-----------|------------|--|--|------------|
| Treasurer | 117,375.53 |  |  | 117,375.53 |
|-----------|------------|--|--|------------|

## Legal Services:

|                  |            |  |  |            |
|------------------|------------|--|--|------------|
| State's Attorney | 202,800.49 |  |  | 202,800.49 |
|------------------|------------|--|--|------------|

**CHARLES MIX COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2015**  
**(Continued)**

|                                    | <u>General<br/>Fund</u> | <u>Road and Bridge<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|------------------------------------|-------------------------|---------------------------------|---|---|
| Court Appointed Attorney           | 183,530.89              |                                 |   | 183,530.89                              |
| Abused and Neglected Child Defense | 66,882.35               |                                 |   | 66,882.35                               |
| Other Administration:              |                         |                                 |   |   |
| General Government Building        | 149,110.25              |                                 |   | 149,110.25                              |
| Director of Equalization           | 198,289.11              |                                 |   | 198,289.11                              |
| Register of Deeds                  | 106,294.29              |                                 | 7,030.94                                | 113,325.23                              |
| Veterans Service Officer           | 19,913.39               |                                 |   | 19,913.39                               |
| Predatory Animal                   | 7,797.87                |                                 |   | 7,797.87                                |
| Geographic Information System      | 62,573.22               |                                 |   | 62,573.22                               |
| Public Safety:                     |                         |                                 |   |   |
| Law Enforcement:                   |                         |                                 |   |   |
| Sheriff                            | 553,036.21              |                                 |   | 553,036.21                              |
| County Jail                        | 493,134.03              |                                 | 48,831.94                               | 541,965.97                              |
| Coroner                            | 5,373.70                |                                 |   | 5,373.70                                |
| Juvenile Detention                 | 93,784.43               |                                 |   | 93,784.43                               |
| Protective and Emergency Services: |                         |                                 |   |   |
| Emergency and Disaster Services    |                         |                                 | 37,948.17                               | 37,948.17                               |
| Communication Center               |                         |                                 | 272,411.73                              | 272,411.73                              |
| Public Works:                      |                         |                                 |   |   |
| Highways and Bridges:              |                         |                                 |   |   |
| Highways, Roads and Bridges        |                         | 3,401,486.18                    |   | 3,401,486.18                            |
| Health and Welfare:                |                         |                                 |   |   |
| Economic Assistance:               |                         |                                 |   |   |
| Support of Poor                    | 7,594.89                |                                 |   | 7,594.89                                |
| Health Assistance:                 |                         |                                 |   |   |
| County Nurse                       | 63,361.40               |                                 |   | 63,361.40                               |
| Women, Infants and Children        | 45,153.71               |                                 |   | 45,153.71                               |

|  |                        |                       |                      |                        |
|--|------------------------|-----------------------|----------------------|------------------------|
| Social Services:                             |                        |                       |                      |                        |
| Domestic Abuse                               |                        |                       | 3,000.00             | 3,000.00               |
| Mental Health Services:                      |                        |                       |                      |                        |
| Mentally Ill                                 | 55,042.49              |                       |                      | 55,042.49              |
| Mental Health Centers                        | 34,890.00              |                       |                      | 34,890.00              |
| Culture and Recreation:                      |                        |                       |                      |                        |
| Recreation:                                  |                        |                       |                      |                        |
| County Fair                                  | 26,938.57              |                       |                      | 26,938.57              |
| Senior Center                                | 11,877.76              |                       |                      | 11,877.76              |
| Conservation of Natural Resources:           |                        |                       |                      |                        |
| Soil Conservation:                           |                        |                       |                      |                        |
| County Extension                             | 31,271.49              |                       |                      | 31,271.49              |
| Soil Conservation Districts                  | 45,000.00              |                       |                      | 45,000.00              |
| Weed and Pest Control                        | 145,293.36             |                       |                      | 145,293.36             |
| Urban and Economic Development:              |                        |                       |                      |                        |
| Urban Development:                           |                        |                       |                      |                        |
| Planning and Zoning                          | 16,432.00              |                       |                      | 16,432.00              |
| Intergovernmental Expenditures               |                        | 41,201.20             |                      | 41,201.20              |
| Total Expenditures                           | <u>3,215,552.75</u>    | <u>3,442,687.38</u>   | <u>369,222.78</u>    | <u>7,027,462.91</u>    |
| Excess of Revenues Over (Under) Expenditures | <u>1,424,404.31</u>    | <u>(1,211,762.00)</u> | <u>(121,263.17)</u>  | <u>91,379.14</u>       |
| <b>Other Financing Sources (Uses):</b>       |                        |                       |                      |                        |
| Transfers In                                 |                        | 672,395.00            | 325,651.97           | 998,046.97             |
| Transfers Out                                | (1,034,669.61)         |                       |                      | (1,034,669.61)         |
| Insurance Proceeds                           |                        | 20,158.99             |                      | 20,158.99              |
| Sale of County Property                      | 5,970.43               | 148,545.48            |                      | 154,515.91             |
| Total Other Financing Sources (Uses)         | <u>(1,028,699.18)</u>  | <u>841,099.47</u>     | <u>325,651.97</u>    | <u>138,052.26</u>      |
| Net Change in Fund Balance                   | 395,705.13             | (370,662.53)          | 204,388.80           | 229,431.40             |
| Fund Balance - Beginning                     | <u>3,812,845.17</u>    | <u>646,987.23</u>     | <u>(12,406.87)</u>   | <u>4,447,425.53</u>    |
| FUND BALANCE - ENDING                        | <u>\$ 4,208,550.30</u> | <u>\$ 276,324.70</u>  | <u>\$ 191,981.93</u> | <u>\$ 4,676,856.93</u> |

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

**CHARLES MIX COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2015**

|  | <b>Internal Service<br/>Funds</b> |
|--|-----------------------------------|
| <b>Operating Revenues:</b>                               |                                   |
| Stop Loss Insurance Claims                               | \$ 155,065.16                     |
| <b>Operating Expenses:</b>                               |                                   |
| Claims Paid  | 7,884.70                          |
| Operating Income (Loss) - Income (Loss) Before Transfers | 147,180.46                        |
| Transfers In   | 36,622.64                         |
| Change in Net Position                                   | 183,803.10                        |
| Net Position - Beginning                                 | (183,803.10)                      |
| <b>NET POSITION - ENDING</b>                             | <b>\$ (0.00)</b>                  |

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

**CHARLES MIX COUNTY**  
**STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**December 31, 2016**

|                                      | <b>Agency<br/>Funds</b> |
|--------------------------------------|-------------------------|
| <b>ASSETS:</b>                       |                         |
| Cash and Cash Equivalents            | \$ 228,997.61           |
| TOTAL ASSETS                         | \$ 228,997.61           |
| <b>NET POSITION:</b>                 |                         |
| Net Position Held in Agency Capacity | \$ 228,997.61           |
| TOTAL NET POSITION                   | \$ 228,997.61           |

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

CHARLES MIX 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 Charles Mix 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 participates in a cooperative unit, the Southern Missouri Recycling and Waste Management District. 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, County Building, 24/7 Sobriety, and Modernization and Preservation Relief. These funds are reported on the fund financial statements as “Other Governmental Funds.”

**Proprietary Funds:**

*Internal Service Funds – Internal service funds may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds should be used only if the reporting government is the predominant participant in the activity. The particular type of goods or services provided to other funds is for employee healthcare. Internal service funds are never considered to be major funds. The Medical Self Insurance Fund is the only internal service fund maintained by the County. The County ceased operating a Medical Self Insurance Fund in 2015 and the fund has been closed.*

**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, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

d. Interfund Eliminations and Reclassifications:

*Government-wide Financial Statements:*

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

In order to minimize the doubling-up effect on internal service fund activity, certain “centralized expenses” including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the Internal Service Fund, so that expenses are reported only by the function to which they relate.

e. 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.

f. 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.

g. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, General Obligation Bonds, Revenue Bonds, Certificates of Participation, Financing (Capital Acquisition) Leases, and Compensated Absences.

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities 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.

As of December 31, 2016, the County did not have any no long-term debt.

h. 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.

i. Proprietary Funds Revenue and Expense Classifications:

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

j. Equity Classifications:

*Government-wide Financial Statements:*

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

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

*Fund Financial Statements:*

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Agency Funds have no fund equity. The Net Position is reported as Net Position Held in Agency Capacity.

k. 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.

l. 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 or committed. Fund Balance may be assigned by the County Commissioners.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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

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

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

**Major Special Revenue Fund**  
Road and Bridge Fund

**Revenue Source**  
Motor Vehicle Licenses  
State Grants

A schedule of fund balances is provided as follows:

**CHARLES MIX COUNTY  
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

|   | <u>General<br/>Fund</u> | <u>Road<br/>and Bridge<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|-------------------------------------|---|---|
| <b>Fund Balances:</b>                             |                         |                                     |   |   |
| Restricted For:                                   |                         |                                     |   |   |
| Secondary Road Purposes                           | \$                      | \$ 6,566.68                         | \$                                      | \$ 6,566.68                             |
| Domestic Abuse Purposes                           |                         |                                     | 2,721.58                                | 2,721.58                                |
| Modernization and Preservation<br>Relief Purposes |                         |                                     | 22,571.40                               | 22,571.40                               |
| Assigned To:                                      |                         |                                     |   |   |
| Applied to Next Year's Budget                     | 1,846,433.00            |                                     |   | 1,846,433.00                            |
| Capital Outlay Accumulations                      | 561,000.00              |                                     |   | 561,000.00                              |
| Road and Bridge Purposes                          |                         | 646,443.84                          |   | 646,443.84                              |
| 911 Service Purposes                              |                         |                                     | 122,402.33                              | 122,402.33                              |
| County Building Purposes                          |                         |                                     | 40,223.71                               | 40,223.71                               |
| 24/7 Sobriety Purposes                            |                         |                                     | 8,766.47                                | 8,766.47                                |
| Unassigned  | 1,584,580.97            |                                     | (6,299.59)                              | 1,578,281.38                            |
| <b>Total Fund Balances</b>                        | <u>\$ 3,992,013.97</u>  | <u>\$ 653,010.52</u>                | <u>\$ 190,385.90</u>                    | <u>\$ 4,835,410.39</u>                  |

2. DEFICIT FUND BALANCES / NET POSITION OF INDIVIDUAL NONMAJOR FUNDS

As of December 31, 2016, the following individual nonmajor funds had deficit fund balance/net position in the amounts shown:

|                           |               |
|---------------------------|---------------|
| Emergency Management Fund | \$ (6,299.59) |
|---------------------------|---------------|

The Board of County Commissioners plans to take the following actions to address the deficit fund balance/deficit net position:

Transfers will be made from the General Fund to address the deficit fund balance.

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

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

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

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

As of December 31, 2016, the County did not have any investments.

**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.

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

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

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

4. PROPERTY TAXES

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

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

5. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2016 was as follows:

**Major Purposes:**

|                          |                    |
|--------------------------|--------------------|
| Road and Bridge Purposes | <u>\$ 6,566.68</u> |
|--------------------------|--------------------|

**Other Purposes:**

|                                |                  |
|--------------------------------|------------------|
| Domestic Abuse Purposes        | 2,721.58         |
| Modernization and Preservation |                  |
| Relief Purposes                | <u>22,571.40</u> |

|                      |                  |
|----------------------|------------------|
| Total Other Purposes | <u>25,292.98</u> |
|----------------------|------------------|

|                                      |                            |
|--------------------------------------|----------------------------|
| <b>Total Restricted Net Position</b> | <b><u>\$ 31,859.66</u></b> |
|--------------------------------------|----------------------------|

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

6. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2016 were as follows:

|                               | <u>Transfers To:</u>                |   |                 |
|-------------------------------|-------------------------------------|---|-----------------|
|                               | <u>Road<br/>and Bridge<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total</u>    |
| <b><u>Transfers From:</u></b> |                                     |   |                 |
| Major Funds:                  |                                     |   |                 |
| General Fund                  | \$ 1,387,582.00                     | \$ 96,083.00                            | \$ 1,483,665.00 |

Interfund transfers for the year ended December 31, 2015 were as follows:

|                               | <u>Transfers To:</u>                |   |  |                 |
|-------------------------------|-------------------------------------|---|--|-----------------|
|                               | <u>Road<br/>and Bridge<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Medical<br/>Self-Insurance<br/>Fund</u> |                 |
| <b><u>Transfers From:</u></b> |                                     |   |  |                 |
| Major Funds:                  |                                     |   |  |                 |
| General Fund                  | \$ 672,395.00                       | \$ 325,651.97                           | \$ 36,622.64                               | \$ 1,034,669.61 |

The County typically budgets transfers to the Road and Bridge Fund and Other Governmental Funds to conduct the indispensable functions of the County. The transfers to the Medical Self-Insurance Fund were made in order to meet cash flow needs not met by the insurance premiums charged by the County and to close out the fund in 2015.

## 7. 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 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, Class B public safety and Class B judicial. Class A retirement benefits are determined as 1.7 percent prior to 2008 and 1.55 percent thereafter of the employee's final 3-year average compensation times the employee's years of service. Employees with 3 years of service are eligible to retire at age 55. Class B public safety benefits are determined as 2.4 percent for service prior to 2008 and 2.0 percent thereafter of employee final average compensation. Class B judicial benefits are determined as 3.733 percent for service prior to 2008 and 3.333 percent thereafter of employee final average compensation. All Class B employees with 3 years of service are eligible to retire at age 45. Employees are eligible for service-related disability benefits regardless of length of service. Three years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a percent of the employee's final average salary.

The annual increase in the amount of the SDRS benefits payable on each July 1<sup>st</sup> is indexed to the consumer price index (CPI) based on SDRS funded status:

- If the SDRS market value funded ratio is 100% or more – 3.1% COLA
- If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
  - 90.0% to 99.9% funded — 2.1% minimum and 2.8% maximum COLA
  - 80.0% to 90.0% funded — 2.1% minimum and 2.4% maximum COLA
- If the SDRS market value funded ratio is less than 80% -- 2.1% COLA

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. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The County's share of contributions to the SDRS for the calendar years ended December 31, 2016, 2015, and 2014, equal to the required contributions each year, were as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2016        | \$ 122,494.13 |
| 2015        | \$ 112,101.37 |
| 2014        | \$ 115,747.18 |

**Pension Liabilities:**

At June 30, 2016, SDRS is 96.89% funded and accordingly has a net pension liability. The proportionate shares of the components of the net pension liability of South Dakota Retirement System, for the County as of this measurement period ending June 30, 2016 are as follows:

|  |                      |
|--|----------------------|
| Proportionate share of total pension liability                           | \$ 11,028,789.64     |
| Less proportionate share of net position restricted for pension benefits | <u>10,685,472.88</u> |
| Proportionate share of net pension liability                             | <u>\$ 343,316.76</u> |

The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability 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, 2016, the County's proportion was 0.1016361%, which is a decrease of (0.0029895%) from its proportion measured as of June 30, 2015.

**Actuarial Assumptions:**

The total pension liability (asset) in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 3.25 percent  |
| Salary Increases          | 5.83 percent at entry to 3.87 percent after 30 years of service                               |
| Investment Rate of Return | 7.25 percent through 2017 and 7.50 percent thereafter, net of pension plan investment expense |

Mortality rates were based on the RP-2000 Employee Mortality Table for males and females, as appropriate.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2011. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

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, 2016 (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%                    | 4.5%  |
| Fixed Income       | 30.0%                    | 1.8%  |
| Real Estate        | 10.0%                    | 4.6%  |
| Cash               | 2.0%                     | 0.7%  |
| Total              | <u>100%</u>              |   |

**Discount Rate:**

The discount rate used to measure the total pension liability (asset) was 7.25 percent through 2017 and 7.50% thereafter. 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 from 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 liability (asset).

**Sensitivity of liability (asset) to changes in the discount rate:**

The following presents the County's proportionate share of net pension liability (asset) calculated using the discount rate of 7.25 percent through 2017 and 7.50 percent thereafter, 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 (6.25/6.50%) or 1-percentage point higher (8.25/8.50%) 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) | \$ 1,921,196.02    | \$ 343,316.76                | \$ (943,613.23)    |

**Pension Plan Fiduciary Net Position:**

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

8. JOINT VENTURES

The County participates in a joint venture, known as the Southern Missouri Recycling and Waste Management District, formed for the purpose of providing waste management services to its members.

The members of the joint venture and their relative percentage of participation are as follows:

| <u>Municipalities:</u> |      |             |      | <u>Counties:</u> |       |
|------------------------|------|-------------|------|------------------|-------|
| Armour                 | .6%  | Platte      | .9%  | Bon Homme        | 23.9% |
| Avon                   | 1.0% | Ravinia     | .1%  | Charles Mix      | 32.2% |
| Corsica                | .4%  | Scotland    | .7%  | Douglas          | 13.2% |
| Dante                  | .1%  | Springfield | .6%  | Gregory          | 21.0% |
| Delmont                | .2%  | Tabor       | .7%  |                  |       |
| Geddes                 | .2%  | Tyndall     | 2.4% |                  |       |
| Lake Andes             | .6%  | Wagner      | 1.1% |                  |       |
| Pickstown              | .1%  |             |      |                  |       |

The joint venture's governing board is composed of representatives who are city council members or county commissioners. The board is responsible for adopting the budget and setting service fees at a level adequate to fund the adopted budget.

The County retains no equity in the Net Position of the joint venture, but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from:

Southern Missouri Recycling and Waste Management District  
38053 SD Highway 50  
Lake Andes, SD 57356

At December 31, 2015 and December 31, 2016, financial information for this joint venture was not available.

#### 9. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2016, the County was not involved in any litigation.

#### 10. SUBSEQUENT EVENTS

During 2017 the County issued Series 2017 Certificates of Participation in the amount of \$1,495,000.00. The proceeds from the Certificates of Participation were used to make upgrades to the Courthouse. The upgrades included elevator improvements, heating and cooling system improvements and lighting improvements. These Certificates of Participation have a variable interest rate, with the first payment schedule to be made in June of 2018 and the final payment to be made in June of 2037.

#### 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2016, the County managed its risks as follows:

##### Employee Health Insurance:

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

##### Liability Insurance:

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

SDPAA member, based on their exposure or type of coverage. The County pays an annual premium to the pool to provide coverage for:

General Liability,  
Governmental Officials Liability,  
Automobile Liability,  
Law Enforcement Liability, and  
Property and Building Coverage

The agreement with the SDPAA provides that the above coverages will be provided to a \$1,500,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$250,000 for property coverage and \$500,000 for liability coverage to the upper limit. A portion of the member premiums are also allocated to a cumulative reserve fund. The County would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

|  |      |
|--|------|
| End of County's First Full Year                | 50%  |
| End of County's Second Full Year               | 60%  |
| End of County's Third Full Year                | 70%  |
| End of County's Fourth Full Year               | 80%  |
| End of County's Fifth Full Year                | 90%  |
| End of County's Sixth Full Year and Thereafter | 100% |

As of December 31, 2016, the County has vested balance in the cumulative reserve fund of \$54,861.45.

The County carries various deductibles for the above coverages.

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

#### Worker's Compensation:

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

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

#### Unemployment Benefits:

The County provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

**SUPPLEMENTARY INFORMATION  
CHARLES MIX COUNTY  
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
GENERAL FUND  
For the Year Ended December 31, 2016**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive (Negative)</u> |
|--|-------------------------|---------------------|-----------------------|---|
|  | <u>Original</u>         | <u>Final</u>        |                       |   |
| <b>Revenues:</b>                         |                         |                     |                       |   |
| Taxes:                                   |                         |                     |                       |   |
| General Property Taxes--Current          | \$ 4,005,095.00         | \$ 4,005,095.00     | \$ 3,975,100.36       | \$ (29,994.64)  |
| General Property Taxes--Delinquent       | 8,000.00                | 8,000.00            | 8,374.94              | 374.94  |
| Penalties and Interest                   | 5,000.00                | 5,000.00            | 11,598.59             | 6,598.59  |
| Telephone Tax (Outside)                  | 800.00                  | 800.00              | 0.00                  | (800.00)  |
| Mobile Home Tax                          | 0.00                    | 0.00                | 35.83                 | 35.83   |
| Licenses and Permits                     | 11,500.00               | 11,500.00           | 11,577.00             | 77.00   |
| Intergovernmental Revenue:               |                         |                     |                       |   |
| Federal Grants                           | 20,000.00               | 20,000.00           | 32,575.91             | 12,575.91   |
| Federal Shared Revenue                   | 0.00                    | 0.00                | 19,117.00             | 19,117.00   |
| Federal Payments in Lieu of Taxes        | 53,000.00               | 53,000.00           | 52,992.00             | (8.00)  |
| State Grants                             | 21,000.00               | 21,000.00           | 6,100.00              | (14,900.00)   |
| State Shared Revenue:                    |                         |                     |                       |   |
| Bank Franchise                           | 41,000.00               | 41,000.00           | 45,039.17             | 4,039.17  |
| Court Appointed Attorney/Public Defender | 1,500.00                | 1,500.00            | 0.00                  | (1,500.00)  |
| Telecommunications Gross Receipts Tax    | 25,000.00               | 25,000.00           | 42,382.80             | 17,382.80   |
| Motor Vehicle 1/4%                       | 1,500.00                | 1,500.00            | 3,434.26              | 1,934.26  |
| Renewable Facility Tax                   | 0.00                    | 0.00                | 24,458.81             | 24,458.81   |
| Liquor Tax Reversion (25%)               | 0.00                    | 0.00                | 14,469.70             | 14,469.70   |
| Charges for Goods and Services:          |                         |                     |                       |   |
| General Government:                      |                         |                     |                       |   |
| Treasurer's Fees                         | 8,000.00                | 8,000.00            | 33,562.35             | 25,562.35   |
| Register of Deeds' Fees                  | 50,000.00               | 50,000.00           | 84,644.50             | 34,644.50   |
| Legal Services                           | 50,000.00               | 50,000.00           | 63,910.19             | 13,910.19   |
| Clerk of Court Fees                      | 3,500.00                | 3,500.00            | 6,378.80              | 2,878.80  |
| Public Safety:                           |                         |                     |                       |   |
| Law Enforcement                          | 70,000.00               | 70,000.00           | 108,701.12            | 38,701.12   |
| Prisoner Care                            | 150,000.00              | 150,000.00          | 64,201.00             | (85,799.00)   |
| Health and Welfare:                      |                         |                     |                       |   |
| Economic Assistance:                     |                         |                     |                       |   |
| Poor Lien Recoveries                     | 5,000.00                | 5,000.00            | 12,525.32             | 7,525.32  |
| Veterans Service Officer                 | 0.00                    | 0.00                | 2,812.50              | 2,812.50  |
| Health Assistance:                       |                         |                     |                       |   |
| County Nurse                             | 600.00                  | 600.00              | 818.88                | 218.88  |
| Women, Infants and Children              | 29,400.00               | 29,400.00           | 29,209.12             | (190.88)  |
| Conservation of Natural Resources        | 20,000.00               | 20,000.00           | 9,304.68              | (10,695.32)   |
| Fines and Forfeits:                      |                         |                     |                       |   |
| Costs                                    | 2,500.00                | 2,500.00            | 2,013.80              | (486.20)  |
| Forfeits                                 | 4,000.00                | 4,000.00            | 200.00                | (3,800.00)  |
| Miscellaneous Revenue:                   |                         |                     |                       |   |
| Investment Earnings                      | 10,000.00               | 10,000.00           | 8,118.83              | (1,881.17)  |
| Rent                                     | 1,500.00                | 1,500.00            | 1,780.00              | 280.00  |
| Refund of Prior Year's Expenditures      | 0.00                    | 0.00                | 16,244.76             | 16,244.76   |
| Other                                    | 0.00                    | 0.00                | 2,602.13              | 2,602.13  |
| <b>Total Revenues</b>                    | <b>4,597,895.00</b>     | <b>4,597,895.00</b> | <b>4,694,284.35</b>   | <b>96,389.35</b>  |
| <b>Expenditures:</b>                     |                         |                     |                       |   |
| General Government:                      |                         |                     |                       |   |
| Legislative:                             |                         |                     |                       |   |
| Board of County Commissioners            | 160,950.00              | 166,194.00          | 166,194.00            | 0.00  |
| Contingency                              | 150,000.00              | 150,000.00          |                       |   |
| Amount Transferred                       |                         | (107,254.14)        |                       | 42,745.86   |
| Insurance                                | 33,000.00               | 48,801.21           | 48,370.00             | 431.21  |
| Elections                                | 77,200.00               | 77,200.00           | 64,381.22             | 12,818.78   |
| Judicial System                          | 52,600.00               | 56,597.36           | 56,597.36             | 0.00  |
| Financial Administration:                |                         |                     |                       |   |
| Auditor                                  | 166,950.00              | 166,950.00          | 135,778.95            | 31,171.05   |
| Treasurer                                | 144,765.00              | 144,765.00          | 124,570.15            | 20,194.85   |
| Legal Services:                          |                         |                     |                       |   |
| State's Attorney                         | 231,030.00              | 260,528.71          | 260,528.71            | 0.00  |
| Court Appointed Attorney                 | 212,000.00              | 232,756.82          | 232,756.82            | 0.00  |
| Abused and Neglected Child Defense       | 40,500.00               | 54,262.49           | 54,262.49             | 0.00  |

**SUPPLEMENTARY INFORMATION**  
**CHARLES MIX COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**For the Year Ended December 31, 2016**  
**(Continued)**

|  | <u>Budgeted Amounts</u> |                        | <u>Actual Amounts</u>  | <u>Variance with<br/>Final Budget<br/>Positive (Negative)</u> |
|--|-------------------------|------------------------|------------------------|---|
|  | <u>Original</u>         | <u>Final</u>           |                        |   |
| Other Administration:                        |                         |                        |                        |   |
| General Government Building                  | 214,600.00              | 214,600.00             | 176,110.46             | 38,489.54   |
| Director of Equalization                     | 232,233.00              | 232,233.00             | 218,650.02             | 13,582.98   |
| Register of Deeds                            | 116,450.00              | 116,611.68             | 116,611.68             | 0.00  |
| Veterans Service Officer                     | 33,903.00               | 36,715.50              | 21,568.80              | 15,146.70   |
| Predatory Animal                             | 7,800.00                | 7,800.00               | 7,797.87               | 2.13  |
| Geographic Information System                | 67,700.00               | 71,498.12              | 71,498.12              | 0.00  |
| Public Safety:                               |                         |                        |                        |   |
| Law Enforcement:                             |                         |                        |                        |   |
| Sheriff                                      | 728,000.00              | 728,000.00             | 636,603.06             | 91,396.94   |
| County Jail                                  | 591,000.00              | 591,000.00             | 501,565.10             | 89,434.90   |
| Coroner                                      | 19,200.00               | 19,200.00              | 14,437.95              | 4,762.05  |
| Juvenile Detention                           | 193,000.00              | 193,000.00             | 70,963.56              | 122,036.44  |
| Health and Welfare:                          |                         |                        |                        |   |
| Economic Assistance:                         |                         |                        |                        |   |
| Support of Poor                              | 35,000.00               | 35,000.00              | 96.99                  | 34,903.01   |
| Health Assistance:                           |                         |                        |                        |   |
| County Nurse                                 | 98,118.00               | 98,118.00              | 64,056.47              | 34,061.53   |
| Women, Infants and Children                  | 38,231.00               | 52,464.75              | 52,871.75              | (407.00)  |
| Mental Health Services:                      |                         |                        |                        |   |
| Mentally Ill                                 | 103,000.00              | 103,000.00             | 45,217.46              | 57,782.54   |
| Mental Health Centers                        | 36,000.00               | 36,000.00              | 23,955.00              | 12,045.00   |
| Culture and Recreation:                      |                         |                        |                        |   |
| Recreation:                                  |                         |                        |                        |   |
| County Fair                                  | 35,000.00               | 35,000.00              | 21,563.37              | 13,436.63   |
| Senior Center                                | 12,500.00               | 12,500.00              | 11,790.40              | 709.60  |
| Conservation of Natural Resources:           |                         |                        |                        |   |
| Soil Conservation:                           |                         |                        |                        |   |
| County Extension                             | 46,700.00               | 46,700.00              | 37,435.95              | 9,264.05  |
| Soil Conservation Districts                  | 45,000.00               | 45,000.00              | 45,000.00              | 0.00  |
| Weed and Pest Control                        | 202,850.00              | 202,850.00             | 139,832.68             | 63,017.32   |
| Urban and Economic Development:              |                         |                        |                        |   |
| Urban Development:                           |                         |                        |                        |   |
| Planning and Zoning                          | 16,585.00               | 16,585.00              | 16,585.00              | 0.00  |
| Total Expenditures                           | <u>4,141,865.00</u>     | <u>4,144,677.50</u>    | <u>3,437,651.39</u>    | <u>707,026.11</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>456,030.00</u>       | <u>453,217.50</u>      | <u>1,256,632.96</u>    | <u>803,415.46</u>   |
| <b>Other Financing Sources (Uses):</b>       |                         |                        |                        |   |
| Transfers Out                                | (1,497,515.00)          | (1,497,515.00)         | (1,483,665.00)         | 13,850.00   |
| Insurance Proceeds                           | 0.00                    | 0.00                   | 10,469.71              | 10,469.71   |
| Sale of County Property                      | 0.00                    | 0.00                   | 26.00                  | 26.00   |
| Total Other Financing Sources (Uses)         | <u>(1,497,515.00)</u>   | <u>(1,497,515.00)</u>  | <u>(1,473,169.29)</u>  | <u>24,345.71</u>  |
| Net Change in Fund Balance                   | (1,041,485.00)          | (1,044,297.50)         | (216,536.33)           | 827,761.17  |
| Fund Balance - Beginning                     | <u>4,208,550.30</u>     | <u>4,208,550.30</u>    | <u>4,208,550.30</u>    | <u>0.00</u>   |
| FUND BALANCE - ENDING                        | <u>\$ 3,167,065.30</u>  | <u>\$ 3,164,252.80</u> | <u>\$ 3,992,013.97</u> | <u>\$ 827,761.17</u>  |

**SUPPLEMENTARY INFORMATION**  
**CHARLES MIX COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**ROAD AND BRIDGE FUND**  
**For the Year Ended December 31, 2016**

|  | Budgeted Amounts      |                       | Actual Amounts       | Variance with        |
|--|-----------------------|-----------------------|----------------------|----------------------|
|  | Original              | Final                 |                      | Final Budget         |
|  |                       |                       |                      | Positive (Negative)  |
| <b>Revenues:</b>                             |                       |                       |                      |                      |
| Taxes:                                       |                       |                       |                      |                      |
| General Property Taxes--Current              | \$ 0.00               | \$ 0.00               | \$ 18,889.70         | \$ 18,889.70         |
| Penalties and Interest                       | 35.00                 | 35.00                 | 9.78                 | (25.22)              |
| Wheel Tax                                    | 400,000.00            | 400,000.00            | 282,819.83           | (117,180.17)         |
| Intergovernmental Revenue:                   |                       |                       |                      |                      |
| State Grants                                 | 260,000.00            | 260,000.00            | 272,654.56           | 12,654.56            |
| State Shared Revenue:                        |                       |                       |                      |                      |
| Bank Franchise                               | 180.00                | 180.00                | 359.76               | 179.76               |
| Motor Vehicle Licenses                       | 1,300,000.00          | 1,300,000.00          | 1,254,528.37         | (45,471.63)          |
| Prorate License Fees                         | 65,000.00             | 65,000.00             | 72,125.01            | 7,125.01             |
| Secondary Road Motor Vehicle Remittances     | 20,000.00             | 20,000.00             | 16,439.56            | (3,560.44)           |
| Motor Fuel Tax                               | 8,000.00              | 8,000.00              | 7,536.76             | (463.24)             |
| Charges for Goods and Services:              |                       |                       |                      |                      |
| Public Works:                                |                       |                       |                      |                      |
| Road Maintenance Contract Charges            | 60,000.00             | 60,000.00             | 69,167.84            | 9,167.84             |
| Miscellaneous Revenue:                       |                       |                       |                      |                      |
| Investment Earnings                          | 1,000.00              | 1,000.00              | 1,179.20             | 179.20               |
| Rent   | 500.00                | 500.00                | 330.00               | (170.00)             |
| Refund of Prior Year's Expenditures          | 0.00                  | 0.00                  | 695.34               | 695.34               |
| <b>Total Revenues</b>                        | <b>2,114,715.00</b>   | <b>2,114,715.00</b>   | <b>1,996,735.71</b>  | <b>(117,979.29)</b>  |
| <b>Expenditures:</b>                         |                       |                       |                      |                      |
| Public Works:                                |                       |                       |                      |                      |
| Highways and Bridges:                        |                       |                       |                      |                      |
| Highways, Roads and Bridges                  | 3,708,800.00          | 3,708,800.00          | 3,119,303.03         | 589,496.97           |
| Intergovernmental Expenditures               | 65,000.00             | 65,000.00             | 34,746.39            | 30,253.61            |
| Debt Service                                 | 50,000.00             | 50,000.00             | 0.00                 | 50,000.00            |
| <b>Total Expenditures</b>                    | <b>3,823,800.00</b>   | <b>3,823,800.00</b>   | <b>3,154,049.42</b>  | <b>669,750.58</b>    |
| Excess of Revenues Over (Under) Expenditures | (1,709,085.00)        | (1,709,085.00)        | (1,157,313.71)       | 551,771.29           |
| <b>Other Financing Sources (Uses):</b>       |                       |                       |                      |                      |
| Transfers In                                 | 1,387,582.00          | 1,387,582.00          | 1,387,582.00         | 0.00                 |
| Insurance Proceeds                           | 0.00                  | 0.00                  | 3,417.53             | 3,417.53             |
| Sale of County Property                      | 0.00                  | 0.00                  | 143,000.00           | 143,000.00           |
| <b>Total Other Financing Sources (Uses)</b>  | <b>1,387,582.00</b>   | <b>1,387,582.00</b>   | <b>1,533,999.53</b>  | <b>146,417.53</b>    |
| Net Change in Fund Balance                   | (321,503.00)          | (321,503.00)          | 376,685.82           | 698,188.82           |
| Fund Balance - Beginning                     | 276,324.70            | 276,324.70            | 276,324.70           | 0.00                 |
| <b>FUND BALANCE - ENDING</b>                 | <b>\$ (45,178.30)</b> | <b>\$ (45,178.30)</b> | <b>\$ 653,010.52</b> | <b>\$ 698,188.82</b> |

**SUPPLEMENTARY INFORMATION**  
**CHARLES MIX COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**For the Year Ended December 31, 2015**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive (Negative)</u> |
|--|-------------------------|---------------------|-----------------------|---|
|  | <u>Original</u>         | <u>Final</u>        |                       |   |
| <b>Revenues:</b>                         |                         |                     |                       |   |
| Taxes:                                   |                         |                     |                       |   |
| General Property Taxes--Current          | \$ 3,880,127.00         | \$ 3,880,127.00     | \$ 3,878,997.37       | \$ (1,129.63)   |
| General Property Taxes--Delinquent       | 10,000.00               | 10,000.00           | 9,411.86              | (588.14)  |
| Penalties and Interest                   | 5,000.00                | 5,000.00            | 14,220.34             | 9,220.34  |
| Mobile Home Tax                          | 1,200.00                | 1,200.00            | 730.85                | (469.15)  |
| Licenses and Permits                     | 8,800.00                | 8,800.00            | 12,793.32             | 3,993.32  |
| Intergovernmental Revenue:               |                         |                     |                       |   |
| Federal Grants                           | 20,700.00               | 20,700.00           | 14,888.89             | (5,811.11)  |
| Federal Shared Revenue                   | 0.00                    | 0.00                | 7,302.30              | 7,302.30  |
| Federal Payments in Lieu of Taxes        | 53,000.00               | 53,000.00           | 52,037.00             | (963.00)  |
| State Grants                             | 21,000.00               | 21,000.00           | 5,000.00              | (16,000.00)   |
| State Shared Revenue:                    |                         |                     |                       |   |
| Bank Franchise                           | 41,000.00               | 41,000.00           | 34,466.69             | (6,533.31)  |
| Court Appointed Attorney/Public Defender | 1,500.00                | 1,500.00            | 0.00                  | (1,500.00)  |
| Telecommunications Gross Receipts Tax    | 27,000.00               | 27,000.00           | 47,094.35             | 20,094.35   |
| Motor Vehicle 1/4%                       | 1,500.00                | 1,500.00            | 3,169.92              | 1,669.92  |
| State Payments in Lieu of Taxes          | 0.00                    | 0.00                | 324.52                | 324.52  |
| Charges for Goods and Services:          |                         |                     |                       |   |
| General Government:                      |                         |                     |                       |   |
| Treasurer's Fees                         | 9,775.00                | 9,775.00            | 19,785.96             | 10,010.96   |
| Register of Deeds' Fees                  | 47,100.00               | 47,100.00           | 83,911.00             | 36,811.00   |
| Legal Services                           | 22,200.00               | 22,200.00           | 82,866.15             | 60,666.15   |
| Clerk of Court Fees                      | 3,500.00                | 3,500.00            | 6,029.60              | 2,529.60  |
| Public Safety:                           |                         |                     |                       |   |
| Law Enforcement                          | 66,300.00               | 66,300.00           | 105,390.29            | 39,090.29   |
| Prisoner Care                            | 141,000.00              | 141,000.00          | 143,563.51            | 2,563.51  |
| Health and Welfare:                      |                         |                     |                       |   |
| Economic Assistance:                     |                         |                     |                       |   |
| Poor Lien Recoveries                     | 0.00                    | 0.00                | 19,098.84             | 19,098.84   |
| Veterans Service Officer                 | 0.00                    | 0.00                | 2,812.50              | 2,812.50  |
| Health Assistance:                       |                         |                     |                       |   |
| County Nurse                             | 600.00                  | 600.00              | 909.17                | 309.17  |
| Women, Infants and Children              | 30,000.00               | 30,000.00           | 33,354.21             | 3,354.21  |
| Conservation of Natural Resources        | 21,500.00               | 21,500.00           | 21,670.53             | 170.53  |
| Fines and Forfeits:                      |                         |                     |                       |   |
| Costs                                    | 2,500.00                | 2,500.00            | 3,008.86              | 508.86  |
| Forfeits                                 | 4,000.00                | 4,000.00            | 0.00                  | (4,000.00)  |
| Miscellaneous Revenue:                   |                         |                     |                       |   |
| Investment Earnings                      | 10,000.00               | 10,000.00           | 6,916.71              | (3,083.29)  |
| Rent                                     | 600.00                  | 600.00              | 1,835.00              | 1,235.00  |
| Refund of Prior Year's Expenditures      | 0.00                    | 0.00                | 24,645.32             | 24,645.32   |
| Other                                    | 0.00                    | 0.00                | 3,722.00              | 3,722.00  |
| <b>Total Revenues</b>                    | <b>4,429,902.00</b>     | <b>4,429,902.00</b> | <b>4,639,957.06</b>   | <b>210,055.06</b>   |
| <b>Expenditures:</b>                     |                         |                     |                       |   |
| General Government:                      |                         |                     |                       |   |
| Legislative:                             |                         |                     |                       |   |
| Board of County Commissioners            | 124,500.00              | 174,500.00          | 167,549.15            | 6,950.85  |
| Contingency                              | 150,000.00              | 150,000.00          |                       |   |
| Amount Transferred                       |                         | (150,000.00)        |                       | 0.00  |
| Insurance                                | 50,000.00               | 93,727.75           | 93,727.75             | 0.00  |
| Elections                                | 2,000.00                | 8,262.25            | 8,262.25              | 0.00  |
| Judicial System                          | 52,500.00               | 52,500.00           | 54,119.42             | (1,619.42)  |
| Financial Administration:                |                         |                     |                       |   |
| Auditor                                  | 151,100.00              | 151,100.00          | 149,142.75            | 1,957.25  |
| Treasurer                                | 163,470.00              | 163,470.00          | 117,375.53            | 46,094.47   |
| Legal Services:                          |                         |                     |                       |   |
| State's Attorney                         | 244,235.00              | 244,235.00          | 202,800.49            | 41,434.51   |
| Court Appointed Attorney                 | 230,439.00              | 230,000.00          | 183,530.89            | 46,469.11   |
| Abused and Neglected Child Defense       | 51,000.00               | 82,000.00           | 66,882.35             | 15,117.65   |

**SUPPLEMENTARY INFORMATION**  
**CHARLES MIX COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**For the Year Ended December 31, 2015**  
**(Continued)**

|  | <u>Budgeted Amounts</u> |                        | <u>Actual Amounts</u>  | <u>Variance with<br/>Final Budget<br/>Positive (Negative)</u> |
|--|-------------------------|------------------------|------------------------|---|
|  | <u>Original</u>         | <u>Final</u>           |                        |   |
| Other Administration:                        |                         |                        |                        |   |
| General Government Building                  | 173,400.00              | 173,400.00             | 149,110.25             | 24,289.75   |
| Director of Equalization                     | 230,439.00              | 230,439.00             | 198,289.11             | 32,149.89   |
| Register of Deeds                            | 115,400.00              | 115,400.00             | 106,294.29             | 9,105.71  |
| Veterans Service Officer                     | 34,195.00               | 37,007.50              | 19,913.39              | 17,094.11   |
| Predatory Animal                             | 7,798.00                | 7,798.00               | 7,797.87               | 0.13  |
| Geographic Information System                | 65,590.00               | 65,590.00              | 62,573.22              | 3,016.78  |
| Public Safety:                               |                         |                        |                        |   |
| Law Enforcement:                             |                         |                        |                        |   |
| Sheriff                                      | 562,000.00              | 562,000.00             | 553,036.21             | 8,963.79  |
| County Jail                                  | 500,700.00              | 500,700.00             | 493,134.03             | 7,565.97  |
| Coroner                                      | 3,255.00                | 8,255.00               | 5,373.70               | 2,881.30  |
| Juvenile Detention                           | 193,000.00              | 193,000.00             | 93,784.43              | 99,215.57   |
| Health and Welfare:                          |                         |                        |                        |   |
| Economic Assistance:                         |                         |                        |                        |   |
| Support of Poor                              | 34,500.00               | 34,500.00              | 7,594.89               | 26,905.11   |
| Health Assistance:                           |                         |                        |                        |   |
| County Nurse                                 | 86,011.00               | 86,011.00              | 63,361.40              | 22,649.60   |
| Women, Infants and Children                  | 36,738.00               | 46,738.00              | 45,153.71              | 1,584.29  |
| Mental Health Services:                      |                         |                        |                        |   |
| Mentally Ill                                 | 100,000.00              | 100,000.00             | 55,042.49              | 44,957.51   |
| Mental Health Centers                        | 33,000.00               | 35,010.00              | 34,890.00              | 120.00  |
| Culture and Recreation:                      |                         |                        |                        |   |
| Recreation:                                  |                         |                        |                        |   |
| County Fair                                  | 25,200.00               | 27,200.00              | 26,938.57              | 261.43  |
| Senior Center                                | 12,580.00               | 12,580.00              | 11,877.76              | 702.24  |
| Conservation of Natural Resources:           |                         |                        |                        |   |
| Soil Conservation:                           |                         |                        |                        |   |
| County Extension                             | 42,900.00               | 42,900.00              | 31,271.49              | 11,628.51   |
| Soil Conservation Districts                  | 45,000.00               | 45,000.00              | 45,000.00              | 0.00  |
| Weed and Pest Control                        | 189,800.00              | 196,613.77             | 145,293.36             | 51,320.41   |
| Urban and Economic Development:              |                         |                        |                        |   |
| Urban Development:                           |                         |                        |                        |   |
| Planning and Zoning                          | 16,432.00               | 16,432.00              | 16,432.00              | 0.00  |
| Total Expenditures                           | <u>3,727,182.00</u>     | <u>3,736,369.27</u>    | <u>3,215,552.75</u>    | <u>520,816.52</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>702,720.00</u>       | <u>693,532.73</u>      | <u>1,424,404.31</u>    | <u>730,871.58</u>   |
| <b>Other Financing Sources (Uses):</b>       |                         |                        |                        |   |
| Transfers Out                                | (1,572,395.00)          | (1,572,395.00)         | (1,034,669.61)         | 537,725.39  |
| Sale of County Property                      | 0.00                    | 0.00                   | 5,970.43               | 5,970.43  |
| Total Other Financing Sources (Uses)         | <u>(1,572,395.00)</u>   | <u>(1,572,395.00)</u>  | <u>(1,028,699.18)</u>  | <u>543,695.82</u>   |
| Net Change in Fund Balance                   | (869,675.00)            | (878,862.27)           | 395,705.13             | 1,274,567.40  |
| Fund Balance - Beginning                     | <u>3,812,845.17</u>     | <u>3,812,845.17</u>    | <u>3,812,845.17</u>    | <u>0.00</u>   |
| FUND BALANCE - ENDING                        | <u>\$ 2,943,170.17</u>  | <u>\$ 2,933,982.90</u> | <u>\$ 4,208,550.30</u> | <u>\$ 1,274,567.40</u>  |

**SUPPLEMENTARY INFORMATION  
CHARLES MIX COUNTY  
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
ROAD AND BRIDGE FUND  
For the Year Ended December 31, 2015**

|  | Budgeted Amounts       |                        | Actual Amounts       | Variance with        |
|--|------------------------|------------------------|----------------------|----------------------|
|  | Original               | Final                  |                      | Final Budget         |
|  |                        |                        |                      | Positive (Negative)  |
| <b>Revenues:</b>                             |                        |                        |                      |                      |
| Taxes:                                       |                        |                        |                      |                      |
| General Property Taxes--Current              | \$ 14950.00            | \$ 14950.00            | \$ 17,677.84         | \$ 2,727.84          |
| Penalties and Interest                       | 20.00                  | 20.00                  | 17.58                | (2.42)               |
| Wheel Tax                                    | 215,000.00             | 215,000.00             | 220,704.17           | 5,704.17             |
| Intergovernmental Revenue:                   |                        |                        |                      |                      |
| State Grants                                 | 0.00                   | 0.00                   | 706,813.02           | 706,813.02           |
| State Shared Revenue:                        |                        |                        |                      |                      |
| Bank Franchise                               | 0.00                   | 0.00                   | 173.88               | 173.88               |
| Motor Vehicle Licenses                       | 800,000.00             | 800,000.00             | 1,154,884.63         | 354,884.63           |
| Prorate License Fees                         | 63,000.00              | 63,000.00              | 69,786.64            | 6,786.64             |
| Secondary Road Motor Vehicle Remittances     | 6,000.00               | 6,000.00               | 11,434.67            | 5,434.67             |
| Motor Fuel Tax                               | 17,000.00              | 17,000.00              | 7,537.20             | (9,462.80)           |
| Charges for Goods and Services:              |                        |                        |                      |                      |
| Public Works:                                |                        |                        |                      |                      |
| Road Maintenance Contract Charges            | 65,000.00              | 65,000.00              | 38,939.55            | (26,060.45)          |
| Miscellaneous Revenue:                       |                        |                        |                      |                      |
| Investment Earnings                          | 12,000.00              | 12,000.00              | 1,477.83             | (10,522.17)          |
| Rent   | 200.00                 | 200.00                 | 0.00                 | (200.00)             |
| Refund of Prior Year's Expenditures          | 0.00                   | 0.00                   | 1,478.37             | 1,478.37             |
| <b>Total Revenues</b>                        | <b>1,193,170.00</b>    | <b>1,193,170.00</b>    | <b>2,230,925.38</b>  | <b>1,037,755.38</b>  |
| <b>Expenditures:</b>                         |                        |                        |                      |                      |
| Public Works:                                |                        |                        |                      |                      |
| Highways and Bridges:                        |                        |                        |                      |                      |
| Highways, Roads and Bridges                  | 3,447,840.00           | 3,447,840.00           | 3,401,486.18         | 46,353.82            |
| Intergovernmental Expenditures               | 65,000.00              | 65,000.00              | 41,201.20            | 23,798.80            |
| <b>Total Expenditures</b>                    | <b>3,512,840.00</b>    | <b>3,512,840.00</b>    | <b>3,442,687.38</b>  | <b>70,152.62</b>     |
| Excess of Revenues Over (Under) Expenditures | (2,319,670.00)         | (2,319,670.00)         | (1,211,762.00)       | 1,107,908.00         |
| <b>Other Financing Sources (Uses):</b>       |                        |                        |                      |                      |
| Transfers In                                 | 1,344,790.00           | 1,344,790.00           | 672,395.00           | (672,395.00)         |
| Insurance Proceeds                           | 0.00                   | 0.00                   | 20,158.99            | 20,158.99            |
| Sale of County Property                      | 0.00                   | 0.00                   | 148,545.48           | 148,545.48           |
| <b>Total Other Financing Sources (Uses)</b>  | <b>1,344,790.00</b>    | <b>1,344,790.00</b>    | <b>841,099.47</b>    | <b>(503,690.53)</b>  |
| Net Change in Fund Balance                   | (974,880.00)           | (974,880.00)           | (370,662.53)         | 604,217.47           |
| Fund Balance - Beginning                     | 646,987.23             | 646,987.23             | 646,987.23           | 0.00                 |
| <b>FUND BALANCE - ENDING</b>                 | <b>\$ (327,892.77)</b> | <b>\$ (327,892.77)</b> | <b>\$ 276,324.70</b> | <b>\$ 604,217.47</b> |

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

**South Dakota Retirement System**

\*Last 10 Fiscal Years

|   | <u>2016</u>     | <u>2015</u>     | <u>2014</u>     |
|---|-----------------|-----------------|-----------------|
| County's proportion of the net pension liability (asset)  | 0.1016361%      | 0.1046256%      | 0.1082785%      |
| County's proportionate share of net pension liability (asset)   | \$ 343,316.76   | \$ (443,747.07) | \$ (780,102.31) |
| County's covered-employee payroll   | \$ 1,844,846.49 | \$ 1,834,205.45 | \$ 1,820,673.08 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 18.61%          | -24.19%         | -42.85%         |
| Plan fiduciary net position as a percentage of the total pension liability (asset)                                | 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.

CHARLES MIX 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:**

No significant changes.