

CHARLES MIX COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2020

CHARLES MIX COUNTY
COUNTY OFFICIALS
December 31, 2020

Board of Commissioners:

Nick Stotz
Keith Mushitz
Neil VonEschen

Auditor:
Danielle Rolston

Treasurer:
Karol Kniffen

State's Attorney:
Steven Cotton

Register of Deeds:
Denise Weber

Sheriff:
Randy Thaler

CHARLES MIX COUNTY
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RUSSELL A. OLSON
AUDITOR GENERAL

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

County Commission
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, 2020, 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 July 14, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item No. 2020-002 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item No. 2020-001.

County's Response to Findings

The County's responses to the findings identified in our audit are summarized and shown as views of responsible officials and planned corrective actions in the accompanying Schedule of Current Audit Findings and Questioned Costs and shown in entirety on Management's Response to Auditor's Findings and Corrective Action Plan on pages 55 and 56. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Russell A. Olson
Auditor General

July 14, 2022



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RUSSELL A. OLSON
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

County Commission
Charles Mix County
Lake Andes, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Charles Mix County, South Dakota (County), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the biennial period ended December 31, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Charles Mix County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the biennial period ended December 31, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item No. 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the finding identified in our audit is summarized and shown as views of responsible officials and planned corrective actions in the accompanying Schedule of Current Audit Findings and Questioned Costs and shown in entirety on Management's Response to Auditor's Findings and Corrective Action Plan on pages 55 and 56. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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



Russell A. Olson
Auditor General

July 14, 2022

CHARLES MIX COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Findings:

Finding No. 2018-001:

The County does not have an internal control system designed to provide for the preparation of the annual financial reports in accordance with the modified cash basis of accounting. We noted numerous significant reporting errors within the annual reports prepared by the County. This finding has not been resolved and has been restated as Current Audit Finding No. 2020-002.

Finding No. 2018-002:

The County does not have an internal control system designed to provide for the proper accounting of the County's motor vehicle revenues. We noted that the County's motor vehicle revenues were recorded and reported in the incorrect fund. This finding has been resolved.

Finding No. 2018-003:

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 year ended December 31, 2018, as required by SDCL 7-10-4. This finding has been resolved.

Finding No. 2018-004:

The County incurred expenditures in excess of appropriations contrary to SDCL 7-21-25. This finding has been substantially resolved.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Summary of the Independent Auditor's Results:

Financial Statements

- a. An unmodified opinion was issued on the financial statements of each opinion unit.
- b. A material weakness was disclosed by our audit of the financial statements for financial reporting errors as discussed in current audit finding No. 2020-002.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit disclosed audit findings that are required to be reported in accordance with 2 CFR 200.516(a), as discussed in current audit finding No. 2020-001.
- f. The federal awards tested as major programs were:

- 1. Coronavirus Relief Fund CFDA # 21.019
- 2. Highway Planning and Construction CFDA # 20.205

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

Current Federal Audit Finding:

Federal Compliance-Related Audit Findings and Questioned Costs:

Non-compliance with Federal Reimbursement Rates

Finding No. 2020-001:

CFDA Title: Highway Planning and Construction

CFDA Number: 20.205

Pass-Through Entity: South Dakota Department of Transportation

Pass-Through Identifying Number: ER6165(03)-07FD

Award Year: 2019

Federal Agency: US Department of Transportation

Type of Finding: Compliance

Category of Finding: Allowable Costs/Cost Principles

Criteria:

23 CFR Part 668 regarding the Emergency Relief Program states:

The Federal share payable on account of any repair or reconstruction provided for by funds made available under 23 U.S.C. 125 of this title on account of any project on a Federal-aid highway system, including the Interstate System, shall not exceed the Federal share payable on a project on such system as provided in 23 U.S.C. 120; except that the Federal share payable for eligible emergency repairs to minimize damage, protect facilities, or restore essential traffic accomplished within 180 days after the actual occurrence of the natural disaster or catastrophic failure may amount to 100 percent of the costs thereof.

23 CFR Section 120 regarding the federal share payable states:

...(b) OTHER PROJECTS-Except as otherwise provided in this title, the Federal share payable on account of any project or activity carried out under this title (other than a project subject to subsection (a)) shall be (1) 80 percent of the cost thereof, except that in the case of any State containing nontaxable Indian lands, individual and tribal, and public domain lands (both reserved and unreserved) exclusive of national forests and national parks and monuments, exceeding 5 percent of the total area of all lands therein, the Federal share, for purposes of this chapter, shall be increased by a percentage of the remaining cost equal to the percentage that the area of all such lands in such State, is of its total area;...

The South Dakota Department of Transportation (SDDOT) has indicated to us that the reimbursement rate related to project costs not accomplished within 180 days after the actual occurrence of the natural disaster or catastrophic failure is 81.95%.

Condition:

SDDOT Project ER6165(03)-07FD, funded by Emergency Relief Program funds, was not completed within 180 days after the actual occurrence of the natural disaster or catastrophic failure. The costs incurred after the expiration of 180 days were reimbursed at 100%, rather than at 81.95%, by the SDDOT resulting in the County being over-reimbursed by \$51,052.53.

Context:

During the spring of 2019, the County sustained damage to the Federal Aid Highway System due to a natural disaster. This qualified the County to be eligible for Emergency Relief Funds for restoration of the damages caused. The beginning date of the 180-day period was March 16, 2019. In order for project costs to be reimbursed at a 100% rate, the costs must have been incurred by September 12, 2019 to be reimbursed at 100%.

Our testing of all of the invoices related to the project revealed that the project was not fully completed by September 12, 2019, as work was being completed and invoices submitted related to the project in the months of October 2019, November 2019, and December 2019. Since the project was not completed within the 180-day period, project costs incurred after the 180 days should not have been reimbursed at a 100% rate, but at a rate of 81.95%. In addition, based on our consultation with the SDDOT, one invoice was included for reimbursement that was not related to the emergency relief project. The aggregate of the issues noted resulted in an over-reimbursement and questioned costs in the amount of \$51,052.53.

Effect:

The County and the SDDOT incorrectly applied a reimbursement rate of 100% to costs incurred after 180 days, which should have been reimbursed at a rate of 81.95%. As a result, the County was over-reimbursed by the SDDOT in the amount of \$51,052.53, which resulted in questioned costs related to the Emergency Relief Program in the same amount.

Cause:

County personnel involved in the emergency relief project are no longer at the County. As such, we are unable to determine the cause, other than the new County personnel were not made aware of the emergency relief project requirements.

Questioned Cost:

\$ 51,052.53

Recommendations:

We recommend that the County consult with the SDDOT to resolve the over-reimbursement.

We recommend that County personnel assure that they are informed on the requirements related to the emergency relief project requirements.

Views of responsible officials and planned corrective actions:

The County takes compliance with grant regulations very seriously. The County will communicate with the South Dakota Department of Transportation to resolve the over-reimbursement issue noted in the finding. The County will also assure that County personnel are informed of the requirements related to the emergency relief project requirements. The County will also purchase a new cost accounting software program for the Highway Department to assist in organizing all costs as well as reimbursable costs. The individuals responsible for corrective action and resolution of the audit finding are, Jason Gant, County Auditor and Doug Cimpl, Highway Superintendent. For complete response, see Management's Response to Auditor's Findings and Corrective Action Plan.

Current Other Audit Finding:

Internal Control-Related Findings - Material Weakness:

Financial Reporting Errors

Finding No. 2020-002:

Criteria:

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

Condition:

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

Context:

We noted the following significant errors exceeding \$50,000 in the County's annual financial reports for the years ended December 31, 2019 and December 31, 2020.

- a. The 2020 Statement of Net Position contained the following errors:
 - The Net Position portion of the annual report was not completed which resulted in Unrestricted Net Position to be understated by \$5,128,613.27.
- b. The 2020 Statement of Activities contained the following errors:
 - Operating Grants – General Government was overstated by \$81,396.50.
 - Operating Grants – Public Safety was understated by \$562,116.50.
 - Operating Grants – Public Works was understated by \$1,023,090.78.
 - General Revenues – Property Taxes was overstated by \$75,581.08.
 - General Revenues – Miscellaneous Revenue was overstated by \$139,105.05.
 - General Government Expense was understated by \$118,183.24.
 - Public Safety Expense was understated by \$460,686.64.
 - Public Works Expense was understated by \$746,003.12.
- c. The 2019 Statement of Activities contained the following errors:
 - Charges for Services – Public Works was overstated by \$368,168.46.
 - Operating Grants – General Government was overstated by \$308,155.40.
 - Operating Grants – Public Safety was understated by \$87,618.90.
 - Operating Grants – Public Works was understated by \$643,151.49.
 - General Revenues – Property Taxes was overstated by \$54,446.53.
 - Intergovernmental Expense was overstated and Transfers Out was understated by \$2,055,420.39.
- d. The 2020 Governmental Funds Balance Sheet contained the following errors:
 - General Fund Unassigned Fund Balance was overstated and Assigned Fund Balance was understated by \$1,390,772.00.

- Road and Bridge Fund Unassigned Fund Balance was overstated and Assigned Fund Balance was understated by \$1,388,069.48.
- e. The 2020 Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance contained the following errors:
- General Fund General Government Building Expenditures were overstated and Debt Service Expenditures were understated by \$59,480.00.
 - Road and Bridge Fund State Grant Revenues were overstated and Federal Grant Revenues were understated by \$541,932.25.
 - Road and Bridge Fund Highway Road and Bridge Expenditures and Other Miscellaneous Revenues were both overstated by \$139,105.05.
 - Other Governmental Funds Other Tax Revenues were overstated and 911 Remittances were understated by \$75,581.08.
- f. The 2019 Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance contained the following errors:
- General Fund Intergovernmental Expense was overstated and Transfers Out was understated by \$2,055,420.39.
 - General Fund General Government Building Expenditures were overstated and Debt Service Expenditures were understated by \$100,380.08.
 - Road and Bridge Fund Road Maintenance Contract Charges were overstated and State Grant Revenues were understated by \$368,168.46.
 - Other Governmental Funds Other Tax Revenues were overstated and 911 Remittances were understated by \$69,336.24.
 - Other Governmental Funds Emergency and Disaster Service Expenditures were understated by \$97,704.58.
 - Other Governmental Funds Other Protective and Emergency Service Expenditures were overstated by \$100,704.58.

There were also numerous errors less than \$50,000 that were not addressed above.

Effect:

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

Cause:

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

Recommendation:

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

Views of responsible officials and planned corrective actions:

The County takes compliance with state regulations seriously. Unfortunately, the County has not been able to complete the necessary financial documents consistently and accurately in the proper format which has caused audit reviews from state auditors as well as inaccurate financial information published to the public. The County requests from Department of Legislative Audit additional assistance in reforming the current accounting system and practices to ensure that future audits and financial publications are accurate and comply with state audit rules and regulations. The individual responsible for corrective action and resolution of the audit finding is, Jason Gant, County Auditor. For complete response, see Management's Response to Auditor's Findings and Corrective Action Plan.



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RUSSELL A. OLSON
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, 2020, 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, 2020, 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.

Emphasis of Matter

As discussed in Notes 2 and 13 to the financial statements, in 2020, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which has resulted in a restatement of the net position as of January 1, 2020. Our opinions are 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 Schedule of Expenditures of Federal Awards, which as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Budgetary Comparison Schedules, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of Changes in Long-Term Debt 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 July 14, 2022, 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, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the

effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Russell A. Olson
Auditor General

July 14, 2022

CHARLES MIX COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2020

| | Primary Government Governmental Activities |
|---------------------------|---|
| ASSETS: | |
| Cash and Cash Equivalents | \$ 5,146,095.05 |
| TOTAL ASSETS | \$ 5,146,095.05 |
| NET POSITION: | |
| Unrestricted | \$ 5,146,095.05 |
| TOTAL NET POSITION | \$ 5,146,095.05 |

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, 2019

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|-----------------------------------|------------------------|-------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government Governmental Activities |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 1,983,098.48 | \$ 194,833.96 | \$ 16,544.16 | \$ 37,631.22 | \$ (1,734,089.14) |
| Public Safety | 2,060,619.80 | 399,807.72 | 101,496.04 | | (1,559,316.04) |
| Public Works | 4,449,851.52 | 5,744.78 | 2,078,409.31 | | (2,365,697.43) |
| Health and Welfare | 242,957.53 | 43,917.74 | | | (199,039.79) |
| Culture and Recreation | 36,530.56 | | | | (36,530.56) |
| Conservation of Natural Resources | 165,554.02 | 9,540.20 | 6,200.00 | | (149,813.82) |
| Urban and Economic Development | 16,861.00 | | | | (16,861.00) |
| Intergovernmental | 53,222.84 | | | | (53,222.84) |
| **Interest on Long-Term Debt | 40,380.08 | | | | (40,380.08) |
| Total Primary Government | \$ 9,049,075.83 | \$ 653,844.40 | \$ 2,202,649.51 | \$ 37,631.22 | (6,154,950.70) |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| | | | | | 4,312,040.87 |
| | | | | | 275,629.88 |
| | | | | | 173,971.01 |
| | | | | | 78,153.00 |
| | | | | | 15,988.03 |
| | | | | | 19,790.30 |
| | | | | | <u>4,875,573.09</u> |
| | | | | | <u>(1,279,377.61)</u> |
| | | | | | 5,148,052.47 |
| | | | | | (49,492.57) |
| | | | | | <u>5,098,559.90</u> |
| | | | | | <u>\$ 3,819,182.29</u> |

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

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

**CHARLES MIX COUNTY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2020**

| | <u>General Fund</u> | <u>Road and Bridge Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------------------|-------------------------|---------------------------------|---|---|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 3,616,504.13 | \$ 1,405,551.26 | \$ 124,039.66 | \$ 5,146,095.05 |
| TOTAL ASSETS | <u>\$ 3,616,504.13</u> | <u>\$ 1,405,551.26</u> | <u>\$ 124,039.66</u> | <u>\$ 5,146,095.05</u> |
| FUND BALANCES: (See Note 1.j.) | | | | |
| Assigned | \$ 1,390,772.00 | \$ 1,405,551.26 | \$ 124,039.66 | \$ 2,920,362.92 |
| Unassigned | 2,225,732.13 | | | 2,225,732.13 |
| TOTAL FUND BALANCES | <u>\$ 3,616,504.13</u> | <u>\$ 1,405,551.26</u> | <u>\$ 124,039.66</u> | <u>\$ 5,146,095.05</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, 2020

| | <u>General Fund</u> | <u>Road and Bridge Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|---------------------------------|---|---|
| Revenues: | | | | |
| Taxes: | | | | |
| General Property Taxes--Current | \$ 4,431,664.94 | \$ | \$ | \$ 4,431,664.94 |
| General Property Taxes--Delinquent | 3,051.81 | | | 3,051.81 |
| Penalties and Interest | 19,591.94 | 15.42 | | 19,607.36 |
| Wheel Tax | | 281,665.54 | | 281,665.54 |
| Licenses and Permits | 11,563.00 | | 200.00 | 11,763.00 |
| Intergovernmental Revenue: | | | | |
| Federal Grants | 420,185.92 | 662,443.03 | 23,594.50 | 1,106,223.45 |
| Federal Shared Revenue | 6,621.83 | | | 6,621.83 |
| Federal Payments in Lieu of Taxes | 57,756.00 | | | 57,756.00 |
| State Grants | 77,681.80 | 341,645.97 | | 419,327.77 |
| State Shared Revenue: | | | | |
| Bank Franchise | 58,903.54 | | 3,370.42 | 62,273.96 |
| Motor Vehicle Licenses | | 1,356,019.16 | | 1,356,019.16 |
| Court Appointed Attorney/Public Defender | 8,957.53 | | | 8,957.53 |
| Prorate License Fees | | 74,764.84 | | 74,764.84 |
| Secondary Road Remittances | | 19,001.78 | | 19,001.78 |
| Telecommunications Gross Receipts Tax | 44,287.84 | | | 44,287.84 |
| Motor Vehicle 1/4% | 3,630.20 | | | 3,630.20 |
| Renewable Facility Tax | 40,858.68 | | | 40,858.68 |
| Motor Fuel Tax | | 7,398.38 | | 7,398.38 |
| 911 Remittances | | | 75,581.08 | 75,581.08 |
| Liquor Tax Reversion (25%) | 49,849.20 | | | 49,849.20 |
| Charges for Goods and Services: | | | | |
| General Government: | | | | |
| Treasurer's Fees | 50,359.72 | | | 50,359.72 |
| Register of Deeds' Fees | 81,688.50 | | 10,029.20 | 91,717.70 |
| Driver's License Exam | | | 425.00 | 425.00 |
| Legal Services | 20,434.95 | | 275.00 | 20,709.95 |
| Clerk of Courts Fees | 6,161.18 | | | 6,161.18 |

| | | | | |
|-------------------------------------|---------------------|---------------------|-------------------|---------------------|
| Public Safety: | | | | |
| Law Enforcement | 133,513.98 | | 86,472.16 | 219,986.14 |
| Prisoner Care | 38,768.82 | | | 38,768.82 |
| Sobriety Testing | | | 9,134.00 | 9,134.00 |
| Other | | | 300.00 | 300.00 |
| Public Works: | | | | |
| Road Maintenance Contract Charges | | 3,987.97 | | 3,987.97 |
| Other | | 236.50 | | 236.50 |
| Health and Welfare: | | | | |
| Economic Assistance: | | | | |
| Poor Lien Recoveries | 11,147.44 | | | 11,147.44 |
| Veterans Service Officer | 2,812.50 | | | 2,812.50 |
| Health Assistance: | | | | |
| Women, Infants and Children | 33,310.00 | | | 33,310.00 |
| Conservation of Natural Resources | 2,679.21 | | | 2,679.21 |
| Fines and Forfeits: | | | | |
| Costs | 3,341.38 | | | 3,341.38 |
| Miscellaneous Revenue: | | | | |
| Investment Earnings | 35,867.93 | 11,419.29 | 1,115.85 | 48,403.07 |
| Rent | 1,115.00 | 875.00 | | 1,990.00 |
| Refund of Prior Year's Expenditures | 5,520.00 | | 29,040.00 | 34,560.00 |
| Other | 23,506.39 | 4,030.78 | 7,142.86 | 34,680.03 |
| Total Revenues | <u>5,684,831.23</u> | <u>2,763,503.66</u> | <u>246,680.07</u> | <u>8,695,014.96</u> |

Expenditures:

General Government:

Legislative:

| | | | | |
|-------------------------------|------------|--|--|------------|
| Board of County Commissioners | 147,083.84 | | | 147,083.84 |
| Elections | 60,841.10 | | | 60,841.10 |
| Judicial System | 95,902.98 | | | 95,902.98 |

Financial Administration:

| | | | | |
|-----------|------------|--|--|------------|
| Auditor | 161,787.40 | | | 161,787.40 |
| Treasurer | 141,261.31 | | | 141,261.31 |

Legal Services:

| | | | | |
|------------------------------------|------------|--|--|------------|
| State's Attorney | 215,486.24 | | | 215,486.24 |
| Court Appointed Attorney | 238,333.77 | | | 238,333.77 |
| Abused and Neglected Child Defense | 41,474.59 | | | 41,474.59 |

Other General Government:

| | | | | |
|-----------------------------|------------|--|-----------|------------|
| General Government Building | 239,154.66 | | 12,323.51 | 251,478.17 |
| Director of Equalization | 171,413.80 | | | 171,413.80 |
| Register of Deeds | 122,088.83 | | 20,170.44 | 142,259.27 |

CHARLES MIX COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020
(Continued)

| | <u>General Fund</u> | <u>Road and Bridge Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|------------------------------------|-------------------------|---------------------------------|---|---|
| Veterans Service Officer | 27,312.65 | | | 27,312.65 |
| Predatory Animal | 7,797.87 | | | 7,797.87 |
| Insurance | 123,968.00 | | | 123,968.00 |
| Geographic Information System | 71,852.55 | | | 71,852.55 |
| Public Safety: | | | | |
| Law Enforcement: | | | | |
| Sheriff | 833,069.36 | | | 833,069.36 |
| County Jail | 583,774.27 | | 38,787.47 | 622,561.74 |
| Coroner | 15,055.79 | | | 15,055.79 |
| Juvenile Detention | 85,032.11 | | | 85,032.11 |
| Protective and Emergency Services: | | | | |
| Emergency and Disaster Services | | | 53,782.33 | 53,782.33 |
| Communication Center | | | 299,162.33 | 299,162.33 |
| Public Works: | | | | |
| Highways and Bridges: | | | | |
| Highways, Roads and Bridges | | 3,147,818.63 | | 3,147,818.63 |
| Health and Welfare: | | | | |
| Economic Assistance: | | | | |
| Support of Poor | 184.00 | | | 184.00 |
| Health Assistance: | | | | |
| County Nurse | 64,312.23 | | | 64,312.23 |
| Women, Infants and Children | 49,074.19 | | | 49,074.19 |
| Social Services: | | | | |
| Domestic Abuse | | | 3,000.00 | 3,000.00 |
| Mental Health Services: | | | | |
| Mentally Ill | 60,837.75 | | | 60,837.75 |
| Mental Health Centers | 35,523.73 | | | 35,523.73 |
| Culture and Recreation: | | | | |
| Recreation: | | | | |
| Recreational Programs | 10,000.00 | | | 10,000.00 |
| County Fair | 11,677.76 | | | 11,677.76 |

| | | | | |
|--|------------------------|------------------------|----------------------|------------------------|
| Senior Center | 9,900.00 | | | 9,900.00 |
| Conservation of Natural Resources: | | | | |
| Soil Conservation: | | | | |
| County Extension | 25,798.10 | | | 25,798.10 |
| Soil Conservation Districts | 25,000.00 | | | 25,000.00 |
| Weed and Pest Control | 108,143.02 | | | 108,143.02 |
| Urban and Economic Development: | | | | |
| Urban Development: | | | | |
| Planning and Zoning | 17,044.00 | | | 17,044.00 |
| Intergovernmental Expenditures | | 54,345.59 | | 54,345.59 |
| Debt Service | 99,477.50 | | | 99,477.50 |
| Total Expenditures | <u>3,899,663.40</u> | <u>3,202,164.22</u> | <u>427,226.08</u> | <u>7,529,053.70</u> |
| Excess of Revenues Over (Under) Expenditures | <u>1,785,167.83</u> | <u>(438,660.56)</u> | <u>(180,546.01)</u> | <u>1,165,961.26</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers In | | 1,600,000.00 | 230,000.00 | 1,830,000.00 |
| Transfers Out | (1,830,000.00) | | | (1,830,000.00) |
| Insurance Proceeds | 3,819.79 | 5,391.71 | | 9,211.50 |
| Sale of County Property | 540.00 | 151,200.00 | | 151,740.00 |
| Total Other Financing Sources (Uses) | <u>(1,825,640.21)</u> | <u>1,756,591.71</u> | <u>230,000.00</u> | <u>160,951.50</u> |
| Net Change in Fund Balance | (40,472.38) | 1,317,931.15 | 49,453.99 | 1,326,912.76 |
| Fund Balance - Beginning | <u>3,656,976.51</u> | <u>87,620.11</u> | <u>74,585.67</u> | <u>3,819,182.29</u> |
| FUND BALANCE - ENDING | <u>\$ 3,616,504.13</u> | <u>\$ 1,405,551.26</u> | <u>\$ 124,039.66</u> | <u>\$ 5,146,095.05</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, 2019

| | <u>General Fund</u> | <u>Road and Bridge Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|---------------------------------|---|---|
| Revenues: | | | | |
| Taxes: | | | | |
| General Property Taxes--Current | \$ 4,268,318.72 | \$ 14,889.71 | \$ | \$ 4,283,208.43 |
| General Property Taxes--Delinquent | 7,033.77 | | | 7,033.77 |
| Penalties and Interest | 16,594.61 | 10.81 | | 16,605.42 |
| Wheel Tax | | 275,629.88 | | 275,629.88 |
| Tax Deed Revenue | 5,193.25 | | | 5,193.25 |
| Licenses and Permits | 9,578.00 | | 360.00 | 9,938.00 |
| Intergovernmental Revenue: | | | | |
| Federal Grants | 3,801.40 | | 18,282.66 | 22,084.06 |
| Federal Shared Revenue | 20,212.00 | | | 20,212.00 |
| Federal Payments in Lieu of Taxes | 57,941.00 | | | 57,941.00 |
| State Grants | 8,605.84 | 658,041.20 | | 666,647.04 |
| State Shared Revenue: | | | | |
| Bank Franchise | 49,863.87 | | 2,853.17 | 52,717.04 |
| Motor Vehicle Licenses | | 1,314,312.22 | | 1,314,312.22 |
| Court Appointed Attorney/Public Defender | 6,945.66 | | | 6,945.66 |
| Prorate License Fees | | 73,367.81 | | 73,367.81 |
| 63 3/4% Mobile Home | | 4,929.60 | | 4,929.60 |
| Secondary Road Remittances | | 20,217.51 | | 20,217.51 |
| Telecommunications Gross Receipts Tax | 33,366.59 | | | 33,366.59 |
| Motor Vehicle 1/4% | 3,391.26 | | | 3,391.26 |
| Renewable Facility Tax | 40,952.41 | | | 40,952.41 |
| Motor Fuel Tax | | 7,540.97 | | 7,540.97 |
| 911 Remittances | | | 83,213.38 | 83,213.38 |
| Liquor Tax Reversion (25%) | 46,934.97 | | | 46,934.97 |
| Charges for Goods and Services: | | | | |
| General Government: | | | | |
| Treasurer's Fees | 43,659.36 | | | 43,659.36 |
| Register of Deeds' Fees | 84,446.00 | | 8,622.38 | 93,068.38 |
| Legal Services | 36,246.32 | | 375.00 | 36,621.32 |

| | | | | |
|-------------------------------------|---------------------|---------------------|-------------------|---------------------|
| Clerk of Courts Fees | 5,797.57 | | 136.83 | 5,934.40 |
| Public Safety: | | | | |
| Law Enforcement | 134,645.12 | | 133,302.78 | 267,947.90 |
| Prisoner Care | 107,570.70 | | | 107,570.70 |
| Sobriety Testing | | | 17,794.00 | 17,794.00 |
| Other | | 3,230.07 | 300.00 | 3,530.07 |
| Public Works: | | | | |
| Road Maintenance Contract Charges | | 5,744.78 | | 5,744.78 |
| Health and Welfare: | | | | |
| Economic Assistance: | | | | |
| Poor Lien Recoveries | 5,978.25 | | | 5,978.25 |
| Veterans Service Officer | 2,812.50 | | | 2,812.50 |
| Health Assistance: | | | | |
| Women, Infants and Children | 37,939.49 | | | 37,939.49 |
| Conservation of Natural Resources | 9,540.20 | | | 9,540.20 |
| Fines and Forfeits: | | | | |
| Costs | 2,965.05 | | | 2,965.05 |
| Miscellaneous Revenue: | | | | |
| Investment Earnings | 15,531.84 | 205.31 | 250.88 | 15,988.03 |
| Rent | 1,925.00 | 875.00 | | 2,800.00 |
| Contributions and Donations | | | 7,500.00 | 7,500.00 |
| Refund of Prior Year's Expenditures | 7,333.76 | 10.00 | | 7,343.76 |
| Other | 4,946.54 | | | 4,946.54 |
| Total Revenues | <u>5,080,071.05</u> | <u>2,379,004.87</u> | <u>272,991.08</u> | <u>7,732,067.00</u> |

Expenditures:

General Government:

 Legislative:

| | | | | |
|-------------------------------|------------|--|--|------------|
| Board of County Commissioners | 123,129.46 | | | 123,129.46 |
| Elections | 6,325.89 | | | 6,325.89 |
| Judicial System | 80,616.96 | | | 80,616.96 |

 Financial Administration:

| | | | | |
|-----------|------------|--|--|------------|
| Auditor | 153,006.70 | | | 153,006.70 |
| Treasurer | 142,690.66 | | | 142,690.66 |

 Legal Services:

| | | | | |
|------------------------------------|------------|--|--|------------|
| State's Attorney | 315,596.82 | | | 315,596.82 |
| Court Appointed Attorney | 167,348.90 | | | 167,348.90 |
| Abused and Neglected Child Defense | 37,452.80 | | | 37,452.80 |

 Other General Government:

| | | | | |
|-----------------------------|------------|--|--|------------|
| General Government Building | 250,906.03 | | | 250,906.03 |
|-----------------------------|------------|--|--|------------|

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

| | <u>General Fund</u> | <u>Road and Bridge Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|------------------------------------|-------------------------|---------------------------------|---|---|
| Director of Equalization | 194,871.58 | | | 194,871.58 |
| Register of Deeds | 120,633.60 | | 30,803.06 | 151,436.66 |
| Veterans Service Officer | 26,407.16 | | | 26,407.16 |
| Predatory Animal | 7,797.87 | | | 7,797.87 |
| Insurance | 195,725.92 | | | 195,725.92 |
| Geographic Information System | 69,785.07 | | | 69,785.07 |
| Public Safety: | | | | |
| Law Enforcement: | | | | |
| Sheriff | 820,653.66 | | | 820,653.66 |
| County Jail | 659,522.23 | | 41,929.68 | 701,451.91 |
| Coroner | 14,058.95 | | | 14,058.95 |
| Juvenile Detention | 42,797.04 | | | 42,797.04 |
| Protective and Emergency Services: | | | | |
| Emergency and Disaster Services | | | 97,704.58 | 97,704.58 |
| Communication Center | | | 383,953.66 | 383,953.66 |
| Public Works: | | | | |
| Highways and Bridges: | | | | |
| Highways, Roads and Bridges | | 4,449,851.52 | | 4,449,851.52 |
| Health and Welfare: | | | | |
| Health Assistance: | | | | |
| County Nurse | 78,691.16 | | | 78,691.16 |
| Women, Infants and Children | 49,302.23 | | | 49,302.23 |
| Social Services: | | | | |
| Domestic Abuse | | | 3,000.00 | 3,000.00 |
| Mental Health Services: | | | | |
| Mentally Ill | 41,824.94 | | | 41,824.94 |
| Mental Health Centers | 70,139.20 | | | 70,139.20 |
| Culture and Recreation: | | | | |
| Recreation: | | | | |
| Recreational Programs | 10,000.00 | | | 10,000.00 |
| County Fair | 15,862.86 | | | 15,862.86 |

| | | | | |
|---|------------------------|-----------------------|---------------------|------------------------|
| Senior Center | 10,667.70 | | | 10,667.70 |
| Conservation of Natural Resources: | | | | |
| Soil Conservation: | | | | |
| County Extension | 20,852.06 | | | 20,852.06 |
| Soil Conservation Districts | 30,000.00 | | | 30,000.00 |
| Weed and Pest Control | 114,701.96 | | | 114,701.96 |
| Urban and Economic Development: | | | | |
| Urban Development: | | | | |
| Planning and Zoning | 16,861.00 | | | 16,861.00 |
| Intergovernmental Expenditures | | 53,222.84 | | 53,222.84 |
| Debt Service | 100,380.08 | | | 100,380.08 |
| Total Expenditures | <u>3,988,610.49</u> | <u>4,503,074.36</u> | <u>557,390.98</u> | <u>9,049,075.83</u> |
| Excess of Revenues Over (Under) Expenditures | <u>1,091,460.56</u> | <u>(2,124,069.49)</u> | <u>(284,399.90)</u> | <u>(1,317,008.83)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers In | | 1,829,989.00 | 225,431.39 | 2,055,420.39 |
| Transfers Out | (2,055,420.39) | | | (2,055,420.39) |
| Insurance Proceeds | 16,526.30 | 21,104.92 | | 37,631.22 |
| Total Other Financing Sources (Uses) | <u>(2,038,894.09)</u> | <u>1,851,093.92</u> | <u>225,431.39</u> | <u>37,631.22</u> |
| Net Change in Fund Balance | <u>(947,433.53)</u> | <u>(272,975.57)</u> | <u>(58,968.51)</u> | <u>(1,279,377.61)</u> |
| Fund Balance - Beginning | 4,653,902.61 | 360,595.68 | 133,554.18 | 5,148,052.47 |
| Adjustments: | | | | |
| Correction of Prior Year Apportionment Error (See Note 7) | <u>(49,492.57)</u> | | | <u>(49,492.57)</u> |
| Adjusted Fund Balance - Beginning | <u>4,604,410.04</u> | <u>360,595.68</u> | <u>133,554.18</u> | <u>5,098,559.90</u> |
| FUND BALANCE - ENDING | <u>\$ 3,656,976.51</u> | <u>\$ 87,620.11</u> | <u>\$ 74,585.67</u> | <u>\$ 3,819,182.29</u> |

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, 2020

| | Custodial Funds |
|---|----------------------------|
| ASSETS: | |
| Cash and Cash Equivalents | \$ 350,445.86 |
| TOTAL ASSETS | \$ 350,445.86 |
| NET POSITION: | |
| Restricted For: | |
| Individuals, Organizations, and Other Governments | \$ 350,445.86 |
| TOTAL NET POSITION | \$ 350,445.86 |

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

CHARLES MIX COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
For the Year Ended December 31, 2020

| | Custodial Funds |
|--|----------------------------|
| ADDITIONS: | |
| Property Tax Collections for Other Governments | \$ 10,130,704.83 |
| State Shared Revenue Collections for Other Governments | 2,776,687.14 |
| Other Additions | 14,509.52 |
| Total Additions | 12,921,901.49 |
| DEDUCTIONS: | |
| Payments of Property Tax to Other Governments | 10,195,918.76 |
| Payments of State Shared Revenue to Other Governments | 2,669,187.08 |
| Other Deductions | 11,200.00 |
| Total Deductions | 12,876,305.84 |
| Change in Net Position | 45,595.65 |
| Net Position - Beginning | 0.00 |
| Restatement - Implementation of GASB 84 (See Note 13) | 304,850.21 |
| Net Position - Beginning, as Restated | 304,850.21 |
| NET POSITION - ENDING | \$ 350,445.86 |

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, Courthouse Building, 24/7 Sobriety, and Modernization and Preservation Relief. These funds are reported on the fund financial statements as “Other Governmental Funds”.

Fiduciary Funds:

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

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

c. Measurement Focus and Basis of Accounting:

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

The County's basis of accounting is the modified cash basis, which is a basis of accounting other than USGAAP. Under USGAAP, transactions are recorded in the accounts when

revenues are earned and liabilities are incurred. Under the modified cash basis, transactions are recorded when cash is received or disbursed.

Measurement Focus:

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

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

Basis of Accounting:

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

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

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

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

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

d. Deposits and Investments:

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

e. Capital Assets:

Capital assets include land, buildings, improvements other than buildings, furnishings and equipment, construction/development in progress, infrastructure, intangible lease assets, and all other tangible or intangible assets that are used in operations and that have initial useful

lives extending beyond a single reporting period. *Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

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

f. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, Certificates of Participation.

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

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

g. Program Revenues:

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

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

h. Equity Classifications:

Government-wide Financial Statements:

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

1. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

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

Fund Financial Statements:

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

i. Application of Net Position:

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

j. Fund Balance Classification Policies and Procedures:

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

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

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

Wheel Taxes, Motor Vehicle Licenses, State Grants, and Federal 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, 2020**

| | <u>General Fund</u> | <u>Road and Bridge Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|---|---|
| Fund Balances: | | | | |
| Assigned To: | | | | |
| Applied to Next Year's Budget | \$ 229,772.00 | \$ | \$ | \$ 229,772.00 |
| Capital Outlay Purposes | 100,000.00 | | | 100,000.00 |
| Road and Bridge Purposes | 1,061,000.00 | 1,405,551.26 | | 2,466,551.26 |
| Emergency Management Purposes | | | 88,435.89 | 88,435.89 |
| Domestic Abuse Purposes | | | 6,347.23 | 6,347.23 |
| Courthouse Building Purposes | | | 16,656.88 | 16,656.88 |
| 24/7 Sobriety Purposes | | | 7,740.90 | 7,740.90 |
| Modernization and Preservation Relief Purposes | | | 4,858.76 | 4,858.76 |
| Unassigned | 2,225,732.13 | | | 2,225,732.13 |
| Total Fund Balances | <u>\$ 3,616,504.13</u> | <u>\$ 1,405,551.26</u> | <u>\$ 124,039.66</u> | <u>\$ 5,146,095.05</u> |

2. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2020, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities accounting standard. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this standard required that the County present a Statement of Changes in Fiduciary Net Position for Custodial Funds for 2020. The implementation of this standard required the County to reclassify previously reported agency funds as custodial funds. The implementation relates only to 2020. The impact to the County resulted in certain activities previously reported as fiduciary not being considered fiduciary under GASB 84. The effect of the implementation of this standard on beginning net position is disclosed in Note 13.

3. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

| | <u>Year Ended</u> <u>12/31/2019</u> |
|-----------------------------|--|
| Road and Bridge Fund: | |
| <u>Activity:</u> | |
| Highways, Roads and Bridges | \$ 327,091.70 |
| Courthouse Building Fund: | |
| <u>Activity:</u> | |
| General Government Building | \$ 12,323.51 |

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

The County will monitor the budgets more closely in the future and make the appropriate budget supplements or contingency transfers.

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

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

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

Investments – In general, SDCL 4-5-6 permits County funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or

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

| Transfers From: | Transfers To: | | Total |
|------------------------|----------------------|--------------------------|-----------------|
| | Road and Bridge Fund | Other Governmental Funds | |
| Major Funds: | | | |
| General Fund | \$ 1,829,989.00 | \$ 225,431.39 | \$ 2,055,420.39 |

The County typically budgets transfers to the Road and Bridge Fund (Major Fund) and the 911 Service Fund, the Emergency Management Fund, the Domestic Abuse Fund, the 24/7 Sobriety Fund, and the Modernization and Preservation Relief Fund (Other Governmental Funds) to conduct the indispensable functions of the County.

7. PRIOR PERIOD ADJUSTMENTS

Beginning Fund Balance of the General Fund has been adjusted to restate the effects of a prior year Refuge Revenue Sharing apportionment error. The County neglected to apportion these funds in 2016, 2017, and 2018. These funds were apportioned in 2019. The Beginning Fund Balance of the General Fund was adjusted in the amount of \$(49,492.57).

Beginning Net Position of the Governmental Activities was also adjusted for the same reason and in the same amount as stated above.

8. PENSION PLAN

Plan Information:

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

Benefits Provided:

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

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

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee’s contribution. The County’s share of contributions to the SDRS for the calendar years ended December 31, 2020, 2019, and 2018, equal to the required contributions each year, were as follows:

| Year | Amount |
|------|---------------|
| 2020 | \$ 133,296.23 |
| 2019 | \$ 140,822.54 |
| 2018 | \$ 130,361.07 |

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

At June 30, 2020, SDRS is 100.04% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the County as of this measurement period ending June 30, 2020 are as follows:

| | |
|--|----------------------|
| Proportionate share of total pension liability | \$ 12,996,105.40 |
| Less proportionate share of net position restricted for pension benefits | <u>13,000,696.78</u> |
| Proportionate share of net pension asset | <u>\$ (4,591.38)</u> |

The net pension asset was measured as of June 30, 2020 and the total pension liability used to calculate the net pension asset was based on a projection of the County's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the County's proportion was 0.1057196%, which is a decrease of 0.0008579% from its proportion measured as of June 30, 2019.

Actuarial Assumptions:

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------|---|
| Inflation | 2.25 percent |
| Salary Increases | 6.50% at entry to 3.00% after 25 years of service |
| Discount Rate | 6.50% net of plan investment expense |
| Future COLAs | 1.41% |

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2017, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 (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% | 5.1% |
| Fixed Income | 30.0% | 1.5% |
| Real Estate | 10.0% | 6.2% |
| Cash | <u>2.0%</u> | 1.0% |
| Total | <u>100%</u> | |

Discount Rate:

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to

the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

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

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

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|------------------------|--------------------------------------|------------------------|
| County's proportionate share of the net pension liability (asset) | \$ 1,781,151.72 | \$ (4,591.38) | \$ (1,465,294.07) |

Pension Plan Fiduciary Net Position:

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

9. 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, 2019 and December 31, 2020, audited financial information for this joint venture was not available.

10. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2020, the County was not involved in any litigation.

11. SIGNIFICANT CONTINGENCIES – FEDERALLY ASSISTED PROGRAMS – COMPLIANCE AUDITS

Testing for compliance with provisions of federal grants and contracts resulted in questioned costs totaling \$51,052.53. The ultimate resolution of the related compliance matters and the determination of the amounts of federal awards that must be repaid, if any, is up to the federal granting Custodian, and will be determined at a future date. The County believes that any amounts that may be required to be repaid to granting agencies is not material; and accordingly, has not made provision in the financial statements for any possible losses in connection herewith.

12. 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, 2020, the County managed its risks as follows:

Employee Health Insurance:

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

Liability Insurance:

The County joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The County’s responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the County. The County pays a Members’ Annual Operating Contribution, to provide liability coverage detailed below, under 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,
- Government Officials Liability,
- Automobile Liability,
- Law Enforcement Liability, and
- Property and Building Coverage

Effective January 1, 2019, the SDPAA revised the method of calculating the amount available to be refunded to a withdrawing member. Upon giving proper written notice to the SDPAA a member may withdraw. Within 120 days following withdrawal, or as soon thereafter as the next Annual Budget is completed, the SDPAA will advise the withdrawing member of its total calculated portion of contributions made to the SDPAA that shall be refunded. Refunds are calculated based on the pool’s total contributions, along with the member’s total contributions, current losses, unpaid losses, and loss expenses, the member’s loss ratio, and number of membership years.

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

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

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

The amount available for refund to the County is considered a deposit for financial reporting purposes.

As of December 31, 2020, the County's balance available to be refunded per the SDPAA was \$161,814.00, which was an increase of \$5,460.00 from the previous year.

The County carries various deductibles for the above coverages.

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

Worker's Compensation:

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

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

Unemployment Benefits:

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.

13. IMPLEMENTATION OF NEW STANDARD AND RESTATEMENT

As of January 1, 2020, the County implemented GASB Statement No. 84, *Fiduciary Activities* (GASB 84).

The County restated the net position of the Custodial Funds as indicated below to appropriately reflect the January 1, 2020 balances as follows:

| | <u>Net Position December 31, 2019 as Previously Stated</u> | <u>Restatement Implementation of GASB 84</u> | <u>Net Position January 1, 2020 as Restated</u> |
|-----------------|--|--|---|
| Custodial Funds | \$ 0.00 | \$ 304,850.21 | \$ 304,850.21 |

SUPPLEMENTARY INFORMATION
CHARLES MIX COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|--|-------------------------|---------------------|-----------------------|----------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| | | | | <u>Positive (Negative)</u> |
| Revenues: | | | | |
| Taxes: | | | | |
| General Property Taxes--Current | \$ 4,448,440.00 | \$ 4,448,440.00 | \$ 4,431,664.94 | \$ (16,775.06) |
| General Property Taxes--Delinquent | 6,438.00 | 6,438.00 | 3,051.81 | (3,386.19) |
| Penalties and Interest | 20,440.00 | 20,440.00 | 19,591.94 | (848.06) |
| Licenses and Permits | 10,930.00 | 10,930.00 | 11,563.00 | 633.00 |
| Intergovernmental Revenue: | | | | |
| Federal Grants | 1,000.00 | 1,000.00 | 420,185.92 | 419,185.92 |
| Federal Shared Revenue | 19,018.00 | 19,018.00 | 6,621.83 | (12,396.17) |
| Federal Payments in Lieu of Taxes | 54,443.00 | 54,443.00 | 57,756.00 | 3,313.00 |
| State Grants | 0.00 | 0.00 | 77,681.80 | 77,681.80 |
| State Shared Revenue: | | | | |
| Bank Franchise | 49,752.00 | 49,752.00 | 58,903.54 | 9,151.54 |
| Court Appointed Attorney/Public Defender | 0.00 | 0.00 | 8,957.53 | 8,957.53 |
| Telecommunications Gross Receipts Tax | 40,177.00 | 40,177.00 | 44,287.84 | 4,110.84 |
| Motor Vehicle 1/4% | 1,913.00 | 1,913.00 | 3,630.20 | 1,717.20 |
| Renewable Facility Tax | 37,037.00 | 37,037.00 | 40,858.68 | 3,821.68 |
| Liquor Tax Reversion (25%) | 25,000.00 | 25,000.00 | 49,849.20 | 24,849.20 |
| Charges for Goods and Services: | | | | |
| General Government: | | | | |
| Treasurer's Fees | 33,572.00 | 33,572.00 | 50,359.72 | 16,787.72 |
| Register of Deeds' Fees | 82,976.00 | 82,976.00 | 81,688.50 | (1,287.50) |
| Legal Services | 31,812.00 | 31,812.00 | 20,434.95 | (11,377.05) |
| Clerk of Courts Fees | 5,948.00 | 5,948.00 | 6,161.18 | 213.18 |
| Public Safety: | | | | |
| Law Enforcement | 113,349.00 | 113,349.00 | 133,513.98 | 20,164.98 |
| Prisoner Care | 93,826.00 | 93,826.00 | 38,768.82 | (55,057.18) |
| Health and Welfare: | | | | |
| Economic Assistance: | | | | |
| Poor Lien Recoveries | 8,000.00 | 8,000.00 | 11,147.44 | 3,147.44 |
| Veterans Service Officer | 2,813.00 | 2,813.00 | 2,812.50 | (0.50) |
| Health Assistance: | | | | |
| County Nurse | 600.00 | 600.00 | 0.00 | (600.00) |
| Women, Infants and Children | 33,121.00 | 33,121.00 | 33,310.00 | 189.00 |
| Conservation of Natural Resources | 8,230.00 | 8,230.00 | 2,679.21 | (5,550.79) |
| Fines and Forfeits: | | | | |
| Costs | 2,664.00 | 2,664.00 | 3,341.38 | 677.38 |
| Miscellaneous Revenue: | | | | |
| Investment Earnings | 8,750.00 | 8,750.00 | 35,867.93 | 27,117.93 |
| Rent | 1,730.00 | 1,730.00 | 1,115.00 | (615.00) |
| Refund of Prior Year's Expenditures | 0.00 | 0.00 | 5,520.00 | 5,520.00 |
| Other | 3,972.00 | 3,972.00 | 23,506.39 | 19,534.39 |
| Total Revenues | 5,145,951.00 | 5,145,951.00 | 5,684,831.23 | 538,880.23 |

Expenditures:

| | | | | |
|------------------------------------|------------|--------------|------------|------------|
| General Government: | | | | |
| Legislative: | | | | |
| Board of County Commissioners | 164,100.00 | 164,100.00 | 147,083.84 | 17,016.16 |
| Contingency | 175,000.00 | 175,000.00 | | |
| Amount Transferred | | (100,100.00) | | 74,900.00 |
| Elections | 90,650.00 | 90,650.00 | 60,841.10 | 29,808.90 |
| Judicial System | 128,000.00 | 128,000.00 | 95,902.98 | 32,097.02 |
| Financial Administration: | | | | |
| Auditor | 184,970.00 | 184,970.00 | 161,787.40 | 23,182.60 |
| Treasurer | 173,770.00 | 173,770.00 | 141,261.31 | 32,508.69 |
| Legal Services: | | | | |
| State's Attorney | 367,832.00 | 367,832.00 | 215,486.24 | 152,345.76 |
| Court Appointed Attorney | 290,000.00 | 290,000.00 | 238,333.77 | 51,666.23 |
| Abused and Neglected Child Defense | 60,500.00 | 60,500.00 | 41,474.59 | 19,025.41 |

SUPPLEMENTARY INFORMATION
CHARLES MIX COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2020
(Continued)

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|--|-------------------------|------------------------|------------------------|----------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| | | | | <u>Positive (Negative)</u> |
| Other General Government: | | | | |
| General Government Building | 359,717.00 | 359,717.00 | 239,154.66 | 120,562.34 |
| Director of Equalization | 220,058.00 | 220,058.00 | 171,413.80 | 48,644.20 |
| Register of Deeds | 140,800.00 | 140,800.00 | 122,088.83 | 18,711.17 |
| Veterans Service Officer | 35,186.00 | 35,186.00 | 27,312.65 | 7,873.35 |
| Predatory Animal | 7,800.00 | 7,800.00 | 7,797.87 | 2.13 |
| Insurance | 80,000.00 | 180,000.00 | 123,968.00 | 56,032.00 |
| Geographic Information System | 91,110.00 | 91,110.00 | 71,852.55 | 19,257.45 |
| Public Safety: | | | | |
| Law Enforcement: | | | | |
| Sheriff | 878,500.00 | 878,500.00 | 833,069.36 | 45,430.64 |
| County Jail | 674,000.00 | 674,000.00 | 583,774.27 | 90,225.73 |
| Coroner | 28,000.00 | 28,000.00 | 15,055.79 | 12,944.21 |
| Juvenile Detention | 135,000.00 | 135,000.00 | 85,032.11 | 49,967.89 |
| Health and Welfare: | | | | |
| Economic Assistance: | | | | |
| Support of Poor | 125,000.00 | 125,000.00 | 184.00 | 124,816.00 |
| Health Assistance: | | | | |
| County Nurse | 109,188.00 | 109,188.00 | 64,312.23 | 44,875.77 |
| Women, Infants and Children | 53,017.00 | 53,017.00 | 49,074.19 | 3,942.81 |
| Mental Health Services: | | | | |
| Mentally Ill | 85,000.00 | 85,000.00 | 60,837.75 | 24,162.25 |
| Mental Health Centers | 65,000.00 | 65,000.00 | 35,523.73 | 29,476.27 |
| Culture and Recreation: | | | | |
| Recreation: | | | | |
| Recreational Programs | 25,000.00 | 25,000.00 | 10,000.00 | 15,000.00 |
| County Fair | 24,250.00 | 24,250.00 | 11,677.76 | 12,572.24 |
| Senior Center | 9,900.00 | 9,900.00 | 9,900.00 | 0.00 |
| Conservation of Natural Resources: | | | | |
| Soil Conservation: | | | | |
| County Extension | 47,550.00 | 47,550.00 | 25,798.10 | 21,751.90 |
| Soil Conservation Districts | 25,000.00 | 25,000.00 | 25,000.00 | 0.00 |
| Weed and Pest Control | 203,439.00 | 203,439.00 | 108,143.02 | 95,295.98 |
| Urban and Economic Development: | | | | |
| Urban Development: | | | | |
| Planning and Zoning | 17,000.00 | 17,100.00 | 17,044.00 | 56.00 |
| Debt Service | 100,000.00 | 100,000.00 | 99,477.50 | 522.50 |
| Total Expenditures | <u>5,174,337.00</u> | <u>5,174,337.00</u> | <u>3,899,663.40</u> | <u>1,274,673.60</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(28,386.00)</u> | <u>(28,386.00)</u> | <u>1,785,167.83</u> | <u>1,813,553.83</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | (1,700,000.00) | (1,700,000.00) | (1,830,000.00) | (130,000.00) |
| Insurance Proceeds | 0.00 | 0.00 | 3,819.79 | 3,819.79 |
| Sale of County Property | 0.00 | 0.00 | 540.00 | 540.00 |
| Total Other Financing Sources (Uses) | <u>(1,700,000.00)</u> | <u>(1,700,000.00)</u> | <u>(1,825,640.21)</u> | <u>(125,640.21)</u> |
| Net Change in Fund Balance | (1,728,386.00) | (1,728,386.00) | (40,472.38) | 1,687,913.62 |
| Fund Balance - Beginning | <u>3,656,976.51</u> | <u>3,656,976.51</u> | <u>3,656,976.51</u> | <u>0.00</u> |
| FUND BALANCE - ENDING | <u>\$ 1,928,590.51</u> | <u>\$ 1,928,590.51</u> | <u>\$ 3,616,504.13</u> | <u>\$ 1,687,913.62</u> |

SUPPLEMENTARY INFORMATION
CHARLES MIX COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|--|-------------------------|------------------------|------------------------|----------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| | | | | <u>Positive (Negative)</u> |
| Revenues: | | | | |
| Taxes: | | | | |
| Penalties and Interest | \$ 0.00 | \$ 0.00 | \$ 15.42 | \$ 15.42 |
| Wheel Tax | 266,411.00 | 266,411.00 | 281,665.54 | 15,254.54 |
| Intergovernmental Revenue: | | | | |
| Federal Grants | 0.00 | 0.00 | 662,443.03 | 662,443.03 |
| State Grants | 290,000.00 | 290,000.00 | 341,645.97 | 51,645.97 |
| State Shared Revenue: | | | | |
| Motor Vehicle Licenses | 1,064,114.00 | 1,064,114.00 | 1,356,019.16 | 291,905.16 |
| Prorate License Fees | 68,247.00 | 68,247.00 | 74,764.84 | 6,517.84 |
| Secondary Road Remittances | 29,548.00 | 29,548.00 | 19,001.78 | (10,546.22) |
| Motor Fuel Tax | 7,541.00 | 7,541.00 | 7,398.38 | (142.62) |
| Charges for Goods and Services: | | | | |
| Public Works: | | | | |
| Road Maintenance Contract Charges | 10,000.00 | 10,000.00 | 3,987.97 | (6,012.03) |
| Other | 0.00 | 0.00 | 236.50 | 236.50 |
| Miscellaneous Revenue: | | | | |
| Investment Earnings | 1,083.00 | 1,083.00 | 11,419.29 | 10,336.29 |
| Rent | 875.00 | 875.00 | 875.00 | 0.00 |
| Other | 0.00 | 0.00 | 4,030.78 | 4,030.78 |
| Total Revenues | <u>1,737,819.00</u> | <u>1,737,819.00</u> | <u>2,763,503.66</u> | <u>1,025,684.66</u> |
| Expenditures: | | | | |
| Public Works: | | | | |
| Highways and Bridges: | | | | |
| Highways, Roads and Bridges | 4,058,864.00 | 4,058,864.00 | 3,147,818.63 | 911,045.37 |
| Intergovernmental Expenditures | 65,000.00 | 65,000.00 | 54,345.59 | 10,654.41 |
| Total Expenditures | <u>4,123,864.00</u> | <u>4,123,864.00</u> | <u>3,202,164.22</u> | <u>921,699.78</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(2,386,045.00)</u> | <u>(2,386,045.00)</u> | <u>(438,660.56)</u> | <u>1,947,384.44</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 1,600,000.00 | 1,600,000.00 | 1,600,000.00 | 0.00 |
| Long-Term Debt Issued | 1,185.00 | 1,185.00 | 0.00 | (1,185.00) |
| Insurance Proceeds | 3,617.00 | 3,617.00 | 5,391.71 | 1,774.71 |
| Sale of County Property | 300,000.00 | 300,000.00 | 151,200.00 | (148,800.00) |
| Total Other Financing Sources (Uses) | <u>1,904,802.00</u> | <u>1,904,802.00</u> | <u>1,756,591.71</u> | <u>(148,210.29)</u> |
| Net Change in Fund Balance | (481,243.00) | (481,243.00) | 1,317,931.15 | 1,799,174.15 |
| Fund Balance - Beginning | 87,620.11 | 87,620.11 | 87,620.11 | 0.00 |
| FUND BALANCE - ENDING | <u>\$ (393,622.89)</u> | <u>\$ (393,622.89)</u> | <u>\$ 1,405,551.26</u> | <u>\$ 1,799,174.15</u> |

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

| | Budgeted Amounts | | Actual Amounts | Variance with |
|--|---------------------|---------------------|---------------------|---------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| Revenues: | | | | |
| Taxes: | | | | |
| General Property Taxes--Current | \$ 4,500,000.00 | \$ 4,500,000.00 | \$ 4,268,318.72 | \$ (231,681.28) |
| General Property Taxes--Delinquent | 10,000.00 | 10,000.00 | 7,033.77 | (2,966.23) |
| Penalties and Interest | 17,739.00 | 17,739.00 | 16,594.61 | (1,144.39) |
| Tax Deed Revenue | 0.00 | 0.00 | 5,193.25 | 5,193.25 |
| Licenses and Permits | 12,159.00 | 12,159.00 | 9,578.00 | (2,581.00) |
| Intergovernmental Revenue: | | | | |
| Federal Grants | 0.00 | 0.00 | 3,801.40 | 3,801.40 |
| Federal Shared Revenue | 25,000.00 | 25,000.00 | 20,212.00 | (4,788.00) |
| Federal Payments in Lieu of Taxes | 52,514.50 | 52,514.50 | 57,941.00 | 5,426.50 |
| State Grants | 0.00 | 0.00 | 8,605.84 | 8,605.84 |
| State Shared Revenue: | | | | |
| Bank Franchise | 49,611.78 | 49,611.78 | 49,863.87 | 252.09 |
| Court Appointed Attorney/Public Defender | 0.00 | 0.00 | 6,945.66 | 6,945.66 |
| Telecommunications Gross Receipts Tax | 46,322.26 | 46,322.26 | 33,366.59 | (12,955.67) |
| Motor Vehicle 1/4% | 3,067.78 | 3,067.78 | 3,391.26 | 323.48 |
| Renewable Facility Tax | 47,965.31 | 47,965.31 | 40,952.41 | (7,012.90) |
| Liquor Tax Reversion (25%) | 40,963.00 | 40,963.00 | 46,934.97 | 5,971.97 |
| Charges for Goods and Services: | | | | |
| General Government: | | | | |
| Treasurer's Fees | 28,181.05 | 28,181.05 | 43,659.36 | 15,478.31 |
| Register of Deeds' Fees | 80,415.34 | 80,415.34 | 84,446.00 | 4,030.66 |
| Legal Services | 53,587.90 | 53,587.90 | 36,246.32 | (17,341.58) |
| Clerk of Courts Fees | 5,906.27 | 5,906.27 | 5,797.57 | (108.70) |
| Public Safety: | | | | |
| Law Enforcement | 99,964.02 | 99,964.02 | 134,645.12 | 34,681.10 |
| Prisoner Care | 119,589.80 | 119,589.80 | 107,570.70 | (12,019.10) |
| Health and Welfare: | | | | |
| Economic Assistance: | | | | |
| Poor Lien Recoveries | 6,232.98 | 6,232.98 | 5,978.25 | (254.73) |
| Veterans Service Officer | 2,812.50 | 2,812.50 | 2,812.50 | 0.00 |
| Health Assistance: | | | | |
| County Nurse | 851.34 | 851.34 | 0.00 | (851.34) |
| Women, Infants and Children | 32,289.38 | 32,289.38 | 37,939.49 | 5,650.11 |
| Conservation of Natural Resources | 15,663.24 | 15,663.24 | 9,540.20 | (6,123.04) |
| Fines and Forfeits: | | | | |
| Costs | 2,902.00 | 2,902.00 | 2,965.05 | 63.05 |
| Miscellaneous Revenue: | | | | |
| Investment Earnings | 15,273.90 | 15,273.90 | 15,531.84 | 257.94 |
| Rent | 1,830.00 | 1,830.00 | 1,925.00 | 95.00 |
| Refund of Prior Year's Expenditures | 12,264.32 | 12,264.32 | 7,333.76 | (4,930.56) |
| Other | 5,000.00 | 5,000.00 | 4,946.54 | (53.46) |
| Total Revenues | 5,288,106.67 | 5,288,106.67 | 5,080,071.05 | (208,035.62) |
| Expenditures: | | | | |
| General Government: | | | | |
| Legislative: | | | | |
| Board of County Commissioners | 150,500.00 | 150,500.00 | 123,129.46 | 27,370.54 |
| Contingency | 175,000.00 | 175,000.00 | | |
| Amount Transferred | | (175,000.00) | | 0.00 |
| Elections | 8,500.00 | 8,500.00 | 6,325.89 | 2,174.11 |
| Judicial System | 130,500.00 | 130,500.00 | 80,616.96 | 49,883.04 |
| Financial Administration: | | | | |
| Auditor | 177,543.00 | 177,543.00 | 153,006.70 | 24,536.30 |
| Treasurer | 167,250.00 | 167,250.00 | 142,690.66 | 24,559.34 |
| Legal Services: | | | | |
| State's Attorney | 350,359.00 | 350,359.00 | 315,596.82 | 34,762.18 |
| Court Appointed Attorney | 290,000.00 | 290,000.00 | 167,348.90 | 122,651.10 |

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

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|---|-------------------------|------------------------|------------------------|----------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| | | | | <u>Positive (Negative)</u> |
| Abused and Neglected Child Defense | 60,500.00 | 60,500.00 | 37,452.80 | 23,047.20 |
| Other General Government: | | | | |
| General Government Building | 382,495.00 | 382,495.00 | 250,906.03 | 131,588.97 |
| Director of Equalization | 261,765.00 | 261,765.00 | 194,871.58 | 66,893.42 |
| Register of Deeds | 122,200.00 | 122,200.00 | 120,633.60 | 1,566.40 |
| Veterans Service Officer | 38,075.00 | 40,257.50 | 26,407.16 | 13,850.34 |
| Predatory Animal | 7,800.00 | 7,800.00 | 7,797.87 | 2.13 |
| Insurance | 80,000.00 | 195,725.92 | 195,725.92 | 0.00 |
| Geographic Information System | 88,775.00 | 88,775.00 | 69,785.07 | 18,989.93 |
| Public Safety: | | | | |
| Law Enforcement: | | | | |
| Sheriff | 895,000.00 | 895,000.00 | 820,653.66 | 74,346.34 |
| County Jail | 725,000.00 | 725,000.00 | 659,522.23 | 65,477.77 |
| Coroner | 27,400.00 | 27,400.00 | 14,058.95 | 13,341.05 |
| Juvenile Detention | 135,000.00 | 135,000.00 | 42,797.04 | 92,202.96 |
| Health and Welfare: | | | | |
| Economic Assistance: | | | | |
| Support of Poor | 125,000.00 | 125,000.00 | 0.00 | 125,000.00 |
| Health Assistance: | | | | |
| County Nurse | 105,785.00 | 105,785.00 | 78,691.16 | 27,093.84 |
| Women, Infants and Children | 50,125.00 | 50,125.00 | 49,302.23 | 822.77 |
| Mental Health Services: | | | | |
| Mentally Ill | 110,000.00 | 110,000.00 | 41,824.94 | 68,175.06 |
| Mental Health Centers | 38,250.00 | 70,139.20 | 70,139.20 | 0.00 |
| Culture and Recreation: | | | | |
| Recreation: | | | | |
| Recreational Programs | 25,000.00 | 25,000.00 | 10,000.00 | 15,000.00 |
| County Fair | 21,750.00 | 21,750.00 | 15,862.86 | 5,887.14 |
| Senior Center | 11,500.00 | 11,500.00 | 10,667.70 | 832.30 |
| Conservation of Natural Resources: | | | | |
| Soil Conservation: | | | | |
| County Extension | 48,900.00 | 48,900.00 | 20,852.06 | 28,047.94 |
| Soil Conservation Districts | 30,000.00 | 30,000.00 | 30,000.00 | 0.00 |
| Weed and Pest Control | 206,150.00 | 206,150.00 | 114,701.96 | 91,448.04 |
| Urban and Economic Development: | | | | |
| Urban Development: | | | | |
| Planning and Zoning | 17,000.00 | 17,000.00 | 16,861.00 | 139.00 |
| Debt Service | 100,500.00 | 100,500.00 | 100,380.08 | 119.92 |
| Total Expenditures | <u>5,163,622.00</u> | <u>5,138,419.62</u> | <u>3,988,610.49</u> | <u>1,149,809.13</u> |
| Excess of Revenues Over (Under) Expenditures | <u>124,484.67</u> | <u>149,687.05</u> | <u>1,091,460.56</u> | <u>941,773.51</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | (1,670,125.00) | (1,670,125.00) | (2,055,420.39) | (385,295.39) |
| Insurance Proceeds | 42,856.00 | 42,856.00 | 16,526.30 | (26,329.70) |
| Total Other Financing Sources (Uses) | <u>(1,627,269.00)</u> | <u>(1,627,269.00)</u> | <u>(2,038,894.09)</u> | <u>(411,625.09)</u> |
| Net Change in Fund Balance | <u>(1,502,784.33)</u> | <u>(1,477,581.95)</u> | <u>(947,433.53)</u> | <u>530,148.42</u> |
| Fund Balance - Beginning | 4,653,902.61 | 4,653,902.61 | 4,653,902.61 | 0.00 |
| Adjustments: | | | | |
| Correction of Prior Year Apportionment Errors | 0.00 | 0.00 | (49,492.57) | (49,492.57) |
| Adjusted Fund Balance - Beginning | <u>4,653,902.61</u> | <u>4,653,902.61</u> | <u>4,604,410.04</u> | <u>(49,492.57)</u> |
| FUND BALANCE - ENDING | <u>\$ 3,151,118.28</u> | <u>\$ 3,176,320.66</u> | <u>\$ 3,656,976.51</u> | <u>\$ 480,655.85</u> |

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

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|-----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Taxes: | | | | |
| General Property Taxes--Current | \$ 0.00 | \$ 0.00 | \$ 14,889.71 | \$ 14,889.71 |
| Penalties and Interest | 10.81 | 10.81 | 10.81 | 0.00 |
| Wheel Tax | 260,036.19 | 260,036.19 | 275,629.88 | 15,593.69 |
| Intergovernmental Revenue: | | | | |
| State Grants | 289,872.74 | 289,872.74 | 658,041.20 | 368,168.46 |
| State Shared Revenue: | | | | |
| Motor Vehicle Licenses | 1,334,312.22 | 1,334,312.22 | 1,314,312.22 | (20,000.00) |
| Prorate License Fees | 78,711.81 | 78,711.81 | 73,367.81 | (5,344.00) |
| 63 3/4% Mobile Home | 4,929.60 | 4,929.60 | 4,929.60 | 0.00 |
| Secondary Road Remittances | 34,982.65 | 34,982.65 | 20,217.51 | (14,765.14) |
| Motor Fuel Tax | 7,540.97 | 7,540.97 | 7,540.97 | 0.00 |
| Charges for Goods and Services: | | | | |
| Public Safety: | | | | |
| Other | 3,230.07 | 3,230.07 | 3,230.07 | 0.00 |
| Public Works: | | | | |
| Road Maintenance Contract Charges | 568,858.24 | 568,858.24 | 5,744.78 | (563,113.46) |
| Miscellaneous Revenue: | | | | |
| Investment Earnings | 205.31 | 205.31 | 205.31 | 0.00 |
| Rent | 2,080.00 | 2,080.00 | 875.00 | (1,205.00) |
| Refund of Prior Year's Expenditures | 0.00 | 0.00 | 10.00 | 10.00 |
| Total Revenues | <u>2,584,770.61</u> | <u>2,584,770.61</u> | <u>2,379,004.87</u> | <u>(205,765.74)</u> |
| Expenditures: | | | | |
| Public Works: | | | | |
| Highways and Bridges: | | | | |
| Highways, Roads and Bridges | 4,109,178.00 | 4,122,759.82 | 4,449,851.52 | (327,091.70) |
| Intergovernmental Expenditures | 65,000.00 | 65,000.00 | 53,222.84 | 11,777.16 |
| Total Expenditures | <u>4,174,178.00</u> | <u>4,187,759.82</u> | <u>4,503,074.36</u> | <u>(315,314.54)</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(1,589,407.39)</u> | <u>(1,602,989.21)</u> | <u>(2,124,069.49)</u> | <u>(521,080.28)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 1,217,394.00 | 1,217,394.00 | 1,829,989.00 | 612,595.00 |
| Long-Term Debt Issued | 10.00 | 10.00 | 0.00 | (10.00) |
| Insurance Proceeds | 21,104.92 | 21,104.92 | 21,104.92 | 0.00 |
| Total Other Financing Sources (Uses) | <u>1,238,508.92</u> | <u>1,238,508.92</u> | <u>1,851,093.92</u> | <u>612,585.00</u> |
| Net Change in Fund Balance | <u>(350,898.47)</u> | <u>(364,480.29)</u> | <u>(272,975.57)</u> | <u>91,504.72</u> |
| Fund Balance - Beginning | <u>360,595.68</u> | <u>360,595.68</u> | <u>360,595.68</u> | <u>0.00</u> |
| FUND BALANCE - ENDING | <u>\$ 9,697.21</u> | <u>\$ (3,884.61)</u> | <u>\$ 87,620.11</u> | <u>\$ 91,504.72</u> |

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 Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| County's proportion of the net pension liability/asset | 0.1057196% | 0.1065775% | 0.1056157% | 0.1043183% | 0.1016361% | 0.1046256% | 0.1082785% |
| County's proportionate share of net pension liability (asset) | \$ (4,591) | \$ (11,294) | \$ (2,463) | \$ (9,467) | \$ 343,317 | \$ (443,747) | \$ (780,102) |
| County's covered payroll | \$ 2,212,027 | \$ 2,169,363 | \$ 2,100,568 | \$ 2,018,777 | \$ 1,844,846 | \$ 1,834,205 | \$ 1,820,673 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 0.21% | 0.52% | 0.12% | 0.47% | 18.61% | 24.19% | 42.85% |
| 50 Plan fiduciary net position as a percentage of the total pension liability (asset) | 100.04% | 100.09% | 100.02% | 100.10% | 96.89% | 104.10% | 107.30% |

* The amounts presented for each 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 from Prior Valuation

The June 30, 2020 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2019 Actuarial Valuation. One change in actuarial assumptions and two plan provision changes are reflected and described below.

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

Benefit Provision Changes

Legislation enacted in 2020 established a Qualified Benefit Preservation Arrangement (QBPA) under Section 415(m) of the Internal Revenue Code (IRC). The QBPA is effective July 1, 2020 and pays a portion of SDRS benefits that are restricted by IRC Section 415(b). The total benefits paid from SDRS and the QBPA will be limited to the applicable 415(b) annual limit, unreduced for early commencement if Members retire prior to age 62 and actuarially increased for late retirement up to age 70 if Members retire after age 65. The Actuarial Valuation considers benefits payable from both SDRS and the QBPA.

Legislation enacted in 2020 also brought the assets and the liabilities of the South Dakota Department of Labor and Regulation Plan into SDRS effective July 1, 2020. With the exception of the accounting results presented in Section 6 of this report, all exhibits include the assets, liabilities, and member counts of the former Department of Labor and Regulation Plan Members.

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2019 and exists again this year as of June 30, 2020. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.88% as of June 30, 2019 and is 1.41% as of June 30, 2020.

The changes in actuarial assumptions due to the 1.41% restricted maximum COLA decreased the Actuarial Accrued Liability by \$595 million, or 4.6% of the Actuarial Accrued Liability based on the 1.88% restricted maximum COLA.

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

Actuarial Method Changes

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

**SUPPLEMENTARY INFORMATION
CHARLES MIX COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Two Years Ended December 31, 2020**

| Federal Grantor/Pass-Through Grantor Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Total Federal Expenditures 2019 | Total Federal Expenditures 2020 |
|---|--------------------------------------|---|------------------------------------|---------------------------------------|---------------------------------------|
| US Department of Interior - Direct Programs: Bureau of Land Management, Payments in Lieu of Taxes (Note 3) | 15.226 | | \$ | \$ 57,941.00 | \$ 57,756.00 |
| Total US Department of the Interior | | | 0.00 | 57,941.00 | 57,756.00 |
| US Department of Justice - Pass-Through Programs: SD Department of Corrections, Juvenile Justice and Delinquency Prevention Municipality of Lake Andes, Edward Byrne Memorial Justice Assistance Grant Program | 16.540 16.738 | | | 2,616.30 | 5,550.22 42,755.00 |
| Total US Department of Justice | | | 0.00 | 2,616.30 | 48,305.22 |
| Highway Planning and Construction Cluster: US Department of Transportation - Pass-Through Programs: SD Department of Transportation, Highway Planning and Construction (Note 4) | 20.205 | ER6165(03)-07FD | | 622,456.56 | |
| Total Highway Planning and Construction Cluster | | | 0.00 | 622,456.56 | 0.00 |
| Total US Department of Transportation | | | 0.00 | 622,456.56 | 0.00 |
| US Department of Treasury - Pass-Through Programs: SD Bureau of Finance and Management, Coronavirus Relief Fund (Note 4) | 21.019 | | | | 779,827.26 |
| Total US Department of Treasury | | | 0.00 | 0.00 | 779,827.26 |
| US General Services Administration - Pass-Through Programs: SD Federal Property Agency, Donation of Federal Surplus Personal Property (Note 5) | 39.003 | | | 1,774.30 | 203.45 |
| Total US General Services Administration | | | 0.00 | 1,774.30 | 203.45 |
| US Elections Assistance Commission - Pass-Through Programs: SD Secretary of State, Help America Vote Act Requirements Payments COVID-19 Help America Vote Act Requirements Payments | 90.401 90.401 | | | | 8,627.67 4,311.29 |
| Total US Elections Assistance Commission | | | 0.00 | 0.00 | 12,938.96 |
| US Department of Homeland Security - Pass-Through Programs: SD Department of Public Safety - Office of Emergency Management, Disaster Grants-Public Assistance (Presidentially Declared Disasters) Emergency Management Performance Grants BRIC: Building Resilient Infrastructure and Communities Homeland Security Grant Program | 97.036 97.042 97.047 97.067 | 4440DR-SD, 4469DR-SD EMD-2019-EP-00001-S01 19-HLS-020 | | 610,211.13 16,838.40 55,226.00 | 109,169.45 6,000.00 |
| Total US Department of Homeland Security | | | 0.00 | 682,275.53 | 115,169.45 |
| GRAND TOTAL | | | \$ 0.00 | \$ 1,367,063.69 | \$ 1,014,200.34 |

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the County under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Federal Reimbursement

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

Note 4: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.

Note 5: Federal Surplus Property

The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the County.

**SUPPLEMENTARY INFORMATION
CHARLES MIX COUNTY
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Two Years Ended December 31, 2020**

| <u>Indebtedness</u> | <u>Long-Term Debt January 1, 2019</u> | <u>Add New Debt</u> | <u>Less Debt Retired</u> | <u>Long-Term Debt December 31, 2020</u> |
|-------------------------------------|---|-----------------------------|----------------------------------|---|
| Governmental Long-Term Debt: | | | | |
| Certificates of Participation | \$ 1,440,000.00 | \$ | \$ (120,000.00) | \$ 1,320,000.00 |

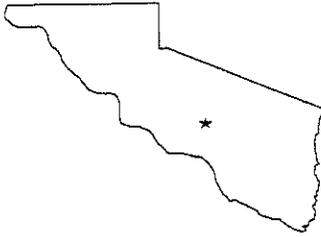
Note 1 - Long-Term Debt:

Debt payable at December 31, 2020 is comprised of the following:

Certificates of Participation:

Certificates of Participation, Series 2017 (Limited Tax General Obligation Certificate), annual payments of principle and interest rates ranging from 1.7% to 4.0%. Payments made from the General Fund. These payments began in June 2018 and will continue until June 2037.

\$ 1,320,000.00



Charles Mix County Auditor

Jason Gant, Auditor

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July 14, 2022

Management's Response to Auditor's Findings and Corrective Action Plan

Prepared by Charles Mix County

INTRODUCTION

Charles Mix County and its Board of County Commissioners (County) submits this Response to the South Dakota Department of Legislative Audit's (DLA) Audit Report for the two fiscal years ended December 31, 2020.

The audit report provided two findings and recommendations for the County going forward. The County and the Board take these findings and recommendations very seriously and thank the DLA for its assistance.

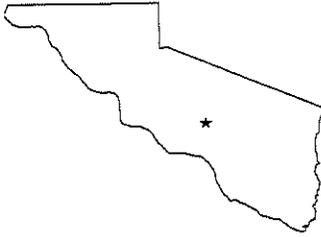
CORRECTIVE ACTION PLAN

Responsible Individuals: The individuals responsible for corrective action and resolution of the following audit findings are, Jason Gant, County Auditor and Doug Cimpl, Highway Superintendent.

Summary of Finding No. 2020-001 – Non-compliance with Federal Reimbursement Rates: The County and the SDDOT incorrectly applied a reimbursement rate of 100% to costs incurred after 180 days, which should have been reimbursed at a rate of 81.95%. As a result, the County was over-reimbursed by the SDDOT in the amount of \$51,052.53, which resulted in questioned costs related to the Emergency Relief Program in the same amount.

Corrective Action Plan: The County takes compliance with grant regulations very seriously. The County will communicate with the South Dakota Department of Transportation to resolve the over-reimbursement issue noted in the finding. The County will also assure that County personnel are informed of the requirements related to the emergency relief project requirements. The County will also purchase a new cost accounting software program for the Highway Department to assist in organizing all costs as well as reimbursable costs.

Anticipated Completion Date: December 31, 2022



Charles Mix County Auditor

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Summary of Finding No. 2020-002 Financial Reporting Errors: Internal accounting controls over financial reporting were inadequate resulting in inaccurate information being presented to users of the annual financial reports.

Corrective Action Plan: The County takes compliance with state regulations seriously. Unfortunately, the County has not been able to complete the necessary financial documents consistently and accurately in the proper format which has caused audit reviews from state auditors as well as inaccurate financial information published to the public. The County requests from Department of Legislative Audit additional assistance in reforming the current accounting system and practices to ensure that future audits and financial publications are accurate and comply with state audit rules and regulations.

Anticipated Completion Date: Ongoing, as the County has concerns about the upcoming 2021 and 2022 financial audit as it is taking time to implement necessary policy changes to streamline the accounting functions that will hopefully strengthen internal controls to coincide with state audit rules and regulations. The County is hopeful that the 2023 and 2024 audit will fair much better than past audits.

Sincerely,



Nick Stotz
Commission Chairman



Jason Gant
County Auditor