

WALWORTH COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2019



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

**WALWORTH COUNTY
COUNTY OFFICIALS
December 31, 2019**

Board of Commissioners:

**Scott Schilling
James Houck
Kevin Holgard
Marion Schlomer
Davis Martin**

**Auditor:
Rebecca Krein**

**Treasurer:
Nyla Moak**

**State's Attorney:
Jaime Hare**

**Register of Deeds:
Casi Thomason**

**Sheriff:
Josh Boll**

WALWORTH COUNTY
TABLE OF CONTENTS

Page

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	1
Schedule of Prior Audit Findings	3
Schedule of Current Audit Findings	3
Independent Auditor's Report	9

Basic Financial Statements

Government-wide Financial Statements:

As of December 31, 2019:

Statement of Net Position--Modified Cash Basis	11
--	----

For the Year Ended December 31, 2019:

Statement of Activities--Modified Cash Basis	12
--	----

For the Year Ended December 31, 2018:

Statement of Activities--Modified Cash Basis	13
--	----

Fund Financial Statements:

Governmental Funds

As of December 31, 2019:

Balance Sheet--Modified Cash Basis	14
--	----

For the Year Ended December 31, 2019:

Statement of Revenues, Expenditures and Changes in Fund Balances--Modified Cash Basis	16
---	----

For the Year Ended December 31, 2018:

Statement of Revenues, Expenditures and Changes in Fund Balances--Modified Cash Basis	20
---	----

Proprietary Funds

As of December 31, 2019:

Statement of Net Position--Modified Cash Basis	24
--	----

For the Year Ended December 31, 2019:

Statement of Revenues, Expenses and Changes in Net Position--Modified Cash Basis	25
--	----

For the Year Ended December 31, 2018:

Statement of Revenues, Expenses and Changes in Net Position--Modified Cash Basis.....	26
---	----

Fiduciary Funds

As of December 31, 2019:

Statement of Fiduciary Net Position--Modified Cash Basis.....	27
---	----

Notes to the Modified Cash Basis Financial Statements.....	28
--	----

Supplementary Information:

For the Year Ended December 31, 2019:

Budgetary Comparison Schedule--Modified Cash Basis--General Fund.....	47
---	----

Budgetary Comparison Schedule--Modified Cash Basis--Road and Bridge Fund.....	49
---	----

For the Year Ended December 31, 2018:

Budgetary Comparison Schedule--Modified Cash Basis--General Fund.....	50
---	----

Budgetary Comparison Schedule--Modified Cash Basis--Road and Bridge Fund.....	52
---	----

Notes to the Supplementary Information – Budgetary Comparison Schedules.....	53
--	----

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset).....	54
--	----

Notes to the Supplementary Information – Pension Schedules.....	55
---	----

Schedule of Changes in Long-Term Debt.....	56
--	----



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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
Walworth County
Selby, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Walworth County, South Dakota (County), as of December 31, 2019, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We consider the deficiency described in the accompanying Schedule of Current Audit Findings as item No. 2019-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Current Audit Findings as item No. 2019-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Current Audit Findings as items No. 2019-003 and No. 2019-004.

County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. 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

August 3, 2021

WALWORTH COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Findings:

Finding No. 2017-001:

Internal accounting controls over financial reporting were inadequate resulting in inaccurate and incomplete information being present to the users of the annual financial report. This finding has not been resolved and is restated as Current Audit Finding No. 2019-001.

Finding No. 2017-002:

The County's internal controls over cash assets were inadequate resulting in diminished assurance that the County's financial transactions were properly recorded, and its assets were adequately safeguarded. This finding has not been resolved and is restated as Current Audit Finding No. 2019-002.

Finding No. 2017-003:

Deficiencies in internal accounting control and record keeping in the Sheriff's Department resulting in a diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded. This finding has been resolved.

Finding No. 2017-004:

The County did not comply with several South Dakota Codified Law's governing the operations of the County. This finding has been substantially resolved.

SCHEDULE OF CURRENT AUDIT FINDINGS

Current Audit Findings:

Internal Control-Related Findings – Material Weakness:

Financial Reporting Errors

Finding No. 2019-001:

Criteria:

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

Condition:

The County does not have an internal control system designed to provide for the preparation of the annual financial reports in accordance with the modified cash basis of accounting. We noted numerous significant reporting errors within the annual reports prepared by the County. This is the fourth consecutive audit in which a similar finding was noted.

Context:

We noted the following significant errors in the County's annual financial reports for the years ended December 31, 2018 and December 31, 2019.

- a. The 2019 Statement of Net Position contained the following significant errors:
 - Governmental Activities – Net Position contained reporting errors totaling \$3,634,144.28.
 - Governmental Activities – Restricted Cash and Cash Equivalents was overstated \$631,263.67.
- b. The 2019 Statement of Activities contained the following significant error:
 - Governmental Activities – Operating Grants and Contributions – General Government Program Revenue was overstated \$546,867.53.
- c. The 2019 Governmental Funds – Balance Sheet contained the following significant errors:
 - General Fund – Fund Balance contained reporting errors totaling \$461,255.00.
 - General Fund – Balance Sheet did not balance, a \$2,710.44 variance existed between total Assets and total Fund Balance.
 - Road and Bridge Fund – Fund Balance contained reporting errors totaling \$666,222.31.
 - Road and Bridge Fund – Restricted Cash was overstated by \$623,301.34.
- d. The 2019 Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances contained the following significant error:
 - Road and Bridge Fund – State Grant revenue totaling \$262,541.68 was incorrectly reported as Miscellaneous Revenue – Other.
- e. The 2019 Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position contained the following significant error:
 - A \$17,720.37 variance existed between Ending Net Position on the Statement of Revenues, Expenses and Changes in Net Position and total Net Position on the Statement of Net Position.
- f. The 2018 Statement of Activities contained the following significant error:
 - Governmental Activities – Operating Grants and Contributions – General Government Program Revenue was overstated \$652,819.62.
- g. The 2018 Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances contained the following significant error:
 - The 2018 Statement of Revenues, Expenditures and Changes in Fund Balances contained an unexplained adjustment to reduce beginning fund balance of the Road and Bridge Fund by \$9,592.00 and increase beginning fund balance of the Other Governmental Funds by \$9,592.00. The reported adjustments were not necessary.

Reporting errors, such as those noted above, are often the result of incorrect manual entries to the accounting system. The December 31, 2019 General Fund and Solid Waste Fund accounting system Balance Sheet Report did not balance due to an incorrect manual adjusting entry made to the accounting system for payroll benefit expenses. For the General Fund, in the accounting system, a \$2,710.44 variance exists between total Assets and total Fund Balance. For the Solid Waste Fund, in the accounting system, a \$7,659.30 variance exists between total Assets and total Fund Balance.

Our review of internal controls over manual adjusting journal entries to the accounting system made by the County Auditor's Department indicated several had no evidence of independent review by someone knowledgeable with the entry. As a result, the County was exposed to an increased risk of accounting errors or irregularities not being detected in a timely manner.

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

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.

Recommendations:

1. We recommend the County Strengthen internal accounting controls over financial reporting.
2. We recommend the County institute an independent review of all manual adjusting journal entries, to include changes to beginning account balances and changes made to miscellaneous receipts.

Views of responsible officials:

The County Auditor will have the software company assist with balancing, resetting the accounting system balances in order move forward.

Internal Control-Related Findings – Significant Deficiency:

Cash Internal Control Deficiencies

Finding No. 2019-002:

Criteria:

The County should have internal controls over the cash and investments reconciliation and reporting process between the County Auditor and County Treasurer to provide assurance that the County's financial transactions are properly recorded, and its assets are adequately safeguarded.

Condition:

Internal controls serve as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws; regulations, and provisions of contracts and grants agreements; or abuse.

The County's internal controls over the cash and investments reconciliation and reporting process between the County Auditor and County Treasurer were inadequate resulting in diminished assurance that the County's financial transactions were properly recorded, and its assets were adequately safeguarded.

The County Auditor's General Ledger cash balances did not reconcile to the Treasurer's Daily Balance Record. We noted month end variances between the General Ledger and the Daily Balance Record fluctuated from month to month. The December 31, 2019 variance between the two records was \$6,994.94.

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

Effect:

The County was exposed to an increased risk of accounting error or irregularities not being detected in a timely manner. The County was also exposed to greater risk that management decisions could be made using inaccurate cash and investment balances.

Cause:

The County does not have an internal control system in place to resolve month-end variances between the two departments in a timely manner.

Recommendation:

3. We recommend the County Auditor and County Treasurer take the necessary steps to reconcile differences between the General Ledger cash and investments balances and the Daily Balance Record on a monthly basis.

Views of responsible officials:

The County Auditor and County Treasurer are now and will continue to reconcile their accounting ledger on a monthly basis.

Compliance and Other Matters:

Unfunded Cash Reserves

Finding No. 2019-003:

Criteria:

South Dakota Codified Law (SDCL) 31-12-27 states: "Each board of county commissioners may levy annual a tax upon the taxable property within the county not included in any municipality, organized civil township, or county road district organized pursuant to chapter 31-12A, to carry out the provisions of 31-12-26. If a county levies a tax, the tax shall be certified, become payable and delinquent, and if not paid, shall draw interest and penalty as other county taxes. The tax shall be used for such purposes."

Condition:

The County improperly expended \$38,845.31 in Secondary Road Reserve Funds in violation of SDCL 31-12-27.

Compliance worksheets which track unspent Secondary Road Reserve Funds were not completed to determine the cash needed to fund the Secondary Road Reserve in the Road and Bridge Fund. There were also no cash transfers made from the General Fund to the Road and Bridge Fund in calendar years 2018 and 2019. These factors contributed to the County improperly expending \$38,845.31 of Secondary Road Reserve Funds in violation of SDCL 31-12-27.

Context:

During calendar years 2018 and 2019 the County had expenditures in the Road and Bridge Fund that were greater than the amount of available unreserved funds. As a result, the balance of the Secondary Road Reserve was depleted below the required reserve balance.

The required Secondary Road Reserve as of December 31, 2019 was \$1,091,023.82. However, the cash balance of the entire Road and Bridge Fund at December 31, 2019 was only \$1,052,178.51, which resulted in a deficiency in the Secondary Road Reserve amount by \$38,845.31.

Effect:

The County is not in compliance with SDCL 31-12-27.

Cause:

The County Auditor did not monitor the cash balances in the Road and Bridge Fund General Ledger and failed to make authorized cash transfers from the General Fund to the Road and Bridge Fund to adequately fund the required Secondary Road Reserve.

Recommendation:

4. We recommend the County replenish the Secondary Road Reserve to the required balance and refrain from expending reserve funds for purposes other than those allowed by statute.

Views of responsible officials:

The County Auditor will transfer \$38,845.31 from the General Fund to the County Road and Bridge secondary road reserve.

State Fine Apportionment Errors

Finding No. 2019-004:

Criteria:

SDCL 13-13-4 states: "The county general school fund to be apportioned pursuant to SDCL 13-13-5 shall consist of the net proceeds of all fines for violation of state laws and any tax so designated in Title 10."

SDCL 13-13-5 states: "The county treasurer shall on or before the fifth day of January and July furnish the county auditor with a statement of all money in the county treasury belonging to the county general school fund and shall pay the money, upon the order of the auditor, to the public school districts having land area within the county in proportion to the average daily membership of children residing in the school districts as certified by the Department of Education."

Condition:

The County over remitted State Fines to the Selby Area School District and under remitted State Fines to the Mobridge-Pollock District. The incorrect remittance totaled approximately \$177,000.

Context:

Beginning February 2017 through March 2021, the incorrect average daily membership (ADM) percentages were used to disburse state fines to two of the school districts within Walworth County. This resulted in Selby Area School District receiving what should have gone to the Mobridge-Pollock District and the Mobridge-Pollock District receiving what should have gone to the Selby Area School District.

Effect:

The County is not in compliance with SDCL 13-13-5.

Cause:

The County used the incorrect average daily membership (ADM) percentages for determining the allocation of State Fines to the Mobridge-Pollock School District and Selby Area School District.

Recommendation:

5. We recommend that the County, along with officials from the Selby Area School District and the Mobridge-Pollock School District, work to resolve the incorrect allocation of State Fines.

Views of responsible officials:

The County Commission Board is in the process of negotiations with Mobridge School and Selby Area School to resolve the under payment to Mobridge School and over payment to Selby Area School of approximately \$177,000.



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RUSSELL A. OLSON
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

County Commission
Walworth County
Selby, South Dakota

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the County's basic financial statements. The Budgetary Comparison Schedules, 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 August 3, 2021, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Russell A. Olson
Auditor General

August 3, 2021

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,384,144.28	\$ 368,735.65	\$ 1,752,879.93
Investments	2,250,000.00		2,250,000.00
Restricted Assets:			
Cash and cash equivalents		1,015,495.95	1,015,495.95
TOTAL ASSETS	\$ 3,634,144.28	\$ 1,384,231.60	\$ 5,018,375.88
NET POSITION:			
Restricted For: (See Note 7)			
Road and Bridge Purposes	\$ 1,091,023.82	\$	\$ 1,091,023.82
Landfill Closure and Postclosure Purposes		1,015,495.95	1,015,495.95
Other Purposes	79,258.11		79,258.11
Unrestricted	2,463,862.35	368,735.65	2,832,598.00
TOTAL NET POSITION	\$ 3,634,144.28	\$ 1,384,231.60	\$ 5,018,375.88

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary Government:						
Governmental Activities:						
General Government	\$ 1,303,739.06	\$ 148,794.89	\$ 12,154.90	\$ 25,524.39	\$ (1,117,264.88)	\$ (1,117,264.88)
Public Safety	1,602,684.04	239,486.05	95,386.77		(1,267,811.22)	(1,267,811.22)
Public Works	1,729,457.62	738.07	1,634,028.98		(94,690.57)	(94,690.57)
Health and Welfare	154,369.40	4,682.81			(149,686.59)	(149,686.59)
Culture and Recreation	11,500.00				(11,500.00)	(11,500.00)
Conservation of Natural Resources	113,105.88	4,340.00			(108,765.88)	(108,765.88)
Urban and Economic Development	5,173.53				(5,173.53)	(5,173.53)
Intergovernmental	18,764.34				(18,764.34)	(18,764.34)
Total Governmental Activities	4,938,793.87	398,041.82	1,741,570.65	25,524.39	(2,773,657.01)	0.00
Business-type Activities:						
Solid Waste	545,967.01	519,760.69				(26,206.32)
Total Primary Government	\$ 5,484,760.88	\$ 917,802.51	\$ 1,741,570.65	\$ 25,524.39	(2,773,657.01)	(2,799,863.33)
General Revenues:						
Taxes:						
Property Taxes					2,219,801.85	2,219,801.85
Wheel Tax					187,642.33	187,642.33
State Shared Revenues					98,894.51	98,894.51
Grants and Contributions not Restricted to Specific Programs					62,003.58	62,003.58
Unrestricted Investment Earnings					57,173.76	72,070.82
Miscellaneous Revenue					54,363.19	59,268.19
Total General Revenues					2,679,879.22	2,699,681.28
Change in Net Position					(93,777.79)	(100,182.05)
Net Position - Beginning					3,727,922.07	1,390,635.86
NET POSITION - ENDING					\$ 3,634,144.28	\$ 1,384,231.60
						\$ 5,018,375.88

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary Government:						
General Government	\$ 1,578,898.36	\$ 140,146.56	\$ 7,374.21	\$ 8,036.47	\$ (1,423,341.12)	\$ (1,423,341.12)
Public Safety	1,491,118.60	334,165.34	117,627.67		(1,039,325.59)	(1,039,325.59)
Public Works	2,560,409.99	43,123.67	1,759,483.06		(757,803.26)	(757,803.26)
Health and Welfare	136,089.03	2,518.28			(133,570.77)	(133,570.77)
Culture and Recreation	20,468.00				(20,468.00)	(20,468.00)
Conservation of Natural Resources	135,632.21	2,754.30			(132,877.91)	(132,877.91)
Urban and Economic Development	4,367.42	150.00			(4,217.42)	(4,217.42)
Intergovernmental	19,255.81				(19,255.81)	(19,255.81)
Total Governmental Activities	5,946,239.42	522,858.13	1,884,484.94	8,036.47	(3,530,859.88)	0.00
Business-type Activities:						
Solid Waste	507,162.61	580,579.76	118,112.42			191,529.57
Total Primary Government	\$ 6,453,402.03	\$ 1,103,437.89	\$ 2,002,597.36	\$ 8,036.47	(3,530,859.88)	(3,339,330.31)
General Revenues:						
Taxes:						
Property Taxes					2,170,604.60	2,170,604.60
Wheel Tax					192,558.00	192,558.00
State Shared Revenues					106,499.04	106,499.04
Grants and Contributions not Restricted to Specific Programs					61,436.83	61,436.83
Unrestricted Investment Earnings					35,617.64	42,737.41
Miscellaneous Revenue					168,155.77	172,338.67
Total General Revenues					2,734,871.88	2,746,174.55
Change in Net Position					(795,988.00)	(593,155.76)
Net Position - Beginning					4,523,910.07	5,711,713.69
NET POSITION - ENDING					\$ 3,727,922.07	\$ 5,118,557.93

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

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 252,081.01	\$ 1,052,178.51	\$ 79,884.76	\$ 1,384,144.28
Investments	2,250,000.00			2,250,000.00
TOTAL ASSETS	\$ 2,502,081.01	\$ 1,052,178.51	\$ 79,884.76	\$ 3,634,144.28
FUND BALANCES: (See Note 1.k.)				
Restricted	\$ 6,027.92	\$ 1,091,023.82	\$ 73,230.19	\$ 1,170,281.93
Assigned	2,052,647.20		6,654.57	2,059,301.77
Unassigned	443,405.89	(38,845.31)		404,560.58
TOTAL FUND BALANCES	\$ 2,502,081.01	\$ 1,052,178.51	\$ 79,884.76	\$ 3,634,144.28

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

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 2,171,539.93	\$ 27,329.47	\$ 5,673.36	\$ 2,204,542.76
General Property Taxes--Delinquent	10,717.55	144.67	7.33	10,869.55
Penalties and Interest	3,286.58	46.75	3.27	3,336.60
Wheel Tax		187,642.33		187,642.33
Tax Deed Revenue	937.22			937.22
Other Taxes			115.72	115.72
Licenses and Permits	5,835.25		630.00	6,465.25
Intergovernmental Revenue:				
Federal Grants			35,444.17	35,444.17
Federal Shared Revenue	1,037.62			1,037.62
Federal Payments in Lieu of Taxes	46,695.00			46,695.00
State Grants	1,253.00	511,423.36		512,676.36
State Shared Revenue:				
Bank Franchise	44,606.88	560.07		45,166.95
Motor Vehicle Licenses		832,852.76		832,852.76
State Highway Fund (former 10% game)		32,079.40		32,079.40
Court Appointed Attorney/Public Defender	6,604.81	39,399.99		6,604.81
Prorate License Fees	1,826.38			39,399.99
Abused and Neglected Child Defense				1,826.38
63 3/4% Mobile Home		5,329.27		5,329.27
Secondary Road Remittances		208,837.05		208,837.05
Telecommunications Gross Receipts Tax	19,875.94			19,875.94
Motor Vehicle 1/4%	2,470.71			2,470.71
Motor Fuel Tax		4,107.15		4,107.15
911 Remittances			59,942.60	59,942.60
Liquor Tax Reversion (25%)	33,851.62			33,851.62
Other Intergovernmental Revenue	14,183.16			14,183.16

Charges for Goods and Services:			
General Government:			
Treasurer's Fees	25,565.17		25,565.17
Register of Deeds' Fees	56,012.00	6,586.70	62,598.70
Legal Services	37,002.56	275.00	37,277.56
Clerk of Courts Fees	4,914.00		4,914.00
Other Fees	81.00		81.00
Public Safety:			
Law Enforcement	21,041.75		21,041.75
Prisoner Care	211,963.30		211,963.30
Public Works:			
Road Maintenance Contract Charges		738.07	738.07
Health and Welfare:			
Economic Assistance:			
Poor Lien Recoveries	4,682.81		4,682.81
Veterans Service Officer	2,812.50		2,812.50
Conservation of Natural Resources	4,340.00		4,340.00
Other Charges	1,770.71		1,770.71
Fines and Forfeits:			
Costs	3,202.73	25.00	3,227.73
Forfeits	3,253.27		3,253.27
Miscellaneous Revenue:			
Investment Earnings	40,862.33		57,173.76
Rent	7,310.00		7,310.00
Contributions and Donations		87.80	87.80
Refund of Prior Year's Expenditures	16,136.14	1,523.64	17,659.78
Other	6,523.41	30,000.00	36,523.41
Total Revenues	2,812,195.33	108,790.95	4,819,311.69
Expenditures:			
General Government:			
Legislative:			
Board of County Commissioners	163,382.05		163,382.05
Elections	3,154.41		3,154.41
Judicial System	23,543.70		23,543.70
Financial Administration:			
Auditor	168,320.43		168,320.43
Treasurer	149,340.19		149,340.19
Legal Services:			
State's Attorney	214,045.38		214,045.38

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Court Appointed Attorney	195,598.00			195,598.00
Abused and Neglected Child Defense	27,157.86			27,157.86
Other Administration:				
General Government Building	90,083.44			90,083.44
Director of Equalization	164,131.16			164,131.16
Register of Deeds	84,432.31			84,432.31
Veterans Service Officer	18,239.33			18,239.33
Predatory Animal	2,310.80			2,310.80
Public Safety:				
Law Enforcement:				
Sheriff	371,636.08			371,636.08
County Jail	1,068,950.94			1,068,950.94
Coroner	15,789.47			15,789.47
Protective and Emergency Services:				
Fire Protection			14,200.00	14,200.00
Emergency and Disaster Services			28,355.72	28,355.72
Flood Control			61,000.00	61,000.00
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		1,729,457.62		1,729,457.62
Health and Welfare:				
Economic Assistance:				
Support of Poor	40,906.38			40,906.38
Other	2,500.00			2,500.00
Health Assistance:				
County Nurse	37,050.00			37,050.00
Ambulance	30,750.00			30,750.00
Other	23.29			23.29

Social Services:			
Domestic Abuse			845.00
Mental Health Services:			
Mentally Ill	13,389.03		13,389.03
Developmentally Disabled	1,432.00		1,432.00
Mental Health Centers	15,500.00		15,500.00
Mental Illness Board	11,973.70		11,973.70
Culture and Recreation:			
Culture:			
Historical Museum	4,500.00		4,500.00
Recreation:			
Senior Center	7,000.00		7,000.00
Conservation of Natural Resources:			
Soil Conservation:			
County Extension	82,573.59		82,573.59
Soil Conservation Districts	16,541.16		16,541.16
Weed and Pest Control	13,991.13		13,991.13
Urban and Economic Development:			
Urban Development:			
Planning and Zoning	5,173.53		5,173.53
Intergovernmental Expenditures			
Total Expenditures	3,086,171.19	18,764.34	18,764.34
		104,400.72	104,400.72
		4,390.23	4,390.23
Excess of Revenues Over (Under) Expenditures	(273,975.86)	150,103.45	(119,482.18)
Other Financing Sources (Uses):			
Transfers In			
Transfers Out	7,088.45	12,000.00	19,088.45
Insurance Proceeds	(12,000.00)	(7,088.45)	(19,088.45)
Sale of County Property	25,524.39		25,524.39
Total Other Financing Sources (Uses)	20,612.84	4,911.55	180.00
			25,704.39
Net Change in Fund Balance	(253,363.02)	150,283.45	(93,777.79)
Fund Balance - Beginning	2,755,444.03	901,895.06	3,727,922.07
FUND BALANCE - ENDING	\$ 2,502,081.01	\$ 1,052,178.51	\$ 3,634,144.28

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

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 2,114,058.32	\$ 26,672.02	\$ 5,548.08	\$ 2,146,278.42
General Property Taxes--Delinquent	16,565.94	271.23	20.18	16,857.35
Penalties and Interest	5,349.68	94.70	6.75	5,451.13
Wheel Tax		192,558.00		192,558.00
Tax Deed Revenue	1,898.06			1,898.06
Other Taxes			119.64	119.64
Licenses and Permits	6,325.50		350.00	6,675.50
Intergovernmental Revenue:				
Federal Grants				
Federal Shared Revenue	2,036.00		55,336.65	55,336.65
Federal Payments in Lieu of Taxes	44,571.00			2,036.00
State Grants	15,133.55			44,571.00
State Shared Revenue:		582,349.42		597,482.97
Bank Franchise	45,142.31			
Motor Vehicle Licenses		566.80		45,709.11
State Highway Fund (former 10% game)		833,510.56		833,510.56
Court Appointed Attorney/Public Defender		32,079.40		32,079.40
Prorate License Fees	4,000.58			4,000.58
Abused and Neglected Child Defense		39,399.19		39,399.19
63 3/4% Mobile Home	819.73			819.73
Secondary Road Remittances		6,636.53		6,636.53
Telecommunications Gross Receipts Tax		246,267.26		246,267.26
Motor Vehicle 1/4%	28,119.73			28,119.73
Motor Fuel Tax	2,553.90			2,553.90
911 Remittances		4,107.15		4,107.15
Liquor Tax Reversion (25%)	32,670.20		62,291.02	62,291.02
Other Intergovernmental Revenue	14,220.45			32,670.20
				14,220.45

Charges for Goods and Services:			
General Government:			
Treasurer's Fees	25,972.24		25,972.24
Register of Deeds' Fees	56,484.50	7,382.68	63,867.18
Legal Services	26,515.69	150.00	26,665.69
Clerk of Courts Fees	5,598.20		5,598.20
Other Fees	121.50		121.50
Public Safety:			
Law Enforcement	23,252.43		23,252.43
Prisoner Care	304,758.22		304,758.22
Public Works:			
Road Maintenance Contract Charges		43,123.67	43,123.67
Health and Welfare:			
Economic Assistance:			
Poor Lien Recoveries	2,518.26		2,518.26
Veterans Service Officer	2,812.50		2,812.50
Urban and Economic Development	150.00		150.00
Conservation of Natural Resources	2,754.30		2,754.30
Other Charges	1,123.75		1,123.75
Fines and Forfeits:			
Costs	4,779.69	25.00	4,804.69
Forfeits	1,350.00		1,350.00
Miscellaneous Revenue:			
Investment Earnings	25,455.65	10,161.99	35,617.64
Rent	7,310.00		7,310.00
Contributions and Donations	502.88	106.50	609.38
Refund of Prior Year's Expenditures	9,779.01	831.76	10,610.77
Total Revenues	2,834,703.77	131,336.50	4,984,669.95
Expenditures:			
General Government:			
Legislative:			
Board of County Commissioners	149,593.79		149,593.79
Elections	35,310.72		35,310.72
Judicial System	28,587.01		28,587.01
Financial Administration:			
Auditor	176,912.87		176,912.87
Treasurer	150,787.98		150,787.98
Legal Services:			
State's Attorney	224,499.82		224,499.82

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Court Appointed Attorney	135,701.72			135,701.72
Abused and Neglected Child Defense	25,679.22			25,679.22
Other Administration:				
General Government Building	337,298.83			337,298.83
Director of Equalization	198,378.50			198,378.50
Register of Deeds	97,255.38			97,255.38
Veterans Service Officer	16,580.92			16,580.92
Predatory Animal	2,311.60			2,311.60
Public Safety:				
Law Enforcement:				
Sheriff	348,267.75		559.87	348,827.62
County Jail	1,003,660.00			1,003,660.00
Coroner	2,258.38			2,258.38
Protective and Emergency Services:				
Fire Protection			14,500.00	14,500.00
Emergency and Disaster Services	28,518.54		48,354.06	76,872.60
Communication Center			45,000.00	45,000.00
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		2,560,409.99		2,560,409.99
Health and Welfare:				
Economic Assistance:				
Support of Poor	30,380.57			30,380.57
Other	2,500.00			2,500.00
Health Assistance:				
County Nurse	37,050.00			37,050.00
Ambulance	30,500.00			30,500.00
Other	602.01			602.01
Social Services:				
Domestic Abuse			1,240.00	1,240.00

Mental Health Services:				
Mentally Ill	11,038.13			11,038.13
Developmentally Disabled	660.00			660.00
Mental Health Centers	15,500.00			15,500.00
Mental Illness Board	6,618.32			6,618.32
Culture and Recreation:				
Culture:				
Historical Museum	4,500.00			4,500.00
Recreation:				
Senior Center	4,000.00			4,000.00
Other	11,968.00			11,968.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	78,241.89			78,241.89
Soil Conservation Districts	18,500.00			18,500.00
Weed and Pest Control	38,890.32			38,890.32
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	4,367.42			4,367.42
Intergovernmental Expenditures				
Total Expenditures	3,256,919.69	19,255.81	109,653.93	19,255.81
		2,579,665.80		5,946,239.42
Excess of Revenues Over (Under) Expenditures	(422,215.92)	(561,036.12)	21,682.57	(961,569.47)
Other Financing Sources (Uses):				
Transfers In				
Transfers Out	14,071.04		19,088.45	33,159.49
Insurance Proceeds	(19,088.45)		(14,071.04)	(33,159.49)
Sale of County Property		8,036.47		8,036.47
Total Other Financing Sources (Uses)	(5,017.41)	157,545.00		157,545.00
		165,581.47	5,017.41	165,581.47
Net Change in Fund Balance	(427,233.33)	(395,454.65)	26,699.98	(795,988.00)
Fund Balance - Beginning	3,182,677.36	1,297,349.71	43,883.00	4,523,910.07
FUND BALANCE - ENDING	\$ 2,755,444.03	\$ 901,895.06	\$ 70,582.98	\$ 3,727,922.07

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

WALWORTH COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2019

	<u>Enterprise Funds</u> <u>Solid Waste</u> <u>Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 368,735.65
Noncurrent Assets:	
Restricted Cash and Cash Equivalents (See Note 4)	<u>1,015,495.95</u>
TOTAL ASSETS	<u><u>\$ 1,384,231.60</u></u>
NET POSITION:	
Restricted For:	
Landfill Closure and Postclosure Purposes	1,015,495.95
Unrestricted	<u>368,735.65</u>
TOTAL NET POSITION	<u><u>\$ 1,384,231.60</u></u>

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

WALWORTH COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	<u>Enterprise Funds</u> <u>Solid Waste</u> <u>Fund</u>
Operating Revenues:	
Charges for Goods and Services	\$ 516,412.70
Miscellaneous	3,347.99
Total Operating Revenues	<u>519,760.69</u>
Operating Expenses:	
Personal Services	263,384.04
Other Current Expense	198,362.89
Materials	77,520.08
Capital Assets	6,700.00
Total Operating Expenses	<u>545,967.01</u>
Operating Income (Loss)	<u>(26,206.32)</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	14,897.06
Sale of County Property	4,905.00
Total Nonoperating Revenues (Expenses)	<u>19,802.06</u>
Change in Net Position	(6,404.26)
Net Position - Beginning	<u>1,390,635.86</u>
NET POSITION - ENDING	<u>\$ 1,384,231.60</u>

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

WALWORTH COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	<u>Enterprise Funds</u> <u>Solid Waste</u> <u>Fund</u>
Operating Revenues:	
Charges for Goods and Services	\$ 542,899.07
Miscellaneous	37,680.69
Total Operating Revenues	<u>580,579.76</u>
Operating Expenses:	
Personal Services	283,410.89
Other Current Expense	132,684.42
Materials	91,067.30
Total Operating Expenses	<u>507,162.61</u>
Operating Income (Loss)	<u>73,417.15</u>
Nonoperating Revenues (Expenses):	
Operating Grants	118,112.42
Investment Earnings	7,119.77
Sale of County Property	4,182.90
Total Nonoperating Revenues (Expenses)	<u>129,415.09</u>
Change in Net Position	202,832.24
Net Position - Beginning	<u>1,187,803.62</u>
NET POSITION - ENDING	<u><u>\$ 1,390,635.86</u></u>

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

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

	<u>Agency Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ 617,682.74
TOTAL ASSETS	<u>\$ 617,682.74</u>
NET POSITION:	
Net Position Held in Agency Capacity	\$ 617,682.74
TOTAL NET POSITION	<u>\$ 617,682.74</u>

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

WALWORTH 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 Walworth 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.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The County is financially accountable if its County Commission appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the County (primary government). The County may also be financially accountable for another organization if that organization is fiscally dependent on the County.

The County has created a Housing and Redevelopment Commission (HRC) under the authority of South Dakota Codified Law (SDCL) 11-7-7. The County created the HRC solely for the purpose of abdicating its power or authority over administering the section 8 housing assistance program within the County to the Mobridge Housing Commission organized by the Municipality of Mobridge. The five members of the Commission are appointed by the County Commission's Chairperson with the approval of the Board of County Commissioners for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The County Commission, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct a low-income housing unit, or to issue debt, which gives the County Commission the ability to impose its will on the Commission. Because the County activated this HRC solely for the purpose of abdicating its power or authority over administering the section 8 housing assistance program within the County over to the Mobridge Housing Commission organized by the Municipality of Mobridge, this component unit's financial activity was not included on the County's annual report. The financial activity of this component unit is included on the Municipality of Mobridge's annual report.

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

b. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or it meets the following criteria:

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

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

Governmental Funds:

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

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

Road and Bridge Fund – to account for funds credited to the road and bridge fund pursuant to SDCL 32-11-4.2 to be used by the board of county commissioners for grading, constructing, planing, dragging, and maintaining county highways and also for

dragging, maintaining, and grading secondary roads. Proper equipment for dragging, grading, and maintaining highways, such as graders, tractors, drags, maintainers, and planers may be purchased from the road and bridge fund. (SDCL 32-11-2 and 32-11-4.2). This is a major fund.

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

Proprietary Funds:

Enterprise Funds – *Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's principal revenue sources.*

- a. *The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)*
- b. *Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.*
- c. *The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).*

Solid Waste Fund – financed primarily by user charges this fund accounts for the solid waste operation of the County as provided by SDCL 34A-6. This is a major fund.

Fiduciary Funds:

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

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

c. Measurement Focus and Basis of Accounting:

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

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

Measurement Focus:

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type 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 and business-type activities are presented using a modified cash basis of accounting.

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

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

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

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

d. Deposits and Investments:

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

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6. Under the modified cash basis of accounting, investments are carried at cost.

e. Capital Assets:

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

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities (both governmental and business-type 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, Landfill Closure and Postclosure Care Costs.

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

The County 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 Liabilities.

g. Program Revenues:

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

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

h. Proprietary Funds Revenue and Expense Classifications:

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

i. Equity Classifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

j. Application of Net Position:

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

k. Fund Balance Classification Policies and Procedures:

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

- **Nonspendable** – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- **Restricted** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- **Committed** – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- **Assigned** – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the County Commissioners.
- **Unassigned** – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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

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

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

Major Special Revenue Fund

Road and Bridge Fund

Revenue Source

Property Taxes, Wheel Tax, Motor
Vehicle Licenses, and Grants

A schedule of fund balances is provided as follows:

**WALWORTH COUNTY
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

Fund Balances:	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Restricted For:				
Point of Dispensing Grant Purposes	\$ 6,027.92	\$ 1,091,023.82		\$ 1,097,051.74
Secondary Road Purposes				
911 Service Purposes			16,685.58	16,685.58
DARE Program Purposes			307.25	307.25
Emergency Management Purposes			4,215.49	4,215.49
Domestic Abuse Purposes			135.00	135.00
Modernization and Preservation Relief Purposes			51,886.87	51,886.87
Assigned To:				
Applied to Next Year's Budget	1,069,927.00			1,069,927.00
Building Renovation Purposes	982,720.20			982,720.20
Fire Protection Purposes			6,654.57	6,654.57
Unassigned	443,405.89	(38,845.31)		404,560.58
Total Fund Balances	\$ 2,502,081.01	\$ 1,052,178.51	\$ 79,884.76	\$ 3,634,144.28

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

a. Expenditures in Excess of Appropriations:

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

		Year Ended 12/31/2019
General Fund:		
<u>Activity:</u>		
Court Appointed Attorney	\$	11,565.90
Support of Poor	\$	6,274.38
Mentally Ill	\$	703.00

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

The Board will instruct the County Auditor to monitor the budget amounts more closely in the future and will take any appropriate action to address any future budget overdrafts.

b. Unfunded Reserves:

The County is limited by statute as to what types of expenditures can be made from Secondary Road Reserve Funds, which are accounted for within the Road and Bridge Fund. The County may use Secondary Road Reserve Funds for the purpose of constructing, repairing, and maintaining all secondary roads with the County not included in any municipality, organized civil township or county road district.

During the calendar year 2019, the County had expenditures in the Road and Bridge Fund that were greater than the amount of available unreserved funds. As a result, the balance of the Secondary Road Reserve was depleted below the required reserve balance, in the amounts of \$38,845.31. The following shows the required Secondary Road Reserve as compared to the December 31, 2019 actual balance of the Reserves, and the amounts that the County will be required to replenish.

Reserve Name	<u>As of December 31, 2019</u>		Deficiency in Reserve Amount
	Required Reserve	Cash Balance	
Secondary Road	\$ 1,091,023.82	\$ 1,052,178.51	\$ 38,845.31

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

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

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

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

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

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

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

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

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

4. RESTRICTED CASH AND INVESTMENTS

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

Amount:	Purpose:
\$ 1,015,495.95	For required Closure and Postclosure Costs for the Landfill as required by ARSD 74:27:16:05 for financial assurance.

5. PROPERTY TAXES

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

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

6. LANDFILLS

The Landfill operation is handled as an Enterprise Fund by the County. The plan for the operation of the disposal site is based on Administrative Rules of the State of South Dakota (ARSD) 74:27:13. Plans for the operation and various contingencies have been prepared for and are available at the office of the Landfill Supervisor.

Based on the most recent assessment of the landfill, the airspace of the landfill site is 1,340,307 cubic yards, with an estimated remaining life expectancy of 15.1 years. When calculating the closure/postclosure costs, used airspace in cubic yards as provided by Wenck Associates, Inc. was used.

The County is required to recognize the cost of closure and post closure care as the landfill is used. The County is also required to take into account the possibilities of higher or lower costs due to inflation, changes in technology, or changes in regulations. The County is in compliance with the funding requirements set forth for closure and postclosure.

Financial assurances for corrective action are only required at facilities with known releases of contaminants. The County has not had any known releases of contaminants. The estimated total cost of closure/postclosure as of December 31, 2019 is \$1,064,000 (\$598,000 closure & \$466,000 postclosure) for the landfill area with these costs being adjusted each year for the effects of inflation or deflation.

The County has \$1,065,127.13 set aside in the Solid Waste Fund for closure and postclosure costs (\$598,141.50 closure & \$465,985.63 post closure). The County also has the \$1,015,495.95 set aside in an account, as required by ARSD 74:27:16:05, for financial assurance as of December 31, 2019. The County routinely adds to the account balance to fund the liability.

Due to the County changing the basis of accounting to the modified cash basis of accounting the financial statements do not reflect this liability. However, the County has presented as Supplementary Information a Schedule of Changes in Long-Term Debt, along with related notes, which includes details of the Accrued Landfill Closure and Postclosure Care Cost.

Use of the landfill area began in 1993. Refuse deposited at the landfill through December 31, 2019 was 888,087 cubic yards. This amount represents usage of approximately 66 percent of the total landfill capacity.

7. RESTRICTED NET POSITION – GOVERNMENTAL ACTIVITIES

Restricted Net Position for the year ended December 31, 2019 was as follows:

Major Purposes:

Road and Bridge Purposes	<u>\$ 1,091,023.82</u>
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Other Purposes:

Point of Dispensing Grant Purposes	6,027.92
911 Service Purposes	16,685.58
Domestic Abuse Purposes	135.00
Emergency Management Purposes	4,215.49
DARE Program Purposes	307.25
Modernization and Preservation	
Relief Purposes	<u>51,886.87</u>

Total Other Purposes	<u>79,258.11</u>
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Total Restricted Net Position	<u>\$ 1,170,281.93</u>
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These balances are restricted due to federal grant and statutory requirements.

8. INTERFUND TRANSFERS

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

<u>Transfers From:</u>	<u>Transfers To:</u>		<u>Total</u>
	<u>General Fund</u>	<u>Other Governmental Funds</u>	
Major Funds:			
General Fund	\$	\$ 12,000.00	\$ 12,000.00
Other Governmental Funds	7,088.45		7,088.45
Total	\$ 7,088.45	\$ 12,000.00	\$ 19,088.45

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

<u>Transfers From:</u>	<u>Transfers To:</u>		<u>Total</u>
	<u>General Fund</u>	<u>Other Governmental Funds</u>	
Major Funds:			
General Fund	\$	\$ 19,088.45	\$ 19,088.45
Other Governmental Funds	14,071.04		14,071.04
Total	\$ 14,071.04	\$ 19,088.45	\$ 33,159.49

The County typically budgets transfers to the Fire Protection Fund and the Emergency Management Fund (Other Governmental Funds) to conduct the indispensable functions of the County. A \$12,000.00 transfer to the Fire Protection Fund was made in 2018 and again in 2019. A \$14,071.04 transfer from the Emergency Management Fund to General Fund was made in 2018 to reimburse the General Fund for a 2017 transfer made to prevent the Emergency Management Fund from being in the negative. A \$7,088.45 transfer was made from the General Fund to the Emergency Management Fund in 2018 to prevent the Fund from being in the negative. The General Fund was reimbursed in 2019. The 2018 and 2019 transfers to the General Fund were with monies received from the State of South Dakota to reimburse the County for Emergency Management Fund expenditures.

9. PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), 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, 2019, 2018, and 2017, equal to the required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 127,782.57
2018	\$ 120,246.31
2017	\$ 113,031.82

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

At June 30, 2019, SDRS is 100.09% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the County as of this measurement period ending June 30, 2019 are as follows:

Proportionate share of total pension liability	\$ 12,043,958.42
Less proportionate share of net position restricted for pension benefits	<u>12,054,200.03</u>
Proportionate share of net pension asset	<u>\$ (10,241.61)</u>

The net pension asset was measured as of June 30, 2019 and the total pension liability used to calculate the net pension asset was based on a projection of the County's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2019, the County's proportion was .0966439%, which is an increase of .0017582% from its proportion measured as of June 30, 2018.

Actuarial Assumptions:

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

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

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

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term

expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

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

Discount Rate:

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net pension liability (asset)	\$ 1,699,906.31	\$ (10,241.61)	\$ (1,403,703.14)

Pension Plan Fiduciary Net Position:

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

10. JOINT VENTURES

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

North Central Regional E-911 Center
War Hawk Emergency Management District
Five County Television Translator District

North Central Regional E-911 Center:

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

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

Original Members

Corson County
Edmunds County
Perkins County
Walworth County

Contracting Members

Campbell County
McPherson County
Harding County
Potter County
Sioux County, North Dakota

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

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

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

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

At December 31, 2019, this joint venture had total assets and total net position of \$474,593.19.

War Hawk Emergency Management District:

The County participates in a joint venture, known as the War Hawk Emergency Management District, formulated in accordance with SDFCL 33-15 for the purpose of providing emergency management services to the participating members.

The members of the War Hawk Emergency Management District are:

Campbell County
Corson County
Dewey County
Walworth County
Ziebach County
Cheyenne Indian Agency Tribal Council
Standing Rock Tribal Council

Each member has an equal percentage of participation, an equal responsibility for funding of deficits, and would share in the distribution of assets in case of dissolution.

The joint venture's governing board is composed of twelve representatives. It consists of one board member and civil defense director from each county and one representative for each of the Indian Tribal Councils.

The board is responsible for appointing a director for the district, for approving the budget, for setting the districts policies, and for holding regular meetings to review the progress of the Emergency Management Organization and to make further recommendations. Dewey County is the recording agency for the district.

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

At December 31, 2019, this joint venture had total assets and total net position of \$48,752.94.

Five County Television Translator District:

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

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

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

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

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

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

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

At December 31, 2019, this joint venture had total assets and net position of \$186,466.72.

The Five County Television Translator District quit broadcasting and ceased to operate by the end of 2019. Walworth County received \$66,180.28 in July of 2020 resulting from the dissolution.

11. SIGNIFICANT CONTINGENCIES – LITIGATION

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

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, 2019, 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,
Automobile Liability,
Officials Liability, and
Law Enforcement Liability

Effective January 1, 2018, the SDPAA revised the method of calculating the amount available to be refunded to a withdrawing member. Upon giving proper written notice to the SDPAA a member may withdraw. Within 120 days following withdrawal, or as soon thereafter as the next Annual Budget is completed, the SDPAA will advise the withdrawing member of its total calculated portion of contributions made to the SDPAA that shall be refunded. Refunds are calculated based on the pool's total contributions, along with the member's total contributions, current losses, unpaid losses, and loss expenses, the member's loss ratio, and number of membership years.

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

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

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

As of December 31, 2019, the County's balance available to be refunded per the SDPAA was \$112,015.00, which was an increase of \$17,430.00 from the previous year.

The County carries no deductibles for General Liability, Automobile Liability, Officials Liability coverages, and a \$2,000 deductible for the Law Enforcement Liability coverage.

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

Worker's Compensation:

The County joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The County's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any

worker's compensation claims. The County pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

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

Unemployment Benefits:

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

During the year two years ended December 31, 2019, no claims for unemployment benefits were paid. At December 31, 2019, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes—Current	\$ 2,198,680.00	\$ 2,198,680.00	\$ 2,171,539.93	\$ (27,140.07)
General Property Taxes—Delinquent	15,000.00	15,000.00	10,717.55	(4,282.45)
Penalties and Interest	4,000.00	4,000.00	3,286.58	(713.42)
Tax Deed Revenue	0.00	0.00	937.22	937.22
Licenses and Permits	4,900.00	4,900.00	5,835.25	935.25
Intergovernmental Revenue:				
Federal Grants	30,000.00	30,000.00	0.00	(30,000.00)
Federal Shared Revenue	2,000.00	2,000.00	1,037.62	(962.38)
Federal Payments in Lieu of Taxes	43,000.00	43,000.00	46,695.00	3,695.00
State Grants	0.00	0.00	1,253.00	1,253.00
State Shared Revenue:				
Bank Franchise	48,000.00	48,000.00	44,606.88	(3,393.12)
Court Appointed Attorney/Public Defender	3,500.00	3,500.00	6,604.81	3,104.81
Abused and Neglected Child Defense	2,500.00	2,500.00	1,826.38	(673.62)
Telecommunications Gross Receipts Tax	18,000.00	18,000.00	19,875.94	1,875.94
Motor Vehicle 1/4%	2,500.00	2,500.00	2,470.71	(29.29)
Liquor Tax Reversion (25%)	18,000.00	18,000.00	33,851.62	15,851.62
Other Intergovernmental Revenue	25,000.00	25,000.00	14,183.16	(10,816.84)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	22,640.00	22,640.00	25,565.17	2,925.17
Register of Deeds' Fees	50,000.00	50,000.00	56,012.00	6,012.00
Legal Services	28,150.00	28,150.00	37,002.56	8,852.56
Clerk of Courts Fees	5,000.00	5,000.00	4,914.00	(86.00)
Other Fees	100.00	100.00	81.00	(19.00)
Public Safety:				
Law Enforcement	25,700.00	25,700.00	21,041.75	(4,658.25)
Prisoner Care	400,000.00	400,000.00	211,963.30	(188,036.70)
Other	11,500.00	11,500.00	0.00	(11,500.00)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	2,000.00	2,000.00	4,682.81	2,682.81
Veterans Service Officer	2,812.50	2,812.50	2,812.50	0.00
Conservation of Natural Resources	0.00	0.00	4,340.00	4,340.00
Other Charges	800.00	800.00	1,770.71	970.71
Fines and Forfeits:				
Costs	4,500.00	4,500.00	3,202.73	(1,297.27)
Forfeits	2,000.00	2,000.00	3,253.27	1,253.27
Miscellaneous Revenue:				
Investment Earnings	16,000.00	16,000.00	40,862.33	24,862.33
Rent	7,310.00	7,310.00	7,310.00	0.00
Refund of Prior Year's Expenditures	1,200.00	1,200.00	16,136.14	14,936.14
Other	0.00	0.00	6,523.41	6,523.41
Total Revenues	2,994,792.50	2,994,792.50	2,812,195.33	(182,597.17)
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	203,500.00	203,500.00	163,382.05	40,117.95
Contingency	125,000.00	125,000.00		
Amount Transferred		(125,000.00)		0.00
Elections	5,660.00	5,660.00	3,154.41	2,505.59
Judicial System	37,000.00	37,000.00	23,543.70	13,456.30
Financial Administration:				
Auditor	197,940.00	197,940.00	168,320.43	29,619.57
Treasurer	153,200.00	153,200.00	149,340.19	3,859.81
Legal Services:				
State's Attorney	230,730.00	230,730.00	214,045.38	16,684.62
Court Appointed Attorney	95,000.00	184,032.10	195,598.00	(11,565.90)
Abused and Neglected Child Defense	30,000.00	30,000.00	27,157.86	2,842.14
Other Administration:				
General Government Building	179,310.00	179,310.00	90,083.44	89,226.56
Director of Equalization	170,000.00	170,000.00	164,131.16	5,868.84
Register of Deeds	87,550.00	87,550.00	84,432.31	3,117.69

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Veterans Service Officer	18,055.00	18,355.62	18,239.33	116.29
Predatory Animal	2,311.60	2,311.60	2,310.80	0.80
Public Safety:				
Law Enforcement:				
Sheriff	385,900.00	385,900.00	371,636.08	14,263.92
County Jail	1,095,150.00	1,095,150.00	1,068,950.94	26,199.06
Coroner	8,945.00	17,435.47	15,789.47	1,646.00
Protective and Emergency Services:				
Emergency and Disaster Services	69,150.00	70,361.49	42,751.83	27,609.66
Health and Welfare:				
Economic Assistance:				
Support of Poor	34,632.00	34,632.00	40,906.38	(6,274.38)
Other	2,500.00	2,500.00	2,500.00	0.00
Health Assistance:				
County Nurse	37,050.00	37,050.00	37,050.00	0.00
Ambulance	31,000.00	31,000.00	30,750.00	250.00
Other	2,875.00	2,875.00	23.29	2,851.71
Mental Health Services:				
Mentally Ill	4,000.00	12,686.03	13,389.03	(703.00)
Developmentally Disabled	720.00	1,432.00	1,432.00	0.00
Mental Health Centers	15,500.00	15,500.00	15,500.00	0.00
Mental Illness Board	5,500.00	11,973.70	11,973.70	0.00
Culture and Recreation:				
Culture:				
Historical Museum	4,500.00	4,500.00	4,500.00	0.00
Recreation:				
Parks	750.00	750.00	0.00	750.00
Senior Center	7,500.00	7,500.00	7,000.00	500.00
Other	11,968.00	11,968.00	0.00	11,968.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	72,480.00	82,573.59	82,573.59	0.00
Soil Conservation Districts	18,500.00	18,500.00	16,541.16	1,958.84
Weed and Pest Control	39,125.00	39,125.00	13,991.13	25,133.87
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	9,175.00	9,175.00	5,173.53	4,001.47
Total Expenditures	3,392,176.60	3,392,176.60	3,086,171.19	306,005.41
Excess of Revenues Over (Under) Expenditures	(397,384.10)	(397,384.10)	(273,975.86)	123,408.24
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	7,088.45	7,088.45
Transfers Out	(12,000.00)	(12,000.00)	(12,000.00)	0.00
Insurance Proceeds	0.00	0.00	25,524.39	25,524.39
Total Other Financing Sources (Uses)	(12,000.00)	(12,000.00)	20,612.84	32,612.84
Net Change in Fund Balance	(409,384.10)	(409,384.10)	(253,363.02)	156,021.08
Fund Balance - Beginning	2,755,444.03	2,755,444.03	2,755,444.03	0.00
FUND BALANCE - ENDING	\$ 2,346,059.93	\$ 2,346,059.93	\$ 2,502,081.01	\$ 156,021.08

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 27,611.00	\$ 27,611.00	\$ 27,329.47	\$ (281.53)
General Property Taxes--Delinquent	200.00	200.00	144.67	(55.33)
Penalties and Interest	60.00	60.00	46.75	(13.25)
Wheel Tax	190,000.00	190,000.00	187,642.33	(2,357.67)
Intergovernmental Revenue:				
State Grants	175,000.00	175,000.00	511,423.36	336,423.36
State Shared Revenue:				
Bank Franchise	1,500.00	1,500.00	560.07	(939.93)
Motor Vehicle Licenses	800,000.00	800,000.00	832,852.76	32,852.76
State Highway Fund (former 10% game)	32,079.40	32,079.40	32,079.40	0.00
Prorate License Fees	0.00	0.00	39,399.99	39,399.99
63 3/4% Mobile Home	10,000.00	10,000.00	5,329.27	(4,670.73)
Secondary Road Remittances	180,000.00	180,000.00	208,837.05	28,837.05
Motor Fuel Tax	0.00	0.00	4,107.15	4,107.15
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	4,000.00	4,000.00	738.07	(3,261.93)
Miscellaneous Revenue:				
Investment Earnings	3,100.00	3,100.00	16,311.43	13,211.43
Refund of Prior Year's Expenditures	1,200.00	1,200.00	1,523.64	323.64
Other	0.00	0.00	30,000.00	30,000.00
Total Revenues	1,424,750.40	1,424,750.40	1,898,325.41	473,575.01
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	1,680,200.00	1,982,168.30	1,729,457.62	252,710.68
Intergovernmental Expenditures	20,000.00	20,000.00	18,764.34	1,235.66
Total Expenditures	1,700,200.00	2,002,168.30	1,748,221.96	253,946.34
Excess of Revenues Over (Under) Expenditures	(275,449.60)	(577,417.90)	150,103.45	727,521.35
Other Financing Sources (Uses):				
Sale of County Property	120,000.00	120,000.00	180.00	(119,820.00)
Net Change in Fund Balance	(155,449.60)	(457,417.90)	150,283.45	607,701.35
Fund Balance - Beginning	901,895.06	901,895.06	901,895.06	0.00
FUND BALANCE - ENDING	\$ 746,445.46	\$ 444,477.16	\$ 1,052,178.51	\$ 607,701.35

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 2,141,473.00	\$ 2,141,473.00	\$ 2,114,058.32	\$ (27,414.68)
General Property Taxes--Delinquent	15,000.00	15,000.00	16,565.94	1,565.94
Penalties and Interest	4,000.00	4,000.00	5,349.68	1,349.68
Tax Deed Revenue	0.00	0.00	1,898.06	1,898.06
Licenses and Permits	5,000.00	5,000.00	6,325.50	1,325.50
Intergovernmental Revenue:				
Federal Shared Revenue	1,500.00	1,500.00	2,036.00	536.00
Federal Payments in Lieu of Taxes	40,000.00	40,000.00	44,571.00	4,571.00
State Grants	0.00	0.00	15,133.55	15,133.55
State Shared Revenue:				
Bank Franchise	45,000.00	45,000.00	45,142.31	142.31
Court Appointed Attorney/Public Defender	3,500.00	3,500.00	4,000.58	500.58
Abused and Neglected Child Defense	2,500.00	2,500.00	819.73	(1,680.27)
Telecommunications Gross Receipts Tax	27,500.00	27,500.00	28,119.73	619.73
Motor Vehicle 1/4%	0.00	0.00	2,553.90	2,553.90
Liquor Tax Reversion (25%)	0.00	0.00	32,670.20	32,670.20
Other Intergovernmental Revenue	0.00	0.00	14,220.45	14,220.45
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	16,540.00	16,540.00	25,972.24	9,432.24
Register of Deeds' Fees	50,300.00	50,300.00	56,484.50	6,184.50
Legal Services	25,300.00	25,300.00	26,515.69	1,215.69
Clerk of Courts Fees	6,000.00	6,000.00	5,598.20	(401.80)
Other Fees	100.00	100.00	121.50	21.50
Public Safety:				
Law Enforcement	29,300.00	29,300.00	23,252.43	(6,047.57)
Prisoner Care	75,500.00	75,500.00	304,758.22	229,258.22
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	2,000.00	2,000.00	2,518.26	518.26
Veterans Service Officer	2,812.50	2,812.50	2,812.50	0.00
Culture and Recreation	500.00	500.00	0.00	(500.00)
Urban and Economic Development	0.00	0.00	150.00	150.00
Conservation of Natural Resources	13,000.00	13,000.00	2,754.30	(10,245.70)
Other Charges	1,500.00	1,500.00	1,123.75	(376.25)
Fines and Forfeits:				
Costs	4,000.00	4,000.00	4,779.69	779.69
Forfeits	2,000.00	2,000.00	1,350.00	(650.00)
Miscellaneous Revenue:				
Investment Earnings	13,000.00	13,000.00	25,455.65	12,455.65
Rent	10,000.00	10,000.00	7,310.00	(2,690.00)
Contributions and Donations	0.00	0.00	502.88	502.88
Refund of Prior Year's Expenditures	0.00	0.00	9,779.01	9,779.01
Total Revenues	2,537,325.50	2,537,325.50	2,834,703.77	297,378.27
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	187,800.00	187,800.00	149,593.79	38,206.21
Contingency	125,000.00	125,000.00		
Amount Transferred		(64,929.45)		60,070.55
Elections	33,460.00	35,310.72	35,310.72	0.00
Judicial System	37,000.00	37,000.00	28,587.01	8,412.99
Financial Administration:				
Auditor	180,470.00	180,470.00	176,912.87	3,557.13
Treasurer	169,250.00	169,250.00	150,787.98	18,462.02
Legal Services:				
State's Attorney	235,830.00	235,830.00	224,499.82	11,330.18
Court Appointed Attorney	95,000.00	135,701.72	135,701.72	0.00
Abused and Neglected Child Defense	30,000.00	30,000.00	25,679.22	4,320.78
Other Administration:				
General Government Building	154,350.00	357,593.85	337,298.83	20,295.02
Director of Equalization	215,600.00	215,600.00	198,378.50	17,221.50
Register of Deeds	114,100.00	114,100.00	97,255.38	16,844.62

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Veterans Service Officer	18,550.00	18,550.00	16,580.92	1,969.08
Predatory Animal	2,311.60	2,311.60	2,311.60	0.00
Public Safety:				
Law Enforcement:				
Sheriff	360,250.00	360,250.00	348,267.75	11,982.25
County Jail	1,075,050.00	1,135,480.46	1,003,660.00	131,820.46
Coroner	8,945.00	8,945.00	2,258.38	6,686.62
Protective and Emergency Services:				
Emergency and Disaster Services	56,500.00	81,929.31	28,518.54	53,410.77
Health and Welfare:				
Economic Assistance:				
Support of Poor	30,670.00	30,670.00	30,380.57	289.43
Other	2,500.00	2,500.00	2,500.00	0.00
Health Assistance:				
County Nurse	37,050.00	37,050.00	37,050.00	0.00
Ambulance	30,500.00	30,500.00	30,500.00	0.00
Other	2,800.00	2,800.00	602.01	2,197.99
Mental Health Services:				
Mentally Ill	3,000.00	11,038.13	11,038.13	0.00
Developmentally Disabled	720.00	720.00	660.00	60.00
Mental Health Centers	15,500.00	15,500.00	15,500.00	0.00
Mental Illness Board	5,000.00	6,618.32	6,618.32	0.00
Culture and Recreation:				
Culture:				
Historical Museum	4,500.00	4,500.00	4,500.00	0.00
Recreation:				
Parks	750.00	750.00	0.00	750.00
Senior Center	4,000.00	4,000.00	4,000.00	0.00
Other	11,968.00	11,968.00	11,968.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	63,645.00	78,241.89	78,241.89	0.00
Soil Conservation Districts	18,500.00	18,500.00	18,500.00	0.00
Weed and Pest Control	77,580.00	77,580.00	38,890.32	38,689.68
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	14,700.00	14,700.00	4,367.42	10,332.58
Total Expenditures	3,422,849.60	3,713,829.55	3,256,919.69	456,909.86
Excess of Revenues Over (Under) Expenditures	(885,524.10)	(1,176,504.05)	(422,215.92)	754,288.13
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	14,071.04	14,071.04
Transfers Out	0.00	0.00	(19,088.45)	(19,088.45)
Total Other Financing Sources (Uses)	0.00	0.00	(5,017.41)	(5,017.41)
Net Change in Fund Balance	(885,524.10)	(1,176,504.05)	(427,233.33)	749,270.72
Fund Balance - Beginning	3,182,677.36	3,182,677.36	3,182,677.36	0.00
FUND BALANCE - ENDING	\$ 2,297,153.26	\$ 2,006,173.31	\$ 2,755,444.03	\$ 749,270.72

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 26,878.00	\$ 26,878.00	\$ 26,672.02	\$ (205.98)
General Property Taxes--Delinquent	200.00	200.00	271.23	71.23
Penalties and Interest	60.00	60.00	94.70	34.70
Wheel Tax	150,000.00	150,000.00	192,558.00	42,558.00
Intergovernmental Revenue:				
State Grants	180,000.00	180,000.00	582,349.42	402,349.42
State Shared Revenue:				
Bank Franchise	1,500.00	1,500.00	566.80	(933.20)
Motor Vehicle Licenses	700,000.00	700,000.00	833,510.56	133,510.56
State Highway Fund (former 10% game)	32,079.40	32,079.40	32,079.40	0.00
Prorate License Fees	0.00	0.00	39,399.19	39,399.19
63 3/4% Mobile Home	10,000.00	10,000.00	6,636.53	(3,363.47)
Secondary Road Remittances	180,000.00	180,000.00	246,267.26	66,267.26
Motor Fuel Tax	0.00	0.00	4,107.15	4,107.15
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	4,000.00	4,000.00	43,123.67	39,123.67
Miscellaneous Revenue:				
Investment Earnings	3,100.00	3,100.00	10,161.99	7,061.99
Refund of Prior Year's Expenditures	1,200.00	1,200.00	831.76	(368.24)
Total Revenues	<u>1,289,017.40</u>	<u>1,289,017.40</u>	<u>2,018,629.68</u>	<u>729,612.28</u>
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	2,341,642.00	2,741,642.00	2,560,409.99	181,232.01
Intergovernmental Expenditures	20,000.00	20,000.00	19,255.81	744.19
Total Expenditures	<u>2,361,642.00</u>	<u>2,761,642.00</u>	<u>2,579,665.80</u>	<u>181,976.20</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,072,624.60)</u>	<u>(1,472,624.60)</u>	<u>(561,036.12)</u>	<u>911,588.48</u>
Other Financing Sources (Uses):				
Insurance Proceeds	0.00	0.00	8,036.47	8,036.47
Sale of County Property	120,000.00	120,000.00	157,545.00	37,545.00
Total Other Financing Sources (Uses)	<u>120,000.00</u>	<u>120,000.00</u>	<u>165,581.47</u>	<u>45,581.47</u>
Net Change in Fund Balance	<u>(952,624.60)</u>	<u>(1,352,624.60)</u>	<u>(395,454.65)</u>	<u>957,169.95</u>
Fund Balance - Beginning	<u>1,297,349.71</u>	<u>1,297,349.71</u>	<u>1,297,349.71</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 344,725.11</u>	<u>\$ (55,274.89)</u>	<u>\$ 901,895.06</u>	<u>\$ 957,169.95</u>

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

South Dakota Retirement System

*Last 10 Years

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.0966439%	0.0948857%	0.0894792%	0.0898821%	0.0877382%	0.0846491%
County's proportionate share of net pension liability (asset)	\$ (10,242)	\$ (2,213)	\$ (8,120)	\$ 303,613	\$ (372,123)	\$ (609,862)
County's covered-employee payroll	\$ 1,829,332	\$ 1,771,599	\$ 1,628,596	\$ 1,550,309	\$ 1,455,272	\$ 1,353,116
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.56%	0.12%	0.50%	19.58%	25.57%	45.07%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

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

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

Changes of benefit terms:

No significant changes.

Changes of assumptions:

Legislation enacted in 2017 modified the SDRS COLA. For COLAs first applicable in 2018, the SDRS COLA will equal the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2018 and exists again this year as of June 30, 2019. Future COLAs are assumed to equal the current restricted maximum COLA which was 2.03% as of June 30, 2018 and is 1.88% as of June 30, 2019.

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

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

SUPPLEMENTARY INFORMATION
WALWORTH COUNTY
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Two Years Ended December 31, 2019

Indebtedness	Long-Term Debt January 1, 2018	Add New Debt	Less Debt Retired	Long-Term Debt December 31, 2019
Enterprise Long-Term Debt:				
Accrued Landfill Closure and Postclosure Care Costs	\$ 956,653.49	\$ 107,473.64	\$	\$ 1,064,127.13

Note 1 - Long-Term Debt:

Debt payable at December 31, 2019 is comprised of the following:

Accrued Landfill Closure and Postclosure Care Costs:

The County is required to estimate landfill closure and postclosure care costs. This will be paid from the Solid Waste Fund.

\$ 1,064,127.13

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