

WALWORTH COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2021



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

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WALWORTH COUNTY
COUNTY OFFICIALS
December 31, 2021

Board of Commissioners:

Duane Mohr
Scott Schilling
Kevin Holgard
Justin Jungwirth
Jim Houck

Auditor:
Eva Cagnones

Treasurer:
Cynthia Geier

State's Attorney:
James Hare

Register of Deeds:
Casi Thomason

Sheriff:
Joshua Boll

WALWORTH COUNTY
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RUSSELL A. OLSON
AUDITOR GENERAL

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

Independent Auditor's Report

County Commission
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, 2021, 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 September 21, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items No. 2021-001 and 2021-002 to be material weaknesses.

Report on Compliance and Other Matters

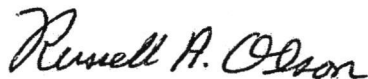
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

County's Response to Findings

The County's 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

September 21, 2023



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RUSSELL A. OLSON
AUDITOR GENERAL

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

County Commission
Walworth County
Selby, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Walworth County, South Dakota (County), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the biennial period ended December 31, 2021. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, Walworth County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the biennial period ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

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



Russell A. Olson
Auditor General

September 21, 2023

WALWORTH COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Findings:

Finding No. 2019-001:

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. 2021-001.

Finding No. 2019-002:

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. 2021-002.

Finding No. 2019-003:

The County Auditor did not monitor the cash balances in the Road and Bridge Fund's 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. This finding has been resolved.

Finding No. 2019-004:

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. This finding has been resolved.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Summary of the Independent Auditor's Results:

Financial Statements

- a. An unmodified opinion was issued on the financial statements of each opinion unit.
- b. Material weaknesses were disclosed by our audit of the financial statements for financial reporting errors and cash internal control deficiencies as discussed in Current Other Audit Findings No. 2021-001 and 2021-002.
- c. Our audit disclosed the County did not comply with state statutes related to the operations of the County as discussed in Current Other Audit Finding No. 2021-003.

Federal Awards

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR 200.516(a).

- f. The federal awards tested as a major program was:
Coronavirus Relief Fund Federal Assistance Listing Number 21.019
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. Walworth County did not qualify as a low-risk auditee.

Current Federal Audit Findings:

There are no written current federal compliance audit findings to report.

Current Other Audit Findings:

Internal Control-Related Findings - Material Weaknesses:

Financial Reporting Errors

Finding No. 2021-001:

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, 2020, and December 31, 2021.

- a. The 2021 Statement of Net Position contained the following significant errors:
- Governmental Activities Net Position Restricted for Other Purposes was overstated and Net Position Restricted for American Rescue Plan Purposes was understated by \$528,284.89.
 - Governmental Activities Cash and Cash Equivalents was overstated \$262,581.25.
 - Governmental Activities Investments was understated by \$300,000.00.
 - Business-Type Activities Net Restricted for Capital Projects Purposes was overstated by \$1,112,748.04.
 - Business-Type Activities Net Position Restricted for Landfill Closure and Postclosure Purposes was understated by \$1,155,743.23.
- b. The 2021 Statement of Activities contained the following significant errors:
- Governmental Activities Operating Grants and Contributions – General Government was overstated \$402,141.79.

- Governmental Activities Operating Grants and Contributions – Public Safety was understated \$406,604.45.
- c. The 2020 Statement of Activities contained the following significant error:
- Governmental Activities Operating Grants and Contributions – General Government was overstated and Operating Grants – Public Safety was understated by \$377,614.27.
- d. The 2021 Governmental Funds - Balance Sheet contained the following significant errors:
- General Fund Cash and Cash Equivalents was overstated by \$262,581.25.
 - General Fund Investments was understated by \$300,000.00.
 - General Fund Unassigned Fund Balance was overstated by \$734,137.25.
 - General Fund Assigned Fund Balance was understated by \$771,556.00.
- e. The 2021 Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances contained the following significant error:
- Other Governmental Funds Communication Center expenditures were understated and Health Center expenditures were overstated by \$47,805.39.
 -
- f. The 2021 Proprietary Funds – Statement of Net Position contained the following significant errors:
- Solid Waste Fund Cash and Cash Equivalents was overstated and Restricted Cash and Cash Equivalents was understated by \$42,995.19.
 - Solid Waste Fund Unrestricted Net Position was overstated and Restricted Net Position for Landfill Closure and Postclosure Costs was understated by \$42,995.19.
- g. The 2021 Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position contained the following significant error:
- Solid Waste Fund Materials expenses were understated and Other Current expenses were overstated by \$95,618.53.
- h. The 2020 Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position contained the following significant error:
- Solid Waste Fund Materials expenses were understated and Other Current expenses were overstated by \$45,043.60.
- i. The 2021 Statement of Fiduciary Net Position included the following significant error:
- Fiduciary Fund Cash and Cash Equivalents and Restricted Net Position were overstated by \$366,698.75.
- j. The 2021 Statement of Changes in Fiduciary Net Position contained the following significant error:
- Property Tax Collections for Other Governments and Ending Net Position were overstated by \$366,698.75.

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.

Recommendation:

1. We recommend the County Strengthen internal accounting controls over financial reporting.

Views of responsible officials:

County Auditor is working to correct moving forward.

Cash Internal Control Deficiencies

Finding No. 2021-002:

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, 2021, variance between the two records was \$329,280.00.

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:

2. 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:

County Auditor and County Treasurer are taking the necessary steps to reconcile Daily Balances.

Compliance and Other Matters:

Annual Financial Reports

Finding No. 2021-003:

Criteria:

SDCL 7-10-4 states: "The county auditor shall prepare by the first day of March of each year a report of the revenues and expenditures of the previous year and the assets, liabilities, and equity of the county as of December thirty-first of the previous year. The report shall be made in the form prescribed by the auditor-general and shall be published within thirty days in the official newspapers of the county. A copy of the publication shall be filed with the auditor-general."

Condition:

The County Auditor did not prepare, publish, or file with the Auditor General of the Department of Legislative Audit on a timely basis the annual financial reports for the years ended December 31, 2020, and December 31, 2021, as required by SDCL 7-10-4.

Context:

The annual financial reports for the years ended December 31, 2020, and the year ended December 31, 2021, were not filed with the Auditor General until January 11, 2023, and were not published as of the completion of this audit.

Effect:

The County is not in compliance with SDCL 7-10-4.

Cause:

The County Auditor did not file or publish the annual financial reports for the years ended December 31, 2020, and December 31, 2021, in accordance with SDCL 7-10-4.

Recommendation:

3. We recommend that the County comply with SDCL 7-10-4.

Views of responsible officials

County Auditor has completed the necessary steps to comply with SDCL 7-10-4.



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RUSSELL A. OLSON
AUDITOR GENERAL

Independent Auditor's Report

County Commission
Walworth County
Selby, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis of accounting financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Walworth County, South Dakota (County), as of December 31, 2021, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying modified cash basis of accounting financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Walworth County as of December 31, 2021, and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

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

As discussed in Notes 2 and 15 to the financial statements, in 2020, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which has

resulted in a restatement of the net position as of January 1, 2020. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the modified cash basis of accounting financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Budgetary Comparison Schedules, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of Changes in Long-Term Debt are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Budgetary Comparison Schedules, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of Changes in Long-Term Debt are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.



Russell A. Olson
Auditor General

September 21, 2023

WALWORTH COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2021

		Primary Government	
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 3,678,916.84	\$ 469,585.78	\$ 4,148,502.62
Investments	300,000.00		300,000.00
Restricted Assets:			
Cash and Cash Equivalents		1,155,743.23	1,155,743.23
TOTAL ASSETS	\$ 3,978,916.84	\$ 1,625,329.01	\$ 5,604,245.85
NET POSITION:			
Restricted For: (See Note 9)			
Landfill Closure and Postclosure Cost Purposes	\$	\$ 1,155,743.23	\$ 1,155,743.23
Road and Bridge Purposes	1,028,959.64		1,028,959.64
American Rescue Plan Act Purposes	528,284.89		528,284.89
Other Purposes	121,528.76		121,528.76
Unrestricted	2,300,143.55	469,585.78	2,769,729.33
TOTAL NET POSITION	\$ 3,978,916.84	\$ 1,625,329.01	\$ 5,604,245.85

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, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
General Government	\$ 1,611,557.26	\$ 180,332.09	\$ 541,776.01	\$ 21,322.18	\$ (868,126.98)	\$	\$ (868,126.98)
Public Safety	1,738,259.31	23,122.21	488,294.85		(1,226,842.25)		(1,226,842.25)
Public Works	1,912,067.33	195,575.19	1,443,711.68		(272,780.46)		(272,780.46)
Health and Welfare	121,168.88	41,675.42			(79,493.46)		(79,493.46)
Culture and Recreation	11,500.00				(11,500.00)		(11,500.00)
Conservation of Natural Resources	102,171.06	308.00	1,560.00		(100,303.06)		(100,303.06)
Urban and Economic Development	7,990.55	8,867.50			876.95		876.95
Intergovernmental	19,460.73				(19,460.73)		(19,460.73)
Total Governmental Activities	5,524,175.12	449,880.41	2,475,342.54	21,322.18	(2,577,629.99)	0.00	(2,577,629.99)
Business-Type Activities:							
Solid Waste	561,134.71	495,834.66	91,762.09	0.00		26,462.04	26,462.04
Total Primary Government	\$ 6,085,309.83	\$ 945,715.07	\$ 2,567,104.63	\$ 21,322.18	(2,577,629.99)	26,462.04	(2,551,167.95)
General Revenues:							
Taxes:							
Property Taxes					2,337,094.25		2,337,094.25
Wheel Tax					194,606.88		194,606.88
State Shared Revenues					103,457.27		103,457.27
Grants and Contributions not Restricted to Specific Programs					47,497.64		47,497.64
Unrestricted Investment Earnings					19,705.12	5,271.85	24,976.97
Miscellaneous Revenue					215,190.16	36,895.10	252,085.26
Unknown, Unexplained Variance					37,418.75		37,418.75
Total General Revenues and Unknown, Unexplained Variance					2,954,970.07	42,166.95	2,997,137.02
Change in Net Position					377,340.08	68,628.99	445,969.07
Net Position - Beginning					3,601,576.76	1,556,700.02	5,158,276.78
NET POSITION - ENDING					\$ 3,978,916.84	\$ 1,625,329.01	\$ 5,604,245.85

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, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
General Government	\$ 1,483,684.96	\$ 139,959.97	\$ 2,734.93	\$ 4,561.38	\$ (1,336,428.68)	\$	\$ (1,336,428.68)
Public Safety	1,675,643.75	298,635.36	483,296.18		(893,712.21)		(893,712.21)
Public Works	1,782,185.09	3,819.38	1,432,693.50		(345,672.21)		(345,672.21)
Health and Welfare	122,980.56	10,876.98			(112,103.58)		(112,103.58)
Culture and Recreation	11,500.00				(11,500.00)		(11,500.00)
Conservation of Natural Resources	158,462.52	3,393.95	5,315.60		(149,752.97)		(149,752.97)
Urban and Economic Development	4,297.31	5,037.29			739.98		739.98
Intergovernmental	18,951.60				(18,951.60)		(18,951.60)
Total Governmental Activities	5,257,705.79	461,722.93	1,924,040.21	4,561.38	(2,867,381.27)	0.00	(2,867,381.27)
Business-Type Activities:							
17 Solid Waste	528,134.59	678,279.79	7,608.92			157,754.12	157,754.12
Total Primary Government	<u>\$ 5,785,840.38</u>	<u>\$ 1,140,002.72</u>	<u>\$ 1,931,649.13</u>	<u>\$ 4,561.38</u>	<u>(2,867,381.27)</u>	<u>157,754.12</u>	<u>(2,709,627.15)</u>
General Revenues:							
Taxes:							
Property Taxes					2,295,389.37		2,295,389.37
Wheel Tax					189,495.63		189,495.63
State Shared Revenues					118,167.16		118,167.16
Grants and Contributions not Restricted to Specific Programs					49,070.24		49,070.24
Unrestricted Investment Earnings					52,955.29	12,610.64	65,565.93
Miscellaneous Revenue					129,736.06	2,103.66	131,839.72
Total General Revenues					<u>2,834,813.75</u>	<u>14,714.30</u>	<u>2,849,528.05</u>
Change in Net Position					(32,567.52)	172,468.42	139,900.90
Net Position - Beginning					<u>3,634,144.28</u>	<u>1,384,231.60</u>	<u>5,018,375.88</u>
NET POSITION - ENDING					<u>\$ 3,601,576.76</u>	<u>\$ 1,556,700.02</u>	<u>\$ 5,158,276.78</u>

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

WALWORTH COUNTY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2021

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 2,562,621.35	\$ 1,028,959.64	\$ 87,335.85	\$ 3,678,916.84
Investments	300,000.00			300,000.00
TOTAL ASSETS	<u><u>\$ 2,862,621.35</u></u>	<u><u>\$ 1,028,959.64</u></u>	<u><u>\$ 87,335.85</u></u>	<u><u>\$ 3,978,916.84</u></u>
FUND BALANCES: (See Note 1.k.)				
Restricted	\$ 535,947.22	\$ 1,028,959.64	\$ 113,866.43	\$ 1,678,773.29
Assigned	1,754,276.20		2,060.79	1,756,336.99
Unassigned	572,397.93		(28,591.37)	543,806.56
TOTAL FUND BALANCES	<u><u>\$ 2,862,621.35</u></u>	<u><u>\$ 1,028,959.64</u></u>	<u><u>\$ 87,335.85</u></u>	<u><u>\$ 3,978,916.84</u></u>

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, 2021

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 2,287,277.00	\$ 28,718.95	\$ 5,579.92	\$ 2,321,575.87
General Property Taxes--Delinquent	8,052.20	103.43	3.21	8,158.84
Penalties and Interest	3,237.46	42.21	4.08	3,283.75
Wheel Tax		194,606.88		194,606.88
Tax Deed Revenue	3,952.50			3,952.50
Other Taxes			123.29	123.29
Licenses and Permits	9,933.50		1,050.00	10,983.50
Intergovernmental Revenue:				
Federal Grants	929,984.29	8,775.43	19,797.64	958,557.36
Federal Shared Revenue	1,901.00			1,901.00
Federal Payments in Lieu of Taxes	45,494.64			45,494.64
State Grants	2,890.14	220,388.56		223,278.70
State Shared Revenue:				
Bank Franchise	50,708.54	636.68		51,345.22
Motor Vehicle Licenses		875,812.56		875,812.56
State Highway Fund (former 10% game)		32,079.40		32,079.40
Court Appointed Attorney/Public Defender	9,741.57			9,741.57
Prorate License Fees		44,025.75		44,025.75
Abused and Neglected Child Defense	1,594.33			1,594.33
63 3/4% Mobile Home		12,149.81		12,149.81
Secondary Road Remittances		220,932.24		220,932.24
Telecommunications Gross Receipts Tax	13,780.29			13,780.29
Motor Vehicle 1/4%	2,597.61			2,597.61
Motor Fuel Tax		4,123.09		4,123.09
911 Remittances			61,892.76	61,892.76
Liquor Tax Reversion (25%)	38,331.76			38,331.76
Other State Shared Revenue			28,557.36	28,557.36

Charges for Goods and Services:

General Government:

Treasurer's Fees	28,102.17		28,102.17
Register of Deeds' Fees	80,233.43	3,702.00	83,935.43
Driver's License Exam		325.00	325.00
Legal Services	55,765.69		55,765.69
Clerk of Courts Fees	4,712.00		4,712.00
Other Fees	34.80		34.80

Public Safety:

Law Enforcement	18,458.35		18,458.35
Prisoner Care	590.00		590.00

Public Works:

Road Maintenance Contract Charges		195,575.19	195,575.19
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Health and Welfare:

Economic Assistance:

Poor Lien Recoveries	40,275.42		40,275.42
Veterans Service Officer	2,812.50		2,812.50
Conservation of Natural Resources	308.00		308.00
Other Charges	134.50		134.50

Fines and Forfeits:

Costs	2,024.86	100.00	2,124.86
Forfeits	1,233.00		1,233.00

Miscellaneous Revenue:

Investment Earnings	14,934.39	4,770.73	19,705.12
Rent	4,510.00		4,510.00
Contributions and Donations		102.00	102.00
Refund of Prior Year's Expenditures	18,138.40		18,138.40
Other	14,167.95		14,167.95
Unknown, Unexplained Variance	37,418.75		37,418.75

Total Revenues	<u>3,733,331.04</u>	<u>1,842,740.91</u>	<u>121,237.26</u>	<u>5,697,309.21</u>
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Expenditures:

General Government:

Legislative:

Board of County Commissioners	210,231.95		210,231.95
Elections	11,026.02		11,026.02
Judicial System	9,043.98		9,043.98

Financial Administration:

Auditor	359,304.61		359,304.61
Treasurer	164,883.05		164,883.05

WALWORTH COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021
(Continued)

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Legal Services:				
State's Attorney	243,597.70			243,597.70
Court Appointed Attorney	148,362.76			148,362.76
Abused and Neglected Child Defense	50,727.23			50,727.23
Other General Government:				
General Government Building	105,786.11			105,786.11
Director of Equalization	185,470.74			185,470.74
Register of Deeds	100,618.14		1,511.62	102,129.76
Judgments	18,420.39			18,420.39
Predatory Animal	2,572.96			2,572.96
Public Safety:				
Law Enforcement:				
Sheriff	1,152,300.52		324.87	1,152,625.39
County Jail	404,225.80			404,225.80
Coroner	29,674.51			29,674.51
Protective and Emergency Services:				
Fire Protection			14,300.00	14,300.00
Emergency and Disaster Services			89,628.22	89,628.22
Communication Center			47,805.39	47,805.39
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		1,912,067.33		1,912,067.33
Health and Welfare:				
Economic Assistance:				
Support of Poor	18,794.84			18,794.84
Other	3,500.00			3,500.00
Health Assistance:				
County Nurse	37,742.00			37,742.00
Ambulance	31,500.00			31,500.00

Social Services:				
Domestic Abuse			1,080.00	1,080.00
Mental Health Services:				
Mentally Ill	5,683.99			5,683.99
Developmentally Disabled	1,536.00			1,536.00
Mental Health Centers	15,500.00			15,500.00
Mental Illness Board	5,832.05			5,832.05
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	64,960.47			64,960.47
Soil Conservation Districts	15,500.00			15,500.00
Weed Control	21,710.59			21,710.59
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	7,990.55			7,990.55
Intergovernmental Expenditures		19,460.73		19,460.73
Total Expenditures	<u>3,437,996.96</u>	<u>1,931,528.06</u>	<u>154,650.10</u>	<u>5,524,175.12</u>
Excess of Revenues Over (Under) Expenditures	<u>295,334.08</u>	<u>(88,787.15)</u>	<u>(33,412.84)</u>	<u>173,134.09</u>
Other Financing Sources (Uses):				
Insurance Proceeds	21,322.18			21,322.18
Sale of County Property	16,113.36	166,770.45		182,883.81
Total Other Financing Sources (Uses)	<u>37,435.54</u>	<u>166,770.45</u>	<u>0.00</u>	<u>204,205.99</u>
Net Change in Fund Balance	332,769.62	77,983.30	(33,412.84)	377,340.08
Fund Balance - Beginning	<u>2,529,851.73</u>	<u>950,976.34</u>	<u>120,748.69</u>	<u>3,601,576.76</u>
FUND BALANCE - ENDING	<u>\$ 2,862,621.35</u>	<u>\$ 1,028,959.64</u>	<u>\$ 87,335.85</u>	<u>\$ 3,978,916.84</u>

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, 2020

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 2,233,645.65	\$ 28,408.82	\$ 5,703.00	\$ 2,267,757.47
General Property Taxes--Delinquent	21,371.39	289.74	41.26	21,702.39
Penalties and Interest	5,694.24	83.81	11.84	5,789.89
Wheel Tax		189,495.63		189,495.63
Other Taxes			139.62	139.62
Licenses and Permits	5,834.29		630.00	6,464.29
Intergovernmental Revenue:				
Federal Grants	388,388.24	84,562.61	40,776.01	513,726.86
Federal Shared Revenue	2,023.00			2,023.00
Federal Payments in Lieu of Taxes	46,546.00			46,546.00
State Grants	5,537.41	214,967.43		220,504.84
State Shared Revenue:				
Bank Franchise	55,134.21	697.91		55,832.12
Motor Vehicle Licenses		842,793.43		842,793.43
State Highway Fund (former 10% game)		32,079.40		32,079.40
Prorate License Fees		40,205.29		40,205.29
63 3/4% Mobile Home		1,858.93		1,858.93
Secondary Road Remittances		212,109.92		212,109.92
Telecommunications Gross Receipts Tax	26,381.56			26,381.56
Motor Vehicle 1/4%	2,513.12			2,513.12
Motor Fuel Tax		4,116.49		4,116.49
911 Remittances			54,131.93	54,131.93
Liquor Tax Reversion (25%)	35,953.48			35,953.48
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	28,157.21			28,157.21
Register of Deeds' Fees	46,927.50		7,518.20	54,445.70

Legal Services	41,059.43		400.00	41,459.43
Clerk of Courts Fees	4,760.00			4,760.00
Other Fees	34.50			34.50
Public Safety:				
Law Enforcement	13,328.61			13,328.61
Prisoner Care	279,145.60			279,145.60
Public Works:				
Road Maintenance Contract Charges		3,819.38		3,819.38
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	10,036.98			10,036.98
Veterans Service Officer	2,812.50			2,812.50
Conservation of Natural Resources	3,393.95			3,393.95
Other Charges	430.63			430.63
Fines and Forfeits:				
Costs	4,191.15		100.00	4,291.15
Forfeits	1,283.00			1,283.00
Miscellaneous Revenue:				
Investment Earnings	37,244.47	15,710.82		52,955.29
Rent	7,860.00			7,860.00
Contributions and Donations	501.24			501.24
Refund of Prior Year's Expenditures	85,625.53	2,787.66		88,413.19
Other	14,636.62		739.00	15,375.62
Total Revenues	<u>3,410,451.51</u>	<u>1,673,987.27</u>	<u>110,190.86</u>	<u>5,194,629.64</u>

Expenditures:

General Government:

Legislative:

Board of County Commissioners	267,235.67		267,235.67
Elections	43,908.35		43,908.35
Judicial System	14,252.94		14,252.94

Financial Administration:

Auditor	189,383.53		189,383.53
Treasurer	158,487.90		158,487.90

Legal Services:

State's Attorney	233,718.37		233,718.37
Court Appointed Attorney	137,132.90		137,132.90
Abused and Neglected Child Defense	29,936.06		29,936.06

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Other General Government:				
General Government Building	100,633.31			100,633.31
Director of Equalization	188,855.64			188,855.64
Register of Deeds	96,899.04		2,120.64	99,019.68
Veterans Service Officer	18,809.01			18,809.01
Predatory Animal	2,311.60			2,311.60
Public Safety:				
Law Enforcement:				
Sheriff	591,233.02			591,233.02
County Jail	906,844.56			906,844.56
Coroner	11,219.22			11,219.22
Protective and Emergency Services:				
Fire Protection			13,900.00	13,900.00
Emergency and Disaster Services	3,235.66		89,211.29	92,446.95
Communication Center			60,000.00	60,000.00
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		1,782,185.09		1,782,185.09
Health and Welfare:				
Economic Assistance:				
Support of Poor	13,578.35			13,578.35
Other	3,500.00			3,500.00
Health Assistance:				
County Nurse	37,742.00			37,742.00
Ambulance	31,500.00			31,500.00
Social Services:				
Domestic Abuse			815.00	815.00
Mental Health Services:				
Mentally Ill	15,151.31			15,151.31

Developmentally Disabled	1,440.00			1,440.00
Mental Health Centers	15,500.00			15,500.00
Mental Illness Board	3,753.90			3,753.90
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	84,865.36			84,865.36
Soil Conservation Districts	18,500.00			18,500.00
Weed and Pest Control	55,097.16			55,097.16
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	4,297.31			4,297.31
Intergovernmental Expenditures		18,951.60		18,951.60
Total Expenditures	<u>3,290,522.17</u>	<u>1,801,136.69</u>	<u>166,046.93</u>	<u>5,257,705.79</u>
Excess of Revenues Over (Under) Expenditures	<u>119,929.34</u>	<u>(127,149.42)</u>	<u>(55,856.07)</u>	<u>(63,076.15)</u>
Other Financing Sources (Uses):				
Transfers In			96,720.00	96,720.00
Transfers Out	(96,720.00)			(96,720.00)
Insurance Proceeds	4,561.38			4,561.38
Sale of County Property		25,947.25		25,947.25
Total Other Financing Sources (Uses)	<u>(92,158.62)</u>	<u>25,947.25</u>	<u>96,720.00</u>	<u>30,508.63</u>
Net Change in Fund Balance	27,770.72	(101,202.17)	40,863.93	(32,567.52)
Fund Balance - Beginning	<u>2,502,081.01</u>	<u>1,052,178.51</u>	<u>79,884.76</u>	<u>3,634,144.28</u>
FUND BALANCE - ENDING	<u>\$ 2,529,851.73</u>	<u>\$ 950,976.34</u>	<u>\$ 120,748.69</u>	<u>\$ 3,601,576.76</u>

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, 2021

	<u>Enterprise Funds</u> <u>Solid Waste</u> <u>Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 469,585.78
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	<u>1,155,743.23</u>
TOTAL ASSETS	<u><u>\$ 1,625,329.01</u></u>
NET POSITION:	
Restricted For:	
Landfill Closure and Postclosure Costs	\$ 1,155,743.23
Unrestricted	<u>469,585.78</u>
TOTAL NET POSITION	<u><u>\$ 1,625,329.01</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, 2021

	<u>Enterprise Funds</u> <u>Solid Waste</u> <u>Fund</u>
Operating Revenues:	
Charges for Goods and Services	\$ 495,834.66
Operating Expenses:	
Personal Services	283,171.72
Other Current Expense	93,685.96
Materials	95,618.53
Capital Assets	88,658.50
Total Operating Expenses	561,134.71
Operating Income (Loss)	(65,300.05)
Nonoperating Revenues (Expenses):	
Operating Grants	91,762.09
Investment Earnings	5,271.85
Sale of County Property	36,895.10
Total Nonoperating Revenues (Expenses)	133,929.04
Change in Net Position	68,628.99
Net Position - Beginning	1,556,700.02
NET POSITION - ENDING	\$ 1,625,329.01

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, 2020

	<u>Enterprise Funds</u> <u>Solid Waste</u> <u>Fund</u>
Operating Revenues:	
Charges for Goods and Services	\$ 675,822.17
Miscellaneous	<u>2,457.62</u>
Total Operating Revenues	<u>678,279.79</u>
Operating Expenses:	
Personal Services	257,175.26
Other Current Expense	208,915.73
Materials	45,043.60
Capital Assets	<u>17,000.00</u>
Total Operating Expenses	<u>528,134.59</u>
Operating Income (Loss)	<u>150,145.20</u>
Nonoperating Revenues (Expenses):	
Operating Grants	7,608.92
Investment Earnings	12,610.64
Sale of County Property	2,102.40
Other	<u>1.26</u>
Total Nonoperating Revenues (Expenses)	<u>22,323.22</u>
Change in Net Position	172,468.42
Net Position - Beginning	<u>1,384,231.60</u>
NET POSITION - ENDING	<u><u>\$ 1,556,700.02</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, 2021

	<u>Custodial Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ 535,519.96
TOTAL ASSETS	<u>\$ 535,519.96</u>
NET POSITION:	
Restricted For:	
Individuals, Organizations, and Other Governments	\$ 535,519.96
TOTAL NET POSITION	<u>\$ 535,519.96</u>

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

WALWORTH COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
For the Year Ended December 31, 2021

	<u>Custodial Funds</u>
ADDITIONS:	
Property Tax Collections for Other Governments	\$ 6,431,163.35
State Shared Revenue Collections for Other Governments	1,873,399.47
Other Additions	<u>322,348.93</u>
Total Additions	<u>8,626,911.75</u>
DEDUCTIONS:	
Payments of Property Tax to Other Governments	6,036,634.90
Payments of State Shared Revenue to Other Governments	1,865,477.44
Other Deductions	<u>733,570.69</u>
Total Deductions	<u>8,635,683.03</u>
Change in Net Position	(8,771.28)
Net Position - Beginning	<u>544,291.24</u>
NET POSITION - ENDING	<u><u>\$ 535,519.96</u></u>

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

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

	<u>Custodial Funds</u>
ADDITIONS:	
Property Tax Collections for Other Governments	\$ 6,362,227.83
State Shared Revenue Collections for Other Governments	1,779,723.40
Other Additions	<u>222,528.83</u>
Total Additions	<u>8,364,480.06</u>
DEDUCTIONS:	
Payments of Property Tax to Other Governments	6,248,276.34
Payments of State Shared Revenue to Other Governments	1,782,268.07
Other Deductions	<u>407,327.15</u>
Total Deductions	<u>8,437,871.56</u>
Change in Net Position	<u>(73,391.50)</u>
Net Position - Beginning	0.00
Restatement - Implementation of GASB 84 (See Note 2 and 15)	<u>617,682.74</u>
Ne Position - Beginning, as Restated	<u>617,682.74</u>
NET POSITION - ENDING	<u><u>\$ 544,291.24</u></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 two cooperative units. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit but are discussed in these notes because of the nature of their relationship with the County.

b. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. 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, Modernization and Preservation Relief, and Rural Access Infrastructure Fund. 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:

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

c. Measurement Focus and Basis of Accounting:

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

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

Measurement Focus:

In the government-wide Statement of Net Position and Statement of Activities, 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, improvements other than buildings, furnishings and equipment, construction/development in progress, infrastructure, intangible lease assets, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

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

f. Long-Term Liabilities:

Long-term liabilities may include, but are not limited to, Financed Purchase Agreements.

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

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

g. Program Revenues:

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

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

h. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in Net Position, revenues and expenses are classified as operating or 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. Fiduciary fund equity is reported as restricted net position.

j. Application of Net Position:

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

k. Fund Balance Classification Policies and Procedures:

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

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

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

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

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

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, 2021**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Restricted For:				
American Rescue Plan Purposes	\$ 528,284.89	\$	\$	\$ 528,284.89
Secondary Road Purposes		893,537.43		893,537.43
Road and Bridge Purposes		92,210.63		92,210.63
Snow Removal Purposes		43,172.65		43,172.65
Highway and Bridge Reserve Purposes		38.93		38.93
Point of Dispensing Grant Purposes	7,662.33			7,662.33
Modernization and Preservation				
Relief Purposes			59,474.81	59,474.81
Rural Access Infrastructure Purposes			28,557.36	28,557.36
911 Service Purposes			24,904.88	24,904.88
Domestic Abuse Purposes			845.00	845.00
DARE Purposes			84.38	84.38
Assigned To:				
Courthouse Renovation Purposes	982,720.20			982,720.20
Applied to Next Year's Budget	771,556.00			771,556.00
Fire Protection Purposes			2,060.79	2,060.79
Unassigned	572,397.93		(28,591.37)	543,806.56
Total Fund Balances	<u>\$ 2,862,621.35</u>	<u>\$ 1,028,959.64</u>	<u>\$ 87,335.85</u>	<u>\$ 3,978,916.84</u>

2. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2020, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities accounting standard. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this standard required that the County present a Statement of Changes in Fiduciary Net Position for Custodial Funds for 2020 and 2021. The implementation of this standard required the County to reclassify previously reported agency funds as custodial funds. The effect of the implementation of this standard on beginning net position is disclosed in Note 15.

3. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

	Year Ended 12/31/2020
General Fund:	
Activity:	
Board of County Commissioners	\$ (8,692.24)
Auditor	\$ (119.93)
Emergency and Disaster Services	\$ (3,235.66)
	Year Ended 12/31/2021
General Fund:	
Activity:	
Predatory Animal	\$ (261.36)
Coroner	\$ (3,794.51)
Developmentally Disabled	\$ (136.00)

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.

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

As of December 31, 2021, the following individual nonmajor funds had deficit fund balance/net position in the amounts shown:

Emergency Management Fund	\$ 28,591.17
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The Board of County Commissioners plans to take the following actions to address the deficit fund balance/deficit net position:

The Board of County Commissioners will instruct the County Auditor to make the necessary cash transfers to correct the deficit fund balance.

5. 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, 2021, the investments reported in the financial statements consist of only certificates of deposit.

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

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2021, the County's deposits in financial institutions were not exposed to custodial credit risk.

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

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

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

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

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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.

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Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2021, the County's deposits in financial institutions were not exposed to custodial credit risk.

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

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

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

6. RESTRICTED CASH AND INVESTMENTS

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

Amount:
\$ 1,155,743.23

Purpose:
For required Closure and Postclosure Costs for the Landfill as required by ARSD 74:27:16:05 for financial assurance.

7. 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.

8. 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 postclosure 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 (\$647,000 closure & \$509,000 postclosure) for the landfill area with these costs being adjusted each year for the effects of inflation or deflation.

The County has \$1,155,743.23 set aside in the Solid Waste Fund for closure and postclosure costs (\$646,856.02 closure & \$508,887.21 postclosure). The County also has the \$1,155,743.23 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, 2021, was approximately 937,679 cubic yards. This amount represents usage of approximately 70 percent of the total landfill capacity.

9. RESTRICTED NET POSITION – GOVERNMENTAL ACTIVITIES

Restricted Net Position for the year ended December 31, 2021 was as follows:

Major Purposes:

Road and Bridge Purposes	\$ 1,028,959.64
American Rescue Plan Purposes	<u>528,284.89</u>

Other Purposes:

911 Service Purposes	24,904.88
Domestic Abuse Purposes	845.00
Point of Dispensing Grant Purposes	7,662.33
DARE Purposes	84.38
Rural Access Infrastructure Purposes	28,557.36
Modernization and Preservation	
Relief Purposes	<u>59,474.81</u>

Total Other Purposes	<u>121,528.76</u>
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Total Restricted Net Position	<u>\$ 1,678,773.29</u>
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These balances are restricted due to federal grant and statutory requirements.

10. INTERFUND TRANSFERS

There were no interfund transfers for the year ended December 31, 2021.

Interfund transfers for the year ended December 31, 2020 were as follows:

	<u>Transfer To:</u>
	Other
	Governmental
<u>Transfers From:</u>	<u>Funds</u>

Major Funds:

General Fund	\$ 96,720.00
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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.

11. 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, 2021, 2020, and 2019, equal to the required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 107,538.95
2020	\$ 127,771.53
2019	\$ 127,782.57

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

At June 30, 2021, SDRS is 105.53% 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, 2021 are as follows:

Proportionate share of total pension liability	\$ 11,624,178.13
Less proportionate share of net position restricted for pension benefits	<u>12,266,172.46</u>
Proportionate share of net pension asset	<u>\$ (641,994.33)</u>

The net pension asset was measured as of June 30, 2021 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, 2021, the County's proportion was 0.0838300%, which is a decrease of (0.0148419%) from its proportion measured as of June 30, 2020.

Actuarial Assumptions:

The total pension asset in the June 30, 2021 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. This is composed of an average inflation rate of 2.25% and real returns of 4.25%
Future COLAs	2.25%

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, 2021 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, 2021 (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%	4.3%
Fixed Income	30.0%	1.6%
Real Estate	10.0%	4.6%
Cash	2.0%	0.9%
Total	100%	

Discount Rate:

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net pension liability (asset)	\$ 1,039,548.54	\$ (641,994.33)	\$ (2,007,015.71)

Pension Plan Fiduciary Net Position:

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

12. 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

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, 2021, this joint venture had total assets and total net position of \$332,109.66.

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, 2021, this joint venture had total assets and total net position of \$61,847.31.

13. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2021, the County was involved in the litigation noted below:

Walworth County was a defendant in a class action lawsuit starting in September 2020. The lawsuit stated Walworth County housed seven inmates in the Walworth County Jail. The plaintiffs sued on the basis that the facility was structural inadequate. The official complaint stated how Walworth County held multiple discussions need for a new jail within commissioner meetings and had multiple regulatory agencies in agreement. Walworth County settled the lawsuit in November 2020 by paying \$91,000.00 to an individual and agreed to close the current Walworth County Jail.

14. 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, 2021, the County managed its risks as follows:

Employee Health Insurance:

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

Liability Insurance:

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

below, under an occurrence-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The County pays an annual premium to the pool to provide coverage for:

General Liability,
Automobile Liability,
Officials Liability, and
Law Enforcement Liability

Effective October 5, 2021, the SDPAA adopted a new policy on member departures. Departing members will no longer be eligible for any partial refund of the calculated portion of their contributions which was previously allowed. The prior policy provided the departing member with such a partial refund because the departing member took sole responsibility for all claims and claims expenses whether reported or unreported at the time of their departure from the SDPAA. With such partial refund being no longer available, the SDPAA will now assume responsibility for all reported claims of a departing member pursuant to the revised IGC.

The County reflected the effects of the new SDPAA policy in the financial statements as a Change in Accounting Estimate in the Statement of Activities and in the Fund Operating Statements and also eliminated the reporting of the Deposit on the Statement of Net Position and Fund Balance Sheet.

The County carries various deductibles for the above coverages.

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

Worker's Compensation:

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

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

Unemployment Benefits:

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

During the two years ended December 31, 2021, four claims were filed for unemployment benefits. These claims resulted in the payment of benefits in the amount of \$11,338.36. At December 31, 2021, no claims had been filed and were outstanding and none are anticipated in the next fiscal year.

15. IMPLEMENTATION OF NEW STANDARD AND RESTATEMENT

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

The County restated the net position and fund balance of the fund(s) indicated below to appropriately reflect the January 1, 2020 balances as follows:

	<u>Net Position December 31, 2019 as Previously Stated</u>	<u>Restatement Implementation of GASB 84</u>	<u>Net Position January 1, 2020 as Restated</u>
Custodial Funds	\$ 0.00	\$ 617,682.74	\$ 617,682.74

SUPPLEMENTARY INFORMATION
WALWORTH COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 2,297,284.00	\$ 2,297,284.00	\$ 2,287,277.00	\$ (10,007.00)
General Property Taxes--Delinquent	15,000.00	15,000.00	8,052.20	(6,947.80)
Penalties and Interest	4,000.00	4,000.00	3,237.46	(762.54)
Tax Deed Revenue	0.00	0.00	3,952.50	3,952.50
Licenses and Permits	4,205.00	4,205.00	9,933.50	5,728.50
Intergovernmental Revenue:				
Federal Grants	30,000.00	30,000.00	929,984.29	899,984.29
Federal Shared Revenue	2,000.00	2,000.00	1,901.00	(99.00)
Federal Payments in Lieu of Taxes	43,000.00	43,000.00	45,494.64	2,494.64
State Grants	0.00	0.00	2,890.14	2,890.14
State Shared Revenue:				
Bank Franchise	50,000.00	50,000.00	50,708.54	708.54
Court Appointed Attorney/Public Defender	3,000.00	3,000.00	9,741.57	6,741.57
Abused and Neglected Child Defense	900.00	900.00	1,594.33	694.33
Telecommunications Gross Receipts Tax	20,000.00	20,000.00	13,780.29	(6,219.71)
Motor Vehicle 1/4%	2,500.00	2,500.00	2,597.61	97.61
Liquor Tax Reversion (25%)	30,000.00	30,000.00	38,331.76	8,331.76
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	22,500.00	22,500.00	28,102.17	5,602.17
Register of Deeds' Fees	48,000.00	48,000.00	80,233.43	32,233.43
Legal Services	25,250.00	25,250.00	55,765.69	30,515.69
Clerk of Courts Fees	4,000.00	4,000.00	4,712.00	712.00
Other Fees	50.00	50.00	34.80	(15.20)
Public Safety:				
Law Enforcement	13,500.00	13,500.00	18,458.35	4,958.35
Prisoner Care	253,000.00	253,000.00	590.00	(252,410.00)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	5,000.00	5,000.00	40,275.42	35,275.42
Veterans Service Officer	2,812.50	2,812.50	2,812.50	0.00
Conservation of Natural Resources	0.00	0.00	308.00	308.00
Other Charges	500.00	500.00	134.50	(365.50)
Fines and Forfeits:				
Costs	4,000.00	4,000.00	2,024.86	(1,975.14)
Forfeits	1,000.00	1,000.00	1,233.00	233.00
Miscellaneous Revenue:				
Investment Earnings	40,000.00	40,000.00	14,934.39	(25,065.61)
Rent	7,000.00	7,000.00	4,510.00	(2,490.00)
Refund of Prior Year's Expenditures	8,000.00	8,000.00	18,138.40	10,138.40
Other	0.00	0.00	14,167.95	14,167.95
Unknown, Unexplained Variance	0.00	0.00	37,418.75	37,418.75
Total Revenues	2,936,501.50	2,936,501.50	3,733,331.04	796,829.54
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	210,440.00	210,479.17	210,231.95	247.22
Contingency	125,000.00	125,000.00		
Amount Transferred		(1,927.53)		123,072.47
Elections	4,600.00	16,600.00	11,026.02	5,573.98
Judicial System	18,250.00	18,250.00	9,043.98	9,206.02
Financial Administration:				
Auditor	192,675.00	370,759.32	359,304.61	11,454.71
Treasurer	175,025.00	175,025.00	164,883.05	10,141.95

SUPPLEMENTARY INFORMATION
WALWORTH COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2021
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Legal Services:				
State's Attorney	233,280.00	259,280.00	243,597.70	15,682.30
Court Appointed Attorney	150,000.00	150,000.00	148,362.76	1,637.24
Abused and Neglected Child Defense	30,000.00	64,000.00	50,727.23	13,272.77
Other General Government:				
General Government Building	176,950.00	176,950.00	105,786.11	71,163.89
Director of Equalization	209,150.00	209,150.00	185,470.74	23,679.26
Register of Deeds	109,275.00	109,275.00	100,618.14	8,656.86
Judgments	19,970.00	19,970.00	18,420.39	1,549.61
Predatory Animal	2,311.60	2,311.60	2,572.96	(261.36)
Public Safety:				
Law Enforcement:				
Sheriff	410,250.00	1,182,078.00	1,152,300.52	29,777.48
County Jail	1,031,300.00	461,489.83	404,225.80	57,264.03
Coroner	11,880.00	25,880.00	29,674.51	(3,794.51)
Health and Welfare:				
Economic Assistance:				
Support of Poor	42,745.00	42,745.00	18,794.84	23,950.16
Other	3,500.00	3,500.00	3,500.00	0.00
Health Assistance:				
County Nurse	37,742.00	37,742.00	37,742.00	0.00
Ambulance	31,500.00	31,500.00	31,500.00	0.00
Other	2,375.00	2,375.00	0.00	2,375.00
Social Services:				
Domestic Abuse	0.00	180.00	0.00	180.00
Mental Health Services:				
Mentally Ill	15,000.00	15,000.00	5,683.99	9,316.01
Developmentally Disabled	1,400.00	1,400.00	1,536.00	(136.00)
Mental Health Centers	15,500.00	15,500.00	15,500.00	0.00
Mental Illness Board	10,000.00	10,000.00	5,832.05	4,167.95
Culture and Recreation:				
Culture:				
Historical Museum	4,500.00	4,500.00	4,500.00	0.00
Recreation:				
Senior Center	7,500.00	7,500.00	7,000.00	500.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	83,000.00	83,000.00	64,960.47	18,039.53
Soil Conservation Districts	15,500.00	15,500.00	15,500.00	0.00
Weed Control	41,120.00	41,120.00	21,710.59	19,409.41
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	9,742.00	11,242.00	7,990.55	3,251.45
Total Expenditures	3,431,480.60	3,897,374.39	3,437,996.96	459,377.43
Excess of Revenues Over (Under) Expenditures	(494,979.10)	(960,872.89)	295,334.08	1,256,206.97
Other Financing Sources (Uses):				
Transfers Out	(12,000.00)	(12,000.00)	0.00	12,000.00
Insurance Proceeds	0.00	0.00	21,322.18	21,322.18
Sale of County Property	0.00	0.00	16,113.36	16,113.36
Total Other Financing Sources (Uses)	(12,000.00)	(12,000.00)	37,435.54	49,435.54
Net Change in Fund Balance	(506,979.10)	(972,872.89)	332,769.62	1,305,642.51
Fund Balance - Beginning	2,529,851.73	2,529,851.73	2,529,851.73	0.00
FUND BALANCE - ENDING	\$ 2,022,872.63	\$ 1,556,978.84	\$ 2,862,621.35	\$ 1,305,642.51

SUPPLEMENTARY INFORMATION
WALWORTH COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 29,144.00	\$ 29,144.00	\$ 28,718.95	\$ (425.05)
General Property Taxes--Delinquent	300.00	300.00	103.43	(196.57)
Penalties and Interest	50.00	50.00	42.21	(7.79)
Wheel Tax	160,000.00	160,000.00	194,606.88	34,606.88
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	8,775.43	8,775.43
State Grants	200,000.00	200,000.00	220,388.56	20,388.56
State Shared Revenue:				
Bank Franchise	1,000.00	1,000.00	636.68	(363.32)
Motor Vehicle Licenses	800,000.00	800,000.00	875,812.56	75,812.56
State Highway Fund (former 10% game)	32,079.40	32,079.40	32,079.40	0.00
Prorate License Fees	39,000.00	39,000.00	44,025.75	5,025.75
63 3/4% Mobile Home	0.00	0.00	12,149.81	12,149.81
Secondary Road Remittances	190,000.00	190,000.00	220,932.24	30,932.24
Motor Fuel Tax	0.00	0.00	4,123.09	4,123.09
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	4,000.00	4,000.00	195,575.19	191,575.19
Miscellaneous Revenue:				
Investment Earnings	12,000.00	12,000.00	4,770.73	(7,229.27)
Refund of Prior Year's Expenditures	1,000.00	1,000.00	0.00	(1,000.00)
Total Revenues	1,468,573.40	1,468,573.40	1,842,740.91	374,167.51
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	2,105,400.00	2,143,198.00	1,912,067.33	231,130.67
Intergovernmental Expenditures	20,000.00	20,000.00	19,460.73	539.27
Total Expenditures	2,125,400.00	2,163,198.00	1,931,528.06	231,669.94
Excess of Revenues Over (Under) Expenditures	(656,826.60)	(694,624.60)	(88,787.15)	605,837.45
Other Financing Sources (Uses):				
Sale of County Property	0.00	0.00	166,770.45	166,770.45
Net Change in Fund Balance	(656,826.60)	(694,624.60)	77,983.30	772,607.90
Fund Balance - Beginning	950,976.34	950,976.34	950,976.34	0.00
FUND BALANCE - ENDING	\$ 294,149.74	\$ 256,351.74	\$ 1,028,959.64	\$ 772,607.90

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 2,256,124.00	\$ 2,256,124.00	\$ 2,233,645.65	\$ (22,478.35)
General Property Taxes--Delinquent	15,000.00	15,000.00	21,371.39	6,371.39
Penalties and Interest	800.00	800.00	5,694.24	4,894.24
Mobile Home Tax	2,000.00	2,000.00	0.00	(2,000.00)
Licenses and Permits	4,560.00	4,560.00	5,834.29	1,274.29
Intergovernmental Revenue:				
Federal Grants	30,000.00	30,000.00	388,388.24	358,388.24
Federal Shared Revenue	2,000.00	2,000.00	2,023.00	23.00
Federal Payments in Lieu of Taxes	43,000.00	43,000.00	46,546.00	3,546.00
State Grants	0.00	0.00	5,537.41	5,537.41
State Shared Revenue:				
Bank Franchise	45,000.00	45,000.00	55,134.21	10,134.21
Court Appointed Attorney/Public Defender	3,500.00	3,500.00	0.00	(3,500.00)
Abused and Neglected Child Defense	900.00	900.00	0.00	(900.00)
Telecommunications Gross Receipts Tax	20,000.00	20,000.00	26,381.56	6,381.56
Motor Vehicle 1/4%	2,500.00	2,500.00	2,513.12	13.12
Liquor Tax Reversion (25%)	30,000.00	30,000.00	35,953.48	5,953.48
Other Intergovernmental Revenue	14,000.00	14,000.00	0.00	(14,000.00)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	24,520.00	24,520.00	28,157.21	3,637.21
Register of Deeds' Fees	50,000.00	50,000.00	46,927.50	(3,072.50)
Legal Services	25,150.00	25,150.00	41,059.43	15,909.43
Clerk of Courts Fees	5,000.00	5,000.00	4,760.00	(240.00)
Other Fees	100.00	100.00	34.50	(65.50)
Public Safety:				
Prisoner Care	20,400.00	20,400.00	13,328.61	(7,071.39)
Sobriety Testing	207,000.00	207,000.00	279,145.60	72,145.60
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	7,812.50	7,812.50	10,036.98	2,224.48
Veterans Service Officer	0.00	0.00	2,812.50	2,812.50
Conservation of Natural Resources	0.00	0.00	3,393.95	3,393.95
Other Charges	1,600.00	1,600.00	430.63	(1,169.37)
Fines and Forfeits:				
Costs	4,000.00	4,000.00	4,191.15	191.15
Forfeits	4,000.00	4,000.00	1,283.00	(2,717.00)
Miscellaneous Revenue:				
Investment Earnings	40,000.00	40,000.00	37,244.47	(2,755.53)
Rent	7,000.00	7,000.00	7,860.00	860.00
Contributions and Donations	0.00	0.00	501.24	501.24
Refund of Prior Year's Expenditures	8,000.00	8,000.00	85,625.53	77,625.53
Other	0.00	0.00	14,636.62	14,636.62
Total Revenues	2,873,966.50	2,873,966.50	3,410,451.51	536,485.01
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	203,590.00	258,543.43	267,235.67	(8,692.24)
Contingency	125,000.00	125,000.00		
Amount Transferred		(69,502.77)		55,497.23
Elections	43,600.00	43,908.35	43,908.35	0.00
Judicial System	37,600.00	37,600.00	14,252.94	23,347.06
Financial Administration:				
Auditor	188,150.00	189,263.60	189,383.53	(119.93)
Treasurer	158,350.00	158,496.29	158,487.90	8.39
Legal Services:				
State's Attorney	234,616.00	234,616.00	233,718.37	897.63

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Court Appointed Attorney	150,000.00	150,000.00	137,132.90	12,867.10
Abused and Neglected Child Defense	30,000.00	30,000.00	29,936.06	63.94
Other General Government:				
General Government Building	164,970.00	164,970.00	100,633.31	64,336.69
Director of Equalization	208,100.00	208,100.00	188,855.64	19,244.36
Register of Deeds	110,475.00	110,475.00	96,899.04	13,575.96
Veterans Service Officer	19,720.00	19,720.00	18,809.01	910.99
Predatory Animal	2,311.60	2,311.60	2,311.60	0.00
Public Safety:				
Law Enforcement:				
Sheriff	497,850.00	651,443.88	591,233.02	60,210.86
County Jail	1,070,300.00	1,070,300.00	906,844.56	163,455.44
Coroner	11,880.00	11,880.00	11,219.22	660.78
Protective and Emergency Services:				
Emergency and Disaster Services	0.00	0.00	3,235.66	(3,235.66)
Health and Welfare:				
Economic Assistance:				
Support of Poor	37,935.00	37,935.00	13,578.35	24,356.65
Other	3,500.00	3,500.00	3,500.00	0.00
Health Assistance:				
County Nurse	37,742.00	37,742.00	37,742.00	0.00
Ambulance	31,500.00	31,500.00	31,500.00	0.00
Other	2,375.00	2,375.00	0.00	2,375.00
Mental Health Services:				
Mentally Ill	9,000.00	15,151.31	15,151.31	0.00
Developmentally Disabled	1,400.00	1,440.00	1,440.00	0.00
Mental Health Centers	15,500.00	15,500.00	15,500.00	0.00
Mental Illness Board	20,000.00	20,000.00	3,753.90	16,246.10
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	81,500.00	84,917.29	84,865.36	51.93
Soil Conservation Districts	18,500.00	18,500.00	18,500.00	0.00
Weed and Pest Control	81,120.00	81,120.00	55,097.16	26,022.84
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	9,562.00	9,562.00	4,297.31	5,264.69
Total Expenditures	3,630,864.60	3,781,085.98	3,290,522.17	490,563.81
Excess of Revenues Over (Under) Expenditures	(756,898.10)	(907,119.48)	119,929.34	1,027,048.82
Other Financing Sources (Uses):				
Transfers Out	(12,000.00)	(12,000.00)	(96,720.00)	(84,720.00)
Insurance Proceeds	0.00	0.00	4,561.38	4,561.38
Total Other Financing Sources (Uses)	(12,000.00)	(12,000.00)	(92,158.62)	(80,158.62)
Net Change in Fund Balance	(768,898.10)	(919,119.48)	27,770.72	946,890.20
Fund Balance - Beginning	2,502,081.01	2,502,081.01	2,502,081.01	0.00
FUND BALANCE - ENDING	\$ 1,733,182.91	\$ 1,582,961.53	\$ 2,529,851.73	\$ 946,890.20

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 28,327.00	\$ 28,327.00	\$ 28,408.82	\$ 81.82
General Property Taxes--Delinquent	200.00	200.00	289.74	89.74
Penalties and Interest	50.00	50.00	83.81	33.81
Wheel Tax	180,000.00	180,000.00	189,495.63	9,495.63
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	84,562.61	84,562.61
State Grants	175,000.00	175,000.00	214,967.43	39,967.43
State Shared Revenue:				
Bank Franchise	1,000.00	1,000.00	697.91	(302.09)
Motor Vehicle Licenses	800,000.00	800,000.00	842,793.43	42,793.43
State Highway Fund (former 10% game)	32,079.00	32,079.00	32,079.40	0.40
Prorate License Fees	39,000.00	39,000.00	40,205.29	1,205.29
63 3/4% Mobile Home	1,200.00	1,200.00	1,858.93	658.93
Secondary Road Remittances	190,000.00	190,000.00	212,109.92	22,109.92
Motor Fuel Tax	0.00	0.00	4,116.49	4,116.49
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	4,000.00	4,000.00	3,819.38	(180.62)
Miscellaneous Revenue:				
Investment Earnings	10,000.00	10,000.00	15,710.82	5,710.82
Refund of Prior Year's Expenditures	900.00	900.00	2,787.66	1,887.66
Total Revenues	1,461,756.00	1,461,756.00	1,673,987.27	212,231.27
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	1,845,924.00	1,845,924.00	1,782,185.09	63,738.91
Intergovernmental Expenditures	20,000.00	20,000.00	18,951.60	1,048.40
Total Expenditures	1,865,924.00	1,865,924.00	1,801,136.69	64,787.31
Excess of Revenues Over (Under) Expenditures	(404,168.00)	(404,168.00)	(127,149.42)	277,018.58
Other Financing Sources (Uses):				
Sale of County Property	0.00	0.00	25,947.25	25,947.25
Net Change in Fund Balance	(404,168.00)	(404,168.00)	(101,202.17)	302,965.83
Fund Balance - Beginning	1,052,178.51	1,052,178.51	1,052,178.51	0.00
FUND BALANCE - ENDING	\$ 648,010.51	\$ 648,010.51	\$ 950,976.34	\$ 302,965.83

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

	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.0838300%	0.0986719%	0.0966439%	0.0948857%	0.0894792%	0.0898821%	0.0877382%	0.0846491%
County's proportionate share of net pension liability (asset)	\$ (641,994)	\$ (4,285)	\$ (10,242)	\$ (2,213)	\$ (8,120)	\$ 303,613	\$ (372,123)	\$ (609,862)
County's covered payroll	\$ 1,748,248	\$ 1,932,297	\$ 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 payroll	36.72%	0.22%	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)	105.52%	100.04%	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 from Prior Valuation

The June 30, 2021 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 Actuarial Valuation. One change in actuarial assumptions and one plan provision change are reflected and described below.

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

Benefit Provision Changes

Legislation enacted in 2021 reduced the minimum SDRS COLA from 0.5% to 0%. This change will impact the SDRS COLA only when inflation is very low or when a restricted maximum COLA of 0.5% is not affordable. The change had no impact on the current assets or liabilities of SDRS.

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) 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, 2020 and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.41%. For this June 30, 2021 Actuarial Valuation, future COLAs are assumed to equal the baseline COLA assumption of 2.25%.

The change in the COLA assumption increased the Actuarial Accrued Liability by \$1,135 million, or 8.9% of the Actuarial Accrued Liability based on the 1.41% restricted maximum COLA.

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

Actuarial Method Changes

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

**SUPPLEMENTARY INFORMATION
WALWORTH COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Two Years Ended December 31, 2021**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures 2020	Total Federal Expenditures 2021
US Department of Interior - Direct Programs:					
Bureau of Land Management,	15.226		\$	\$ 46,546.00	\$ 45,494.64
Payments in Lieu of Taxes (Note 3)	15.227			2,023.00	1,901.00
Distribution of Receipts to State and Local Governments (Note 3)					
			0.00	48,569.00	47,395.64
Total US Department of the Interior					
US Department of Treasury - Pass-Through Programs:					
SD Bureau of Finance and Management, Coronavirus Relief Fund (Note 4)	21.019			809,870.46	
US Department of Treasury - Direct Programs:					2,000.00
Coronavirus State and Local Fiscal Recovery Funds	21.027				
			0.00	809,870.46	2,000.00
Total US Department of Treasury					
US General Services Administration - Pass-Through Programs:					
SD Federal Property Agency, Donation of Federal Surplus Personal Property (Note 5)	39.003			151.84	23,350.00
			0.00	151.84	23,350.00
Total US General Services Administration					
US Department of Homeland Security - Pass-Through Programs:					
SD Department of Public Safety - Office of Emergency Management, Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.035			91,109.19	87,084.24
Emergency Management Performance Grants	97.042			28,401.39	26,759.94
			0.00	119,510.58	113,844.18
Total US Department of Homeland Security					
			\$ 0.00	\$ 977,901.88	\$ 186,589.82
GRAND TOTAL					

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the County under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Federal Reimbursement

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

Note 4: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.

Note 5: Federal Surplus Property

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

**SUPPLEMENTARY INFORMATION
WALWORTH COUNTY
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Two Years Ended December 31, 2021**

Indebtedness	Long-Term Debt January 1, 2020	Add New Debt	Less Debt Retired	Long-Term Debt December 31, 2021
Enterprise Long-Term Debt:				
Financed Purchase Agreement	\$	\$ 419,131.00	\$	\$ 419,131.00
Accrued Landfill Closure and Postclosure Care Costs	1,064,127.13	91,616.10		1,155,743.23
Total	\$ 1,064,127.13	\$ 510,747.10	\$ 0.00	\$ 1,574,874.23

Note 1.f. - Long-Term Debt:

Debt payable at December 31, 2021 is comprised of the following:

Financed Purchase Agreement:

Financed Purchase Agreement with CapFirst Equipment Finance, Inc.; annual payments of principal and interest of 2.79% will be made from the Solid Waste Fund. These payments began in January 2022 and will continue until January 2024.

\$ 419,131.00

Accrued Landfill Closure and Postclosure Care Costs:

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

\$ 1,155,743.23