

MINNEHAHA COUNTY

AUDIT REPORT

For the Year Ended December 31, 2019

MINNEHAHA COUNTY
COUNTY OFFICIALS
December 31, 2019

Board of Commissioners:

Jean Bender, Chair
Jeff Barth
Gerald Beninga
Cindy Heiberger
Dean Karsky

Auditor:
Robert Litz

Treasurer:
Pam Nelson

State's Attorney:
Crystal Johnson

Register of Deeds:
Julie Risty

Sheriff:
Mike Milstead

MINNEHAHA COUNTY
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RUSSELL A. OLSON
AUDITOR GENERAL

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

County Commission
Minnehaha County
Sioux Falls, 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 financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Minnehaha County, South Dakota (County), as of December 31, 2019, and for the year 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 October 27, 2020.

Our report includes a reference to other auditors who audited the financial statements of the Minnehaha County Housing and Redevelopment Commission – Safe Home Limited Partnership, a discretely presented component unit of the County, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

October 27, 2020



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RUSSELL A. OLSON
AUDITOR GENERAL

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

County Commission
Minnehaha County
Sioux Falls, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Minnehaha 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 year ended December 31, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, Minnehaha 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 year ended December 31, 2019.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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



Russell A. Olson
Auditor General

October 27, 2020

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

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Federal Audit Findings:

The prior audit report contained no written federal audit findings.

Prior Other Audit Findings:

Finding No. 2018-001:

The prior audit disclosed a significant deficiency for a lack of adequate internal controls over the cash reconciliation process. 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. No material weaknesses or significant deficiencies were disclosed by our audit of the financial statements.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit 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 major programs were:
 - Homeland Security Grant Program CFDA # 97.067
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. Minnehaha County did 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:

There are no written current other audit findings to report.



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RUSSELL A. OLSON
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

County Commission
Minnehaha County
Sioux Falls, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Minnehaha County, South Dakota (County), as of December 31, 2019, and for the year then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Minnehaha County Housing and Redevelopment Commission – Safe Home Limited Partnership, which represents 100 percent of the assets, liabilities, net position, revenues and expenses of the discretely presented component unit of the County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Minnehaha County Housing and Redevelopment Commission – Safe Home Limited Partnership is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Minnehaha County as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of Changes in County's Total OPEB Liabilities, Related Ratios and Notes, the Schedule of the County Pension Contributions and the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) on pages 50 through 59, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The County has omitted the Management's Discussion and Analysis (MD&A), that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2020 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Russell A. Olson
Auditor General

October 27, 2020

MINNEHAHA COUNTY
STATEMENT OF NET POSITION
December 31, 2019

	Primary Government Governmental Activities	Component Units
ASSETS:		
Cash and Cash Equivalents	\$ 30,941,920.78	\$ 17,018.00
Cash with Fiscal Agent	12,919,295.25	
Taxes Receivable--Delinquent	854,364.27	
Accounts Receivable, Net		150.00
Notes Receivable (Safe Home)	117,007.37	
Due from Federal Government	75,024.99	
Due from State Government	3,851,570.06	
Due from Local Governments	430,200.58	
Due from Others	524,059.02	789.00
Inventory of Supplies	652,038.05	
Deposit with Insurance Pool	624,506.00	
Restricted Assets:		
Cash and cash equivalents		125,748.00
Net Pension Asset	167,487.14	
Capital Assets:		
Land, Improvements and Construction in Progress	35,312,382.74	77,116.00
Other Capital Assets, Net of Depreciation	108,833,624.27	2,417,216.00
TOTAL ASSETS	\$ 195,303,480.52	\$ 2,638,037.00
DEFERRED OUTFLOWS OF RESOURCES:		
Pension Related Deferred Outflows	\$ 7,564,097.50	\$
OPEB Related Deferred Outflows of Resources	580,002.71	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 8,144,100.21	\$ 0.00
LIABILITIES:		
Hospital Claims Payable	\$ 1,168,067.77	\$
Accounts Payable	3,816,835.71	27,436.00
Other Current Liabilities	731.27	
Unearned Revenue	79,474.62	268.00
Noncurrent Liabilities:		
Due Within One Year	7,020,760.23	58,118.00
Due in More than One Year	53,182,737.16	247,543.00
TOTAL LIABILITIES	\$ 65,268,606.76	\$ 333,365.00

MINNEHAHA COUNTY
STATEMENT OF NET POSITION
December 31, 2019
(Continued)

	Primary Government Governmental Activities	Component Units
DEFERRED INFLOWS OF RESOURCES:		
Pension Related Deferred Inflows	\$ 3,626,049.21	\$
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 3,626,049.21	\$ 0.00
NET POSITION:		
Net Investment in Capital Assets	\$ 88,731,007.01	\$
Restricted For: (See Note 10)		
Road and Bridge Purposes	10,834,742.35	
Building Purposes	1,652,925.70	
Capital Projects Purposes	10,830,938.37	
Debt Service Purposes	692,918.34	
SDRS Pension Purposes	4,105,535.43	
Other Purposes	3,342,026.63	
Unrestricted	14,362,830.93	2,304,672.00
TOTAL NET POSITION	\$ 134,552,924.76	\$ 2,304,672.00

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

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MINNEHAHA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Component Unit
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities	
Primary Government:					
Governmental Activities:					
General Government	\$ 26,435,352.27	\$ 4,582,532.87	\$ 826,788.49	\$ (21,026,030.91)	\$
Public Safety	33,057,572.35	5,588,612.34	4,359,385.32	(23,109,574.69)	
Public Works	11,681,297.48	63,229.33	10,902,856.63	(715,211.52)	
Health and Welfare	6,464,557.91	255,674.28	296,269.37	(5,912,614.26)	
Culture and Recreation	3,167,756.90	15,196.34	797,224.60	(2,355,335.96)	
Conservation of Natural Resources	97,843.75		349.45	(97,494.30)	
Urban and Economic Development	739,547.61	274,492.29	21,035.32	(444,020.00)	
Intergovernmental	353,181.78			(353,181.78)	
**Depreciation Expense - Unallocated	92,847.36			(92,847.36)	
*Interest on Long-term Debt	2,132,934.24			(2,132,934.24)	
Total Primary Government	<u>\$ 84,222,891.65</u>	<u>\$ 10,779,737.45</u>	<u>\$ 17,203,909.18</u>	<u>(56,239,245.02)</u>	
Component Units:					
Minnehaha County Housing & Redevelopment Commission & Safe Home LP	<u>\$ 224,806.00</u>	<u>\$ 195,924.00</u>	<u>\$ 0.00</u>		<u>(28,882.00)</u>
General Revenues:					
Taxes:					
Property Taxes				51,608,102.34	
Wheel Tax				3,541,348.95	
State Shared Revenues				3,520,007.68	
Grants and Contributions not Restricted to Specific Programs				123,952.66	
Unrestricted Investment Earnings				1,237,421.01	602.00
Miscellaneous Revenue				223,053.67	97.00
Total General Revenues				<u>60,253,886.31</u>	<u>699.00</u>
Change in Net Position				<u>4,014,641.29</u>	<u>(28,183.00)</u>
Net Position - Beginning				129,589,180.43	2,332,855.00
Adjustments:					
Capital Asset Reclassifications (See Note 13)				949,103.04	
Adjusted Net Position - Beginning				<u>130,538,283.47</u>	<u>2,332,855.00</u>
NET POSITION - ENDING				<u>\$ 134,552,924.76</u>	<u>\$ 2,304,672.00</u>

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

** This amount excludes the depreciation that is included in the direct expenses of the various functions.

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

**MINNEHAHA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Courthouse Building Fund</u>	<u>Jail Expansion Capital Projects Fund</u>	<u>Bond Redemption Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:							
Assets:							
Cash and Cash Equivalents	\$ 15,685,085.43	\$ 9,728,124.04	\$ 1,524,411.00	\$ 224.45	\$ 655,327.98	\$ 1,405,647.83	\$ 28,998,820.73
Cash with Fiscal Agent				12,918,801.08	494.17		12,919,295.25
Taxes Receivable--Delinquent	715,686.60		71,600.46		37,096.19	29,981.02	854,364.27
Due from Federal Government	75,024.99						75,024.99
Due from State Government	2,831,806.05	952,356.01				67,408.00	3,851,570.06
Due from Local Government	421,913.81	8,286.77					430,200.58
Due from Others	177,395.87	2,711.09	100,000.00			7,582.39	287,689.35
Notes Receivable	117,007.37						117,007.37
Inventory of Supplies		652,038.05					652,038.05
Deposits	624,506.00						624,506.00
TOTAL ASSETS	<u>\$ 20,648,426.12</u>	<u>\$ 11,343,515.96</u>	<u>\$ 1,696,011.46</u>	<u>\$ 12,919,025.53</u>	<u>\$ 692,918.34</u>	<u>\$ 1,510,619.24</u>	<u>\$ 48,810,516.65</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:							
Liabilities:							
Claims Payable	\$ 1,168,067.77						\$ 1,168,067.77
Accounts Payable	818,681.24	240,740.72	43,085.76	2,088,087.16		37,706.75	3,228,301.63
Payroll Withholding Payable	179.80	266.66				34.81	481.27
Customer Deposits	250.00						250.00
Unearned Revenue	78,167.35					1,307.27	79,474.62
Total Liabilities	<u>2,065,346.16</u>	<u>241,007.38</u>	<u>43,085.76</u>	<u>2,088,087.16</u>	<u>0.00</u>	<u>39,048.83</u>	<u>4,476,575.29</u>
Deferred Inflows of Resources:							
Unavailable Revenue--Property Taxes	715,686.60		71,600.46		37,096.19	29,981.02	854,364.27
Fund Balances: (See note. 1.n.)							
Nonspendable	704,395.00	652,038.05					1,356,433.05
Restricted		10,450,470.53	1,581,325.24	10,830,938.37	655,822.15	1,096,603.97	24,615,160.26
Assigned	4,578,053.56					344,985.42	4,923,038.98
Unassigned	12,584,944.80						12,584,944.80
Total Fund Balances	<u>17,867,393.36</u>	<u>11,102,508.58</u>	<u>1,581,325.24</u>	<u>10,830,938.37</u>	<u>655,822.15</u>	<u>1,441,589.39</u>	<u>43,479,577.09</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 20,648,426.12</u>	<u>\$ 11,343,515.96</u>	<u>\$ 1,696,011.46</u>	<u>\$ 12,919,025.53</u>	<u>\$ 692,918.34</u>	<u>\$ 1,510,619.24</u>	<u>\$ 48,810,516.65</u>

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

MINNEHAHA COUNTY
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2019

Total Fund Balances - Governmental Funds	\$ 43,479,577.09
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	167,487.14
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. Capital assets of \$234,443,793.30 less accumulated depreciation of \$90,297,786.29	144,146,007.01
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	7,564,097.50
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(59,331,573.39)
Bonds Payable	\$ 55,415,000.00
Accrued Leave	\$ 3,822,912.46
Other Long-Term Debt	\$ 93,660.93
Assets, such as taxes receivable (delinquent), are not available to pay for current period expenditures and therefore are deferred in the funds.	854,364.27
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	(3,626,049.21)
Other Post Employment Benefit (OPEB) related deferred outflows are components of OPEB liability and therefore are not reported in the funds	580,002.71
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets (\$2,179,469.72) and liabilities (\$588,534.08) of internal service funds are included in governmental activities in the Statement of Net Position.	1,590,935.64
Long-term liability for net Other Post Employment Benefit (OPEB) obligation is not due and payable in the current period and therefore is not reported in the funds.	(871,924.00)
Net Position of Governmental Activities	\$ 134,552,924.76

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

MINNEHAHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	General Fund	Road and Bridge Fund	Courthouse Building Fund	Jail Expansion Capital Projects Fund	Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes:							
General Property Taxes--Current	\$ 42,707,977.70	\$	\$ 4,189,664.32	\$	\$ 2,212,849.20	\$ 1,775,343.75	\$ 50,885,834.97
General Property Taxes--Delinquent	450,104.97		47,724.62		27,325.97	23,025.41	548,180.97
Penalties and Interest	90,471.61		9,590.18		4,361.84	4,933.13	109,356.76
Telephone Tax (Outside)	4,232.50						4,232.50
Wheel Tax		3,541,348.95					3,541,348.95
Tax Deed Revenue	15,734.50						15,734.50
Other Taxes	33,654.50						33,654.50
Licenses and Permits	451,493.00	39,613.01				45,840.00	536,946.01
Intergovernmental Revenue:							
Federal Grants	202,483.57					870,756.99	1,073,240.56
Federal Shared Revenue	1,042,089.15						1,042,089.15
Federal Payments in Lieu of Taxes	10,816.89		1,061.12		560.47	1,700.08	14,138.56
State Grants	7,891.66	1,840,021.24				42,475.00	1,890,387.90
State Shared Revenue:							
Bank Franchise	2,279,839.71						2,279,839.71
Motor Vehicle Licenses		8,552,643.08					8,552,643.08
Court Appointed Attorney/Public Defender	154,943.35						154,943.35
Prorate License Fees		423,984.95					423,984.95
Abused and Neglected Child Defense	37,467.81						37,467.81
63 3/4% Mobile Home/Manufactured Home		30,184.43					30,184.43
Telecommunications Gross Receipts Tax	619,407.24						619,407.24
Motor Vehicle 1/4%	47,999.42						47,999.42
Motor Fuel Tax		43,330.74					43,330.74
911 Remittances						2,096,162.54	2,096,162.54
Liquor Tax Reversion (25%)	619,421.51						619,421.51
Other Payments in Lieu of Taxes	1,138.37		113.96		86.89		1,339.22
Other Intergovernmental Revenue							
Museum Operatipons (City Share)	628,341.00						628,341.00
Health and Human Services (City Share)	294,894.37						294,894.37
Other Intergovernmental Revenue	3,991.48				42,866.20		46,857.68
Tea-Ellis Range	7,000.00						7,000.00
Juvenile Detention Physicals	8,500.74						8,500.74
Charges for Goods and Services:							
General Government:							
Treasurer's Fees	819,430.29						819,430.29
Register of Deeds' Fees	2,540,367.10					96,382.70	2,636,749.80
Legal Services	497,624.90					14,775.00	512,399.90
Other - Court Ordered Competency Reimbursement	13,563.00						13,563.00
Clerk of Courts Fees	263,171.95						263,171.95
Other Fees	52,820.43						52,820.43

Public Safety:								
Law Enforcement	1,724,815.75							1,724,815.75
Prisoner Care	3,193,056.86							3,193,056.86
Sobriety Testing						334,405.33		334,405.33
Other	265.12							265.12
Public Works:								
Other		23,616.32						23,616.32
Health and Welfare:								
Economic Assistance:								
Poor Lien Recoveries	211,730.37							211,730.37
Veterans Service Officer	4,687.50							4,687.50
Mental Health Services	43,943.91							43,943.91
Culture and Recreation						15,196.34		15,196.34
Urban and Economic Development	72,046.29							72,046.29
Fines and Forfeits:								
Fines	11,229.33							11,229.33
Costs	147,584.32							147,584.32
Forfeits	153,828.61							153,828.61
Other	6,020.00					2,230.02		8,250.02
Miscellaneous Revenue:								
Investment Earnings	269,517.73	89,535.23	22,432.53	833,337.40	14,118.12	8,480.00		1,237,421.01
Rent	54,172.56							54,172.56
Contributions and Donations	5,225.06					2,360.00		7,585.06
Refund of Prior Year's Expenditures	28,527.35							28,527.35
Private Grants	350,000.00							350,000.00
Other	342,043.95	12,692.19	177.92			163,833.60		518,747.66
Total Revenues	60,525,567.43	14,596,970.14	4,270,764.65	833,337.40	2,302,168.69	5,497,899.89		88,026,708.20

Expenditures:

General Government:								
Legislative:								
Board of County Commissioners	897,104.51							897,104.51
Elections	100,922.06							100,922.06
Judicial System	2,062,226.99							2,062,226.99
Pre-Trial Services	162,722.42							162,722.42
Financial Administration:								
Auditor	806,712.22							806,712.22
Treasurer	1,437,643.23							1,437,643.23
Other						267,269.23		267,269.23
Legal Services:								
State's Attorney	4,972,024.82							4,972,024.82
Public Defender	3,345,981.25							3,345,981.25
Court Appointed Attorney-Public Advocate	1,062,145.36							1,062,145.36
Other Administration:								
General Government Building	2,528,133.08		435,426.60	7,909.31				2,971,468.99
Director of Equalization	1,589,721.05							1,589,721.05
Register of Deeds	801,440.36					115,286.24		916,726.60
Predatory Animal	5,066.38							5,066.38
Self-Insurance Plan	166,983.64							166,983.64
Other (SECOG)	25,092.00							25,092.00
Information Technology	2,002,582.72							2,002,582.72
Human Resources	441,278.37							441,278.37

MINNEHAHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019
(Continued)

	General Fund	Road and Bridge Fund	Courthouse Building Fund	Jail Expansion Capital Projects Fund	Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
Public Safety:							
Law Enforcement:							
Sheriff	6,384,049.30					39,057.01	6,423,106.31
County Jail	14,199,475.97						14,199,475.97
Coroner	372,240.67						372,240.67
Juvenile Detention	3,741,515.07						3,741,515.07
Air Guard	981,304.92						981,304.92
Humane Society	41,446.59						41,446.59
Southeast Tech Institute Security	108,021.97						108,021.97
Other Law Enforcement-Airport Security	189,087.34					307,161.99	496,249.33
Involuntary Commitments-Housing	57,334.95						57,334.95
Protective and Emergency Services:							
Fire Protection						558,631.00	558,631.00
Emergency and Disaster Services						398,088.32	398,088.32
Communication Center	359,646.00					2,096,162.54	2,455,808.54
Public Works:							
Highways and Bridges:							
Highways, Roads and Bridges		8,295,579.28					8,295,579.28
Health and Welfare:							
Economic Assistance:							
Support of Poor	3,577,039.65						3,577,039.65
Health Assistance:							
Ambulance	217,500.00						217,500.00
Social Services:							
Inter-Lakes Community Action	2,000.00						2,000.00
Compass Center	35,000.00						35,000.00
Glory House	5,000.00						5,000.00
Domestic Abuse						63,753.14	63,753.14
Safe Home	712,707.31						712,707.31
Children's Inn	89,250.00						89,250.00
Helpline Center	4,000.00						4,000.00
Mental Health Services:							
Mentally Ill	1,152,586.65						1,152,586.65
Developmentally Disabled	5,000.00						5,000.00
Mental Health Centers	174,468.00						174,468.00
Culture and Recreation:							
Culture:							
Public Library						1,175,000.00	1,175,000.00
Historical Museum	1,243,683.50					194,197.69	1,437,881.19
Memorial Day Expense	1,634.56						1,634.56

Recreation:							
Parks	56,019.42						56,019.42
County Fair	150,000.00						150,000.00
Conservation of Natural Resources:							
Soil Conservation:							
County Extension	89,984.28						89,984.28
Soil Conservation Districts	2,000.00						2,000.00
Other - Agri-Business	2,500.00						2,500.00
Urban and Economic Development:							
Urban Development:							
Planning and Zoning	664,932.18						664,932.18
Economic Development:							
Sioux Falls Development Foundation	500.00						500.00
Forward Sioux Falls	2,000.00						2,000.00
Minnehaha County Economic Development Association	5,500.00						5,500.00
Intergovernmental Expenditures		353,181.78					353,181.78
Debt Service	4,100.00		3,122,547.26	3,680.85	2,779,571.26	40,641.24	5,950,540.61
Capital Outlay	234,743.26	5,069,673.95	218,044.00	26,705,030.42		486,389.32	32,713,880.95
Total Expenditures	<u>57,274,052.05</u>	<u>13,718,435.01</u>	<u>3,776,017.86</u>	<u>26,716,620.58</u>	<u>2,779,571.26</u>	<u>5,741,637.72</u>	<u>110,006,334.48</u>
Excess of Revenues Over (Under) Expenditures	<u>3,251,515.38</u>	<u>878,535.13</u>	<u>494,746.79</u>	<u>(25,883,283.18)</u>	<u>(477,402.57)</u>	<u>(243,737.83)</u>	<u>(21,979,626.28)</u>
Other Financing Sources (Uses):							
Transfers In						313,662.00	313,662.00
Transfers Out	(303,662.00)					(10,000.00)	(313,662.00)
Insurance Proceeds	55,771.95	2,178.00	100,000.00				157,949.95
Sale of County Property	29,392.45	131,893.68					161,286.13
Total Other Financing Sources (Uses)	<u>(218,497.60)</u>	<u>134,071.68</u>	<u>100,000.00</u>	<u>-</u>	<u>-</u>	<u>303,662.00</u>	<u>319,236.08</u>
Net Change in Fund Balances	<u>3,033,017.78</u>	<u>1,012,606.81</u>	<u>594,746.79</u>	<u>(25,883,283.18)</u>	<u>(477,402.57)</u>	<u>59,924.17</u>	<u>(21,660,390.20)</u>
Changes in Nonspendable		151,279.70					151,279.70
Fund Balance - Beginning	<u>14,834,375.58</u>	<u>9,938,622.07</u>	<u>986,578.45</u>	<u>36,714,221.55</u>	<u>1,133,224.72</u>	<u>1,381,665.22</u>	<u>64,988,687.59</u>
FUND BALANCE - ENDING	<u>\$ 17,867,393.36</u>	<u>\$ 11,102,508.58</u>	<u>\$ 1,581,325.24</u>	<u>\$ 10,830,938.37</u>	<u>\$ 655,822.15</u>	<u>\$ 1,441,589.39</u>	<u>\$ 43,479,577.09</u>

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

MINNEHAHA COUNTY
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (21,660,390.20)

Amounts reported for governmental activities in the Statement of
 Activities are different because:

This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements. (includes land donation of \$116,367.60) 32,830,248.55

This amount represents the current year depreciation expense reported in the Statement of Activities which is not reported on the fund financial statements because it does not require the use of current financial resources. (5,547,668.33)

In the Statement of Activities, the loss on disposal of assets is reported, whereas in the governmental funds, the disposal of fixed assets is not reflected. This is the amount by which deletions (\$1,533,006.40) exceeds accumulated depreciation of the deletions (\$1,311,257.88) less trade-in allowances (\$0.00). (221,748.52)

Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the Statement of Net Position. 3,817,606.37

Bonds Payable	\$3,780,000.00
Other Long-Term Debt	\$ 37,606.37

The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available". (3,030.42)

Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the Statement of Activities, expenses for these benefits are recognized when the employees earn leave credits. (219,841.89)

Other Post Employment benefits reported in the Statement of Activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds. 339,395.00

Supplies acquired are an expenditure on the fund statements when purchased but are expensed on the Statement of Activities when consumed. This amount represents the "change in" inventory of supplies. 151,279.70

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. (4,668,222.83)

Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. (802,986.14)

Change in Net Position of Governmental Activities \$ 4,014,641.29

The Notes to the Financial Statements are an integral part of this statement.

**MINNEHAHA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019**

	Internal Service Funds
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 1,943,100.05
Accounts Receivable, Net	236,369.67
TOTAL ASSETS	\$ 2,179,469.72
LIABILITIES:	
Current Liabilities:	
Claims Payable	\$ 588,534.08
TOTAL LIABILITIES	\$ 588,534.08
NET POSITION:	
Unrestricted Net Assets	\$ 1,590,935.64
TOTAL NET POSITION	\$ 1,590,935.64

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

MINNEHAHA COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	Internal Service Funds
Operating Revenues:	
Charges for Goods and Services	\$ 6,161,168.83
Operating Expenses:	
Other Current Expense:	
Insurance Costs	846,709.65
Claims Paid	5,883,292.37
Administration Fee	224,808.38
Other	34,395.50
Total Operating Expenses	6,989,205.90
Operating Income (Loss)	(828,037.07)
Nonoperating Revenues (Expenses):	
Investment Earnings	25,050.93
Change in Net Position	(802,986.14)
Net Position - Beginning	2,393,921.78
NET POSITION - ENDING	\$ 1,590,935.64

MINNEHAHA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	Internal Service Funds
Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$ 5,925,807.40
Cash Payments to Suppliers of Goods and Services	(6,805,567.06)
Net Cash Provided (Used) by Operating Activities	(879,759.66)
Cash Flows from Investing Activities:	
Cash Received for Interest	25,050.93
Net Cash Provided (Used) by Investing Activities	25,050.93
Net Increase (Decrease) in Cash and Cash Equivalents	(854,708.73)
Cash and Cash Equivalents at Beginning of Year	2,797,808.78
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,943,100.05
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (828,037.07)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
(Increase) decrease in Receivables	(235,361.43)
(Decrease) increase in Accounts and Other Payables	183,638.84
Net Cash Provided (Used) by Operating Activities	\$ (879,759.66)

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

**MINNEHAHA COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2019**

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	\$ 6,247,490.36
TOTAL ASSETS	\$ 6,247,490.36
LIABILITIES:	
Amounts Held for Others	\$ 51,336.45
Due to Other Governments	6,196,153.91
TOTAL LIABILITIES	\$ 6,247,490.36

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

MINNEHAHA COUNTY
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

The reporting entity of Minnehaha 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.

Minnehaha County (County) created a Housing and Redevelopment Commission (Commission) under the authority of South Dakota Codified Law 11-7-1 on February 9, 2010. The Commission is a proprietary fund-type, discretely presented component unit. 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 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.

On February 19, 2010, the Commission entered into a partnership agreement and is the General Partner of Safe Home Limited Partnership (Partnership) whose purpose is to provide for construction of permanent housing for the homeless pursuant to a tax credit program and to borrow funds for such purposes and to mortgage or otherwise encumber any or all of the Partnership's assets to secure such borrowing. The Partnership is a proprietary fund-type, discretely presented component unit of the Commission. The five members of the Partnerships Board consist of the same appointed members of the Commission which give the County the ability to impose its will on the Partnership.

Separately issued financial statements of the Housing and Redevelopment Commission – Safe Home Limited Partnership may be obtained from: Minnehaha County Housing and Redevelopment Commission, 415 North Dakota Avenue, Sioux Falls, SD 57104.

The County participates in a cooperative unit, the City of Sioux Falls. 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 discretely presented component units. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Discretely presented component units are legally separate organizations that meet certain criteria, as described in Note 1.a., above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.a., above.

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

Fund Financial Statements:

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

Courthouse Building Fund – authorized by SDCL 7-25-1 to account for the accumulation of a special tax levy not to exceed ninety cents per thousand dollars of taxable valuation annually for the acquisition or construction of a courthouse, office, jail building, county extension buildings, grandstands and bleachers, highway maintenance buildings, or public library. The County has elected to report the Courthouse Building Fund as a major fund.

The remaining special revenue funds are not considered major funds: 911 Service, Fire Protection, Emergency Management, Domestic Abuse, Public Library, Pass-Through Grants, Museum Store, Museum Enterprise, 24/7 Sobriety, and Modernization and Preservation Relief. These funds are reported on the fund financial statements as “Other Governmental Funds.”

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Bond Redemption Fund – to account for property taxes which may be used only for the payment of the debt principal, interest, and related costs. The County has elected to report the Bond Redemption Fund as a major fund.

The SDN Communications Tax Increment District #2 Fund maintained by the County is not considered a major fund and is reported on the financial statements as “Other Governmental Funds.”

Capital Projects Funds – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds for individuals, private organizations, or other governments).

Jail Expansion Capital Projects Fund – to account for financial resources to be used for the expansion of the current county jail building and the construction of an additional jail building. This is a major fund.

Proprietary Funds:

Internal Service Funds – Internal service funds may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds should be used only if the reporting government is the predominant participant in the activity. Internal service funds are never considered to be major funds. The Healthcare Self-Insurance Fund is the only internal service fund maintained by the County.

Fiduciary Funds:

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

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, both governmental and component unit activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the “current financial resources” measurement focus and the modified accrual basis of accounting are applied to governmental fund types, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental and component unit activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the County is 30 days. The revenues which are accrued at December 31, 2019 are amounts due from federal, state, and local governments and other entities.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Reported unearned revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary and fiduciary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

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

e. Deposits and Investments:

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

f. Capital Assets:

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

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2019 balance of governmental activities capital assets excluding infrastructure were reported based on original costs.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 1980, were not required to be capitalized by the County. Infrastructure assets acquired since January 1, 1980 are recorded at cost, and classified as “Improvements Other than Buildings.”

For governmental activities Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide financial statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land and Land Rights	\$ 1.00	-----N/A-----	-----N/A-----
Improvements Other Than Buildings	\$ 50,000.00	Straight-line	10-25 years
Buildings	\$ 50,000.00	Straight-line	40-99 years
Machinery and Equipment	\$ 5,000.00	Straight-line	3-25 years
Infrastructure	\$ 50,000.00	Straight-line	25-50 years

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as expenditures of the appropriate governmental fund upon acquisition.

g. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term liabilities primarily consist of limited tax general obligation bonds, tax increment financing note, financing (capital acquisition) leases, compensated absences, and other postemployment benefits.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due.

h. Program Revenues:

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

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

individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

j. 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 in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

k. Cash and Cash Equivalents:

The County pools the cash resources of its funds for cash management purposes. The proprietary fund essentially has access to the entire amount of its cash resources on demand. Accordingly, each proprietary fund's equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows.

l. Equity Classifications:

Government-wide Financial Statements:

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

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable), and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. 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.
3. Unrestricted Net Position – All other net position that do not meet the definition of "Restricted" or "Net Investment in Capital Assets."

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund is reported as Net Position – Restricted.

m. 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.

n. Fund Balance Classification Policies and Procedures:

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

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

The Nonspendable Fund Balance is comprised of the following:

- Amount reported in nonspendable form such as inventory and South Dakota Public Assurance Alliance Cumulative Reserve.
- Amount not in cash form such as long-term portion of loans receivable.

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

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

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Road and Bridge Fund	Motor Vehicle Licenses, Grants, Taxes, and Intergovernmental Revenue
Courthouse Building Fund	Taxes

A schedule of fund balances is provided as follows:

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Courthouse Building Fund</u>	<u>Jail Expansion Capital Projects Fund</u>	<u>Bond Redemption Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:							
Nonspendable:							
Inventory	\$	\$ 652,038.05	\$	\$	\$	\$	\$ 652,038.05
South Dakota Public Assurance Alliance	624,506.00						624,506.00
Notes Receivable	79,889.00						79,889.00
Restricted For:							
Road and Bridge Purposes		8,810,470.53					8,810,470.53
Highway #17 Jurisdictional Transfer Purposes		1,640,000.00					1,640,000.00
Courthouse Building Purposes			1,581,325.24				1,581,325.24
Jail Expansion Purposes				10,830,938.37			10,830,938.37
Bond Redemption Purposes					655,822.15		655,822.15
Fire Protection Purposes						103,054.54	103,054.54
Public Library Purposes						439,147.59	439,147.59
JAG Grant Purposes						479.45	479.45
Domestic Abuse Purposes						18,916.92	18,916.92
24/7 Sobriety Purposes						379,874.71	379,874.71
Modernization and Preservation Relief Purposes						152,484.03	152,484.03
Pass Thru Grant Purposes						2,646.73	2,646.73
Assigned To:							
Applied to Next Year's Budget	4,237,941.00						4,237,941.00
Museum Store Purposes						41,951.71	41,951.71
Museum Enterprise Purposes						149,942.10	149,942.10
Emergency Management Purposes						153,091.61	153,091.61
Donation Purposes	40,112.56						40,112.56
Safe Home Operation Purposes	300,000.00						300,000.00
Unassigned	<u>12,584,944.80</u>						<u>12,584,944.80</u>
Total Fund Balances	<u>\$ 17,867,393.36</u>	<u>\$ 11,102,508.58</u>	<u>\$ 1,581,325.24</u>	<u>\$ 10,830,938.37</u>	<u>\$ 655,822.15</u>	<u>\$ 1,441,589.39</u>	<u>\$ 43,479,577.09</u>

o. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. County contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

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

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

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

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

As of December 31, 2019, the County did not have any investments.

The County has deposits related to the Jail Expansion Capital Project Fund – Cash with Fiscal Agent in the amount of \$12,918,801.08 held in an open-end mutual fund – First American Government Obligation Fund, Class D which invests in high-quality, short-term securities that are issued or guaranteed by the U.S. government or by U.S. government agencies and instrumentalities. The fair value of the deposits in this fund type has been determined using the Net Asset Value (NAV) per share of the deposits. The net asset value of the mutual fund is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

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

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2019, the County's deposits in financial institutions were exposed to custodial credit risk as follows:

<u>Depository Name</u>	<u>% Under-collateralized</u>	<u>At- Risk Amount</u>
US Bank - Total Deposits Exposed to Custodial Credit Risk	1.08%	\$ 136,828.39

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 with the exception of custodial funds, which are credited to the General Fund.

3. CASH WITH FISCAL AGENT

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

Amount:	Purpose:
\$12,919,295.25	For capital asset construction and bond redemption purposes (includes balances with trustees)

4. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The County expects all receivables to be collected within one year, except as follow. In 2012 the County loaned the Housing and Redevelopment Commission/Safe Home Limited Partnership, a component unit of the County, \$458,956.00 to defray cost associated with improving permanent housing for the homeless. A receivable of \$117,007.37 exists at December 31, 2019. The County expects \$37,118.37 to be collected within one year with the remaining balance of \$79,889.00 to be collected in monthly installments through December 31, 2022. The note receivable is to the General Fund. The long-term portion of the note receivable is offset with Nonspendable Fund Balance as it is not available to fund current obligations.

5. INVENTORY

Inventory in the General Fund and special revenue funds consists of expendable supplies held for consumption. Supply inventories are recorded at cost.

Government-wide Financial Statements:

In the government-wide financial statements, inventory is recorded as an asset at the time of purchase and charged to expense as it is consumed.

Fund Financial Statements:

In the fund financial statements, purchases of supply inventory items are recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

6. 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.

7. CHANGES IN GENERAL CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2019 is as follows:

	Balance 01/01/2019	** Adjustments	Increases	Decreases	Balance 12/31/2019
Governmental Activities:					
Capital Assets not being Depreciated:					
Land	\$ 6,426,468.63	\$	\$ 116,367.60	\$	\$ 6,542,836.23
Construction Work in Progress	12,019,329.86	811,062.25	27,672,488.42	(11,733,334.02)	28,769,546.51
Total Capital Assets not being Depreciated	18,445,798.49	811,062.25	27,788,856.02	(11,733,334.02)	35,312,382.74
Capital Assets being Depreciated:					
Infrastructure (Improvements Other Than Buildings)	88,510,385.80	131,966.68	7,275,667.65	(891,626.11)	95,026,394.02
Buildings	79,508,400.80		8,160,000.00		87,668,400.80
Machinery and Equipment	16,713,686.89	(83,123.65)	1,339,058.90	(1,533,006.40)	16,436,615.74
Total Capital Assets being Depreciated:	184,732,473.49	48,843.03	16,774,726.55	(2,424,632.51)	199,131,410.56
TOTAL CAPITAL ASSETS	\$203,178,271.98	\$ 859,905.28	\$ 44,563,582.57	(14,157,966.53)	\$234,443,793.30
Less Accumulated Depreciation for:					
Improvements Other Than Buildings	\$(36,210,446.06)	\$ 78,793.80	\$ (2,783,546.42)	\$ 891,626.11	\$(38,023,572.57)
Buildings	(39,648,554.22)	(3,531.55)	(1,680,686.36)		(41,332,772.13)
Machinery and Equipment	(11,183,199.43)	13,935.51	(1,083,435.55)	1,311,257.88	(10,941,441.59)
Total Accumulated Depreciation	(87,042,199.71)	89,197.76	(5,547,668.33)	2,202,883.99	(90,297,786.29)
Total Capital Assets being Depreciated, Net	97,690,273.78	138,040.79	11,227,058.22	(221,748.52)	108,833,624.27
Governmental Activity Capital Assets, Net	\$116,136,072.27	\$ 949,103.04	\$ 39,015,914.24	(11,955,082.54)	\$144,146,007.01

** See Note 13

Depreciation expense was charged to functions as follows

Governmental Activities:	
General Government	\$ 710,666.93
Public Safety	1,076,200.05
Public Works	3,251,948.99
Health/Welfare	199,656.87
Culture/Recreation	205,886.73
Urban and Economic Development	10,461.40
Depreciation Unallocated	<u>92,847.36</u>
 Total Depreciation Expense-Governmental Activities	 <u><u>\$ 5,547,668.33</u></u>

Construction Work in Progress at December 31, 2019 is composed of the following:

Project Name	Project Authorization	Expended thru 12/31/2019	Committed	Required Future Financing
County Jail Expansion	\$37,850,330.00	\$26,994,026.26	\$10,856,303.74	\$0.00
Highway Project MC 17-01	12,201,548.35	424,139.00	11,777,409.35	0.00
Highway Project MC 17-10	390,674.22	335,658.00	55,016.22	0.00
Highway Project MC 18-08	249,266.33	13,807.00	235,459.33	0.00
Bridge Project 50-072-100	973,751.90	210,283.00	763,468.90	0.00
Bridge Project 50-070-098	867,136.90	64,798.00	802,338.90	0.00
Bridge Project 50-245-050	350,189.14	56,429.00	293,760.14	0.00
Bridge Project 50-205-060	523,987.52	393,057.25	130,930.27	0.00
Bridge Project 50-206-100	1,183,515.60	58,412.00	1,125,103.60	0.00
(2) 2020 Freightliner Cabs/Chassis	<u>473,303.00</u>	<u>218,937.00</u>	<u>254,366.00</u>	<u>0.00</u>
TOTAL	<u>\$55,063,702.96</u>	<u>\$ 28,769,546.51</u>	<u>\$26,294,156.45</u>	<u>\$0.00</u>

8. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 1/1/2019	Additions	Deletions	Ending Balance 12/31/2019	Due within One Year
Governmental Long-Term Debt:					
Bonds Payable (Certificates of Participation)	\$59,195,000.00	\$	(\$3,780,000.00)	\$55,415,000.00	\$3,865,000.00
Tax Incremental Financing Notes Financing (Capital Acquisition)	127,167.30		(33,506.37)	93,660.93	14,157.63
Lease	4,100.00		(4,100.00)	0.00	0.00
Other Liabilities:					
Compensated Absences	3,603,070.57	3,369,944.35	(3,150,102.47)	3,822,912.45	3,141,602.60
Other Postemployment Benefits (Retiree Health Insurance)	859,633.00	12,291.00		871,924.00	0.00
Total Governmental Activities	<u>\$63,788,970.87</u>	<u>\$3,382,235.35</u>	<u>(\$6,967,708.84)</u>	<u>\$60,203,497.38</u>	<u>\$7,020,760.23</u>

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

Certificates of Participation:

Limited Tax General Obligation –Series 2017A, 3.25 to 4.00 Percent Interest, Final Maturity Date of December 2037, Retired by the Bond Redemption Fund (Debt Service Fund).	\$43,255,000.00
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Taxable Limited Tax General Obligation—Series 2010A (Recovery Zone Economic Development Bonds), 1.50 to 5.75 Percent Interest, Final Maturity Date of December 2030, Retired by the Bond Redemption Fund (Debt Service Fund).	\$ 1,890,000.00
Limited Tax General Obligation—Series 2013A, 2.00 to 2.125 Percent Interest, Final Maturity Date of December 2020, Retired by the Building Fund (Special Revenue Fund).	\$ 2,145,000.00
Limited Tax General Obligation-Series 2014A, 2.30 to 5.00 Percent Interest, Final Maturity Date of November 2027, Retired by the Bond Redemption Fund (Debt Service Fund)	\$ 6,235,000.00
Limited Tax General Obligation-Series 2016A, 0.90 to 2.0 Percent Interest, Final Maturity Date of December 2020, Retired by the Building Fund (Special Revenue Fund).	\$ 695,000.00
Limited Tax General Obligation-Series 2016B, 1.25 to 2.75 Percent Interest, Final Maturity Date of December 2025, Retired by the Building Fund (Special Revenue Fund).	\$1,195,000.00

Tax Increment Financing Notes:

Tax Increment Financing Notes-South Dakota Network (SDN), 6.00 Percent Interest, Final Maturity Date of December 2030, Retired by the Tax Incremental District #2 Fund (Debt Service Fund)	\$ 93,660.93
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Other Liabilities:

Compensated Absences – Amounts owed by the County to Employees for their accrued annual and sick leave balances, Including the County’s share of payroll deductions. Payments To be made by the fund that the payroll expenditures are charged to.	\$3,822,912.45
Other Postemployment Benefits (See Note 15.)	\$ 871,924.00

The annual requirements to amortize all debt outstanding as of December 31, 2019, except for compensated absences and other postemployment benefits, are as follows:

Year Ending Dec. 31,	Tax Incremental Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	35,546.91	5,094.33	3,865,000.00	2,016,242.52	3,900,546.91	2,021,336.85
2021	37,711.72	2,929.52	2,865,000.00	1,919,798.76	2,902,711.72	1,922,728.28
2022	20,402.29	632.89	2,975,000.00	1,803,496.26	2,995,402.29	1,804,129.15
2023			3,075,000.00	1,701,516.26	3,075,000.00	1,701,516.26
2024			3,200,000.00	1,573,201.26	3,200,000.00	1,573,201.26
2025-2029			15,400,000.00	5,713,318.80	15,400,000.00	5,713,318.80
2030-2034			14,415,000.00	2,848,593.80	14,415,000.00	2,848,593.80
2035-2039			9,620,000.00	615,850.02	9,620,000.00	615,850.02
TOTAL	\$ 93,660.92	\$ 8,656.74	\$55,415,000.00	\$ 18,192,017.68	\$ 55,508,660.92	\$18,200,674.42

9. CONDUIT DEBT

In the past, the County has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the County, the State of South Dakota, nor any other political subdivision of the State is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2019, there were four series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$22,606,892.60.

10. RESTRICTED NET POSITION

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

Major Purposes:	
Road and Bridge Purposes	\$ 10,834,742.35
Courthouse Building Purposes	1,652,925.70
Capital Project Purposes	10,830,938.37
Bond Redemption Purposes	692,918.34
SDRS Pension Purposes	<u>4,105,535.43</u>
Other Purposes:	
Insurance Reserve Purposes (General Fund)	624,506.00
Fire Protection Purposes	112,792.35
Public Library Purposes	459,390.80
Domestic Abuse Purposes	18,916.92
24/7 Program Purposes	379,874.71
Modernization and Preservation Relief Purposes	152,484.03
JAG Grant Purposes	479.45
Pass Thru Grant Purpose	2,646.73
Self-Insurance Purposes	<u>1,590,935.64</u>
Total Other Purposes	<u>3,342,026.63</u>
Total Restricted Net Position	<u><u>\$ 31,549,086.82</u></u>

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

11. INTERFUND TRANSFERS

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

	<u>Transfers to:</u>
	Other Governmental Funds
<u>Transfers From:</u>	
Major Funds:	
General Fund	\$ 303,662.00
Other Governmental Funds:	
Museum Store Fund	10,000.00
TOTAL	<u><u>\$ 313,662.00</u></u>

The County typically budgets transfers to the Emergency Management Fund (Other Governmental Fund) to conduct the indispensable functions of the County. The County budgeted a transfer from the Museum Store Fund to the Museum Enterprise Fund (Other Governmental Funds).

12. TAX ABATEMENTS

Minnehaha County:

In 2010, the County created the Minnehaha County Tax Increment District No. 2 under the authority granted by South Dakota Codified Law section 11-9. The tax increment district was created to stimulate and develop the general economic welfare and prosperity of the County through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the area will likely enhance significantly the value of substantially all of the other real property in the tax increment district.

The county, municipal, and other local general property taxes levied on all taxable property within a tax incremental district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the tax increment district. The tax increments are allocated until all cost of the tax increment district project has been repaid; however, it cannot exceed 20 years.

In 2010, the County entered into a development agreement with SDN Communications. The County agreed to abate a portion of the Telephone Outside Tax and award the increment proceeds to the developer as a discretionary grant to assist in funding the costs of the project.

The amount of general property taxes collected from the tax increment district that were not available to Minnehaha County, during the calendar year ended December 31, 2019 was \$40,641.

Municipality of Sioux Falls:

The Municipality of Sioux Falls has created tax increment districts under the authority granted by South Dakota Codified Law section 11-9. The tax increment districts were created to stimulate and develop the general economic welfare and prosperity of the Municipality through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the area will likely enhance significantly the value of substantially all of the other real property in the tax increment district.

The county, municipal, and other local general property taxes levied on all taxable property within a tax incremental district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the tax increment district. The tax increments are allocated until all cost of the tax increment district project has been repaid; however, it cannot exceed 20 years.

The Municipality of Sioux Falls has thirteen (14) active tax increment districts. Because the general property taxes on tax increment districts are allocated to the districts, the taxes are not available to Minnehaha County during the life of the tax increment district.

The portion of general property taxes levied for these tax increment districts during the calendar year ended December 31, 2019 that was not available to Minnehaha County was \$520,604.00.

Municipality of Brandon:

The Municipality of Brandon has created tax increment districts under the authority granted by South Dakota Codified Law section 11-9. The tax increment districts were created to stimulate and develop the general economic welfare and prosperity of the Municipality through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the area will likely enhance significantly the value of substantially all of the other real property in the tax increment district.

The county, municipal, and other local general property taxes levied on all taxable property within a tax incremental district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the tax increment district. The tax increments are allocated until all cost of the tax increment district project has been repaid; however, it cannot exceed 20 years.

The Municipality of Brandon has two (2) active tax increment districts. Because the general property taxes on tax increment districts are allocated to the districts, the taxes are not available to Minnehaha County during the life of the tax increment district.

The portion of general property taxes levied for these tax increment districts during the calendar year ended December 31, 2019 that was not available to Minnehaha County was \$67,160.00.

Municipality of Dell Rapids:

The Municipality of Dell Rapids has created a tax increment districts under the authority granted by South Dakota Codified Law section 11-9. The tax increment districts were created to stimulate and develop the general economic welfare and prosperity of the Municipality through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the area will likely enhance significantly the value of substantially all of the other real property in the tax increment district.

The county, municipal, and other local general property taxes levied on all taxable property within a tax incremental district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the tax increment district. The tax increments are allocated until all cost of the tax increment district project has been repaid; however, it cannot exceed 20 years.

The Municipality of Dell Rapids has one (2) active tax increment district. Because the general property taxes on tax increment districts are allocated to the districts, the taxes are not available to Minnehaha County during the life of the tax increment district.

The portion of general property taxes levied for this tax increment district during the calendar year ended December 31, 2019 that was not available to Minnehaha County was \$14,440.00.

13. PRIOR PERIOD ADJUSTMENTS

The Beginning Net Position as January 1, 2019, reported on the government-wide Statement of Activities, has been restated to reflect the adjustment to capital assets and the related accumulated depreciation for construction work in progress and infrastructure related to road and bridge construction costs from previous years; machinery and equipment for items previously disposed of and the related restatement of accumulated depreciation as follows:

Net Position January 1, 2019, as previously reported	<u>\$ 129,589,180.43</u>
Restatement for capital asset reclassification:	
Construction Work in Progress Undercapitalized	811,062.25
Infrastructure Undercapitalized	131,966.68
Machinery and Equipment previously disposed of	(83,123.65)
Accumulated Depreciation Restatement	<u>89,197.76</u>
Total Prior Period Adjustment	<u>949,103.04</u>
Net Position January 1, 2019, as restated	<u>\$ 130,538,283.47</u>

14. PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of

South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

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

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

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The County's share of contributions to the SDRS for the calendar years ended December 31, 2019, 2018, and 2017, equal to the required contributions each year, were as follows:

Year	Amount
2019	\$ 2,083,894.39
2018	\$ 1,974,586.55
2017	\$ 1,896,121.94

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

At June 30, 2019, SDRS is 100.09% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the County as of this measurement period ending June 30, 2019 and reported by the County as of December 31, 2019 are as follows:

Proportionate share of total pension liability	\$196,962,080.55
Less proportionate share of net position restricted for pension benefits	197,129,567.69
	<hr/>
Proportionate share of net pension asset	<u>(\$ 167,487.14)</u>

At December 31, 2019, the County reported an asset of \$167,487.14 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019 and the total pension liability used to calculate the net pension asset was based on a projection of the County's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2019, the County's proportion was 1.5804757%, which is an increase of .0632125% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the County recognized pension expense of \$4,668,222.84. At December 31, 2019 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience	\$ 656,986.73	\$ 75,807.69
Changes in assumption	5,784,569.05	2,371,392.66
Net Difference between projected and actual earnings on pension plan investments		964,863.06
Changes in proportion and difference between County contributions and proportionate share of contributions	63,662.47	213,985.80
County contributions subsequent to the measurement date	<hr/> 1,058,879.25	
TOTAL	<hr/> <u>\$ 7,564,097.50</u>	<hr/> <u>\$ 3,626,049.21</u>

\$1,058,879.25 reported as deferred outflow of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of expense) as follows:

Year Ended Dec. 31,	
2020	\$ 3,625,164.81
2021	(627,662.92)
2022	(428,468.92)
2023	310,136.06
2024	
Thereafter	
TOTAL	<u>\$ 2,879,169.03</u>

Actuarial Assumptions:

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

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

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

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

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

Discount Rate:

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset)	\$27,799,588.13	\$(167,487.14)	\$(22,955,599.96)

Pension Plan Fiduciary Net Position:

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

15. OTHER POSTEMPLOYMENT BENEFITS - HEALTHCARE PLAN

Plan Administration:

The County administers an Other Postemployment Benefits (OPEB) plan providing medical, prescription drug, and dental benefits to retired employees and their dependents under certain conditions. The County does not issue a separate report that includes financial statements and required supplementary information for the OPEB plan.

A complete actuarial study was not performed for calendar year 2019. The information for the 2019 plan year was based on 2019 roll forward amounts provided in Appendix A of the 2018 Actuarial Valuation Report. Where applicable, the 2019 actuarial assumptions and valuations shown in the following disclosures are based on 2018 actual information.

Benefits Provided:

Individuals who are employed by the County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement from service with the County. Coverage during retirement continues in the group health and dental plans and a life insurance benefit. Employees covered by the plan make contributions toward the plan premiums.

Plan Membership:

As of December 31, 2018, plan membership consisted of the following:

Inactive members currently receiving benefits	10
Inactive members entitled to but not yet receiving benefits	0
Active members	527
Total	537

Investment Policy:

The County's obligation is unfunded at December 31, 2019. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75.

Total OPEB Liability:

	As of December 31, 2018
Actuarial Present Value of Future Benefits	
Retired – Employees	\$ 240,249
Retired – Spouses/Dependents	5,851
Actives – Employees	662,516
Actives – Spouses/Dependents	86,658
Total	<u>\$ 995,274</u>
Total OPEB Liability	
Retired – Employees	\$ 240,249
Retired – Spouses/Dependents	5,851
Actives – Employees	542,478
Actives – Spouses/Dependents	71,055
Total	<u>\$ 859,633</u>

Actuarial assumptions and other inputs:

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0% Per Year																
Salary increases	3.0% Per Year																
Discount rate	4.1% - As an unfunded plan, the discount rate reflects the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date. The index rate used to measure the total pension liability was 4.1% as of December 31, 2018.																
Healthcare cost trend rates	<table><thead><tr><th><u>Year</u></th><th><u>Rate</u></th></tr></thead><tbody><tr><td>1</td><td>8.0%</td></tr><tr><td>2</td><td>7.5</td></tr><tr><td>3</td><td>7.0</td></tr><tr><td>4</td><td>6.5</td></tr><tr><td>5</td><td>6.0</td></tr><tr><td>6</td><td>5.5</td></tr><tr><td>7+</td><td>5.0</td></tr></tbody></table>	<u>Year</u>	<u>Rate</u>	1	8.0%	2	7.5	3	7.0	4	6.5	5	6.0	6	5.5	7+	5.0
<u>Year</u>	<u>Rate</u>																
1	8.0%																
2	7.5																
3	7.0																
4	6.5																
5	6.0																
6	5.5																
7+	5.0																
Measurement period	January 1, 2018 to December 31, 2018																
Mortality rates	Based on RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2016 generational projection of future mortality improvement.																

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Schedule of Changes in Total OPEB Liability*:

	Calendar Year Ending December 31, 2019
Total OPEB Liability – Beginning of Year	<u>\$ 859,633</u>
Service Cost	18,277
Interest	35,151
Changes of Benefit Terms	0
Difference between Expected and Actual Experience	406,300
Changes of Assumptions	0
Benefit Payments	<u>(447,437)</u>
Net Change in Total OPEB Liability	<u>12,291</u>
Total OPEB Liability – End of Year	<u>\$ 871,924</u>
Covered-Employee Payroll	\$ 30,216,688
Total OPEB Liability as a Percentage of the Covered-Employee Payroll	2.89%

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate*:

The following presents the total OPEB liability, calculated using the current healthcare cost trend rate of 8.0% decreasing to 5.0%, as well as the total OPEB liability calculated using a healthcare cost trend rate that is 1-percentage point lower (7.0% to 4.0%) or 1-percentage point higher (9.0% to 6.0%) than the current rate:

	1% Decrease 7.0% decreasing to 4.0%	Current Healthcare Cost Trend Rate 8.0% decreasing to 5.0%	1% Increase 9.0% decreasing to 6.0%
Total OPEB Liability	\$ 784,634	\$ 871,924	\$ 974,028

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*:

The following presents the total OPEB liability, calculated using the current discount rate of 4.10%, as well as the total OPEB liability calculated using a discount rate that is 1-percentage point lower (3.10%) or 1-percentage point higher (5.10%) than the current rate:

	1% Decrease 3.10%	Current Healthcare Cost Trend Rate 4.10%	1% Increase 5.10%
Total OPEB Liability	\$ 964,087	\$ 871,924	\$ 792,114

* - Assumes all actuarial assumptions are exactly realized. Update procedures were used to roll forward the Service Cost and Total OPEB liability to the December 31, 2019 measurement date.

OPEB Expense:

	<u>Calendar Year Ending December 31, 2019</u>	
OPEB Expense		
Service Cost	\$	18,277
Interest on Total OPEB Liability		35,151
Recognition of Deferred (Inflows)/Outflows of Resources Economic/Demographic (Gains)/Losses		54,614
Total OPEB Expense	\$	<u>108,042</u>

Expected Remaining Service Lives:

Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total OPEB liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members.

The amortization period for the January 1, 2019 to December 31, 2019 measurement period was determined as follows (using the December 31, 2018 valuation results as an estimate for the measurement period):

<u>As of December 31, 2018</u>	<u>Number of Members</u>	<u>Expected Remaining Service Lives</u>
Active members	527	12.300
Inactive members	10	0.000
Weighted Average Rounded to Nearest Tenth		<u>12.1</u>

Deferred Inflows and Outflows of Resources:

Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total OPEB liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. As of December 31, 2019, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$	\$ 580,003
Changes of assumptions		
Total	\$	<u>580,003</u>

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future years' OPEB expense as follows:

Year Ending December 31:	Annual Recognition Deferred Inflows	Annual Recognition Deferred Outflows
2020	\$	\$ 54,614
2021	\$	\$ 54,614
2022	\$	\$ 54,614
2023	\$	\$ 54,614
2024	\$	\$ 54,614
Thereafter	\$	\$ 306,933

16. JOINT VENTURES

Metro Communications Agency was jointly formed by Minnehaha County and the City of Sioux Falls in 1980. In 2007, the County and City entered into a subsequent joint cooperative agreement changing the composition and structure of Metro Communications to an administrative agency with its own standing separate and apart from the governmental organizations of either the County or City, effective on January 1, 2008.

The agency is governed by a five-member Council which includes two County Commissioners, the Mayor and two members of the City Council appointed by the Mayor. The agency is responsible for county-wide public safety dispatch, maintenance or centralized dispatch records and the maintenance and purchase of related communications equipment. Complete financial statements are available at the administrative offices located at 500 North Dakota Avenue in Sioux Falls, South Dakota.

17. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2019, the County was involved in several lawsuits. No determination can be made at this time regarding the potential outcome of these lawsuits. However, as discussed in the Risk Management note, the County has liability coverage for itself and its employees with South Dakota Public Assurance Alliance. Therefore, no material effects are anticipated to the County as a result of the potential outcome of these lawsuits.

18. RISK MANAGEMENT

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

Employee Health Insurance:

The County purchases catastrophic coverage for employee’s health insurance to minimize their exposure to risk of loss to the self-insurance program. The county purchases two types of insurance. The first is aggregate excess liability insurance. This insurance will pay 100% of all claims in excess of a pre-determined dollar amount for a claim year. The insurance company, applying an insurance industry formula based upon previous years’ annual claims and group size, determines the dollar amount of aggregate claims. In 2019, the minimum aggregate deductible was the greater of: \$5,881,581.60 or 100% of the monthly aggregate deductible for the first month of the policy year then multiplied by 12. The insurance company (not the self-insurance program) would pay 100% of all program eligible claim expenses in excess of that amount for 2019. The other form of insurance carried by the county on the self-insurance program covers individual cases. The insurance sets a \$100,000 yearly deductible on individual cases. Any individual's eligible claim expenses exceeding \$100,000 will be paid 100% by the insurance company. The insurance company sets an unlimited maximum lifetime coverage amount on individuals. Based on the 2019 insurance agreement and a review of the previous agreement, the county's self-insurance program

has not had any significant reductions in insurance coverage from previous years to the current year.

Minimum Aggregate Deductible Amount:

In 2019, the self-insurance program's total yearly expenses did not exceed the minimum aggregate deductible established by the insurance company. Additionally, the County's self-insurance program's total yearly claims have not exceeded the minimum aggregate deductible amount set by the insurance company for the previous fourteen years (2005-2018).

Individual Claim Amount:

In 2019, the insurance company set a \$100,000 yearly deductible level on individual cases. In 2019, the program had fourteen individuals with claim expenses that exceed the individual claim level amount. In 2018, the program had eight individuals with claim expenses that exceed the individual claim level amount and in 2017, the program had five individuals with claim expenses that exceed the individual claim level amount. The County has net position in the Self-Insurance Fund in the amount of \$1,590,935.64 for the payment of future claims.

Liability Insurance:

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

- a. General Liability
- b. Automobile Liability
- c. Officials Liability
- d. Law Enforcement Liability

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

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

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

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

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

As of December 31, 2019, the County's balance available to be refunded per the SDPAA was \$624,506.

The County carries a \$5,000 deductible for the general and law enforcement liabilities, \$2,500 deductible for official's liability (other than Employment Related Claims) and \$5,000 for official's liability (Employment Related Claims), and \$0.00 deductible for the automotive liability coverage. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years

The County also purchases commercial property insurance for government buildings from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years

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 for the past several years.

Worker's Compensation:

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

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

Unemployment Benefits:

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

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

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 43,121,227.00	\$ 43,121,227.00	\$ 42,707,977.70	\$ (413,249.30)
General Property Taxes--Delinquent	400,000.00	400,000.00	450,104.97	50,104.97
Penalties and Interest	75,000.00	75,000.00	90,471.61	15,471.61
Telephone Tax (Outside)	8,800.00	8,800.00	4,232.50	(4,567.50)
Mobile Home Tax	15,000.00	15,000.00	0.00	(15,000.00)
Tax Deed Revenue	0.00	0.00	15,734.50	15,734.50
Other Taxes	17,000.00	17,000.00	33,654.50	16,654.50
Licenses and Permits	361,400.00	361,400.00	451,493.00	90,093.00
Intergovernmental Revenue:				
Federal Grants	45,000.00	45,000.00	202,483.57	157,483.57
Federal Shared Revenue	876,802.00	876,802.00	1,042,089.15	165,287.15
Federal Payments in Lieu of Taxes	10,000.00	10,000.00	10,816.89	816.89
State Grants	0.00	0.00	7,891.66	7,891.66
State Shared Revenue:				
Bank Franchise	900,000.00	900,000.00	2,279,839.71	1,379,839.71
Court Appointed Attorney/Public Defender	230,000.00	230,000.00	154,943.35	(75,056.65)
Abused and Neglected Child Defense	0.00	0.00	37,467.81	37,467.81
Telecommunications Gross Receipts Tax	700,000.00	700,000.00	619,407.24	(80,592.76)
Motor Vehicle 1/4%	45,000.00	45,000.00	47,999.42	2,999.42
Liquor Tax Reversion (25%)	600,000.00	600,000.00	619,421.51	19,421.51
Other Payments in Lieu of Taxes	2,100.00	2,100.00	1,138.37	(961.63)
Other Intergovernmental Revenue				
Museum Operations (City Share)	624,945.00	624,945.00	628,341.00	3,396.00
Health and Human Services (City Share)	275,000.00	275,000.00	294,894.37	19,894.37
Other Intergovernmental Revenue	0.00	0.00	3,991.48	3,991.48
Tea-Ellis Range	0.00	0.00	7,000.00	7,000.00
Juvenile Detention Physicals	1,000.00	1,000.00	8,500.74	7,500.74
General Government:				
Treasurer's Fees	799,675.00	799,675.00	819,430.29	19,755.29
Register of Deeds' Fees	2,203,000.00	2,203,000.00	2,540,367.10	337,367.10
Legal Services	641,000.00	641,000.00	497,624.90	(143,375.10)
Other-Court Ordered Competency Reimbursement	0.00	0.00	13,563.00	13,563.00
Clerk of Courts Fees	260,000.00	260,000.00	263,171.95	3,171.95
Other Fees	61,933.00	61,933.00	52,820.43	(9,112.57)
Public Safety:				
Law Enforcement	1,775,831.00	1,775,831.00	1,724,815.75	(51,015.25)
Prisoner Care	1,645,000.00	1,645,000.00	3,193,056.86	1,548,056.86
Other	300.00	300.00	265.12	(34.88)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	246,300.00	246,300.00	211,730.37	(34,569.63)
Veterans Service Officer	4,700.00	4,700.00	4,687.50	(12.50)
Health Assistance:				
Mental Health Services	30,000.00	30,000.00	43,943.91	13,943.91
Urban and Economic Development	75,600.00	75,600.00	72,046.29	(3,553.71)
Fines and Forfeits:				
Fines	16,500.00	16,500.00	11,229.33	(5,270.67)
Costs	145,000.00	145,000.00	147,584.32	2,584.32
Forfeits	215,000.00	215,000.00	153,828.61	(61,171.39)
Other	1,000.00	1,000.00	6,020.00	5,020.00
Miscellaneous Revenue:				
Investment Earnings	30,000.00	30,000.00	269,517.73	239,517.73
Rent	49,000.00	49,000.00	54,172.56	5,172.56
Contributions and Donations	0.00	0.00	5,225.06	5,225.06
Refund of Prior Year's Expenditures	10,000.00	10,000.00	28,527.35	18,527.35
Private Grants	0.00	0.00	350,000.00	350,000.00
Other	222,750.00	222,750.00	342,043.95	119,293.95
Total Revenues	56,740,863.00	56,740,863.00	60,525,567.43	3,784,704.43

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	704,864.00	940,311.00	897,104.51	43,206.49
Contingency	25,000.00	25,000.00		
Amount Transferred		0.00		25,000.00
Elections	107,717.00	107,717.00	100,922.06	6,794.94
Judicial System	1,707,500.00	2,062,500.00	2,062,226.99	273.01
Pre-Trial Services	176,018.00	268,518.00	162,722.42	105,795.58
Financial Administration:				
Auditor	835,360.00	835,360.00	806,712.22	28,647.78
Treasurer	1,539,226.00	1,539,226.00	1,437,643.23	101,582.77
Legal Services:				
State's Attorney	5,191,919.00	5,191,919.00	4,972,024.82	219,894.18
Public Defender	3,671,901.00	3,671,901.00	3,345,981.25	325,919.75
Court Appointed Attorney-Public Advocate	1,093,753.00	1,093,753.00	1,062,145.36	31,607.64
Other Administration:				
General Government Building	2,680,878.00	2,680,878.00	2,528,133.08	152,744.92
Director of Equalization	1,665,009.00	1,665,009.00	1,589,721.05	75,287.95
Register of Deeds	842,693.00	842,693.00	817,420.86	25,272.14
Predatory Animal	5,067.00	5,067.00	5,066.38	0.62
Self-Insurance Plan	207,600.00	207,600.00	166,983.64	40,616.36
Other (SECOG)	25,092.00	25,092.00	25,092.00	0.00
Information Technology	1,753,775.00	2,157,766.00	2,019,683.02	138,082.98
Human Resources	461,864.00	461,864.00	441,278.37	20,585.63
Public Safety:				
Law Enforcement:				
Sheriff	6,513,588.00	6,766,143.00	6,429,006.31	337,136.69
County Jail	14,891,685.00	15,130,938.00	14,346,981.42	783,956.58
Coroner	381,655.00	381,655.00	372,240.67	9,414.33
Juvenile Detention	3,691,899.00	3,816,794.00	3,741,515.07	75,278.93
Air Guard	908,235.00	988,050.00	981,304.92	6,745.08
Humane Society	47,000.00	47,000.00	41,446.59	5,553.41
Southeast Tech Institute Security	124,145.00	124,145.00	108,021.97	16,123.03
Other Law Enforcement-Airport Security	197,030.00	197,030.00	189,087.34	7,942.66
Involuntary Commitments-Housing	111,330.00	111,330.00	57,334.95	53,995.05
Protective and Emergency Services:				
Communication Center	359,646.00	359,646.00	359,646.00	0.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	3,655,671.00	3,867,810.00	3,577,039.65	290,770.35
Health Assistance:				
Ambulance	180,000.00	217,500.00	217,500.00	0.00
Social Services:				
Inter-Lakes Community Action	2,000.00	2,000.00	2,000.00	0.00
Compass Center	35,000.00	35,000.00	35,000.00	0.00
Glory House	5,000.00	5,000.00	5,000.00	0.00
Safe Home	743,297.00	750,496.00	712,707.31	37,788.69
Children's Inn	89,250.00	89,250.00	89,250.00	0.00
Helpline Center	4,000.00	4,000.00	4,000.00	0.00
Mental Health Services:				
Mentally Ill	1,117,600.00	1,152,600.00	1,152,586.65	13.35
Developmentally Disabled	5,000.00	5,000.00	5,000.00	0.00
Mental Health Centers	174,468.00	174,468.00	174,468.00	0.00
Culture and Recreation:				
Culture:				
Historical Museum	1,271,711.00	1,287,436.00	1,243,683.50	43,752.50
Memorial Day Expense	2,600.00	2,600.00	1,634.56	965.44
Recreation:				
Parks	80,420.00	80,420.00	65,219.42	15,200.58
County Fair	150,000.00	150,000.00	150,000.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	90,017.00	90,017.00	89,984.28	32.72
Soil Conservation Districts	2,000.00	2,000.00	2,000.00	0.00
Other - Agri-Business	2,500.00	2,500.00	2,500.00	0.00

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	681,548.00	681,548.00	664,932.18	16,615.82
Economic Development:				
Sioux Falls Development Foundation	500.00	500.00	500.00	0.00
Forward Sioux Falls	2,000.00	2,000.00	2,000.00	0.00
Minnehaha County Economic Development Association	5,500.00	5,500.00	5,500.00	0.00
Debt Service	4,100.00	4,100.00	4,100.00	0.00
Total Expenditures	<u>58,225,631.00</u>	<u>60,316,650.00</u>	<u>57,274,052.05</u>	<u>3,042,597.95</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,484,768.00)</u>	<u>(3,575,787.00)</u>	<u>3,251,515.38</u>	<u>6,827,302.38</u>
Other Financing Sources (Uses):				
Transfers Out	(303,662.00)	(303,662.00)	(303,662.00)	0.00
Insurance Proceeds	0.00	0.00	55,771.95	55,771.95
Sale of County Property	30,000.00	30,000.00	29,392.45	(607.55)
Total Other Financing Sources (Uses)	<u>(273,662.00)</u>	<u>(273,662.00)</u>	<u>(218,497.60)</u>	<u>55,164.40</u>
Net Change in Fund Balances	<u>(1,758,430.00)</u>	<u>(3,849,449.00)</u>	<u>3,033,017.78</u>	<u>6,882,466.78</u>
Fund Balance - Beginning	<u>14,834,375.58</u>	<u>14,834,375.58</u>	<u>14,834,375.58</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u><u>\$ 13,075,945.58</u></u>	<u><u>\$ 10,984,926.58</u></u>	<u><u>\$ 17,867,393.36</u></u>	<u><u>\$ 6,882,466.78</u></u>

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ROAD & BRIDGE FUND
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Taxes:				
Wheel Tax	3,550,000.00	3,550,000.00	3,541,348.95	(8,651.05)
Licenses and Permits	30,000.00	30,000.00	39,613.01	9,613.01
Intergovernmental Revenue:				
Federal Grants	5,000.00	5,000.00	0.00	(5,000.00)
State Grants	745,000.00	745,000.00	1,840,021.24	1,095,021.24
State Shared Revenue:				
Motor Vehicle Licenses	8,250,000.00	8,250,000.00	8,552,643.08	302,643.08
Prorate License Fees	400,000.00	400,000.00	423,984.95	23,984.95
63 3/4% Mobile Home/Manufactured Home	30,000.00	30,000.00	30,184.43	184.43
Motor Fuel Tax	45,000.00	45,000.00	43,330.74	(1,669.26)
Charges for Goods and Services:				
Public Works:				
Other	10,000.00	10,000.00	23,616.32	13,616.32
Miscellaneous Revenue:				
Investment Earnings	10,000.00	10,000.00	89,535.23	79,535.23
Other	15,000.00	15,000.00	12,692.19	(2,307.81)
Total Revenues	<u>13,090,000.00</u>	<u>13,090,000.00</u>	<u>14,596,970.14</u>	<u>1,506,970.14</u>
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	16,547,228.00	17,994,455.00	13,365,253.23	4,629,201.77
Intergovernmental Expenditures	351,450.00	351,450.00	353,181.78	(1,731.78)
Total Expenditures	<u>16,898,678.00</u>	<u>18,345,905.00</u>	<u>13,718,435.01</u>	<u>4,627,469.99</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,808,678.00)</u>	<u>(5,255,905.00)</u>	<u>878,535.13</u>	<u>6,134,440.13</u>
Other Financing Sources (Uses):				
Insurance Proceeds	0.00	0.00	2,178.00	2,178.00
Sale of County Property	50,000.00	50,000.00	131,893.68	81,893.68
Total Other Financing Sources (Uses)	<u>50,000.00</u>	<u>50,000.00</u>	<u>134,071.68</u>	<u>84,071.68</u>
Net Change in Fund Balances	<u>(3,758,678.00)</u>	<u>(5,205,905.00)</u>	<u>1,012,606.81</u>	<u>6,218,511.81</u>
Changes in Nonspendable	0.00	0.00	151,279.70	151,279.70
Fund Balance - Beginning	<u>9,938,622.07</u>	<u>9,938,622.07</u>	<u>9,938,622.07</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 6,179,944.07</u>	<u>\$ 4,732,717.07</u>	<u>\$ 11,102,508.58</u>	<u>\$ 6,369,791.51</u>

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
COURTHOUSE BUILDING FUND
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 4,230,912.00	4,230,912.00	\$ 4,189,664.32	\$ (41,247.68)
General Property Taxes--Delinquent	45,700.00	45,700.00	47,724.62	2,024.62
Penalties and Interest	8,000.00	8,000.00	9,590.18	1,590.18
Mobile Home Tax	1,500.00	1,500.00	0.00	(1,500.00)
Tax Deed Revenue	100.00	100.00	0.00	(100.00)
Intergovernmental Revenue:				
Federal Grants	5,000.00	5,000.00	0.00	(5,000.00)
Federal Payments in Lieu of Taxes	1,000.00	1,000.00	1,061.12	61.12
Other Payments in Lieu of Taxes	250.00	250.00	113.96	(136.04)
Miscellaneous Revenue:				
Investment Earnings	4,000.00	4,000.00	22,432.53	18,432.53
Other	0.00	0.00	177.92	177.92
Total Revenues	<u>4,296,462.00</u>	<u>4,296,462.00</u>	<u>4,270,764.65</u>	<u>(25,697.35)</u>
Expenditures:				
General Government:				
Other Administration:				
General Government Building	1,002,500.00	1,335,425.00	653,470.60	681,954.40
Debt Service	<u>3,127,721.00</u>	<u>3,127,721.00</u>	<u>3,122,547.26</u>	<u>5,173.74</u>
Total Expenditures	<u>4,130,221.00</u>	<u>4,463,146.00</u>	<u>3,776,017.86</u>	<u>687,128.14</u>
Excess of Revenues Over (Under) Expenditures	<u>166,241.00</u>	<u>(166,684.00)</u>	<u>494,746.79</u>	<u>661,430.79</u>
Other Financing Sources (Uses):				
Insurance Proceeds	<u>0.00</u>	<u>0.00</u>	<u>100,000.00</u>	<u>100,000.00</u>
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>100,000.00</u>	<u>100,000.00</u>
Net Change in Fund Balances	<u>166,241.00</u>	<u>(166,684.00)</u>	<u>594,746.79</u>	<u>761,430.79</u>
Fund Balance - Beginning	<u>986,578.75</u>	<u>986,578.45</u>	<u>986,578.45</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 1,152,819.75</u>	<u>\$ 819,894.45</u>	<u>\$ 1,581,325.24</u>	<u>\$ 761,430.79</u>

MINNEHAHA COUNTY
NOTES TO THE REQUIRED 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.

Budgets for the General Fund and special revenue funds are adopted on a basis consistent with USGAAP.

Note 2. GAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new sheriff's patrol car would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a new sheriff's patrol car would be reported as an expenditure of the Public Safety/Law Enforcement function of government, along with all other current Law Enforcement Department related expenditures.

**REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
DECEMBER 31, 2019**

Last 10 Years *

	2019	2018
Total OPEB Liability		
Changes for the Year:		
Service Cost	\$ 18,277.00	\$ 17,744.00
Interest	35,151.00	41,778.00
Changes in Benefit Terms	0.00	0.00
Difference between expected and actual experience	406,300.00	249,072.71
Changes of assumptions or other inputs	0.00	0.00
Benefit Payments	(447,437.00)	(284,461.71)
Net Change in Total OPEB Liability	12,291.00	24,133.00
Total OPEB Liability - Beginning	859,633.00	835,500.00
Total OPEB Liability - Ending	\$ 871,924.00	\$ 859,633.00
Covered Employee Payroll	\$ 30,216,688.00	\$ 29,336,590.00
Total OPEB Liability as a Percentage of Covered Employee Payroll	2.89%	2.93%

* This schedule requires the presentation of information of 10 years. Until a full 10-year trend is compiled, the County will present information for those years for which information is available.

Notes to Schedule of Changes in Total OPEB Liability:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in Benefits

There no significant changes in benefit terms.

**REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
SCHEDULE OF THE COUNTY PENSION CONTRIBUTIONS**

South Dakota Retirement System

* Last 10 Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,083,894.39	\$ 1,974,585.37	\$ 1,896,122.22	\$ 1,819,030.82	\$ 1,756,272.16	\$ 1,700,748.46
Contributions in relation to the contractually required contribution	<u>2,083,894.39</u>	<u>1,974,585.37</u>	<u>1,896,122.22</u>	<u>1,819,030.82</u>	<u>1,756,272.16</u>	<u>1,700,748.46</u>
Contribution deficiency (excess)	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
County's covered-employee payroll	\$ 30,991,774.31	\$ 29,381,328.66	\$ 28,283,924.14	\$ 27,249,217.41	\$ 26,252,625.88	\$ 25,367,446.47
Contributions as a percentage of covered-employee payroll	6.72%	6.72%	6.70%	6.68%	6.69%	6.70%

* Until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**

South Dakota Retirement System

Last 10 Years *

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	1.5804757%	1.5518205%	1.5172632%	1.5716074%	1.5793170%	1.5904961%
County's proportionate share of net pension liability (asset)	\$ (167,487.14)	\$ (36,192.04)	\$ (137,693.20)	\$ 5,308,735.39	\$ (6,698,334.67)	\$ (11,458,873.95)
County's covered-employee payroll	\$ 30,232,147.15	\$ 28,848,731.69	\$ 27,667,555.91	\$ 26,806,067.25	\$ 25,846,471.45	\$ 24,892,876.61
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(.55%)	(.13%)	(.50%)	19.80%	(25.92%)	(46.03%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.09%	100.02%	100.10%	96.89%	104.1%	107.3%

* 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 of previous fiscal year. Until a full 10-year trend is compiled, the County will present information for those years for which information is available.

MINNEHAHA COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions

Changes of benefit terms:

No significant changes.

Changes of assumptions:

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

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

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

**SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Total Federal Expenditures 2019
Child Nutrition Cluster:				
US Department of Agriculture Pass-Through Programs:				
SD Department of Education, Cash Assistance:				
School Breakfast Program	10.553	NSLP-19-212	\$	\$ 21,146.00
National School Lunch Program	10.555	NSLP-19-212		37,284.48
Total Child Nutrition Cluster - US Department of Agriculture			0.00	58,430.48
US Department of Interior - Direct Programs:				
Bureau of Land Management, Distribution of Receipts to State and Local Governments (Note 3)	15.227	71209341	24,948.44	39,087.00
Total US Department of Interior			24,948.44	39,087.00
US Department of Justice - Pass-Through Programs:				
SD Network Against Family Violence and Sexual Assault, Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590			28,011.98
City of Sioux Falls, Edward Byrne Memorial Justice Assistance Grant Program	16.738			39,057.01
Total US Department of Justice			0.00	67,068.99
Highway Planning and Construction Cluster:				
US Department of Transportation - Pass-Through Programs:				
SD Department of Transportation, Highway Planning and Construction	20.205	12032140		49,135.51
Subtotal US Department of Transportation - Highway Planning and Construction Cluster			0.00	49,135.51
Highway Safety Cluster:				
US Department of Transportation - Pass-Through Programs:				
SD Department of Public Safety - Highway Safety, State and Community Highway Safety	20.600	2018-00-32		5,807.71
National Priority Safety Program	20.616	2018-00-59		2,745.26
Subtotal US Department of Transportation - Highway Safety Cluster			0.00	8,552.97
Total US Department of Transportation			0.00	57,688.48
US Department of Health and Human Services - Pass-Through Programs:				
SD Department of Social Services, Promoting Safe and Stable Families	93.556	13-0842-201		82,426.00
Total Department of Health and Human Services			0.00	82,426.00
US Executive Office of the President - Pass-Through Programs:				
SD Attorney General's Office, High Intensity Drug Trafficking Program (HIDTA)	95.001	I13PMWP569D / I14PMWP569D		74,721.69
Total US Executive Office of the President			0.00	74,721.69
US Department of Homeland Security - Pass-Through Programs:				
SD Department of Public Safety - Office of Emergency Management, Emergency Management Performance Grant	97.042	EMD-2017-EP-00001 HLS-2017-MC-00170, HLS-SWAT, HLS-2018- MC-00172, HLS-2018- MC-00040		54,745.85
Homeland Security Grant Program (Note 4)	97.067		45,177.00	474,745.85
Total US Department of Homeland Security			45,177.00	529,491.70
GRAND TOTAL			\$ 70,125.44	\$ 908,914.34

**SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Total Federal Expenditures 2019
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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, 2019. 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 the Schedule are reported on the modified accrual 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 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