

**MINNEHAHA COUNTY**

**AUDIT REPORT**

**For the Year Ended December 31, 2007**

**MINNEHAHA COUNTY  
COUNTY OFFICIALS  
December 31, 2007**

**Board of Commissioners:**

**Anne Hajek, Chairman  
Carol Twedt  
John Pekas  
Robert Kolbe  
Jeff Barth**

**Auditor:  
Sue Roust**

**Treasurer:  
Pam Nelson**

**State's Attorney:  
David R. Nelson**

**Register of Deeds:  
Julie Risty**

**Sheriff:  
Mike Milstead**

MINNEHAHA COUNTY  
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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

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

County Commission  
Minnehaha County  
Sioux Falls, South Dakota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minnehaha County, South Dakota (County), as of December 31, 2007, and for the year then ended which collectively comprise the County's basic financial statements and have issued our report thereon dated October 6, 2008.

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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

We consider the deficiency described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item No. 2007-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Minnehaha County's response to the findings identified in our audit is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. We did not audit the County's response and, accordingly, we express no opinion on it.

We also noted certain additional matters that we reported to management of the County in a separate communication dated October 6, 2008.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, state granting agencies, and the governing board and management of Minnehaha County, South Dakota and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133 §\_\_.320, this report is matter of public record and its distribution is not limited.



Martin L. Guindon, CPA  
Auditor General

October 6, 2008



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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

County Commission  
Minnehaha County  
Sioux Falls, South Dakota

Compliance

We have audited the compliance of Minnehaha County, South Dakota (County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Minnehaha County, South Dakota complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

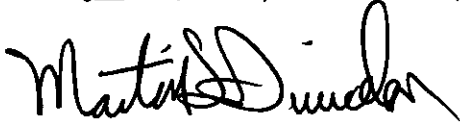
The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, state granting agencies, the governing board and management of Minnehaha County, South Dakota and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133 §\_\_\_.320, this report is matter of public record and its distribution is not limited.



Martin L. Guindon, CPA  
Auditor General

October 6, 2008

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

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**

**Prior Federal Audit Findings:**

The prior audit report contained no federal audit findings.

**Prior Other Audit Findings:**

Finding No. 2006-01:

The county's cash reconciliation process was not complete and did not include followup of reconciling items resulting in an increased risk of accounting errors or irregularities not being detected in a timely manner.

This finding has been resolved.

Finding No. 2006-02:

The county's general ledger was not properly maintained resulting in diminished assurance that the County's financial transactions were properly recorded and its assets were adequately safeguarded.

This finding has been resolved.

Finding No. 2006-03:

Internal accounting controls over financial reporting were inadequate resulting in inaccurate information being presented to users of the annual financial report.

This finding has been resolved.

Finding No. 2006-04:

The county made expenditures from the County Road and Bridge Fund for purposes that are not allowed by South Dakota Codified Law (SDCL) 32-11-2.

This finding has been materially corrected.

**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**

**Summary of the Independent Auditor's Results:**

***Financial Statements***

- a. An unqualified opinion was issued on the financial statements of each opinion unit.
- b. A significant deficiency was disclosed by our audit of the financial statements for internal control deficiencies in the Sheriff's Account Cash Reconciliation Process.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

**Federal Awards**

- d. No significant deficiencies or material weaknesses were reported by our audit of the major federal programs.
- e. An unqualified opinion was issued on compliance with the requirements applicable to major programs.
- f. Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a)
- g. The federal awards tested as major programs were:
  - 1. Public Safety Partnership and Community Policing Grant      CFDA #16.710  
Homeland Security Cluster
  - 2. Homeland Security Grant Program      CFDA #97.067
- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- i. Minnehaha County did not qualify as a low-risk auditee.

**Current Federal Audit Findings:**

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

**Current Other Audit Findings:**

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

Deficiencies in Sheriff's Account Cash Reconciliation Process

Finding No. 2007-01:

The Sheriff's inmate cash account at the county jail had not been reconciled to the bank balance since April of 2006 resulting in diminished assurance that transactions were properly executed and recorded and assets were properly safeguarded.

Analysis:

United States Government Accountability Office, Government Auditing Standards, 2007 revisions, states:

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

The reconciliation of bank balances to accounting system control accounts is an important component of internal control over cash assets. Although records and reports were available, a reconciliation of the bank balance to the control account for the Sheriff's inmate cash account had not been performed since April of 2006, resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded.

**RECOMMENDATION:**

We recommend a reconciliation of the sheriff's inmate cash account bank balance to corresponding control account be performed on a monthly basis.

**Auditee's Corrective Action Plan:**

We are in the process of a complete reconciliation of the jail inmate fund account. The account records and necessary documentation are available. The last person responsible for the account allowed the account to fall behind due to health problems and other issues. When the person who is currently in the position took over she was not made aware of the problem and not trained properly by the outgoing person. We have been working with the person currently in the position to get the account reconciled completely and will continue to do so. Warden Tim Devlin is the contact person responsible for implementing the above recommendation.



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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

County Commission  
Minnehaha County  
Sioux Falls, South Dakota

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minnehaha County, South Dakota, (County) as of December 31, 2007, and for the year then ended, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Minnehaha County, South Dakota as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2008 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) and Budgetary Comparison Schedules on pages 10 through 16, and 47 through 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Combining Non-Major Governmental Fund Financial Statements listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Martin L. Guindon, CPA  
Auditor General

October 6, 2008

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Minnehaha County's financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended on December 31, 2007. Please read it in conjunction with the County's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- General Fund revenues exceeded budget by \$2.5 million in 2007, while expenditures were less than the original budget by \$145,000. This resulted in a year-end General Fund cash balance which was at an historic high. The most significant deviation in revenues was receipt of a \$1.66 million bank franchise tax payment. The projected bank franchise tax in the 2007 budget was \$680,000, a number based on historical patterns.
- The County issued bond series 2007 in the amount of \$12.275 million to finance the addition of two floors to the Minnehaha County Courthouse, and rebuilding of the Administration Building parking lot. When the Courthouse was constructed in the early 1990's, the foundations were designed to allow the addition of a fifth and sixth floor when required by county growth. Debt service for this bond issue will be paid using a dedicated bond redemption fund.
- Bonds series 2007B and 2007C in the amount of \$4.465 million were also issued, to refund bonds issued in 1997 and payable through 2014. The present value savings from this action was \$198,000.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the County government, reporting the County's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
  - Fiduciary fund statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to the required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each of which are added together and presented in a single column in the basic financial statements.

Figure A summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A

Major Features of Minnehaha County's Government-wide and Fund Financial Statements				
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Fund Statements Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire County government (except fiduciary funds)	The activities of the County that are not proprietary or fiduciary, such as public safety and highway maintenance	The activities the County operates similar to private business	Instances in which the County is the trustee or agent for someone else's resources
<b>Required Financial Statements</b>	*Statement of Net Assets *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Balance Sheet *Statement of Revenues, Expenses and Changes in Fund Net Assets *Statement of Cash Flows	*Statement of Fiduciary Net Assets
<b>Accounting Basis &amp; Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of Asset/Liability Information</b>	All assets and liabilities, both financial and capital, and short and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets included	All assets and liabilities, both financial and capital, and short and long-term	All assets and liabilities, both short-term and long-term, the County's funds do not currently contain capital assets
<b>Type of Inflow/Outflow Information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

### Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net assets and how they have changed. Net assets – the difference between the County's assets and liabilities – is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County you need to consider additional nonfinancial factors such as changes in the County's property tax base and the conditions of the County's roads.

The government-wide financial statements of the County are reported in one category – Governmental Activities. This category includes the County's basic services, such as general government services (auditor, treasurer, etc.), public safety, public works, health and welfare services, culture and recreation services, conservation and natural resource services, and urban and economic development programs. Property taxes, state shared revenues, federal grants and interest earnings finance most of these activities.

## Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds – not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- State Law requires some of the funds.
- The County Commission establishes other funds to control and manage money for particular purposes (such as the Capital Projects Fund, which is used to account for major building projects).

The County has three kinds of funds:

- **Governmental Funds** – The County's basic services are included in the governmental funds, which focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary Funds** – Services for which Minnehaha County charges participants a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. Minnehaha County has an internal service fund (one type of proprietary fund) to report the activities related to providing self-insurance for health coverage to the employees.
- **Fiduciary Funds** – The County is the trustee, or fiduciary, for various external and internal parties. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the government-wide financial statements because the County cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

### Net Assets

The County's combined net assets increased by \$4,064,336, or 6.2%, from 2006 to 2007.

Table A-1  
MINNEHAHA COUNTY  
Statement of Net Assets

	Governmental Activities	
	2006	2007
Current and Other Assets	\$ 23,828,332	\$ 35,086,285
Capital Assets	78,416,226	82,480,009
<b>Total Assets</b>	<b>102,244,558</b>	<b>117,566,294</b>
Long-term Debt Outstanding	32,060,574	41,889,422
Other Liabilities	4,377,735	5,643,035
<b>Total Liabilities</b>	<b>36,438,309</b>	<b>47,532,457</b>

Table A-1  
**MINNEHAHA COUNTY**  
**Statement of Net Assets**  
(Continued)

	Governmental Activities	
	2006	2007
Net Assets:		
Investment in Capital Assets		
Net of Related Debt	45,706,680	39,642,782
Restricted	12,027,786	20,513,214
Unrestricted	8,071,783	9,877,841
<b>Total Net Assets</b>	<b>\$ 65,806,249</b>	<b>\$ 70,033,837</b>
<b>Beginning Net Assets (adj)</b>	<b>60,221,766</b>	<b>65,969,501</b>
<b>Increase in Net Assets</b>	<b>5,584,483</b>	<b>4,064,336</b>
<b>% Increase in Net Assets for 2007</b>	<b>9.3%</b>	<b>6.2%</b>

The Statement of Net Assets reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. Minnehaha County's primary long-term liability is \$44.2 million in bonds (certificates of participation in a lease-purchase agreement) borrowed in 1999 through 2007 to finance building of the new Courthouse and Jail and remodeling of the Public Safety Building, Juvenile Detention Center, County Administration Building, Community Corrections Center, Annex, and Rec Center. Other long-term liabilities include compensated absences (sick and vacation leave) due to employees, and a lease for 911 Center communications equipment. The difference between the county's assets and liabilities is its net assets.

The significant changes in Current and Other Assets, Long-term Debt Outstanding, Restricted Net Assets, and Investment in Capital Assets Net of Related Debt in 2007 were due to the borrowing of \$12.275 million in long-term bonds to finance the addition to the Minnehaha County Courthouse, and rebuilding of the Administration Building parking lot.

The County's net assets reflect its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Capital assets net of depreciation increased by \$4 million during 2007.

The County's restricted net assets represent resources that are subject to external restrictions on how they may be used. These restrictions are normally set by state statute, federal regulations or debt covenants. The remaining balance of net assets are unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.

Table A-2  
MINNEHAHA COUNTY  
Change in Net Assets

	Total Governmental Activities	
	2006	2007
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 10,154,663	\$ 10,107,252
Operating Grants and Contributions	8,198,463	9,198,508
Capital Grants and Contributions	3,731,503	1,739,156
General Revenues:		
Taxes	28,173,046	31,681,173
State Shared Revenues	1,765,440	2,842,252
Unrestricted Investment Earnings	1,547,372	1,920,976
Miscellaneous	1,380,990	1,311,916
<b>Total Revenues</b>	<b>54,951,477</b>	<b>58,801,233</b>
<b>Expenses</b>		
General Government	11,849,534	12,906,238
Public Safety	21,604,012	24,941,410
Public Works	6,645,326	7,048,452
Health and Welfare	4,667,103	4,899,765
Culture and Recreation	2,232,814	2,543,829
Conservation of Natural Resources	145,616	172,145
Urban and Economic Development	450,228	464,618
Interest on Long-term Debt	1,704,544	1,692,623
Depreciation - unallocated	67,817	67,817
<b>Total Expenses</b>	<b>49,366,994</b>	<b>54,736,897</b>
<b>Excess of Revenues over Expenses</b>	<b>5,584,483</b>	<b>4,064,336</b>
<b>Increase in Net Assets</b>	<b>\$ 5,584,483</b>	<b>\$ 4,064,336</b>

The County's total 2007 revenues were \$58,801,233. 54% of the County's revenue was from property and other taxes, 19% from grants and contributions, and 17% from charges for services.

Revenues for the County's governmental activities increased 7% from 2006 to 2007. The largest percentage increase was in State Shared Revenues, reflecting the unusually large bank franchise tax received. Total expenses increased by 11%, primarily due to 32 new FTE's added in 2007, 22 of them in Public Safety.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

There was a net increase in the balance of the county's funds of \$10,335,806 in 2007. The General Fund increased by \$1,720,233, the Road & Bridge Fund by \$1,323,241, and the Capital Projects Fund increased by \$8,382,384 (because of the moneys borrowed for the Courthouse addition).

The county made the following operating transfers between the governmental funds:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 451,979	\$ 927,537
Highway Fund		251,979
Other Governmental Funds	927,537	
Health Insurance Trust		200,000
<b>Total Operating Transfers</b>	<b><u>\$ 1,379,516</u></b>	<b><u>\$ 1,379,516</u></b>

## BUDGETARY HIGHLIGHTS

Over the course of the year, the County Commission revised the County budget several times. Significant supplements included:

- Supplemental appropriations of \$112,000 approved for unanticipated, yet necessary, expenses to provide for items necessary for health and welfare of county citizens.
- Carryover supplements of \$1.1 million to finance goods and services contracted for in 2006 and funded by the 2006 budget, for which bills were not received until 2007.
- Supplements of \$3.4 million representing reimbursements of unanticipated expenses, primarily in the form of state and federal grants.
- Supplements of \$3 million related to the Health & Human Services building project. \$1.6 million of this amount was reimbursement from the City of Sioux Falls for their share of construction costs, and the remainder was supported by funds borrowed in 2005 to finance this project.
- Supplements of \$3.1 million related to the Courthouse expansion/Administration Building parking lot project. These costs were supported by funds borrowed in 2007 to finance this project.

## CAPITAL ASSET ADMINISTRATION

At the end of 2007, the County had invested \$82,480,009 in a broad range of capital assets, including land and improvements, buildings, machinery and equipment. The 2006 and 2007 year-end capital assets by category (net of depreciation) were:

	<u>2006</u>	<u>2007</u>
Land	\$ 5,837,338	\$ 5,848,608
Infrastructure	30,585,830	29,882,644
Buildings	31,414,101	37,797,857
Machinery and Equipment	5,644,578	5,760,019
Construction in Progress	4,934,379	3,190,881
<b>Total</b>	<b><u>\$ 78,416,226</u></b>	<b><u>\$ 82,480,009</u></b>

## LONG-TERM DEBT

The county's primary long-term debt is \$44.2 million in bonds (certificates of participation in a lease-purchase agreement) borrowed in 1999 through 2007 to finance building of the new Courthouse and Jail and remodeling of the Public Safety Building, Juvenile Detention Center, County Administration Building,

Community Corrections Center, Annex, and Rec Center. Other long-term liabilities include \$2.04 million for compensated absences (sick and vacation leave) due to employees, and a \$178,000 lease for 911 Center communications equipment.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The county's current economic position has shown little change. The county experienced an increase in property valuation of 3.52%, representing growth from improvements and new construction, from 2006 to 2007. Under the state mandated property tax limitation, property taxes from one year to the next may increase by 3% or an amount based on the Consumer Price Index (CPI) whichever is lower, plus the growth percentage. The allowable CPI increase for 2007 taxes is 3%. The County Commission has chosen to increase the 2007 property tax levy by 6.52%, the total increase allowed under the tax limitation.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional information, contact Sue Roust, Minnehaha County Auditor, 415 N Dakota Ave, Sioux Falls SD 57104, (605) 367-4220, or email [sroust@minnehahacounty.org](mailto:sroust@minnehahacounty.org).

**MINNEHAHA COUNTY**  
**STATEMENT OF NET ASSETS**  
**December 31, 2007**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 21,632,325.01
Cash With Trustee	10,251,492.18
Taxes Receivable--Delinquent	516,542.83
Notes Receivable	280,000.00
Inventories	737,971.97
Accounts Receivable	17,636.40
Due from Federal Government	438,355.24
Due from Local Governments	878,876.47
Due from Others	333,084.43
Capital Assets:	
Land, Improvements and Construction in Progress	9,039,489.23
Other Capital Assets, Net of Depreciation	73,440,519.81
<b>TOTAL ASSETS</b>	<b>\$ 117,566,293.57</b>
<b>LIABILITIES:</b>	
Claims Payable	\$ 2,516,262.19
Due to Others	109,930.45
Payroll Withholding Payable	24,061.22
Noncurrent Liabilities:	
Due Within One Year	4,523,393.04
Due in More than One Year	41,889,422.30
Less: Net Deferred and Unamortized Amounts (See Note 7)	(1,530,611.99)
<b>TOTAL LIABILITIES</b>	<b>47,532,457.21</b>
<b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt Restricted (See Note 10)	39,642,781.89
Unrestricted	20,513,214.23
	9,877,840.24
<b>TOTAL NET ASSETS</b>	<b>70,033,836.36</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 117,566,293.57</b>

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

**MINNEHAHA COUNTY**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 12,906,238.40	\$ 4,367,644.64	\$ 271,773.68	\$	\$ (8,266,820.08)
Public Safety	24,941,410.23	5,475,432.50	3,799,474.66	103,745.90	(15,562,757.17)
Public Works	7,048,451.82	7,256.21	4,521,837.18		(2,519,358.43)
Health and Welfare	4,899,764.58	236,727.01	72,267.92	1,635,410.37	(2,955,359.28)
Culture and Recreation	2,543,828.62	20,191.81	525,165.00		(1,998,471.81)
Conservation of Natural Resources	172,145.32		7,989.60		(164,155.72)
Urban and Economic Development	464,618.20				(464,618.20)
*Depreciation Expense - Unallocated	67,817.06				(67,817.06)
**Interest on Long-term Debt	1,692,623.24				(1,692,623.24)
<b>Total Primary Government</b>	<b>\$ 54,736,897.47</b>	<b>\$ 10,107,252.17</b>	<b>\$ 9,198,508.04</b>	<b>\$ 1,739,156.27</b>	<b>(33,691,980.99)</b>
<b>General Revenues:</b>					
Taxes:					
Property Taxes 26,740,587.90					
Wheel Tax 2,937,588.52					
911 Telephone Surcharge 2,002,996.01					
State Shared Revenues 2,842,252.12					
Grants and Contributions not Restricted to Specific Programs 818,376.68					
Unrestricted Investment Earnings 1,920,976.14					
Miscellaneous Revenue 493,539.11					
<b>Total General Revenues 37,756,316.48</b>					
<b>Change in Net Assets 4,064,335.49</b>					
Net Assets - Beginning 65,806,248.69					
Prior Year Adjustment (Capital Assets) (See Note 12) 119,950.80					
Prior Year Adjustment (Prior Year Interest Earnings) (See Note 12) 43,301.38					
<b>Adjusted Net Assets - Beginning 65,969,500.87</b>					
<b>NET ASSETS - ENDING \$ 70,033,836.36</b>					

\* This amount excludes the depreciation that is included in the direct expenses of the various functions. (See Note 6)

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

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

**MINNEHAHA COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2007**

	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Capital Projects Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 11,575,315.88	\$ 5,461,595.17	\$	\$ 2,665,963.01	\$ 19,702,874.06
Cash With Trustee			10,241,624.39	9,867.79	10,251,492.18
Taxes Receivable—Delinquent	436,228.20			80,314.63	516,542.83
Notes Receivable				280,000.00	280,000.00
Due from Federal Government	384,469.24			53,886.00	438,355.24
Due from Local Governments	314,593.01	561,092.87		3,190.59	878,876.47
Due from Others	214,478.32	1,080.00		117,526.11	333,084.43
Inventory of Supplies		737,971.97			737,971.97
<b>TOTAL ASSETS</b>	<b>\$ 12,925,084.65</b>	<b>\$ 6,761,740.01</b>	<b>\$ 10,241,624.39</b>	<b>\$ 3,210,748.13</b>	<b>\$ 33,139,197.18</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Claims Payable	\$ 1,347,323.18	\$ 160,349.43	\$ 487,617.07	\$ 199,589.59	\$ 2,194,879.27
Due to Others				109,930.45	109,930.45
Payroll Withholding Payable	6,945.29	812.96		16,302.97	24,061.22
Deferred Revenue	436,228.20			80,314.63	516,542.83
<b>Total Liabilities</b>	<b>1,790,496.67</b>	<b>161,162.39</b>	<b>487,617.07</b>	<b>406,137.64</b>	<b>2,845,413.77</b>
Fund Balances:					
Reserved For:					
Inventory		737,971.97			737,971.97
Debt Service				729,296.78	729,296.78
Unreserved Fund Balances:					
Designated for Next Year's Appropriation	4,830,169.00	2,184,102.00			7,014,271.00
Reported in:					
Special Revenue Funds				807,117.00	807,117.00
Undesignated	6,304,418.98	3,678,503.65	9,754,007.32		19,736,929.95
Reported in:					
Special Revenue Funds				1,268,196.71	1,268,196.71
<b>Total Fund Balances</b>	<b>11,134,587.98</b>	<b>6,600,577.62</b>	<b>9,754,007.32</b>	<b>2,804,610.49</b>	<b>30,293,783.41</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 12,925,084.65</b>	<b>\$ 6,761,740.01</b>	<b>\$ 10,241,624.39</b>	<b>\$ 3,210,748.13</b>	<b>\$ 33,139,197.18</b>

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 Assets**  
**December 31, 2007**

Total Fund Balances - Governmental Funds \$ 30,293,783.41

Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets of \$135,786,203.80 less accumulated depreciation of (\$53,306,194.76.) 82,480,009.04

Long-term liabilities for accrued leave payable are not due and payable in the current period and therefore are not reported in the funds. (2,044,976.20)

Long-term liabilities, including bonds payable and capital leases are not due and payable in the current period and therefore are not reported in the funds. (44,367,839.14)

Net deferred and unamortized amounts from Series 2004 Refunding are reported in the government-wide statements over the remaining life of the new debt but are not reported in the funds. 1,244,364.28

Deferred Amount of Refunding	\$ 1,792,732.68
Unamortized Deferred Charges-Issuance Cost	175,950.77
Unamortized Bond Premium	(724,319.17)
Net Deferred and Unamortized Amounts From Refunding	<u>\$ 1,244,364.28</u>

Net deferred and unamortized amounts from Series 2005 Refunding are reported in the government-wide statements over the remaining life of the new debt but are not reported in the funds. 52,775.91

Deferred Amount of Refunding	\$ 38,670.00
Unamortized Deferred Charges-Issuance Cost	39,554.97
Unamortized Bond Premium	(25,449.06)
Net Deferred and Unamortized Amounts From Refunding	<u>\$ 52,775.91</u>

Net deferred and unamortized amounts from Series 2006 Refunding are reported in the government-wide statements over the remaining life of the new debt but are not reported in the funds. 65,083.40

Deferred Amount of Refunding	\$ 23,849.58
Unamortized Deferred Charges-Issuance Cost	39,696.43
Unamortized Bond Discount	1,537.39
Net Deferred and Unamortized Amounts From Refunding	<u>\$ 65,083.40</u>

Net deferred and unamortized amounts from Series 2007A Financing are reported in the government-wide statements over the remaining life of the new debt but are not reported in the funds. 97,398.35

Unamortized Deferred Charges-Issuance Cost	\$ 134,492.50
Unamortized Bond Premium	(37,094.15)
Net Deferred and Unamortized Amounts	<u>\$ 97,398.35</u>

Net deferred and unamortized amounts from Series 2007B&C Refunding are reported in the government-wide statements over the remaining life of the new debt but are not reported in the funds. 70,990.05

Unamortized Deferred Charges-Issuance Cost	\$ 68,255.00
Unamortized Bond Discount	2,735.05
Net Deferred and Unamortized Amounts From Refunding	<u>\$ 70,990.05</u>

Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures, and therefore are deferred in the governmental funds. 516,542.83

Internal service funds are used by management to charge the costs of activities, such as medical self-insurance, to individual funds. The assets (\$1,947,087.35) and liabilities (\$321,382.92) of internal service funds are included in governmental activities in the statement of net assets. 1,625,704.43

Net Assets - Governmental Funds \$ 70,033,838.36

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

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**MINNEHAHA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2007

	General Fund	Road & Bridge Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue:</b>					
<b>Taxes:</b>					
General Property Taxes—Current	\$ 21,928,879.81	\$	\$	\$ 4,207,996.40	\$ 26,136,876.21
General Property Taxes—Delinquent	206,371.26			38,699.12	245,070.38
Penalties and Interest	39,698.59			7,758.77	47,457.36
Telephone Tax (Outside)	94,151.75				94,151.75
Mobile Home Tax	23,606.85			3,865.28	27,472.13
Wheel Tax		2,937,588.52			2,937,588.52
911 Telephone Surcharge				2,002,996.01	2,002,996.01
Other Taxes	65,145.06			366.95	65,512.01
Licenses and Permits	387,599.00			44,280.00	431,879.00
<b>Intergovernmental Revenue:</b>					
Federal Grants	419,215.44			2,569,602.86	2,988,818.30
Federal Shared Revenue	815,998.36				815,998.36
Federal Payments in Lieu of Taxes	1,772.09			606.23	2,378.32
State Grants	61,947.44				61,947.44
<b>State Shared Revenue:</b>					
Bank Franchise	1,662,115.68			351,227.39	2,013,343.07
Motor Vehicle Licenses		4,219,596.06			4,219,596.06
Court Appointed Attorney/ Public Defender	271,731.15				271,731.15
Prorate/Port of Entry Fees		283,349.35			283,349.35
63 3/4% Mobile Home		18,891.77			18,891.77
Telecommunications Gross					
Receipts Tax	809,362.10				809,362.10
Other Payments in Lieu of Taxes	17,059.03			2,487.92	19,546.95
Other Intergovernmental Revenue	638,506.97		1,635,410.37	819,412.90	3,093,330.24
<b>Charges for Goods and Services:</b>					
<b>General Government:</b>					
Treasurer's Fees	252,400.24				252,400.24
Register of Deeds' Fees	1,855,340.00			16,475.00	1,871,815.00
Legal Services	635,654.05				635,654.05
Clerk of Courts Fees	271,227.60				271,227.60
Other Fees	92,054.40				92,054.40
<b>Public Safety:</b>					
Law Enforcement	1,055,889.72			70,857.40	1,126,747.12
Prisoner Care	3,918,914.55				3,918,914.55

Public Works:					
Highways		7,256.21			7,256.21
Health and Welfare:					
Economic Assistance:					
Poor Lien Recoveries	193,986.85				193,986.85
Mental Health Services	42,740.16				42,740.16
Culture and Recreation				20,191.81	20,191.81
Other Charges	571,992.91				571,992.91
Fines and Forfeits:					
Fines	112,792.36				112,792.36
Costs	128,629.27				128,629.27
Forfeits	180,238.20				180,238.20
Other	8,111.00				8,111.00
Miscellaneous Revenue:					
Investment Earnings	1,252,771.14	251,979.10	221,782.16	194,443.74	1,920,976.14
Rent	80,361.30				80,361.30
Refund of Prior Year's Expenditures	57,972.20				57,972.20
Other	218,867.39	5,347.18		121,793.59	346,008.16
<b>Total Revenue</b>	<b>38,373,103.92</b>	<b>7,724,008.19</b>	<b>1,857,192.53</b>	<b>10,473,061.37</b>	<b>58,427,366.01</b>
<b>Expenditures:</b>					
General Government:					
Legislative:					
Board of County Commissioners	402,562.97				402,562.97
Elections	82,390.63				82,390.63
Judicial System	890,689.88		2,771.03		893,460.91
Financial Administration:					
Auditor	437,240.25				437,240.25
Treasurer	929,367.08				929,367.08
Information Services	1,033,540.50				1,033,540.50
Other				458,937.21	458,937.21
Legal Services:					
State's Attorney	2,227,910.77				2,227,910.77
Public Defender	1,758,083.30				1,758,083.30
Public Advocate	408,068.15				408,068.15
Other Administration:					
General Government Building	1,668,934.50				1,668,934.50
Director of Equalization	1,047,394.68				1,047,394.68
Register of Deeds	587,377.40				587,377.40
Predatory Animal (GFP)	7,734.23				7,734.23
Human Resources	182,945.57				182,945.57
Self-Insurance Plan	180,351.58				180,351.58
Other (SECOG)	20,679.00				20,679.00
Public Safety:					
Law Enforcement:					
Sheriff	4,474,149.49			111,470.83	4,585,620.32

**MINNEHAHA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2007**  
**(Continued)**

	General Fund	Road & Bridge Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Humane Society	43,445.34				43,445.34
County Jail	8,990,776.97				8,990,776.97
Coroner	155,507.58				155,507.58
Juvenile Detention	2,495,833.52				2,495,833.52
Air Guard	585,713.03				585,713.03
Army Guard	131,410.14				131,410.14
STI Security	119,482.31				119,482.31
24/7 Sobriety	29,650.98				29,650.98
Protective and Emergency Services:					
Fire Protection				356,425.00	356,425.00
Emergency and Disaster Services				2,551,281.11	2,551,281.11
Communication Center				3,714,001.67	3,714,001.67
Public Works:					
Highways and Bridges:					
Highways, Roads and Bridges		4,962,739.56			4,962,739.56
Health and Welfare:					
Economic Assistance:					
Support of Poor	3,505,756.35			14,793.55	3,520,549.90
Other			9,059.04		9,059.04
Health Assistance:					
Ambulance Services	298,749.96				298,749.96
Social Services:					
Inter-Lakes Community	5,000.00				5,000.00
Rape & Domestic Abuse	2,500.00				2,500.00
Glory House	39,195.00				39,195.00
Domestic Abuse				59,395.00	59,395.00
Helpline Center	2,000.00				2,000.00
Mental Health Services:					
Mentally Ill	716,515.91				716,515.91
Developmentally Disabled	14,827.00				14,827.00
Mental Health Centers	148,265.00				148,265.00
Culture and Recreation:					
Culture:					
Public Library				745,865.00	745,865.00
Historical Museum	1,058,531.06			132,619.40	1,191,150.46
Memorial Day Expense	976.51				976.51
County Cemetery	95.00				95.00

Recreation:					
Parks	76,575.40				76,575.40
County Fair	373,975.00				373,975.00
Senior Citizens	3,000.00				3,000.00
Conservation of Natural Resources:					
Soil Conservation:					
County Extension	157,288.88				157,288.88
Soil Conservation	10,000.00				10,000.00
Agri-Business	2,500.00				2,500.00
Urban and Economic Development:					
Urban Development:					
Planning and Zoning	437,840.68				437,840.68
Economic Development:					
SF Development Foundation	5,000.00				5,000.00
MCEDA	10,000.00				10,000.00
Debt Service		2.00	134,492.50	3,814,806.95	3,949,301.45
Capital Outlay	503,954.25	1,304,339.47	5,640,580.47	603,319.00	8,052,193.19
Total Expenditures	<u>36,263,785.85</u>	<u>6,267,081.03</u>	<u>5,786,903.04</u>	<u>12,562,914.72</u>	<u>60,880,684.64</u>
Other Financing Sources (Uses):					
Transfers In	451,979.10			927,536.84	1,379,515.94
Transfers Out	(927,536.84)	(251,979.10)			(1,179,515.94)
Insurance Proceeds (Catastrophic)	86,472.67				86,472.67
Proceeds of Certificates Issued			12,275,000.00		12,275,000.00
Proceeds of Refunding Certificates Issued				4,465,000.00	4,465,000.00
Premiums on Certificates			37,094.15		37,094.15
Discounts on Refunding Certificates				(2,735.05)	(2,735.05)
Payments to Refunded Debt					
Escrow Agent				(4,390,000.00)	(4,390,000.00)
Total Other Financing Sources (Uses)	<u>(389,085.07)</u>	<u>(251,979.10)</u>	<u>12,312,094.15</u>	<u>999,801.79</u>	<u>12,670,831.77</u>
Other Changes in Fund Balances:					
Changes in Reserve for Inventory		118,292.52			118,292.52
Net Change in Fund Balances	<u>1,720,233.00</u>	<u>1,323,240.58</u>	<u>8,382,383.64</u>	<u>(1,090,051.56)</u>	<u>10,335,805.66</u>
Fund Balance - Beginning	9,240,059.53	5,277,337.04	1,371,623.68	4,025,656.12	19,914,676.37
Adjustments:					
Prior Year Adjustment - Interest Earnings (See Note 12)	174,295.45			(130,994.07)	43,301.38
Adjusted Fund Balance - Beginning	<u>9,414,354.98</u>	<u>5,277,337.04</u>	<u>1,371,623.68</u>	<u>3,894,662.05</u>	<u>19,957,977.75</u>
FUND BALANCE - ENDING	<u>\$ 11,134,587.98</u>	<u>\$ 6,600,577.62</u>	<u>\$ 9,754,007.32</u>	<u>\$ 2,804,610.49</u>	<u>\$ 30,293,783.41</u>

The Notes to the Financial Statements are and 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, 2007**

Net Change in Fund Balances - Total Governmental Funds \$ 10,335,805.66

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

Governmental funds report capital outlays as expenditures. 4,066,242.10  
However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

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 exceeded accumulated depreciation of the deletions. (122,410.22)

Repayment of long term liabilities' principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,158,717.14

Transactions resulting from the Series 2007A Financing are reported on the government funds, but these transactions effect long-term liabilities in the statement of net assets. (12,177,601.65)

Proceeds From Certificates Issued	\$ (12,275,000.00)
Premium on Certificates	(37,094.15)
Debt Service-Issuance Costs	134,492.50
	<u>\$ (12,177,601.65)</u>

Transactions resulting from the Series 2007B&C Financing are reported on the government funds, but these transactions effect long-term liabilities in the statement of net assets. (4,009.95)

Proceeds From Refunding Certificates Issued	\$ (4,465,000.00)
Discount on Refunding Certificates	2,735.05
Debt Service-Issuance Costs	68,255.00
Payments to Refunded Debt Escrow Agent	4,390,000.00
	<u>\$ (4,009.95)</u>

The total yearly deferred and unamortized amounts on all Refunding Issues outstanding ('04, '05 & '06) should be claimed each year as part of Interest Expense on the government-wide financial statements. (104,786.43)

Compensated Absences 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. (252,290.66)

Governmental funds report property taxes as revenue in the period for which they are levied, subject to the "available" criteria as defined in Note 1, but the statement of activities include the property taxes as revenue in the period for which tax is levied. 124,048.06

Internal service funds are used by management to charge the costs of certain activities, such as medical self-insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 83,922.82

Prior period adjustment to the internal service medical self insurance fund for the correction of FY-06 interest pro ration. (43,301.38)

Change in Net Assets of Governmental Activities \$ 4,064,335.49

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

**MINNEHAHA COUNTY  
BALANCE SHEET  
PROPRIETARY FUNDS  
December 31, 2007**

	<b>Internal Service Funds</b>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,929,450.95
Accounts Receivable	17,636.40
<b>TOTAL ASSETS</b>	<b>\$ 1,947,087.35</b>
<b>LIABILITIES:</b>	
Current Liabilities:	
Claims Payable	\$ 321,382.92
<b>NET ASSETS:</b>	
Restricted Net Assets, Restricted for:	
Self-Insurance Purposes	1,625,704.43
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,947,087.35</b>

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

**MINNEHAHA COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2007**

	<b>Internal Service Funds</b>
<b>Operating Revenue:</b>	
Charges for Goods and Services	\$ 2,872,771.11
<b>Operating Expenses:</b>	
Other Current Expense:	
Insurance Costs	176,943.05
Claims Paid	2,414,568.28
Administration Fee	99,366.72
Other	272.00
Total Operating Expenses	2,691,150.05
Operating Income (Loss)	181,621.06
<b>Nonoperating Revenue (Expense):</b>	
Investment Earnings	77,919.21
Rebates	24,382.55
Total Nonoperating Revenue (Expense)	102,301.76
Transfers Out	(200,000.00)
Change in Net Assets	83,922.82
Net Assets - Beginning	1,585,082.99
Prior Period Adjustment - Prior Year Interest Earnings (See Note 12)	(43,301.38)
<b>NET ASSETS - ENDING</b>	<b>\$ 1,625,704.43</b>

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

**MINNEHAHA COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2007**

	<b>Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>	
Cash Receipts from Customers	\$ 2,872,744.25
Cash Payments to Suppliers of Goods and Services	(276,581.77)
Claims Paid	(2,233,160.22)
Net Cash Provided (Used) by Operating Activities	363,002.26
<b>Cash Flows from Noncapital Financing Activities:</b>	
Transfers Out	(200,000.00)
<b>Cash Flows from Investing Activities:</b>	
Interest Earnings	77,919.21
Rebate	24,382.55
Restatement of Prior Year Interest Earnings	(43,301.38)
Net Cash Provided by Investing Activities	59,000.38
Net Increase (Decrease) in Cash and Cash Equivalents	222,002.64
Cash and Cash Equivalents at Beginning of Year	1,707,448.31
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,929,450.95</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating Income (Loss)	\$ 181,621.06
Change in Assets and Liabilities:	
Increase in Accounts and Other Payables	159,965.02
Decrease in Accounts Receivable	21,416.18
Net Cash Provided (Used) by Operating Activities	<b>\$ 363,002.26</b>

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

**MINNEHAHA COUNTY**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**December 31, 2007**

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	<u>\$ 3,817,521.67</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,817,521.67</u></u>
<b>LIABILITIES:</b>	
Amounts Held for Others	\$ 72,160.17
Due to Other Governments	<u>3,745,361.50</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 3,817,521.67</u></u>

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.

b. Basis of Presentation:

*Government-wide Financial Statements:*

The Statement of Net Assets and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

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

*Fund Financial Statements:*

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

County Road and Bridge Fund – to account for funds credited to the county road and bridge fund pursuant to SDCL 32-11-4.2 to be used by the board of county commissioners for grading, constructing, planning, 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 planners may be purchased from the road and bridge fund. (SDCL 32-11-2 and 32-11-4.2) This is a major fund.

The remaining Special Revenue funds are not considered major funds: 911 Service, Fire Protection, Pass Through Grants, Law Enforcement Equipment Grant, Museum Store, Museum Enterprise, Courthouse Art, Public Library, Museum Grants, Emergency and Disaster, FEMA, Domestic Abuse, 24/7 Sobriety, and Courthouse Building.

*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).*

Courthouse Expansion Capital Projects Fund – to account for financial resources to be used for the construction of the Courthouse Expansion and Administration Building Parking Lot Projects. 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 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 Assets and Statement of Activities, governmental 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 fund types.

Basis of Accounting:

*Government-wide Financial Statements:*

In the government-wide Statement of Net Assets and Statement of Activities, governmental 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, 2007 are amounts due from Federal, state, local governments, and other entities.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred 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:

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. 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 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, 2007 balance of governmental activities capital assets excluding infrastructure includes approximately .34 percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by reviewing applicable historical costs of similar items and basing the estimations thereon.

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, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is 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 Assets. Accumulated depreciation is reported on the government-wide Statement of Net Assets.

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 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	Straight-line	10-25 yrs.
Buildings	\$ 50,000	Straight-line	40-99 yrs.
Machinery and Equipment	\$ 5,000	Straight-line	3-25 yrs.
Infrastructure	\$ 50,000	Straight-line	25-50 yrs.

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 Capital Outlay expenditures of the appropriate governmental fund upon acquisition.

f. 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 resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of limited tax general obligation bonds, financing (capital acquisition) leases and compensated absences.

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.

g. Program Revenues:

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

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

h. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in Net Assets, 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.

i. 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, the 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.

j. Equity Classifications:

*Government-wide Statements:*

Equity is classified as net assets and is displayed in three components:

1. Invested in capital assets, net of related debt – 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 assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Fund Financial Statements:*

Governmental fund equity is classified as fund balance, and may distinguish between "Reserved" and "Unreserved" components. Proprietary fund equity is classified the same as in the government-wide financial statements.

k. Application of Net Assets:

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

2. **DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK**

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

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

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

**Credit Risk** – State law limits eligible investments for the County, as discussed above. The County has an investment policy that limits its investment choices to those specified in state statute.

**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 have a deposit policy for custodial credit risk.

**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 Road and Bridge Fund and the agency funds which are credited to the General Fund. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings from the Road and Bridge Fund to the General Fund are reported, while in the government-wide financial statements, they have been eliminated.

### 3. 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 for \$280,000 of notes receivable from the Sioux Empire Fair Association for the construction of an ice rink. The note receivable is due to the Building Fund which is reported within the Other Nonmajor Governmental Fund column on the Governmental Funds Balance Sheet.

### 4. INVENTORY

Inventory in the 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 a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

5. PROPERTY TAXES

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

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

6. CHANGES IN GENERAL CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2007 is as follows:

	<u>Balance</u> <u>1/1/2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2007</u>
<b>Governmental Activities:</b>				
<b>Capital Assets not being Depreciated:</b>				
Land	\$ 5,837,338.68	\$ 11,269.40	\$	\$ 5,848,608.08
Construction Work in Progress	<u>4,934,379.16</u>	<u>3,190,881.15</u>	<u>(4,934,379.16)</u>	<u>3,190,881.15</u>
<b>Total Capital Assets not being Depreciated</b>	<u>10,771,717.84</u>	<u>3,202,150.55</u>	<u>(4,934,379.16)</u>	<u>9,039,489.23</u>
<b>Capital Assets being Depreciated:</b>				
Improvements Other Than Buildings	54,439,115.66	1,030,440.47	(442,538.81)	55,027,017.32
Buildings	52,551,575.89	7,693,336.17		60,244,912.06
Machinery and Equipment	<u>10,913,173.87</u>	<u>1,225,730.96</u>	<u>(664,119.64)</u>	<u>11,474,785.19</u>
<b>Total Capital Assets being Depreciated</b>	<u>117,903,865.42</u>	<u>9,949,507.60</u>	<u>(1,106,658.45)</u>	<u>126,746,714.57</u>
<b>Less Accumulated Depreciation for:</b>				
Improvements Other Than Buildings	(23,853,286.00)	(1,733,626.00)	442,538.81	(25,144,373.19)
Buildings	(21,137,475.12)	(1,309,579.95)		(22,447,055.07)
Machinery and Equipment	<u>(5,268,595.78)</u>	<u>(987,880.14)</u>	<u>541,709.42</u>	<u>(5,714,766.50)</u>
<b>Total Accumulated Depreciation</b>	<u>(50,259,356.90)</u>	<u>(4,031,086.09)</u>	<u>984,248.23</u>	<u>(53,306,194.76)</u>
<b>Total Capital Assets being Depreciated, Net</b>	<u>67,644,508.52</u>	<u>5,918,421.51</u>	<u>(122,410.22)</u>	<u>73,440,519.81</u>
<b>Governmental Activity Capital Assets, Net</b>	<u>\$ 78,416,226.36</u>	<u>\$ 9,120,572.06</u>	<u>\$ (5,056,789.38)</u>	<u>\$ 82,480,009.04</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 492,208.74
Public Safety	1,047,293.49
Public Works	2,184,813.68
Health and Welfare	85,170.13
Culture and Recreation	149,118.42
Conservation of Natural Resources	537.63
Urban and Economic Development	4,126.94
Unallocated	<u>67,817.06</u>
Total Depreciation Expense--	
Governmental Activities	<u>\$ 4,031,086.09</u>

Construction Work in Progress at December 31, 2007 is composed of the following:

Project Name	Project Authorization	Expended thru 12/31/2007
Courthouse Expansion and Administration Building Parking Lot Projects	\$ 10,432,696.00	\$ 3,190,881.15

## 7. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

Primary Government:	Balance			Balance	Due within
Governmental Activities:	1/1/07	Additions	Reductions	12/31/07	One Year
<b>Bonds and Certificates Payable:</b>					
Certificates of Participation	\$ 33,918,545.50	\$ 16,740,000.00	\$ (6,468,382.64)	\$ 44,190,162.86	\$ 2,557,648.52
Less: Net Deferred and Unamortized Amounts From Refunding	(1,467,010.02)	(168,388.40)	104,786.43	(1,530,611.99)	**
<b>Other Liabilities:</b>					
Financing (Capital Acquisition) Leases	258,010.78		(80,334.50)	177,676.28	85,875.44
Compensated Absences	1,792,685.54	2,246,314.95	(1,994,024.29)	2,044,976.20	1,879,869.09
<b>Total Governmental Activities</b>	<u>\$ 34,502,231.80</u>	<u>\$ 18,817,926.55</u>	<u>\$ (8,437,955.00)</u>	<u>\$ 44,882,203.35</u>	<u>\$ 4,523,393.05</u>

\*\* This amount represents the Series 2004, 2005, 2006 and 2007B&C Refunding Issues, and the 2007A Original Issue, net deferred and unamortized amounts which are to be recognized over the life of the refunding certificates.

In November 2007, the County issued \$2,130,000 Limited Tax General Obligation Certificates - Series 2007B and \$2,335,000 Limited Tax General Obligation Certificates - Series 2007C with an average interest rate of 3.62 percent to refund the following:

Date Issued	Project	Average Interest Rate	Refunded Principal
4/1/97	Limited Tax General Obligation Certificates—Series 1997A	4.87%	\$ 2,090,000.00
4/1/97	Limited Tax General Obligation Certificates—Series 1999B	4.87%	\$ 2,300,000.00

The proceeds of the above refunding issue in the amount of \$4,390,000.00 were deposited in an irrevocable trust with an escrow agent to provide for debt service requirements on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the County's records.

This refunding decreased the County's total debt service payments over the next seven years by \$228,389.74 and resulted in an economic gain of \$197,942.73.

In prior years the County defeased certain limited tax general obligation certificates by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On December 31, 2007, the County had \$20,019,276.90 on deposit with the escrow agent in this irrevocable trust to retire \$19,105,000.00 of bonds still outstanding which are now considered defeased.

Debt payable at December 31, 2007, is comprised of the following:

Certificates of Participation:

Limited Tax General Obligation – Series 1999, 3.90 to 4.50 Percent Interest, Final Maturity Date of December 2012, Retired by the Building Fund (Special Revenue Fund)	\$ 5,135,000.00
Limited Tax General Obligation – Series 2000, 4.4 to 5.0 Percent Interest, Final Maturity Date of December 2015, Retired by the Building Fund (Special Revenue Fund)	\$ 2,350,000.00
Limited Tax General Obligation – Series 2004, 3.5 to 5.0 Percent Interest, Final Maturity Date of November 2020, Retired by the Building Fund (Special Revenue Fund)	\$ 13,170,000.00
Limited Tax General Obligation – Series 2005A, 4.0 to 4.25 Percent Interest, Final Maturity Date of November 2020, Retired by the Building Fund (Special Revenue Fund)	\$ 1,700,000.00
Limited Tax General Obligation – Series 2005B, 4.0 to 4.25 Percent Interest, Final Maturity Date of November 2016, Retired by the Building Fund (Special Revenue Fund)	\$ 630,000.00
Limited Tax General Obligation – Series 2005C, 4.29 Percent Interest, Final Maturity Date of November 2025, Retired by the Building Fund (Special Revenue Fund)	\$ 2,715,162.86
Limited Tax General Obligation – Series 2006, 3.65 to 4.0 Percent Interest, Final Maturity Date of December 2020, Retired by the Building Fund (Special Revenue Fund)	\$ 1,750,000.00

Limited Tax General Obligation – Series 2007A, 4.25 to 4.75 Percent Interest, Final Maturity Date of December 2027, Retired by the Building Fund (Special Revenue Fund)	\$ 12,275,000.00
Limited Tax General Obligation – Series 2007B, 3.5 to 3.7 Percent Interest, Final Maturity Date of December 2014, Retired by the Building Fund (Special Revenue Fund)	\$ 2,130,000.00
Limited Tax General Obligation – Series 2007C, 3.7 to 4.0 Percent Interest, Final Maturity Date of December 2014, Retired by the Building Fund (Special Revenue Fund)	\$ 2,335,000.00

Compensated Absences:

Vacation Leave	\$ 1,199,231.83
Sick Leave	\$ 845,744.37
Payment to be made by the fund that the payroll expenditures are charged to.	

Financing (Capital Acquisition) Leases:

2005 Capital Lease with Fleetwood Financial for 911 Communications Equipment, 6.691 Percent Interest, Final Maturity Date of November 2009, Retired by the 911 Service Fund.	\$ 177,676.28
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The purchase price at the commencement of the financing (capital acquisition) leases was:

Principal	\$ 428,899.75
Interest	<u>59,055.05</u>
TOTAL	<u>\$ 487,954.80</u>

The principal amount, above, was included in the appropriate classification of capital assets, and is being depreciated over the shorter of the estimated useful-life of the asset, or the lease term (where title never transfers), as appropriate.

The annual requirements to amortize all debt outstanding as of December 31, 2007, except for compensated absences are as follows:

Annual Requirements to Amortize Long-Term Debt  
December 31, 2007

Year Ending Dec. 31,	Certificates of Participation		Financing (Capital Acquisition) Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 2,557,648.52	\$ 2,107,506.59	\$ 85,875.44	\$ 11,715.52	\$ 2,643,523.96	\$ 2,119,222.11
2009	2,897,099.37	1,834,752.91	91,800.84	5,790.12	2,988,900.21	1,840,543.03
2010	3,101,743.21	1,712,851.57			3,101,743.21	1,712,851.57
2011	2,896,588.40	1,580,023.88			2,896,588.40	1,580,023.88
2012	3,131,643.69	1,464,276.09			3,131,643.69	1,464,276.09
2013-2017	13,422,061.06	5,607,697.84			13,422,061.06	5,607,697.84
2018-2022	11,420,888.21	2,352,801.95			11,420,688.21	2,352,801.95
2023-2027	4,762,690.40	648,791.44			4,762,690.40	648,791.44
<b>TOTAL</b>	<b>\$ 44,190,162.86</b>	<b>\$ 17,308,702.27</b>	<b>\$ 177,676.28</b>	<b>\$ 17,505.64</b>	<b>\$ 44,367,839.14</b>	<b>\$ 17,326,207.91</b>

8. 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, 2007, there were three series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$15,726,005.02.

9. OPERATING LEASES

Minnehaha County entered into a lease agreement on April 1, 1995, with thirteen other counties to provide them access to Minnehaha County's juvenile detention facilities. This contract is to remain in effect for twenty years (until March 31, 2015). The payments will be the same throughout the term of the lease agreement and are due each June 1<sup>st</sup> and December 31<sup>st</sup>.

The counties and their annual rental payments will be as follows:

Bon Homme	\$ 4,332.12
Brookings	22,726.18
Charles Mix	6,370.16
Clay	9,680.67
Hanson	2,294.08
Hutchinson	5,604.60
Lake	7,642.64
Lincoln	14,012.80
McCook	3,822.61
Miner	2,038.04
Moody	5,604.60
Turner	4,841.63
Yankton	14,775.77
	<u>\$ 103,745.90</u>

There will be an additional daily charge to the participating counties for expenses related to housing juveniles in the detention facilities.

10. RESTRICTED NET ASSETS

Restricted net assets for the year ended December 31, 2007 were as follows:

**Major Funds:**

County Road and Bridge Purposes	\$	6,383,812.96
Capital Projects Purposes		9,754,007.32

**Other Purposes:**

911 Service Purposes	311,959.52
Fire Protection Purposes	265,704.00
Local Law Enforcement Grants Purposes	7,729.19
Museum Store Purposes	31,683.49
Museum Enterprise Purposes	48,264.50
Public Library Purposes	396,649.04
Museum Grants Purposes	59,388.75
Emergency and Disaster Purposes	43,166.03
Domestic Abuse Purposes	12,505.00
Building Purposes	1,554,592.76
24/7 Program Purposes	18,047.24
Self Insurance Purposes	<u>1,625,704.43</u>

**Total Restricted Net Assets** **\$ 20,513,214.23**

These balances are restricted due to federal grants, bond covenants, and statutory requirements.

11. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2007 were as follows:

<b>Transfers From:</b>	<b>Transfers To:</b>		<b>Totals</b>
	<b>General Fund</b>	<b>Aggregate Other Governmental Funds</b>	
Major Funds:			
General Fund	\$	\$ 927,536.84	\$ 927,536.84
Road and Bridge Fund	251,979.10		251,979.10
Proprietary Funds:			
Internal Service Fund	<u>200,000.00</u>		<u>200,000.00</u>
<b>Totals</b>	<b><u>\$ 451,979.10</u></b>	<b><u>\$ 927,536.84</u></b>	<b><u>\$ 1,379,515.94</u></b>

The county typically budgets transfers to the Emergency and Disaster and 911 Service Fund (Nonmajor Governmental Funds) to conduct the indispensable functions of the county. The County's policy is to transfer interest earnings from the Road and Bridge Fund to the General Fund. The County transferred \$200,000 from the Internal Service Fund to the General Fund to repay funds given to Internal Service in 2001.

## 12. PRIOR PERIOD ADJUSTMENTS

The Net Assets as of January 1, 2007 reported on the Governmental Activities Statement of Activities has been adjusted (increased) in the amount of \$119,950.80 to restate the amount reported for capital assets – machinery and equipment and the applicable accumulated depreciation. The beginning net assets reflected \$119,950.80 in prior year's expenses that should have been capitalized. The beginning net assets were also adjusted (increased) in the amount of \$43,301.38 to correct prior years interest earnings.

## 13. RETIREMENT PLAN

All employees, except for part-time employees, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established 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 South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

General employees are required by state statute to contribute 6 percent of their salary to the plan, while public safety employees contribute at 8 percent. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The County's share of contributions to the SDRS for the fiscal years ended December 31, 2007, 2006, and 2005 were \$1,455,510.61, \$1,352,389.61 and \$1,278,939.38, respectively, equal to the required contributions each year.

## 14. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2007, 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.

## 15. 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, 2007, the County managed its risks as follows:

### Employee Health Insurance:

The county is self-insured for employee health insurance.

Minnehaha County purchases catastrophic coverage for employee's health insurance to minimize their exposure to risks 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 a formula based upon previous years' annual claims and self-insurance group size determines the dollar amount of aggregate claims. In 2007 the minimum aggregate amount was \$1,569,926.00. The insurance company would pay 100% of all program eligible claim expenses in excess of that amount for 2007. The other form of insurance carried by the county on the self-insurance program covers individual cases. In 2007 the insurance company set a \$100,000 yearly deductible level on individual cases. Any individual's eligible claim expenses exceeding \$100,000 that are to be paid by the self-insurance program will be paid 100% by the insurance company. The insurance company also sets a \$1,000,000 maximum lifetime coverage amount on individuals. Based on the 2007 insurance agreement and a review of the 2006 and 2005 insurance agreements, the county's self-insurance program has not had any significant reductions in insurance coverage from previous years to the current year.

Minimum Aggregate Amount:

In 2007 the self-insurance program's total yearly claim expenses did not exceed the minimum aggregate deductible of \$1,569,926 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 five years (2002 through 2006).

Individual Claim Amount:

In 2007 the insurance company set a \$100,000 yearly deductible level on individual cases. In 2007 the program had four individuals with claim expenses that exceeded the individual claim level amount. In 2006 the program had five individuals with claim expenses that exceeded the individual claim level amount, and in 2005 the program had three individuals with claim expenses that exceeded the individual claim level amount.

The county has restricted net assets in the Self-Insurance Fund in the amount of \$1,625,704.43 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 an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The County pays an annual premium to the pool to provide coverage for:

- a. General Liability
- b. Automobile Liability
- c. Official's Liability
- d. Law Enforcement Liability

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

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

The County has been a participant in the SDPAA since 1990, and as of December 31, 2007, the County has vested balance in the cumulative reserve fund of \$343,399.39.

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

Worker's Compensation:

The County joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The County's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The County pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy 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 \$500,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits. The pool's employer's combined single liability limit is \$2,000,000.

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, 2007, two claims were filed for unemployment benefits. These claims resulted in the payment of benefits in the amount of \$1,629.82. At December 31, 2007, one claim had been filed and was outstanding. It is estimated, based upon historical trends, that these claims will result in the future payment of unemployment benefits in the amount of approximately \$1,635.14.

**REQUIRED SUPPLEMENTARY INFORMATION  
MINNEHAHA COUNTY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
<b>Revenue:</b>				
<b>Taxes:</b>				
General Property Taxes--Current	\$ 22,273,260.00	\$ 22,273,260.00	\$ 21,928,879.81	\$ (344,380.19)
General Property Taxes--Delinquent	204,500.00	204,500.00	206,371.26	1,871.26
Penalties and Interest	40,000.00	40,000.00	39,698.59	(301.41)
Telephone Tax (Outside)	150,000.00	150,000.00	94,151.75	(55,848.25)
Mobile Home Tax	30,000.00	30,000.00	23,606.85	(6,393.15)
Other Taxes	18,000.00	18,000.00	65,145.06	47,145.06
Licenses and Permits	182,375.00	182,375.00	387,599.00	205,224.00
<b>Intergovernmental Revenue:</b>				
Federal Grants	129,169.00	129,169.00	419,215.44	290,046.44
Federal Shared Revenue	837,417.00	837,417.00	815,998.36	(21,418.64)
Federal Payments in Lieu of Taxes	1,900.00	1,900.00	1,772.09	(127.91)
State Grants	63,000.00	63,000.00	61,947.44	(1,052.56)
<b>State Shared Revenue:</b>				
Bank Franchise	680,000.00	680,000.00	1,662,115.68	982,115.68
Inheritance Tax	20,000.00	20,000.00	0.00	(20,000.00)
<b>Court Appointed Attorney/ Public Defender</b>				
	230,000.00	230,000.00	271,731.15	41,731.15
<b>Telecommunications Gross Receipts Tax</b>				
	660,000.00	660,000.00	809,362.10	149,362.10
Other Payments in Lieu of Taxes	15,000.00	15,000.00	17,059.03	2,059.03
Other Intergovernmental Revenue	678,395.00	678,395.00	638,506.97	(39,888.03)
<b>Charges for Goods and Services:</b>				
<b>General Government:</b>				
Treasurer's Fees	261,900.00	261,900.00	252,400.24	(9,499.76)
Register of Deeds' Fees	1,524,000.00	1,524,000.00	1,855,340.00	331,340.00
Legal Services	600,000.00	600,000.00	635,654.05	35,654.05
Clerk of Courts Fees	260,000.00	260,000.00	271,227.60	11,227.60
Other Fees	212,555.00	212,555.00	92,054.40	(120,500.60)
<b>Public Safety:</b>				
Law Enforcement	651,869.00	651,869.00	1,055,889.72	404,020.72
Prisoner Care	4,155,000.00	4,155,000.00	3,918,914.55	(236,085.45)
Other	3,000.00	3,000.00	0.00	(3,000.00)
<b>Health and Welfare:</b>				
Poor Lien Recoveries	160,000.00	160,000.00	193,986.85	33,986.85
Mental Health Services	55,000.00	55,000.00	42,740.16	(12,259.84)
Other Charges	475,825.00	475,825.00	571,992.91	96,167.91
<b>Fines and Forfeits:</b>				
Fines	91,000.00	91,000.00	112,792.36	21,792.36
Costs	95,000.00	95,000.00	128,629.27	33,629.27
Forfeits	135,000.00	135,000.00	180,238.20	45,238.20
Other	10,000.00	10,000.00	8,111.00	(1,889.00)
<b>Miscellaneous Revenue:</b>				
Investment Earnings	729,000.00	729,000.00	1,252,771.14	523,771.14
Rent	41,500.00	41,500.00	80,361.30	38,861.30
Contributions and Donations	2,400.00	2,400.00	0.00	(2,400.00)
Refund of Prior Year's Expenditures	0.00	0.00	57,972.20	57,972.20
Other	174,325.00	174,325.00	218,867.39	44,542.39
<b>Total Revenue</b>	<b>35,850,390.00</b>	<b>35,850,390.00</b>	<b>38,373,103.92</b>	<b>2,522,713.92</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Legislative:</b>				
Board of County Commissioners	385,766.00	406,766.00	402,562.97	4,203.03

**REQUIRED SUPPLEMENTARY INFORMATION  
MINNEHAHA COUNTY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2007  
(Continued)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Contingency	25,000.00	25,000.00		
Amount Transferred		(2,000.00)		23,000.00
Elections	88,047.00	88,047.00	82,390.63	5,656.37
Judicial System	936,000.00	936,000.00	890,689.88	45,310.12
Financial Administration:				
Auditor	474,425.00	474,568.55	437,240.25	37,328.30
Treasurer	1,009,712.00	1,009,902.22	929,367.08	80,535.14
Information Services	1,229,528.00	1,229,528.00	1,079,024.25	150,503.75
Legal Services:				
State's Attorney	2,263,658.00	2,310,795.34	2,227,910.77	82,884.57
Public Defender	1,738,742.00	1,780,742.00	1,758,083.30	22,658.70
Public Advocate	405,323.00	407,823.00	408,068.15	(245.15)
Other Administration:				
General Government Building	1,837,568.00	1,867,744.59	1,822,833.86	44,910.73
Director of Equalization	1,075,065.00	1,075,065.00	1,047,394.68	27,670.32
Register of Deeds	634,639.00	634,639.00	596,706.40	37,932.60
Predatory Animal (GFP)	7,735.00	7,735.00	7,734.23	0.77
Human Resources	201,168.00	253,197.00	182,945.57	70,251.43
Self-Insurance Plan	264,000.00	264,000.00	180,351.58	83,648.42
Other (SECOG)	20,679.00	20,679.00	20,679.00	0.00
Public Safety:				
Law Enforcement:				
Sheriff	4,312,587.00	4,881,198.69	4,715,671.49	165,527.20
Humane Society	33,300.00	43,800.00	43,445.34	354.66
County Jail	9,040,643.00	9,196,819.30	9,021,683.11	175,136.19
Coroner	155,000.00	157,000.00	155,507.58	1,492.42
Juvenile Detention	2,624,741.00	2,624,741.00	2,495,833.52	128,907.48
Air Guard	648,442.00	648,442.00	585,713.03	62,728.97
Army Guard	158,670.00	158,670.00	131,410.14	27,259.86
STI Security	91,779.00	121,779.00	119,482.31	2,296.69
24/7 Sobriety	36,892.00	36,892.00	29,650.98	7,241.02
Health and Welfare:				
Economic Assistance:				
Support of Poor	3,346,230.00	3,526,230.00	3,505,756.35	20,473.65
Health Assistance:				
Ambulance Services	300,000.00	300,000.00	298,749.96	1,250.04
Social Services:				
Inter-Lakes Community	5,000.00	5,000.00	5,000.00	0.00
Rape & Domestic Abuse	2,500.00	2,500.00	2,500.00	0.00
Glory House	12,000.00	39,195.00	39,195.00	0.00
Helpline Center, Inc.	2,000.00	2,000.00	2,000.00	0.00
Mental Health Services:				
Mentally Ill	799,700.00	799,700.00	716,515.91	83,184.09
Developmentally Disabled	14,827.00	14,827.00	14,827.00	0.00
Mental Health Centers	148,265.00	148,265.00	148,265.00	0.00
Culture and Recreation:				
Culture:				
Historical Museum	1,084,104.00	1,085,651.27	1,074,960.06	10,691.21
Memorial Day Expense	1,200.00	1,200.00	976.51	223.49
County Cemetery	500.00	500.00	95.00	405.00
Recreation:				
Parks	95,393.00	98,073.53	82,960.40	15,113.13
County Fair	250,000.00	373,975.00	373,975.00	0.00
Senior Citizens	3,000.00	3,000.00	3,000.00	0.00
Other	1,500.00	1,500.00	0.00	1,500.00
Conservation of Natural Resources:				

**REQUIRED SUPPLEMENTARY INFORMATION  
MINNEHAHA COUNTY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2007  
(Continued)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Soil Conservation:				
County Extension	161,737.00	175,484.62	157,288.88	18,195.74
Soil Conservation Districts	10,000.00	10,000.00	10,000.00	0.00
Agri-Business	2,500.00	2,500.00	2,500.00	0.00
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	454,869.00	455,309.07	437,840.68	17,468.39
SF Development Foundation	5,000.00	5,000.00	5,000.00	0.00
MCEDA	10,000.00	10,000.00	10,000.00	0.00
Total Expenditures	<u>36,409,434.00</u>	<u>37,719,484.18</u>	<u>36,263,785.85</u>	<u>1,455,698.33</u>
Excess of Revenue Over (Under) Expenditures	<u>(559,044.00)</u>	<u>(1,869,094.18)</u>	<u>2,109,318.07</u>	<u>3,978,412.25</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	200,000.00	200,000.00	451,979.10	251,979.10
Operating Transfers Out	(1,058,487.00)	(1,058,487.00)	(927,536.84)	130,950.16
Insurance Proceeds (Catastrophic)	150,000.00	150,000.00	86,472.67	(63,527.33)
Total Other Financing Sources (Uses)	<u>(708,487.00)</u>	<u>(708,487.00)</u>	<u>(389,085.07)</u>	<u>319,401.93</u>
Net Change in Fund Balances	<u>(1,267,531.00)</u>	<u>(2,577,581.18)</u>	<u>1,720,233.00</u>	<u>4,297,814.18</u>
Fund Balance - Beginning	9,240,059.53	9,240,059.53	9,240,059.53	0.00
Prior Year Adjustment - Interest Earnings	0.00	0.00	174,295.45	174,295.45
Adjusted Fund Balance - Beginning	<u>9,240,059.53</u>	<u>9,240,059.53</u>	<u>9,414,354.98</u>	<u>174,295.45</u>
FUND BALANCE - ENDING	<u>\$ 7,972,528.53</u>	<u>\$ 6,662,478.35</u>	<u>\$ 11,134,587.98</u>	<u>\$ 4,472,109.63</u>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**MINNEHAHA COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**ROAD AND BRIDGE FUND**  
**For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
<b>Revenue:</b>				
<b>Taxes:</b>				
Wheel Tax	\$ 2,830,000.00	\$ 2,830,000.00	\$ 2,937,588.52	\$ 107,588.52
<b>Intergovernmental Revenue:</b>				
<b>State Shared Revenue:</b>				
Motor Vehicle Licenses	4,100,000.00	4,100,000.00	4,219,596.06	119,596.06
Prorate/Port of Entry Fees	280,000.00	280,000.00	283,349.35	3,349.35
63 3/4% Mobile Home	25,000.00	25,000.00	18,891.77	(6,108.23)
<b>Charges for Goods and Services:</b>				
<b>Public Works:</b>				
Highways	14,000.00	14,000.00	7,256.21	(6,743.79)
<b>Miscellaneous Revenue:</b>				
Investment Earnings	0.00	0.00	251,979.10	251,979.10
Other	3,000.00	3,000.00	5,347.18	2,347.18
<b>Total Revenue</b>	<u>7,252,000.00</u>	<u>7,252,000.00</u>	<u>7,724,008.19</u>	<u>472,008.19</u>
<b>Expenditures:</b>				
<b>Public Works:</b>				
<b>Highways and Bridges:</b>				
Highways, Roads and Bridges	8,855,415.00	9,146,721.59	6,267,079.03	2,879,642.56
Debt Service	2.00	2.00	2.00	0.00
<b>Total Expenditures</b>	<u>8,855,417.00</u>	<u>9,146,723.59</u>	<u>6,267,081.03</u>	<u>2,879,642.56</u>
Excess of Revenue Over (Under) Expenditures	(1,603,417.00)	(1,894,723.59)	1,456,927.16	3,351,650.75
<b>Other Financing Sources (Uses):</b>				
Operating Transfers Out	0.00	0.00	(251,979.10)	(251,979.10)
<b>Other Changes in Fund Balance:</b>				
Changes in Reserve for Inventory	0.00	0.00	118,292.52	118,292.52
<b>Net Change in Fund Balances</b>	<u>(1,603,417.00)</u>	<u>(1,894,723.59)</u>	<u>1,323,240.58</u>	<u>3,217,964.17</u>
Fund Balance - Beginning	<u>5,277,337.04</u>	<u>5,277,337.04</u>	<u>5,277,337.04</u>	<u>0.00</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 3,673,920.04</u>	<u>\$ 3,382,613.45</u>	<u>\$ 6,600,577.62</u>	<u>\$ 3,217,964.17</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.
10. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with USGAAP.

**Note 2. USGAAP/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 office 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 office patrol car would be reported as an expenditure of the Public Safety/Sheriff's Department function of government, along with all other current Sheriff's Department related expenditures.

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MINNEHAHA COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2007

	911 Service Fund	Fire Fund	Pass Thru Grants Fund	Law Enforcement Equipment Fund	Museum Store Fund	Museum Enterprise Fund	Courthouse Art Fund
<b>ASSETS:</b>							
Current Assets:							
Cash and Cash Equivalents	\$ 553,796.63	\$ 259,467.09	\$	\$ 7,729.19	\$ 31,873.22	\$ 49,291.31	\$
Cash With Trustee							
Taxes Receivable—Delinquent		6,236.91					
Notes Receivable							
Due from Federal Government							
Due from Local Governments							
Due from Others	113,705.45				590.66		
<b>TOTAL ASSETS</b>	<b>\$ 667,502.08</b>	<b>\$ 265,704.00</b>	<b>\$ 0.00</b>	<b>\$ 7,729.19</b>	<b>\$ 32,463.88</b>	<b>\$ 49,291.31</b>	<b>\$ 0.00</b>
<b>LIABILITIES AND FUND BALANCES:</b>							
Liabilities:							
Claims Payable	\$ 111,062.43	\$	\$	\$	\$ 780.39	\$ 1,026.81	\$
Due to Others	109,930.45						
Payroll Withholding Payable	16,260.41						
Deferred Revenue		6,236.91					
<b>Total Liabilities</b>	<b>237,253.29</b>	<b>6,236.91</b>	<b>0.00</b>	<b>0.00</b>	<b>780.39</b>	<b>1,026.81</b>	<b>0.00</b>
Fund Balances:							
Reserved For:							
Debt Service							
Unreserved Fund Balances:							
Designated for Next Year's Appropriation:							
Reported in:							
Special Revenue Funds		21,826.00				15,785.00	
Undesignated:							
Reported in:							
Special Revenue Funds	430,248.79	237,641.09		7,729.19	31,683.49	32,479.50	
<b>Total Fund Balances</b>	<b>430,248.79</b>	<b>259,467.09</b>	<b>0.00</b>	<b>7,729.19</b>	<b>31,683.49</b>	<b>48,264.50</b>	<b>0.00</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 667,502.08</b>	<b>\$ 265,704.00</b>	<b>\$ 0.00</b>	<b>\$ 7,729.19</b>	<b>\$ 32,463.88</b>	<b>\$ 49,291.31</b>	<b>\$ 0.00</b>

MINNEHAHA COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2007  
 (Continued)

	Public Library Fund	Museum Grants Fund	Emergency Management Fund	FEMA Fund	Domestic Abuse Fund	24/7 Sobriety Fund	Building Fund	Total Nonmajor Governmental Funds
<b>ASSETS:</b>								
Current Assets:								
Cash and Cash Equivalents	\$ 383,330.30	\$ 59,388.75	\$ 15,910.93	\$	\$ 10,040.00	\$ 17,377.19	\$ 1,277,758.40	\$ 2,665,963.01
Cash With Trustee							9,867.79	9,867.79
Taxes Receivable--Delinquent	13,318.74						60,758.98	80,314.63
Notes Receivable							280,000.00	280,000.00
Due from Federal Government			53,886.00					53,886.00
Due from Local Governments							3,190.59	3,190.59
Due from Others					2,465.00	765.00		117,526.11
<b>TOTAL ASSETS</b>	<b>\$ 396,649.04</b>	<b>\$ 59,388.75</b>	<b>\$ 69,796.93</b>	<b>\$ 0.00</b>	<b>\$ 12,505.00</b>	<b>\$ 18,142.19</b>	<b>\$ 1,631,575.76</b>	<b>\$ 3,210,748.13</b>
<b>LIABILITIES AND FUND BALANCES:</b>								
Liabilities:								
Claims Payable	\$	\$	\$ 9,642.01	\$	\$	\$ 94.95	\$ 76,983.00	\$ 199,589.59
Due to Others								109,930.45
Payroll Withholding Payable			42.56					16,302.97
Deferred Revenue	13,318.74						60,758.98	80,314.63
<b>Total Liabilities</b>	<b>13,318.74</b>	<b>0.00</b>	<b>9,684.57</b>	<b>0.00</b>	<b>0.00</b>	<b>94.95</b>	<b>137,741.98</b>	<b>406,137.64</b>
Fund Balances:								
Reserved For:								
Debt Service							729,296.78	729,296.78
Unreserved Fund Balances:								
Designated for Next Year's Appropriation:								
Reported in:								
Special Revenue Funds	4,969.00						764,537.00	807,117.00
Undesignated:								
Reported in:								
Special Revenue Funds	378,361.30	59,388.75	60,112.36		12,505.00	18,047.24		1,268,196.71
<b>Total Fund Balances</b>	<b>383,330.30</b>	<b>59,388.75</b>	<b>60,112.36</b>	<b>0.00</b>	<b>12,505.00</b>	<b>18,047.24</b>	<b>1,493,833.78</b>	<b>2,804,610.49</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 396,649.04</b>	<b>\$ 59,388.75</b>	<b>\$ 69,796.93</b>	<b>\$ 0.00</b>	<b>\$ 12,505.00</b>	<b>\$ 18,142.19</b>	<b>\$ 1,631,575.76</b>	<b>\$ 3,210,748.13</b>

MINNEHAHA COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2007

	911 Service Fund	Fire Fund	Pass Thru Grants Fund	Law Enforcement Equipment Fund	Museum Store Fund	Museum Enterprise Fund	Courthouse Art Fund	Public Library Fund	Museum Grants Fund
<b>Revenue:</b>									
Taxes:									
General Property Taxes--Current	\$	\$ 351,684.99	\$	\$	\$	\$	\$	\$ 727,033.35	\$
General Property Taxes--Delinquent		3,412.15						7,302.83	
Penalties and Interest		788.32						1,622.74	
Mobile Home Tax		164.51						338.07	
811 Telephone Surcharge	2,002,996.01								
Other Taxes		51.14						112.37	
Licenses and Permits									
Intergovernmental Revenue:									
Federal Grants	48,921.96		40,032.50						
Federal Payments in Lieu of Taxes		110.50						242.77	
State Shared Revenue:									
Bank Franchise		32,078.68						81,898.40	
Other Payments in Lieu of Taxes									
Other Intergovernmental Revenue	715,667.00								
Charges for Goods and Services:									
General Government:									
Register of Deeds' Fees									
Public Safety:									
Sheriff									
Culture and Recreation					20,191.81				
Miscellaneous Revenue:									
Investment Earnings	28,605.30	13,506.36		2,020.37	1,288.83	2,905.50		15,607.48	
Other	13,396.65					48,420.48			33,779.25
<b>Total Revenue</b>	<b>2,809,586.92</b>	<b>401,978.65</b>	<b>40,032.50</b>	<b>2,020.37</b>	<b>21,478.64</b>	<b>51,225.98</b>	<b>0.00</b>	<b>834,158.01</b>	<b>33,779.25</b>
<b>Expenditures:</b>									
General Government:									
Financial Administration:									
Other			49,336.25						
Public Safety:									
Law Enforcement:									
Sheriff				58,860.67					
Protective and Emergency Services:									
Fire Protection		356,425.00							
Emergency and Disaster Services									
Communication Center	3,714,001.67								
Health and Welfare:									
Economic Assistance:									
Support of Poor									
Social Services:									
Domestic Abuse									
Culture and Recreation:									
Culture:									
Public Library								745,865.00	
Historical Museum					10,604.69	92,941.80	6,426.69		22,648.22
Debt Service	97,590.96								
Capital Outlay	89,893.59								
<b>Total Expenditures</b>	<b>3,881,286.22</b>	<b>356,425.00</b>	<b>49,336.25</b>	<b>58,860.67</b>	<b>10,604.69</b>	<b>92,941.80</b>	<b>6,426.69</b>	<b>745,865.00</b>	<b>22,648.22</b>
<b>Other Financing Sources (Uses):</b>									
Transfers In									
Proceeds of Refunding Certificates Issued	250,488.84								
Discounts on Refunding Certificates									
Payments to Refunded Debt Escrow Agent									
<b>Total Other Financing Sources (Uses)</b>	<b>250,488.84</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Change in Fund Balances</b>	<b>(821,210.48)</b>	<b>45,551.65</b>	<b>(9,303.75)</b>	<b>(56,840.30)</b>	<b>10,873.95</b>	<b>(41,715.82)</b>	<b>(6,426.69)</b>	<b>88,293.01</b>	<b>11,133.03</b>
<b>Fund Balance - Beginning</b>	<b>1,285,458.85</b>	<b>222,196.33</b>	<b>9,303.75</b>	<b>68,724.47</b>	<b>21,497.23</b>	<b>94,219.45</b>	<b>6,426.69</b>	<b>306,455.28</b>	<b>48,255.72</b>
<b>Adjustments:</b>									
Prior Year Adjustment - Interest Earnings	(33,999.40)	(8,280.89)		(4,354.98)	(687.69)	(4,239.13)		(11,417.99)	
<b>Restated Beginning Fund Balance</b>	<b>1,251,459.25</b>	<b>213,915.44</b>	<b>9,303.75</b>	<b>64,369.49</b>	<b>20,809.54</b>	<b>89,980.32</b>	<b>6,426.69</b>	<b>295,037.29</b>	<b>48,255.72</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 430,248.78</b>	<b>\$ 259,467.09</b>	<b>\$ 0.00</b>	<b>\$ 7,729.19</b>	<b>\$ 31,683.49</b>	<b>\$ 48,264.50</b>	<b>\$ 0.00</b>	<b>\$ 383,330.30</b>	<b>\$ 59,388.75</b>

MINNEHAHA COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2007  
 (Continued)

	Emergency Management Fund	FEMA Fund	Domestic Abuse Fund	24/7 Sobriety Fund	Building Fund	Total Nonmajor Governmental Funds
<b>Revenue:</b>						
<b>Taxes:</b>						
General Property Taxes—Current	\$	\$	\$	\$	\$ 3,129,078.06	\$ 4,207,996.40
General Property Taxes—Delinquent					27,984.14	38,899.12
Penalties and Interest					5,367.71	7,758.77
Mobile Home Tax					3,362.70	3,885.28
911 Telephone Surcharge						2,002,996.01
Other Taxes					203.44	386.95
Licenses and Permits			44,280.00			44,280.00
<b>Intergovernmental Revenue:</b>						
Federal Grants	2,485,948.40	14,700.00				2,500,648.40
Federal Payments in Lieu of Taxes					252.96	606.23
<b>State Shared Revenue:</b>						
Bank Franchise					237,250.31	351,227.39
Other Payments in Lieu of Taxes					2,487.92	2,487.92
Other Intergovernmental Revenue					103,745.90	819,412.90
<b>Charges for Goods and Services:</b>						
<b>General Government:</b>						
Register of Deeds' Fees			16,475.00			16,475.00
<b>Public Safety:</b>						
Sheriff				70,857.40		70,857.40
Culture and Recreation						20,191.81
<b>Miscellaneous Revenue:</b>						
Investment Earnings		93.55			130,518.35	194,443.74
Other	75.00				28,122.21	121,793.58
<b>Total Revenue</b>	<u>2,486,023.40</u>	<u>14,793.55</u>	<u>60,755.00</u>	<u>70,857.40</u>	<u>3,686,373.70</u>	<u>10,473,081.37</u>
<b>Expenditures:</b>						
<b>General Government:</b>						
<b>Financial Administration:</b>						
Other					409,600.86	458,937.21
<b>Public Safety:</b>						
<b>Law Enforcement:</b>						
Sheriff				52,810.18		111,470.83
<b>Protective and Emergency Services:</b>						
Fire Protection						356,425.00
Emergency and Disaster Services	2,551,281.11					2,551,281.11
Communication Center						3,714,001.67
<b>Health and Welfare:</b>						
<b>Economic Assistance:</b>						
Support of Poor		14,793.55				14,793.55
<b>Social Services:</b>						
Domestic Abuse			59,395.00			59,395.00
<b>Culture and Recreation:</b>						
<b>Culture:</b>						
Public Library						745,865.00
Historical Museum						132,619.40
Debt Service					3,717,215.99	3,814,806.95
Capital Outlay	91,810.37				442,015.04	603,319.00
<b>Total Expenditures</b>	<u>2,642,891.48</u>	<u>14,793.55</u>	<u>59,395.00</u>	<u>52,810.18</u>	<u>4,568,831.99</u>	<u>12,562,914.72</u>
<b>Other Financing Sources (Uses):</b>						
Transfers In	177,048.00				500,000.00	927,536.84
Proceeds of Refunding Certificates Issued					4,485,000.00	4,485,000.00
Discounts on Refunding Certificates					(2,735.05)	(2,735.05)
Payments to Refunded Debt Escrow Agent					(4,390,000.00)	(4,390,000.00)
<b>Total Other Financing Sources (Uses)</b>	<u>177,048.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>572,264.95</u>	<u>998,801.79</u>
<b>Net Change in Fund Balances</b>	<u>179.92</u>	<u>0.00</u>	<u>1,380.00</u>	<u>18,047.24</u>	<u>(330,193.34)</u>	<u>(1,090,051.56)</u>
<b>Fund Balance - Beginning</b>	<u>59,932.44</u>		<u>11,145.00</u>		<u>1,892,041.11</u>	<u>4,025,856.12</u>
<b>Adjustments:</b>						
Prior Year Adjustment - Interest Earnings					(88,013.99)	(130,994.07)
<b>Restated Beginning Fund Balance</b>	<u>59,932.44</u>	<u>0.00</u>	<u>11,145.00</u>	<u>0.00</u>	<u>1,824,027.12</u>	<u>3,894,862.05</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 60,112.36</u>	<u>\$ 0.00</u>	<u>\$ 12,505.00</u>	<u>\$ 18,047.24</u>	<u>\$ 1,493,833.78</u>	<u>\$ 2,804,810.49</u>

**MINNEHAHA COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended December 31, 2007

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	2007 Expenditures
Department of Agriculture:		
Indirect Federal Funding:		
SD Cooperative Extension Service, Cooperative Extension Service	10.500	\$ <u>6,662.93</u>
Department of Interior:		
Direct Federal Funding:		
US Fish and Wildlife Service, Distribution of Receipts to State and Local Governments (Refuge Revenue Sharing Act) (Note 2)	15.227	<u>9,139.00</u>
Department of Justice:		
Direct Federal Funding:		
State Criminal Alien Assistance Program	16.606	37,459.85
Public Safety Partnership and Community Policing Grant (Note 3)	16.710	124,249.71
Edward Byrne Memorial Justice Assistance Grant Program	16.738	58,466.77
Indirect Federal Funding:		
SD Attorney General's Office, High Intensity Drug Traffic Area (HIDTA)	16.UNKNOWN	65,270.98
SD Department of Corrections, Juvenile Accountability Incentive Block Grant (Note 4)	16.523	42,865.21
Juvenile Justice and Delinquency Prevention--Allocation to States	16.540	41,327.76
Protecting Inmates and Safeguarding Communities Discretionary Grant Program	16.735	<u>8,810.00</u>
Total Department of Justice		<u>378,450.28</u>
Department of Transportation:		
Indirect Federal Funding:		
SD Department of Public Safety--Highway Safety, Highway Planning and Construction	20.205	37,764.50
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	15,000.00
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	<u>43,431.00</u>
Total Department of Transportation		<u>96,195.50</u>
General Services Administration:		
Indirect Federal Funding:		
SD Federal Property Agency, Donation of Federal Surplus Personal Property (Note 5)	39.003	<u>2,597.85</u>
Elections Assistance Commission:		
Indirect Federal Funding:		
SD Secretary of State, Help America Vote Act Requirements Payments	90.401	<u>42.53</u>
Department of Health and Human Services:		
Indirect Federal Funding:		
SD Department of Social Services, Projects for Assistance in Transition from Homelessness (PATH)	93.150	<u>24,387.44</u>

**MINNEHAHA COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2007**  
**(Continued)**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	2007 Expenditures
Department of Homeland Security:		
Indirect Federal Funding:		
SD Department of Public Safety--Emergency Management, Community Assistance Program State Support Services Element	97.023	33.75
Emergency Management Performance Grant (Note 4)	97.042	207,237.32
Homeland Security Grant Program (Note 3 and Note 4)	97.067	2,293,181.56
United Way of America, Emergency Food and Shelter National Board Program	97.024	15,000.00
Total Department of Homeland Security		<u>2,515,452.63</u>
<b>GRAND TOTAL</b>		<b><u>\$ 3,032,928.16</u></b>

**Note 1:** The accompanying schedule of expenditures of federal awards includes the federal grant activity of the county and is presented on the modified accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2:** Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

**Note 3:** This represents a Major Federal Financial Assistance Program.

**Note 4:** Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Juvenile Accountability Incentive Block Grant	16.523	\$ 40,032.50
Emergency Management Performance Grant	97.042	56,763.57
Homeland Security Grant Program	97.067	<u>1,709,084.46</u>
Total		<b><u>\$ 1,805,880.53</u></b>

**Note 5:** The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the county.