MINNEHAHA COUNTY

AUDIT REPORT

For the Year Ended December 31, 2011

MINNEHAHA COUNTY
COUNTY OFFICIALS
December 31, 2011

Board of Commissioners:
John Pekas, Chairman
Jeff Barth
Gerald Beninga
Cindy Heiberger
Dick Kelly

Auditor:
Bob Litz

Treasurer:
Pam Nelson

State's Attorney:
Aaron McGowan

Register of Deeds:
Julie Risty

Sheriff:
Mike Milstead

MINNEHAHA COUNTY
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STATE OF SOUTH DAKOTA
DEPARTMENT OF LEGISLATIVE AUDIT

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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, 2011 and for the year then ended which collectively comprise the County's basic financial statements and have issued our report thereon dated September 26, 2012.

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.

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

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

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.*

We noted certain matters that we reported to management of the County in a separate letter dated September 26, 2012.

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

September 26, 2012

STATE OF SOUTH DAKOTA
DEPARTMENT OF LEGISLATIVE AUDIT

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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

County Commission
Minnehaha County
Sioux Falls, South Dakota

Compliance

We have audited Minnehaha County, South Dakota (County), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, 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

September 26, 2012

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 written federal audit findings.

Prior Other Audit Findings:

The prior audit report contained no written other audit findings.

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. No material weaknesses or significant deficiencies were disclosed by our audit of the financial statements.

c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

d. An unqualified opinion was issued on compliance with the requirements applicable to major programs.

e. 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).

f. The federal awards tested as major programs were:

1.	Economic Development Initiative – Special Project, Neighborhood Initiative, and Miscellaneous Grants	CFDA # 14.251
2.	*ARRA* Homeless Prevention and Rapid Re-Housing Program	CFDA # 14.257
3.	Emergency Management Performance Grants	CFDA # 97.042
4.	Homeland Security Cluster	

g. The dollar threshold used to distinguish between Type A and Type B federal award programs was $300,000.

h. Minnehaha County did qualify as a low-risk auditee.

Current Federal Audit Findings:

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

Current Other Audit Findings:

There are no written current other audit findings to report.

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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, 2011 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 express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, 2011, 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 September 26, 2012 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.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and the Schedule of Funding Progress on pages 43 through 48, and 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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* listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Martin L. Guindon, CPA
Auditor General

September 26, 2012

MINNEHAHA COUNTY
STATEMENT OF NET ASSETS
December 31, 2011

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	$ 18,709,083.77
Cash With Trustee	1,427,332.29
Taxes Receivable--Delinquent	775,797.31
Notes Receivable	130,000.00
Inventories	710,523.64
Due from Federal Government	171,162.36
Due from State Government	969,900.95
Due from Local Governments	154,834.50
Due from Others	477,366.16
Capital Assets:	
Land, Improvements and Construction in Progress	7,228,687.81
Other Capital Assets, Net of Depreciation	82,982,258.50
TOTAL ASSETS	$ 113,736,947.29
LIABILITIES:	
Claims Payable	$ 1,535,447.17
Payroll Benefits Payable	364,163.08
Hospital Claims Payable	396,995.58
Revenues Collected in Advance	17,407.89
Noncurrent Liabilities:	
Due Within One Year	5,459,272.25
Due in More than One Year	35,452,395.77
Less: Net Deferred and Unamortized Amounts from Financings (See Note 8)	(1,195,447.98)
TOTAL LIABILITIES	42,030,233.76
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	53,546,079.93
Restricted For: (See Note 11)	
Road and Bridge Purposes	6,039,480.12
Capital Projects Purposes	1,248,472.04
Courthouse Building Purposes	2,900,932.94
Other Purposes	4,238,958.39
Unrestricted	3,732,790.11
TOTAL NET ASSETS	71,706,713.53
TOTAL LIABILITIES AND NET ASSETS	$ 113,736,947.29

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

MINNEHAHA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	$ 15,860,612.96	$ 3,325,198.43	$ 455,133.71	$	$ (12,080,280.82)
Public Safety	26,379,639.65	5,883,200.25	3,984,728.64	103,745.94	(16,407,964.82)
Public Works	8,168,921.72	160.00	5,728,945.94		(2,439,815.78)
Health and Welfare	5,562,717.61	254,499.58	955,141.59		(4,353,076.44)
Culture and Recreation	2,528,253.60	89,159.51	727,571.94		(1,711,522.15)
Conservation of Natural Resources	163,101.75		113.21		(162,988.54)
Urban and Economic Development	613,266.34		835.34		(612,431.00)
*Depreciation Expense - Unallocated	126,088.73				(126,088.73)
**Interest on Long-Term Debt	1,784,863.39				(1,784,863.39)
Total Primary Government	$ 61,187,465.75	$ 9,552,217.77	$ 11,852,470.37	$ 103,745.94	(39,679,031.67)

General Revenues:	
Taxes:	
Property Taxes	32,697,188.89
Wheel Tax	3,100,705.43
911 Telephone Surcharge	2,344,642.89
State Shared Revenues	1,726,031.22
Unrestricted Investment Earnings	102,344.83
Miscellaneous Revenue	270,250.67
Total General Revenues	40,241,163.93
Change in Net Assets	562,132.26
Net Assets - Beginning	71,134,477.27
Adjustments:	
Prior Year Adjustment (Omission of Capital Asset)	10,104.00
Adjusted Net Assets - Beginning	71,144,581.27
NET ASSETS - ENDING	$ 71,706,713.53

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

**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, 2011

	General Fund	Road and Bridge Fund	Courthouse Building Fund	911 Service Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:							
Current Assets:							
Cash and Cash Equivalents	$ 6,851,597.02	$ 4,977,407.12	$ 2,687,078.08	$	$	$ 1,170,484.63	$ 15,686,566.85
Cash With Trustee			4,651.25		1,422,681.04		1,427,332.29
Taxes Receivable--Delinquent	641,281.54		85,383.65			49,132.12	775,797.31
Notes Receivable			130,000.00				130,000.00
Due from Federal Government	125,191.78					45,970.58	171,162.36
Due from State Government	262,014.28	671,552.75				36,333.92	969,900.95
Due from Local Governments	153,010.86					1,823.64	154,834.50
Due from Others	81,017.96	2,513.53		388,275.38		5,559.29	477,366.16
Inventory of Supplies		710,523.64					710,523.64
TOTAL ASSETS	$ 8,114,113.44	$ 6,361,997.04	$ 2,907,112.98	$ 388,275.38	$ 1,422,681.04	$ 1,309,304.18	$ 20,503,484.06
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Claims Payable	$ 822,823.91	$ 82,444.48	$ 6,180.04	$ 388,275.38	$ 174,209.00	$ 37,450.60	$ 1,511,383.41
Payroll Benefits Payable	343,028.73	18,119.71				3,014.64	364,163.08
Hospital Claims Payable	396,995.58						396,995.58
Revenue Collected in Advance	17,407.89						17,407.89
Deferred Revenue	641,281.54		85,383.65			49,132.12	775,797.31
Total Liabilities	2,221,537.65	100,564.19	91,563.69	388,275.38	174,209.00	89,597.36	3,065,747.27
Fund Balances: (See Note 1.m.)							
Nonspendable		710,523.64	130,000.00				840,523.64
Restricted		5,550,909.21	2,685,549.29		1,248,472.04	891,365.69	10,376,296.23
Assigned	1,830,309.69					328,341.13	2,158,650.82
Unassigned	4,062,266.10						4,062,266.10
Total Fund Balances	5,892,575.79	6,261,432.85	2,815,549.29	0.00	1,248,472.04	1,219,706.82	17,437,736.79
TOTAL LIABILITIES AND FUND BALANCES	$ 8,114,113.44	$ 6,361,997.04	$ 2,907,112.98	$ 388,275.38	$ 1,422,681.04	$ 1,309,304.18	$ 20,503,484.06

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, 2011

Total Fund Balances - Governmental Funds		$ 17,437,736.79
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 $155,843,117.18 less accumulated depreciation of $65,632,170.87.		90,210,946.31
Long-term liabilities for accrued leave payable are not due and payable in the current period and therefore are not reported in the funds.		(2,681,036.88)
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.		(37,860,314.36)
Net deferred and unamortized amounts from various refundings reported on the government-wide financial statements but not reported in the funds.		1,195,447.98
Deferred Amount of Refunding	$ 1,316,554.13	
Unamortized Deferred Charges--Issuance Cost	441,985.93	
Unamortized Bond Premium	(563,092.08)	
Net Deferred and Unamortized Amounts From Refunding	$ 1,195,447.98	
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.		775,797.31
Internal service funds are used by management to charge the costs of activities, such as medical self-insurance, to individual funds. The assets ($3,022,516.92) and liabilities ($24,063.76) of internal service funds are included in governmental activities in the statement of net assets.		2,998,453.16
Long-term liability for net other post employment obligation is not due and payable in the current period and therefore is not reported in the funds.		(370,316.78)
Net Assets - Governmental Funds		$ 71,706,713.53

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

MINNEHAHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	General Fund	Road and Bridge Fund	Building Fund	911 Service Fund	Capital Projects Fund	Other nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Taxes:							
General Property Taxes--Current	$ 26,329,681.45	$	$ 3,453,073.29	$	$	$ 2,247,705.68	$ 32,030,460.42
General Property Taxes--Delinquent	543,295.91		73,922.00			38,069.22	655,287.13
Penalties and Interest	96,725.70		13,234.32			6,747.51	116,707.53
Telephone Tax (Outside)	13,070.47						13,070.47
Mobile Home Tax	16,428.72		1,986.31			869.01	19,284.04
Wheel Tax		3,100,705.43					3,100,705.43
911 Telephone Surcharge				2,344,642.89			2,344,642.89
Other Taxes	19,037.60		133.34			94.38	19,265.32
Licenses and Permits	467,543.28					48,090.00	515,633.28
Intergovernmental Revenue:							
Federal Grants	616,566.30	14,627.23				2,954,558.69	3,585,752.22
Federal Shared Revenue	726,428.24						726,428.24
Federal Payments in Lieu of Taxes	2,236.15		293.27			525.75	3,055.17
State Grants	36,993.55						36,993.55
State Shared Revenue:							
Bank Franchise	690,857.21						690,857.21
Motor Vehicle Licenses		5,205,773.96					5,205,773.96
Court Appointed Attorney/Public Defender	187,285.56						187,285.56
Prorate/Port of Entry Fees		371,517.14					371,517.14
Abused and Neglected Child Defense	40,478.54						40,478.54
63 3/4% Mobile Home/Manufactured Home		13,313.60					13,313.60
Telecommunications Gross Receipts Tax	1,035,174.01						1,035,174.01
Other Payments in Lieu of Taxes	758.22		99.43			27.28	884.93
Other Intergovernmental Revenue:							
Museum Operations (City Share)	581,207.97						581,207.97
Health/Human Service Operations (City Share)	230,877.84						230,877.84
Other Intergovernmental Revenue	386,624.96		103,745.94			55,494.58	545,865.48
Charges for Goods and Services:							
General Government:							
Treasurer's Fees	307,608.10						307,608.10
Register of Deeds' Fees	1,205,295.90						1,205,295.90
Legal Services	672,987.10					15,762.50	688,749.60
Clerk of Courts Fees	288,712.05						288,712.05
Other Fees	236,839.61						236,839.61
Public Safety:							
Law Enforcement	1,338,587.88						1,338,587.88
Prisoner Care	3,918,282.56						3,918,282.56
Sobriety Testing						329,484.63	329,484.63
Public Works:							
Road Maintenance Contract Charges		160.00					160.00
Health and Welfare:							
Economic Assistance:							
Poor Lien Recoveries	207,041.96						207,041.96
Mental Health Services	47,457.62						47,457.62
Culture and Recreation	76,116.07					13,043.44	89,159.51
Fines and Forfeits:							

Fines	21,813.72						21,813.72
Costs	137,109.46						137,109.46
Forfeits	135,942.00						135,942.00
Other Costs						50.00	50.00
Other	1,980.00						1,980.00
Miscellaneous Revenue:							
Investment Earnings	62,316.19	29,503.49	5,716.07			4,809.08	102,344.83
Rent	92,191.52						92,191.52
Contributions and Donations	34,584.00						34,584.00
Refund of Prior Year's Expenditures	16,850.65						16,850.65
Other	171,602.45	123,714.01	800.00			155,516.33	451,632.79
Total Revenues	40,994,590.52	8,859,314.86	3,653,003.97	2,344,642.89	0.00	5,870,848.08	61,722,400.32
Expenditures:							
General Government:							
Legislative:							
Board of County Commissioners	554,236.14						554,236.14
Elections	80,227.89						80,227.89
Judicial System	1,186,900.84						1,186,900.84
Financial Administration:							
Auditor	559,306.47						559,306.47
Treasurer	1,093,528.35						1,093,528.35
Information Technology	1,367,329.60						1,367,329.60
Other			131,288.29				131,288.29
Legal Services:							
State's Attorney	2,784,771.83						2,784,771.83
Public Defender	2,158,361.96						2,158,361.96
Public Advocate	496,306.63						496,306.63
Other Administration:							
General Government Building	2,136,149.22						2,136,149.22
Director of Equalization	1,277,111.35						1,277,111.35
Register of Deeds	651,246.73						651,246.73
Predatory Animal	5,854.17						5,854.17
Human Resources	228,943.78						228,943.78
Self-Insurance Plan	187,483.62						187,483.62
Other (S.E.C.O.G.)	22,508.00						22,508.00
Public Safety:							
Law Enforcement:							
Sheriff	5,425,778.72					39,486.35	5,465,265.07
Humane Society	43,636.03						43,636.03
County Jail	9,676,612.17						9,676,612.17
Coroner	314,986.13						314,986.13
Juvenile Detention	2,884,136.66					50,873.72	2,935,010.38
Air Guard	702,592.76						702,592.76
STI Security	160,709.88						160,709.88
24/7 Sobriety						198,392.88	198,392.88
Protective and Emergency Services:							
Fire Protection						489,090.00	489,090.00
Emergency and Disaster Services						2,604,602.15	2,604,602.15
Communication Center	324,132.00			2,344,642.89			2,668,774.89
Public Works:							
Highways and Bridges:							
Highways, Roads and Bridges		5,822,221.11					5,822,221.11
Health and Welfare:							
Economic Assistance:							
Support of Poor	3,108,895.36					11,792.66	3,120,688.02
Other (ARRA-HPRP Grant)	406,404.18						406,404.18
Health Assistance:							
Ambulance Services	223,749.96						223,749.96

MINNEHAHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011
(Continued)

	General Fund	Road and Bridge Fund	Building Fund	911 Service Fund	Capital Projects Fund	Other nonmajor Governmental Funds	Total Governmental Funds
Social Services:							
Glory House	1,095.00						1,095.00
Domestic Abuse						63,012.50	63,012.50
Safe Home	95,498.74					340,900.00	436,398.74
Helpline Center	2,000.00						2,000.00
Other						97,357.07	97,357.07
Mental Health Services:							
Mentally Ill	854,697.47						854,697.47
Drug Abuse	10,000.00						10,000.00
Mental Health Centers	148,265.00						148,265.00
Culture and Recreation:							
Culture:							
Public Library						970,206.00	970,206.00
Historical Museum	1,065,906.43					103,911.91	1,169,818.34
Memorial Day Expense	878.00						878.00
County Cemetery	470.00						470.00
Recreation:							
Parks	92,558.02						92,558.02
County Fair	150,000.00						150,000.00
Conservation of Natural Resources:							
Soil Conservation:							
County Extension	164,118.25						164,118.25
Agri-Business	2,500.00						2,500.00
Urban and Economic Development:							
Urban Development:							
Planning and Zoning	572,511.75						572,511.75
Economic Development:							
Sioux Falls Development Foundation	9,000.00						9,000.00
Minnehaha County Economic Development Association	10,000.00						10,000.00
Debt Service	11,000.00		1,541,416.02			1,217,929.33	2,770,345.35
Capital Outlay	341,483.50	4,083,698.83			1,760,251.51		6,185,433.84
Total Expenditures	41,593,882.59	9,905,919.94	1,672,704.31	2,344,642.89	1,760,251.51	6,187,554.57	63,464,955.81
Excess of Revenues Over (Under) Expenditures	(599,292.07)	(1,046,605.08)	1,980,299.66	0.00	(1,760,251.51)	(316,706.49)	(1,742,555.49)
Other Financing Sources (Uses):							
Transfers In	86,430.49					174,659.00	261,089.49
Transfers Out	(174,659.00)	(29,503.49)				(56,927.00)	(261,089.49)
Capital Lease	44,231.00						44,231.00
Insurance Proceeds	82,309.89						82,309.89
Sale of County Property	57,272.01					880.00	58,152.01
Proceeds of Certificates Issued			2,075,000.00				2,075,000.00
Payments to Refunded Debt Escrow Agent			(2,017,148.75)				(2,017,148.75)
Total Other Financing Sources (Uses)	95,584.39	(29,503.49)	57,851.25	0.00	0.00	118,612.00	242,544.15
Net Change in Fund Balance	(503,707.68)	(1,076,108.57)	2,038,150.91	0.00	(1,760,251.51)	(198,094.49)	(1,500,011.34)

Changes in Nonspendable - Inventory		40,922.10					40,922.10
Fund Balance - Beginning	6,396,283.47	7,296,619.32	777,398.38		3,008,723.55	1,417,801.31	18,896,826.03
FUND BALANCE - ENDING	$ 5,892,575.79	$ 6,261,432.85	$ 2,815,549.29	$ 0.00	$ 1,248,472.04	$ 1,219,706.82	$ 17,437,736.79

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

MINNEHAHA COUNTY
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2011

Net Change in Fund Balances - Total Governmental Funds		$ (1,500,011.34)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. 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 were more than depreciation in the current period.		1,553,478.61
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 exceeds accumulated depreciation of the deletions.		(4,504.05)
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.		1,052,588.40
Transactions resulting from the Series 2011 Financing are reported on the government funds, but these transactions effect long-term liabilities in the statement of net assets.		(4,651.25)
Proceeds from Refunding Certificates Issued	$ (2,075,000.00)	
Debt Service-Issuance Costs	53,200.00	
Payments to Refunded Debt Escrow Agent	2,017,148.75	
	$ (4,651.25)	
The total yearly deferred and unamortized amounts on all Refunding Issues outstanding should be claimed each year as part of Interest Expense on the government-wide financial statements.		(120,306.44)
General long-term debt issued for capital lease is reported. As other financing source, but is an increase in long-term liabilities on the statement of activities.		(44,231.00)
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.		(129,697.30)
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.		(160,826.12)
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.		(17,009.48)
Other Post Employment benefits reported in the statement of activities does not require the use of the current financial resources and therefore is not reported as expenditures in governmental funds.		(103,619.87)
Supplies acquired are an expenditure on the fund statements when purchased but are expensed on the statement of activities when consumed. This amount represents the "change in" inventory of supplies.		40,922.10
Change in Net Assets of Governmental Activities		$ 562,132.26

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

MINNEHAHA COUNTY
BALANCE SHEET
PROPRIETARY FUNDS
December 31, 2011

	Internal Service Funds
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 3,022,516.92
TOTAL ASSETS	$ 3,022,516.92
LIABILITIES:	
Current Liabilities:	
Claims Payable	$ 24,063.76
NET ASSETS:	
Restricted Net Assets, Restricted For:	
Self-Insurance Purposes	2,998,453.16
TOTAL LIABILITIES AND NET ASSETS	$ 3,022,516.92

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, 2011

	Internal Service Funds
Operating Revenues:	
Charges for Goods and Services	$ 3,077,778.44
Operating Expenses:	
Other Current Expense:	
Insurance Costs	396,870.25
Claims Paid	2,545,730.66
Administration Fee	176,819.54
Other	12,405.98
Total Operating Expenses	3,131,826.43
Operating Income (Loss)	(54,047.99)
Nonoperating Revenues (Expenses):	
Investment Earnings	13,000.72
Rebates	24,037.79
Total Nonoperating Revenues (Expenses)	37,038.51
Change in Net Assets	(17,009.48)
Net Assets - Beginning	3,015,462.64
NET ASSETS - ENDING	$ 2,998,453.16

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, 2011

	Internal Service Funds
Cash Flows from Operating Activities:	
Cash Receipts from Customers	$ 3,172,961.25
Cash Payments to Suppliers of Goods and Services	(582,811.81)
Claims Paid	(2,551,157.60)
Net Cash Provided (Used) by Operating Activities	38,991.84
Cash Flows from Investing Activities:	
Interest Earnings	13,000.72
Rebates	24,037.79
Net Cash Provided (Used) by Investing Activities	37,038.51
Net Increase (Decrease) in Cash and Cash Equivalents	76,030.35
Cash and Cash Equivalents at Beginning of Year	2,946,486.57
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 3,022,516.92
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	$ (54,047.99)
Change in Assets and Liabilities:	
Decrease in Accounts and Other Payables	(2,142.98)
Decrease in Accounts Receivable	95,182.81
Net Cash Provided (Used) by Operating Activities	$ 38,991.84

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

MINNEHAHA COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2011

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	$ 3,587,029.44
TOTAL ASSETS	$ 3,587,029.44
LIABILITIES:	
Amounts Held for Others	$ 73,624.57
Due to Other Governments	3,513,404.87
TOTAL LIABILITIES	$ 3,587,029.44

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

The reporting entity of Minnehaha County, (County) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

Minnehaha County (County) created a Housing and Redevelopment Commission (Commission) under the authority of South Dakota Codified Law 11-7-1 on February 9, 2010. The Commission is a proprietary fund-type, discretely-presented component unit. The five members of the Commission are appointed by the County Commission's Chairperson with the approval of the Board of County Commissioners for five-year, staggered terms. The County employs the management and personnel and retains the statutory authority to approve or deny or otherwise modify the Commission's budget which gives the County the ability to impose its will on the Commission.

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

The construction and operation of the permanent housing facility for the homeless was not completed as of December 31, 2011. As of December 31, 2011, the financial activity of the Commission is not material to the County and has not been disclosed in Minnehaha County's financial statements. The County intends on reporting the Commission's financial activity in the future.

Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from:

Minnehaha County Housing and Redevelopment Commission
415 North Dakota Avenue
Sioux Falls, SD 57104

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

b. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net 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.

Road and Bridge Fund – to account for funds credited to the road and bridge fund pursuant to SDCL 32-11-4.2 to be used by the board of county commissioners for grading, constructing, planing, dragging, and maintaining county highways and also for dragging, maintaining, and grading secondary roads. Proper equipment for dragging, grading, and maintaining highways, such as graders, tractors, drags, maintainers, and planers may be purchased from the road and bridge fund. (SDCL 32-11-2 and 32-11-4.2) This is a major fund.

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

911 Service Fund – authorized by SDCL 34-45-4 and 12 to account for the collections generated by 911 system charges with expenditures of these funds used for the operations of the system. This is a major fund.

The remaining Special Revenue funds are not considered major funds: Fire Protection, Pass Through Grants, Law Enforcement Equipment Grant, Museum Store, Museum Enterprise, Public Library, Emergency and Disaster, Domestic Abuse, Emergency Food and Shelter Program (EFSP), and 24/7 Sobriety. These funds are reported on the fund financial statements as "Other Governmental Funds".

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

Bond Redemption Fund – to account for the proceeds of a tax levy received to retire the principal and interest on a general long-term debt issued. This is not a major fund.

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).

Capital Projects Fund – to account for financial resources to be used for the construction of the new kitchen for the Minnehaha County Jail. This is a major fund.

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. 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 and fiduciary 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, 2011 are amounts due from federal, state, and local governments and other entities.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Reported 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. Deposits and Investments:

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

e. 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 Funds so that expenses are reported only by the function to which they relate.

f. Capital Assets:

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

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

Government-wide Financial Statements:

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

The total December 31, 2011 balance of governmental activities capital assets, excluding infrastructure, includes approximately .33 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.

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 financial statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land and Land Rights	$ 1	-------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.

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term liabilities primarily consist of limited tax general obligation bonds, other post employment benefits, 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.

h. Program Revenues:

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

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

i. 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.

j. Cash and Cash Equivalents:

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

k. Equity Classifications:

Government-wide Financial 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 "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components.

Proprietary fund equity is classified the same as in the government-wide financial statements. Agency Funds have no fund equity. The net assets are reported as net assets held in agency capacity.

l. 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.

m. Fund Balance Classification Policies and Procedures:

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

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

The Nonspendable Fund Balance is comprised of the following:

- Amount reported in non-spendable form such as inventory;

- Amount not in cash form such as long-term portion of loans receivable.

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

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

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

Major Special Revenue Fund	**Revenue Source**
Road and Bridge Fund	Motor vehicle licenses, grants, taxes, and intergovernmental revenue
Courthouse Building Fund	Taxes, intergovernmental revenue, and debt proceeds
911 Service Fund	911 Telephone Surcharge

A schedule of fund balances is provided as follows:

MINNEHAHA COUNTY
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	General Fund	Road and Bridge Fund	Building Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable For:						
Inventory	$	$ 710,523.64	$	$	$	$ 710,523.64
Notes Receivable			130,000.00			130,000.00
Restricted For:						
Road and Bridge Purposes		5,550,909.21				5,550,909.21
Debt Service Purposes			2,685,549.29		145,857.70	2,831,406.99
Capital Project Purposes				1,248,472.04		1,248,472.04
Fire Protection Purposes					77,004.36	77,004.36
Public Library Purposes					342,622.99	342;622.99
Domestic Abuse Purposes					13,420.00	13,420.00
24/7 Sobriety Purposes					312,460.64	312,460.64
Assigned To:						
Applied to Next Year's Budget	1,797,867.00					1,797,867.00
Applied to Next Year's Budget - Museum Store					3,628.00	3,628.00
Applied to Next Year's Budget - Museum Enterprise					33,750.00	33,750.00
Museum Store Purposes					39,903.25	39,903.25
Museum Enterprise Purposes					128,767.62	128,767.62
Emergency Management Purposes					122,292.26	122,292.26
Safe Home Donation Purposes	32,442.69					32,442.69
Unassigned	4,062,266.10					4,062,266.10
Total Fund Balances	$ 5,892,575.79	$ 6,261,432.85	$ 2,815,549.29	$ 1,248,472.04	$ 1,219,706.82	$ 17,437,736.79

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 would further limit 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 not have a deposit policy for custodial credit risk. As of December 31, 2011 the County's deposits in financial institutions were not exposed to 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 the 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. CASH WITH TRUSTEE

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

Amount:	Purpose:
$ 1,427,332.29	For Capital Asset construction (includes balances with trustees)

4. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The County expects receivables to be collected within one year. Notes receivable of $130,000 from the Sioux Empire Association for the construction of an ice rink exists at December 31, 2011. The County expects $42,000 to be collected within one year with the remaining balance of $88,000 to be collected in annual installments through November 1, 2014. The note receivable is due to the Building Fund.

5. INVENTORY

Inventory in the special revenue fund consists of expendable supplies held for consumption. Supply inventories are recorded at cost.

Government-wide Financial Statements:

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

Fund Financial Statements:

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

6. PROPERTY TAXES

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

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

7. CHANGES IN GENERAL CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2011 is as follows:

	Balance 1/1/2011	Increases	Decreases	Balance 12/31/2011
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$ 5,371,792.84	$	$	$ 5,371,792.84
Construction Work in Progress	96,643.46	1,760,251.51		1,856,894.97
Total Capital Assets not being Depreciated	5,468,436.30	1,760,251.51	0.00	7,228,687.81
Capital Assets being Depreciated:				
Improvements Other Than Buildings	60,991,039.32	3,710,425.35	(2,178,222.78)	62,523,241.89
Buildings	72,609,258.92			72,609,258.92
Machinery and Equipment	13,064,350.42	766,822.94	(349,244.80)	13,481,928.56
Total Capital Assets being Depreciated	146,664,648.66	4,477,248.29	(2,527,467.58)	148,614,429.37
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	(29,315,735.54)	(2,018,203.20)	2,178,222.78	(29,155,715.96)
Buildings	(26,702,325.71)	(1,579,997.61)		(28,282,323.32)
Machinery and Equipment	(7,453,051.96)	(1,085,820.38)	344,740.75	(8,194,131.59)
Total Accumulated Depreciation	(63,471,113.21)	(4,684,021.19)	2,522,963.53	(65,632,170.87)
Total Capital Assets being Depreciated, Net	83,193,535.45	(206,772.90)	(4,504.05)	82,982,258.50
Governmental Activity Capital Assets, Net	$ 88,661,971.75	$ 1,553,478.61	$ (4,504.05)	$ 90,210,946.31

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	$ 825,326.14
Public Safety	991,721.70
Public Works	2,418,474.94
Health and Welfare	206,802.63
Culture and Recreation	113,949.62
Conservation of Natural Resources	537.63
Urban and Economic Development	1,119.80
Unallocated	126,088.73
	$ 4,684,021.19

Construction Work in Progress at December 31, 2011 is composed of the following:

Project Name	Project Authorization	Expended thru 12/31/2011	Committed
Jail Kitchen Construction	$ 3,105,367.01	$ 1,856,894.97	$ 1,248,472.04

8. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

Primary Government: Governmental Activities:	Balance 1/1/11	Additions	Reductions	Balance 12/31/11	Due within One Year
Bonds and Certificates Payable:					
Certificates of Participation	$ 38,778,671.76	$ 2,075,000.00	$ (3,026,588.40)	$ 37,827,083.36	$ 3,251,643.69
Less: Net Deferred and Unamortized Amounts From Refunding	(1,230,405.67)	(85,348.75)	120,306.44	(1,195,447.98) **	
Financing (Capital Acquisition) Lease		44,231.00	(11,000.00)	33,231.00	16,750.00
Other Liabilities:					
Compensated Absences	2,551,339.58	2,386,699.64	(2,257,002.34)	2,681,036.88	2,190,878.56
Other Post-Employment Benefits (Retiree Health Insurance)	266,696.91	103,619.87		370,316.78	
Total Governmental Activities	$ 40,366,302.58	$ 4,524,201.76	$ (5,174,284.30)	$ 39,716,220.04	$ 5,459,272.25

** This amount represents the Series 2004, 2005, 2006, 2007AB&C, 2008A, 2010, and 2011A net deferred and unamortized amounts which are to be recognized over the life of the refunding certificates.

In 2011 the County issued $2,075,000.00 in Certificates of Participation with an average interest rate of 1.70 percent to refund the following Certificates of Participation due on December 1, 2011:

Date Issue	Project	Average Interest Rate	Amount of Principal Refunded
11/01/04	Certificates of Participation-Series 2004	3.50%	$ 625,000.00
11/20/07	Certificates of Participation-Series 2007B	3.55%	$ 295,000.00
10/03/08	Certificates of Participation-Series 2008	3.00%	$ 1,065,000.00

The proceeds of the refunding issues in the amount of $2,017,148.75 were deposited in an irrevocable trust with an escrow agent to pay the December 1, 2011 debt service requirements on the refunded bonds. The refunding of the debt increased the County's total debt service payment over ten years by $259,615.81, resulting in an economic loss of $11,526.82.

Debt payable at December 31, 2011, is comprised of the following:

Certificates of Participation:

Limited Tax General Obligation – Series 2004, 3.5 to 5.0 Percent Interest, Final Maturity Date of November 2020, Retired By the Courthouse Building Fund (Special Revenue Fund).	$ 12,545,000.00
Limited Tax General Obligation – Series 2005A, 4.0 to 4.25 Percent Interest, Final Maturity Date of November 2020, Retired By the Courthouse 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 Courthouse 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 Courthouse Building Fund (Special Revenue Fund).	$ 2,277,083.36
Limited Tax General Obligation – Series 2006, 3.65 to 4.0 Percent Interest, Final Maturity Date of December 2020, Retired By the Courthouse 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 Bond Redemption Fund (Special Revenue Fund).	$ 10,685,000.00
Limited Tax General Obligation – Series 2007B, 3.5 to 3.7 Percent Interest, Final Maturity Date of December 2014, Retired By the Courthouse Building Fund (Special Revenue Fund).	$ 970,000.00
Limited Tax General Obligation – Series 2007C, 3.7 to 4.0 Percent Interest, Final Maturity Date of December 2014, Retired By the Courthouse Building Fund (Special Revenue Fund).	$ 1,065,000.00
Limited Tax General Obligation – Series 2008A, 3.0 to 4.0 Percent Interest, Final Maturity Date of December 2012, Retired By the Courthouse Building Fund (Special Revenue Fund).	$ 1,095,000.00
Taxable Limited Tax General Obligation – Series 2010A (Recovery Zone Economic Development Bonds), 1.50 to 5.75 Percent Interest, Final Maturity Date of December 2030, Retired by the Bond Redemption Fund (Special Revenue Fund).	$ 2,785,000.00
Limited Tax General Obligation – Series 2010B, 0.75 to 1.15 Percent Interest, Final Maturity Date of December 2013, Retired By the Bond Redemption Fund (Special Revenue Fund).	$ 250,000.00
Limited Tax General Obligation – Series 2011A, 0.65 to 2.30 Percent Interest, Final Maturity Date of December 2020, Retired By the Courthouse Building Fund (Special Revenue Fund).	$ 2,075,000.00

Financing (Capital Acquisition) Lease:

Capital Lease – Computer Hardware, 0 Percent Interest, Final Maturity Date of June 2014, Retired by the General Fund.	$ 33,231.00

The purchase price at the commencement of the financing (capital acquisition) lease was:

Principal	$ 44,231.00
Interest	0.00
TOTAL	$ 44,231.00

The principal amount, above, was included in the appropriate classification of capital assets, and is being depreciated over the useful-life of the asset.

Compensated Absences:

Vacation Leave	$ 1,712,441.14
Sick Leave	$ 968,595.74

Payment to be made by the fund that the payroll expenditures are charged to.

Tax Increment Financing Notes issued November 2010 between Minnehaha County and South Dakota Network (SDN) in the maximum estimated principal amount $588,000.00 at 6% interest with final payment of December 1, 2031. Payments are made from tax increments collected and distributed from the Tax Incremental District #2 Fund established by the County. It is estimated that the increments will be for 2012 taxes paid in 2013. As of December 31, 2011 the principal amount had not yet been certified, therefore the liability is not reported on financial statements.

The annual requirements to amortize all debt outstanding as of December 31, 2011, except for compensated absences and other post-employment benefits are as follows:

Annual Requirements to Amortize Long-Term Debt
December 31, 2011

Year Ending December 31,	Certificates of Participation		Financing Capital Acquisition Lease	
	Principal	Interest	Principal	Interest
2012	$ 3,251,643.69	$ 1,603,305.65	$ 16,750.00	$ 0.00
2013	2,841,918.17	1,488,424.11	16,480.00	
2014	2,932,421.35	1,390,813.43	1.00	
2015	3,078,163.16	1,275,221.62		
2016	3,209,153.93	1,148,955.85		
2017-2021	15,255,127.39	3,539,244.01		
2022-2026	5,598,655.67	1,209,847.21		
2027-2031	1,660,000.00	153,387.50		
Total	$ 37,827,083.36	$ 11,809,199.38	$ 33,231.00	$ 0.00

Year Ending December 31,	Total	
	Principal	Interest
2012	$ 3,268,393.69	$ 1,603,305.65
2013	2,858,398.17	1,488,424.11
2014	2,932,422.35	1,390,813.43
2015	3,078,163.16	1,275,221.62
2016	3,209,153.93	1,148,955.85
2017-2021	15,255,127.39	3,539,244.01
2022-2026	5,598,655.67	1,209,847.21
2027-2031	1,660,000.00	153,387.50
Total	$ 37,860,314.36	$ 11,809,199.38

9. CONDUIT DEBT

In the past, the County has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the County, the State of South Dakota, nor any other political subdivision of the State is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2011, there were six series of conduit bonds outstanding, with an aggregate unpaid principal amount of $30,371,558.47.

10. 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 1st and December 1st.

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
	$ 103,745.90

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

11. RESTRICTED NET ASSETS

Restricted net assets for the year ended December 31, 2011 were as follows:

Major Funds:		
Road and Bridge Purposes	$ 6,039,480.12	
Capital Projects Purposes	1,248,472.04	
Courthouse Building Purposes	2,900,932.94	
Other Purposes:		
Fire Protection Purposes	86,111.80	
Museum Store Purposes	43,531.25	
Museum Enterprise Purposes	162,517.62	
Public Library Purposes	361,451.49	
Emergency and Disaster Purposes	93,958.55	
Domestic Abuse Purposes	13,420.00	
24/7 Program Purposes	312,460.64	
Bond Redemption Purposes	167,053.88	
Self-Insurance Purposes	2,998,453.16	
Total Restricted Net Assets		**$ 14,427,843.49**

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

12. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2011 were as follows:

	Transfers To:		
Transfers From:	General Fund	Other Nonmajor Governmental Funds	Totals
Major Funds:			
General Fund	$	$ 174,659.00	$ 174,659.00
Road and Bridge Fund	29,503.49		29,503.49
Other Nonmajor Governmental Funds	56,927.00		56,927.00
Totals	$ 86,430.49	$ 174,659.00	$ 261,089.49

The County typically budgets transfers to the Emergency Management Fund and from the 24/7 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.

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 and judicial employees contribute at 8 percent and 9 percent, respectively. 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, 2011, 2010, and 2009 were $1,612,509.08, $1,632,256.36, and $1,572,760.75, respectively, equal to the required contributions each year.

14. OTHER POST EMPLOYMENT BENEFITS - HEALTHCARE PLAN

Plan Description. The Minnehaha County Health Care Trust Plan is a single-employer defined benefit healthcare plan administered by Minnehaha County. The Minnehaha County Health Care Trust Plan provides medical insurance benefits to eligible retirees and their spouses as permitted by South Dakota Codified Law 6-1-16. Benefit provisions were established and may be amended by the governing board. The health plan does not issue separately stated stand-alone financial statements.

Funding Policy. The contribution requirements of plan members and the County are established and may be amended by the governing board. A benefited employee, who retires from the County on or after the age of 45 and with at least 15 years of consecutive service with the County and has 5 years of plan participation immediately preceding retirement, may be eligible for retiree health insurance coverage. Coverage ceases when the retiree attains the age of 65. The retiree is responsible for 102% of the full active premium rates for either single or family coverage.

Annual OPEB Cost and Net OPEB Obligation. The entity's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the financial components of the plan:

Annual Required Contribution (ARC)	$ 87,175.00
Interest on net OPEB obligation	0.00
Adjustment to annual required contribution	0.00
Annual OPEB Cost	87,175.00
Contributions made	16,444.87
Increase (Decrease) in net OPEB obligation	103,619.87
Net OPEB obligation – beginning of year	266,696.91
Net OPEB obligation – end of year	$ 370,316.78

The entity's annual OPEB cost data and net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/08	$ 87,175.00	(13.78%)	$ 99,188.48
12/31/09	$ 87,175.00	11.71%	$ 176,154.96
12/31/10	$ 87,175.00	(3.87%)	$ 266,696.91
12/31/11	$ 87,175.00	(18.87%)	$ 370,316.78
Past years not available			

Funded Status and Funding Progress. The plan's statistics were as follows:

Actuarial Valuation Date December 31,	Actuarial Accrued Liability	Actuarial Value of Benefit Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a % of Covered Payroll
2008	$ 740,601	$ 0.00	$ 740,601	0%	$ 21,409,624	3.5%
2009	$ 740,601*	$ 0.00	$ 740,601	0%	$ 22,051,913**	3.4%
2010	$ 740,601*	$ 0.00	$ 740,601	0%	$ 23,805,206.48***	3.1%
2011	$ 740,601*	$ 0.00	$ 740,601	0%	$ 24,095,538.27****	3.08%

* The Actuarial Accrued Liability is based on the Actuarial Accrued Liability as of December 31, 2008, the most recent actuarial valuation date. The County elected to estimate subsequent values and not to adjust the Actuarial Accrued Liability.
**The December 31, 2009 covered payroll is based on an estimated salary increase of 3%.
***The December 31, 2010 covered payroll is based on actual cost.
****The December 31, 2011 covered payroll is based on CY 2011 approved payroll budget.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The above schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008 the most recent actuarial valuation date, the projected unit credit method was used. The actuarial assumptions included a 5% rate of return and an annual healthcare cost trend rate of 8% for 2009 reduced by .5% decrements to an ultimate rate of 5% for year 2014 and thereafter. Both rates include a 3% inflation assumption. The UAAL is being amortized at a level dollar amount on an open basis over a period of 30 years.

15. JOINT VENTURES

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

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

16. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2011, 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.

17. 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, 2011, 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 2011 the minimum aggregate amount was $2,467,469. The insurance company would pay 100% of all program eligible claim expenses in excess of that amount for 2011. The other form of insurance carried by the County on the self-insurance program covers individual cases. In 2011 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 2011 insurance agreement and a review of the 2010 and 2009 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 2011 the self-insurance program's total yearly claim expenses did not exceed the minimum aggregate deductible of $2,467,469 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 eight years (2003 through 2010).

Individual Claim Amount:
In 2011 the insurance company set a $100,000 yearly deductible level on individual cases. In 2011 the program had three individuals with claim expenses that exceeded the individual claim level amount. In 2010 the program had three individuals with claim expenses that exceeded the individual claim level amount, and in 2009 the program had two individuals with claim expenses that exceeded the individual claim level amount.

The County has reserved equity in the Self-Insurance Fund in the amount of $3,022,516.92 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. Automotive Liability
c. Officials' 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 for property coverage and $500,000 for liability coverage 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%

As of December 31, 2011, the County has vested balance in the cumulative reserve fund of $343,399.39.

The County carries a $5,000 deductible for the General and Law Enforcement Liability coverage, $2,500 deductible for the Officials' Liability coverage, and no deductible for the Automotive Liability coverage.

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

Worker's Compensation:

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

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

Unemployment Benefits:

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

During the year ended December 31, 2011, six claims were filed for unemployment benefits. These claims resulted in the payment of benefits in the amount of $17,514.64. At December 31, 2011, no claims had been filed and were outstanding.

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	$ 26,763,731.00	$ 26,763,731.00	$ 26,329,681.45	$ (434,049.55)
General Property Taxes--Delinquent	289,000.00	289,000.00	543,295.91	254,295.91
Penalties and Interest	50,000.00	50,000.00	96,725.70	46,725.70
Telephone Tax (Outside)	20,000.00	20,000.00	13,070.47	(6,929.53)
Mobile Home Tax	22,000.00	22,000.00	16,428.72	(5,571.28)
Other Taxes	15,500.00	15,500.00	19,037.60	3,537.60
Licenses and Permits	230,200.00	230,200.00	467,543.28	237,343.28
Intergovernmental Revenue:				
Federal Grants	663,568.00	663,568.00	616,566.30	(47,001.70)
Federal Shared Revenue	882,053.00	882,053.00	726,428.24	(155,624.76)
Federal Payments in Lieu of Taxes	2,500.00	2,500.00	2,236.15	(263.85)
State Grants	0.00	0.00	36,993.55	36,993.55
State Shared Revenue:				
Bank Franchise	1,500,000.00	1,500,000.00	690,857.21	(809,142.79)
Court Appointed Attorney/Public Defender	260,000.00	260,000.00	187,285.56	(72,714.44)
Abused and Neglected Child Defense	0.00	0.00	40,478.54	40,478.54
Telecommunications Gross Receipts Tax	925,000.00	925,000.00	1,035,174.01	110,174.01
Other Payments in Lieu of Taxes	1,000.00	1,000.00	758.22	(241.78)
Other Intergovernmental Revenue:				
Museum Operations (City Share)	589,949.00	589,949.00	581,207.97	(8,741.03)
Health/Human Service Operations (City Share)	220,000.00	220,000.00	230,877.84	10,877.84
Other Intergovernmental Revenue	279,773.00	279,773.00	386,624.96	106,851.96
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	282,200.00	282,200.00	307,608.10	25,408.10
Register of Deeds' Fees	1,390,500.00	1,390,500.00	1,205,295.90	(185,204.10)
Legal Services	641,000.00	641,000.00	672,987.10	31,987.10
Clerk of Courts Fees	305,000.00	305,000.00	288,712.05	(16,287.95)
Other Fees	269,250.00	269,250.00	236,839.61	(32,410.39)
Public Safety:				
Law Enforcement	1,430,000.00	1,430,000.00	1,338,587.88	(91,412.12)
Prisoner Care	4,270,000.00	4,270,000.00	3,918,282.56	(351,717.44)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	221,000.00	221,000.00	207,041.96	(13,958.04)
Mental Health Services	70,000.00	70,000.00	47,457.62	(22,542.38)
Culture and Recreation	52,000.00	52,000.00	76,116.07	24,116.07
Fines and Forfeits:				
Fines	23,500.00	23,500.00	21,813.72	(1,686.28)
Costs	165,000.00	165,000.00	137,109.46	(27,890.54)
Forfeits	150,000.00	150,000.00	135,942.00	(14,058.00)
Other	3,000.00	3,000.00	1,980.00	(1,020.00)
Miscellaneous Revenue:				
Investment Earnings	150,000.00	150,000.00	62,316.19	(87,683.81)
Rent	93,000.00	93,000.00	92,191.52	(808.48)
Contributions and Donations	0.00	0.00	34,584.00	34,584.00
Refund of Prior Year's Expenditures	40,000.00	40,000.00	16,850.65	(23,149.35)

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2011
(Continued)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Other	138,300.00	138,300.00	171,602.45	33,302.45
Total Revenues	42,408,024.00	42,408,024.00	40,994,590.52	(1,413,433.48)
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	520,526.00	575,631.67	554,236.14	21,395.53
Contingency	25,000.00	25,000.00		
Amount Transferred		(4,000.00)		21,000.00
Elections	87,704.00	94,806.45	80,227.89	14,578.56
Judicial System	975,100.00	1,215,100.00	1,186,900.84	28,199.16
Financial Administration:				
Auditor	602,239.00	602,239.00	559,306.47	42,932.53
Treasurer	1,193,136.00	1,193,136.00	1,093,528.35	99,607.65
Information Technology	1,693,772.00	1,729,269.21	1,530,853.09	198,416.12
Legal Services:				
State's Attorney	2,932,995.00	2,935,831.65	2,784,771.83	151,059.82
Public Defender	2,236,104.00	2,236,491.94	2,158,361.96	78,129.98
Public Advocate	513,976.00	524,171.74	496,306.63	27,865.11
Other Administration:				
General Government Building	2,464,908.00	2,483,376.96	2,274,914.78	208,462.18
Director of Equalization	1,352,368.00	1,356,174.56	1,277,111.35	79,063.21
Register of Deeds	700,603.00	700,603.00	651,246.73	49,356.27
Predatory Animal	5,855.00	5,855.00	5,854.17	0.83
Human Resources	271,335.00	271,335.00	228,943.78	42,391.22
Self-Insurance Plan	215,500.00	215,500.00	187,483.62	28,016.38
Other (S.E.C.O.G.)	22,508.00	22,508.00	22,508.00	0.00
Public Safety:				
Law Enforcement:				
Sheriff	5,756,877.00	5,843,925.38	5,412,691.61	431,233.77
Humane Society	45,000.00	46,100.00	43,636.03	2,463.97
County Jail	10,534,581.00	10,555,388.71	9,676,612.17	878,776.54
Coroner	305,000.00	315,000.00	314,986.13	13.87
Juvenile Detention	3,309,301.00	3,310,962.69	2,884,136.66	426,826.03
Air Guard	860,366.00	860,366.00	702,592.76	157,773.24
STI Security	163,537.00	163,537.00	160,709.88	2,827.12
Protective and Emergency Services:				
Communication Center	324,132.00	324,132.00	324,132.00	0.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	3,727,005.00	3,727,005.00	3,108,895.36	618,109.64
Other (ARRA-HPRP Grant)	494,670.00	653,159.60	406,404.18	246,755.42
Health Assistance:				
Ambulance Services	225,000.00	225,000.00	223,749.96	1,250.04
Social Services:				
Glory House	0.00	1,095.00	1,095.00	0.00
Safe Home	624,229.00	791,613.00	143,102.77	648,510.23
Helpline Center, Inc.	2,000.00	2,000.00	2,000.00	0.00
Mental Health Services:				
Mentally Ill	995,800.00	1,010,800.00	854,697.47	156,102.53
Drug Abuse	10,000.00	10,000.00	10,000.00	0.00
Mental Health Centers	148,265.00	148,265.00	148,265.00	0.00

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2011
(Continued)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Culture and Recreation:				
Culture:				
Historical Museum	1,194,441.00	1,195,788.22	1,065,906.43	129,881.79
Memorial Day Expense	1,200.00	1,200.00	878.00	322.00
County Cemetery	500.00	1,045.43	470.00	575.43
Recreation:				
Parks	131,416.00	132,552.66	108,235.55	24,317.11
County Fair	150,000.00	150,000.00	150,000.00	0.00
Other	500.00	500.00	0.00	500.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	188,619.00	194,729.34	164,118.25	30,611.09
Agri-Business	2,500.00	2,500.00	2,500.00	0.00
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	586,431.00	645,451.60	572,511.75	72,939.85
Economic Development:				
Sioux Falls Development Foundation	9,000.00	9,000.00	9,000.00	0.00
Minnehaha County Economic Development Association	10,000.00	10,000.00	10,000.00	0.00
Total Expenditures	45,613,999.00	46,514,146.81	41,593,882.59	4,920,264.22
Excess of Revenues Over (Under) Expenditures	(3,205,975.00)	(4,106,122.81)	(599,292.07)	3,506,830.74
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	86,430.49	86,430.49
Transfers Out	0.00	0.00	(174,659.00)	(174,659.00)
Capital Lease	0.00	0.00	44,231.00	44,231.00
Insurance Proceeds	70,000.00	70,000.00	82,309.89	12,309.89
Sale of County Property	20,000.00	20,000.00	57,272.01	37,272.01
Total Other Financing Sources (Uses)	90,000.00	90,000.00	95,584.39	5,584.39
Net Change in Fund Balance	(3,115,975.00)	(4,016,122.81)	(503,707.68)	3,512,415.13
Fund Balance - Beginning	6,396,283.47	6,396,283.47	6,396,283.47	0.00
FUND BALANCE - ENDING	$ 3,280,308.47	$ 2,380,160.66	$ 5,892,575.79	$ 3,512,415.13

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
Wheel Tax	$ 3,000,000.00	$ 3,000,000.00	$ 3,100,705.43	$ 100,705.43
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	14,627.23	14,627.23
State Shared Revenue:				
Motor Vehicle Licenses	4,600,000.00	4,600,000.00	5,205,773.96	605,773.96
Prorate/Port of Entry Fees	310,000.00	310,000.00	371,517.14	61,517.14
63 3/4% Mobile Home/Manufactured Home	25,000.00	25,000.00	13,313.60	(11,686.40)
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	3,000.00	3,000.00	160.00	(2,840.00)
Miscellaneous Revenue:				
Investment Earnings	0.00	0.00	29,503.49	29,503.49
Other	3,000.00	3,000.00	123,714.01	120,714.01
Total Revenues	7,941,000.00	7,941,000.00	8,859,314.86	918,314.86
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	9,409,680.00	10,452,317.86	9,905,919.94	546,397.92
Excess of Revenues Over (Under) Expenditures	(1,468,680.00)	(2,511,317.86)	(1,046,605.08)	1,464,712.78
Other Financing Sources (Uses):				
Transfers Out	0.00	0.00	(29,503.49)	(29,503.49)
Net Change in Fund Balance	(1,468,680.00)	(2,511,317.86)	(1,076,108.57)	1,435,209.29
Changes in Nonspendable	0.00	0.00	40,922.10	40,922.10
Fund Balance - Beginning	7,296,619.32	7,296,619.32	7,296,619.32	0.00
FUND BALANCE - ENDING	$ 5,827,939.32	$ 4,785,301.46	$ 6,261,432.85	$ 1,476,131.39

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUILDING FUND
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	$ 3,504,839.00	$ 3,504,839.00	$ 3,453,073.29	$ (51,765.71)
General Property Taxes--Delinquent	41,500.00	41,500.00	73,922.00	32,422.00
Penalties and Interest	5,500.00	5,500.00	13,234.32	7,734.32
Mobile Home Tax	3,000.00	3,000.00	1,986.31	(1,013.69)
Other Taxes	0.00	0.00	133.34	133.34
Intergovernmental Revenue:				
Federal Payments in Lieu of Taxes	250.00	250.00	293.27	43.27
Other Payments in Lieu of Taxes	0.00	0.00	99.43	99.43
Other Intergovernmental Revenue:				
Other Intergovernmental Revenue	103,700.00	103,700.00	103,745.94	45.94
Miscellaneous Revenue:				
Investment Earnings	25,000.00	25,000.00	5,716.07	(19,283.93)
Other	0.00	0.00	800.00	800.00
Total Revenues	3,683,789.00	3,683,789.00	3,653,003.97	(30,785.03)
Expenditures:				
General Government:				
Financial Administration:				
Other	236,000.00	315,028.79	131,288.29	183,740.50
Debt Service	3,503,370.00	3,503,370.00	1,541,416.02	1,961,953.98
Total Expenditures	3,739,370.00	3,818,398.79	1,672,704.31	2,145,694.48
Excess of Revenues Over (Under) Expenditures	(55,581.00)	(134,609.79)	1,980,299.66	2,114,909.45
Other Financing Sources (Uses):				
Proceeds of Certificates Issued	0.00	0.00	2,075,000.00	2,075,000.00
Payments to Refunded Debt Escrow Agent	0.00	0.00	(2,017,148.75)	(2,017,148.75)
Total Other Financing Sources (Uses)	0.00	0.00	57,851.25	57,851.25
Net Change in Fund Balance	(55,581.00)	(134,609.79)	2,038,150.91	2,172,760.70
Fund Balance - Beginning	777,398.38	777,398.38	777,398.38	0.00
FUND BALANCE - ENDING	$ 721,817.38	$ 642,788.59	$ 2,815,549.29	$ 2,172,760.70

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
911 SERVICE FUND
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
911 Telephone Surcharge	$ 2,200,000.00	$ 2,200,000.00	$ 2,344,642.89	$ 144,642.89
Expenditures:				
Public Safety:				
Protective and Emergency Services:				
Communication Center	2,200,000.00	2,425,000.00	2,344,642.89	80,357.11
Net Change in Fund Balance	0.00	(225,000.00)	0.00	225,000.00
Fund Balance - Beginning	0.00	0.00	0.00	0.00
FUND BALANCE - ENDING	$ 0.00	$ (225,000.00)	$ 0.00	$ 225,000.00

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. GAAP/Budgetary Accounting Basis Differences:

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

REQUIRED SUPPLEMENTARY INFORMATION
MINNEHAHA COUNTY
SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFIT LIABILITY
December 31, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Attained Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
December 31, 2008	$	$ 740,601.00	$ 740,601.00	0.00%	$ 21,409,624.00	3.50%

The Actuarial Accrued Liability is based on the Actuarial Accrued Liability as of December 31, 2008, the most recent actuarial date.

MINNEHAHA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	2011 Expenditures
US Department of Agriculture:		
Child Nutrition Cluster:		
Indirect Federal Funding:		
SD Department of Education,		
Cash Assistance:		
School Breakfast Program	10.553	$ 18,651.72
National School Lunch Program	10.555	30,721.06
Total Child Nutrition Cluster - US Department of Agriculture		49,372.78
US Department of Commerce:		
Indirect Federal Funding:		
SD Department of Public Safety,		
Public Safety Interoperable Communications Grant Program	11.555	1,995.39
US Department of Housing and Urban Development:		
Direct Federal Funding:		
Economic Development Initiative--Special Project, Neighborhood Initiative and Miscellaneous Grants (Note 3) (Note 4)	14.251	340,900.00
Indirect Federal Funding:		
SD Housing Development Authority,		
ARRA Homeless Prevention and Rapid Re-Housing Program (Note 3)	14.257	406,404.18
Total US Department of Housing and Urban Development		747,304.18
US Department of Interior:		
Direct Federal Funding:		
Distribution of Receipts to State and Local Governments (Refuge Revenue Sharing Act) (Note 2)	15.227	10,859.00
US Department of Justice:		
Direct Federal Funding:		
State Criminal Alien Assistance Program	16.606	3,399.82
ARRA Public Safety Partnership and Community Policing Grant (Note 4)	16.710	71,124.82
Juvenile Mentoring Program (Note 4)	16.726	26,624.82
Indirect Federal Funding:		
SD Department of Corrections,		
Juvenile Accountability Block Grants (Note 4)	16.523	91,569.34
Juvenile Justice and Delinquency Prevention-Allocation to States (Note 4)	16.540	1,095.00
SD Network Against Family Violence and Sexual Assault,		
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	50,829.00
City of Sioux Falls,		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	6,906.37
Recovery Act Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to Units of Local Government	16.804	10,500.00
SD Attorney General's Office,		
Equitable Sharing Program	16.922	63,771.54
Total US Department of Justice		325,820.71
US Department of Transportation:		
Highway Safety Cluster:		
Indirect Federal Funding:		
SD Department of Public Safety--Highway Safety,		
State and Community Highway Safety	20.600	9,996.70
Alcohol Impaired Driving Countermeasurers Incentive Grants	20.601	26,355.42
Total Highway Safety Cluster - US Department of Transportation		36,352.12
Other Programs:		
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	35,409.86
Total US Department of Transportation		71,761.98
US General Services Administration:		
Indirect Federal Funding:		
SD Federal Property Agency,		
Donation of Federal Surplus Personal Property (Note 5)	39.003	5,106.08

MINNEHAHA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011
(Continued)

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	2011 Expenditures
US Election Assistance Commission:		
Indirect Federal Funding:		
SD Secretary of State,		
Help America Vote Act Requirements Payments	90.401	18,787.20
US Department of Health and Human Services:		
Indirect Federal Funding:		
SD Department of Social Services,		
Promoting Safe and Stable Families (Note 4)	93.556	72,000.00
US Department of Homeland Security:		
Emergency Food and Shelter Program Cluster:		
Direct Federal Funding:		
Emergency Food and Shelter National Board Program	97.024	11,972.24
Homeland Security Cluster:		
Indirect Federal Funding:		
SD Department of Public Safety - Office of Emergency Management,		
Homeland Security Grant Program (Note 3) (Note 4)	97.067	2,214,884.57
Other Programs:		
Indirect Federal Funding:		
SD Department of Public Safety - Office of Emergency Management,		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	12,906.38
Emergency Management Performance Grants (Note 3) (Note 4)	97.042	216,067.91
Total US Department of Homeland Security		2,455,831.10
GRAND TOTAL		$ 3,758,838.42

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
Economic Development Initiative-Special Project, Neighborhood Initiative	14.251	$ 340,900.00
Juvenile Accountability Block Grants	16.523	50,873.72
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	1,095.00
ARRA Public Safety Partnership and Community Policing Grants	16.710	22,079.98
Juvenile Mentoring Program	16.726	25,357.07
Promoting Safe and Stable Families	93.556	72,000.00
Emergency Management Performance Grant	97.042	52,395.91
Homeland Security Grant Program	97.067	1,682,033.27
Total		$ 2,246,734.95

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