UNION COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2006

UNION COUNTY
COUNTY OFFICIALS
December 31, 2006

Board of Commissioners:
Doyle Karpen
Marvin Schempp
Richard Spaans
Dan Lederman
John Dennison

Auditor:
Carol Klumper

Treasurer:
Myron Hertel

State's Attorney:
Jerry Miller

Register of Deeds:
Jana Foltz

Sheriff:
Dan Limoges

UNION 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
Union County
Elk Point, South Dakota

We have audited the modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, South Dakota (County), as of December 31, 2006 and 2005, and for each of the years then ended which collectively comprise the County's basic financial statements and have issued our report thereon dated December 17, 2007.

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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies 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 communication dated December 17, 2007.

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 Union 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

December 17, 2007

STATE OF SOUTH DAKOTA
DEPARTMENT OF LEGISLATIVE AUDIT

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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

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

County Commission
Union County
Elk Point, South Dakota

Compliance

We have audited the compliance of Union County, South Dakota (County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the biennial period ended December 31, 2006. 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, Union County, South Dakota complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the biennial period ended December 31, 2006.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, state granting agencies, the governing board and management of Union 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

December 17, 2007

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

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

Prior Audit Findings:

The prior audit report contained no written audit comments.

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 significant deficiencies or material weaknesses 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. No significant deficiencies or material weaknesses were disclosed by our audit of the major federal programs.

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

f. Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a).

g. The federal awards tested as major programs were:

1. Community Development Block Grants/State's Program CFDA# 14.228
2. Homeland Security Cluster CFDA#'s 97.004 and 97.067

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

i. Union County did not qualify as a low-risk auditee.

Current Federal Audit Findings:

There are no written current federal 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
Union County
Elk Point, South Dakota

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, South Dakota, (County) as of December 31, 2006 and 2005, and for each of the years then ended, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, South Dakota as of December 31, 2006 and 2005, and the respective changes in financial position, where applicable, thereof for each of the years then ended in conformity with the modified cash basis of accounting described in Note 1.c. to the financial statements.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 17, 2007 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing* Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A's) and Budgetary Comparison Schedules on pages 8 through 17, and 39 through 46 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and the Schedules of Changes in Long-Term Debt listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Martin L. Guindon, CPA
Auditor General

December 17, 2007

UNION COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2006

Our discussion and analysis of Union County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2006, within the limitations of the County's modified cash basis of accounting. Please read it in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- The County's total expenditures exceeded total revenues, on the modified cash basis of accounting, by $35,145.36 for the year, resulting in a decrease in total net assets over the previous year.
- The County was used as a pass through entity for CDBG funds in the amount of $331,265.29 for Clay Rural Water project.
- The County's General Fund ended the year with a fund balance of $2,443,349.89, showing a 15.29% increase over 2005.

USING THIS REPORT

This report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's modified cash basis of accounting.

Report Components

This report consists of four parts as follows:

Government-Wide Financial Statements: The Statement of Net Assets and the Statement of Activities provide information about the activities of the County using a government-wide focus (or "as a whole").

Fund Financial Statements: Fund financial statements focus on the individual parts of County government. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant ("major") funds. For *governmental activities*, these statements tell how these services were financed in the short term as well as what remains for future spending. For *fiduciary funds*, these statements reflect the balance of flow-thru type funds at the end of the year.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Required Supplementary Information: This Management's Discussion and Analysis and the Budgetary Comparison Schedules represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statement"). The Budgetary Comparison Schedule is presented on a budgetary basis of accounting whereby capital outlay expenditures are reported within the respective functions rather than as a separate capital outlay function.

Basis of Accounting

The County has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the County's modified

cash basis of accounting, revenues and expenses and related assets are recorded when they result from cash transactions, except for the recording of investments.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues, (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This report includes all activities for which the County Board is fiscally responsible. These activities, defined as the County's reporting entity, are operated within one entity that makes up the primary government known as Union County.

The Government-Wide Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all of the County's assets resulting from the use of the modified cash basis of accounting.

These two statements report the County's net assets and changes in them. Keeping in mind the limitations of the modified cash basis of accounting, you can think of the County's net assets as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the County's assessed valuation and the condition of the County's roads, to assess the overall health of the County.

In the Statement of Net Assets and the Statement of Activities, we report the Governmental activities. Most of the County's basic services are reported here, including the law enforcement, 911 service, fire, general government, roads and courts. Property taxes and state and federal grants finance most of these activities.

Reporting the County's Most Significant Funds

The Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds-not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County Board establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County has two kinds of funds - *governmental and fiduciary.*

> ***Governmental funds*** - Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The County considers the General Fund and the Road Fund to be its significant or major

governmental funds. All other governmental funds are aggregated in a single column entitled other governmental funds.

Fiduciary funds - Fiduciary funds are used to account for assets that are primarily flow-thru in nature. These funds are used to account for revenues for which the county has the fiduciary responsibility to apportion, such as, property taxes and license plates revenues.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Assets - Modified Cash Basis

The County's combined net assets, resulting from modified cash basis transactions, remained approximately the same at $3.2 million between fiscal years 2005 and 2006.

	Governmental Activities		*Total Percentage Change*
	2005	2006	
Cash and Cash Equivalents	$ 533,953.98	$ 830,036.66	55.45%
Investments	2,354,471.79	2,385,285.59	1.31%
Restricted Cash and Investments	362,041.84		(100.00%)
Total Assets	**3,250,467.61**	**3,215,322.25**	**(1.08%)**
Net Assets:			
Restricted For:			
County Road and Bridge	750,635.00	490,198.16	(34.70%)
Other Purposes	380,604.80	281,774.20	(25.97%)
Unrestricted	2,119,227.81	2,443,349.89	15.29%
Total Net Assets	**$ 3,250,467.61**	**$ 3,215,322.25**	**(1.08%)**

Net assets of the County's governmental activities decreased 1.08% to $3.2 million. However, $771,972.36 of those net assets are restricted as to the purposes for which they can be used. Consequently, unrestricted net assets showed $2,443,349.89 at the end of 2006 compared to $2,119,227.81 in 2005.

Changes in Net Assets - Modified Cash Basis

For the year ended December 31, 2006, net assets of the primary government (resulting from modified cash basis transactions) changed as follows:

	Governmental Activities		*Total Percentage Change*
	2005	2006	
Revenues			
Program Revenues:			
Charges for Services	$ 891,013.01	$ 728,573.35	(18.23%)
Operating Grants and Contributions	1,019,107.76	1,281,715.58	25.77%
General Revenues:			
Property Tax	3,354,514.30	3,440,889.01	2.57%
Wheel Tax	292,649.97	308,504.17	5.42%
911 Surcharge	73,639.79	100,250.95	36.14%
State Shared Revenue	71,555.63	88,003.29	22.99%
Grants and Contributions not Restricted to Specific Programs	385.00	435.00	12.99%
Investment Income	89,393.90	172,828.76	93.33%
Miscellaneous	31,799.45	53,902.83	69.51%
Total Revenue	**5,824,058.81**	**6,175,102.94**	**6.03%**

	Governmental Activities		Total Percentage Change
	2005	2006	
Expenses			
General Government	1,370,066.95	1,502,652.39	9.68%
Public Safety	1,596,588.22	1,692,897.56	6.03%
Public Works	2,362,923.54	2,273,795.21	(3.77%)
Health and Welfare	125,333.83	130,884.20	4.43%
Culture and Recreation	26,992.67	26,662.40	(1.22%)
Conservation of Natural Resources	194,998.88	136,761.73	(29.87%)
Economic Development	152,489.08	403,898.36	164.87%
Debt Service	44,036.35	42,696.45	(3.04%)
Total Expenses	**5,873,429.52**	**6,210,248.30**	**5.73%**
Change in Net Assets	**(49,370.71)**	**(35,145.36)**	**(28.81%)**
Adjusted Beginning Net Assets	**3,299,838.32**	**3,250,467.61**	**(1.50%)**
Ending Net Assets	**$ 3,250,467.61**	**$ 3,215,322.25**	**(1.08%)**

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenue, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. This type of format highlights the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

For the year ended December 31, 2006, total expenses for governmental activities, resulting from modified cash basis transactions, amounted to $6,210,248.30. Of these total expenses, taxpayers and other general revenues funded $4,199,959.37, while those directly benefiting from the program funded $1,281,715.58 from grants and other contributions and $728,573.35 from charges for services. Union County was the pass-through governmental agency for a CDBG grant ($412,000) for Clay Rural Water System beginning in 2005. The project was finalized in 2006 with expenses of $331,265.

Net Cost of County of Union County's Governmental Activities – Modified Cash Basis

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2005	2006		2005	2006	
General Government	$ 1,370,066.95	$ 1,502,652.39	9.68%	$ 1,000,237.52	$ 1,099,331.65	9.91%
Public Safety	1,596,588.22	1,692,897.56	6.03%	1,080,350.86	1,226,498.23	13.53%
Public Works	2,362,923.54	2,273,795.21	(3.77%)	1,461,591.18	1,508,784.31	3.23%
Health and Welfare	125,333.83	130,884.20	4.43%	113,910.57	100,331.12	(11.92%)
Culture and Recreation	26,992.67	26,662.40	(1.22%)	26,992.67	26,662.40	(1.22%)
Conservation of Natural Resources	194,998.88	136,761.73	(29.87%)	164,435.23	123,022.14	(25.19%)
Economic Development	152,489.08	403,898.36	164.87%	71,754.37	72,633.07	1.22%
Debt Service	44,036.35	42,696.45	(3.04%)	44,036.35	42,696.45	(3.04%)
Total	**$ 5,873,429.52**	**$ 6,210,248.30**	**5.73%**	**$ 3,963,308.75**	**$ 4,199,959.37**	**5.97%**

A FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

- On the modified cash basis of accounting, the General Fund reported revenues and other financing sources of $4,295,198.05 and expenditures and net transfers of $3,971,075.97, resulting in an increase in fund balance of $324,122.08.

General Fund Budgetary Highlights

Over the course of the year, the County Board revised the General Fund budget at various times. For the year ended December 31, 2006, General Fund expenditures were $414,687.03 below final appropriations. The Road and Bridge Fund expenditures were $896.84 below final appropriations.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This report is designated to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's office at 209 East Main St. Suite 200,Elk Point, County of Union, SD or telephone at (605) 356-2101.

UNION COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2005

Our discussion and analysis of Union County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2005, within the limitations of the County's modified cash basis of accounting. Please read it in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- The County's total expenditures exceeded total revenues, on the modified cash basis of accounting, by $49,370.71 for the year, resulting in a decrease in total net assets over the previous year.
- The County was awarded $224,480.55 in Homeland Security grants to help fund local response services.
- The County's General Fund ended the year with a fund balance of $2,119,227.81, showing an insignificant difference from 2004.

USING THIS REPORT

This report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's modified cash basis of accounting.

Report Components

This report consists of four parts as follows:

Government-Wide Financial Statements: The Statement of Net Assets and the Statement of Activities provide information about the activities of the County using a government-wide focus (or "as a whole").

Fund Financial Statements: Fund financial statements focus on the individual parts of County government. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant ("major") funds. For *governmental activities*, these statements tell how these services were financed in the short term as well as what remains for future spending. For *fiduciary funds*, these statements reflect the balance of flow-thru type funds at the end of the year.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Required Supplementary Information: This Management's Discussion and Analysis and the Budgetary Comparison Schedules represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statement"). The Budgetary Comparison Schedule is presented on a budgetary basis of accounting whereby capital outlay expenditures are reported within the respective functions rather than as a separate capital outlay function.

Basis of Accounting

The County has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the County's modified

cash basis of accounting, revenues and expenses and related assets are recorded when they result from cash transactions, except for the recording of investments.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues, (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This report includes all activities for which the County Board is fiscally responsible. These activities, defined as the County's reporting entity, are operated within one entity that makes up the primary government known as Union County.

The Government-Wide Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all of the County's assets resulting from the use of the modified cash basis of accounting.

These two statements report the County's net assets and changes in them. Keeping in mind the limitations of the modified cash basis of accounting, you can think of the County's net assets as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the County's assessed valuation and the condition of the County's roads, to assess the overall health of the County.

In the Statement of Net Assets and the Statement of Activities, we report the Governmental activities. Most of the County's basic services are reported here, including the law enforcement, 911 service, fire, general government, roads and courts. Property taxes and state and federal grants finance most of these activities.

Reporting the County's Most Significant Funds

The Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds-not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County Board establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County has two kinds of funds - *governmental and fiduciary.*

> ***Governmental funds*** - Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The County considers the General Fund and the Road Fund to be its significant or major

governmental funds. All other governmental funds are aggregated in a single column entitled nonmajor funds.

Fiduciary funds - Fiduciary funds are used to account for assets that are primarily flow-thru in nature. These funds are used to account for revenues for which the county has the fiduciary responsibility to apportion, such as, property taxes and license plates revenues.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Assets - Modified Cash Basis

The County's combined net assets, resulting from modified cash basis transactions, decreased from approximately $3.3 million to $3.2 million between fiscal years 2004 and 2005.

	Governmental Activities		*Total Percentage Change*
	2004	2005	
Cash and Cash Equivalents and Investments	$ 3,079,816.04	$ 2,888,425.77	(6.21%)
Restricted Cash and Investments	239,923.37	362,041.84	50.90%
Total Assets	**3,319,739.31**	**3,250,467.61**	**(2.09%)**
Net Assets:			
Restricted For:			
County Road and Bridge	889,789.20	750,635.00	(15.64%)
Other Purposes	331,107.81	380,604.80	14.95%
Unrestricted	2,098,842.30	2,119,227.81	0.97%
Total Net Assets	**$ 3,319,739.31**	**$ 3,250,467.61**	**(2.09%)**

Net assets of the County's governmental activities decreased 2.09% to $3.2 million. However, $1,131,239.80 of those net assets are restricted as to the purposes for which they can be used. Consequently, unrestricted net assets showed only $2,119,227.81 at the end of 2005 compared to $2,098,842.30 in 2004.

Changes in Net Assets - Modified Cash Basis

For the year ended December 31, 2005, net assets of the primary government (resulting from modified cash basis transactions) changed as follows:

	Governmental Activities		*Total Percentage Change*
	2004	2005	
Revenues			
Program Revenues:			
Charges for Services	$ 753,802.46	$ 891,013.01	18.20%
Operating Grants and Contributions	912,422.41	1,019,107.76	11.70%
General Revenues:			
Property Tax	3,257,489.99	3,354,514.30	2.98%
Wheel Tax	290,854.76	292,649.97	0.62%
911 Surcharge	64,631.22	73,639.79	13.90%
State Shared Revenue	77,120.68	71,555.63	(7.22%)
Grants and Contributions not Restricted to Specific Programs	435.00	385.00	(11.50%)
Investment Income	67,631.06	89,393.90	32.18%
Miscellaneous	47,081.60	31,799.45	(32.46%)
Total Revenue	**5,471,469.18**	**5,824,058.81**	**6.44%**

	Governmental Activities		Total Percentage Change
	2004	2005	
Expenses			
General Government	1,318,626.46	1,370,066.95	3.90%
Public Safety	1,370,871.73	1,596,588.22	16.47%
Public Works	2,294,762.03	2,362,923.54	2.97%
Health and Welfare	141,724.72	125,333.83	(11.57%)
Culture and Recreation	22,805.46	26,992.67	18.36%
Conservation of Natural Resources	219,476.80	194,998.88	(11.15%)
Economic Development	67,062.36	152,489.08	127.38%
Debt Service	142,869.52	44,036.35	(69.18%)
Total Expenses	**5,578,199.08**	**5,873,429.52**	**5.30%**
Change in Net Assets	**(106,729.90)**	**(49,370.71)**	**(53.74%)**
Adjusted Beginning Net Assets	**3,426,469.21**	**3,299,838.32**	**(3.70%)**
Ending Net Assets	**$ 3,319,739.31**	**$ 3,250,467.61**	**(2.09%)**

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenue, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. This type of format highlights the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

For the year ended December 31, 2005, total expenses for governmental activities, resulting from modified cash basis transactions, amounted to $5,873,429.52. Of these total expenses, taxpayers and other general revenues funded $3,963,308.75, while those directly benefiting from the program funded $1,019,107.76 from grants and other contributions and $891,013.01 from charges for services. Union County was the pass-through governmental agency for a CDBG grant ($412,000) for Clay Rural Water System. The first drawdown took place in December of 2005 ($80,734.71) with the majority of the project to take place in 2006.

Net Cost of County of Union County's Governmental Activities – Modified Cash Basis

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2004	2005		2004	2005	
General Government	$ 1,318,626.46	$ 1,370,066.95	3.90%	$ 957,116.58	$ 1,000,237.52	4.51%
Public Safety	1,370,871.73	1,596,588.22	16.47%	805,790.00	1,080,350.86	34.07%
Public Works	2,294,762.03	2,362,923.54	2.97%	1,592,573.14	1,461,591.18	(8.22%)
Health and Welfare	141,724.72	125,333.83	(11.57%)	129,034.10	113,910.57	(11.72%)
Culture and Recreation	22,805.46	26,992.67	18.36%	22,805.46	26,992.67	18.36%
Conservation of Natural Resources	219,476.80	194,998.88	(11.15%)	194,723.05	164,435.23	(15.55%)
Economic Development	67,062.36	152,489.08	127.38%	67,062.36	71,754.37	7.00%
Debt Service	142,869.52	44,036.35	(69.18%)	142,869.52	44,036.35	(69.18%)
Total	**$ 5,578,199.08**	**$ 5,873,429.52**	**5.29%**	**$ 3,911,974.21**	**$ 3,963,308.75**	**1.31%**

A FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

- On the modified cash basis of accounting, the General Fund reported revenues and other financing sources of $3,995,700.69 and expenditures and net transfers of $4,002,492.48, resulting in a decrease in fund balance of $6,791.79.
- An increase in revenue in the Road and Bridge Fund of $205,582 from the prior year deserved some attention. In analyzing this increase, a majority of the increase can be attributed to revenue received from the state on a joint road project in the amount of $187,000.

General Fund Budgetary Highlights

Over the course of the year, the County Board revised the General Fund budget at various times. For the year ended December 31, 2005, General Fund expenditures were $436,099.52 below final appropriations. The Road and Bridge Fund expenditures were $127,592.17 below final appropriations largely due to the fact that a truck that was budgeted for could not be delivered by the vendor in the calendar year 2005.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the upcoming fiscal year ending December 31, 2006, the County's budget is fairly consistent with the 2005 budget. The 911 budget more than doubled (90,000 to 190,000) in planning to purchase the E911 equipment using the remaining capital outlay accumulation money earmarked for this project.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This report is designated to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's office at 209 East Main St. Suite 200,Elk Point, County of Union, SD or telephone at (605) 356-2101.

UNION COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
December 31, 2006

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	$ 830,036.66
Investments	2,385,285.59
TOTAL ASSETS	$ 3,215,322.25
NET ASSETS:	
Restricted (See Note 5)	$ 771,972.36
Unrestricted	2,443,349.89
TOTAL NET ASSETS	$ 3,215,322.25

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

UNION COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	$ 1,502,652.39	$ 358,274.56	$ 45,046.18	$ (1,099,331.65)
Public Safety	1,692,897.56	276,016.25	190,383.08	(1,226,498.23)
Public Works	2,273,795.21	53,789.87	711,221.03	(1,508,784.31)
Health and Welfare	130,884.20	30,553.08		(100,331.12)
Culture and Recreation	26,662.40			(26,662.40)
Conservation of Natural Resources	136,761.73	9,939.59	3,800.00	(123,022.14)
Urban and Economic Development	403,898.36		331,265.29	(72,633.07)
*Interest on Long-Term Debt	42,696.45			(42,696.45)
Total Primary Government	$ 6,210,248.30	$ 728,573.35	$ 1,281,715.58	(4,199,959.37)

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

General Revenues:	
Taxes:	
Property Taxes	3,440,889.01
Wheel Tax	308,504.17
911 Telephone Surcharge	100,250.95
State Shared Revenues	88,003.29
Grants and Contributions not Restricted to Specific Programs	435.00
Unrestricted Investment Earnings	172,828.76
Miscellaneous Revenue	53,902.83
Total General Revenues	4,164,814.01
Change in Net Assets	(35,145.36)
Net Assets - Beginning	3,250,467.61
NET ASSETS - ENDING	$ 3,215,322.25

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

UNION COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2005

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	$ 1,370,066.95	$ 348,801.24	$ 21,028.19	$ (1,000,237.52)
Public Safety	1,596,588.22	268,415.50	247,821.86	(1,080,350.86)
Public Works	2,362,923.54	237,309.36	664,023.00	(1,461,591.18)
Health and Welfare	125,333.83	11,423.26		(113,910.57)
Culture and Recreation	26,992.67			(26,992.67)
Conservation of Natural Resources	194,998.88	25,063.65	5,500.00	(164,435.23)
Urban and Economic Development	152,489.08		80,734.71	(71,754.37)
*Interest on Long-Term Debt	44,036.35			(44,036.35)
Total Primary Government	$ 5,873,429.52	$ 891,013.01	$ 1,019,107.76	(3,963,308.75)
General Revenues:				
Taxes:				
Property Taxes				3,354,514.30
Wheel Tax				292,649.97
911 Telephone Surcharge				73,639.79
State Shared Revenues				71,555.63
Grants and Contributions not Restricted to Specific Programs				385.00
Unrestricted Investment Earnings				89,393.90
Miscellaneous Revenue				31,799.45
Total General Revenues				3,913,938.04
Change in Net Assets				(49,370.71)
Net Assets - Beginning				3,319,739.31
Adjustments:				
Reclassification of Law Library (See Note 7)				(19,900.99)
Adjusted Net Assets - Beginning				3,299,838.32
NET ASSETS - ENDING				$ 3,250,467.61

*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.

UNION COUNTY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2006

	General Fund	Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	$ 178,562.85	$ 369,699.61	$ 281,774.20	$ 830,036.66
Investments	2,264,787.04	120,498.55		2,385,285.59
TOTAL ASSETS	$ 2,443,349.89	$ 490,198.16	$ 281,774.20	$ 3,215,322.25
FUND BALANCES:				
Reserved For:				
Snow Removal	$	$ 119,887.84	$	$ 119,887.84
Unreserved Fund Balances:				
Designated for Next Year's Appropriation	695,642.00	68,381.00		764,023.00
Reported in Non-Major:				
Special Revenue Funds			9,533.00	9,533.00
Debt Service Funds			3,339.00	3,339.00
Designated for Capital Outlay Accumulations	285,000.00			285,000.00
Undesignated	1,462,707.89	301,929.32		1,764,637.21
Reported in Non-Major:				
Special Revenue Funds			187,325.51	187,325.51
Debt Service Funds			81,576.69	81,576.69
TOTAL FUND BALANCES	$ 2,443,349.89	$ 490,198.16	$ 281,774.20	$ 3,215,322.25

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

UNION COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2006

	General Fund	Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
Revenue:				
Taxes:				
General Property Taxes--Current	$ 3,195,378.52	$ 33,532.08	$ 147,486.40	$ 3,376,397.00
General Property Taxes--Delinquent	17,802.03	104.92	903.96	18,810.91
Penalties and Interest	7,420.04	110.53	401.41	7,931.98
Telephone Tax (Outside)	21,735.50			21,735.50
Mobile Home Tax	15,259.40	124.27	629.95	16,013.62
Wheel Tax		308,504.17		308,504.17
911 Telephone Surcharge			100,250.95	100,250.95
Licenses and Permits	77,124.35		6,300.00	83,424.35
Intergovernmental Revenue:				
Federal Grants	74,302.81		448,220.26	522,523.07
Federal Payments in Lieu of Taxes	435.00			435.00
State Grants	31,952.99			31,952.99
State Shared Revenue:				
Bank Franchise	19,275.12	141.65	201.37	19,618.14
Motor Vehicle Licenses		652,031.37		652,031.37
Inheritance Tax	2,462.01			2,462.01
State Highway Fund (former 10% game)		1,403.34		1,403.34
Court Appointed Attorney/ Public Defender	15,513.95			15,513.95
Prorate/Port of Entry Fees		36,836.84		36,836.84
Abused and Neglected Child Defense	4.54			4.54
63 3/4% Mobile Home		12,013.72		12,013.72
Secondary Road Motor Vehicle Remittances		8,935.76		8,935.76
Telecommunications Gross Receipts Tax	62,923.14			62,923.14
Other State Shared Revenue	3,000.00			3,000.00
Charges for Goods and Services:				

General Government:				
Treasurer's Fees	14,877.70			14,877.70
Register of Deeds' Fees	177,220.20			177,220.20
Legal Services	40,859.80			40,859.80
Clerk of Courts Fees	17,717.76		1,500.00	19,217.76
Extension Fees	1,681.00			1,681.00
Other Fees	22,674.75			22,674.75
Public Safety:				
Law Enforcement	90,698.65			90,698.65
Prisoner Care	149,160.00			149,160.00
Public Works:				
Highways		52,489.27		52,489.27
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	19,181.60			19,181.60
Health Assistance:				
County Nurse	482.00			482.00
WIC			9,771.91	9,771.91
Mental Health Services	1,117.57			1,117.57
Conservation of Natural Resources	8,258.59			8,258.59
Fines and Forfeits:				
Costs	24,257.60			24,257.60
Forfeits	11,900.00			11,900.00
Miscellaneous Revenue:				
Investment Earnings	131,627.98	25,675.42	15,525.36	172,828.76
Rent	1,300.60			1,300.60
Contributions and Donations	500.00			500.00
Refund of Prior Year's Expenditures	3,420.44	1,442.09		4,862.53
Total Revenue	4,261,525.64	1,133,345.43	731,191.57	6,126,062.64
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	139,158.50			139,158.50
Elections	27,510.82			27,510.82
Judicial System	26,758.72			26,758.72
Financial Administration:				
Auditor	127,870.77			127,870.77
Treasurer	197,902.42			197,902.42
Data Processing	22,717.56			22,717.56
Legal Services:				
State's Attorney	250,423.24			250,423.24

UNION COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2006
(Continued)

	General Fund	Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
Public Defender	132,743.65			132,743.65
Court Appointed Attorney	30,371.78			30,371.78
Abused and Neglected Defense	9.12			9.12
Other Administration:				
General Government Building	203,842.67			203,842.67
Director of Equalization	197,182.48			197,182.48
Register of Deeds	111,387.37			111,387.37
Veterans Service Officer	12,697.29			12,697.29
Predatory Animal (GFP)	2,076.00			2,076.00
Public Safety:				
Law Enforcement:				
Sheriff	705,273.54			705,273.54
County Jail	437,305.52			437,305.52
Coroner	4,360.80			4,360.80
Protective and Emergency Services:				
Fire Protection			42,846.00	42,846.00
Emergency and Disaster Services			146,849.67	146,849.67
Flood Control	10,938.41			10,938.41
Communication Center			209,881.62	209,881.62
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		1,976,751.17		1,976,751.17
Health and Welfare:				
Economic Assistance:				
Support of Poor	19,528.91			19,528.91
Health Assistance:				
County Nurse	16,732.49			16,732.49
Ambulance	40,000.00			40,000.00
WIC			10,810.09	10,810.09
Social Services:				
Care of Aged	2,500.00			2,500.00
Domestic Abuse	5,000.00		7,800.00	12,800.00

Mental Health Services:				
Mentally Ill	17,877.93			17,877.93
Mental Health Centers	8,820.00			8,820.00
Mental Illness Board	1,814.78			1,814.78
Culture and Recreation:				
Culture:				
Public Library	7,000.00			7,000.00
Historical Museum	1,000.00			1,000.00
Recreation:				
County Fair	18,662.40			18,662.40
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	49,540.29			49,540.29
Soil Conservation Districts	7,500.00			7,500.00
Weed and Pest Control	67,438.45			67,438.45
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	66,638.07			66,638.07
Other			331,265.29	331,265.29
Economic Development:				
Tourism, Industrial or Recreational Development	5,995.00			5,995.00
Debt Service		57,165.36	113,742.50	170,907.86
Capital Outlay	92,724.99	243,832.63		336,557.62
Total Expenditures	3,069,303.97	2,277,749.16	863,195.17	6,210,248.30
Other Financing Sources (Uses):				
Transfers In		868,599.00	33,173.00	901,772.00
Transfers Out	(901,772.00)			(901,772.00)
Insurance Proceeds (Catastrophic)	33,107.62	367.89		33,475.51
Sale of County Property	564.79	15,000.00		15,564.79
Total Other Financing Sources (Uses)	(868,099.59)	883,966.89	33,173.00	49,040.30
Net Change in Fund Balances	324,122.08	(260,436.84)	(98,830.60)	(35,145.36)
Fund Balance - Beginning	2,119,227.81	750,635.00	380,604.80	3,250,467.61
FUND BALANCE - ENDING	$ 2,443,349.89	$ 490,198.16	$ 281,774.20	$ 3,215,322.25

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

UNION COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2005

	General Fund	Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
Revenue:				
Taxes:				
General Property Taxes--Current	$ 3,057,830.58	$ 32,456.99	$ 158,903.99	$ 3,249,191.56
General Property Taxes--Delinquent	25,235.71	1,525.39	1,323.24	28,084.34
Penalties and Interest	10,775.58	653.93	560.17	11,989.68
Telephone Tax (Outside)	33,281.44			33,281.44
Mobile Home Tax	21,853.86	348.86	990.48	23,193.20
Wheel Tax		292,649.97		292,649.97
911 Telephone Surcharge			73,639.79	73,639.79
Tax Deed Revenue	8,380.50	58.01	335.57	8,774.08
Licenses and Permits	64,158.32		6,240.00	70,398.32
Intergovernmental Revenue:				
Federal Grants	5,645.95		307,121.36	312,767.31
Federal Shared Revenue	385.00			385.00
State Grants	26,265.21			26,265.21
State Shared Revenue:				
Bank Franchise	11,336.19	83.77	120.70	11,540.66
Motor Vehicle Licenses		609,783.45		609,783.45
Inheritance Tax	5,676.14			5,676.14
State Highway Fund (former 10% game)		701.67		701.67
Court Appointed Attorney/ Public Defender	10,722.29			10,722.29
Prorate/Port of Entry Fees		38,497.19		38,497.19
Abused and Neglected Child Defense	249.95			249.95
63 3/4% Mobile Home		6,594.83		6,594.83
Secondary Road Motor Vehicle Remittances		8,445.86		8,445.86
Telecommunications Gross Receipts Tax	54,338.83			54,338.83
Other Intergovernmental Revenue	4,410.00			4,410.00
Charges for Goods and Services:				
General Government:				

Treasurer's Fees	15,675.37			15,675.37
Register of Deeds' Fees	171,976.20			171,976.20
Legal Services	47,297.44			47,297.44
Clerk of Courts Fees	16,594.00		1,300.00	17,894.00
Extension Fees	1,346.60			1,346.60
Other Fees	25,339.91		220.00	25,559.91
Public Safety:				
Law Enforcement	60,604.27			60,604.27
Prisoner Care	171,812.50			171,812.50
Public Works:				
Highways		236,008.76		236,008.76
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	5,734.34			5,734.34
Health Assistance:				
County Nurse	491.00			491.00
WIC			4,432.92	4,432.92
Mental Health Services	765.00			765.00
Conservation of Natural Resources	23,717.05			23,717.05
Fines and Forfeits:				
Costs	27,380.73			27,380.73
Forfeits	8,618.00			8,618.00
Miscellaneous Revenue:				
Investment Earnings	66,532.68	15,899.95	6,961.27	89,393.90
Rent	1,300.60			1,300.60
Contributions and Donations	670.00			670.00
Refund of Prior Year's Expenditures	4,432.84			4,432.84
Total Revenue	3,990,834.08	1,243,708.63	562,149.49	5,796,692.20
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	157,749.06			157,749.06
Elections	7,114.68			7,114.68
Judicial System	19,877.06			19,877.06
Financial Administration:				
Auditor	125,508.75			125,508.75
Treasurer	184,470.08			184,470.08
Data Processing	42,389.51			42,389.51
Legal Services:				
State's Attorney	230,491.69			230,491.69
Public Defender	124,023.76			124,023.76
Court Appointed Attorney	1,986.17			1,986.17
Abused and Neglected				

UNION COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2005
(Continued)

	General Fund	Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
Child Defense	31.82			31.82
Other Administration:				
General Government Building	170,078.26			170,078.26
Director of Equalization	177,225.29			177,225.29
Register of Deeds	108,367.36			108,367.36
Veterans Service Officer	18,677.46			18,677.46
Predatory Animal (GFP)	2,076.00			2,076.00
Public Safety:				
Law Enforcement:				
Sheriff	622,014.26			622,014.26
County Jail	426,473.73			426,473.73
Coroner	892.96			892.96
Protective and Emergency Services:				
Fire Protection			47,346.00	47,346.00
Emergency and Disaster Services			105,937.40	105,937.40
Flood Control	69,795.96			69,795.96
Communication Center			76,151.91	76,151.91
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		2,276,085.85		2,276,085.85
Sanitation:				
Solid Waste	720.56			720.56
Health and Welfare:				
Economic Assistance:				
Support of Poor	31,030.11			31,030.11
Health Assistance:				
County Nurse	13,371.88			13,371.88
Ambulance	40,000.00			40,000.00
WIC			3,790.69	3,790.69
Social Services:				
Care of Aged	2,500.00			2,500.00
Domestic Abuse	5,000.00		7,860.00	12,860.00
Mental Health Services:				
Mentally Ill	11,698.14			11,698.14

Mental Health Centers	8,820.00			8,820.00
Mental Illness Board	1,263.01			1,263.01
Culture and Recreation:				
Culture:				
Public Library	7,000.00			7,000.00
Recreation:				
County Fair	19,992.67			19,992.67
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	55,691.45			55,691.45
Soil Conservation Districts	7,500.00			7,500.00
Weed and Pest Control	111,460.46			111,460.46
Water Conservation:				
Drainage Commissions	1,596.97			1,596.97
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	64,513.05			64,513.05
Other			80,734.71	80,734.71
Economic Development:				
Tourism, Industrial or Recreational Development	7,241.32			7,241.32
Debt Service		30,646.98	115,617.50	146,264.48
Capital Outlay	48,815.00	58,889.00	142,911.00	250,615.00
Total Expenditures	2,927,458.48	2,365,621.83	580,349.21	5,873,429.52
Other Financing Sources (Uses):				
Transfers In		960,259.00	114,775.00	1,075,034.00
Transfers Out	(1,075,034.00)			(1,075,034.00)
Insurance Proceeds (Catastrophic)	1,000.00			1,000.00
Sale of County Property	3,866.61	22,500.00		26,366.61
Total Other Financing Sources (Uses)	(1,070,167.39)	982,759.00	114,775.00	27,366.61
Net Change in Fund Balances	(6,791.79)	(139,154.20)	96,575.28	(49,370.71)
Fund Balance - Beginning	2,126,019.60	889,789.20	303,930.51	3,319,739.31
Adjustments:				
Reclassification of Law Library (See Note 7)			(19,900.99)	(19,900.99)
Adjusted Fund Balance - Beginning	2,126,019.60	889,789.20	284,029.52	3,299,838.32
FUND BALANCE - ENDING	$ 2,119,227.81	$ 750,635.00	$ 380,604.80	$ 3,250,467.61

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

UNION COUNTY
STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUNDS
December 31, 2006

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	$ 472,636.75
TOTAL ASSETS	$ 472,636.75
NET ASSETS:	
Net Assets Held in Agency Capacity	$ 472,636.75
TOTAL NET ASSETS	$ 472,636.75

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.c, these financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued after November 30, 1989, have not been applied to the extent they are applicable to the modified cash basis of accounting. If those pronouncements conflict with or contradict GASB pronouncements, GASB pronouncements prevail.

a. Financial Reporting Entity:

The reporting entity of Union 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, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

category. A fund is considered major if it is the primary operating fund of the County or it meets the following criteria:

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

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

Governmental Funds:

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

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

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

The remaining Special Revenue funds are not considered major funds: Communication (E-911); Fire Protection; Emergency and Disaster; Domestic Abuse; Pass Through Grant; and Women, Infants, and Children (WIC). 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.

Series 2003 Debt Service Fund - to account for property taxes which may be used only for the payment of the debt principal, interest, and related costs. This is not a major fund.

Fiduciary Funds:

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

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

c. Measurement Focus and Basis of Accounting:

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

During 2004, the County changed its basis of accounting from a basis essentially in conformity with accounting principles generally accepted in the United States (USGAAP) to the modified cash basis, which is a basis of accounting other than USGAAP. Under USGAAP, transactions are recorded in the accounts when revenues are earned and liabilities are incurred. Under the modified cash basis, transactions are recorded when cash is received or disbursed.

Measurement Focus:

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus, applied within the limitations of the modified cash basis of accounting as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the economic resources" measurement focus is used, applied within the limitations of the modified cash basis of accounting.

Basis of Accounting:

In the Government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting.

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

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

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

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

d. Deposits and Investments:

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

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

e. 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.

f. Equity Classifications:

Government-wide Statements:

Equity is classified as net assets and is displayed in two components

1. 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.

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Reserved" and "Unreserved" components. Agency Funds have no fund equity. The net assets are reported as net assets held in agency capacity.

g. Application of Net Assets:

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

2. DEFICIT FUND CASH BALANCES OF INDIVIDUAL NONMAJOR FUNDS

As of December 31, 2006, the following individual nonmajor fund had a deficit fund cash balance in the amount shown:

Women, Infants, and Children (WIC) Fund	$ (1,038.18)

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

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

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

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

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

As of December 31, 2006, the County had the following investment.

Investment	Credit Rating	Maturities	Fair Value
External Investment Pools:			
SDFIT	Unrated	$ 1,062,634.15	$ 1,062,634.15

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.

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

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

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

4. 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 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.

5. RESTRICTED NET ASSETS

Restricted net assets for the year ended December 31, 2006 were as follows:

Major Funds:		
County Road and Bridge Fund	$ 490,198.16	
Other Purposes:		
E-911 Fund	164,398.17	
Rural Fire Fund	4,976.72	
Emergency Management Fund	28,521.80	
WIC Fund	(1,038.18)	
Debt Service Fund	84,915.69	
Total Restricted Net Assets		**$ 771,972.36**

These funds are restricted due to federal grants, statutory requirements, and debt covenants.

6. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2005 were as follows:

	Transfers to:		
Transfers From:	County Road and Bridge Fund	Remaining Fund Information: Other Governmental Funds	Total
General Fund	$ 960,259.00	$ 114,775.00	$ 1,075,034.00

Interfund transfers for the year ended December 31, 2006 were as follows:

	Transfers to:		
Transfers From:	County Road and Bridge Fund	Remaining Fund Information: Other Governmental Funds	Total
General Fund	$ 868,599.00	$ 33,173.00	$ 901,772.00

The county typically budgets transfers to the Road and Bridge Fund, 911 Fund, and Emergency and Disaster Service Management Fund to conduct the indispensable functions of the county.

7. PRIOR PERIOD ADJUSTMENTS

The adjustment to January 1, 2005 beginning fund balance reported in the non major governmental funds is a reclassification of funds. During the prior audit, the Law Library Fund was classified as a non major governmental fund – special revenue fund. The reduction to beginning fund balance in the amount of $19,900.99 was required to reclassify the Law Library Fund as an agency fund.

8. 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, 2006, 2005, and 2004 were $114,456.04, $110,303.68 and $107,959.89, respectively, equal to the required contributions each year.

9. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2006, the County was involved in lawsuits. No determination can be made at the 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 a commercial insurance carrier and through the catastrophic pool. Therefore, no material effects are anticipated to the County as a result of the potential outcome of these lawsuits.

10. 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, 2006, the County managed its risks as follows:

Employee Health Insurance:

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

Liability Insurance:

The County purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The County joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The County's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The County pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first $325,000 of any claim per individual. The pool has reinsurance which covers up to an additional $1,675,000 per individual 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, 2006 no claims for unemployment benefits were paid. At December 31, 2006 no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION
UNION COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenue:				
Taxes:				
General Property Taxes--Current	$ 3,253,251.00	$ 3,253,251.00	$ 3,195,378.52	$ (57,872.48)
General Property Taxes--Delinquent	30,000.00	30,000.00	17,802.03	(12,197.97)
Penalties and Interest	8,000.00	8,000.00	7,420.04	(579.96)
Telephone Tax (Outside)	33,000.00	33,000.00	21,735.50	(11,264.50)
Mobile Home Tax	12,000.00	12,000.00	15,259.40	3,259.40
Licenses and Permits	44,725.00	44,725.00	77,124.35	32,399.35
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	74,302.81	74,302.81
Federal Payments in Lieu of Taxes	0.00	0.00	435.00	435.00
State Grants	0.00	0.00	31,952.99	31,952.99
State Shared Revenue:				
Bank Franchise	16,000.00	16,000.00	19,275.12	3,275.12
Inheritance Tax	0.00	0.00	2,462.01	2,462.01
Court Appointed Attorney/ Public Defender	14,000.00	14,000.00	15,513.95	1,513.95
Abused and Neglected Child Defense	1,500.00	1,500.00	4.54	(1,495.46)
Telecommunications Gross Receipts Tax	54,500.00	54,500.00	62,923.14	8,423.14
Other State Shared Revenue	3,000.00	3,000.00	3,000.00	0.00
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	14,500.00	14,500.00	14,877.70	377.70
Register of Deeds' Fees	173,000.00	173,000.00	177,220.20	4,220.20
Legal Services	35,000.00	35,000.00	40,859.80	5,859.80
Clerk of Court Fees	16,400.00	16,400.00	17,717.76	1,317.76
Extension Fees	1,300.00	1,300.00	1,681.00	381.00
Other Fees	24,650.00	24,650.00	22,674.75	(1,975.25)
Public Safety:				
Law Enforcement	65,100.00	65,100.00	90,698.65	25,598.65
Prisoner Care	160,000.00	160,000.00	149,160.00	(10,840.00)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	5,000.00	5,000.00	19,181.60	14,181.60
Health Assistance:				
County Nurse	500.00	500.00	482.00	(18.00)
Mental Health Services	1,000.00	1,000.00	1,117.57	117.57
Conservation of Natural Resources	25,000.00	25,000.00	8,258.59	(16,741.41)
Fines and Forfeits:				
Costs	27,000.00	27,000.00	24,257.60	(2,742.40)
Forfeits	11,000.00	11,000.00	11,900.00	900.00
Miscellaneous Revenue:				

REQUIRED SUPPLEMENTARY INFORMATION
UNION COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2006
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Investment Earnings	55,000.00	55,000.00	131,627.98	76,627.98
Rent	1,301.00	1,301.00	1,300.60	(0.40)
Contributions and Donations	0.00	0.00	500.00	500.00
Refund of Prior Year's Expenditures	2,500.00	2,500.00	3,420.44	920.44
Total Revenue	4,088,227.00	4,088,227.00	4,261,525.64	173,298.64
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	150,979.00	150,979.00	139,158.50	11,820.50
Contingency	180,000.00	180,000.00		
Amount Transferred		(63,030.00)		116,970.00
Elections	39,960.00	59,960.00	47,510.82	12,449.18
Judicial System	26,700.00	26,760.00	26,758.72	1.28
Financial Administration:				
Auditor	133,500.00	133,500.00	127,870.77	5,629.23
Treasurer	208,054.00	208,054.00	197,902.42	10,151.58
Data Processing	33,898.00	33,898.00	22,717.56	11,180.44
Legal Services:				
State's Attorney	251,599.00	251,599.00	250,423.24	1,175.76
Public Defender	133,505.00	133,505.00	132,743.65	761.35
Court Appointed Attorney	4,000.00	30,375.00	30,371.78	3.22
Abused and Neglected Child Defense	3,000.00	3,000.00	9.12	2,990.88
Other Administration:				
General Government Building	184,323.00	204,298.00	203,842.67	455.33
Director of Equalization	200,260.00	225,660.00	197,182.48	28,477.52
Register of Deeds	118,134.00	118,134.00	111,387.37	6,746.63
Veterans Service Officer	23,890.00	23,890.00	12,697.29	11,192.71
Predatory Animal (GFP)	2,076.00	2,076.00	2,076.00	0.00
Public Safety:				
Law Enforcement:				
Sheriff	703,434.00	785,468.00	765,715.54	19,752.46
County Jail	479,226.00	480,795.00	437,305.52	43,489.48
Coroner	5,763.00	5,763.00	4,360.80	1,402.20
Protective and Emergency Services:				
Flood Control	0.00	10,940.00	10,938.41	1.59
Health and Welfare:				
Economic Assistance:				
Support of Poor	78,850.00	78,850.00	19,528.91	59,321.09
Health Assistance:				
County Nurse	17,912.00	17,912.00	16,732.49	1,179.51
Ambulance	40,000.00	40,000.00	40,000.00	0.00
Social Services:				
Care of Aged	2,500.00	2,500.00	2,500.00	0.00

REQUIRED SUPPLEMENTARY INFORMATION
UNION COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2006
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Domestic Abuse	5,000.00	5,000.00	5,000.00	0.00
Mental Health Services:				
Mentally Ill	20,000.00	20,000.00	17,877.93	2,122.07
Mental Health Centers	8,820.00	8,820.00	8,820.00	0.00
Mental Illness Board	2,500.00	2,500.00	1,814.78	685.22
Culture and Recreation:				
Culture:				
Public Library	7,000.00	7,000.00	7,000.00	0.00
Historical Museum	0.00	1,000.00	1,000.00	0.00
Recreation:				
County Fair	18,906.00	18,906.00	18,662.40	243.60
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	54,257.00	55,081.00	49,540.29	5,540.71
Soil Conservation Districts	7,500.00	7,500.00	7,500.00	0.00
Weed and Pest Control	133,456.00	137,256.00	79,721.44	57,534.56
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	70,047.00	70,047.00	66,638.07	3,408.93
Economic Development:				
Tourism, Industrial or Recreational Development	5,270.00	5,995.00	5,995.00	0.00
Total Expenditures	3,354,319.00	3,483,991.00	3,069,303.97	414,687.03
Excess of Revenue Over (Under) Expenditures	733,908.00	604,236.00	1,192,221.67	587,985.67
Other Financing Sources (Uses):				
Operating Transfers Out	(901,772.00)	(901,772.00)	(901,772.00)	0.00
Insurance Proceeds (Catastrophic)	0.00	0.00	33,107.62	33,107.62
Sale of County Property	0.00	0.00	564.79	564.79
Total Other Financing Sources (Uses)	(901,772.00)	(901,772.00)	(868,099.59)	33,672.41
Net Change in Fund Balances	(167,864.00)	(297,536.00)	324,122.08	621,658.08
Fund Balance - Beginning	2,119,227.81	2,119,227.81	2,119,227.81	0.00
FUND BALANCE - ENDING	$ 1,951,363.81	$ 1,821,691.81	$ 2,443,349.89	$ 621,658.08

REQUIRED SUPPLEMENTARY INFORMATION
UNION COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenue:				
Taxes:				
General Property Taxes--Current	$ 34,029.00	$ 34,029.00	$ 33,532.08	$ (496.92)
General Property Taxes--Delinquent	1,500.00	1,500.00	104.92	(1,395.08)
Penalties and Interest	500.00	500.00	110.53	(389.47)
Mobile Home Tax	150.00	150.00	124.27	(25.73)
Wheel Tax	296,000.00	296,000.00	308,504.17	12,504.17
Intergovernmental Revenue:				
State Shared Revenue:				
Bank Franchise	120.00	120.00	141.65	21.65
Motor Vehicle Licenses	615,000.00	615,000.00	652,031.37	37,031.37
State Highway Fund (former 10% game)	700.00	700.00	1,403.34	703.34
Prorate/Port of Entry Fees	39,000.00	39,000.00	36,836.84	(2,163.16)
63 3/4% Mobile Home	6,000.00	6,000.00	12,013.72	6,013.72
Secondary Road Motor Vehicle Remittances	7,000.00	7,000.00	8,935.76	1,935.76
Charges for Goods and Services:				
Public Works:				
Highways	31,450.00	31,450.00	52,489.27	21,039.27
Miscellaneous Revenue:				
Investment Earnings	15,000.00	15,000.00	25,675.42	10,675.42
Refund of Prior Year's Expenditures	0.00	0.00	1,442.09	1,442.09
Total Revenue	1,046,449.00	1,046,449.00	1,133,345.43	86,896.43
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	2,121,046.00	2,221,046.00	2,220,583.80	462.20
Debt Service	57,600.00	57,600.00	57,165.36	434.64
Total Expenditures	2,178,646.00	2,278,646.00	2,277,749.16	896.84
Excess of Revenue Over (Under) Expenditures	(1,132,197.00)	(1,232,197.00)	(1,144,403.73)	87,793.27
Other Financing Sources (Uses):				
Operating Transfers In	868,599.00	868,599.00	868,599.00	0.00
Insurance Proceeds (Catastrophic)	0.00	0.00	367.89	367.89
Sale of County Property	0.00	0.00	15,000.00	15,000.00
Total Other Financing Sources (Uses)	868,599.00	868,599.00	883,966.89	15,367.89
Net Change in Fund Balances	(263,598.00)	(363,598.00)	(260,436.84)	103,161.16
Fund Balance - Beginning	750,635.00	750,635.00	750,635.00	0.00
FUND BALANCE - ENDING	$ 487,037.00	$ 387,037.00	$ 490,198.16	$ 103,161.16

REQUIRED SUPPLEMENTARY INFORMATION
UNION COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenue:				
Taxes:				
General Property Taxes--Current	$ 3,096,156.00	$ 3,096,156.00	$ 3,057,830.58	$ (38,325.42)
General Property Taxes--Delinquent	29,000.00	29,000.00	25,235.71	(3,764.29)
Penalties and Interest	8,000.00	8,000.00	10,775.58	2,775.58
Telephone Tax (Outside)	33,269.00	33,269.00	33,281.44	12.44
Mobile Home Tax	12,000.00	12,000.00	21,853.86	9,853.86
Tax Deed Revenue	0.00	0.00	8,380.50	8,380.50
Licenses and Permits	45,250.00	45,250.00	64,158.32	18,908.32
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	5,645.95	5,645.95
Federal Payments in Lieu of Taxes	0.00	0.00	385.00	385.00
State Grants	0.00	0.00	26,265.21	26,265.21
State Shared Revenue:				
Bank Franchise	20,000.00	20,000.00	11,336.19	(8,663.81)
Inheritance Tax	0.00	0.00	5,676.14	5,676.14
Court Appointed Attorney/ Public Defender	15,000.00	15,000.00	10,722.29	(4,277.71)
Abused and Neglected Child Defense	1,000.00	1,000.00	249.95	(750.05)
Telecommunications Gross Receipts Tax	37,515.00	37,515.00	54,338.83	16,823.83
Other State Shared Revenue	3,000.00	3,000.00	4,410.00	1,410.00
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	11,750.00	11,750.00	15,675.37	3,925.37
Register of Deeds' Fees	143,000.00	143,000.00	171,976.20	28,976.20
Legal Services	27,000.00	27,000.00	47,297.44	20,297.44
Clerk of Court Fees	16,400.00	16,400.00	16,594.00	194.00
Extension Fees	0.00	0.00	1,346.60	1,346.60
Other Fees	25,000.00	25,000.00	25,339.91	339.91
Public Safety:				
Law Enforcement	62,800.00	62,800.00	60,604.27	(2,195.73)
Prisoner Care	190,100.00	190,100.00	171,812.50	(18,287.50)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	3,500.00	3,500.00	5,734.34	2,234.34
Health Assistance:				
County Nurse	300.00	300.00	491.00	191.00
Mental Health Services	1,000.00	1,000.00	765.00	(235.00)
Conservation of Natural Resources	19,000.00	19,000.00	23,717.05	4,717.05
Fines and Forfeits:				
Costs	24,000.00	24,000.00	27,380.73	3,380.73
Forfeits	12,000.00	12,000.00	8,618.00	(3,382.00)

REQUIRED SUPPLEMENTARY INFORMATION
UNION COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2005
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Miscellaneous Revenue:				
Investment Earnings	55,000.00	55,000.00	66,532.68	11,532.68
Rent	1,301.00	1,301.00	1,300.60	(0.40)
Contributions and Donations	0.00	0.00	670.00	670.00
Refund of Prior Year's Expenditures	1,500.00	1,500.00	4,432.84	2,932.84
Total Revenue	3,893,841.00	3,893,841.00	3,990,834.08	96,993.08
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	150,970.00	157,870.00	157,749.06	120.94
Contingency	180,000.00	180,000.00		
Amount Transferred		(33,657.00)		146,343.00
Elections	10,200.00	10,200.00	7,114.68	3,085.32
Judicial System	17,500.00	19,950.00	19,877.06	72.94
Financial Administration:				
Auditor	128,815.00	128,815.00	125,508.75	3,306.25
Treasurer	202,903.00	202,903.00	184,470.08	18,432.92
Data Processing	63,729.00	63,729.00	42,389.51	21,339.49
Legal Services:				
State's Attorney	220,802.00	230,602.00	230,491.69	110.31
Public Defender	128,760.00	128,760.00	124,023.76	4,736.24
Court Appointed Attorney	4,000.00	4,000.00	1,986.17	2,013.83
Abused and Neglected Child Defense	3,000.00	3,000.00	31.82	2,968.18
Other Administration:				
General Government Building	181,831.00	183,241.00	170,078.26	13,162.74
Director of Equalization	214,889.00	214,889.00	177,225.29	37,663.71
Register of Deeds	117,223.00	117,223.00	108,367.36	8,855.64
Veterans Service Officer	23,205.00	23,205.00	18,677.46	4,527.54
Predatory Animal (GFP)	2,076.00	2,076.00	2,076.00	0.00
Public Safety:				
Law Enforcement:				
Sheriff	639,733.00	652,187.00	652,079.26	107.74
County Jail	471,898.00	471,898.00	426,473.73	45,424.27
Coroner	3,100.00	3,100.00	892.96	2,207.04
Protective and Emergency Services:				
Flood Control	115,980.00	115,980.00	69,795.96	46,184.04
Public Works:				
Sanitation:				
Solid Waste	0.00	721.00	720.56	0.44
Health and Welfare:				
Economic Assistance:				
Support of Poor	78,850.00	78,850.00	31,030.11	47,819.89
Health Assistance:				

REQUIRED SUPPLEMENTARY INFORMATION
UNION COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2005
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
County Nurse	18,037.00	18,037.00	13,371.88	4,665.12
Ambulance	40,000.00	40,000.00	40,000.00	0.00
Social Services:				
Care of Aged	2,500.00	2,500.00	2,500.00	0.00
Domestic Abuse	5,000.00	5,000.00	5,000.00	0.00
Mental Health Services:				
Mentally Ill	20,000.00	20,000.00	11,698.14	8,301.86
Mental Health Centers	8,820.00	8,820.00	8,820.00	0.00
Mental Illness Board	2,900.00	2,900.00	1,263.01	1,636.99
Culture and Recreation:				
Culture:				
Public Library	7,000.00	7,000.00	7,000.00	0.00
Recreation:				
County Fair	17,978.00	19,993.00	19,992.67	0.33
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	57,066.00	59,268.00	55,691.45	3,576.55
Soil Conservation Districts	7,500.00	7,500.00	7,500.00	0.00
Weed and Pest Control	129,956.00	133,456.00	130,210.46	3,245.54
Water Conservation:				
Drainage Commissions	0.00	1,599.00	1,596.97	2.03
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	70,701.00	70,701.00	64,513.05	6,187.95
Economic Development:				
Tourism, Industrial or Recreational Development	5,270.00	7,242.00	7,241.32	0.68
Total Expenditures	3,352,192.00	3,363,558.00	2,927,458.48	436,099.52
Excess of Revenue Over (Under) Expenditures	541,649.00	530,283.00	1,063,375.60	533,092.60
Other Financing Sources (Uses):				
Operating Transfers Out	(985,034.00)	(985,034.00)	(1,075,034.00)	(90,000.00)
Insurance Proceeds (Catastrophic)	0.00	0.00	1,000.00	1,000.00
Sale of County Property	0.00	0.00	3,866.61	3,866.61
Total Other Financing Sources (Uses)	(985,034.00)	(985,034.00)	(1,070,167.39)	(85,133.39)
Net Change in Fund Balances	(443,385.00)	(454,751.00)	(6,791.79)	447,959.21
Fund Balance - Beginning	2,126,019.60	2,126,019.60	2,126,019.60	0.00
Fund Balance - Ending	$ 1,682,634.60	$ 1,671,268.60	$ 2,119,227.81	$ 447,959.21

REQUIRED SUPPLEMENTARY INFORMATION
UNION COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenue:				
Taxes:				
General Property Taxes--Current	$ 32,847.00	$ 32,847.00	$ 32,456.99	$ (390.01)
General Property Taxes--Delinquent	1,300.00	1,300.00	1,525.39	225.39
Penalties and Interest	500.00	500.00	653.93	153.93
Mobile Home Tax	100.00	100.00	348.86	248.86
Wheel Tax	280,000.00	280,000.00	292,649.97	12,649.97
Tax Deed Revenue	0.00	0.00	58.01	58.01
Intergovernmental Revenue:				
State Shared Revenue:				
Bank Franchise	150.00	150.00	83.77	(66.23)
Motor Vehicle Licenses	611,000.00	611,000.00	609,783.45	(1,216.55)
State Highway Fund (former 10% game)	700.00	700.00	701.67	1.67
Prorate/Port of Entry Fees	35,000.00	35,000.00	38,497.19	3,497.19
63 3/4% Mobile Home	6,000.00	6,000.00	6,594.83	594.83
Secondary Road Motor Vehicle Remittances	6,500.00	6,500.00	8,445.86	1,945.86
Charges for Goods and Services:				
Public Works:				
Highways	205,800.00	205,800.00	236,008.76	30,208.76
Miscellaneous Revenue:				
Investment Earnings	13,000.00	13,000.00	15,899.95	2,899.95
Total Revenue	1,192,897.00	1,192,897.00	1,243,708.63	50,811.63
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	2,422,214.00	2,462,214.00	2,334,974.85	127,239.15
Debt Service	31,000.00	31,000.00	30,646.98	353.02
Total Expenditures	2,453,214.00	2,493,214.00	2,365,621.83	127,592.17
Excess of Revenue Over (Under) Expenditures	(1,260,317.00)	(1,300,317.00)	(1,121,913.20)	178,403.80
Other Financing Sources (Uses):				
Operating Transfers In	960,259.00	960,259.00	960,259.00	0.00
Sale of County Property	0.00	0.00	22,500.00	22,500.00
Total Other Financing Sources (Uses)	960,259.00	960,259.00	982,759.00	22,500.00
Net Change in Fund Balances	(300,058.00)	(340,058.00)	(139,154.20)	200,903.80
Fund Balance - Beginning	889,789.20	889,789.20	889,789.20	0.00
FUND BALANCE - ENDING	$ 589,731.20	$ 549,731.20	$ 750,635.00	$ 200,903.80

UNION COUNTY
NOTES TO 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. Other Comprehensive Basis of Accounting Modified Cash Basis/Budgetary Accounting Basis Differences:

The financial statements prepared in conformity with Other Comprehensive Basis of Accounting Modified Cash Basis 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 fire truck 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 fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.

UNION COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Two Years Ended December 31, 2006

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures 2005	Expenditures 2006
US Department of Agriculture:				
Indirect Federal Funding:				
SD Cooperative Extension Service, Cooperative Extension Service (Note 2)	10.500		$ 2,202.14	$ 1,649.62
Department of Housing and Urban Development:				
Indirect Federal Funding:				
SD Governor's Office of Economic Development, Community Development Block Grant/State's Program (Note 3 and 4)	14.228		80,734.71	331,265.29
Department of Interior:				
Direct Federal Funding:				
Distribution of Receipts to State and Local Governments (Note 2)	15.227		385.00	435.00
Department of Justice:				
Indirect Federal Funding:				
SD Department of Corrections, Juvenile Justice and Delinquency Prevention--Allocation to States	16.540		1,005.50	2,301.02
SD Department of Public Safety, Enforcing Underage Drinking Laws Program	16.727		268.80	4,333.97
Total Department of Justice			1,274.30	6,634.99
Department of Transportation:				
Indirect Federal Funding:				
SD Department of Public Safety, State and Community Highway Safety	20.600		7,816.00	1,702.67
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		1,476.01	4,800.00
Total Department of Transportation			9,292.01	6,502.67
General Services Administration:				
Indirect Federal Funding:				
SD Federal Property Agency, Donation of Federal Surplus Personal Property (Note 5)	39.003		38.08	9,879.25
Elections Assistance Commission:				
Indirect Federal Funding:				
SD Secretary of State, Help America Vote Act Requirements Payments	90.401		3,443.81	75,788.07
Department of Homeland Security:				
Indirect Federal Funding:				
SD Department of Public Safety--Emergency Management, State Domestic Preparedness Equipment Support Program (Note 3)	97.004		224,480.55	2,325.35
Homeland Security Grant Program (Note 3)	97.067			152,471.29
Total Department of Homeland Security			224,480.55	154,796.64
GRAND TOTAL			$ 321,850.60	$ 586,951.53

UNION COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Two Years Ended December 31, 2006
(Continued)

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures 2005	Expenditures 2006

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 sub-recipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant/State's Program - South Clay Rural Water System	14.228	$ 412,000.00

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

UNION COUNTY
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Year Ended December 31, 2006

Indebtedness	Long-Term Debt January 1, 2006	Add New Debt	Less Debt Retired	Long-Term Debt December 31, 2006
Governmental Long-Term Debt:				
Bonds Payable	$ 1,090,000.00	$	$ 75,000.00	$ 1,015,000.00
Financing (Capital Acquisition) Leases	108,230.18	20,250.00	57,261.41	71,218.77
Total	$ 1,198,230.18	$ 20,250.00	$ 132,261.41	$ 1,086,218.77

UNION COUNTY
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Year Ended December 31, 2005

Indebtedness	Long-Term Debt January 1, 2005	Add New Debt	Less Debt Retired	Long-Term Debt December 31, 2005
Governmental Long-Term Debt:				
Bonds Payable	$ 1,165,000.00	$	$ 75,000.00	$ 1,090,000.00
Financing (Capital Acquisition) Leases	85,458.31	50,000.00	27,228.13	108,230.18
Total	$ 1,250,458.31	$ 50,000.00	$ 102,228.13	$ 1,198,230.18