

**TOWN OF BISON**  
**AUDITED FINANCIAL STATEMENTS**  
**TWO YEARS ENDED DECEMBER 31, 2021**

**TOWN OF BISON**  
**CITY OFFICIALS**  
**DECEMBER 31, 2021**

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Governing Board:

Cody Green  
Dustin Drews  
Virginia Green  
Rick Stevens  
Greg Fried

Financial Officer:

Paula Kopren

Attorney:

Shane C. Penfield

# TOWN OF BISON

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# TOWN OF BISON

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**KOHLMAN, BIRSCHBACH & ANDERSON, LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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WITH OFFICES IN  
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' 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

To the Town Trustees  
Town of Bison  
Bison, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Bison, South Dakota (Town), as of December 31, 2021, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 7, 2025, which was adverse for the discretely presented component unit because there were no audited modified cash basis of accounting financial statements available for the component unit in 2020 or 2021, and unmodified for the governmental activities, the business-type activities, and each major fund.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as items 2021-001 through 2021-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

### Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit. The Town's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The Town's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

*Kohlman Bierschbach and Anderson LLP*

February 7, 2025

**Town of Bison**  
**PO Box 910**  
**400 West Carr Street**  
**Bison, SD 57620**  
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**SCHEDULE OF PRIOR AUDIT FINDINGS**

2019-001 and 2018-001

*Initial Fiscal Year Finding Occurred:* It is not known how long this comment has been made.

*Finding Summary:* The Town of Bison does not have an internal control system designed to provide for the preparation of the financial statements being audited and as part of the audit the auditors prepared the financial statements and related footnotes. As a part of the financial statement preparation process, at times, we propose material audit adjustments that are not identified as a result of the Town's internal control and, therefore, could result in a misstatement of the Town's financial statements. Additionally, our audit procedures identified certain misstatements that were passed on by management as they were considered not material to the financial statements taken as a whole, as applicable to each respective opinion unit.

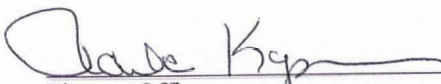
*Status:* Ongoing. This finding has not been corrected and is restated as finding 2021-002 and 2020-002. The reason for recurrence is, due to cost considerations, the Town has determined it is not practical to employ additional staff to adequately segregate duties. The Town will implement compensating controls where practical.

2019-002 and 2018-002

*Initial Fiscal Year Finding Occurred:* It is not known how long this comment has been made.

*Finding Summary:* The Town of Bison has a limited number of office personnel and, accordingly, does not have an adequate segregation of duties within the accounting function to ensure adequate internal controls in revenue, expenditures, and payroll functions.

*Status:* Ongoing. This finding has not been corrected and is restated as finding 2021-001 and 2020-001. The reason for recurrence is, due to cost considerations, the Town has determined it is not practical to employ additional staff to implement an internal control structure adequate to identify all material adjustments. The Town will implement compensating controls where practical.

  
Finance Officer

 Vice President  
Governance

**TOWN OF BISON**  
**SCHEDULE OF CURRENT AUDIT FINDINGS**  
**DECEMBER 31, 2021 AND 2020**

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CURRENT AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

2021-001 and 2020-001

Criteria

Effective internal controls require segregation of duties to ensure that no single individual has control over all aspects of any significant transaction. This includes separating the responsibilities for authorization, custody and record keeping functions. An organization also should have an internal control system in place to ensure the accuracy and reliability of financial reporting, compliance with applicable laws and regulations, and the safeguarding of assets.

Condition Found

A material weakness was reported for inadequate internal controls including a lack of segregation of duties for cash, investments, revenues, grants, equity, expenditures and payroll.

Cause

The Town has a limited number of employees who prepare all records for cash, investments, revenues, grants, equity, expenditures and payroll.

Effect

This condition may affect the Town's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

We recommend the Town Trustees take a more active role in their oversight of cash, investments, revenues, grants, equity, expenditures and payroll.

Identification as a Repeat Finding

Yes, this is a restatement of 2019-002 and 2018-002.

Views of Responsible Officials

Management agrees with the finding.

2021-002 and 2020-002

Criteria

An organization's internal control structure should provide for the preparation of the financial statements and the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with the modified cash basis of accounting.



**TOWN OF BISON**  
**SCHEDULE OF CURRENT AUDIT FINDINGS**  
**DECEMBER 31, 2021 AND 2020**  
**(Continued)**

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Condition Found

The Town does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with the modified cash basis of accounting. As auditors, we were requested to draft the financial statements

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the Town's existing internal controls, and therefore could have resulted in a material misstatement of the Town's financial statements.

Cause

The Town does not have adequate staff trained to prepare the financial statements and the related footnotes which could cause the need for auditors to, at times, propose material journal entries.

Effect

This condition may affect the Town's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

This circumstance is not unusual in an organization of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. Also, a thorough review of the transactions in each fund should take place prior to the beginning of the audit, to ensure that the modified cash basis of accounting has been followed for each fund type, especially for transaction types infrequent in occurrence.

Identification as a Repeat Finding

Yes, this is a restatement of 2019-001 and 2018-001.

Views of Responsible Officials

The Trustees are aware of this condition and will implement compensating controls where possible and practical.

**KOHLMAN, BIRSCHBACH & ANDERSON, LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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WITH OFFICES IN  
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT

To the Town Trustees  
Town of Bison  
Bison, South Dakota

Adverse and Unmodified Opinions

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

*Summary of Opinions*

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Aggregate Discretely Presented Component Unit	Adverse
General Fund	Unmodified
Liquor Fund	Unmodified
Water Fund	Unmodified
Sewer Fund	Unmodified
Solid Waste Fund	Unmodified

*Adverse Opinion on Aggregate Discretely Presented Component Unit*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component unit of the Town, as of December 31, 2021 and 2020, or the changes in financial position for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

*Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Unit*

The financial statements do not include financial data for the Town's legally separate component unit. The modified cash basis of accounting requires the financial data for those component units to be reported with the financial data of the Town's primary government unless the Town also issues financial statements for the financial reporting entity that include the financial data for its component unit. The Town has not issued such reporting entity financial statements. The effects of not including the Town's legally separate component unit information have not been determined.

### Emphasis of Matter - Basis of Accounting

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the Town's basic financial statements. The Budgetary Comparison Schedules, the Schedule of Changes in Long-Term Debt, and the Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

Budgetary Comparison Schedules, the Schedule of Changes in Long-Term Debt, and the Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

*Kohlman Biersebach and Anderson LLP*

February 7, 2025

**TOWN OF BISON**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**DECEMBER 31, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 443,649	\$ 450,529	\$ 894,178
Restricted cash and cash equivalents	<u>10,039</u>	<u>-</u>	<u>10,039</u>
TOTAL ASSETS	\$ <u>453,688</u>	\$ <u>450,529</u>	\$ <u>904,217</u>
NET POSITION:			
Restricted for:			
Library	\$ 10,039	\$ -	\$ 10,039
Unrestricted	<u>443,649</u>	<u>450,529</u>	<u>894,178</u>
TOTAL NET POSITION	\$ <u>453,688</u>	\$ <u>450,529</u>	\$ <u>904,217</u>

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

**TOWN OF BISON**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 90,270	\$ -	\$ -	\$ -	\$ (90,270)		\$ (90,270)
Public safety	48,000	-	32,437	-	(15,563)		(15,563)
Public works	178,593	188	33,777	-	(144,628)		(144,628)
Health and welfare	10,769	-	-	-	(10,769)		(10,769)
Culture and recreation	40,926	5,183	450	-	(35,293)		(35,293)
Conservation and development	15,100	-	-	-	(15,100)		(15,100)
Total Governmental Activities	383,658	5,371	66,664	-	(311,623)		(311,623)
Business-Type Activities:							
Water	153,929	145,733	-	-		\$ (8,196)	(8,196)
Sewer	54,028	58,826	-	22,125		26,923	26,923
Liquor	462,161	482,868	-	-		20,707	20,707
Solid Waste	105,251	78,152	-	-		(27,099)	(27,099)
Total Business-Type Activities	775,369	765,579	-	22,125		12,335	12,335
Total Primary Government	\$ 1,159,027	\$ 770,950	\$ 66,664	\$ 22,125	(311,623)	12,335	(299,288)
General Revenues:							
Taxes:							
Property taxes					197,688		197,688
Sales taxes					207,226	-	207,226
State shared revenues					4,535	-	4,535
Unrestricted investment earnings					276	140	416
Miscellaneous revenue					27,333	-	27,333
Transfers					(68,221)	68,221	-
Total General Revenues and Transfers					368,837	68,361	437,198
Change in Net Position					57,214	80,696	137,910
Net Position - Beginning					396,474	369,833	766,307
Net Position - Ending					\$ 453,688	\$ 450,529	\$ 904,217

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

**TOWN OF BISON**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business - Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 68,631	\$ -	\$ 16,232	\$ -	\$ (52,399)		\$ (52,399)
Public safety	41,800	-	-	-	(41,800)		(41,800)
Public works	150,414	-	45,412	127,340	22,338		22,338
Health and welfare	11,018	-	-	-	(11,018)		(11,018)
Culture and recreation	31,702	1,140	450	-	(30,112)		(30,112)
Conservation and development	<u>5,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,150)</u>		<u>(5,150)</u>
Total Governmental Activities	<u>308,715</u>	<u>1,140</u>	<u>62,094</u>	<u>127,340</u>	<u>(118,141)</u>		<u>(118,141)</u>
Business-Type Activities:							
Water	124,918	138,085	-	-		\$ 13,167	13,167
Sewer	116,542	59,182	-	-		(57,360)	(57,360)
Liquor	446,780	443,330	-	-		(3,450)	(3,450)
Solid Waste	<u>78,096</u>	<u>67,289</u>	<u>-</u>	<u>-</u>		<u>(10,807)</u>	<u>(10,807)</u>
Total Business-Type Activities	<u>766,336</u>	<u>707,886</u>	<u>-</u>	<u>-</u>		<u>(58,450)</u>	<u>(58,450)</u>
Total Primary Government	<u>\$ 1,075,051</u>	<u>\$ 709,026</u>	<u>\$ 62,094</u>	<u>\$ 127,340</u>	<u>(118,141)</u>	<u>(58,450)</u>	<u>(176,591)</u>
General Revenues:							
Taxes:							
Property taxes					190,286	-	190,286
Sales taxes					173,324	-	173,324
State shared revenues					4,047	-	4,047
Unrestricted investment earnings					381	639	1,020
Miscellaneous revenue					15,641	-	15,641
Transfers					<u>(40,000)</u>	<u>40,000</u>	<u>-</u>
Total General Revenues and Transfers					<u>343,679</u>	<u>40,639</u>	<u>384,318</u>
Change in Net Position					225,538	(17,811)	207,727
Net Position - Beginning					<u>170,936</u>	<u>387,644</u>	<u>558,580</u>
Net Position - Ending					<u>\$ 396,474</u>	<u>\$ 369,833</u>	<u>\$ 766,307</u>

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

**TOWN OF BISON**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2021**

---

	<u>General Fund</u>
ASSETS:	
Cash and cash equivalents	\$ 443,649
Restricted cash and cash equivalents	<u>10,039</u>
 TOTAL ASSETS	 \$ <u><u>453,688</u></u>
 FUND BALANCES:	
Restricted for library	\$ 10,039
Unassigned	<u>443,649</u>
 TOTAL FUND BALANCES	 \$ <u><u>453,688</u></u>

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



**TOWN OF BISON**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021 <u>General Fund</u>	2020 <u>General Fund</u>
REVENUES:		
Taxes:		
General property taxes	\$ 194,554	\$ 188,124
General sales and use taxes	207,226	173,324
Gross receipts business taxes	2,413	1,843
Penalties and interest on delinquent taxes	721	319
Intergovernmental Revenue:		
Federal grants	37,869	151,439
State grants	450	7,152
State shared revenue:		
Bank franchise tax	2,154	1,742
Prorate license fees	1,573	3,651
Liquor tax reversion (25%)	2,381	2,305
Motor vehicle licenses	10,835	10,545
Local government highway and bridge fund	15,937	15,296
County shared revenue:		
County road and bridge tax (25%)	-	1,351
Charges for Goods and Services:		
Highways and streets	188	-
Culture and recreation	2,011	765
Library	3,172	-
Miscellaneous Revenue:		
Investment earnings	276	381
Rentals	-	375
Other	<u>27,333</u>	<u>15,641</u>
TOTAL REVENUES	<u>509,093</u>	<u>574,253</u>
EXPENDITURES:		
General Government:		
Legislative	16,885	12,353
Executive	16,518	21,711
Elections	17	18
Financial administration	47,971	26,945
Other	8,879	7,604
Public Safety:		
Police	23,000	21,800
Fire	25,000	20,000
Public Works:		
Highways and streets	126,819	73,499
Airport	51,774	76,915
Health and Welfare:		
Health	769	418
Mental health centers	-	600
Ambulance	10,000	10,000
Culture and Recreation:		
Parks	17,279	16,240
Libraries	21,780	13,577
Museums	1,867	1,885
Conservation and Development:		
Economic development and assistance	<u>15,100</u>	<u>5,150</u>
TOTAL EXPENDITURES	<u>383,658</u>	<u>308,715</u>

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	2021 General Fund	2020 General Fund
EXCESS OF REVENUES OVER EXPENDITURES	<u>125,435</u>	<u>265,538</u>
OTHER FINANCING USES:		
Transfers out	<u>(68,221)</u>	<u>(40,000)</u>
TOTAL OTHER FINANCING USES	<u>(68,221)</u>	<u>(40,000)</u>
NET CHANGE IN FUND BALANCE	57,214	225,538
FUND BALANCE - BEGINNING	<u>396,474</u>	<u>170,936</u>
FUND BALANCE - ENDING	<u>\$ 453,688</u>	<u>\$ 396,474</u>

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

**TOWN OF BISON**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2021**

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	Business-Type Activities Enterprise Funds				
	Water Fund	Sewer Fund	Liquor Fund	Solid Waste Fund	Totals
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ <u>106,973</u>	\$ <u>199,538</u>	\$ <u>138,445</u>	\$ <u>5,573</u>	\$ <u>450,529</u>
TOTAL ASSETS	\$ <u><u>106,973</u></u>	\$ <u><u>199,538</u></u>	\$ <u><u>138,445</u></u>	\$ <u><u>5,573</u></u>	\$ <u><u>450,529</u></u>
NET POSITION:					
Unrestricted	<u>106,973</u>	<u>199,538</u>	<u>138,445</u>	<u>5,573</u>	<u>450,529</u>
TOTAL NET POSITION	\$ <u><u>106,973</u></u>	\$ <u><u>199,538</u></u>	\$ <u><u>138,445</u></u>	\$ <u><u>5,573</u></u>	\$ <u><u>450,529</u></u>

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

**TOWN OF BISON**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2021**

	Business-Type Activities Enterprise Funds				
	Water Fund	Sewer Fund	Liquor Fund	Solid Waste Fund	Total
OPERATING REVENUE:					
Charges for goods and services	\$ 145,733	\$ 58,826	\$ 304,482	\$ 78,152	\$ 587,193
Lottery sales	-	-	178,386	-	178,386
TOTAL OPERATING REVENUE	<u>145,733</u>	<u>58,826</u>	<u>482,868</u>	<u>78,152</u>	<u>765,579</u>
OPERATING EXPENSES:					
Personal services	23,537	13,569	90,566	40,844	168,516
Other current expense	42,981	6,339	24,762	64,407	138,489
Materials (cost of goods sold)	<u>55,369</u>	-	<u>346,833</u>	-	<u>402,202</u>
TOTAL OPERATING EXPENSES	<u>121,887</u>	<u>19,908</u>	<u>462,161</u>	<u>105,251</u>	<u>709,207</u>
OPERATING INCOME (LOSS)	<u>23,846</u>	<u>38,918</u>	<u>20,707</u>	<u>(27,099)</u>	<u>56,372</u>
NONOPERATING REVENUE (EXPENSE):					
Capital grants	-	22,125	-	-	22,125
Capital assets	(14,526)	-	-	-	(14,526)
Investment earnings	41	60	39	-	140
Debt service (principal)	(7,498)	(24,718)	-	-	(32,216)
Interest expense	<u>(10,018)</u>	<u>(9,402)</u>	<u>-</u>	<u>-</u>	<u>(19,420)</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(32,001)</u>	<u>(11,935)</u>	<u>39</u>	<u>-</u>	<u>(43,897)</u>
INCOME (LOSS) BEFORE TRANSFERS	(8,155)	26,983	20,746	(27,099)	12,475
TRANSFERS IN	-	40,000	-	34,796	74,796
TRANSFERS OUT	<u>(6,575)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,575)</u>
CHANGE IN NET POSITION	(14,730)	66,983	20,746	7,697	80,696
NET POSITION - BEGINNING	<u>121,703</u>	<u>132,555</u>	<u>117,699</u>	<u>(2,124)</u>	<u>369,833</u>
NET POSITION - ENDING	<u>\$ 106,973</u>	<u>\$ 199,538</u>	<u>\$ 138,445</u>	<u>\$ 5,573</u>	<u>\$ 450,529</u>

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

**TOWN OF BISON**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2020**

	Business-Type Activities Enterprise Funds				
	Water Fund	Sewer Fund	Liquor Fund	Solid Waste Fund	Total
OPERATING REVENUE:					
Charges for goods and services	\$ 138,085	\$ 59,182	\$ 279,180	\$ 67,289	\$ 543,736
Lottery sales	<u>-</u>	<u>-</u>	<u>164,150</u>	<u>-</u>	<u>164,150</u>
TOTAL OPERATING REVENUE	<u>138,085</u>	<u>59,182</u>	<u>443,330</u>	<u>67,289</u>	<u>707,886</u>
OPERATING EXPENSES:					
Personal services	18,534	19,252	83,698	36,967	158,451
Other current expense	22,872	46,487	38,930	41,129	149,418
Materials (cost of goods sold)	<u>66,134</u>	<u>-</u>	<u>321,031</u>	<u>-</u>	<u>387,165</u>
TOTAL OPERATING EXPENSES	<u>107,540</u>	<u>65,739</u>	<u>443,659</u>	<u>78,096</u>	<u>695,034</u>
OPERATING INCOME (LOSS)	<u>30,545</u>	<u>(6,557)</u>	<u>(329)</u>	<u>(10,807)</u>	<u>12,852</u>
NONOPERATING REVENUE (EXPENSE):					
Capital assets	-	(10,805)	(3,121)	-	(13,926)
Investment earnings	103	250	286	-	639
Debt service (principal)	(7,178)	(29,695)	-	-	(36,873)
Interest expense	<u>(10,200)</u>	<u>(10,303)</u>	<u>-</u>	<u>-</u>	<u>(20,503)</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(17,275)</u>	<u>(50,553)</u>	<u>(2,835)</u>	<u>-</u>	<u>(70,663)</u>
INCOME (LOSS) BEFORE TRANSFERS	13,270	(57,110)	(3,164)	(10,807)	(57,811)
TRANSFERS IN	100,000	40,000	-	10,000	150,000
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>(110,000)</u>	<u>-</u>	<u>(110,000)</u>
CHANGE IN NET POSITION	113,270	(17,110)	(113,164)	(807)	(17,811)
NET POSITION - BEGINNING	<u>8,433</u>	<u>149,665</u>	<u>230,863</u>	<u>(1,317)</u>	<u>387,644</u>
NET POSITION - ENDING	<u>\$ 121,703</u>	<u>\$ 132,555</u>	<u>\$ 117,699</u>	<u>\$ (2,124)</u>	<u>\$ 369,833</u>

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

**TOWN OF BISON**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 1.c., these financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**a. Financial Reporting Entity:**

The reporting entity of the Town of Bison (Town), 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.

The reporting entity is comprised of the primary government, Town of Bison, and one component unit, Homestead Heights.

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

The Town has elected to present only primary government activities; thus, the financial information of Homestead Heights has not been included in the financial statements of the Town.

**b. Basis of Presentation:**

**Government-Wide Financial Statements:**

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function of the Town'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 proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least ten 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 five percent of the corresponding total for all governmental and enterprise funds combined, or

**TOWN OF BISON**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 1 - (Continued)**

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 Town financial reporting entity are described below:

**Governmental Funds:**

**General Fund** - The General Fund is the general operating fund of the Town. 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.

**Proprietary Funds:**

**Enterprise Funds** - Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's principal revenue sources.

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit - even if that government is not expected to make any payments - is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)
- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

**Water Fund** - Financed primarily by user charges, this fund accounts for the construction and operation of the Town waterworks system and related facilities (SDCL 9-47-1). This is a major fund.

**Sewer Fund** - Financed primarily by user charges, this fund accounts for the construction and operation of the Town sanitary sewer system and related facilities (SDCL 9-48-2). This is a major fund.

**Liquor Fund** - Financed primarily by consumer charges, this fund accounts for the construction and operation of the Town bar and related equipment. This is a major fund.

**Solid Waste Fund** - Financed primarily by user charges, this fund accounts for the construction and operation of the Town rubble site facilities, and the Town municipal garbage compaction/baling and disposal/hauling operations. This is a major fund.

c. **Measurement Focus and Basis of Accounting:**

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

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

**TOWN OF BISON**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 1 - (Continued)**

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

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

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

**e. Capital Assets:**

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



**TOWN OF BISON**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 1 - (Continued)**

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

**f. Long-Term Liabilities:**

Long-term liabilities include, but are not limited to, notes payable and revenue bonds.

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. The Town has not elected to modify their cash basis presentation by recording long-term debt arising from cash transactions, so any outstanding indebtedness is not reported on the financial statements of the Town. The Town does report the principal and interest payments on long-term debt as Debt Service expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances. On the Statement of Activities, the principal portion of these Debt Service payments are reported within the appropriate expense function while the interest portion is reported as Interest on Long-Term Debt.

The Town has presented as supplementary information a Schedule of Changes in Long-Term Debt along with related notes that include details of any outstanding long-term debt.

**g. Program Revenues:**

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

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

**h. Proprietary Funds Revenue and Expense Classifications:**

In the proprietary fund's Statement of Revenues, Expenses and Changes in Net Position, revenues and expenses are classified as operating or non-operating revenues and expenses. Operating revenues and expenses directly relate to the purpose of the fund.

**i. Cash and Cash Equivalents:**

The Town pools the cash resources of its funds for cash management purposes. The water, sewer, solid waste, and liquor funds essentially have access to the entire amount of their cash resources on demand. Accordingly, each proprietary fund's equity in the cash management pool is considered to be cash and cash equivalents.

**TOWN OF BISON**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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NOTE 1 - (Continued)

j. Equity Classifications:

Government-Wide Financial Statements:

Equity is classified as net position and is displayed in two components:

1. Restricted net position - Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
2. Unrestricted net position - All other net position that does not meet the definition of restricted net position.

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned, or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements.

k. Application of Net Position:

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

l. Fund Balance Classification Policies and Procedures:

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

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

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

The Town does not have a formal minimum fund balance policy.

**TOWN OF BISON**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 - (Continued)**

A schedule of fund balances is provided as follows:

TOWN OF BISON  
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021

	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Liquor Fund</u>	<u>Solid Waste Fund</u>
Fund Balances:					
Restricted for:					
Other Purposes:					
Library	\$ 10,039	\$ -	\$ -	\$ -	\$ -
Unassigned	<u>443,649</u>	<u>88,150</u>	<u>199,538</u>	<u>138,445</u>	<u>5,573</u>
Total Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

The Town follows the practice of aggregating the cash assets of all the 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 Town's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, 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 Town funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

As of December 31, 2021, the Town did not have any investments.

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

**Interest Rate Risk** - The Town 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 Town does not have any investments and, therefore, does not have a formal investment policy.

**TOWN OF BISON**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 3 - RESTRICTED CASH AND INVESTMENTS**

Assets restricted to use for a specific purpose through segregation of balances in separate account includes \$10,039, which is restricted for library operating purposes in the General Fund.

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

**NOTE 5 - RESTRICTED NET POSITION**

Restricted net position for the year ended December 31, 2021, was as follows:

Other Purposes:	
Library	\$ <u>10,039</u>
Total Restricted Net Position	\$ <u><u>10,039</u></u>

These balances are restricted by the terms of statutory requirements.

**NOTE 6 - INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2021, were as follows::

<u>Transfers from:</u>	<u>Transfer To:</u>			
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
General Fund	\$ 40,000	\$ -	\$ 28,221	\$ 68,221
Water Fund	<u>-</u>	<u>-</u>	<u>6,575</u>	<u>6,575</u>
Total	\$ <u><u>40,000</u></u>	\$ <u><u>-</u></u>	\$ <u><u>34,796</u></u>	\$ <u><u>74,796</u></u>

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

<u>Transfers from:</u>	<u>Transfer To:</u>			
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
General Fund	\$ 40,000	\$ -	\$ -	\$ 40,000
Liquor Fund	<u>-</u>	<u>100,000</u>	<u>10,000</u>	<u>110,000</u>
Total	\$ <u><u>40,000</u></u>	\$ <u><u>100,000</u></u>	\$ <u><u>10,000</u></u>	\$ <u><u>150,000</u></u>

The transfers were to supplement operations between funds.

**TOWN OF BISON**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 7 - PENSION PLAN**

**Plan Information:**

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report can be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

**Benefits Provided:**

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

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

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

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

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

**TOWN OF BISON**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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NOTE 7 - (Continued)

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The Town's share of contributions to the SDRS for the calendar years ended December 31, 2021, 2020, and 2019, were \$9,295, \$7,575, and \$8,317, respectively, equal to the required contributions each year.

Pension Asset and Pension Expense:

At June 30, 2021, SDRS is 105.52% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the Town as of this measurement period ended June 30, 2021, and reported by the Town as of December 31, 2021, are as follows:

Proportionate share of total pension liability	\$ 781,370
Less proportionate share of net position restricted for pension benefits	<u>824,524</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (43,154)</u></u>

The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was based on a projection of the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the Town's proportion was .00563500%, which is an decrease of .0006156% from its proportion measured as of June 30, 2020.

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 %
Salary Increase	Graded by years of services, from 6.50% at entry to 3.00% after 25 years of services
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.25% and real returns of 4.25%
Future COLAs	2.25%

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2011, to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

**TOWN OF BISON**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 7 - (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0 %	4.3 %
Fixed Income	30.0 %	1.6 %
Real Estate	10.0 %	4.6 %
Cash	<u>2.0 %</u>	0.9 %
Total	<u>100 %</u>	

**Discount Rate:**

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

**Sensitivity of Liability (Asset) to Changes in the Discount Rate:**

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

	1% Decrease	Current Discount Rate	1% Increase
Town's proportionate share of the net pension liability (asset)	\$ 69,878	\$ (43,154)	\$ (134,910)

**Pension Plan Fiduciary Net Position:**

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

**NOTE 8 - PROPRIETARY NET POSITION**

The Town Trustees have set aside the amount of \$18,822 in the Water Fund for the debt repayment of the Perkins County Rural Water loan.

**NOTE 9 - SIGNIFICANT CONTINGENCIES - LITIGATION**

At December 31, 2021, the Town was involved in one lawsuit. No determination can be made at this time regarding the potential outcome of this lawsuit. However, as discussed in the Risk Management note, the Municipality has liability coverage for itself and its employees with EMC. Therefore, no material effects are anticipated to the Town as a result of the potential outcome of this lawsuit.

**NOTE 10 - SUBSEQUENT EVENTS**

Management has evaluated whether any subsequent events have occurred through February 7, 2025, the date on which the financial statements were available to be issued. Management has determined there are none.

**TOWN OF BISON**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 11 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2021, the Town managed its risks as follows:

**Employee Health Insurance:**

The Town 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 Town 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 Town 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 Town'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 Town pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

The Town 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 Town provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.



## **SUPPLEMENTARY INFORMATION**

**TOWN OF BISON**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
General property taxes	\$ 194,748	\$ 194,748	\$ 194,554	\$ (194)
General sales and use taxes	175,025	175,025	207,226	32,201
Gross receipts business taxes	2,500	2,500	2,413	(87)
Penalties and interest on delinquent taxes	-	-	721	721
Intergovernmental Revenue:				
Federal grants	7,000	7,000	37,869	30,869
State grants	-	-	450	450
State shared revenue:				
Bank franchise tax	1,750	1,750	2,154	404
Prorate license fees	2,950	2,950	1,573	(1,377)
Liquor tax reversion (25%)	2,250	2,250	2,381	131
Motor vehicles licenses	11,000	11,000	10,835	(165)
Local government highway and bridge fund	16,500	16,500	15,937	(563)
Charges for Goods and Services:				
Highway and streets	-	-	188	188
Culture and recreation	2,385	2,385	2,011	(374)
Fines and Forfeits:				
Library	-	-	3,172	3,172
Miscellaneous Revenue:				
Investment earnings	-	-	276	276
Contributions and donations from private				
Other	-	-	27,333	27,333
TOTAL REVENUES	<u>416,108</u>	<u>416,108</u>	<u>509,093</u>	<u>92,985</u>
EXPENDITURES:				
General Government:				
Legislative	13,075	16,852	16,885	(33)
Contingency	50,000	50,000		
Amount transferred		(26,804)	-	23,196
Executive	21,960	21,960	16,518	5,442
Elections	925	925	17	908
Financial administration	21,241	41,243	47,971	(6,728)
Other	3,000	3,000	8,879	(5,879)
Public Safety:				
Police	23,000	23,000	23,000	-
Fire	25,000	25,000	25,000	-
Public Works:				
Highway and streets	202,952	202,952	126,819	76,133
Airport	40,950	40,950	51,774	(10,824)
Health and Welfare:				
Health	1,864	1,864	769	1,095
Mental health centers	600	600	-	600
Ambulance	10,000	10,000	10,000	-

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	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Culture and Recreation:				
Parks	25,823	25,823	17,279	8,544
Libraries	23,100	23,100	21,780	1,320
Museums	1,950	1,950	1,867	83
Conservation and Development:				
Economic development and assistance	<u>11,100</u>	<u>11,100</u>	<u>15,100</u>	<u>(4,000)</u>
TOTAL EXPENDITURES	<u>476,540</u>	<u>473,515</u>	<u>383,658</u>	<u>89,857</u>
EXCESS OF REVENUE OVER (UNDER)				
EXPENDITURES	<u>(60,432)</u>	<u>(57,407)</u>	<u>125,435</u>	<u>182,842</u>
OTHER FINANCING USES:				
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(68,221)</u>	<u>(28,221)</u>
TOTAL OTHER FINANCING USES	<u>(40,000)</u>	<u>(40,000)</u>	<u>(68,221)</u>	<u>(28,221)</u>
NET CHANGE IN FUND BALANCES	(100,432)	(97,407)	57,214	154,621
FUND BALANCE - BEGINNING	<u>396,474</u>	<u>396,474</u>	<u>396,474</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 296,042</u>	<u>\$ 299,067</u>	<u>\$ 453,688</u>	<u>\$ 154,621</u>

**TOWN OF BISON**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
General property taxes	\$ 189,623	\$ 189,623	\$ 188,124	\$ (1,499)
General sales and use taxes	173,324	170,000	173,324	3,324
Gross receipts business taxes	1,844	2,590	1,843	(747)
Penalties and interest on delinquent taxes	319	319	319	-
Intergovernmental Revenue:				
Federal grants	158,591	154,015	151,439	(2,576)
State grants	-	450	7,152	6,702
State shared revenue:				
Bank franchise tax	1,742	33,375	1,742	(31,633)
Prorate license fees	3,651	-	3,651	3,651
Liquor tax reversion (25%)	2,305	-	2,305	2,305
Motor vehicle licenses	10,545	-	10,545	10,545
Local government highway and bridge fund	15,296	-	15,296	15,296
County shared revenue:				
County road tax (25%)	1,351	1,700	1,351	(349)
Charges for Goods and Services:				
Culture and recreation	765	3,300	765	(2,535)
Miscellaneous Revenue:				
Investment earnings	381	3,575	381	(3,194)
Rentals	375	-	375	375
Other	15,641	7,645	15,641	7,996
<b>TOTAL REVENUES</b>	<b>575,753</b>	<b>566,592</b>	<b>574,253</b>	<b>7,661</b>
<b>EXPENDITURES</b>				
General Government:				
Legislative	13,020	13,020	12,353	667
Contingency	50,000	50,000		
Amount transferred		(1,294)	-	48,706
Executive	19,921	21,371	21,711	(340)
Elections	925	925	18	907
Financial administration	35,221	35,221	26,945	8,276
Other	3,100	3,100	7,604	(4,504)
Public Safety:				
Police	21,800	21,800	21,800	-
Fire	20,000	20,000	20,000	-
Public Works:				
Highways and streets	227,250	227,250	73,499	153,751
Airport	30,370	157,710	76,915	80,795
Cemeteries	250	250	-	250
Health and Welfare:				
Health	2,281	2,281	418	1,863
Mental health centers	600	600	600	-
Ambulance	10,000	10,000	10,000	-
Culture and Recreation:				
Parks	31,510	31,510	16,240	15,270
Libraries	21,840	22,290	13,577	8,713
Museums	1,920	1,920	1,885	35

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget - Positive (Negative)
Conservation and Development:				
Economic development and assistance	<u>10,150</u>	<u>10,150</u>	<u>5,150</u>	<u>5,000</u>
TOTAL EXPENDITURES	<u>500,158</u>	<u>628,104</u>	<u>308,715</u>	<u>319,389</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	<u>75,595</u>	<u>(61,512)</u>	<u>265,538</u>	<u>327,050</u>
OTHER FINANCING USES:				
Transfers out	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>40,000</u>
TOTAL OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>(40,000)</u>
NET CHANGE IN FUND BALANCES	75,595	(61,512)	225,538	287,050
FUND BALANCE - BEGINNING	<u>170,936</u>	<u>170,936</u>	<u>170,936</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 246,531</u>	<u>\$ 109,424</u>	<u>\$ 396,474</u>	<u>\$ 287,050</u>

**TOWN OF BISON**  
**NOTES TO THE SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING**

The Town follows these procedures in establishing the budgetary data reflected in the schedules:

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total Town budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board.

The Town did not encumber any amounts at December 31, 2021, or December 30, 2020.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund.

**NOTE 2 - OTHER COMPREHENSIVE BASIS OF ACCOUNTING MODIFIED CASH BASIS/BUDGETARY ACCOUNTING BASIS DIFFERENCES**

The financial statements prepared in conformity with USGAAP applied within the context of the modified cash basis of accounting 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 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.

**TOWN OF BISON**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT**  
**TWO YEARS ENDED DECEMBER 31, 2021**

Indebtedness	Long-Term Debt January 1, 2020	Add New Debt	Less Debt Retired	Long-Term Debt December 31, 2021
ENTERPRISE LONG-TERM DEBT:				
USDA SRF Loan	\$ 352,300	\$ -	\$ 54,413	\$ 297,887
Perkins County Rural Water Systems, Inc. Assessment	<u>319,700</u>	<u>-</u>	<u>14,676</u>	<u>305,024</u>
Total	<u>\$ 672,000</u>	<u>\$ -</u>	<u>\$ 69,089</u>	<u>\$ 602,911</u>

**NOTE 1 - LONG-TERM DEBT**

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

Revenue Bonds:

USDA SRF Loan, due in quarterly installments of \$8,530, including 3.00% interest, maturing April 1, 2032. This debt is serviced by the Sewer Fund.	\$	297,887
Perkins County Rural Water Systems, Inc. Assessment, due in annual installments of \$16,691, including 3.00% interest, maturing June 1, 2049. This debt is serviced by the Water Fund.	\$	305,024

**TOWN OF BISON**  
**SCHEDULE OF SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**LAST 7 YEARS\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	0.0056350 %	0.0062506 %	0.0064118 %	0.0061106 %	0.0053778 %	0.0054784 %	0.0048483 %
Town's proportionate share of the net pension liability (asset)	\$ (43,154)	\$ (271)	\$ (680)	\$ (143)	\$ (488)	\$ 18,505	\$ (20,563)
Town's covered payroll	\$ 127,869	\$ 137,182	\$ 135,904	\$ 122,437	\$ 107,629	\$ 103,965	\$ 88,517
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.75 %	0.20 %	0.50 %	0.12 %	0.45 %	17.80 %	(23.20)%
Plan fiduciary net position as a percentage of the total pension liability (asset)	106 %	100 %	100 %	100 %	100 %	97 %	104 %

\* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30. Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.



**TOWN OF BISON**  
**NOTES TO THE SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**DECEMBER 31, 2021 AND 2020**

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Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2020, and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.41%. For this June 30, 2021 Actuarial Valuation, future COLAs are assumed to equal the baseline COLA assumption of 2.25%.

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

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

Actuarial Method Changes

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