

**MUNICIPALITY OF CORSICA
CORSICA, SOUTH DAKOTA**

AUDIT REPORT

**FOR THE YEAR JANUARY 1, 2021 TO DECEMBER 31, 2021
AND
FOR THE YEAR JANUARY 1, 2022 TO DECEMBER 31, 2022**

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF CORSICA

MUNICIPAL OFFICIALS
DECEMBER 31, 2022

MAYOR:

Austin Luebke

GOVERNING BOARD:

Troy Bamberg – President
Kyle Blom
Seth Denning
Noah Hellenga
Wade Sonnenberg

FINANCE OFFICER:

Lori A. Heidinger

ATTORNEY:

Braley Law Office

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

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105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

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

Governing Board
Municipality of Corsica
Corsica, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the cash basis of accounting financial statements of the governmental activities, business-type activities, and each major fund of the Municipality of Corsica, South Dakota (Municipality), as of December 31, 2022 and December 31, 2021 and for each of the two years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated January 2, 2024.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Municipality'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 item 2022-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Current Audit Findings as item 2022-002.

Municipality's Responses to Findings

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

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 Municipality's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Schoenfish & Co., Inc.
Certified Public Accountants
January 2, 2024

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2020-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for the revenues. This comment has not been corrected and is restated as Current Audit Finding Number 2022-001.

Compliance – Related Finding:

Finding Number 2020-002:

Expenditures exceeded the amounts budgeted in several functions in 2019 and 2020. This comment has not been corrected and a similar comment is restated as Current Audit Finding Number 2022-002.

Schoenfish & Co., Inc.

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SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2022-001:

Condition:

A material weakness in internal controls noted due to a lack of proper segregation of duties for revenues. This is a continuing audit comment since 2008.

Criteria:

Proper segregation of duties results in increased reliability of reported financial data. Proper segregation of duties results in increased reliability of reported financial data and decreased potential for the loss of public assets through the separation of key accounting and physical control functions.

The AICPA states that, "Segregation of Duties (SOD) is a basic building block of sustainable risk management and internal controls for a business. The principle of SOD is based on shared responsibilities of a key process that disperses the critical functions of that process to more than one person or department. Without this separation in key processes, fraud and error risks are far less manageable."

Cause of Condition:

The Finance Officer processes all revenue transactions from beginning to end. She also receives money, issues receipts, records receipts, posts receipts in the accounting records, prepares bank deposits, reconciles bank statements, and prepares financial statements. A lack of proper segregation of duties existed for the revenues resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

Potential Effect of Condition:

There is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

Recommendation:

1. We recommend that the Municipality of Corsica officials be cognizant of this lack of segregation of duties for revenues and attempt to develop policies and provide compensating internal controls whenever, and wherever, possible and practical. In addition, we recommend that all necessary accounting records be established and properly maintained to provide some compensation for lack of proper segregation of duties.

Client's Response:

The Municipality of Corsica Mayor, Austin Luebke, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Municipality of Corsica which precludes staffing at a level sufficient to provide an ideal environment for internal controls. We are aware of this problem and are attempting to provide compensating controls.

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SCHEDULE OF CURRENT AUDIT FINDINGS
(Continued)

Compliance – Related Finding:

Finding Number 2022-002:

Condition:

Expenditures exceeded the amounts budgeted in several functions in 2022 and 2021. This is a continuing audit comment since 2008.

Criteria:

SDCL 9-21-2 states in part, "The governing body of each municipality shall, no later than its first regular meeting in September of each year or within ten days thereafter, introduce the annual appropriation ordinance for the ensuing fiscal year, in which it shall appropriate the sums of money necessary to meet all lawful expenses and liabilities of the municipality." Also SDCL 9-21-9 states, "Neither the governing body nor any department or officer of the municipality shall add to the municipal expenditures in any fiscal year any sum in excess of the amount provided for in the annual appropriation ordinance except as otherwise specially provided. Nor shall the amount spent for any purpose or any department exceed the total amount appropriated for such purpose or for such department in the annual appropriation ordinance for such year, except as otherwise specially provided."

Cause of Condition:

The Municipality expended money in excess of amounts budgeted without supplementing the budget as allowed by SDCL 9-21-7.

Potential Effect of Condition:

Without amending or preparing the budget or limiting expenditures, expenditures are being made without proper authority.

Recommendation:

2. We recommend that expenditures be limited to amounts budgeted or budget supplements be made in accordance with SDCL 9-21-7 to allow for expenditures.

Client's Response:

The Municipality of Corsica Mayor, Austin Luebke, is the contact person responsible for the corrective action plan for this comment. The Municipality will be more careful to follow the budgetary guidelines prescribed by law.

CLOSING CONFERENCE

The audit findings were discussed with the officials during the course of the audit and with the Mayor and Finance Officer on January 9, 2024.

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Phone: 605-928-7241

FAX No.: 605-928-6241

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Corsica
Corsica, South Dakota

Report on the Financial Statements***Opinions***

We have audited the accompanying cash basis of accounting financial statements of the governmental activities, business-type activities, and each major fund of the Municipality of Corsica, South Dakota, (Municipality) as of December 31, 2022 and December 31, 2021 and for each of the two years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying cash basis of accounting financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Municipality of Corsica as of December 31, 2022, and December 31, 2021, and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with the cash basis of accounting described in Note 1.c. to the financial statements.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Municipality 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 audit opinions.

Emphasis of Matter

As discussed in Note 1.c. of the financial statements, which describes the basis of accounting, the financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is 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 cash basis of accounting described in Note 1.c.; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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 Municipality'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the cash basis of accounting financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS and *Government 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 GAAS and *Government 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 Municipality'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 Municipality'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.

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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the cash basis of accounting financial statements that collectively comprise the Municipality's basic financial statements. The Budgetary Comparison Schedules, the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset), the Schedule of Municipal Contributions, and the Schedule of Long-Term Debt 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 the Municipality's Proportionate Share of the Net Pension Liability (Asset), the Schedule of Municipal Contributions, and the Schedule of Long-Term Debt is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

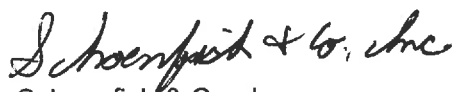
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the List of Municipal Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2024 on our consideration of the Municipality's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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* in considering the Municipality's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.
Certified Public Accountants
January 2, 2024

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
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MUNICIPALITY OF CORSICA
STATEMENT OF NET POSITION - CASH BASIS
December 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	848,507.45	325,669.91	1,174,177.36
TOTAL ASSETS	848,507.45	325,669.91	1,174,177.36
NET POSITION:			
Restricted for:			
Debt Service Purposes	220,805.00		220,805.00
Parks and Promotion	84,865.29		84,865.29
Unrestricted	542,837.16	325,669.91	868,507.07
TOTAL NET POSITION	848,507.45	325,669.91	1,174,177.36

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

MUNICIPALITY OF CORSICA
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended December 31, 2022

Functions/Programs	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary Government:						
Governmental Activities:						
General Government	193,525.37	11,648.00	52,573.75		(129,303.62)	(129,303.62)
Public Safety	53,628.00	600.00			(53,028.00)	(53,028.00)
Public Works	248,946.66	6,081.59	27,809.91		(215,055.16)	(215,055.16)
Health and Welfare	2,012.08		2,446.00		433.92	433.92
Culture and Recreation	90,633.86	6,997.22			(83,636.64)	(83,636.64)
Miscellaneous Disbursements	0.00	7,543.28			7,543.28	7,543.28
Long-Term Debt Payments	107,662.50				(107,662.50)	(107,662.50)
Total Governmental Activities	696,408.47	32,870.09	82,829.66	0.00	(580,708.72)	(580,708.72)
Business-type Activities:						
Water	201,660.72	262,697.95			61,037.23	61,037.23
Sewer	71,139.53	87,921.74			16,782.21	16,782.21
Total Business-Type Activities	272,800.25	350,619.69	0.00	0.00	77,819.44	77,819.44
Total Primary Government	969,208.72	383,489.78	82,829.66	0.00	(580,708.72)	(502,889.28)
General Receipts:						
Taxes:						
Property Taxes					273,626.85	273,626.85
Sales Taxes					411,592.04	411,592.04
State Shared Receipts					5,713.51	5,713.51
Unrestricted Investment Earnings					2,705.97	2,705.97
Miscellaneous Receipts					15,408.03	15,408.03
Total General Receipts					709,046.40	709,046.40
Change in Net Position					128,337.68	206,157.12
Net Position - Beginning					720,169.77	968,020.24
NET POSITION - ENDING					848,507.45	1,174,177.36

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

**MUNICIPALITY OF CORSICA
BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2022**

	<u>General Fund</u>	<u>Liquor, Lodging and Dining Fund</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	<u>763,642.16</u>	<u>84,865.29</u>	<u>848,507.45</u>
TOTAL ASSETS	<u><u>763,642.16</u></u>	<u><u>84,865.29</u></u>	<u><u>848,507.45</u></u>
FUND BALANCES:			
Restricted For:			
Debt Service	<u>220,805.00</u>		<u>220,805.00</u>
Parks & Promotion		<u>84,865.29</u>	<u>84,865.29</u>
Unassigned	<u>542,837.16</u>		<u>542,837.16</u>
TOTAL FUND BALANCES	<u><u>763,642.16</u></u>	<u><u>84,865.29</u></u>	<u><u>848,507.45</u></u>

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

MUNICIPALITY OF CORSICA
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	General Fund	Liquor, Lodging, and Dining Fund	Total
Receipts:			
Taxes:			
General Property Taxes	263,144.76		263,144.76
General Sales and Use Taxes	398,285.00	13,307.04	411,592.04
Tax Deed Revenue	9,846.96		9,846.96
Penalties & Interest on Delinquent Taxes	635.13		635.13
Total Taxes	671,911.85	13,307.04	685,218.89
Licenses and Permits	5,708.00	0.00	5,708.00
Intergovernmental Receipts:			
Federal Grants	52,573.75		52,573.75
State Grants	2,446.00		2,446.00
State Shared Receipts:			
Bank Franchise Tax	1,782.45		1,782.45
Prorate License Fees	2,952.03		2,952.03
Liquor Tax Reversion	3,931.06		3,931.06
Motor Vehicle Licenses	14,485.44		14,485.44
Local Government Highway and Bridge Fund	8,627.85		8,627.85
County Shared Receipts:			
County Wheel Tax	1,744.59		1,744.59
Total Intergovernmental Receipts	88,543.17	0.00	88,543.17
Charges for Goods and Services:			
Sanitation	1,918.39		1,918.39
Culture and Recreation	6,997.22		6,997.22
Other	1,049.20		1,049.20
Total Charges for Goods and Services	9,964.81	0.00	9,964.81
Miscellaneous Receipts:			
Investment Earnings	2,705.97		2,705.97
Rentals	11,954.00		11,954.00
Liquor Operating Agreement Income	5,243.28		5,243.28
Other	15,408.03		15,408.03
Total Miscellaneous Receipts	35,311.28	0.00	35,311.28
Total Receipts	811,439.11	13,307.04	824,746.15

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

MUNICIPALITY OF CORSICA
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	General Fund	Liquor, Lodging, and Dining Fund	Total
Disbursements:			
General Government:			
Legislative	39,212.87		39,212.87
Financial Administration	108,457.91		108,457.91
Other	45,854.59		45,854.59
Total General Government	193,525.37	0.00	193,525.37
Public Safety:			
Police	52,728.00		52,728.00
Fire	900.00		900.00
Total Public Safety	53,628.00	0.00	53,628.00
Public Works:			
Highways and Streets	225,716.45		225,716.45
Sanitation	8,670.14		8,670.14
Airport	14,560.07		14,560.07
Total Public Works	248,946.66	0.00	248,946.66
Health and Welfare:			
Health	2,012.08		2,012.08
Total Health and Welfare	2,012.08	0.00	2,012.08
Culture and Recreation:			
Recreation	51,037.96		51,037.96
Parks	37,615.90		37,615.90
Libraries	1,980.00		1,980.00
Total Culture and Recreation	90,633.86	0.00	90,633.86
Debt Service	107,662.50	0.00	107,662.50
Total Disbursements	696,408.47	0.00	696,408.47
Net Change in Fund Cash Balance	115,030.64	13,307.04	128,337.68
Fund Cash Balance - Beginning	648,611.52	71,558.25	720,169.77
FUND CASH BALANCE - ENDING	763,642.16	84,865.29	848,507.45

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

MUNICIPALITY OF CORSICA
STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUNDS
December 31, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	<u>207,506.00</u>	<u>118,163.91</u>	<u>325,669.91</u>
TOTAL ASSETS	<u>207,506.00</u>	<u>118,163.91</u>	<u>325,669.91</u>
NET POSITION:			
Unrestricted	<u>207,506.00</u>	<u>118,163.91</u>	<u>325,669.91</u>
TOTAL NET POSITION	<u>207,506.00</u>	<u>118,163.91</u>	<u>325,669.91</u>

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

MUNICIPALITY OF CORSICA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
NET POSITION - CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Receipts:			
Charges for Goods and Services	261,021.62	87,921.74	348,943.36
Miscellaneous	1,676.33		1,676.33
Total Operating Receipts	262,697.95	87,921.74	350,619.69
Operating Disbursements:			
Personal Services	13,448.64	8,432.55	21,881.19
Materials	124,972.00		124,972.00
Other Current Disbursements	54,468.08	23,634.98	78,103.06
Total Operating Disbursements	192,888.72	32,067.53	224,956.25
Operating Income (Loss)	69,809.23	55,854.21	125,663.44
Non-operating Receipts (Disbursements):			
Debt Service (Principal)	(3,024.72)	(14,050.20)	(17,074.92)
Debt Service (Interest)	(5,747.28)	(25,021.80)	(30,769.08)
Total Non-operating Receipts (Disbursements)	(8,772.00)	(39,072.00)	(47,844.00)
Change in Net Position	61,037.23	16,782.21	77,819.44
Net Position - Beginning	146,468.77	101,381.70	247,850.47
NET POSITION - ENDING	207,506.00	118,163.91	325,669.91

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

MUNICIPALITY OF CORSICA
STATEMENT OF NET POSITION - CASH BASIS
December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	720,169.77	247,850.47	968,020.24
TOTAL ASSETS	720,169.77	247,850.47	968,020.24
NET POSITION:			
Restricted for:			
Debt Service Purposes	220,805.00		220,805.00
Parks and Promotion	71,558.25		71,558.25
Unrestricted	427,806.52	247,850.47	675,656.99
TOTAL NET POSITION	720,169.77	247,850.47	968,020.24

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

MUNICIPALITY OF CORSICA
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended December 31, 2021

Functions/Programs	Program Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Disbursements	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	216,361.24	4,013.00	133,625.03		(78,723.21)		(78,723.21)
Public Safety	63,353.05				(63,353.05)		(63,353.05)
Public Works	127,616.93	5,746.61	34,796.86		(87,073.46)		(87,073.46)
Health and Welfare	1,138.45		981.90		(156.55)		(156.55)
Culture and Recreation	71,355.49	7,324.85			(64,030.64)		(64,030.64)
Miscellaneous Disbursements		4,682.53			4,682.53		4,682.53
Long-Term Debt Payments	109,062.50				(109,062.50)		(109,062.50)
Total Governmental Activities	588,887.66	21,766.99	169,403.79	0.00	(397,716.88)	0.00	(397,716.88)
Business-type Activities:							
Water	323,537.37	184,259.72				(139,277.65)	(139,277.65)
Sewer	68,805.61	95,943.63				27,138.02	27,138.02
Total Business-Type Activities	392,342.98	280,203.35	0.00	0.00		(112,139.63)	(112,139.63)
Total Primary Government	981,230.64	301,970.34	169,403.79	0.00	(397,716.88)	(112,139.63)	(509,856.51)
General Receipts:							
Taxes:							
Property Taxes					256,530.73		256,530.73
Sales Taxes					337,496.32		337,496.32
State Shared Receipts					5,999.14		5,999.14
Unrestricted Investment Earnings					1,025.44		1,025.44
Miscellaneous Receipts					16,047.26		16,047.26
Transfers					(293,000.00)	293,000.00	0.00
Total General Receipts and Transfers					324,098.89	293,000.00	617,098.89
Change in Net Position					(73,617.99)	180,860.37	107,242.38
Net Position - Beginning					793,787.76	66,990.10	860,777.86
NET POSITION - ENDING					720,169.77	247,850.47	968,020.24

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

**MUNICIPALITY OF CORSICA
BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2021**

	General Fund	Liquor, Lodging and Dining Fund	Total
ASSETS:			
Cash and Cash Equivalents	648,611.52	71,558.25	720,169.77
TOTAL ASSETS	<u>648,611.52</u>	<u>71,558.25</u>	<u>720,169.77</u>
FUND BALANCES:			
Restricted For:			
Debt Service	220,805.00		220,805.00
Parks Promotion		71,558.25	71,558.25
Unassigned	427,806.52		427,806.52
TOTAL FUND BALANCES	<u>648,611.52</u>	<u>71,558.25</u>	<u>720,169.77</u>

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

MUNICIPALITY OF CORSICA
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021

	General Fund	Liquor, Lodging, and Dining Fund	Total
Receipts:			
Taxes:			
General Property Taxes	256,147.74		256,147.74
General Sales and Use Taxes	324,821.34	12,674.98	337,496.32
Penalties & Interest on Delinquent Taxes	382.99		382.99
Total Taxes	581,352.07	12,674.98	594,027.05
Licenses and Permits	4,013.00	0.00	4,013.00
Intergovernmental Receipts:			
Federal Grants	133,625.03		133,625.03
State Grants	981.90		981.90
State Shared Receipts:			
Bank Franchise Tax	1,720.73		1,720.73
Prorate License Fees	2,822.20		2,822.20
Liquor Tax Reversion	4,278.41		4,278.41
Motor Vehicle Licenses	14,354.57		14,354.57
Local Government Highway and Bridge Fund	3,628.91		3,628.91
County Shared Receipts:			
County Road Tax	1,161.00		1,161.00
County Road and Bridge Tax	11,111.37		11,111.37
County Wheel Tax	1,718.81		1,718.81
Total Intergovernmental Receipts	175,402.93	0.00	175,402.93
Charges for Goods and Services:			
Sanitation	3,122.61		3,122.61
Airport	2,624.00		2,624.00
Culture and Recreation	7,324.85		7,324.85
Total Charges for Goods and Services	13,071.46	0.00	13,071.46
Miscellaneous Receipts:			
Investment Earnings	1,025.44		1,025.44
Rentals	10,094.75		10,094.75
Liquor Operating Agreement Income	4,682.53		4,682.53
Other	5,952.51		5,952.51
Total Miscellaneous Receipts	21,755.23	0.00	21,755.23
Total Receipts	795,594.69	12,674.98	808,269.67
Disbursements:			
General Government:			
Legislative	49,992.01		49,992.01
Elections			
Financial Administration	116,684.05		116,684.05
Other	49,685.18		49,685.18
Total General Government	216,361.24	0.00	216,361.24

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

MUNICIPALITY OF CORSICA
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021

	<u>General Fund</u>	<u>Liquor, Lodging, and Dining Fund</u>	<u>Total</u>
Disbursements (continued):			
Public Safety:			
Police	52,728.00		52,728.00
Fire	10,625.05		10,625.05
Total Public Safety	63,353.05	0.00	63,353.05
Public Works:			
Highways and Streets	109,911.11		109,911.11
Sanitation	7,555.82		7,555.82
Airport	10,150.00		10,150.00
Total Public Works	127,616.93	0.00	127,616.93
Health and Welfare:			
Health	1,138.45		1,138.45
Total Health and Welfare	1,138.45	0.00	1,138.45
Culture and Recreation:			
Recreation	34,957.07		34,957.07
Parks	34,418.42		34,418.42
Libraries	1,980.00		1,980.00
Total Culture and Recreation	71,355.49	0.00	71,355.49
Debt Service	109,062.50	0.00	109,062.50
Total Disbursements	588,887.66	0.00	588,887.66
Excess Receipts Over (Under) Disbursements	206,707.03	12,674.98	219,382.01
Other Financing Sources (Uses):			
Transfers Out	(293,000.00)		(293,000.00)
Total Other Financing Sources (Uses)	(293,000.00)	0.00	(293,000.00)
Net Change in Fund Cash Balance	(86,292.97)	12,674.98	(73,617.99)
Fund Cash Balance - Beginning	734,904.49	58,883.27	793,787.76
FUND CASH BALANCE - ENDING	648,611.52	71,558.25	720,169.77

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

MUNICIPALITY OF CORSICA
STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUNDS
December 31, 2021

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	146,468.77	101,381.70	247,850.47
TOTAL ASSETS	146,468.77	101,381.70	247,850.47
NET POSITION:			
Unrestricted	146,468.77	101,381.70	247,850.47
TOTAL NET POSITION	146,468.77	101,381.70	247,850.47

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

MUNICIPALITY OF CORSICA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
NET POSITION - CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2021

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Receipts:			
Charges for Goods and Services	184,159.72	95,943.63	280,103.35
Miscellaneous	100.00		100.00
Total Operating Receipts	184,259.72	95,943.63	280,203.35
Operating Disbursements:			
Personal Services	10,889.98	6,545.24	17,435.22
Materials	119,018.00		119,018.00
Other Current Disbursements	184,857.39	23,188.37	208,045.76
Total Operating Disbursements	314,765.37	29,733.61	344,498.98
Operating Income (Loss)	(130,505.65)	66,210.02	(64,295.63)
Non-operating Receipts (Disbursements):			
Debt Service (Principal)	(3,024.72)	(14,050.20)	(17,074.92)
Debt Service (Interest)	(5,747.28)	(25,021.80)	(30,769.08)
Total Non-operating Receipts (Disbursements)	(8,772.00)	(39,072.00)	(47,844.00)
Income (Loss) Before Transfers	(139,277.65)	27,138.02	(112,139.63)
Transfers In	276,000.00	17,000.00	293,000.00
Change in Net Position	136,722.35	44,138.02	180,860.37
Net Position - Beginning	9,746.42	57,243.68	66,990.10
Net Position - ENDING	146,468.77	101,381.70	247,850.47

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

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.c, these financial statements are presented on a cash basis of accounting. The 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 Municipality of Corsica (Municipality) 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 Position – Cash Basis and Statement of Activities – Cash Basis 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 – Cash Basis presents a comparison between direct disbursements and program receipts for each segment of the business-type activities of the Municipality and for each function of the Municipality's governmental activities. Direct disbursements are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program receipts 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. Receipts that are not classified as program receipts, including all taxes, are presented as general receipts.

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, receipts, and disbursements. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Municipality or it meets the following criteria.

1. Total assets, liabilities, receipts, or disbursements 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, receipts, or disbursements of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(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 Municipality financial reporting entity are described below:

Governmental Funds:

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

Liquor, Lodging and Dining Gross Receipts Tax Fund – to account for the collection of a one percent tax on the gross receipts of lodging, alcoholic beverages, prepared food and admissions which tax shall be used for the purpose of land acquisition, architectural fees, construction costs, payments for civic center, auditorium or athletic facility buildings, including the maintenance, staffing, and operations of such facilities and the promotion and advertising of the city (SDCL 10-52A-2). This fund may be established at the direction of the governing body through local ordinance. This is 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 municipal 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 municipal sanitary sewer system and related facilities. (SDCL 9-48-2) This is a major fund.

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

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" receipts and disbursements are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

The Municipality uses the cash basis, which is a basis of accounting other than USGAAP. Under USGAAP, transactions are recorded in the accounts when receipts are earned and liabilities are incurred. Under the cash basis, transactions are recorded when cash is received or disbursed.

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 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 with the limitations of the 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 cash basis of accounting.

The 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, 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.

As a result of the use of this 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 Municipality 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.

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

e. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, Revenue Bonds and Direct Borrowing Lease Payable.

As discussed in Note 1c. 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 cash basis of accounting. The Municipality 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 Municipality. The Municipality 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 Municipality 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.

f. Revenue Received in Advance:

Under the cash basis of accounting, cash may have been received in advance of the Municipality's providing a good or service to a customer. These amounts are reported in the financial statements, as applicable.

g. Program Receipts:

Program receipts derive directly from the program itself or from parties other than the Municipality's taxpayers or citizenry, as a whole. Program receipts 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 Receipts and Disbursement Classifications:

In the proprietary fund's Statement of Receipts, Disbursements and Changes in Fund Cash Net Position, receipts and disbursements are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities are not reported as components of operating receipts and disbursements.

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

i. Equity Classifications:

Government-wide 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 do not meet the definition of "restricted".

Fund Financial Statements:

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

j. Application of Net Position:

It is the Municipality'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.

k. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Municipal Council.
- 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 Municipality uses restricted/committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Liquor, Lodging, & Dining Fund	Sales Tax

See Independent Auditor's Report.

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

The Municipality is prohibited by statute from spending in excess of appropriated amounts at the department level. The following represents the significant overdrafts to the disbursements compared to appropriations:

	Year Ended <u>12/31/2021</u>	Year Ended <u>12/31/2022</u>
General Fund:		
Legislative	\$ 49,992.01	
Financial Administration	6,684.05	
Airport		\$ 6,560.07
Highways and Streets		93,966.45
Sanitation	1,055.82	
Health	1,138.45	
Recreation	2,957.07	1,037.96
Parks	14,418.42	
Debt Service	109,062.50	

The Municipality plans to take the following actions to address these violations: use contingency transfers and supplements when needed.

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

The Municipality 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 Municipality'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 Municipality 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 (b) repurchase agreements fully collateralized by securities 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, 2022 and December 31, 2021, the Municipality did not have any investments.

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

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

Interest Rate Risk – The Municipality 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 investment. The Municipality's policy is to credit all income from deposits and 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 Municipality is permitted by several state statutes to levy varying amounts of taxes per \$1,000 of taxable valuation on taxable property in the Municipality.

5. OPERATING COMMITMENTS

In 2006, the Municipality of Corsica entered into a 40-year commitment with Randall Community Water District to provide water to the Municipality. A monthly service charge in the amount of \$5,093 is paid by the Municipality to Randall Community Water District along with a charge of \$2.40 per 1,000 gallons of water consumed. The monthly service charge represents a contribution by the Municipality to aid Randall Community Water District in the construction of the facilities necessary to provide the Municipality with water. The Municipality will not acquire ownership of any of these water facilities through these payments. Payments are made from the Municipality's Water Fund.

The following are the minimum payments on this commitment:

2023	\$ 61,116.00
2024	\$ 61,116.00
2025	\$ 61,116.00
2026	\$ 61,116.00
2027	\$ 61,116.00
2028-2032	\$ 305,580.00
2033-2037	\$ 305,580.00
2038-2042	\$ 305,580.00
2043-2045	\$ 183,348.00

6. RESTRICTED NET POSITION

Restricted Net Position for the two years ended December 31, 2022 was as follows:

Major Purposes:	2021	2022
Debt Service Purposes	\$ 220,805.00	\$ 220,805.00
Parks & Promotion Purposes	71,558.25	84,865.29

See Independent Auditor's Report.

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

7. SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2022 and December 31, 2021, the Municipality was not involved in any significant litigation.

8. RISK MANAGEMENT

The Municipality 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, 2022 and December 31, 2021, the Municipality managed its risks as follows:

Employee Health Insurance:

The Municipality 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 Municipality purchases liability insurance for risks related to torts; theft of 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 Municipality purchases liability insurance for worker's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Unemployment Benefits:

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

9. PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.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 four different classes of employees, Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation 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

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

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 safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits 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 the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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.

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 Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2022, 2021, and 2020, were \$6,598.02, \$5,106.12, and \$465.84, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources to Pensions:

At June 30, 2022, SDRS is 100.1% funded and accordingly has net pension asset. The proportionate share of the components of the net pension asset of the South Dakota Retirement System, for the Municipality as of the measurement period ending June 30, 2022 and reported by the Municipality as of December 31, 2022 are as follows:

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

Proportionate share of pension liability	\$ 242,805.85
Less proportionate share of net pension restricted for pension benefits	<u>\$ 242,968.40</u>
Proportionate share of net pension liability (asset)	<u>\$ (162.55)</u>

The net pension liability (asset) was measured as of June 30, 2022 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the Municipality's proportion was 0.00172000%, which is a increase(decrease) of (0.0005640%) from its proportion measured as of June 30, 2021.

At June 30, 2021, SDRS is 105.53% funded and accordingly has net pension asset. The proportionate shares of the components of the net pension asset of the South Dakota Retirement System, for the Municipality as of the measurement period ending June 30, 2021 and reported by the Municipality as of December 31, 2021 are as follows:

Proportionate share of pension liability	\$ 316,707.90
Less proportionate share of net pension restricted for pension benefits	<u>\$ 334,199.43</u>
Proportionate share of net pension liability (asset)	<u>\$ (17,491.53)</u>

The net pension liability (asset) was measured as of June 30, 2021 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the Municipality's proportion was 0.00228400%, which is an increase (decrease) of 0.0022840% from its proportion measured as of June 30, 2020.

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	2.10%

Mortality Rates

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected Generationally with improvement scale MP-2020
Active and Terminated Vested Members:
Teachers, Certified Regents, and Judicial PubT-2010
Other Class A Members: PubG-2010
Public Safety Members: PubS-2010

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per
Year until 111% of rates at age 83 and above.

Public Safety Retirees: PubS-2010, 102% of rates at all ages.

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

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 percent
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense. 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 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 for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	30.0%	1.5%
Real Estate	10.0%	6.2%
Cash	2.0%	1.0%
Total	100%	2.70%

See Independent Auditor's Report.

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

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:

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

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions from 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 liability (asset).

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

The following presents the Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the Municipality'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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$ 33,752.18	\$(162.55)	\$(27,879.84)

The following presents the Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the Municipality'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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$ 28,323.14	\$(17,491.53)	\$(54,682.38)

Pension Plan Fiduciary Net Position:

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

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

10. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through January 2, 2024, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CORSICA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Receipts:				
Taxes:				
General Property Taxes	263,650.00	263,650.00	263,144.76	(505.24)
General Sales and Use Taxes	298,000.00	298,000.00	398,285.00	100,285.00
Tax Deed Revenue	0.00	0.00	9,846.96	9,846.96
Penalties and Interest on Delinquent Taxes	400.00	400.00	635.13	235.13
Total Taxes	562,050.00	562,050.00	671,911.85	109,861.85
Licenses and Permits	4,260.00	4,260.00	5,708.00	1,448.00
Intergovernmental Receipts:				
Federal Grants	0.00	0.00	52,573.75	52,573.75
State Grants	1,000.00	1,000.00	2,446.00	1,446.00
State Shared Receipts:				
Bank Franchise Tax	1,750.00	1,750.00	1,782.45	32.45
Prorate License Fees	2,850.00	2,850.00	2,952.03	102.03
Liquor Tax Reversion	4,300.00	4,300.00	3,931.06	(368.94)
Motor Vehicle Licenses	14,450.00	14,450.00	14,485.44	35.44
Local Government Highway and Bridge Fund	3,650.00	3,650.00	8,627.85	4,977.85
County Shared Receipts:				
County Road Tax	1,200.00	1,200.00	0.00	(1,200.00)
County Highway & Bridge Reserve Tax	11,150.00	11,150.00	0.00	(11,150.00)
County Wheel Tax	1,750.00	1,750.00	1,744.59	(5.41)
Total Intergovernmental Receipts	42,100.00	42,100.00	88,543.17	46,443.17
Charges for Goods and Services:				
Highways and Streets	4,000.00	4,000.00	1,918.39	(2,081.61)
Culture and Recreation	10,000.00	10,000.00	6,997.22	(3,002.78)
Other	3,000.00	3,000.00	1,049.20	(1,950.80)
Total Charges for Goods and Services	17,000.00	17,000.00	9,964.81	(7,035.19)
Miscellaneous Receipts:				
Investment Earnings	1,500.00	1,500.00	2,705.97	1,205.97
Rentals	12,150.00	12,150.00	11,954.00	(196.00)
Liquor Operating Agreement Income	5,000.00	5,000.00	5,243.28	243.28
Other	9,090.00	9,090.00	15,408.03	6,318.03
Total Miscellaneous Receipts	27,740.00	27,740.00	35,311.28	7,571.28
Total Receipts	653,150.00	653,150.00	811,439.11	158,289.11
Disbursements:				
General Government:				
Legislative	46,320.00	46,320.00	39,212.87	7,107.13
Contingency	33,250.00	33,250.00		
Amount Transferred		(33,250.00)		0.00
Financial Administration	120,000.00	120,000.00	108,457.91	11,542.09
Other	80,000.00	80,000.00	45,854.59	34,145.41
Total General Government	279,570.00	246,320.00	193,525.37	52,794.63

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CORSICA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Disbursements (continued):				
Public Safety:				
Police	52,750.00	52,750.00	52,728.00	22.00
Fire	83,500.00	83,500.00	900.00	82,600.00
Total Public Safety	136,250.00	136,250.00	53,628.00	82,622.00
Public Works:				
Highways and Streets	98,500.00	131,750.00	225,716.45	(93,966.45)
Sanitation	12,000.00	12,000.00	8,670.14	3,329.86
Airport	8,000.00	8,000.00	14,560.07	(6,560.07)
Total Public Works	118,500.00	151,750.00	248,946.66	(97,196.66)
Health and Welfare:				
Health	3,000.00	3,000.00	2,012.08	987.92
Total Health and Welfare	3,000.00	3,000.00	2,012.08	987.92
Culture and Recreation:				
Recreation	50,000.00	50,000.00	51,037.96	(1,037.96)
Parks	40,000.00	40,000.00	37,615.90	2,384.10
Libraries	1,980.00	1,980.00	1,980.00	0.00
Total Culture and Recreation	91,980.00	91,980.00	90,633.86	1,346.14
Debt Service	131,562.50	131,562.50	107,662.50	23,900.00
Total Disbursements	760,862.50	760,862.50	696,408.47	64,454.03
Excess of Receipts Over (Under)				
Disbursements	(107,712.50)	(107,712.50)	115,030.64	222,743.14
Fund Cash Balance - Beginning	648,611.52	648,611.52	648,611.52	0.00
FUND CASH BALANCE - ENDING	540,899.02	540,899.02	763,642.16	222,743.14

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CORSICA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
LIQUOR, LODGING & DINING TAX FUND
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Receipts:				
Taxes:				
General Sales and Use Taxes	12,000.00	12,000.00	13,307.04	1,307.04
Total Taxes	12,000.00	12,000.00	13,307.04	1,307.04
Total Receipts	12,000.00	12,000.00	13,307.04	1,307.04
Disbursements:				
Total Disbursements	0.00	0.00	0.00	0.00
Net Change in Fund Cash Balances	12,000.00	12,000.00	13,307.04	1,307.04
Fund Cash Balance - Beginning	71,558.25	71,558.25	71,558.25	0.00
FUND CASH BALANCE - ENDING	83,558.25	83,558.25	84,865.29	1,307.04

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CORSICA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Receipts:				
Taxes:				
General Property Taxes	259,347.00	259,347.00	256,147.74	(3,199.26)
General Sales and Use Taxes	310,000.00	310,000.00	324,821.34	14,821.34
Penalties and Interest on Delinquent Taxes	0.00	0.00	382.99	382.99
Total Taxes	569,347.00	569,347.00	581,352.07	12,005.07
Licenses and Permits	0.00	0.00	4,013.00	4,013.00
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	133,625.03	133,625.03
State Grants	0.00	0.00	981.90	981.90
State Shared Receipts:				
Bank Franchise Tax	0.00	0.00	1,720.73	1,720.73
Prorate License Fees	0.00	0.00	2,822.20	2,822.20
Liquor Tax Reversion	10,000.00	10,000.00	4,278.41	(5,721.59)
Motor Vehicle Licenses	15,000.00	15,000.00	14,354.57	(645.43)
Local Government Highway and Bridge Fund	4,000.00	4,000.00	3,628.91	(371.09)
County Shared Receipts:				
County Road Tax	1,000.00	1,000.00	1,161.00	161.00
County Highway & Bridge Reserve Tax	0.00	0.00	11,111.37	11,111.37
County Wheel Tax	0.00	0.00	1,718.81	1,718.81
Total Intergovernmental Revenue	30,000.00	30,000.00	175,402.93	145,402.93
Charges for Goods and Services:				
Sanitation	4,000.00	4,000.00	3,122.61	(877.39)
Culture and Recreation	7,580.00	7,580.00	7,324.85	(255.15)
Airport	20,000.00	20,000.00	2,624.00	(17,376.00)
Total Charges for Goods and Services	31,580.00	31,580.00	13,071.46	(18,508.54)
Miscellaneous Revenue:				
Investment Earnings	1,500.00	1,500.00	1,025.44	(474.56)
Rentals	1,000.00	1,000.00	10,094.75	9,094.75
Liquor Operating Agreement Income	0.00	0.00	4,682.53	4,682.53
Other	8,000.00	8,000.00	5,952.51	(2,047.49)
Total Miscellaneous Revenue	10,500.00	10,500.00	21,755.23	11,255.23
Total Receipts	641,427.00	641,427.00	795,594.69	154,167.69
Disbursements:				
General Government:				
Legislative	0.00	0.00	49,992.01	(49,992.01)
Contingency	26,417.00	26,417.00		
Amount Transferred		0.00		26,417.00
Financial Administration	110,000.00	110,000.00	116,684.05	(6,684.05)
Other	97,500.00	97,500.00	49,685.18	47,814.82
Total General Government	233,917.00	233,917.00	216,361.24	17,555.76

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CORSICA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Disbursements (continued):				
Public Safety:				
Police	52,728.00	52,728.00	52,728.00	0.00
Fire	83,500.00	83,500.00	10,625.05	72,874.95
Total Public Safety	136,228.00	136,228.00	63,353.05	72,874.95
Public Works:				
Highways and Streets	167,802.00	167,802.00	109,911.11	57,890.89
Sanitation	6,500.00	6,500.00	7,555.82	(1,055.82)
Airport	24,000.00	24,000.00	10,150.00	13,850.00
Total Public Works	198,302.00	198,302.00	127,616.93	70,685.07
Health and Welfare:				
Health	0.00	0.00	1,138.45	(1,138.45)
Total Health and Welfare	0.00	0.00	1,138.45	(1,138.45)
Culture and Recreation:				
Recreation	32,000.00	32,000.00	34,957.07	(2,957.07)
Parks	20,000.00	20,000.00	34,418.42	(14,418.42)
Libraries	1,980.00	1,980.00	1,980.00	0.00
Total Culture and Recreation	53,980.00	53,980.00	71,355.49	(17,375.49)
Debt Service	0.00	0.00	109,062.50	(109,062.50)
Total Disbursements	622,427.00	622,427.00	588,887.66	33,539.34
Excess of Receipts Over (Under)				
Disbursements	19,000.00	19,000.00	206,707.03	187,707.03
Other Financing Sources (Uses):				
Transfers In	22,000.00	22,000.00	0.00	(22,000.00)
Transfers Out	0.00	0.00	(293,000.00)	(293,000.00)
Total Other Financing Sources (Uses)	22,000.00	22,000.00	(293,000.00)	(315,000.00)
Net Change in Fund Cash Balances	41,000.00	41,000.00	(86,292.97)	(127,292.97)
Fund Cash Balance - Beginning	734,904.49	734,904.49	734,904.49	0.00
FUND CASH BALANCE - ENDING	775,904.49	775,904.49	648,611.52	(127,292.97)

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CORSICA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
LIQUOR, LODGING & DINING TAX FUND
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Receipts:				
Taxes:				
General Sales and Use Taxes	9,000.00	9,000.00	12,674.98	3,674.98
Total Taxes	9,000.00	9,000.00	12,674.98	3,674.98
Total Receipts	9,000.00	9,000.00	12,674.98	3,674.98
Disbursements:				
Total Disbursements	0.00	0.00	0.00	0.00
Excess of Receipts Over (Under)				
Disbursements	9,000.00	9,000.00	12,674.98	3,674.98
Other Financing Sources (Uses):				
Transfers Out	(22,000.00)	(22,000.00)	0.00	22,000.00
Total Other Financing Sources (Uses)	(22,000.00)	(22,000.00)	0.00	22,000.00
Net Change in Fund Cash Balances	(13,000.00)	(13,000.00)	12,674.98	25,674.98
Fund Cash Balance - Beginning	58,883.27	58,883.27	58,883.27	0.00
FUND CASH BALANCE - ENDING	45,883.27	45,883.27	71,558.25	25,674.98

NOTES TO THE 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 Municipality followed these procedures in establishing the budgetary data reflected in the financial statements:

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 municipal 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. Unexpected appropriations lapse at year end unless encumbered by resolution of the Governing Board.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund.

The Municipality did not encumber any amounts at December 31, 2021 and 2022.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund are adopted on a basis consistent with the cash basis of accounting.

Note 2. GAAP/Budgetary Accounting Basis Differences

The Municipality's budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenue and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures are recorded when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting on the governmental fund statements and on the full accrual basis on the government-wide statements.

REQUIRED SUPPLEMENTARY INFORMATIONSCHEDULE OF PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

Last Two Years *

	Municipality's proportion of the net pension liability/asset	Municipality's proportionate share of net pension liability (asset)	Municipality's covered-employee payroll	Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2022	0.0017200%	(162.55)	\$ 87,880.54	0.18%	100.10%
2021	0.0022840%	(17,491.53)	\$ 51,839.47	33.74%	105.52%

- * The amounts presented were determined as of the measurement date of the collective net pension liability (asset) which is 06/30. Until a full 10-year trend is compiled, the Municipality will present information for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE PENSION CONTRIBUTIONS

South Dakota Retirement System

Last Three Years *

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Municipality's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2022	6,598.02	6,598.02	\$ -	109,967.14	6.00%
2021	5,106.12	5,106.12	\$ -	85,102.28	6.00%
2020	465.84	465.84	\$ -	7,764.00	6.00%

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

**Notes to Supplementary Information
for the Year Ended December 31, 2022**

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.

Changes from Prior Valuation

The June 30, 2022 Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021 Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

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

Benefit Provision Changes

During the 2022 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

Actuarial Assumption Changes

As a result of an experience analysis covering the period from July 1, 2016 to June 30, 2021 and presented to the SDRS Board of Trustees in April and June, 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022 actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%.

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

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% (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%.

As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021 Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

**Notes to Supplementary Information
for the Year Ended December 31, 2022**

**Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.
(Continued)**

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

Actuarial Method Changes

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.

SUPPLEMENTARY INFORMATION

LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 01/01/21	Additions	Deletions	Ending Balance 12/31/22	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
Sales Tax Revenue Refunding Bonds, Series 2019	1,190,000.00	0.00	160,000.00	1,030,000.00	80,000.00
Direct Borrowing Lease Payable - Case 521G Wheel Loader	101,449.89	0.00	38,532.17	62,917.72	20,266.75
Total Governmental Activities	<u>1,291,449.89</u>	<u>0.00</u>	<u>198,532.17</u>	<u>1,092,917.72</u>	<u>100,266.75</u>
Business-Type Activities:					
Bonds Payable:					
Water Utility Revenue Bond, Series 2007	140,727.75	0.00	6,174.98	134,552.77	3,284.28
Sewer Utility Revenue Bond, Series 2007	492,006.25	0.00	22,420.63	469,585.62	11,921.18
Sewer Revenue Bond, Series 2009	147,550.38	0.00	6,248.42	141,301.96	3,285.56
Total Business-Type Activities	<u>780,284.38</u>	<u>0.00</u>	<u>34,844.03</u>	<u>745,440.35</u>	<u>18,491.02</u>
TOTAL PRIMARY GOVERNMENT	<u><u>2,071,734.27</u></u>	<u><u>0.00</u></u>	<u><u>233,376.20</u></u>	<u><u>1,838,358.07</u></u>	<u><u>118,757.77</u></u>

Debt payable at December 31, 2022 is comprised of the following:

Revenue Bonds:

Sales Tax Revenue Refunding Bonds – Series 2019
Matures 12-1-32, Interest at 1.75% to 2.70%
Payable from General Fund \$ 1,030,000.00

Water Utility Revenue Bonds - Series 2007
Matures 4-8-47, Interest at 4.125%
Payable from Water Fund \$ 134,552.77

Sewer Utility Revenue Bonds - Series 2007
Matures 4-8-47, Interest at 4.125%
Payable from Sewer Fund \$ 469,585.62

Sewer Revenue Bonds – Series 2009
Matures 11-4-49, Interest at 3.375%
Payable from Sewer Fund \$ 141,301.96

Direct Borrowing Lease Payable:

Payable for Case 521G Wheel Loader
Matures 2-27-25, Interest at 3.39%
Payable from General Fund \$ 62,917.72

The Municipality's outstanding notes from direct borrowings and direct placements related to governmental activities of \$62,917.72. Collateralized equipment on the direct borrowing lease payable includes a wheel loader.

SUPPLEMENTARY INFORMATION
(Continued)

The annual requirements to amortize all debt outstanding as of December 31, 2022 are as follows:

Annual Requirements to Maturity for Long-Term Debt
December 31, 2022

Year Ending Dec. 31,	Sales Tax Revenue Refunding Bond, Series 2019		Water Utility Revenue Bond, Series 2007		Sewer Utility Revenue Bond, Series 2007	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	80,000.00	26,102.50	3,284.28	5,487.72	11,921.18	19,146.82
2024	85,000.00	24,542.50	3,422.35	5,349.65	12,422.33	18,645.67
2025	90,000.00	22,885.00	3,566.22	5,205.78	12,944.55	18,123.45
2026	85,000.00	21,130.00	3,716.15	5,055.85	13,488.71	17,579.29
2027	90,000.00	19,005.00	3,872.36	4,899.64	14,055.76	17,012.24
2028-2032	600,000.00	56,325.00	21,944.94	21,915.06	79,654.88	75,685.12
2033-2037			26,962.07	16,897.93	97,866.03	57,473.97
2038-2042			33,126.29	10,733.71	120,240.75	35,099.25
2043-2047			34,658.11	3,353.89	106,991.43	9,513.57
Totals	1,030,000.00	169,990.00	134,552.77	78,899.23	469,585.62	268,279.38

Year Ending Dec. 31,	Sewer Revenue Bond, Series 2009		Direct Borrowing Lease Payable - Wheel Loader		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	3,285.56	4,718.44	20,266.75	2,166.36	118,757.77	57,621.84
2024	3,398.18	4,605.82	20,964.56	1,468.55	125,207.42	54,612.19
2025	3,514.65	4,489.35	21,686.41	746.70	131,711.83	51,450.28
2026	3,635.13	4,368.87			105,839.99	48,134.01
2027	3,759.72	4,244.28			111,687.84	45,161.16
2028-2032	20,822.30	19,197.70			722,422.12	173,122.88
2033-2037	24,644.16	15,375.84			149,472.26	89,747.74
2038-2042	29,167.45	10,852.55			182,534.49	56,685.51
2043-2047	34,520.94	5,499.06			176,170.48	18,366.52
2048-2052	14,554.17	786.83			14,554.17	786.83
Totals	141,301.96	74,138.74	62,917.72	4,381.61	1,838,358.37	595,688.96