

**MUNICIPALITY OF PLANKINTON
PLANKINTON, SOUTH DAKOTA**

AUDIT REPORT

**FOR THE YEAR JANUARY 1, 2020 TO DECEMBER 31, 2020
AND
FOR THE YEAR JANUARY 1, 2021 TO DECEMBER 31, 2021**

Schoenfish & Co., Inc.

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

MUNICIPALITY OF PLANKINTON

MUNICIPAL OFFICIALS
DECEMBER 31, 2021

MAYOR:

Joe Staller

GOVERNING BOARD:

Pam Vissia, President
Jim Hinckley, Vice-President
Brad Kehn
Terrance Schuldt
Jason Schurz

FINANCE OFFICER:

Kylee Urban

ATTORNEY:

Jim Taylor

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**INDEPENDENT AUDITOR'S 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 Plankinton
Plankinton, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Plankinton, South Dakota (Municipality), as of December 31, 2021 and 2020, and for each of the 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 September 2, 2022.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 2021-001 to be a material weakness.

Report on 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

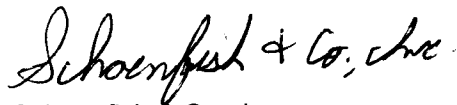
financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Municipality's Response to Findings

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

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
September 2, 2022

Schoenfish & Co., Inc.

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SCHEDULE OF PRIOR AUDIT FINDINGSPRIOR AUDIT FINDINGS:Finding Number 2019-001:

Material weaknesses were noted in internal accounting control and record keeping resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded. This comment has not been corrected and is restated as current audit finding number 2021-001.

Finding Number 2019-002:

Expenditures exceeded the amounts budgeted in several departments in the General Fund in 2019 and 2018, and no budget was prepared for the Library Fines Fund in 2019 and 2018. This comment has been corrected.

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SCHEDULE OF CURRENT AUDIT FINDINGSCURRENT AUDIT FINDINGS:Internal Control – Related Finding – Material Weakness:Finding Number 2021-001:

Material weaknesses were noted in internal accounting control and record keeping resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded. This is a continuing audit comment since 1997.

Criteria:

Proper segregation of duties and municipal records results in increased reliability of reported financial data and decreased potential for the loss of public assets.

Condition:

The Finance Officer processes all revenue transactions from beginning to end. The Finance Officer also receives money, issues receipts, records receipts, posts receipts in the accounting records, prepares bank deposits, reconciles bank statements, and prepares financial statements.

Effect:

As a result, 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.

Recommendations:

1. We recommend that the municipal officials be cognizant of the lack of segregation of duties for the revenue, expenditure, and payroll functions and attempt to provide compensating internal controls whenever and wherever possible and practical.

Management's Response:

The Municipality of Plankinton Mayor, Joe Staller, is the contact person responsible for the response for this comment. This comment is due to the expertise of staff and the size of the Municipality of Plankinton 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 develop policies and to provide compensating controls.

CLOSING CONFERENCE

The audit findings and recommendations were discussed with the officials during the course of the audit and with the mayor, the finance officer, and the assistant finance officer on September 14, 2022.

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Plankinton
Plankinton, South Dakota

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying modified 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 Plankinton as of 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 modified 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 modified 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 the financial statements in accordance with the modified cash basis of accounting described in Note 1.c.; this includes determining that the modified 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 modified 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the 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

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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 listing 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 September 2, 2022 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipality's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.
Certified Public Accountants
September 2, 2022

Schoenfish & Co., Inc.

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	330,162.92	419,176.16	749,339.08
Investments	150,000.00	332,309.44	482,309.44
TOTAL ASSETS	480,162.92	751,485.60	1,231,648.52
NET POSITION:			
Restricted for:			
Equipment Repair/Replacement		155,917.56	155,917.56
Debt Service Purposes		274,274.27	274,274.27
Cemetery Purposes	1,000.00		1,000.00
Library Fines Purposes	489.95		489.95
Unrestricted	478,672.97	321,293.77	799,966.74
TOTAL NET POSITION	480,162.92	751,485.60	1,231,648.52

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary Government:						
Governmental Activities:						
General Government	235,848.34	15,172.37		22,678.73	(197,997.24)	(197,997.24)
Public Safety	75,960.15	39.00	1,000.00		(74,921.15)	(74,921.15)
Public Works	216,679.36	3,000.00	63,208.07		(150,471.29)	(150,471.29)
Health and Welfare	5,000.00		1,827.00		(3,173.00)	(3,173.00)
Culture and Recreation	287,292.24	6,775.74	167.00	112,500.00	(167,849.50)	(167,849.50)
Total Governmental Activities	820,780.09	24,987.11	66,202.07	135,178.73	(594,412.18)	(594,412.18)
Business-type Activities:						
Water	218,119.16	265,215.41				47,096.25
Sewer	139,570.94	179,408.66	67,203.27			107,040.99
Electric	1,034,299.54	1,061,300.51	1,404.00			28,404.97
Total Business-Type Activities	1,391,989.64	1,505,924.58	68,607.27	0.00	182,542.21	182,542.21
Total Primary Government	2,212,769.73	1,530,911.69	134,809.34	135,178.73	(594,412.18)	(411,869.97)
General Revenues:						
Taxes:						
Property Taxes					194,519.13	194,519.13
Sales Taxes					270,261.37	270,261.37
Grants and Contributions not Restricted to Specific Programs					7,644.47	7,644.47
Unrestricted Investment Earnings					660.11	3,251.89
Miscellaneous Revenue					9,682.25	9,682.25
Total General Revenues					482,767.33	485,359.11
Change in Net Position					(111,644.85)	73,489.14
Net Position - Beginning					591,807.77	1,158,159.38
NET POSITION - ENDING					480,162.92	1,231,648.52

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

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

	General Fund
ASSETS:	
Cash and Cash Equivalents	330,162.92
Investments	<u>150,000.00</u>
TOTAL ASSETS	<u><u>480,162.92</u></u>
FUND BALANCES:	
Restricted for Library Fines	489.95
Restricted for Cemetery	<u>1,000.00</u>
Assigned for Parks	<u>40,986.08</u>
Assigned for Streets	<u>25,000.00</u>
Assigned for Government Buildings	<u>42,000.00</u>
Assigned for Pool	<u>108,087.35</u>
Unassigned	<u>262,599.54</u>
TOTAL FUND BALANCES	<u><u>480,162.92</u></u>

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

MUNICIPALITY OF PLANKINTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021

	<u>General Fund</u>	<u>Library Fines Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes:			
General Property Taxes	192,854.68		192,854.68
General Sales and Use Taxes	270,261.37		270,261.37
Penalties & Interest on Delinquent Taxes	1,664.45		1,664.45
Total Taxes	464,780.50	0.00	464,780.50
Licenses and Permits	12,559.87	0.00	12,559.87
Intergovernmental Revenue:			
State Grants	2,827.00		2,827.00
State Shared Revenue:			
Bank Franchise Tax	2,322.12		2,322.12
Prorate License Fees	4,672.53		4,672.53
Liquor Tax Reversion	5,322.35		5,322.35
Motor Vehicle Licenses	14,910.02		14,910.02
County Shared Revenue:			
County Road Tax	2,309.50		2,309.50
County Highway and Bridge Reserve Tax	31,607.24		31,607.24
County Wheel Tax	5,324.16		5,324.16
Total Intergovernmental Revenue	69,294.92	0.00	69,294.92
Charges for Goods and Services:			
Culture and Recreation	6,645.74		6,645.74
Cemetery	3,000.00		3,000.00
Total Charges for Goods and Services	9,645.74	0.00	9,645.74
Fines and Forfeits:			
Court Fines and Costs	39.00		39.00
Library	130.00		130.00
Total Fines and Forfeits	169.00	0.00	169.00
Miscellaneous Revenue:			
Investment Earnings	660.11		660.11
Rentals	2,612.50		2,612.50
Contributions and Donations from			
Private Sources	117,101.62		117,101.62
Other	9,632.25		9,632.25
Total Miscellaneous Revenue	130,006.48	0.00	130,006.48
Total Revenue	686,456.51	0.00	686,456.51

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

MUNICIPALITY OF PLANKINTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021

	General Fund	Library Fines Fund	Total Governmental Funds
Expenditures:			
General Government:			
Executive	27,492.30		27,492.30
Financial Administration	108,388.81		108,388.81
Other	99,967.23		99,967.23
Total General Government	235,848.34	0.00	235,848.34
Public Safety:			
Police	65,700.20		65,700.20
Fire	10,259.95		10,259.95
Total Public Safety	75,960.15	0.00	75,960.15
Public Works:			
Highways and Streets	152,609.01		152,609.01
Cemeteries	64,070.35		64,070.35
Total Public Works	216,679.36	0.00	216,679.36
Health and Welfare:			
Ambulance	5,000.00		5,000.00
Total Health and Welfare	5,000.00	0.00	5,000.00
Culture and Recreation:			
Recreation	276,912.41		276,912.41
Libraries	10,379.83		10,379.83
Total Culture and Recreation	287,292.24	0.00	287,292.24
Total Expenditures	820,780.09	0.00	820,780.09
Excess of Revenue Over (Under) Expenditures	(134,323.58)	0.00	(134,323.58)
Other Financing Sources (Uses):			
Transfers In	142.95		142.95
Transfers Out		(142.95)	(142.95)
Compensation for Loss or Damage to Capital Assets	22,678.73		22,678.73
Total Other Financing Sources (Uses)	22,821.68	(142.95)	22,678.73
Net Change in Fund Balance	(111,501.90)	(142.95)	(111,644.85)
Fund Balance - Beginning	591,664.82	142.95	591,807.77
FUND BALANCE - ENDING	480,162.92	0.00	480,162.92

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

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

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Totals
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	261,466.14	157,710.02		419,176.16
Investments	49,000.00	142,309.44	141,000.00	332,309.44
Total Current Assets	310,466.14	300,019.46	141,000.00	751,485.60
Noncurrent Assets:				
Due From Electric Fund		144,332.79		144,332.79
Total Noncurrent Assets	0.00	144,332.79	0.00	144,332.79
TOTAL ASSETS	310,466.14	444,352.25	141,000.00	895,818.39
LIABILITIES:				
Due to Sewer Fund			144,332.79	144,332.79
TOTAL LIABILITIES	0.00	0.00	144,332.79	144,332.79
NET POSITION:				
Restricted for:				
Revenue Bond Debt Service	176,708.94	97,565.33		274,274.27
Equipment Repair and/or Replacement	4,000.00	151,917.56		155,917.56
Unrestricted	129,757.20	194,869.36	(3,332.79)	321,293.77
TOTAL NET POSITION	310,466.14	444,352.25	(3,332.79)	751,485.60

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

MUNICIPALITY OF PLANKINTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2021

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Totals
Operating Revenue:				
Charges for Goods and Services	182,566.88	112,624.55	1,050,260.89	1,345,452.32
Surcharge as Security for Debt	81,264.09	58,858.44		140,122.53
Miscellaneous	1,384.44	7,925.67	11,039.62	20,349.73
Total Operating Revenue	265,215.41	179,408.66	1,061,300.51	1,505,924.58
Operating Expenses:				
Personal Services	55,113.66	51,792.61	152,406.08	259,312.35
Other Current Expense	13,170.06	43,016.01	214,127.60	270,313.67
Materials	92,021.40		599,731.26	691,752.66
Total Operating Expenses	160,305.12	94,808.62	966,264.94	1,221,378.68
Operating Income (Loss)	104,910.29	84,600.04	95,035.57	284,545.90
Nonoperating Revenue (Expense):				
Operating Grants		67,203.27	1,404.00	68,607.27
Investment Earnings	660.22	1,271.32	660.24	2,591.78
Debt Service (Principal)	(37,785.64)	(21,348.30)	(56,730.70)	(115,864.64)
Interest Expense	(20,028.40)	(23,414.02)	(11,303.90)	(54,746.32)
Total Nonoperating Revenue (Expense)	(57,153.82)	23,712.27	(65,970.36)	(99,411.91)
Change in Net Position	47,756.47	108,312.31	29,065.21	185,133.99
Net Position - Beginning	262,709.67	336,039.94	(32,398.00)	566,351.61
NET POSITION - ENDING	310,466.14	444,352.25	(3,332.79)	751,485.60

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

MUNICIPALITY OF PLANKINTON
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	441,807.77	234,653.27	676,461.04
Investments	150,000.00	331,698.34	481,698.34
TOTAL ASSETS	591,807.77	566,351.61	1,158,159.38
NET POSITION:			
Restricted for:			
Equipment Repair/Replacement		145,867.56	145,867.56
Debt Service Purposes		236,728.10	236,728.10
Cemetery Purposes	1,000.00		1,000.00
Library Fines Purposes	142.95		142.95
Unrestricted	590,664.82	183,755.95	774,420.77
TOTAL NET POSITION	591,807.77	566,351.61	1,158,159.38

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

MUNICIPALITY OF PLANKINTON
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	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	160,614.86	11,878.50	45,177.45	74,821.87	(28,737.04)		(28,737.04)
Public Safety	85,310.30	94.90			(85,215.40)		(85,215.40)
Public Works	216,775.36	2,400.00	59,498.50		(154,876.86)		(154,876.86)
Health and Welfare	4,105.69		500.00	4,105.69	500.00		500.00
Culture and Recreation	57,422.97			24,914.00	(32,508.97)		(32,508.97)
Total Governmental Activities	524,229.18	14,373.40	105,175.95	103,841.56	(300,838.27)		(300,838.27)
Business-type Activities:							
Water	223,371.46	261,785.14				38,413.68	38,413.68
Sewer	191,054.91	179,935.67		63,625.82		52,506.58	52,506.58
Electric	1,099,710.78	1,130,894.63				31,183.85	31,183.85
Total Business-Type Activities	1,514,137.15	1,572,615.44	0.00	63,625.82		122,104.11	122,104.11
Total Primary Government	2,038,366.33	1,586,988.84	105,175.95	167,467.38	(300,838.27)	122,104.11	(178,734.16)
General Revenues:							
Taxes:							
		Property Taxes			180,004.39		180,004.39
		Sales Taxes			253,006.90		253,006.90
		State Shared Revenues			7,447.52		7,447.52
		Unrestricted Investment Earnings			1,311.80	5,796.02	7,107.82
		Miscellaneous Revenue			8,070.81	256.00	8,326.81
		Total General Revenues			449,841.42	6,052.02	455,893.44
		Change in Net Position			149,003.15	128,156.13	277,159.28
		Net Position - Beginning			442,804.62	438,195.48	881,000.10
		NET POSITION - ENDING			591,807.77	566,351.61	1,158,159.38

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

**MUNICIPALITY OF PLANKINTON
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2020**

	<u>General Fund</u>	<u>Library Fines Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and Cash Equivalents	441,664.82	142.95	441,807.77
Investments	150,000.00		150,000.00
TOTAL ASSETS	<u>591,664.82</u>	<u>142.95</u>	<u>591,807.77</u>
FUND BALANCES:			
Restricted for Library Fines		142.95	142.95
Restricted for Cemetery	1,000.00		1,000.00
Assigned for Parks	38,986.08		38,986.08
Assigned for Government Buildings	40,000.00		40,000.00
Assigned for Pool	93,087.35		93,087.35
Assigned for Next Year's Budget	77,120.00		77,120.00
Unassigned	341,471.39		341,471.39
TOTAL FUND BALANCES	<u>591,664.82</u>	<u>142.95</u>	<u>591,807.77</u>

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

MUNICIPALITY OF PLANKINTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	<u>General Fund</u>	<u>Library Fines Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes:			
General Property Taxes	178,937.65		178,937.65
General Sales and Use Taxes	253,006.90		253,006.90
Amusement Taxes	96.00		96.00
Penalties & Interest on Delinquent Taxes	970.74		970.74
Total Taxes	433,011.29	0.00	433,011.29
Licenses and Permits	9,266.00	0.00	9,266.00
Intergovernmental Revenue:			
Federal Grants	48,584.28		48,584.28
State Grants	2,380.86		2,380.86
State Shared Revenue:			
Bank Franchise Tax	2,553.84		2,553.84
Prorate License Fees	4,350.93		4,350.93
Liquor Tax Reversion	4,893.68		4,893.68
Motor Vehicle Licenses	14,418.62		14,418.62
County Shared Revenue:			
County Road Tax	2,309.50		2,309.50
County Highway and Bridge Reserve Tax	30,334.66		30,334.66
County Wheel Tax	5,402.79		5,402.79
Total Intergovernmental Revenue	115,229.16	0.00	115,229.16
Charges for Goods and Services:			
Cemetery	2,400.00		2,400.00
Total Charges for Goods and Services	2,400.00	0.00	2,400.00
Fines and Forfeits:			
Court Fines and Costs	94.90		94.90
Total Fines and Forfeits	94.90	0.00	94.90
Miscellaneous Revenue:			
Investment Earnings	1,311.80		1,311.80
Rentals	2,612.50		2,612.50
Contributions and Donations from			
Private Sources	38,221.62		38,221.62
Other	2,253.81		2,253.81
Total Miscellaneous Revenue	44,399.73	0.00	44,399.73
Total Revenue	604,401.08	0.00	604,401.08

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

MUNICIPALITY OF PLANKINTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	General Fund	Library Fines Fund	Total Governmental Funds
Expenditures:			
General Government:			
Executive	38,654.78		38,654.78
Financial Administration	85,120.09		85,120.09
Other	36,839.99		36,839.99
Total General Government	160,614.86	0.00	160,614.86
Public Safety:			
Police	64,123.24		64,123.24
Fire	21,187.06		21,187.06
Total Public Safety	85,310.30	0.00	85,310.30
Public Works:			
Highways and Streets	138,494.97		138,494.97
Cemeteries	78,280.39		78,280.39
Total Public Works	216,775.36	0.00	216,775.36
Health and Welfare:			
Ambulance	4,105.69		4,105.69
Total Health and Welfare	4,105.69	0.00	4,105.69
Culture and Recreation:			
Recreation	47,105.74		47,105.74
Libraries	10,317.23		10,317.23
Total Culture and Recreation	57,422.97	0.00	57,422.97
Total Expenditures	524,229.18	0.00	524,229.18
Excess of Revenue Over (Under)			
Expenditures	80,171.90	0.00	80,171.90
Other Financing Sources (Uses):			
Sale of Municipal Property	5,817.00		5,817.00
Compensation for Loss or Damage to Capital Assets	63,014.25		63,014.25
Total Other Financing Sources (Uses)	68,831.25	0.00	68,831.25
Net Change in Fund Balance	149,003.15	0.00	149,003.15
Fund Balance - Beginning	442,661.67	142.95	442,804.62
FUND BALANCE - ENDING	591,664.82	142.95	591,807.77

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

MUNICIPALITY OF PLANKINTON
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2020

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Totals
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	213,709.67	20,943.60		234,653.27
Investments	49,000.00	141,698.34	141,000.00	331,698.34
Total Current Assets	262,709.67	162,641.94	141,000.00	566,351.61
Noncurrent Assets:				
Due From Electric Fund		173,398.00		173,398.00
Total Noncurrent Assets	0.00	173,398.00	0.00	173,398.00
TOTAL ASSETS	262,709.67	336,039.94	141,000.00	739,749.61
LIABILITIES:				
Due to Sewer Fund			173,398.00	173,398.00
TOTAL LIABILITIES	0.00	0.00	173,398.00	173,398.00
NET POSITION:				
Restricted for:				
Revenue Bond Debt Service	153,258.89	83,469.21		236,728.10
Equipment Repair and/or Replacement	2,000.00	143,867.56		145,867.56
Unrestricted	107,450.78	108,703.17	(32,398.00)	183,755.95
TOTAL NET POSITION	262,709.67	336,039.94	(32,398.00)	566,351.61

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

MUNICIPALITY OF PLANKINTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2020

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Totals
Operating Revenue:				
Charges for Goods and Services	177,376.90	113,970.59	1,119,883.86	1,411,231.35
Revenue Dedicated to Servicing Debt	82,480.54	59,797.92		142,278.46
Miscellaneous	1,927.70	6,167.16	11,010.77	19,105.63
Total Operating Revenue	261,785.14	179,935.67	1,130,894.63	1,572,615.44
Operating Expenses:				
Personal Services	52,952.53	50,616.17	158,670.53	262,239.23
Other Current Expense	18,813.07	95,676.42	219,547.25	334,036.74
Materials	95,981.40		653,458.40	749,439.80
Total Operating Expenses	167,747.00	146,292.59	1,031,676.18	1,345,715.77
Operating Income (Loss)	94,038.14	33,643.08	99,218.45	226,899.67
Nonoperating Revenue (Expense):				
Investment Earnings	1,311.77	3,172.49	1,311.76	5,796.02
Debt Service (Principal)	(31,480.63)	(20,668.34)	(54,688.74)	(106,837.71)
Interest Expense	(24,143.83)	(24,093.98)	(13,345.86)	(61,583.67)
Other	215.67	160.95	(120.62)	256.00
Total Nonoperating Revenue (Expense)	(54,097.02)	(41,428.88)	(66,843.46)	(162,369.36)
Income (Loss) Before Contributions	39,941.12	(7,785.80)	32,374.99	64,530.31
Capital Contributions		63,625.82		63,625.82
Change in Net Position	39,941.12	55,840.02	32,374.99	128,156.13
Net Position - Beginning	222,768.55	280,199.92	(64,772.99)	438,195.48
NET POSITION - ENDING	262,709.67	336,039.94	(32,398.00)	566,351.61

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of the Municipality of Plankinton (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.

The Municipality participates in a cooperative unit with twenty-eight other governmental entities. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the Municipality.

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

The funds of the 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 special 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.

Library Fines Fund – to account for fines and similar charges, deposited in a library board bank account subject to checks by the librarian for library purposes. (SDCL 14-2-42 and AGR 82-33) This is a major fund. This fund was closed in 2021.

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.

Electric Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal electrical system and related facilities. (SDCL 9-39-1 and 9-39-26) This is a major fund.

NOTES TO THE MODIFIED 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" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

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

Measurement Focus:

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

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 modified cash basis of accounting.

Basis of Accounting:

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

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

- a. Recording long-term investments in marketable securities (those with maturities more than 90-days (three months) from the date of acquisition) acquired with cash assets at cost.
- b. Recording assets and liabilities related to interfund receivables and payables resulting from cash transactions between funds.

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

If the 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.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, (if any), which are presented as Internal Balances.

e. Deposits and Investments:

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

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

f. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, Revenue Bonds.

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 modified 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.

g. Program Revenues:

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

1. Charges for services - These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

2. Program-specific operating grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

h. Proprietary Funds Revenue and Expense Classifications:

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

i. Cash and Cash Equivalents:

The Municipality pools the cash resources of its funds for cash management purposes. The proprietary funds essentially have access to the entire amount of their cash resources on demand.

j. 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" or "net investment in capital assets."

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.

k. 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.

l. 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:

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

- 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 Finance Officer.
- 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 Municipality would first use committed, then assigned, and lastly unassigned amounts for 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>
Library Fines Fund	Library Fines and Donations

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 expenditures compared to appropriations:

	<u>Year Ended</u> <u>12/31/2021</u>
General Fund:	
Financial Administration	\$ 573.76

The Municipality plans to take the following actions to address these violations: use supplemental budgets when authority exists.

3. DEFICIT FUND BALANCES/NET POSITION

As of December 31, 2021 and December 31, 2020, the following individual funds had deficit fund balances/net position in the amounts shown:

	<u>Year Ended</u> <u>12/31/2021</u>	<u>Year Ended</u> <u>12/31/2020</u>
Electric Fund	\$ 3,332.79	\$32,398.00

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

As of December 31, 2021 and 2020, the Municipality did not have any investments. The investments reported in the financial statements consist of only certificates of deposit.

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.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the Municipality's deposits may not be returned to it. The Municipality does not have a deposit policy for custodial credit risk.

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 investments to the fund making the investment.

5. PROPERTY TAXES

Property taxes are levied on or before October 1, of the year preceding the start of the fiscal year. They attach as an enforceable lien on property and become due and payable as of 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.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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.

6. OPERATING LEASES

The Municipality entered into an operating lease for a copier and also a lease for postage meter. The minimum payment on this lease is \$121.09 and \$29.95 respectively per month and is paid by the General Fund. The Municipality also entered into an operating lease for a skid loader and excavator. The minimum payment on this lease is \$1,346.53 per month and is paid by the General Fund.

The following are the minimum payments on these operating leases:

	Copier General Fund	Postage Meter General Fund	Skid Loader and Excavator General Fund
2022	1,453.08	359.40	13,465.30
2023	847.63		

7. LONG-TERM COMMITMENT

The Municipality of Plankinton entered into a 40-year commitment with Aurora-Brule Rural Water System, Inc. to provide water to the Municipality. A monthly service charge in the amount of \$1,465.00 is paid by the Municipality to Aurora-Brule Rural Water System, Inc. along with a charge of \$.00330 per gallon of water consumed. The monthly service charge represents a contribution by the Municipality to aid Aurora-Brule Rural Water System, Inc. in the construction of the facilities and in future debt payments, which are 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:

2022	\$ 17,580.00
2023	\$ 17,580.00
2024	\$ 17,580.00
2025	\$ 17,580.00
2026	\$ 17,580.00
2027-2031	\$ 87,900.00
2032-2036	\$ 87,900.00
2037-2041	\$ 87,900.00
2042	\$ 17,580.00

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

8. RESTRICTED NET POSITION

Restricted net position for the years ended December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Major Funds:		
Cemetery	\$ 1,000.00	\$ 1,000.00
Library Fines	489.95	142.95
Equipment Repair/Replacement	155,917.56	145,867.56
Debt Service Purposes	<u>274,274.27</u>	<u>236,728.10</u>
Total Restricted Net Position	<u>\$431,681.78</u>	<u>\$383,738.61</u>

These balances are restricted due to federal grant requirements and state law.

9. INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund receivable and payable balances at December 31, 2021 and December 31, 2020 were:

	<u>Year Ended 12/31/2021</u>		<u>Year Ended 12/31/2020</u>	
Fund:	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Sewer	\$144,332.79		\$173,398.00	
Electric		\$144,332.79		\$173,398.00

10. 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 three different classes of employees, Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation 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.

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.

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. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2021, 2020, and 2019, were \$16,075.55, \$14,882.67, and \$16,257.94, respectively, equal to the required contributions each year.

Pension Liabilities (Assets):

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:

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Proportionate share of pension liability	\$ 1,564,542.55
Less proportionate share of net pension restricted for pension benefits	<u>\$ 1,650,951.02</u>
Proportionate share of net pension liability (asset)	<u>\$ (86,408.47)</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 0.01128300%, which is an increase (decrease) of 0.0001028% from its proportion measured as of June 30, 2020.

At June 30, 2020, SDRS is 100.04% 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, 2020 and reported by the Municipality as of December 31, 2020 are as follows:

Proportionate share of pension liability	\$ 1,374,381.45
Less proportionate share of net pension restricted for pension benefits	<u>\$ 1,374,867.00</u>
Proportionate share of net pension liability (asset)	<u>\$ (485.55)</u>

The net pension liability (asset) was measured as of June 30, 2020 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, 2020, the Municipality's proportion was 0.01118020%, which is an increase (decrease) of (0.0015134%) from its proportion measured as of June 30, 2019.

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2021 actuarial valuations were 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%

The total pension liability (asset) in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense.
Future COLAs	1.41%

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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, projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2021 and June 30, 2020 valuations were based on the results of an actuarial experience study for the period if 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, 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%	

Best estimates of real rates for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 (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%	

Discount Rate:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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:

At June 30, 2021, the following presents the Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50 percent, 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)	\$139,916.81	\$(86,408.47)	\$(270,131.91)

At June 30, 2020, the following presents the Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50 percent, 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)	\$188,362.73	\$(485.55)	\$(154,959.73)

Pension Plan Fiduciary Net Position:

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

11. JOINT VENTURE

The Municipality participates in a joint venture, known as the Tri-County Landfill Association, Inc., formed for the purpose of providing solid waste disposal services to participating members.

The members of the joint venture and their relative percentage of participation are as follows:

Plankinton City	2.50%	Murdo City	2.81%
Stickney City	1.33%	Jones County	2.16%
White Lake City	1.73%	Kennebec City	1.17%
Aurora County	7.39%	Oacoma City	1.52%
Chamberlain City	9.70%	Presho City	2.70%
Kimball City	3.07%	Reliance City	0.70%
Pukwana City	1.09%	Lyman County	4.30%
Brule County	8.81%	Colome City	1.28%
Buffalo County	1.09%	New Witten City	0.36%
Alpena City	1.04%	Winner City	13.84%
Lane City	0.29%	Tripp County	13.10%
Wessington Springs City	4.47%	White River City	2.46%
Jerauld County	4.21%	Wood City	0.30%
Draper City	0.51%	Mellette County	6.07%

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

The joint venture's governing board is composed of 12 representatives—one from each of the 8 counties and 4 members at large. The board is responsible for adopting the budget and setting service fees at a level adequate to fund the adopted budget.

The Municipality retains no equity in the net assets of the joint venture but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

At December 31, 2021, financial information for this joint venture was not available.

12. SIGNIFICANT CONTINGENCIES – LITIGATION

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

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

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

Unemployment Benefits:

The 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.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

14. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through September 2, 2022, the date on which the financial statements were available to be issued.

See Independent Auditor's Report.

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF PLANKINTON
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)
Revenues:				
Taxes:				
General Property Taxes	188,442.00	188,442.00	192,854.68	4,412.68
General Sales and Use Taxes	247,200.00	247,200.00	270,261.37	23,061.37
Amusement Taxes	100.00	100.00	0.00	(100.00)
Penalties and Interest on Delinquent Taxes	0.00	0.00	1,664.45	1,664.45
Total Taxes	435,742.00	435,742.00	464,780.50	29,038.50
Licenses and Permits	9,250.00	9,250.00	12,559.87	3,309.87
Intergovernmental Revenue:				
State Grants	2,000.00	2,000.00	2,827.00	827.00
State Shared Revenue:				
Bank Franchise Tax	2,600.00	2,600.00	2,322.12	(277.88)
Prorate License Fees	0.00	0.00	4,672.53	4,672.53
Liquor Tax Reversion	4,600.00	4,600.00	5,322.35	722.35
Motor Vehicle Licenses	15,000.00	15,000.00	14,910.02	(89.98)
County Shared Revenue:				
County Road Tax	4,500.00	4,500.00	2,309.50	(2,190.50)
County Road and Bridge Tax	34,000.00	34,000.00	31,607.24	(2,392.76)
County Wheel Tax	5,650.00	5,650.00	5,324.16	(325.84)
Total Intergovernmental Revenue	68,350.00	68,350.00	69,294.92	944.92
Charges for Goods and Services:				
Culture and Recreation	6,000.00	6,000.00	6,645.74	645.74
Cemetery	2,000.00	2,000.00	3,000.00	1,000.00
Total Charges for Goods and Services	8,000.00	8,000.00	9,645.74	1,645.74
Fines and Forfeits:				
Court Fines and Costs	100.00	100.00	39.00	(61.00)
Library	1,000.00	1,000.00	130.00	(870.00)
Total Fines and Forfeits	1,100.00	1,100.00	169.00	(931.00)
Miscellaneous Revenue:				
Investment Earnings	2,500.00	2,500.00	660.11	(1,839.89)
Rentals	2,700.00	2,700.00	2,612.50	(87.50)
Contributions and Donations from Private Sources	172,000.00	282,000.00	117,101.62	(164,898.38)
Other	2,500.00	9,718.00	9,632.25	(85.75)
Total Miscellaneous Revenue	179,700.00	296,918.00	130,006.48	(166,911.52)
Total Revenue	702,142.00	819,360.00	686,456.51	(132,903.49)

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF PLANKINTON
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)
Expenditures:				
General Government:				
Executive	27,270.00	27,492.30	27,492.30	0.00
Financial Administration	78,280.00	107,815.05	108,388.81	(573.76)
Other	37,300.00	116,046.37	99,967.23	16,079.14
Total General Government	142,850.00	251,353.72	235,848.34	15,505.38
Public Safety:				
Police	65,701.00	65,701.00	65,700.20	0.80
Fire	17,300.00	22,575.55	10,259.95	12,315.60
Total Public Safety	83,001.00	88,276.55	75,960.15	12,316.40
Public Works:				
Highways and Streets	159,515.00	168,562.62	152,609.01	15,953.61
Cemeteries	79,285.00	79,285.00	64,070.35	15,214.65
Total Public Works	238,800.00	247,847.62	216,679.36	31,168.26
Health and Welfare:				
Ambulance	5,000.00	5,000.00	5,000.00	0.00
Total Health and Welfare	5,000.00	5,000.00	5,000.00	0.00
Culture and Recreation:				
Recreation	297,560.00	407,560.00	276,912.41	130,647.59
Libraries	12,051.00	12,051.00	10,379.83	1,671.17
Total Culture and Recreation	309,611.00	419,611.00	287,292.24	132,318.76
Total Expenditures	779,262.00	1,012,088.89	820,780.09	191,308.80
Excess of Revenue Over (Under)				
Expenditures	(77,120.00)	(192,728.89)	(134,323.58)	58,405.31
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	142.95	142.95
Compensation for Loss or				
Damage to Capital Assets	0.00	85,851.54	22,678.73	(63,172.81)
Total Other Financing Sources (Uses)	0.00	85,851.54	22,821.68	(63,029.86)
Net Change in Fund Balances	(77,120.00)	(106,877.35)	(111,501.90)	(4,624.55)
Fund Balance - Beginning	591,664.82	591,664.82	591,664.82	0.00
FUND BALANCE - ENDING	514,544.82	484,787.47	480,162.92	(4,624.55)

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF PLANKINTON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes	180,967.00	180,967.00	178,937.65	(2,029.35)
General Sales and Use Taxes	240,000.00	240,000.00	253,006.90	13,006.90
Amusement Taxes	200.00	200.00	96.00	(104.00)
Penalties and Interest on Delinquent Taxes	0.00	0.00	970.74	970.74
Total Taxes	421,167.00	421,167.00	433,011.29	11,844.29
Licenses and Permits	9,600.00	9,600.00	9,266.00	(334.00)
Intergovernmental Revenue:				
Federal Grants	0.00	37,180.69	48,584.28	11,403.59
State Grants	0.00	0.00	2,380.86	2,380.86
State Shared Revenue:				
Bank Franchise Tax	2,600.00	2,600.00	2,553.84	(46.16)
Prorate License Fees	5,000.00	5,000.00	4,350.93	(649.07)
Liquor Tax Reversion	4,500.00	4,500.00	4,893.68	393.68
Motor Vehicle Licenses	15,000.00	15,000.00	14,418.62	(581.38)
County Shared Revenue:				
County Road Tax	0.00	0.00	2,309.50	2,309.50
County Road and Bridge Tax	33,000.00	33,000.00	30,334.66	(2,665.34)
County Wheel Tax	5,500.00	5,500.00	5,402.79	(97.21)
Total Intergovernmental Revenue	65,600.00	102,780.69	115,229.16	12,448.47
Charges for Goods and Services:				
Culture and Recreation	5,000.00	5,000.00	0.00	(5,000.00)
Cemetery	2,500.00	2,500.00	2,400.00	(100.00)
Total Charges for Goods and Services	7,500.00	7,500.00	2,400.00	(5,100.00)
Fines and Forfeits:				
Court Fines and Costs	100.00	100.00	94.90	(5.10)
Total Fines and Forfeits	100.00	100.00	94.90	(5.10)
Miscellaneous Revenue:				
Investment Earnings	1,500.00	1,500.00	1,311.80	(188.20)
Rentals	3,000.00	3,000.00	2,612.50	(387.50)
Contributions and Donations from Private Sources	0.00	25,381.62	38,221.62	12,840.00
Other	500.00	500.00	2,253.81	1,753.81
Total Miscellaneous Revenue	5,000.00	30,381.62	44,399.73	14,018.11
Total Revenue	508,967.00	571,529.31	604,401.08	32,871.77

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF PLANKINTON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Expenditures:				
General Government:				
Contingency	25,000.00	25,000.00		
Amount Transferred		0.00		25,000.00
Executive	36,190.00	38,690.00	38,654.78	35.22
Financial Administration	72,595.00	85,595.00	85,120.09	474.91
Other	29,800.00	89,773.26	36,839.99	52,933.27
Total General Government	163,585.00	239,058.26	160,614.86	78,443.40
Public Safety:				
Police	64,125.00	64,125.00	64,123.24	1.76
Fire	19,700.00	21,200.00	21,187.06	12.94
Total Public Safety	83,825.00	85,325.00	85,310.30	14.70
Public Works:				
Highways and Streets	102,930.00	138,667.62	138,494.97	172.65
Cemeteries	74,895.00	78,295.00	78,280.39	14.61
Total Public Works	177,825.00	216,962.62	216,775.36	187.26
Health and Welfare:				
Ambulance	0.00	4,605.69	4,105.69	500.00
Total Health and Welfare	0.00	4,605.69	4,105.69	500.00
Culture and Recreation:				
Recreation	44,650.00	58,499.00	47,105.74	11,393.26
Libraries	13,240.00	13,240.00	10,317.23	2,922.77
Total Culture and Recreation	57,890.00	71,739.00	57,422.97	14,316.03
Total Expenditures	483,125.00	617,690.57	524,229.18	93,461.39
Excess of Revenue Over (Under)				
Expenditures	25,842.00	(46,161.26)	80,171.90	126,333.16
Other Financing Sources (Uses):				
Sale of Municipal Property	1,500.00	1,500.00	5,817.00	4,317.00
Compensation for Loss or				
Damage to Capital Assets	0.00	59,973.26	63,014.25	3,040.99
Total Other Financing Sources (Uses)	1,500.00	61,473.26	68,831.25	7,357.99
Net Change in Fund Balances	27,342.00	15,312.00	149,003.15	133,691.15
Fund Balance - Beginning	442,661.67	442,661.67	442,661.67	0.00
FUND BALANCE - ENDING	470,003.67	457,973.67	591,664.82	133,691.15

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

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

Last Seven Years*

	2021	2020	2019	2018	2017	2016	2015
Municipality's proportion of the net pension liability/asset	0.0112830%	0.0111802%	0.0126936%	0.0115237%	0.0112840%	0.0103862%	0.0102371%
Municipality's proportionate share of net pension liability (asset)	\$ 86,408.47	\$ (485.55)	\$ (1,345.17)	\$ (268.76)	\$ (1,024.03)	\$ 35,083.56	\$ (43,418.47)
Municipality's covered-employee payroll	\$ 256,043.46	\$ 246,745.15	\$ 270,041.54	\$ 239,569.89	\$ 235,796.67	\$ 197,208.68	\$ 186,892.36
Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.75%	0.20%	0.50%	0.11%	0.43%	17.79%	23.23%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%

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

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY CONTRIBUTIONS

South Dakota Retirement System

Last Seven Years *

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 16,075.55	\$ 14,882.67	\$ 16,257.94	\$ 14,521.81	\$ 14,177.00	\$ 12,805.43	\$ 11,752.77
Contributions in relation to the contractually required contribution	\$ 16,075.55	\$ 14,882.67	\$ 16,257.94	\$ 14,521.81	\$ 14,177.00	\$ 12,805.43	\$ 11,752.77
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipality's covered-employee payroll	\$ 267,923.86	\$ 249,418.71	\$ 271,014.36	\$ 242,029.96	\$ 236,283.92	\$ 213,235.84	\$ 195,721.77
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.01%	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 Required Supplementary Information
for the Year Ended December 31, 2021**

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

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

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

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

Actuarial Method Changes

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

SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 1/1/2020	Additions	Decreases	Ending Balance 12/31/2021	Due Within One Year
Primary Government:					
Business-Type Activities:					
Bonds Payable:					
SRF - Clean Water # 1	749,050.69		42,016.64	707,034.05	22,050.62
SRF - Drinking Water # 1	544,962.27		30,646.39	514,315.88	16,024.02
SRF - Drinking Water # 2	240,000.00		38,619.88	201,380.12	22,681.48
Heartland IRP 3	143,887.54		21,786.91	122,100.63	11,392.94
Heartland IRP 4	143,887.54		21,786.91	122,100.63	11,392.94
Notes Payable - GWB	138,236.06		67,845.62	70,390.44	36,045.42
Total Business-Type Activities	<u>1,960,024.10</u>	<u>0.00</u>	<u>222,702.35</u>	<u>1,737,321.75</u>	<u>119,587.42</u>
TOTAL PRIMARY GOVERNMENT	<u>1,960,024.10</u>	<u>0.00</u>	<u>222,702.35</u>	<u>1,737,321.75</u>	<u>119,587.42</u>

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

Revenue Bonds:

SRF – Clean Water # 1;
Maturity Date January 15, 2044;
Interest Rate 3.25%;
Paid by Sewer Fund

\$ 707,034.05

SRF – Drinking Water # 1;
Maturity Date July 15, 2044;
Interest Rate 3.00%;
Paid by Water Fund

\$ 514,315.88

SRF – Drinking Water # 2;
Maturity Date November 15, 2030;
Interest Rate 2.00%;
Paid by Water Fund

\$ 201,380.12

Heartland IRP Loan # 3;
Maturity Date May 29, 2031;
Interest Rate 3.00%;
Paid by Electric Fund

\$ 122,100.63

Heartland IRP Loan # 4;
Maturity Date May 29, 2031;
Interest Rate 3.00%;
Paid by Electric Fund

\$ 122,100.63

Notes Payable-Great Western Bank;
Maturity Date November 10, 2023;
Interest Rate 4.00%;
Paid by Electric Fund

\$ 70,390.44

SCHEDULE OF LONG-TERM DEBT
(Continued)

The annual requirements to amortize all debt outstanding as of December 31, 2021, including interest payments of \$542,985.97, are as follows:

Annual Requirements to Maturity for Long-Term Debt
December 31, 2021

Year Ending	SRF - Clean Water #1		SRF - Drinking Water #1		SRF - Drinking Water #2	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2022	22,050.62	22,711.70	16,024.02	15,250.34	22,681.48	3,858.20
2023	22,776.04	21,986.28	16,510.18	14,764.18	23,138.52	3,401.16
2024	23,525.35	21,236.97	17,011.07	14,263.29	23,604.77	2,934.91
2025	24,299.28	20,463.04	17,527.18	13,747.18	24,080.42	2,459.26
2026	25,098.69	19,663.63	18,058.93	13,215.43	24,565.65	1,974.03
2027-2031	138,435.84	85,375.76	98,853.22	57,518.58	83,309.28	2,944.68
2032-2036	162,755.71	61,055.89	114,786.77	41,585.03		
2037-2041	191,348.00	32,463.60	133,288.56	23,083.24		
2042-2046	96,744.52	3,970.70	82,255.95	3,748.54		
Totals	<u>707,034.05</u>	<u>288,927.57</u>	<u>514,315.88</u>	<u>197,175.81</u>	<u>201,380.12</u>	<u>17,572.24</u>

Year Ending	Heartland IRP Loan #3		Heartland IRP Loan #4		Notes Payable-GWB	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2022	11,392.94	3,507.22	11,392.94	3,507.22	36,045.42	2,188.86
2023	11,739.48	3,160.68	11,739.48	3,160.68	34,345.02	703.07
2024	12,096.57	2,803.59	12,096.57	2,803.59		
2025	12,464.44	2,435.72	12,464.44	2,435.72		
2026	12,843.59	2,056.57	12,843.59	2,056.57		
2027-2031	61,563.61	4,245.43	61,563.61	4,245.43		
2032-2036						
2037-2041						
2042-2046						
Totals	<u>122,100.63</u>	<u>18,209.21</u>	<u>122,100.63</u>	<u>18,209.21</u>	<u>70,390.44</u>	<u>2,891.93</u>

Year Ending	Totals	
December 31,	Principal	Interest
2022	119,587.42	51,023.54
2023	120,248.72	47,176.05
2024	88,334.33	44,042.35
2025	90,835.76	41,540.92
2026	93,410.45	38,966.23
2027-2031	443,725.56	154,329.88
2032-2036	277,542.48	102,640.92
2037-2041	324,636.56	55,546.84
2042-2046	179,000.47	7,719.24
Totals	<u>1,737,321.75</u>	<u>542,985.97</u>