

TOWN OF ROSHOLT
ROSHOLT, SOUTH DAKOTA
FINANCIAL REPORT
FOR THE TWO YEARS ENDING DECEMBER 31, 2020
WITH INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDIT SERVICES, P.C.

Benjamin Elliott, CPA
P.O. Box 262
Madison, South Dakota 57042

TOWN OF ROSHOLT
ROSHOLT, SOUTH DAKOTA

TABLE OF CONTENTS TO THE FINANCIAL REPORT
FOR THE TWO YEARS ENDING DECEMBER 31, 2020

FINANCIAL SECTION

- 1 Independent Auditor's Report
- 4 Management's Discussion and Analysis (MD&A)
(Supplementary Information)
- Basic Financial Statements: (Modified Cash Basis of Accounting)
- Government-Wide Financial Statements:
 - 10 Statement of Net Position as of December 31, 2020
 - 11 Statement of Activities for the Year Ending December 31, 2020
 - 12 Statement of Activities for the Year Ending December 31, 2019
- Fund Financial Statements:
- Governmental Funds:
 - 13 Balance Sheet as of December 31, 2020
 - 14 Statement of Receipts, Disbursements, and Changes in Fund Balances
for the Year Ending December 31, 2020
 - 14 Statement of Receipts, Disbursements, and Changes in Fund Balances
for the Year Ending December 31, 2019
- Enterprise Funds:
 - 15 Statement of Net Position as of December 31, 2020
 - 16 Statement of Receipts, Disbursements, and Changes in Net Position
for the Year Ending December 31, 2020
 - 16 Statement of Receipts, Disbursements, and Changes in Net Position
for the Year Ending December 31, 2019
- 17 Notes to the Financial Statements

SUPPLEMENTARY INFORMATION SECTION OTHER THAN MD&A

- Budgetary Comparison Schedule - Budgetary Basis:
 - 29 General Fund -- December 31, 2020
 - 30 General Fund -- December 31, 2019
 - 31 Community Center Fund -- December 31, 2020
 - 31 Community Center Fund -- December 31, 2019
 - 32 Notes to Supplementary Information - Budgets
- 33 Schedule of Changes in Debt
- Pension Schedules:
 - 34 Schedule of the Town's Proportional Share of Net Pension (Asset)/Liability
 - 34 Schedule of the Town's Contributions
 - 35 Notes to Supplementary Information - Pension

GOVERNMENTAL SECTION

- 36 Report on Compliance and Other Matters and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*
- 38 Schedule of Prior Audit Findings
- 38 Schedule of Current Audit Findings and Responses

NOTE: All figures shown in this financial report are in U.S. dollars.
For space considerations, the "\$" symbol is not used.

INDEPENDENT AUDIT SERVICES, PC

Benjamin Elliott, CPA
P.O. Box 262
Madison, South Dakota 57042
605.270.3020

Governing Board
Town of Rosholt
Rosholt, South Dakota

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying modified cash basis of accounting financial statements of governmental activities, business-type activities, and each major fund of the Town of Rosholt (Town), Roberts County, South Dakota, as of December 31, 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 Town's basic financial statements as listed in the table of contents.

I did not audit the modified cash basis of accounting financial statements of the Rosholt Housing and Redevelopment Commission which represents 100% of the cash assets, net position, receipts and disbursements of the discretely presented component unit on the government-wide statement of net position and statement of activities.

Management's Responsibility for the Financial Statements

The Town's management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in note 1.c; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of these financial statements in the circumstances. Management is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinions.

Summary of Opinions

<u>Opinion Units</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Qualified
Discretely Presented Component Unit	Disclaimer
General Fund	Unmodified
Community Center Fund	Unmodified
Liquor Fund	Qualified
Water Fund	Unmodified
Sewer Fund	Unmodified

Basis for Disclaimer of Opinion

The modified cash basis of accounting financial statements of the Rosholt Housing and Redevelopment Commission have not been audited. I was not engaged to audit these modified cash basis of accounting financial statements as part of my audit of the Town of Rosholt's modified cash basis of accounting financial statements. These financial statements are included in the Town's basic financial statement as a discretely presented component unit and represents 100% of the cash assets, net position, receipts and disbursements of the Town's discretely presented component unit.

Disclaimer of Opinion

The financial statements, referred to above, of the financial position and changes in financial position of the discretely presented component unit of the Town of Rosholt, South Dakota as of December 31, 2020 and for the years in the biennial period then ended were not audited by me and, accordingly, I do not express an opinion on them.

Basis for Qualified of Opinion on Business-Type Activities and Liquor Fund

The video lottery checking account was not included in the Town of Rosholt's general ledger and documents supporting video lottery activity was insufficient.

Qualified of Opinion

In my opinion, except for the possible effects of the matter described in the "Basis for Qualified of Opinion on Business-Type Activities and Liquor Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position on a modified cash basis of accounting of Business-Type Activities and the Liquor Fund of the Town of Rosholt, as of December 31, 2020 and changes in its financial position for the years in the biennial period then ended, in accordance with the modified cash basis of accounting described in note 1.c to these financial statements.

Unmodified Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of accounting of governmental activities and each major fund, except the Liquor Fund, of the Town of Rosholt, South Dakota, as of December 31, 2020, and the respective changes in its financial position for the years in the biennial period then ended in accordance with the modified cash basis of accounting described in note 1.c to these financial statements.

Basis of Accounting

I draw attention to note 1.c of these financial statements, which describes the basis of accounting. These 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. My opinion is not modified with respect to this matter.

Other Matters - Other Supplementary Information (No Opinion)

My audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the Town of Rosholt's financial statements.

The management's discussion and analysis (page 4 to 9), budgetary comparison schedules (page 29 to 32), pension schedules (page 34 and 35) listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

I have applied certain limited procedures to this supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on this information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Matters - Other Supplementary Information (Opinion)

My audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the Town of Rosholt's financial statements.

The schedule of changes in long-term debt (page 33) is presented for the purpose of additional analysis and is not a required part of the modified cash basis of accounting financial statements.

The schedule of changes in long-term debt is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the modified cash basis of accounting financial statements. The information has been subject to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

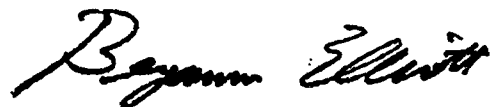
In my opinion, the schedule of changes in long-term debt is fairly stated, in all material respects, in relation to the modified cash basis of accounting financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report (page 36) dated March 26, 2022 on my tests of Town of Rosholt's compliance with certain provisions of laws, regulations, contracts and other matters and my consideration of its internal control over financial reporting. The purpose of that report is to describe the scope of my testing of compliance and internal control over financial reporting, and the results of that testing, and not to provide an opinion on compliance or internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's compliance and internal control over financial reporting.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota

March 26, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Our discussion and analysis of the Town of Rosholt's (Town) financial performance provides an overview of the Town's financial activities for the two years ending December 31, 2020, within the limitations of the Town's modified cash basis of accounting. Please read it in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS	2020	2019
Receipts:		
Charges for goods and services	573,324	535,063
Operating grants	0	495
Capital grants, contributions	0	0
General receipts	401,013	284,486
	-----	-----
Total	974,337	820,044
	-----	-----
Disbursements:		
Governmental	372,121	298,369
Business-type	438,787	457,611
	-----	-----
Total	810,908	755,980
	-----	-----
Increase (Decrease) in Net Position	163,429	64,064
Net Position:		
December 31, 2018		274,799

December 31, 2019	338,863	338,863
	-----	=====
December 31, 2020	502,292	
	=====	
Governmental Funds:		
General	202,673	110,320
Community Center	11,525	15,692
Business-Type Funds:		
Liquor	151,534	122,453
Water	95,619	53,815
Sewer	40,941	36,583
	-----	-----
Total	502,292	338,863
	=====	=====

During 2020, the Town:

Received:

94,971 from property taxes
182,470 from sales taxes
368,359 from Corner Bar operations
86,088 from water operations
59,583 from sewer operations
64,000 loan to purchase a loader

Paid:

85,167 for street improvements
1,183 for park equipment
2,350 for Corner Bar equipment
6,500 for water equipment
900 on a loader loan
28,771 on a Corner Bar loan
4,167 on a water loan
13,752 on a sewer loans

During 2019, the Town:

Received:

88,364 from property taxes
169,010 from sales taxes
385,585 from Corner Bar operations
44,430 from water operations
54,901 from sewer operations

Paid:

28,648 on a Corner Bar loan
4,062 on a water loan
13,514 on a sewer loans

BRIEF DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

The financial report consists of three parts: (1) management's discussion and analysis (page 4 to 9), (2) the basic financial statements (page 10 to 28) and (3) other supplementary information (page 29 to 35). The basic financial statements include two types of statements that present the Town from two different financial points of view.

Government-wide financial statements (View #1):

The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.

Fund financial statements (View #2):

The remaining financial statements are fund financial statements that focus on significant operations of the governmental and enterprise activities of the Town.

The governmental financial statements tell how general governmental services were financed in the short-term, as well as what remains for future spending. Governmental funds operated by the Town during the two years ending of December 31, 2020 are the General Fund and Community Center Fund.

The enterprise fund financial statements offer short-term and long-term financial information about the activities of the Town that operate like a business. Enterprise funds operated by the Town include the Liquor, Water and Sewer Funds.

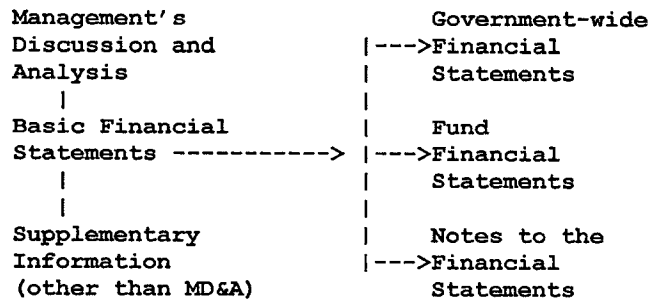
The fiduciary fund financial statements provide information about the financial status of activities in which the Town acts solely as a trustee or agent for the benefit of those groups to whom these funds belong. In 2019 and 2020 the Town had no fiduciary funds.

The financial statements include notes that explain in more detail some of the information found in the financial statements. The financial statements are also followed by a section of supplementary information that presents a budgetary analysis for the general fund and major special revenue funds.

Supplementary Information:

This Management's Discussion and Analysis (page 4 to 9), the Budgetary Comparison Schedules (page 29 and 32), Schedule of Changes in Long-term Debt (page 33), and Pension Schedules (page 34 and 35) are financial information required to be presented by GASB. Such information provides readers of this report with additional data that supplements the government-wide statements and fund financial statements. The Budgetary Comparison Schedule is presented on a budgetary basis of accounting, which reports capital expenditures within their respective expenditure function rather than as a separate capital outlay expenditure.

Here is an overview of the Town's financial statements.



Here is a summary of the major features of these financial statement.

	Government-wide Statements	-----Fund Statements-----	
		Governmental Funds	Enterprise Funds
Scope	Entire Town (including component units if any)	City activities except enterprise (water and sewer)	Activities operated like a private business (water and sewer)
Required Financial Statements	Statement of Net Position	Balance Sheet	Statement of Net Position
Required Financial Statements	Statement of Activities	Statement of Receipts Disbursements and Changes in Fund Balances	Statement of Cash Receipts, Disbursements and Changes in Net Position
Basis of Accounting	Modified Cash	Modified Cash	Modified Cash
Measurement Focus	Modified Cash	Modified Cash	Modified Cash
Types of assets & Liabilities	Only cash No liabilities	Only cash No liabilities	Only cash No liabilities
Types of Revenue and Cash disbursements Expenditures or Expense	Cash receipts Cash disbursements	Cash receipts Cash disbursements	Cash receipts Cash disbursements

BASIS OF ACCOUNTING

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

GOVERNMENT-WIDE STATEMENTS

(Reporting the Town as a whole)

The government-wide statements (page 10 to 12) report information about the Town as a whole using cash accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Town's cash. The statement of activities includes all of the year's receipts and disbursements.

The two government-wide statements report the Town's net position and how it has changed. Net position is the Town's petty cash, checking accounts, certificates of deposit and money market accounts. The change in these accounts is one way to measure the Town's financial health. Increases or decreases in net position measures improvements or declines in the Town's financial health. To assess the Town's overall financial health you also need to consider other factors such as changes in the property tax base, and/or sales tax receipts generated from local businesses.

The government-wide financial statements have two broad categories of information: governmental activity and business-type activity.

The governmental activities include basic services such care of streets, police protection, community center, pool, and capital projects. Property taxes, sales taxes, interest earnings finance most of these activities. Bonds and federal and state grants help pay for capital improvements.

The business-type activities account for the Town's water and sewer activities. These services are funded by user fees.

FUND FINANCIAL STATEMENTS

(Reporting the Town's most significant funds)

The fund financial statements (page 13 to 16) provide more detailed information about the Town's most significant funds - not the Town as a whole. Funds are accounting tools used to keep track of the Town's receipts and disbursements. State law requires the use of some funds and the Town Council establishes other funds to manage money for a specific purpose, like a capital project.

The fund financial statements show information in two broad categories: governmental and enterprise (business-type).

Governmental funds: Most of the Town's basic services are included in the governmental funds, which focus on (1) how cash flows in and out of that fund, and (2) cash balances left at year-end which are available for spending in the next year. The governmental funds financial statements provide detail that helps you determine whether there is more or fewer cash resources available for spending in the near future to finance the Town's programs.

Enterprise fund: Services for which the Town charges the customer a fee are generally reported in enterprise funds. These funds account for cash and the receipt and disbursement of cash, the same as the governmental funds. The water and sewer funds are the only enterprise funds maintained by the Town.

MATERIAL CHANGES IN STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

(Material changes for governmental activities = changes greater than \$50,000)

(Material changes for business-type activities = changes greater than \$50,000)

== 2020 ==	Increase (Decrease)	Reason
Governmental Activities:		
Cash	88,186	Excess receipts.
Public works	75,150	Street project.
Loan proceeds	63,880	New loan, net proceeds.
Business-type Activities:		
Cash	75,243	Excess receipts.
== 2019 ==		
Governmental Activities:		
Revenue from taxes	61,772	Property and sales tax up.
Business-type Activities:		
None to report		

SIGNIFICANT VARIATIONS BETWEEN ORIGINAL AND FINAL GENERAL FUND BUDGET

In 2020 the Town adopted a general fund budget of \$331,395 which is an increase of \$20,695 or 6.66% from 2019. The increase was spread across several line items. There was one supplemental appropriation to the general fund budget. See page 29 for more information.

In 2019 the Town adopted a general fund budget of \$310,700 which is an increase of \$22,460 or 7.79% from 2018. The increase was spread across several line items. There were no supplemental appropriation to the general fund budget. See page 30 for more information.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Significant capital asset activity is reported above.

SIGNIFICANT LONG-TERM DEBT ACTIVITY

Significant long-term activity is reported above.

See page 33 for more information.

The Town has guaranteed 25% of two Rosholt Housing & Redevelopment Rev Bonds which had balances of \$614,303 and \$612,336 at December 31, 2020.

CURRENTLY KNOWN FACTS

In 2021 the Town submitted an application to be on the State's Water Plan.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional information, contact the Town of Rosholt's business office at P.O. Box 156, Rosholt, SD 57260. Phone 605.537.4275.

TOWN OF ROSHOLT

TABLE 1 - NET POSITION (modified cash basis)
 BASED ON GOVERNMENT-WIDE FINANCIAL STATEMENTS
 AS OF DECEMBER 31, 2020, 2019 AND 2018

	Governmental Activities			Business-Type Activities			Total Government		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Assets:									
Cash	185,891	91,988	56,904	288,094	194,029	139,172	473,985	286,017	196,076
Savings		5,835	5,834		18,822	19,136	0	24,657	24,970
Certificates of deposit	28,307	28,189	28,071			25,682	28,307	28,189	53,753
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total assets	214,198	126,012	90,809	288,094	212,851	183,990	502,292	338,863	274,799
Net position:									
Restricted	11,525	15,692	22,690	26,682	26,682	26,682	38,207	42,374	49,372
Unrestricted	202,673	110,320	68,119	261,412	186,169	157,308	464,085	296,489	225,427
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total net position	214,198	126,012	90,809	288,094	212,851	183,990	502,292	338,863	274,799
	=====	=====	=====	=====	=====	=====	=====	=====	=====

TABLE 2 - CHANGES IN NET POSITION (modified cash basis)
 BASED ON GOVERNMENT-WIDE FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDING DECEMBER 31, 2020

	Governmental Activities			Business-Type Activities			Total Government		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Revenues:									
Program revenues:									
Charges for services	59,294	50,147	43,226	514,030	484,916	498,601	573,324	535,063	541,827
Operating grants and contri.		495	1,576				0	495	1,576
Capital grants and contri.								0	
General revenues:									
Revenue from taxes	277,489	257,422	195,650				277,489	257,422	195,650
Revenue from state source	27,049	26,406	26,120				27,049	26,406	26,120
Revenue from county source	658	658	658				658	658	658
Interest earnings			113			136	0	0	249
Other general revenue	22,187		2,554				22,187	0	2,554
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total revenues	386,677	335,128	269,897	514,030	484,916	498,737	900,707	820,044	768,634
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Expenses:									
General government	119,467	111,409	126,700				119,467	111,409	126,700
Public safety	60,866	67,886	47,619				60,866	67,886	47,619
Public works	172,650	97,500	89,109				172,650	97,500	89,109
Culture and recreation	19,083	21,574	15,328				19,083	21,574	15,328
Economic development	55		50				55	0	50
Liquor				339,278	374,175	355,049	339,278	374,175	355,049
Water				44,284	32,181	34,217	44,284	32,181	34,217
Sewer				55,225	51,255	44,603	55,225	51,255	44,603
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total expenses	372,121	298,369	278,806	438,787	457,611	433,869	810,908	755,980	712,675
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Excess of revenues over (under) expenses	14,556	36,759	(8,909)	75,243	27,305	64,868	89,799	64,064	55,959
Transfer in (out)		(1,556)			1,556		0	0	0
Sale of surplus property	9,750						9,750	0	0
Loan proceeds	63,880						63,880	0	0
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Change in net position	88,186	35,203	(8,909)	75,243	28,861	64,868	163,429	64,064	55,959
Net position:									
December 31, 2017			99,718			119,122			218,840
			-----			-----			-----
December 31, 2018		90,809	90,809		183,990	183,990		274,799	274,799
		-----	=====		-----	=====		-----	=====
December 31, 2019	126,012	126,012		212,851	212,851		338,863	338,863	
	-----	=====		-----	=====		-----	=====	
December 31, 2020	214,198			288,094			502,292		
	=====			=====			=====		

TOWN OF ROSHOLT

STATEMENT OF NET POSITION
MODIFIED CASH BASIS
AS OF DECEMBER 31, 2020

	Primary Government			Component Unit
	Governmental	Business-	Total	NOT AUDITED
	Activities	Type Activities		at
				12-31-2020
ASSETS:				
Petty cash		5,400	5,400	
Checking	185,891	282,694	468,585	36,315
Savings	0	0	0	10,523
Certificates of deposit	28,307	0	28,307	51,441
Total assets	214,198	288,094	502,292	98,279
	=====	=====	=====	=====
NET POSITION:				
Restricted for:				
Debt service		25,682	25,682	
DENR maintenance reserve		1,000	1,000	
Community Center	11,525		11,525	
Customer deposits			0	10,519
Unrestricted	202,673	261,412	464,085	87,760
Total net position	214,198	288,094	502,292	98,279
	=====	=====	=====	=====

See accompanying notes.

TOWN OF ROSHOLT

STATEMENT OF ACTIVITIES

MODIFIED CASH BASIS

FOR THE YEAR ENDING DECEMBER 31, 2020

Functions/Programs:	Program Receipts				Net Receipts (Disbursements) and Changes in Net Position			Component Unit NOT AUDITED at 12-31-2020
	Disbursements	Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Totals	
Primary government:								
Governmental activities:								
General government	119,467	17,461			(102,006)		(102,006)	
Public safety	60,866				(60,866)		(60,866)	
Public works	172,650	31,387			(141,263)		(141,263)	
Culture and recreation	19,083	10,446			(8,637)		(8,637)	
Economic development	55				(55)		(55)	
Total governmental activities	372,121	59,294	0	0	(312,827)	0	(312,827)	0
Business-type activities:								
Liquor	339,278	368,359				29,081	29,081	
Water	44,284	86,088				41,804	41,804	
Sewer	55,225	59,583				4,358	4,358	
Total business-type activities	438,787	514,030	0	0	0	75,243	75,243	0
Total primary government	810,908	573,324	0	0	(312,827)	75,243	(237,584)	0
Rosholt Housing & Redevelopment Commission	111,270	121,311						10,041
		General receipts:						
		Property taxes			94,971		94,971	
		Sales tax			182,470		182,470	
		Amusement tax			48		48	
		State shared receipts			27,049		27,049	
		County shared receipts			658		658	
		Interest received			0		0	916
		Miscellaneous			22,187		22,187	
		Sale of surplus property			9,750		9,750	
		Loan proceeds			63,880		63,880	
		Total general receipts and transfers			401,013	0	401,013	916
		Change in net position			88,186	75,243	163,429	10,957
		Net position:						
		January 1, 2020			126,012	212,851	338,863	87,322
		December 31, 2020			214,198	288,094	502,292	98,279

See accompanying notes.

TOWN OF ROSHOLT

STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDING DECEMBER 31, 2019

Functions/Programs:	Program Receipts				Net Receipts (Disbursements) and Changes in Net Position			Component Unit NOT AUDITED at 12-31-2019
	Disbursements	Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Totals	
Primary government:								
Governmental activities:								
General government	111,409	2,300			(109,109)		(109,109)	
Public safety	67,886				(67,886)		(67,886)	
Public works	97,500	31,387	495		(65,618)		(65,618)	
Culture and recreation	21,574	16,460			(5,114)		(5,114)	
Economic development	0				0		0	
Total governmental activities	298,369	50,147	495	0	(247,727)	0	(247,727)	0
Business-type activities:								
Liquor	374,175	385,585				11,410	11,410	
Water	32,181	44,430				12,249	12,249	
Sewer	51,255	54,901				3,646	3,646	
Total business-type activities	457,611	484,916	0	0	0	27,305	27,305	0
Total primary government	755,980	535,063	495	0	(247,727)	27,305	(220,422)	0
Rosholt Housing & Redevelopment Commission	115,688	117,390						1,702
General receipts:								
Property taxes					88,364		88,364	
Sales tax					169,010		169,010	
Amusement tax					48		48	
State shared receipts					26,406		26,406	
County shared receipts					658		658	
Interest received					0		0	664
Miscellaneous					0		0	
Transfer in (out)					(1,556)	1,556	0	
Total general receipts and transfers					282,930	1,556	284,486	664
Change in net position					35,203	28,861	64,064	2,366
Net position:								
January 1, 2019					90,809	183,990	274,799	84,956
December 31, 2019					126,012	212,851	338,863	87,322

See accompanying notes.

TOWN OF ROSHOLT

BALANCE SHEET -- MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2020

	General Fund	Community Center Fund	Total Governmental Funds
	-----	-----	-----
ASSETS:			
Checking	174,366	11,525	185,891
Savings			0
Certificates of deposit	28,307		28,307
	-----	-----	-----
Total assets	202,673	11,525	214,198
	=====	=====	=====
 FUND BALANCES:			
Nonspendable			0
Restricted		11,525	11,525
Committed			0
Assigned			0
Unassigned	202,673		202,673
	-----	-----	-----
Total fund balances	202,673	11,525	214,198 (1)
	=====	=====	=====

(1) Equals net position on
statement of net position

See accompanying notes.

TOWN OF ROSHOLT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES -- MODIFIED CASH BASIS
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2020
FOR THE YEAR ENDING DECEMBER 31, 2019

	2020			2019		
	General	Community	Total	General	Community	Total
	Fund	Center	Governmental	Fund	Center	Governmental
	Fund	Fund	Funds	Fund	Fund	Funds
Receipts:						
Receipts from local sources:						
Taxes:						
Ad valorem taxes	94,971		94,971	88,364		88,364
General sales and use taxes	182,470		182,470	169,010		169,010
Amusement tax	48		48	48		48
Licenses and permits:	2,556		2,556	2,000		2,000
Intergovernmental receipts:						
State shared receipts:						
Mosquito grant			0	495		495
Bank franchise	1,108		1,108	1,480		1,480
Port of entry	1,049		1,049	1,491		1,491
Liquor tax revision	2,928		2,928	2,757		2,757
Motor vehicle license	7,601		7,601	6,765		6,765
Highway and bridge	14,363		14,363	13,913		13,913
County shared receipts: road	658		658	658		658
Charges for goods and services:						
General government	14,905		14,905	300		300
Solid waste	31,387		31,387	31,387		31,387
Culture and recreation	1,655		1,655	1,516		1,516
Community Center		8,791	8,791		14,944	14,944
Fines and forfeits:			0			0
Miscellaneous receipts:						
Other	22,187		22,187			0
Total receipts	377,886	8,791	386,677	320,184	14,944	335,128
Disbursements:						
General government:	119,467		119,467	111,409		111,409
Public safety:						
Police	55,696		55,696	66,375		66,375
Fire	5,170		5,170	1,511		1,511
Public works:						
Highways and streets	59,826		59,826	84,086		84,086
Solid waste	27,657		27,657	13,414		13,414
Culture and recreation:						
Parks and recreation	4,942		4,942	3,618		3,618
Community Center		12,958	12,958		17,956	17,956
Economic development	55		55			0
Capital outlay	86,350		86,350			0
Total disbursements	359,163	12,958	372,121	280,413	17,956	298,369
Excess of receipts over (under) disbursements	18,723	(4,167)	14,556	39,771	(3,012)	36,759
Other financing sources (uses):						
Transfer in (out)			0	2,430	(3,986)	(1,556)
Sale of surplus property	9,750		9,750			0
Loan proceeds	63,880		63,880			0
Net change in fund balance (1)	92,353	(4,167)	88,186	42,201	(6,998)	35,203
Fund balances:						
January 1, 2019				68,119	22,690	90,809
December 31, 2019	110,320	15,692	126,012	110,320	15,692	126,012
December 31, 2020	202,673	11,525	214,198			

(1) Equals change in net position
on Statement of Activities

See accompanying notes.

TOWN OF ROSHOLT

STATEMENT OF NET POSITION -- MODIFIED CASH BASIS
 ENTERPRISE FUNDS
 AS OF DECEMBER 31, 2020

	Liquor Fund	Water Fund	Sewer Fund	Total Enterprise Funds
	-----	-----	-----	-----
ASSETS:				
Petty cash	5,400			5,400
Checking	146,134	95,619	40,941	282,694
Savings				0
Certificates of deposit				0
Total assets	151,534	95,619	40,941	288,094
	=====	=====	=====	=====
NET POSITION:				
Restricted for:				
Debt service		25,682		25,682
DENR maintenance reserve			1,000	1,000
Unrestricted	151,534	69,937	39,941	261,412
Total net position	151,534	95,619	40,941	288,094
	=====	=====	=====	=====

See accompanying notes.

TOWN OF ROSHOLT

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
 IN NET POSITION -- MODIFIED CASH BASIS
 ENTERPRISE FUNDS
 FOR THE YEAR ENDING DECEMBER 31, 2020
 FOR THE YEAR ENDING DECEMBER 31, 2019

	2020				2019			
	Liquor Fund	Water Fund	Sewer Fund	Total Enterprise Funds	Liquor Fund	Water Fund	Sewer Fund	Total Enterprise Funds
Operating receipts:								
Charges for goods and services	343,607	86,088	59,583	489,278	361,211	44,430	54,901	460,542
Lottery receipts, net	24,752			24,752	24,374			24,374
Total operating receipts	368,359	86,088	59,583	514,030	385,585	44,430	54,901	484,916
Operating disbursements:								
Personnel	83,591	13,786	13,786	111,163	85,000	12,000	12,000	109,000
Current services	36,696	15,538	5,175	57,409	40,000	11,721	2,991	54,712
Cost of goods sold	180,641			180,641	213,175			213,175
Equipment	2,350	6,500		8,850				0
Total operating disbursement	303,278	35,824	18,961	358,063	338,175	23,721	14,991	376,887
Excess of operating receipts over operating disbursements	65,081	50,264	40,622	155,967	47,410	20,709	39,910	108,029
Nonoperating receipts (disbursements):								
Transfer in				0	1,556			1,556
Debt service: Principal	(28,771)	(4,167)	(13,752)	(46,690)	(28,648)	(4,062)	(13,514)	(46,224)
Interest	(7,229)	(4,293)	(22,512)	(34,034)	(7,352)	(4,398)	(22,750)	(34,500)
Total nonoperating receipts (disbursements)	(36,000)	(8,460)	(36,264)	(80,724)	(34,444)	(8,460)	(36,264)	(79,168)
Total receipts (disbursement before capital contributio	29,081	41,804	4,358	75,243	12,966	12,249	3,646	28,861
Capital contributions:								
None				0				0
Change in net position	29,081	41,804	4,358	75,243	12,966	12,249	3,646	28,861
Net position:								
January 1, 2019					109,487	41,566	32,937	183,990
December 31, 2019	122,453	53,815	36,583	212,851	122,453	53,815	36,583	212,851
December 31, 2020	151,534	95,619	40,941	288,094				

See accompanying notes.

TOWN OF ROSHOLT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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. Reporting Entity:

The funds and account groups included in this report are controlled by or dependent upon the Town of Rosholt's (Town) Governing Board.

The Town's officials at December 31, 2020 are:

President:	Finance Officer:
Lisa Braun	Paige Lick
Trustees:	Attorney:
Keith Falken	Gordon Nielsen
Marlene Pistorius	
Charlie VanDeputte	
Dennis Wieser	

The Town's financial reporting entity is composed of the following:

Primary government: Town of Rosholt

Component unit: Rosholt Housing & Redevelopment Commission
Financial statements are available at the
Rosholt Town Hall.

To determine the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

The reporting entity of the Town of Rosholt consists of (1) 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; (2) those organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Town is financially accountable if its governing board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on the Town (the primary government). The Town may also be financially accountable for another organization if that organization is fiscally dependent on the Town unless that organization can, without the approval of the Town: (1) set its own budget; (2) determine its own rates or charges; and (3) borrow money.

Based upon the application of these criteria, the Rosholt Housing and Redevelopment Commission (RHRC) is a component unit of the Town of Rosholt and represents 100% of the balances and activity in the discretely presented component unit column of these financial statements.

b. Basis of Presentation:

Government-wide Financial Statements:

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

The Statement of Net Position reports all cash and cash equivalent assets. Net position is displayed in two components: restricted (distinguishing between major categories of restrictions) and unrestricted.

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

Fund Financial Statements:

The fund financial statements include specific information about individual funds used by the reporting entity. Each fund is considered a separate accounting entity with a separate set of self-balancing accounts that constitutes its cash, net position, receipts and disbursements. Funds are organized into three major categories: governmental, enterprise, and fiduciary (if any). An emphasis is placed on major funds within the governmental and enterprise categories. A fund is considered major if it is the primary operating fund of the Town or if it meets the following criteria:

- a. Total cash, receipts or disbursements of the individual governmental or enterprise fund are at least 10 percent of the corresponding element total (cash, receipts or disbursements) for all funds of that category (that is, total governmental or total enterprise), and
- b. The same element that meets the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined
- c. In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's official believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

Funds of the Town are described below within their respective fund type:

Governmental Funds

General Fund - a fund established by South Dakota Codified Law (SDCL) 4-11-6 to met all the general operational costs of the Town except those required to be accounted for in another fund. The general fund is always a major fund.

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

Community Center Fund - A fund established by SDCL 6-4-1 for operation and maintenance of a community center. This fund is a major fund.

Enterprise Funds
(Business-Type)

Enterprise Funds - Enterprise funds are used to account for activity for which a fee is charged to external users for goods or services. The Town has the following enterprise funds:

Liquor Fund - A fund established by SDCL 35-3-21 to provide on-sale and off-sale liquor services. This fund also accounts for video lottery machine activity. This fund is a major fund.

Water Fund - A fund established by SDCL 9-47-1 to provide water to customers within the Town of Rosholt. This fund is a major fund.

Sewer Fund - A fund established by SDCL 9-48-2 to provide sewer services to customers within the town of Rosholt. This fund is a major fund.

Fiduciary Funds

Fiduciary funds are never considered to be major funds.

The Town of Rosholt has no fiduciary funds.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses (disbursements) are recognized in the accounts and reported in the financial statements, regardless of the measurement focus. The Town's basis of accounting is the modified cash basis of accounting, which is a basis of accounting other than US-GAAP. Under US-GAAP, transactions are recorded in the accounts when revenues are earned and liabilities are incurred. Under the modified cash basis of accounting, transactions are recorded when cash is received or disbursed.

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental, business-type, and major funds 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 receipts and disbursement transactions. Under the modified cash basis of accounting, the Statement of Net Position reports only cash and cash equivalents. 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 cash has been received or disbursed. Acceptable

modifications to the cash basis of accounting implemented by the Town in these financial statements are investments and certificates of deposit (if any) whose maturity when purchased is more than 90 days.

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 and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Town applied US-GAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting and the fund financial statements for enterprise funds and fiduciary funds (if any) would use the accrual basis of accounting. All government-wide financial statements would use the accrual basis of accounting.

d. Cash and Cash Equivalents:

The Town considers all highly liquid investments and deposits (including restricted assets) with a term to maturity of three months or less when purchased to be cash equivalents.

e. Interfund Transactions:

Transactions that constitute reimbursements to a fund for disbursements made from it, and that are properly applicable to another fund, are recorded as a disbursement in the reimbursing fund and as reductions of disbursements in the fund that is reimbursed. All other interfund transactions are reported as transfers.

f. Program Receipts and General Receipts:

Program Receipts:

In the government-wide Statement of Activities, reported program receipts derive directly from the program itself or from parties other than the Town's taxpayers or citizenry, as a whole. Program receipts are classified in three categories, as follows:

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

General Receipts:

General receipts include all receipts not specifically earmarked for a specific program. General receipts include all taxes, interest received, unrestricted receipts from federal, state, or county governments, and miscellaneous receipts not related to a program. These receipts are not restricted and can be used for the regular operation of the Town.

g. Enterprise Fund Receipt Classifications:

In both the government-wide statements and fund financial statements, enterprise fund operating receipts, such as charges for water and sewer services, result from exchange transactions associated with the principal activity of the fund.

Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, if any, such as grants, operating subsidies, interest received, and transfers in, result from nonexchange transactions.

h. Equity Classifications:

Government-wide financial Statements:

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

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

Fund Financial Statements:

Governmental fund equity is classified as "Fund Balance", and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Enterprise fund equity is classified as "Net Position", the same as in the government-wide financial statements. Fiduciary fund equity (if any) (except for agency funds, which have no fund equity) is reported as "Net Position Held in Fiduciary Capacity."

i. Application of Net Position:

It is the Town's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred which can be charged to either restricted or unrestricted net position.

j. 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 Town classifies governmental fund balances as follows:

- * Nonspendable - includes fund cash balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- * Restricted - includes fund cash 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 cash balance amounts that are constrained for specific purposes that are internally imposed (or modified or rescinded) by the government through formal action at the highest level of decision making authority and does not lapse at year-end.
- * Assigned - includes fund cash balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund cash balance may be assigned by the Board of Trustees or Finance Officer.
- * Unassigned - includes positive fund cash balance within the general fund which has not been classified within the above categories and negative fund balance amounts in other governmental funds.

The Town uses "restricted" and "committed" amounts first when restricted and unrestricted fund balance is available unless there are legal documents/ contracts that prohibit doing this, such as a grant agreement requiring dollar

for dollar spending. Additionally, the Town would first use "committed", then "assigned", and lastly "unassigned" amounts of unrestricted fund balance when expenditures are made.

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

The Town of Rosholt's fund balance classifications are made up of:

<u>Fund Balance</u> <u>Classifications</u>	<u>Account</u> <u>or Fund</u>	<u>Authority</u> <u>or Action</u>	<u>Amount</u>
Nonspendable	None		0
Restricted	Community Center	Statute	11,525
Committed	None		0
Assigned	None		0
Unassigned	General		202,673

			214,198

The purpose of each special revenue fund and revenue source is:

Special Revenue Fund:	Revenue Source:	
* Community Center	Operations	(see page 14)

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

Budget Overdrafts:

The Town is prohibited by statute from spending in excess of appropriated amounts by department within a fund. The following are overdrafts of departmental disbursement compared to appropriations.

2020: General fund:	
Public safety/police	1,496
Public safety/fire	1,770
Public works/streets	58,493
Culture & recreation/Parks	925
Economic development	55
Community Center fund:	12,958
2019: General fund:	
Public safety/police	21,375
Public works/streets	86
Community Center fund:	17,956

These are not considered significant violations of a departmental expenditure compared to appropriations. In the future, the Town expects to make contingency transfers or adopt appropriations and supplemental appropriations to cover expenditures that will exceed their original appropriation.

3. DEPOSITS, INVESTMENTS AND RELATED RISKS

The Town 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 Town 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. 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 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.

Deposits are at cost plus interest if the account is of the add-on type.

Actual bank balances at December 31, 2020 were as follows: Insured \$278,307, Collateralized ** \$260,980, for a total of \$539,287.

** Uninsured, collateral jointly held by state's/municipality's agent in the name of the state and the pledging financial institution.

The carrying amount of these deposits at December 31, 2020 was \$496,892 held at Great Western Bank plus \$5,4000 of petty cash for a total of \$502,292.

Investments - In general, SDCL 4-5-6 permits Town money to be invested only in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or (c) 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). Also, SDCL 4-5-9 requires that investments shall 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. Investments (if any) are stated at cost or amortized cost plus accrued interest. The Town had no investments during 2017 or 2018.

Certificates of deposit (if any), with a term to maturity of greater than 3 months when purchased, were insured or collateralized and are considered deposits.

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

Custodial Risk (Deposits) - The risk that, in the event of a depository failure, the Town's deposits may not be returned to it. At December 31, 2020, the Town's deposits in financial institutions were not exposed to deposit custodial risk.

Custodial Risk (Investments) - The risk that, in the event of a default by the counterparty to a transaction, the Town will not be able to recover the value of an investment or collateral securities held by the counterparty. The Town had no investments during 2019 or 2020 and was not exposed to custodial risk for investments.

Concentration of Credit Risk - the Town places no limit on the amount that may be deposited or invested in any one institution.

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

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

4. INTERFUND TRANSFERS

In 2019 the Community Center Fund transferred \$2,430 to the General Fund and \$1,556 to the Liquor Fund for operations. There were no transfers in 2020.

5. RESTRICTED NET POSITION

Restricted net position at December 31, 2020 is as follows:

Purpose:	Restricted By:	Governmental	Business-Type
Debt	Covenants		25,682
DENR Maintenance	Contract		1,000
Community Center	Statute	11,525	
		-----	-----
Total Restricted Net Position		11,525	26,682

6. FUTURE REVENUES PLEDGED TO SECURE DEBT

All liquor fund net revenue (after normal operating, repair and maintenance expenses) is pledged to secure a bank loan which has a remaining balance of \$155,424. The loan was made to construct the Corner Bar building and is described on page 33. The loan will mature in 2026. In 2020 the loan had pledged revenue of \$67,431 before loan payments of \$36,000.

All water fund net revenue (after normal operating, repair and maintenance expenses) is pledged to secure a Rural Development (USDA) loan which has a remaining balance of \$86,216. The loan was made to cover the cost of water improvements and is described on page 33. The loan will mature in 2035. In 2020 the loan had pledged revenue of \$56,764 before loan payments of \$8,460.

All sewer fund net revenue (after normal operating, repair and maintenance expenses) is pledged to secure a Rural Development (USDA) loan which has a remaining balance of \$678,915. The loan was made to cover the cost of sewer improvements and is described on page 33. The loan will mature in 2050. In 2020 the loan had pledged revenue of \$40,622 before loan payments of \$36,264.

7. PENSION PLAN

Summary of Significant Accounting Policies:

As mentioned in note 1c above, these financial statements, both government-wide and fund financial statements, are presented on a modified cash basis of accounting rather than an accrual/modified accrual basis of accounting. Consequently, these financial statements do not measure the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense (revenue), and information about the fiduciary net position of the South Dakota Retirement System (SDRS).

Plan Description:

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 and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to SDRS, PO Box 1098, Pierre, SD 57501-1098 or 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 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80.

Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level.

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

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

- > Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- > If the fair value of assets is equal to or greater 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 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 equal to or greater than the accrued liabilities.

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

Contributions:

Per SDCL 3-12, contributions requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The Town's share of contributions to the SDRS for the calendar years ending December 31, 2020, 2019, and 2018 were \$8,830, \$6,950 and \$6,950 respectively (employer's share) equal to the required contribution each year.

Pension (Assets)/Liabilities:

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 South Dakota Retirement System, for the Town as of this measurement period ending June 30, 2020 are as follows:

Proportionate share of total pension liability	\$ 788,731
Less: Proportionate share of net position restricted for pension benefits	(789,010)

Proportionate share of net pension (asset)/liability	\$ (279)
	=====

The net pension (asset)/liability was measured as of June 30, 2020 and the total pension (asset)/liability used to calculate the net pension (asset)/liability was based on a projection of the Town's share of contribution to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the Town's proportion was .000064161 which is an increase of .000007352 over its proportion measured as of June 30, 2019.

Actuarial Assumptions:

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

Inflation	2.25%
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
Future COLAs	1.41%

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

Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

Actuarial assumptions used in the June 30, 2020 valuation were based on results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

Discount Rate:

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

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

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

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Town's proportionate share of the net pension (asset)/liability	\$108,098	\$(279)	\$(88,929)

Investments

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 (ie: 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	30.0%	1.5%
Real Estate	10.0%	6.2%
Cash	2.0%	1.0%

	100.0%	

Pension Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in the separately issued South Dakota Retirement System financial report.

8. PROPERTY TAX

Taxes are levied on or before October 1, attach as an enforceable lien on property, become due and payable on the following January 1, and are payable in two installment on or before the following April 30 and October 31. The county bills and collects the Town's taxes and remits them to the Town.

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

Because the Town is on the modified cash basis of accounting, all property taxes received in cash are considered a receipt for the period in which it was collected.

9. INSURANCE

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. During the two years ending December 31, 2020 the Town managed its risks as follows:

Employee Health Insurance:

The Town joined the South Dakota Municipal League Health Pool of South Dakota. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The Town pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members.

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

Property and Liability Insurance:

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

Worker's Compensation:

The Town joined the South Dakota Municipal League Workers' Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities.

The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The Town's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims.

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

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

Unemployment benefits:

The Town provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota. No unemployment payments were made in 2019 and less than \$1,000 of unemployment payments were made in 2020 because of COVID. None are expected to be paid in 2021.

10. LITIGATION

At December 31, 2020, the Town was not a party to litigation or pending legal action. However, as discussed in the risk management note above, the Town has liability coverage for itself and its employees through a commercial carrier. Therefore, should there be legal action, it is not expected to have a material effect on the Town's financial statements.

11. OTHER DISCLOSURES AND SUBSEQUENT EVENTS

The Town has a rubble site. It does not have a landfill with any associated closure costs or liabilities.

The Town does not have any material related party activity.

The Town does not offer any Other Post Employment Benefits.

In 2021 the Town submitted an application to be on the State's Water Plan.

TOWN OF ROSHOLT

SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

FOR THE YEAR ENDING DECEMBER 31, 2020

GENERAL FUND	Budgeted Amounts				Actual (Cash Basis)	Variance Positive (Negative)
	Original	Contingency Transfers	Supplemental:	Final		
Receipts:						
Receipts from local sources:						
Taxes:						
Ad valorem taxes	88,300			88,300	94,971	6,671
General sales and use taxes	110,000			110,000	182,470	72,470
Other taxes	675			675	48	(627)
Licenses and permits:	2,720			2,720	2,556	(164)
Intergovernmental receipts:						
State shared receipts:						
Mosquito grant				0		0
Bank franchise	400			400	1,108	708
Port of entry				0	1,049	1,049
Liquor tax reversion	2,200			2,200	2,928	728
Motor vehicle licenses (5%)	8,000			8,000	7,601	(399)
Highway and bridge	12,800			12,800	14,363	1,563
County shared receipts: road taxes				0	658	658
Charges for goods and services:						
General government				0	14,905	14,905
Solid waste	30,100			30,100	31,387	1,287
Culture and recreation	500			500	1,655	1,155
Other	400			400		(400)
Fines and forfeits:				0		0
Miscellaneous receipts:						
Miscellaneous	22,200			22,200	22,187	(13)
Total receipts	278,295	0	0	278,295	377,886	99,591
Disbursements:						
General government:						
General government	122,500		22,800	145,300	119,467	25,833
Public safety:						
Police	54,200			54,200	55,696	(1,496)
Fire	3,400			3,400	5,170	(1,770)
Public works:						
Highways and streets	86,500			86,500	144,993	(58,493)
Solid waste	29,600			29,600	27,657	1,943
Culture and recreation:						
Parks and recreation	5,200			5,200	6,125	(925)
Economic development:				0	55	(55)
Other:	7,195			7,195		7,195
Total disbursements	308,595	0	22,800	331,395	359,163	(27,768)
Excess of receipts over (under) disbursements	(30,300)	0	(22,800)	(53,100)	18,723	71,823
Other financing sources (uses):						
Sale of surplus property				0	9,750	9,750
Loan proceeds				0	63,880	63,880
Net change in fund balance	(30,300)	0	(22,800)	(53,100)	92,353	145,453
Fund balance:						
January 1, 2020	110,320			110,320	110,320	0
December 31, 2020	80,020	0	(22,800)	57,220	202,673	145,453

TOWN OF ROSHOLT

SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
FOR THE YEAR ENDING DECEMBER 31, 2019

GENERAL FUND	Budgeted Amounts			Actual (Cash Basis)	Variance Positive (Negative)
	Original	Contingency Transfers	Supplemental		
Receipts:					
Receipts from local sources:					
Taxes:					
Ad valorem taxes	90,000			88,364	(1,636)
General sales and use taxes	115,000			169,010	54,010
Other taxes			0	48	48
Licenses and permits:	2,500			2,000	(500)
Intergovernmental receipts:					
State shared receipts:	15,000				(15,000)
Mosquito grant			0	495	495
Bank franchise			0	1,480	1,480
Port of entry			0	1,491	1,491
Liquor tax reversion	2,700			2,757	57
Motor vehicle licenses (5%)	7,500			6,765	(735)
Highway and bridge			0	13,913	13,913
County shared receipts: road taxes			0	658	658
Charges for goods and services:					
General government			0	300	300
Solid waste	27,000			31,387	4,387
Culture and recreation			0	1,516	1,516
Fines and forfeits:			0		0
Miscellaneous receipts:					
Miscellaneous	9,000			9,000	(9,000)
Total receipts	268,700	0	0	320,184	51,484
Disbursements:					
General government:					
General government	147,840			111,409	36,431
Public safety:					
Police	45,000			66,375	(21,375)
Fire	2,000			1,511	489
Public works:					
Highways and streets	84,000			84,086	(86)
Solid waste	26,500			13,414	13,086
Culture and recreation:					
Parks and recreation	5,360			3,618	1,742
Economic development:			0		0
Total disbursements	310,700	0	0	280,413	30,287
Excess of receipts over (under) disbursements	(42,000)	0	0	(42,000)	81,771
Other financing sources (uses):					
Transfer in			0	2,430	2,430
Net change in fund balance	(42,000)	0	0	42,201	84,201
Fund balance:					
January 1, 2019	68,119			68,119	0
December 31, 2019	26,119	0	0	110,320	84,201

TOWN OF ROSHOLT

SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
FOR THE TWO YEARS ENDING DECEMBER 31, 2020

COMMUNITY CENTER FUND	Budgeted Amounts			Actual (Modified Cash Basis)	Variance Positive (Negative)
	Original	Supplementals	Final		
Receipts:					
Charges for goods and services:			0	8,791	8,791
Total receipts	0	0	0	8,791	8,791
Disbursements:					
Culture and recreation:			0	12,958	(12,958)
Total disbursements	0	0	0	12,958	(12,958)
Excess of receipts over (under) disbursements	0	0	0	(4,167)	(4,167)
Other financing sources (uses):					
None			0		0
Change in fund balance	0	0	0	(4,167)	(4,167)
Fund balance:					
January 1, 2020	15,692		15,692	15,692	0
December 31, 2020	15,692	0	15,692	11,525	(4,167)

COMMUNITY CENTER FUND	Budgeted Amounts			Actual (Modified Cash Basis)	Variance Positive (Negative)
	Original	Supplementals	Final		
Receipts:					
Charges for goods and services:			0	14,944	14,944
Total receipts	0	0	0	14,944	14,944
Disbursements:					
Culture and recreation:			0	17,956	(17,956)
Total disbursements	0	0	0	17,956	(17,956)
Excess of receipts over (under) disbursements	0	0	0	(3,012)	(3,012)
Other financing sources (uses):					
Transfer out			0	(3,986)	(3,986)
Change in fund balance	0	0	0	(6,998)	(6,998)
Fund balance:					
January 1, 2019	22,690		22,690	22,690	0
December 31, 2019	22,690	0	22,690	15,692	(6,998)

TOWN OF ROSHOLT

NOTES TO SUPPLEMENTARY INFORMATION - BUDGETS

NOTES TO THE BUDGETARY COMPARISON SCHEDULES FOR THE GENERAL FUND AND SPECIAL REVENUE FUND FOR THE TWO YEARS ENDING DECEMBER 31, 2020

1. BUDGETS AND BUDGETARY ACCOUNTING

The Town of Rosholt (Town) follows these procedures in establishing the budgetary data reflected in the budgetary supplementary information:

- a. 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.
- b. 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 d.
- c. 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.
- d. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets. During 2019 there were no supplemental budgets to the general fund. During 2020 there was one supplemental budget to the general fund. See page 29 and 30.
- e. Formal budgetary integration is employed as a management control device for the general fund and community center fund.
- f. Budgets for the general fund and community center fund are not adopted on a basis consistent with generally accepted accounting principles (GAAP) because all accounting, and the adoption of the all budgets, is on a modified cash basis of accounting.

2. GAAP AND BUDGETARY ACCOUNTING BASIS DIFFERENCE:

The financial statements prepared in conformity with US-GAAP (within the context of the modified cash basis of accounting) present capital outlay disbursement information as a separate category of disbursements. Under the budgetary basis of accounting, capital outlay disbursements are reported within the function to which they relate. For example, the purchase of a road grader would be reported as a capital outlay disbursement in the governmental funds statement of receipts, disbursements and changes in fund cash balance. However, in the budgetary supplementary information schedule, the purchase of a road grader would be reported as a disbursement in the public works function of general fund, along with all other current public works disbursements.

TOWN OF ROSHOLT
SCHEDULE OF CHANGES IN LONG-TERM DEBT
FOR THE TWO YEARS ENDING DECEMBER 31, 2020

				Governmental Funds	Enterprise Funds	Principal Payments Due in 2021
	Beginning 12-31-18	2019 Additions (Deletions)	2020 Additions (Deletions)	Ending 12-31-20	Ending 12-31-20	
GOVERNMENTAL - DIRECT BORROWING						
2020 Equipment Installment Loan:						
Original amount of \$64,000						
Maturing in 2025						
Interest at 3.50%						
Monthly payments of \$1,167.10			64,000			
Secured by a equipment						
Paid by the general fund	0		(900)		63,100	11,960
BUSINESS-TYPE - DIRECT BORROWING						
1998 Water Revenue Bond, Series 1997:						
Original amount of \$150,000						
Maturing in 2035						
Interest at 4.75%						
Monthly payments of \$705						
Secured by operations		(335) Adjustment				
Paid by the water fund	94,780	(4,062)	(4,167)		86,216	4,365
2009 Corner Bar loan:						
Original amount of \$400,000						
Maturing in 2026						
Interest at 4.50%						
Monthly payments of \$3,000						
Secured by a mortgage and assignment of rents, leases and revenue						
Paid by the liquor fund	212,843	(28,648)	(28,771)		155,424	29,006
2010 Sewer Project Bond, Series 2009:						
Build America Bond - Direct Pay						
Original amount of \$810,000						
Maturing in 2050						
Interest at 3.25%						
Monthly payments of \$3,022						
Secured by operations		(777) Adjustment				
Paid by the sewer fund	706,958	(13,514)	(13,752)		678,915	14,199
Totals	1,014,581	(47,336)	(46,690)		920,555	47,570

NOTE

1) The Town of Rosholt has agreed to guaranteed 25% of two \$665,000 Essential Function Housing Development Revenue Refunding Bonds for the Rosholt Housing Redevelopment Commission.
The Town's maximum remaining guarantee is \$306,660.

SCHEDULE OF PAYMENTS FOR LONG-TERM DEBT
AT DECEMBER 31, 2020

	Total Payment	Principal	Interest	Balance
2020 Equipment Installment Loan:				
2021	14,005	11,960	2,045	51,140
2022	14,005	12,391	1,614	38,749
2023	14,005	12,838	1,167	25,911
2024	14,005	13,298	707	12,613
2025	12,838	12,613	225	0
Totals	68,858	63,100	5,758	
1998 Water Revenue Bond, Series 1997:				
2021	8,460	4,365	4,095	81,851
2022	8,460	4,572	3,888	77,279
2023	8,460	4,789	3,671	72,490
2024	8,460	5,017	3,443	67,473
2025	8,460	5,255	3,205	62,218
2026-2030	42,300	30,565	11,735	31,653
2031-2035	35,706	31,653	4,053	0
Totals	120,306	86,216	34,090	
2009 Corner Bar loan:				
2021	36,000	29,006	6,994	126,418
2022	36,000	30,311	5,689	96,107
2023	36,000	31,675	4,325	64,432
2024	36,000	33,101	2,899	31,331
2025	32,741	31,331	1,410	0
Totals	176,741	155,424	21,317	
2010 Sewer Revenue Bond, Series 2010:				
2021	36,264	14,199	22,065	664,716
2022	36,264	14,661	21,603	650,055
2023	36,264	15,137	21,127	634,918
2024	36,264	15,629	20,635	619,289
2025	36,264	16,137	20,127	603,152
2026-2030	181,320	89,202	92,118	513,950
2031-2035	181,320	104,670	76,650	409,280
2036-2040	181,320	122,822	58,498	286,458
2041-2045	181,320	143,850	37,470	142,608
2046-2050	155,162	142,608	12,554	0
Totals	1,061,762	678,915	382,847	

TOWN OF ROSHOLT
FOR THE FOUR YEARS ENDING DECEMBER 31, 2020

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE
SOUTH DAKOTA RETIREMENT SYSTEM'S NET PENSION (ASSET)/LIABILITY

SDRS Measurement Date Year Ended (1)	Town's Percentage of the Net Pension Asset	Town's Proportionate Share of Net Pension (Asset) Liability	Town's Covered Employee Payroll for its 6-30 Year End	Town's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2020	0.0064161%	(279)	130,670	(00.21%)	100.04%
June 30, 2019	0.0056809%	(602)	110,301	(00.55%)	100.09%
June 30, 2018	0.0061378%	(143)	116,526	(00.12%)	100.02%
June 30, 2017	0.0014626%	(133)	unknown	(00.45%)	100.10%

(1) The amounts presented for each fiscal year were determined as of the collective net pension (asset)/liability which is 6-30 of the Town's current calendar year.

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

TOWN OF ROSHOLT
FOR THE FOUR YEARS ENDING DECEMBER 31, 2020

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
TO THE SOUTH DAKOTA RETIREMENT SYSTEM

Town's Year Ended	Contractually Required Contribution	Contributions Related to the Contractually Required Contribution	Contribution Deficiency (Excess)	Town's Covered Employee Payroll for its Calendar Year End	Contributions as a Percentage of Covered Employee Payroll
December 31, 2020	8,830	8,830	0	136,570	6.4659%
December 31, 2019	6,950	6,950	0	105,786	6.5702%
December 31, 2018	6,950	6,950	0	105,786	6.5702%
December 31, 2017	unknown	unknown	0	unknown	0.0000%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

TOWN OF ROSHOLT

NOTES TO SUPPLEMENTARY INFORMATION - PENSION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY
AND SCHEDULE OF PENSION CONTRIBUTIONS FOR THE TWO YEARS ENDING DECEMBER 31, 2020

Changes of Prior Valuation:

The June 30, 2020 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 2020 established a Qualified Benefit Preservation Arrangement (QBPA) under Section 415(m) of the Internal Revenue Code (IRC). The QBPA is effective July 1, 2020 and pays a portion of SDRS benefits that are restricted by IRC Section 415(b). The total benefits paid from SDRS and the QBPA will be limited to the applicable 415(b) annual limit, unreduced for early commencement if Members retire prior to age 62 and actuarially increased for late retirement up to age 70 if Members retire after age 65. The Actuarial Valuation considers benefits payable from both SDRS and the QBPA.

Legislation enacted in 2020 also brought the assets and the liabilities of the South Dakota Department of Labor and Regulation Plan into SDRS effective July 1, 2020. With the exception of the accounting results presented in Section 6 of this report, all exhibits include the assets, liabilities, and member counts of the former Department of Labor and Regulation Plan Members.

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 FCFR equal to or exceeding 100%. The condition existed as of June 30, 2019 and exists again this year as of June 30, 2020. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.88% as of June 30, 2019 and is 1.41% as of June 30, 2020.

The changes in actuarial assumptions due to the 1.41% restricted maximum COLA decreased the Actuarial Accrued Liability by \$595 million, or 4.6% of the Actuarial Accrued Liability based on the 1.88% 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.

REPORT ON
COMPLIANCE AND OTHER MATTERS AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Governing Board
Town of Rosholt
Rosholt, South Dakota

INDEPENDENT AUDITOR'S REPORT

I 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 governmental activities, business-type activities, and each major fund, of the Town of Rosholt (Town), Roberts County, South Dakota, as of December 31, 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 Town's basic financial statements and have issued my report thereon dated March 26, 2022 which was unmodified except for (1) a qualified opinion on Business-Type activities and the Liquor Fund and (2) a disclaimer of opinion on the discretely presented component unit, which I was not engaged to audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Rosholt's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of my tests did not disclose an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

I did note minor matters involving compliance that I reported to the governing body and management of the Town of Rosholt in a separate Letter of Comments dated March 26, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Rosholt's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Rosholt's internal control.

A *deficiency in internal control* exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Town of Rosholt's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency*, is a deficiency, or 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.

Report on Compliance and Other Matters and on Internal Control
Page Two

My 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 were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

I did identify a deficiency in internal control, described in the accompanying schedule of current audit findings and responses that I consider to be significant deficiency. I consider the deficiency described in the accompanying schedule of current audit findings and responses as item 2020-01 to be significant deficiency.

I did note other matters involving internal control that I reported to the governing body and management of the Town of Rosholt in a separate Letter of Comments dated March 26, 2022.

Management's Response to Findings

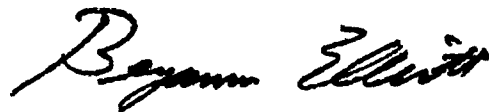
Management's responses to the findings identified in my audit are described in the accompanying schedule of current audit findings and responses. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of compliance and internal control over financial reporting, and the results of that testing, and not to provide an opinion on the effectiveness of the Town's compliance or internal control over financial reporting. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's compliance and internal control over financial reporting. 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.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota

A handwritten signature in black ink, appearing to read "Benjamin Elliott", is written in a cursive style.

March 26, 2022

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Federal Compliance Audit finding:
Not applicable to this audit.

Prior Other Audit Findings:
2012-05: Financial Statements Preparation-- Repeated below

SCHEDULE OF CURRENT AUDIT FINDINGS AND RESPONSES

Part I - Summary of the Independent Auditor's Results:

Financial Statements

Type of auditor's report issued:

Disclaimer of opinion on:
Discretely presented component unit
Qualified opinion on:
Business-Type Activities
Liquor Fund
Unmodified opinion on:
Governmental Activities
Major Funds except Liquor Fund

Noncompliance noted:

None Reported

Internal control over financial reporting:

* Material weakness(es) identified?

None Reported

* Significant deficiency(ies) identified
that are not considered to be material
weaknesses?

Finding: 2020-01

Part II - Findings Relating to the Financial Statements

Finding 2020-01: Financial Statement Preparation
(internal control)

Criteria:

A good system of internal control contemplates an adequate system for recording and processing entries material to the financial statements.

Condition:

The Town has elected not to have an internal control system designed to prepare the financial statement being audited. As the auditor, I was requested to draft these financial statements and accompanying notes to the financial statements.

Possible Effect:

This control deficiency could result in a misstatement of the financial statements that would not be prevented or detected.

Recommendation:

This situation is not unusual for an entity of the Town's size. It is the responsibility of management, and those charged with governance, to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management Response:

Due to cost constraints, the Town will continue to have the auditor draft the financial statements and accompanying notes to the financial statements.