

**MUNICIPALITY OF SCOTLAND
SCOTLAND, SOUTH DAKOTA**

AUDIT REPORT

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

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF SCOTLAND

MUNICIPAL OFFICIALS
DECEMBER 31, 2022

MAYOR:

Curtis Hofer

GOVERNING BOARD:

Randy Thum, President
Sean Barrett, Vice-President
Randy Abbink
Tim Asche
Dennis Bietz
Myles Runyon

FINANCE OFFICER:

Tanya Bult

ATTORNEY:

Kent Lehr

TABLE OF CONTENTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Schedule of Prior Audit Findings.....	3
Schedule of Current Audit Findings.....	4
Independent Auditor's Report	5-8
BASIC FINANCIAL STATEMENTS:	
As Of and For the Year Ended December 31, 2022:	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis.....	9
Statement of Activities – Modified Cash Basis.....	10
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet – Modified Cash Basis.....	11
Statement of Revenues, Expenditures, and Changes In Fund Balance – Modified Cash Basis.....	12-13
Proprietary Funds:	
Statement of Net Position – Modified Cash Basis.....	14
Statement of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis.....	15
Fiduciary Funds:	
Statement of Fiduciary Net Position – Modified Cash Basis.....	16
Statement of Changes in Fiduciary Net Position – Modified Cash Basis.....	17
As of and For the Year Ended December 31, 2021:	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis.....	18
Statement of Activities – Modified Cash Basis.....	19
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet – Modified Cash Basis.....	20
Statement of Revenues, Expenditures, and Changes In Fund Balance – Modified Cash Basis.....	21-22

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TABLE OF CONTENTS
(Continued)

Proprietary Funds:	
Statement of Net Position – Modified Cash Basis.....	23
Statement of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis.....	24
Fiduciary Funds:	
Statement of Fiduciary Net Position – Modified Cash Basis.....	25
Statement of Changes in Fiduciary Net Position – Modified Cash Basis.....	26
Notes to the Modified Cash Basis Financial Statements.....	27-42
Supplementary Information:	
For the Year Ended December 31, 2022:	
Budgetary Comparison Schedules – Budgetary Basis:	
General Fund.....	43-44
Second Penny Sales Tax Fund.....	45
For the Year Ended December 31, 2021:	
Budgetary Comparison Schedules – Budgetary Basis:	
General Fund.....	46-47
Second Penny Sales Tax Fund.....	48
Notes to the Supplementary Information – Budgetary Comparison Schedules.....	49
Schedule of the Municipality’s Proportionate Share of Net Pension Liability (Asset).....	50
Schedule of the Municipal Contributions.....	51
Notes to the Supplementary Information – Pension Schedules	52-53
Schedule of Long-Term Liabilities.....	54-55

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

Governing Board
Municipality of Scotland
Scotland, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Scotland, South Dakota (Municipality), as of December 31, 2022 and December 31, 2021, and for each of the two years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated June 24, 2024, which was adverse for the aggregate discretely presented component unit because it was not presented.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Current Audit Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Municipality's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings as item 2022-001 to be a material weakness.

Compliance and Other Matters

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

Municipality's Response to Findings

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

Purpose of this Report

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



Schoenfish & Co., Inc.
Certified Public Accountants
June 24, 2024

SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS:

Internal Control Over Revenues:

Finding Number 2020-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This comment has not been corrected and is restated as current audit finding number 2022-001.

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SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT OTHER AUDIT FINDINGS:

Internal Control – Related Findings – Material Weaknesses:

Finding Number 2022-001:

Condition:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for the revenues. This is a continuing audit comment since 2000.

Criteria:

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

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

Cause of Condition:

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

Potential Effect of Condition:

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

Recommendation:

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

Client's Response:

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

CLOSING CONFERENCE

The audit findings and recommendations were discussed with the Finance Officer and officials during the course of the audit and at the conclusion of the audit.

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Scotland
Scotland, South Dakota

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

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

Adverse Opinion

In our opinion, because of the omission of the discretely presented component units, as discussed below, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the Municipality of Scotland, South Dakota, as of December 31, 2022 and December 31, 2021, or the changes in financial position thereof for each of the two years then ended.

Unmodified Opinions

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

Basis for Adverse and Unmodified Opinions

The financial statements do not include financial data for the Municipality's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Municipality's primary government unless the Municipality also issues financial statements for the financial reporting entity that include the financial data for its component units. The Municipality has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented components units would have been presented inclusive of the component units.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Municipality and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the financial statements in the circumstances. Management is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Information

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

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

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024 on our consideration of the Municipality's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.
Certified Public Accountants
June 24, 2024

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MUNICIPALITY OF SCOTLAND
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	2,983,380.20	1,029,118.28	4,012,498.48
Investments	195,315.10	100,000.00	295,315.10
TOTAL ASSETS	3,178,695.30	1,129,118.28	4,307,813.58
NET POSITION:			
Restricted for:			
Debt Service Purposes		109,826.71	109,826.71
Permanently Restricted Purposes:			
Expendable	35,593.13		35,593.13
Non-Expendable	50,000.00		50,000.00
Unrestricted (Deficit)	3,093,102.17	1,019,291.57	4,112,393.74
TOTAL NET POSITION	3,178,695.30	1,129,118.28	4,307,813.58

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	133,310.26	9,345.48	73,308.64	2,386.00	(48,270.14)		(48,270.14)
Public Safety	105,033.60	717.88	203.20		(104,112.52)		(104,112.52)
Public Works	275,399.24	1,200.00	32,797.14		(241,402.10)		(241,402.10)
Health and Welfare	35,333.81	56,534.85	1,500.00		22,701.04		22,701.04
Culture and Recreation	117,269.17	19,157.00			(98,112.17)		(98,112.17)
Conservation and Development	12,373.00				(12,373.00)		(12,373.00)
*Debt Service	11,166.12				(11,166.12)		(11,166.12)
Total Governmental Activities	689,885.20	86,955.21	107,808.98	2,386.00	(492,735.01)		(492,735.01)
Business-type Activities:							
Water	340,431.08	377,610.78				37,179.70	37,179.70
Sewer	190,595.76	198,060.56				7,464.80	7,464.80
Garbage	73,864.10	80,299.17				6,435.07	6,435.07
Total Business-Type Activities	604,890.94	655,970.51	0.00	0.00		51,079.57	51,079.57
Total Primary Government	1,294,776.14	742,925.72	107,808.98	2,386.00	(492,735.01)	51,079.57	(441,655.44)
General Revenues:							
Taxes:							
Property Taxes					399,626.39		399,626.39
Sales Taxes					437,337.44		437,337.44
State Shared Revenues					10,273.60		10,273.60
Unrestricted Investment Earnings					4,183.08		4,183.08
Miscellaneous Revenue					20,144.03		20,144.03
Total General Revenues					871,564.54	0.00	871,564.54
Change in Net Position					378,829.53	51,079.57	429,909.10
Net Position - Beginning					2,799,865.77	1,078,038.71	3,877,904.48
NET POSITION - ENDING					3,178,695.30	1,129,118.28	4,307,813.58

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

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

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

	<u>General Fund</u>	<u>Second Penny Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Total</u>
ASSETS:				
Cash and Cash Equivalents	2,199,525.46	742,261.61	41,593.13	2,983,380.20
Investments	151,315.10		44,000.00	195,315.10
TOTAL ASSETS	<u>2,350,840.56</u>	<u>742,261.61</u>	<u>85,593.13</u>	<u>3,178,695.30</u>
FUND BALANCES:				
Nonspendable			50,000.00	50,000.00
Restricted			35,593.13	35,593.13
Committed for Capital Projects	143,000.00			143,000.00
Committed for Debt Service		742,261.61		742,261.61
Assigned for Ambulance	184,222.32			184,222.32
Unassigned	2,023,618.24			2,023,618.24
TOTAL FUND BALANCES	<u>2,350,840.56</u>	<u>742,261.61</u>	<u>85,593.13</u>	<u>3,178,695.30</u>

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

MUNICIPALITY OF SCOTLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	General Fund	Second Penny Fund	Cemetery Perpetual Care Fund	Total
Revenues:				
Taxes:				
General Property Taxes	397,665.13			397,665.13
General Sales and Use Taxes	218,668.75	218,668.69		437,337.44
Tax Deed Revenue	669.47			669.47
Penalties & Interest on Delinquent Taxes	1,291.79			1,291.79
Total Taxes	618,295.14	218,668.69	0.00	836,963.83
Licenses and Permits	6,167.72	0.00	0.00	6,167.72
Intergovernmental Revenue:				
Federal Grants	75,011.84			75,011.84
State Shared Revenue:				
Bank Franchise Tax	4,772.92			4,772.92
Prorate License Fees	2,224.36			2,224.36
Liquor Tax Reversion	5,500.68			5,500.68
Motor Vehicle Licenses	10,924.09			10,924.09
Local Government Highway and Bridge Fund	17,374.93			17,374.93
County Shared Revenue:				
County Road and Bridge Tax	2,273.76			2,273.76
Total Intergovernmental Revenue	118,082.58	0.00	0.00	118,082.58
Charges for Goods and Services:				
General Government	2,322.76			2,322.76
Culture and Recreation	19,157.00			19,157.00
Ambulance	56,534.85			56,534.85
Cemetery	300.00		900.00	1,200.00
Total Charges for Goods and Services	78,314.61	0.00	900.00	79,214.61
Fines and Forfeits:				
Court Fines and Costs	717.88			717.88
Other	40.00			40.00
Total Fines and Forfeits	757.88	0.00	0.00	757.88
Miscellaneous Revenue:				
Investment Earnings	4,183.08			4,183.08
Rentals	855.00			855.00
Contributions and Donations from Private Sources	2,184.77			2,184.77
Other	8,745.26			8,745.26
Total Miscellaneous Revenue	15,968.11	0.00	0.00	15,968.11
Total Revenue	837,586.04	218,668.69	900.00	1,057,154.73

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

MUNICIPALITY OF SCOTLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	General Fund	Second Penny Fund	Cemetery Perpetual Care Fund	Total
Expenditures:				
General Government:				
Legislative	25,736.71			25,736.71
Financial Administration	76,843.97			76,843.97
Other	30,729.58			30,729.58
Total General Government	133,310.26	0.00	0.00	133,310.26
Public Safety:				
Police	88,898.14			88,898.14
Fire	16,135.46			16,135.46
Total Public Safety	105,033.60	0.00	0.00	105,033.60
Public Works:				
Highways and Streets	229,868.74	27,441.09		257,309.83
Sanitation	5,753.09			5,753.09
Cemeteries	12,336.32			12,336.32
Total Public Works	247,958.15	27,441.09	0.00	275,399.24
Health and Welfare:				
Health	8,776.23			8,776.23
Ambulance	26,557.58			26,557.58
Total Health and Welfare	35,333.81	0.00	0.00	35,333.81
Culture and Recreation:				
Recreation	60,440.74			60,440.74
Parks	38,050.66			38,050.66
Libraries	18,777.77			18,777.77
Total Culture and Recreation	117,269.17	0.00	0.00	117,269.17
Conservation and Development:				
Economic Development and Assistance	12,373.00			12,373.00
Total Conservation and Development	12,373.00	0.00	0.00	12,373.00
Debt Service	0.00	11,166.12	0.00	11,166.12
Total Expenditures	651,277.99	38,607.21	0.00	689,885.20
Excess Revenues Over (Under) Expenditures	186,308.05	180,061.48	900.00	367,269.53
Other Financing Sources (Uses):				
Sale of Municipal Property	9,174.00			9,174.00
Compensation for Loss or Damage to Capital Assets	2,386.00			2,386.00
Total Other Financing Sources (Uses)	11,560.00	0.00	0.00	11,560.00
Net Change in Fund Balance	197,868.05	180,061.48	900.00	378,829.53
Fund Balance - Beginning	2,152,972.51	562,200.13	84,693.13	2,799,865.77
FUND BALANCE - ENDING	<u>2,350,840.56</u>	<u>742,261.61</u>	<u>85,593.13</u>	<u>3,178,695.30</u>

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

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

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Garbage Fund	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	373,561.31	583,008.88	72,548.09	1,029,118.28
Investments	100,000.00			100,000.00
Total Current Assets	473,561.31	583,008.88	72,548.09	1,129,118.28
TOTAL ASSETS	473,561.31	583,008.88	72,548.09	1,129,118.28
NET POSITION:				
Restricted for:				
Revenue Bond Debt Service	91,456.09	18,370.62		109,826.71
Unrestricted	382,105.22	564,638.26	72,548.09	1,019,291.57
TOTAL NET POSITION	473,561.31	583,008.88	72,548.09	1,129,118.28

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

MUNICIPALITY OF SCOTLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2022

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Garbage Fund	
Operating Revenue:				
Charges for Goods and Services	352,312.25	146,903.89	80,299.17	579,515.31
Revenue Designated for Servicing Debt	25,298.53	51,156.67		76,455.20
Total Operating Revenue	377,610.78	198,060.56	80,299.17	655,970.51
Operating Expenses:				
Personal Services	32,738.61	26,904.88		59,643.49
Other Current Expense	248,064.80	121,596.48	73,864.10	443,525.38
Materials	33,194.67			33,194.67
Total Operating Expenses	313,998.08	148,501.36	73,864.10	536,363.54
Operating Income (Loss)	63,612.70	49,559.20	6,435.07	119,606.97
Nonoperating Revenue (Expense):				
Capital Assets	(26,433.00)			(26,433.00)
Debt Service (Principal)		(21,418.56)		(21,418.56)
Debt Service (Interest)		(20,675.84)		(20,675.84)
Total Nonoperating Revenue (Expense)	(26,433.00)	(42,094.40)	0.00	(68,527.40)
Change in Net Position	37,179.70	7,464.80	6,435.07	51,079.57
Net Position - Beginning	436,381.61	575,544.08	66,113.02	1,078,038.71
NET POSITION - ENDING	473,561.31	583,008.88	72,548.09	1,129,118.28

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

**MUNICIPALITY OF SCOTLAND
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
December 31, 2022**

	Custodial Funds
ASSETS:	
TOTAL ASSETS	0.00
NET POSITION:	
Restricted for:	
Individuals	0.00
TOTAL NET POSITION	0.00

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

MUNICIPALITY OF SCOTLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
For the Year Ended December 31, 2022

	Custodial Funds
ADDITIONS:	
Other Additions	1,999.78
Total Additions	1,999.78
DEDUCTIONS:	
Other Deductions	2,000.00
Total Deductions	2,000.00
Change in Net Position	(0.22)
Net Position - Beginning	0.22
NET POSITION - ENDING	0.00

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

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

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and Cash Equivalents	2,604,678.72	978,038.71	3,582,717.43
Investments	195,187.05	100,000.00	295,187.05
TOTAL ASSETS	2,799,865.77	1,078,038.71	3,877,904.48
NET POSITION:			
Restricted for:			
Debt Service Purposes		75,465.91	75,465.91
Permanently Restricted Purposes:			
Expendable	34,693.13		34,693.13
Non-Expendable	50,000.00		50,000.00
Unrestricted (Deficit)	2,715,172.64	1,002,572.80	3,717,745.44
TOTAL NET POSITION	2,799,865.77	1,078,038.71	3,877,904.48

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	127,908.14	7,226.32	76,176.65	1,658.00	(42,847.17)		(42,847.17)
Public Safety	58,126.49	100.00			(58,026.49)		(58,026.49)
Public Works	171,732.27	2,325.00	32,780.14		(136,627.13)		(136,627.13)
Health and Welfare	30,931.18	54,427.04	1,348.00		24,843.86		24,843.86
Culture and Recreation	96,399.89	13,673.00	250.00		(82,476.89)		(82,476.89)
Conservation and Development	7,500.00				(7,500.00)		(7,500.00)
*Debt Service	11,166.12				(11,166.12)		(11,166.12)
Total Governmental Activities	503,764.09	77,751.36	110,554.79	1,658.00	(313,799.94)		(313,799.94)
Business-Type Activities:							
Water	474,105.19	415,296.11				(58,809.08)	(58,809.08)
Sewer	115,039.61	195,669.68				80,630.07	80,630.07
Garbage	71,127.85	78,746.23				7,618.38	7,618.38
Total Business-Type Activities	660,272.65	689,712.02	0.00	0.00		29,439.37	29,439.37
Total Primary Government	1,164,036.74	767,463.38	110,554.79	1,658.00	(313,799.94)	29,439.37	(284,360.57)
General Revenues:							
Taxes:							
Property Taxes					400,553.38		400,553.38
Sales Taxes					363,469.33		363,469.33
State Shared Revenues					11,998.02		11,998.02
Unrestricted Investment Earnings					3,315.79		3,315.79
Miscellaneous Revenue					8,001.47		8,001.47
Total General Revenues					787,337.99	0.00	787,337.99
Change in Net Position					473,538.05	29,439.37	502,977.42
Net Position - Beginning					2,326,327.72	1,048,599.34	3,374,927.06
NET POSITION - ENDING					2,799,865.77	1,078,038.71	3,877,904.48

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

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

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

	<u>General Fund</u>	<u>Second Penny Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Total</u>
ASSETS:				
Cash and Cash Equivalents	2,001,785.46	562,200.13	40,693.13	2,604,678.72
Investments	151,187.05		44,000.00	195,187.05
TOTAL ASSETS	<u>2,152,972.51</u>	<u>562,200.13</u>	<u>84,693.13</u>	<u>2,799,865.77</u>
FUND BALANCES:				
Nonspendable			50,000.00	50,000.00
Restricted			34,693.13	34,693.13
Committed for Capital Improvements	143,000.00			143,000.00
Committed for Debt Service		562,200.13		562,200.13
Assigned for Ambulance	148,526.68			148,526.68
Unassigned	1,861,445.83			1,861,445.83
TOTAL FUND BALANCES	<u>2,152,972.51</u>	<u>562,200.13</u>	<u>84,693.13</u>	<u>2,799,865.77</u>

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

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

	General Fund	Second Penny Fund	Cemetery Perpetual Care Fund	Total
Revenues:				
Taxes:				
General Property Taxes	397,243.47			397,243.47
General Sales and Use Taxes	181,734.73	181,734.60		363,469.33
Penalties & Interest on Delinquent Taxes	3,309.91			3,309.91
Total Taxes	582,288.11	181,734.60	0.00	764,022.71
Licenses and Permits	4,921.32	0.00	0.00	4,921.32
Intergovernmental Revenue:				
Federal Grants	76,176.65			76,176.65
State Grants	1,348.00			1,348.00
State Shared Revenue:				
Bank Franchise Tax	5,943.00			5,943.00
Prorate License Fees	2,195.01			2,195.01
Liquor Tax Reversion	6,055.02			6,055.02
Motor Vehicle Licenses	11,074.56			11,074.56
Local Government Highway and Bridge Fund	17,236.81			17,236.81
County Shared Revenue:				
County Road Tax	2,273.76			2,273.76
Total Intergovernmental Revenue	122,302.81	0.00	0.00	122,302.81
Charges for Goods and Services:				
General Government	1,900.00			1,900.00
Culture and Recreation	13,673.00			13,673.00
Ambulance	54,427.04			54,427.04
Cemetery	1,025.00		1,300.00	2,325.00
Total Charges for Goods and Services	71,025.04	0.00	1,300.00	72,325.04
Fines and Forfeits:				
Court Fines and Costs	100.00	0.00	0.00	100.00
Miscellaneous Revenue:				
Investment Earnings	3,298.18		17.61	3,315.79
Rentals	405.00			405.00
Contributions and Donations from Private Sources	577.56			577.56
Other	7,673.91			7,673.91
Total Miscellaneous Revenue	11,954.65	0.00	17.61	11,972.26
Total Revenue	792,591.93	181,734.60	1,317.61	975,644.14

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

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

	General Fund	Second Penny Fund	Cemetery Perpetual Care Fund	Total
Expenditures:				
General Government:				
Legislative	30,207.34			30,207.34
Financial Administration	73,094.35			73,094.35
Other	24,606.45			24,606.45
Total General Government	127,908.14	0.00	0.00	127,908.14
Public Safety:				
Police	20,806.29			20,806.29
Fire	37,320.20			37,320.20
Total Public Safety	58,126.49	0.00	0.00	58,126.49
Public Works:				
Highways and Streets	127,558.37			127,558.37
Sanitation	4,191.89			4,191.89
Cemeteries	39,982.01			39,982.01
Total Public Works	171,732.27	0.00	0.00	171,732.27
Health and Welfare:				
Health	4,836.11			4,836.11
Ambulance	26,095.07			26,095.07
Total Health and Welfare	30,931.18	0.00	0.00	30,931.18
Culture and Recreation:				
Recreation	55,662.08			55,662.08
Parks	17,485.20			17,485.20
Libraries	23,252.61			23,252.61
Total Culture and Recreation	96,399.89	0.00	0.00	96,399.89
Conservation and Development:				
Economic Development and Assistance	7,500.00			7,500.00
Total Conservation and Development	7,500.00	0.00	0.00	7,500.00
Debt Service	0.00	11,166.12	0.00	11,166.12
Total Expenditures	492,597.97	11,166.12	0.00	503,764.09
Excess Revenues Over (Under) Expenditures	299,993.96	170,568.48	1,317.61	471,880.05
Other Financing Sources (Uses):				
Compensation for Loss or Damage to Capital Assets	1,658.00			1,658.00
Total Other Financing Sources (Uses)	1,658.00	0.00	0.00	1,658.00
Net Change in Fund Balance	301,651.96	170,568.48	1,317.61	473,538.05
Fund Balance - Beginning	1,851,320.55	391,631.65	83,375.52	2,326,327.72
FUND BALANCE - ENDING	2,152,972.51	562,200.13	84,693.13	2,799,865.77

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

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

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Garbage Fund	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	336,381.61	575,544.08	66,113.02	978,038.71
Investments	100,000.00			100,000.00
Total Current Assets	436,381.61	575,544.08	66,113.02	1,078,038.71
TOTAL ASSETS	436,381.61	575,544.08	66,113.02	1,078,038.71
NET POSITION:				
Restricted for:				
Revenue Bond Debt Service	66,157.56	9,308.35		75,465.91
Unrestricted	370,224.05	566,235.73	66,113.02	1,002,572.80
TOTAL NET POSITION	436,381.61	575,544.08	66,113.02	1,078,038.71

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

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

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Garbage Fund	
Operating Revenue:				
Charges for Goods and Services	389,877.62	144,266.93	78,746.23	612,890.78
Revenue Designated for Servicing Debt	25,418.49	51,402.75		76,821.24
Total Operating Revenue	415,296.11	195,669.68	78,746.23	689,712.02
Operating Expenses:				
Personal Services	14,902.17	15,792.68		30,694.85
Other Current Expense	204,690.22	57,152.53	71,127.85	332,970.60
Materials	254,512.80			254,512.80
Total Operating Expenses	474,105.19	72,945.21	71,127.85	618,178.25
Operating Income (Loss)	(58,809.08)	122,724.47	7,618.38	71,533.77
Nonoperating Revenue (Expense):				
Debt Service (Principal)		(20,736.39)		(20,736.39)
Debt Service (Interest)		(21,358.01)		(21,358.01)
Total Nonoperating Revenue (Expense)	0.00	(42,094.40)	0.00	(42,094.40)
Change in Net Position	(58,809.08)	80,630.07	7,618.38	29,439.37
Net Position - Beginning	495,190.69	494,914.01	58,494.64	1,048,599.34
NET POSITION - ENDING	436,381.61	575,544.08	66,113.02	1,078,038.71

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

MUNICIPALITY OF SCOTLAND
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
December 31, 2021

	Custodial Funds
ASSETS:	
Cash and Cash Equivalents	0.22
TOTAL ASSETS	0.22
NET POSITION:	
Restricted for:	
Individuals	0.22
TOTAL NET POSITION	0.22

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

MUNICIPALITY OF SCOTLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH
FIDUCIARY FUNDS
For the Year Ended December 31, 2021

	Custodial Funds
ADDITIONS:	
Other Additions	30.76
Total Additions	30.76
DEDUCTIONS:	
Other Deductions	200.00
Total Deductions	200.00
Change in Net Position	(169.24)
Net Position - Beginning	169.46
NET POSITION - ENDING	0.22

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of the Municipality of Scotland (Municipality) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Municipality 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 Municipality (primary government). The Municipality may also be financially accountable for another organization if that organization is fiscally dependent on the Municipality.

The Housing and Redevelopment Commission of the Municipality of Scotland, South Dakota (Commission) is a proprietary fund-type, discretely-presented component unit. The five members of the Commission are appointed by the Mayor, with the approval of the Governing Board, for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The Governing Board, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct low-income housing units, or to issue debt, which gives the Governing Board the ability to impose its will on the Commission.

b. Basis of Presentation:Government-wide Financial Statements:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

Second Penny Sales Tax Fund – to account for an additional one percent sales tax which may be used only for capital improvement, land acquisition, and debt retirement, per municipal ordinance. This is a major fund.

Permanent Funds – permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Municipality's programs—that is for the benefit of the Municipality and its citizenry.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Cemetery Perpetual Care Fund – to account for the payments received for perpetual care of cemeteries which is permanently set aside and for which only the income from the trust fund investments is used for the care and maintenance of the cemetery. (SDCL 9-32-18) This is a major fund.

Proprietary Funds:

Enterprise Funds – Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met.

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

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

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

Garbage Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal garbage system. (SDCL 9-32-11 and 34A-6) This is a major fund.

Fiduciary Funds:

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

Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The Municipality maintains a custodial fund for the employee cafeteria plan.

c. Measurement Focus and Basis of Accounting:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

Measurement Focus:

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

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

Basis of Accounting:

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

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

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

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

d. Interfund Eliminations and Reclassifications

Government-wide financial statements:

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

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

e. Deposits and Investments:

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

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

f. Long-Term Liabilities:

Under the modified cash basis of accounting, cash proceeds from long-term liabilities issuances is recorded as a receipt, while payments to creditors to reduce long-term liabilities are recorded as a cost of the program which benefits from the financing. Allocations are made where appropriate. Interest costs are not allocated, but are reported as a separate program cost category. Under the modified cash basis of accounting, all long-term liabilities arising from cash transactions to be repaid from governmental and business-type resources are not reported as liabilities in the respective columns on the government-wide financial statements.

Long-term liabilities arising from cash transactions of governmental funds are not reported as liabilities in the fund financial statements. Instead, the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting for long-term liabilities of proprietary funds is the same in the fund financial statements as it is in the government-wide financial statements.

g. Program Revenues:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

h. Proprietary Funds Revenue and Expense Classifications:

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

i. Equity Classifications:

Government-wide Statements:

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

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

Fund Financial Statements:

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

j. Application of Net Position:

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

k. Fund Balance Classification Policies and Procedures:

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

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

The Nonspendable Fund Balance is comprised of the following:

- Amount legally or contractually required to be maintained intact such as Cemetery Perpetual Care.

The Municipal Governing Board Committed the following fund balance by taking the following action:

<u>Fund Balance</u>	<u>2021</u> <u>Amount</u>	<u>2022</u> <u>Amount</u>	<u>Action</u>
Second Penny Fund	\$ 562,200.13	\$ 742,261.61	Ordinance
General Fund - Capital Improvements	143,000.00	143,000.00	Ordinance

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

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

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Second Penny Fund	Sales Tax

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

	Year Ended 12/31/2021	Year Ended 12/31/2022
Second Penny Fund:		
Highway and Streets		\$ 27,441.09
General Fund:		
Recreation	\$ 16,750.00	

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

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

Deposits – The Municipality's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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

As of December 31, 2021 and December 31, 2022, the Municipality did not have any investments. The investments reported in the financial statements consist of only certificates of deposit.

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

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

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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 Municipality’s policy is to credit all income from investments to the fund making the investment, except for interest generated by the Cemetery Perpetual Care Fund, which must be credited to the General Fund, and used only for maintenance of the municipal cemetery, as required by SDCL 9-32-18.

4. PROPERTY TAXES

Property taxes are levied on or before October 1, of the year preceding the start of the fiscal year. They attach as an enforceable lien on property and become due and payable as of January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year.

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

5. LONG-TERM COMMITMENT

On September 3, 1985, the Municipality of Scotland entered into a 40-year commitment with B-Y Water District to provide water to the Municipality. A monthly charge in the amount of \$117.00 is paid by the Municipality to B-Y Water District. The monthly charge represents a contribution by the Municipality to aid B-Y Water District in the construction of the facilities necessary to provide the Municipality with water. The Municipality will not acquire ownership of any of these water facilities through these payments. Payments are made from the Municipality’s Water Fund.

The following are the minimum payments on this commitment:

	<u>Water Fund</u>
2023	\$ 1,404.00
2024	\$ 1,404.00
2025	\$ 468.00

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

6. RESTRICTED NET POSITION

Restricted net position for the years ended December 31, 2021 and 2022 were as follows:

	<u>12/31/2021</u>	<u>12/31/2022</u>
Permanently Restricted:		
Cemetery Perpetual Care	\$ 84,693.13	\$ 85,593.13
Water Fund:		
Debt Service	66,157.56	91,456.09
Sewer Fund:		
Debt Service	<u>9,308.35</u>	<u>18,370.62</u>
Total Restricted Net Position	<u>\$ 160,159.04</u>	<u>\$ 195,419.84</u>

These balances are restricted due to statutory requirements and bond covenants.

7. PENSION PLAN

Plan Information:

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

Benefits Provided:

SDRS has four different classes of employees, Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2022, 2021, and 2020, were \$10,680.12, \$5,307.25, and \$9,992.14, respectively, equal to the required contributions each year.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

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

Proportionate share of net position restricted for pension benefits	\$ 703,854.63
Less proportionate share of total pension liability	<u>\$ 704,325.84</u>
Proportionate share of net pension liability (asset)	<u>\$ (471.21)</u>

The net pension liability (asset) was measured as of June 30, 2022 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the Municipality's proportion was 0.00498600%, which is an increase (decrease) of 0.0000420% from its proportion measured as of June 30, 2021.

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

Proportionate share of net position restricted for pension benefits	\$ 685,553.34
Less proportionate share of total pension liability	<u>\$ 723,415.92</u>
Proportionate share of net pension liability (asset)	<u>\$ (37,862.58)</u>

The net pension liability (asset) was measured as of June 30, 2021 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the Municipality's proportion was 0.00494400%, which is an increase (decrease) of (0.0041582%) from its proportion measured as of June 30, 2020.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions:

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

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

Mortality Rates:

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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

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

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	3.7%
Fixed Income	30.0%	1.1%
Real Estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	100%	2.70%

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

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

Discount Rate:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

For the year ended December 31, 2022, the following presents the Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the Municipality's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$ 97,842.07	\$(471.21)	\$(80,819.13)

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

For the year ended December 31, 2021, the following presents the Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the Municipality's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$ 61,308.93	\$(37,862.58)	\$(118,366.76)

Pension Plan Fiduciary Net Position:

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

8. SIGNIFICANT CONTINGENCIES - LITIGATION

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

9. RISK MANAGEMENT

The Municipality is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2022, the Municipality managed its risks as follows:

Employee Health Insurance:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Liability Insurance:

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

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

Unemployment Benefits:

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

10. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through June 24, 2024, the date on which the financial statements were available to be issued.

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes	405,370.00	405,370.00	397,665.13	(7,704.87)
General Sales and Use Taxes	150,000.00	150,000.00	218,668.75	68,668.75
Tax Deed Revenue	0.00	0.00	669.47	669.47
Penalties & Interest on Delinquent Taxes	0.00	0.00	1,291.79	1,291.79
Total Taxes	555,370.00	555,370.00	618,295.14	62,925.14
Licenses and Permits	3,560.00	3,560.00	6,167.72	2,607.72
Intergovernmental Revenue:				
State Grants	0.00	0.00	75,011.84	75,011.84
State Shared Revenue:				
Bank Franchise Tax	2,500.00	2,500.00	4,772.92	2,272.92
Prorate License Fees	0.00	0.00	2,224.36	2,224.36
Liquor Tax Reversion	5,000.00	5,000.00	5,500.68	500.68
Motor Vehicle Licenses	10,000.00	10,000.00	10,924.09	924.09
Local Government Highway and Bridge Fund	15,000.00	15,000.00	17,374.93	2,374.93
County Shared Revenue:				
County Road and Bridge Tax	2,270.00	2,270.00	2,273.76	3.76
Total Intergovernmental Revenue	34,770.00	34,770.00	118,082.58	83,312.58
Charges for Goods and Services:				
General Government	0.00	0.00	2,322.76	2,322.76
Culture and Recreation	7,500.00	7,500.00	19,157.00	11,657.00
Ambulance	36,000.00	36,000.00	56,534.85	20,534.85
Cemetery	200.00	200.00	300.00	100.00
Total Charges for Goods & Services	43,700.00	43,700.00	78,314.61	34,614.61
Fines and Forfeits:				
Court Fines and Costs	0.00	0.00	717.88	717.88
Other	0.00	0.00	40.00	40.00
Total Fines and Forfeits	0.00	0.00	757.88	757.88
Miscellaneous Revenue:				
Investment Earnings	2,500.00	2,500.00	4,183.08	1,683.08
Rentals	150.00	150.00	855.00	705.00
Contributions and Donations from Private Sources	0.00	0.00	2,184.77	2,184.77
Other	4,000.00	4,000.00	8,745.26	4,745.26
Total Miscellaneous Revenue	6,650.00	6,650.00	15,968.11	9,318.11
Total Revenue	644,050.00	644,050.00	837,586.04	193,536.04
Expenditures:				
General Government:				
Legislative	26,750.00	26,750.00	25,736.71	1,013.29
Contingency	18,000.00	18,000.00		
Amount Transferred		(18,000.00)		0.00
Elections	675.00	675.00	0.00	675.00
Financial Administration	79,500.00	79,685.91	76,843.97	2,841.94
Other	29,000.00	30,729.58	30,729.58	0.00
Total General Government	153,925.00	137,840.49	133,310.26	4,530.23

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued):				
Public Safety:				
Police	106,750.00	106,750.00	88,898.14	17,851.86
Fire	14,500.00	16,135.46	16,135.46	0.00
Total Public Safety	<u>121,250.00</u>	<u>122,885.46</u>	<u>105,033.60</u>	<u>17,851.86</u>
Public Works:				
Highways and Streets	238,160.00	259,868.74	229,868.74	30,000.00
Sanitation	5,200.00	5,753.09	5,753.09	0.00
Cemeteries	14,400.00	14,400.00	12,336.32	2,063.68
Total Public Works	<u>257,760.00</u>	<u>280,021.83</u>	<u>247,958.15</u>	<u>32,063.68</u>
Health and Welfare:				
Health	14,290.00	14,290.00	8,776.23	5,513.77
Ambulance	42,500.00	42,500.00	26,557.58	15,942.42
Total Health and Welfare	<u>56,790.00</u>	<u>56,790.00</u>	<u>35,333.81</u>	<u>21,456.19</u>
Culture and Recreation:				
Recreation	37,425.00	60,440.74	60,440.74	0.00
Parks	33,900.00	38,050.66	38,050.66	0.00
Libraries	22,450.00	22,450.00	18,777.77	3,672.23
Total Culture and Recreation	<u>93,775.00</u>	<u>120,941.40</u>	<u>117,269.17</u>	<u>3,672.23</u>
Conservation and Development:				
Economic Development & Assistance	20,550.00	20,550.00	12,373.00	8,177.00
Total Conservation and Development	<u>20,550.00</u>	<u>20,550.00</u>	<u>12,373.00</u>	<u>8,177.00</u>
Total Expenditures	<u>704,050.00</u>	<u>739,029.18</u>	<u>651,277.99</u>	<u>87,751.19</u>
Excess of Revenue Over (Under) Expenditures	<u>(60,000.00)</u>	<u>(94,979.18)</u>	<u>186,308.05</u>	<u>281,287.23</u>
Other Financing Sources (Uses):				
Sale of Municipal Property	0.00	0.00	9,174.00	9,174.00
Compensation for Loss or Damage to Capital Assets	0.00	0.00	2,386.00	2,386.00
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>11,560.00</u>	<u>11,560.00</u>
Net Change in Fund Balances	<u>(60,000.00)</u>	<u>(94,979.18)</u>	<u>197,868.05</u>	<u>292,847.23</u>
Fund Balance - Beginning	<u>2,152,972.51</u>	<u>2,152,972.51</u>	<u>2,152,972.51</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>2,092,972.51</u>	<u>2,057,993.33</u>	<u>2,350,840.56</u>	<u>292,847.23</u>

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF SCOTLAND
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
SECOND PENNY SALES TAX FUND
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General Sales and Use Taxes	150,000.00	150,000.00	218,668.69	68,668.69
Total Taxes	<u>150,000.00</u>	<u>150,000.00</u>	<u>218,668.69</u>	<u>68,668.69</u>
 Total Revenue	 <u>150,000.00</u>	 <u>150,000.00</u>	 <u>218,668.69</u>	 <u>68,668.69</u>
 Expenditures:				
Public Works:				
Highway and Streets	0.00	0.00	27,441.09	(27,441.09)
Total Public Works	<u>0.00</u>	<u>0.00</u>	<u>27,441.09</u>	<u>(27,441.09)</u>
 Debt Service	 <u>150,000.00</u>	 <u>150,000.00</u>	 <u>11,166.12</u>	 <u>138,833.88</u>
 Total Expenditures	 <u>150,000.00</u>	 <u>150,000.00</u>	 <u>38,607.21</u>	 <u>111,392.79</u>
 Net Change in Fund Balances	 <u>0.00</u>	 <u>0.00</u>	 <u>180,061.48</u>	 <u>180,061.48</u>
 Fund Balance - Beginning	 <u>562,200.13</u>	 <u>562,200.13</u>	 <u>562,200.13</u>	 <u>0.00</u>
 FUND BALANCE - ENDING	 <u><u>562,200.13</u></u>	 <u><u>562,200.13</u></u>	 <u><u>742,261.61</u></u>	 <u><u>180,061.48</u></u>

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes	396,165.00	396,165.00	397,243.47	1,078.47
General Sales and Use Taxes	150,000.00	150,000.00	181,734.73	31,734.73
Penalties & Interest on Delinquent Taxes	0.00	0.00	3,309.91	3,309.91
Total Taxes	546,165.00	546,165.00	582,288.11	36,123.11
Licenses and Permits	3,935.00	3,935.00	4,921.32	986.32
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	76,176.65	76,176.65
State Grants	0.00	0.00	1,348.00	1,348.00
State Shared Revenue:				
Bank Franchise Tax	2,500.00	2,500.00	5,943.00	3,443.00
Prorate License Fees	2,000.00	2,000.00	2,195.01	195.01
Liquor Tax Reversion	5,000.00	5,000.00	6,055.02	1,055.02
Motor Vehicle Licenses	10,000.00	10,000.00	11,074.56	1,074.56
Local Government Highway and Bridge Fund	15,000.00	15,000.00	17,236.81	2,236.81
County Shared Revenue:				
County Road Tax	2,270.00	2,270.00	2,273.76	3.76
Total Intergovernmental Revenue	36,770.00	36,770.00	122,302.81	85,532.81
Charges for Goods and Services:				
General Government	0.00	0.00	1,900.00	1,900.00
Culture and Recreation	6,500.00	6,500.00	13,673.00	7,173.00
Ambulance	36,000.00	36,000.00	54,427.04	18,427.04
Cemetery	200.00	200.00	1,025.00	825.00
Total Charges for Goods & Services	42,700.00	42,700.00	71,025.04	28,325.04
Fines and Forfeits:				
Court Fines and Costs	0.00	0.00	100.00	100.00
Total Fines and Forfeits	0.00	0.00	100.00	100.00
Miscellaneous Revenue:				
Investment Earnings	2,500.00	2,500.00	3,298.18	798.18
Rentals	150.00	150.00	405.00	255.00
Contributions and Donations from Private Sources	0.00	0.00	577.56	577.56
Other	4,500.00	4,500.00	7,673.91	3,173.91
Total Miscellaneous Revenue	7,150.00	7,150.00	11,954.65	4,804.65
Total Revenue	636,720.00	636,720.00	792,591.93	155,871.93
Expenditures:				
General Government:				
Legislative	25,750.00	30,207.34	30,207.34	0.00
Contingency	17,100.00	17,100.00		
Amount Transferred		0.00		17,100.00
Elections	775.00	775.00	0.00	775.00
Financial Administration	77,100.00	77,100.00	73,094.35	4,005.65
Other	27,000.00	27,000.00	24,606.45	2,393.55
Total General Government	147,725.00	152,182.34	127,908.14	24,274.20

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued):				
Public Safety:				
Police	94,100.00	94,100.00	20,806.29	73,293.71
Fire	33,500.00	37,320.20	37,320.20	0.00
Total Public Safety	<u>127,600.00</u>	<u>131,420.20</u>	<u>58,126.49</u>	<u>73,293.71</u>
Public Works:				
Highways and Streets	183,340.00	183,340.00	127,558.37	55,781.63
Sanitation	5,190.00	5,190.00	4,191.89	998.11
Cemeteries	21,900.00	39,982.01	39,982.01	0.00
Total Public Works	<u>210,430.00</u>	<u>228,512.01</u>	<u>171,732.27</u>	<u>56,779.74</u>
Health and Welfare:				
Health	4,000.00	4,836.11	4,836.11	0.00
Ambulance	42,500.00	42,500.00	26,095.07	16,404.93
Total Health and Welfare	<u>46,500.00</u>	<u>47,336.11</u>	<u>30,931.18</u>	<u>16,404.93</u>
Culture and Recreation:				
Recreation	32,625.00	38,912.08	55,662.08	(16,750.00)
Parks	35,650.00	35,650.00	17,485.20	18,164.80
Libraries	25,040.00	25,040.00	23,252.61	1,787.39
Total Culture and Recreation	<u>93,315.00</u>	<u>99,602.08</u>	<u>96,399.89</u>	<u>3,202.19</u>
Conservation and Development:				
Economic Development & Assistance	11,150.00	11,150.00	7,500.00	3,650.00
Total Conservation and Development	<u>11,150.00</u>	<u>11,150.00</u>	<u>7,500.00</u>	<u>3,650.00</u>
Total Expenditures	<u>636,720.00</u>	<u>670,202.74</u>	<u>492,597.97</u>	<u>177,604.77</u>
Excess of Revenue Over (Under) Expenditures	<u>0.00</u>	<u>(33,482.74)</u>	<u>299,993.96</u>	<u>333,476.70</u>
Other Financing Sources (Uses):				
Compensation for Loss or Damage to Capital Assets	0.00	0.00	1,658.00	1,658.00
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>1,658.00</u>	<u>1,658.00</u>
Net Change in Fund Balances	<u>0.00</u>	<u>(33,482.74)</u>	<u>301,651.96</u>	<u>335,134.70</u>
Fund Balance - Beginning	<u>1,851,320.55</u>	<u>1,851,320.55</u>	<u>1,851,320.55</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>1,851,320.55</u>	<u>1,817,837.81</u>	<u>2,152,972.51</u>	<u>335,134.70</u>

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF SCOTLAND
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
SECOND PENNY SALES TAX FUND
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Sales and Use Taxes	150,000.00	150,000.00	181,734.60	31,734.60
Total Taxes	150,000.00	150,000.00	181,734.60	31,734.60
Total Revenue	150,000.00	150,000.00	181,734.60	31,734.60
Expenditures:				
Debt Service	150,000.00	150,000.00	11,166.12	138,833.88
Total Expenditures	150,000.00	150,000.00	11,166.12	138,833.88
Net Change in Fund Balances	0.00	0.00	170,568.48	170,568.48
Fund Balance - Beginning	391,631.65	391,631.65	391,631.65	0.00
FUND BALANCE - ENDING	391,631.65	391,631.65	562,200.13	170,568.48

NOTES TO THE SUPPLEMENTARY INFORMATION

Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget.

NOTE 1. Budgets and Budgetary Accounting

The Municipality followed these procedures in establishing the budgetary data reflected in the financial statements:

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

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

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

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

NOTE 2. GAAP/Budgetary Accounting Basis Differences

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

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

South Dakota Retirement System

*Last 8 Years

	<u>Municipality's proportion of the net pension liability/asset</u>	<u>Municipality's proportionate share of net pension liability (asset)</u>	<u>Municipality's covered-employee payroll</u>	<u>Municipality's proportionate share of the net pension liability (asset) as a percentage of its</u>	<u>Plan fiduciary net position as a percentage of the total pension liability (asset)</u>
2022	0.0049860%	(471.21)	\$ 114,823.31	0.41%	100.10%
2021	0.0049440%	(37,862.58)	\$ 111,496.70	33.96%	105.52%
2020	0.0091022%	(395.31)	\$ 183,457.65	0.22%	100.04%
2019	0.0077296%	(819.13)	\$ 153,590.53	0.53%	100.09%
2018	0.0067920%	(158.41)	\$ 132,324.07	0.12%	100.02%
2017	0.0080307%	(728.79)	\$ 149,253.37	0.49%	100.10%
2016	0.0082702%	27,935.92	\$ 143,738.63	19.44%	96.89%
2015	0.0073624%	(31,226.04)	\$ 126,402.45	24.70%	104.10%

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

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY CONTRIBUTIONS

South Dakota Retirement System

*Last 8 Years

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required</u>	<u>Contribution deficiency (excess)</u>	<u>Municipality's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2022	\$ 10,680.12	\$ 10,680.12	\$ -	\$ 165,289.93	6.46%
2021	\$ 5,307.25	\$ 5,307.25	\$ -	\$ 88,453.76	6.00%
2020	\$ 9,992.14	\$ 9,992.14	\$ -	\$ 158,205.90	6.32%
2019	\$ 11,213.69	\$ 11,213.69	\$ -	\$ 171,231.94	6.55%
2018	\$ 8,124.05	\$ 8,124.05	\$ -	\$ 129,837.20	6.26%
2017	\$ 10,030.85	\$ 10,030.85	\$ -	\$ 153,061.86	6.55%
2016	\$ 9,647.40	\$ 9,647.40	\$ -	\$ 147,071.23	6.56%
2015	\$ 8,222.33	\$ 8,222.33	\$ -	\$ 128,318.62	6.41%

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

MUNICIPALITY OF SCOTLAND
Notes to Required Supplementary Information
for the Year Ended December 31, 2022
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

The changes to economic assumptions included increasing the price inflation to 2.5% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.5% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%.

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

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

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

MUNICIPALITY OF SCOTLAND
Notes to Required Supplementary Information
for the Year Ended December 31, 2022
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions
(Continued)

As of June 30, 2022 the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.1%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

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

Actuarial Method Changes

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

SUPPLEMENTARY INFORMATION

SCHEDULE OF LONG-TERM LIABILITIES
For the Two Years Ended December 31, 2022

A summary of changes in long-term liabilities follows:

	Beginning Balance 01/01/2021	Additions	Deletions	Ending Balance 12/31/2022	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
Drinking Water Sales Tax Revenue					
Bonds, Series 2003	135,458.90		15,903.95	119,554.95	8,254.22
Total Governmental Activities	<u>135,458.90</u>	<u>0.00</u>	<u>15,903.95</u>	<u>119,554.95</u>	<u>8,254.22</u>
Business-Type Activities:					
Bonds Payable:					
Clean Water #2 Borrower					
Bonds, Series 2012	664,893.27		42,154.95	622,738.32	22,123.21
Total Business-Type Activities	<u>664,893.27</u>	<u>0.00</u>	<u>42,154.95</u>	<u>622,738.32</u>	<u>22,123.21</u>
TOTAL PRIMARY GOVERNMENT	<u>800,352.17</u>	<u>0.00</u>	<u>58,058.90</u>	<u>742,293.27</u>	<u>30,377.43</u>

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

Drinking Water No. 1 Sales Tax Revenue Bonds, Series 2003, 2.50% Interest Rate, Maturing April 15, 2035, Payable from the Second Penny Sales Tax Fund.	\$ 119,554.95
Clean Water No. 2 Borrower Bond, Series 2012, 3.25% Interest Rate, Maturing January 15, 2043 Payable from the Sewer Fund.	\$ 622,738.32

SUPPLEMENTARY INFORMATION

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

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

Year Ending December 31,	Drinking Water No. 1 Sales Tax Revenue Bonds - Series 2003		Clean Water No. 2 Sales Tax Revenue Bonds - Series 2012	
	Principal	Interest	Principal	Interest
2023	8,254.22	2,911.90	22,123.21	19,971.19
2024	8,462.53	2,703.59	22,851.03	19,243.37
2025	8,676.08	2,490.04	23,602.79	18,491.61
2026	8,895.03	2,271.09	24,379.27	17,715.13
2027	9,119.49	2,046.63	25,181.32	16,913.08
2028-2032	49,167.85	6,662.75	138,891.57	71,580.43
2033-2037	26,979.75	935.55	163,291.51	47,180.49
2038-2042			191,977.93	18,494.07
2043-2047			10,439.69	83.91
Totals	<u>119,554.95</u>	<u>20,021.55</u>	<u>622,738.32</u>	<u>229,673.28</u>

Year Ending December 31,	Totals	
	Principal	Interest
2023	30,377.43	22,883.09
2024	31,313.56	21,946.96
2025	32,278.87	20,981.65
2026	33,274.30	19,986.22
2027	34,300.81	18,959.71
2028-2032	188,059.42	78,243.18
2033-2037	190,271.26	48,116.04
2038-2042	191,977.93	18,494.07
2043-2047	10,439.69	83.91
Totals	<u>742,293.27</u>	<u>249,694.83</u>