

**MUNICIPALITY OF TYNDALL  
TYNDALL, 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 TYNDALL

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MUNICIPAL OFFICIALS  
DECEMBER 31, 2022

MAYOR:

Mike Elsberry

GOVERNING BOARD:

Larry Chester, President  
Kevin Ranek, Vice-President  
Jesse Ranek  
Rodney Skorpik  
John Slama  
Kevin Stepka

FINANCE OFFICER:

Teresa Holland

ATTORNEY:

Lisa Rothschadl

*Schoenfish & Co., Inc.*

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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 Tyndall  
Tyndall, 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 financial statements of the governmental activities, the business-type activities, and each major fund, of the Municipality of Tyndall, SD 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 November 15, 2023, which is adverse for the aggregate discretely presented component units for December 31, 2022, and for December 31, 2021 because they are 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as items 2022-001 and 2022-002 to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Current Audit Findings as item 2022-003.

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

### Purpose of this Report

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



Schoenfish & Co., Inc.  
Certified Public Accountants  
November 15 , 2023

*Schoenfish & Co., Inc.*

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SCHEDULE OF PRIOR AUDIT FINDINGSPRIOR OTHER 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.

Finding Number 2020-002:

Expenditures exceeded the amount budgeted in the General Fund in 2020 and in two departments in the General Fund in 2019. This comment has not been corrected and is restated as current audit finding number 2022-003.

*Schoenfish & Co., Inc.*

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SCHEDULE OF CURRENT AUDIT FINDINGSCURRENT AUDIT FINDINGS:Internal Control – Related Findings – Material Weakness:Finding Number 2022-001:Condition:

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

Criteria:

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

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

Cause of Condition:

The Finance Officer processes all revenue transactions from beginning to end. 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 Tyndall officials be cognizant of this lack of segregation of duties for revenues and attempt to develop policies and provide compensating internal controls whenever, and wherever, possible and practical. In addition, we recommend that all necessary accounting records be established and properly maintained to provide some compensation for lack of proper segregation of duties.

Client Response:

The Municipality of Tyndall Mayor, Mike Elsberry, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Municipality of Tyndall, 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.

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SCHEDULE OF CURRENT AUDIT FINDINGS  
(Continued)

Finding Number 2022-002:

Condition:

Material weaknesses were noted in internal accounting control and record keeping resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded. This is the first year in which a similar finding has been reported.

Criteria:

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

Cause of Condition:

The following deficiencies in internal accounting control and record keeping were noted:

- a. Cash reconciliations should be done in a timely manner. It would appear that this had not been done for nearly 8 months.
- b. The Accounts Payable balance should be adjusted at year end to reflect the bills that have not been paid.
- c. The Utility Billing Report should be printed at year end and balance sheet accounts adjusted accordingly.
- d. Ambulance accounts need to be analyzed and written off if deemed uncollectible.
- e. The Finance Officer should reconcile outstanding taxes with the County Auditor and adjust to reflect the correct balances.
- f. The Finance Officer should reconcile outstanding Special Assessments with the County Auditor and adjust to reflect correct outstanding.
- g. Capital asset balance sheet accounts should be adjusted at year end to reflect the balances on the depreciation schedules.
- h. Long-term liabilities should be adjusted to actual year end.

SDCL 9-14-18 states that the finance officer "shall keep regular books of account in which shall be entered all indebtedness of the Municipality, and which shall at all times show the financial condition of the Municipality, the amount of bonds, warrants, certificates, or other evidences of indebtedness issued by the governing body, and the amounts of all bonds, warrants, certificates, or other evidences of indebtedness which have been redeemed and the amount of each outstanding."

SDCL 9-14-9 states that the finance officer "shall supervise the accounting system for all departments and offices of the Municipality in accordance with the recommendations of the Department of Legislative Audit."

Potential Effect of Condition:

As a result, there is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties, and improper records were maintained for the Municipality of Tyndall.

Recommendation:

2. We recommend that financial information be more accurately presented.
3. We recommend that all necessary accounting records be established and properly maintained.

*Schoenfish & Co., Inc.*

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SCHEDULE OF CURRENT AUDIT FINDINGS  
(Continued)

Client Response:

The Municipality of Tyndall Mayor, Mike Elsberry, is the contact person responsible for the response for this comment. We will attempt to be more accurate and complete when preparing the financial statements and obtain sufficient expertise to do so.

Compliance – Related Finding – Material Weakness:Finding Number 2022-003:Condition:

In Fiscal Year 2022, the variance between the approved budget and revenue summary was \$182,800. Expenditures were in excess of the amounts budgeted in several departments and also expenditures exceeded the budget in the General Fund in 2021.

Criteria:

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

Cause of Condition:

The Municipality expended money in excess of amounts budgeted without supplementing the budget as allowed by SDCL 9-21-7. Also, the Municipality budgeted to spend more than available, which is not allowed as stated in SDCL 9-21-9.

Potential Effect of Condition:

Without amending or preparing the budget or limiting disbursements, disbursements are being made without proper authority. Also, budgets are not being properly adopted in accordance with budgetary guidelines.

Recommendation:

4. We recommend that budgets be adopted in accordance with SDCL 9-21-9 and that the expenditures be limited to amounts budgeted or budget supplements be made in accordance with SDCL 9-21-7 and SDCL 9-21-6.1 to allow for expenditures.

Client Response:

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

CLOSING CONFERENCE

The audit was discussed with the officials during the course of the audit and with the Mayor and Finance Officer on December 4, 2023.

*Schoenfish & Co., Inc.*

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INDEPENDENT AUDITOR'S REPORT

Governing Board  
Municipality of Tyndall  
Tyndall, South Dakota

Report on the Audit of the Financial Statements

Adverse Opinion and Unmodified Opinions

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

Adverse Opinion

In our opinion, because of the omission of the discretely presented component units, the accompanying financial statements referred to above 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 Tyndall as of December 31, 2022 and December 31, 2021, and the respective changes in financial position thereof for each of the years in the biennial period then ended.

Unmodified Opinions

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the Municipality of Tyndall as December 31, 2022 and December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for each of the years in the biennial period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

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

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.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

*Schoenfish & Co., Inc.*

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### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the Municipality Contributions, and the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Municipality has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

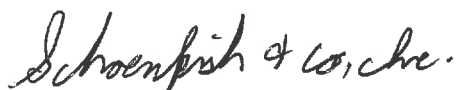
### Other Information

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

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

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipality's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.  
 Certified Public Accountants  
 November 15, 2023

*Schoenfish & Co., Inc.*

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**MUNICIPALITY OF TYNDALL**  
**STATEMENT OF NET POSITION**  
**December 31, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	1,040,713.20	2,242,056.91	3,282,770.11
Investments		300,000.00	300,000.00
Accounts Receivable, Net	119,691.79	159,964.17	279,655.96
Inventories		385,748.58	385,748.58
Restricted Assets:			
Net Pension Asset	1,164.90	457.77	1,622.67
Capital Assets:			
Land	67,652.00	56,675.00	124,327.00
Other Capital Assets, Net of Depreciation	2,195,579.36	5,052,742.29	7,248,321.65
<b>TOTAL ASSETS</b>	<b>3,424,801.25</b>	<b>8,197,644.72</b>	<b>11,622,445.97</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension Related Deferred Outflows	103,684.81	40,744.46	144,429.27
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>103,684.81</b>	<b>40,744.46</b>	<b>144,429.27</b>
<b>LIABILITIES :</b>			
Other Current Liabilities		16,700.00	16,700.00
Noncurrent Liabilities:			
Due Within One Year	37,540.12	196,420.77	233,960.89
Due in More than One Year	100,222.48	2,897,905.18	2,998,127.66
<b>TOTAL LIABILITIES</b>	<b>137,762.60</b>	<b>3,111,025.95</b>	<b>3,248,788.55</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pension Related Deferred Inflows	67,900.94	26,682.66	94,583.60
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>67,900.94</b>	<b>26,682.66</b>	<b>94,583.60</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	2,125,468.76	2,015,091.34	4,140,560.10
Restricted for:			
SDRS Pension Purposes	36,948.77	14,519.57	51,468.34
Unrestricted	1,160,404.99	3,071,069.66	4,231,474.65
<b>TOTAL NET POSITION</b>	<b>3,322,822.52</b>	<b>5,100,680.57</b>	<b>8,423,503.09</b>

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

**MUNICIPALITY OF TYNDALL**  
**STATEMENT OF ACTIVITIES**  
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	Primary Government	
					Governmental Activities	Business-Type Activities
<b>Primary Government:</b>						
Governmental Activities:						
General Government	215,824.06	5,727.00	101,944.14		(108,152.92)	(108,152.92)
Public Safety	216,203.49				(216,203.49)	(216,203.49)
Public Works	207,254.75		48,068.24		(159,186.51)	(159,186.51)
Health and Welfare	135,900.29	119,790.48	1,332.00		(14,777.81)	(14,777.81)
Culture and Recreation	241,492.81	22,936.82			(218,555.99)	(218,555.99)
Conservation and Development	63,096.70	3,818.00			(59,278.70)	(59,278.70)
*Interest on Long-term Debt	5,758.30				(5,758.30)	(5,758.30)
Total Governmental Activities	1,085,530.40	152,272.30	151,344.38	0.00	(781,913.72)	(781,913.72)
Business-type Activities:						
Water	305,928.33	296,334.19				(9,594.14)
Sewer	154,672.00	204,158.00			49,486.00	49,486.00
Light Plant	1,327,864.37	1,536,558.44			208,694.07	208,694.07
Total Business-type Activities	1,788,464.70	2,037,050.63	0.00	0.00	248,585.93	248,585.93
Total Primary Government	2,873,995.10	2,189,322.93	151,344.38	0.00	(781,913.72)	(533,327.79)
<b>General Revenues:</b>						
Taxes:						
Property Taxes					403,017.17	403,017.17
Sales Taxes					430,581.73	430,581.73
State Shared Revenues					12,128.07	12,128.07
Grants and Contributions not Restricted to Specific Programs					2,789.80	2,789.80
Unrestricted Investment Earnings					998.36	2,533.75
Miscellaneous Revenue					121,779.20	321.63
Total General Revenues					971,294.33	1,857.02
Change in Net Position					189,380.61	250,442.95
Net Position - Beginning					3,133,441.91	4,850,237.62
NET POSITION - ENDING					3,322,822.52	5,100,680.57

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

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

**MUNICIPALITY OF TYNDALL  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2022**

	<b>General Fund</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	1,040,713.20
Taxes Receivable--Delinquent	24,827.62
Accounts Receivable, Net	51,305.77
Special Assessments Receivable--Current	6,794.40
Special Assessments Receivable--Delinquent	105.00
Special Assessments Receivable--Deferred	28,159.00
Due from Other Government	8,500.00
<b>TOTAL ASSETS</b>	<b>1,160,404.99</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>	
Total Liabilities	0.00
Deferred Inflows of Resources:	
Unavailable Revenue--Property Taxes	24,827.62
Unavailable Revenue--Special Assessments	35,058.40
<b>Total Deferred Inflows of Resources</b>	<b>59,886.02</b>
Fund Balances:	
Committed for Pool	75,000.00
Committed for Fire Truck	210,000.00
Committed for Ambulance	25,000.00
Assigned for Next Year's Budget	194,336.00
Unassigned	596,182.97
<b>Total Fund Balances</b>	<b>1,100,518.97</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>1,160,404.99</b>

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



**MUNICIPALITY OF TYNDALL**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**December 31, 2022**

Total Fund Balances - Governmental Funds	<u>1,100,518.97</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset (liability) reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>1,164.90</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>2,263,231.36</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>103,684.81</u>
Long-term liabilities, including bonds payable and accrued leave payable are not due and payables in the current period and therefore are not reported in the funds.	<u>(137,762.60)</u>
Assets, such as taxes receivable (delinquent) and special assessment receivables (current, delinquent and deferred) are not available to pay for current period expenditures and therefore are deferred in the funds.	<u>59,886.02</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(67,900.94)</u>
Net Position - Governmental Activities	<u><u>3,322,822.52</u></u>

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

**MUNICIPALITY OF TYNDALL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2022**

	<b>General Fund</b>
<b>Revenues:</b>	
Taxes:	
General Property Taxes	399,546.99
General Sales and Use Taxes	430,581.73
Tax Deed Revenue	1,135.77
Penalties and Interest on Delinquent Taxes	1,391.87
Total Taxes	832,656.36
Licenses and Permits	5,727.00
Intergovernmental Revenue:	
Federal Grants	93,444.14
State Grants	9,832.00
State Shared Revenue:	
Bank Franchise Tax	4,721.43
Prorate License Fees	3,897.47
Liquor Tax Reversion	7,406.64
Motor Vehicle Licenses	19,029.30
Local Government Highway and Bridge Fund	32,294.80
County Shared Revenue:	
County Road Tax	2,849.01
Total Intergovernmental Revenue	173,474.79
Charges for Goods and Services:	
Culture and Recreation	18,061.82
Ambulance	119,790.48
Total Charges for Goods and Services	137,852.30
Miscellaneous Revenue:	
Investment Earnings	998.36
Rentals	8,693.00
Special Assessments	7,442.46
Contributions and Donations from Private Sources	2,789.80
Other	19,855.18
Total Miscellaneous Revenue	39,778.80
<b>Total Revenue</b>	<b>1,189,489.25</b>
<b>Expenditures:</b>	
General Government:	
Legislative	26,412.97
Elections	810.12
Financial Administration	129,677.14
Other	48,803.74
Total General Government	205,703.97

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

**MUNICIPALITY OF TYNDALL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2022**

	<b>General Fund</b>
<b>Expenditures: (continued)</b>	
Public Safety:	
Police	155,584.35
Fire	55,030.54
Total Public Safety	210,614.89
Public Works:	
Highways and Streets	119,269.08
Cemetery	2,788.26
Total Public Works	122,057.34
Health and Welfare:	
Health	1,484.38
Humane Society	162.57
Ambulance	117,225.84
Total Health and Welfare	118,872.79
Culture and Recreation:	
Recreation	63,405.89
Parks	98,396.38
Libraries	41,789.33
Total Culture and Recreation	203,591.60
Conservation and Development:	
Economic Opportunity	372.85
Total Conservation and Development	372.85
Debt Service	42,112.37
Capital Outlay	10,901.00
Total Expenditures	914,226.81
Excess of Revenue Over (Under) Expenditures	275,262.44
<b>Other Financing Sources (Uses):</b>	
General Long-Term Debt Issued	75,372.81
Sale of Municipal Property	26,551.21
Total Other Financing Sources (Uses)	101,924.02
Net Change in Fund Balances	377,186.46
Fund Balance - Beginning	723,332.51
FUND BALANCE - ENDING	1,100,518.97

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

**MUNICIPALITY OF TYNDALL**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2022**

Net Change in Fund Balances - Total Governmental Funds	<u>377,186.46</u>
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.	<u>10,901.00</u>
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	<u>(161,366.57)</u>
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.	<u>(63,015.00)</u>
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net assets.	<u>36,354.07</u>
The fund financial statement governmental fund property tax accruals differ from the government wide statement property tax accruals in that the fund financial statements require the amounts to be "available".	<u>942.54</u>
Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments as revenue upon completion of the project at the point when an enforceable legal claim arises.	<u>(17,444.80)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (e.g., accrued interest expense, pension expense)	<u>(1,313.34)</u>
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>7,136.25</u>
Change in Net Position of Governmental Activities	<u><u>189,380.61</u></u>

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

**MUNICIPALITY OF TYNDALL**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2022**

	<b>Enterprise Funds</b>			
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Light Fund</b>	<b>Totals</b>
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	324,091.58	1,039,422.01	878,543.32	2,242,056.91
Investments			300,000.00	300,000.00
Accounts Receivable, Net	23,448.63	18,707.51	117,808.03	159,964.17
Inventory of Supplies	26,124.94	21,592.20	338,031.44	385,748.58
Total Current Assets	373,665.15	1,079,721.72	1,634,382.79	3,087,769.66
Noncurrent Assets:				
Net Pension Asset	88.09	83.60	286.08	457.77
Capital Assets:				
Land	1,500.00	54,350.00	825.00	56,675.00
Buildings	6,000.00		129,000.00	135,000.00
Improvements Other Than Buildings	4,122,698.00	3,727,977.00	1,854,889.79	9,705,564.79
Machinery and Equipment	19,744.00	38,475.00	253,538.50	311,757.50
Less: Accumulated Depreciation (Credit)	(1,503,871.00)	(2,421,372.00)	(1,174,337.00)	(5,099,580.00)
Total Noncurrent Assets	2,646,159.09	1,399,513.60	1,064,202.37	5,109,875.06
<b>TOTAL ASSETS</b>	<b>3,019,824.24</b>	<b>2,479,235.32</b>	<b>2,698,585.16</b>	<b>8,197,644.72</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pension Related Deferred Outflows	7,840.29	7,440.56	25,463.61	40,744.46
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>7,840.29</b>	<b>7,440.56</b>	<b>25,463.61</b>	<b>40,744.46</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Notes Payable - Current	6,692.16			6,692.16
Customer Deposits			16,700.00	16,700.00
Bonds Payable Current:				
Revenue	62,474.97	57,253.64	70,000.00	189,728.61
Total Current Liabilities	69,167.13	57,253.64	86,700.00	213,120.77
Noncurrent Liabilities:				
Bonds Payable:				
Revenue	1,489,270.05	493,635.13	915,000.00	2,897,905.18
Total Noncurrent Liabilities	1,489,270.05	493,635.13	915,000.00	2,897,905.18
<b>TOTAL LIABILITIES</b>	<b>1,558,437.18</b>	<b>550,888.77</b>	<b>1,001,700.00</b>	<b>3,111,025.95</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Pension Related Deferred Inflows	5,134.43	4,872.66	16,675.57	26,682.66
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,134.43</b>	<b>4,872.66</b>	<b>16,675.57</b>	<b>26,682.66</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	1,087,633.82	848,541.23	78,916.29	2,015,091.34
Restricted For:				
SDRS Pension Purposes	2,793.95	2,651.50	9,074.12	14,519.57
Unrestricted	373,665.15	1,079,721.72	1,617,682.79	3,071,069.66
<b>TOTAL NET POSITION</b>	<b>1,464,092.92</b>	<b>1,930,914.45</b>	<b>1,705,673.20</b>	<b>5,100,680.57</b>

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

**MUNICIPALITY OF TYNDALL**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2022**

	Enterprise Funds			
	Water Fund	Sewer Fund	Light Fund	Totals
<b>Operating Revenue:</b>				
Charges for Goods and Services	227,107.56	140,095.00	1,373,144.25	1,740,346.81
Revenue Dedicated to Servicing Debt	68,847.36	63,850.00	158,549.64	291,247.00
Miscellaneous	379.27	213.00	4,864.55	5,456.82
Total Operating Revenue	296,334.19	204,158.00	1,536,558.44	2,037,050.63
<b>Operating Expenses:</b>				
Personal Services	30,540.08	28,816.07	103,955.21	163,311.36
Other Current Expense	38,686.13	34,520.22	199,146.85	272,353.20
Materials (Cost of Goods Sold)	121,768.15		929,358.31	1,051,126.46
Depreciation	78,571.00	74,829.00	74,304.00	227,704.00
Total Operating Expenses	269,565.36	138,165.29	1,306,764.37	1,714,495.02
Operating Income (Loss)	26,768.83	65,992.71	229,794.07	322,555.61
<b>Nonoperating Revenue (Expense):</b>				
Investment Earnings	137.65	487.00	910.74	1,535.39
Interest Expense	(36,362.97)	(16,506.71)	(21,100.00)	(73,969.68)
Gain (Loss) on Disposition of Assets	68.85	140.23	112.55	321.63
Total Nonoperating Revenue (Expense)	(36,156.47)	(15,879.48)	(20,076.71)	(72,112.66)
Change in Net Position	(9,387.64)	50,113.23	209,717.36	250,442.95
Net Position - Beginning	1,473,480.56	1,880,801.22	1,495,955.84	4,850,237.62
NET POSITION - ENDING	1,464,092.92	1,930,914.45	1,705,673.20	5,100,680.57

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

**MUNICIPALITY OF TYNDALL**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended December 31, 2022

	Enterprise Funds			
	Water Fund	Sewer Fund	Light Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Receipts from Customers	296,037.96	203,985.65	1,535,876.64	2,035,900.25
Cash Payments to Employees for Services	(31,062.93)	(29,245.92)	(103,767.81)	(164,076.66)
Cash Payments to Suppliers of Goods and Services	(160,454.28)	(34,520.22)	(1,128,505.16)	(1,323,479.66)
Net Cash Provided (Used) by Operating Activities	104,520.75	140,219.51	303,603.67	548,343.93
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal Paid on Capital Debt	(72,220.46)	(55,550.17)	(70,000.00)	(197,770.63)
Interest Paid on Capital Debt	(36,362.97)	(16,506.71)	(21,100.00)	(73,969.68)
Other Receipts (Payments)	68.85	140.23	112.55	321.63
Net Cash Provided (Used) by Capital and Related Financing Activities	(108,514.58)	(71,916.65)	(90,987.45)	(271,418.68)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Cash Received for Interest	137.65	487.00	910.74	1,535.39
Net Cash Provided (Used) by Investing Activities	137.65	487.00	910.74	1,535.39
Net Increase (Decrease) in Cash and Cash Equivalents	(3,856.18)	68,789.86	213,526.96	278,460.64
Balances - Beginning	327,947.76	970,632.15	965,016.36	2,263,596.27
Balances - Ending	324,091.58	1,039,422.01	1,178,543.32	2,542,056.91
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	26,768.83	65,992.71	229,794.07	322,555.61
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	78,571.00	74,829.00	74,304.00	227,704.00
(Increase) decrease in Receivables	(296.23)	(172.35)	(1,431.80)	(1,900.38)
(Increase) decrease in Pension Related Deferred Outflows	756.61	969.13	9,594.36	11,320.10
(Increase) decrease in Net Pension Asset	6,650.43	6,508.18	27,193.47	40,352.08
(Decrease) increase in Pension Related Deferred Inflows	(7,929.89)	(7,907.16)	(36,600.43)	(52,437.48)
(Decrease) increase in Deposits			750.00	750.00
Net Cash Provided (Used) by Operating Activities	104,520.75	140,219.51	303,603.67	548,343.93

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

**MUNICIPALITY OF TYNDALL**  
**STATEMENT OF NET POSITION**  
**December 31, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	670,898.03	1,963,596.27	2,634,494.30
Investments		300,000.00	300,000.00
Accounts Receivable, Net	128,822.76	158,063.79	286,886.55
Inventories		385,748.58	385,748.58
Restricted Assets:			
Net Pension Asset	92,352.47	40,809.85	133,162.32
Capital Assets:			
Land	67,652.00	56,675.00	124,327.00
Other Capital Assets, Net of Depreciation	2,409,059.93	5,280,446.29	7,689,506.22
<b>TOTAL ASSETS</b>	<b>3,368,785.19</b>	<b>8,185,339.78</b>	<b>11,554,124.97</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension Related Deferred Outflows	117,821.84	52,064.56	169,886.40
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>117,821.84</b>	<b>52,064.56</b>	<b>169,886.40</b>
<b>LIABILITIES :</b>			
Other Current Liabilities		15,700.00	15,700.00
Unearned Revenue		250.00	250.00
Noncurrent Liabilities:			
Due Within One Year	36,354.07	197,770.63	234,124.70
Due in More than One Year	137,762.60	3,094,325.95	3,232,088.55
<b>TOTAL LIABILITIES</b>	<b>174,116.67</b>	<b>3,308,046.58</b>	<b>3,482,163.25</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Other Deferred Inflows of Resources	179,048.45	79,120.14	258,168.59
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>179,048.45</b>	<b>79,120.14</b>	<b>258,168.59</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	2,302,595.26	2,045,024.71	4,347,619.97
Restricted for:			
SDRS Pension Purposes	31,125.86	13,754.27	44,880.13
Unrestricted (Deficit)	799,720.79	2,791,458.64	3,591,179.43
<b>TOTAL NET POSITION</b>	<b>3,133,441.91</b>	<b>4,850,237.62</b>	<b>7,983,679.53</b>

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



**MUNICIPALITY OF TYNDALL**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
<b>Primary Government:</b>						
Governmental Activities:						
General Government	191,134.21	5,155.00	116,294.72		(69,684.49)	(69,684.49)
Public Safety	268,337.90				(268,337.90)	(268,337.90)
Public Works	285,135.27	3,136.82	58,916.12	32,425.36	(170,656.97)	(170,656.97)
Health and Welfare	179,997.59	111,122.17	1,031.00		(67,844.42)	(67,844.42)
Culture and Recreation	154,325.94	20,798.88		33,842.00	(99,685.06)	(99,685.06)
Conservation and Development	6,489.29	4,326.00			(2,163.29)	(2,163.29)
*Interest on Long-term Debt	1,799.47				(1,799.47)	(1,799.47)
<b>Total Governmental Activities</b>	<b>1,067,219.67</b>	<b>144,538.87</b>	<b>176,241.84</b>	<b>66,267.36</b>	<b>(680,171.60)</b>	<b>(680,171.60)</b>
<b>Business-type Activities:</b>						
Water	295,618.68	296,818.40				1,199.72
Sewer	137,676.52	201,618.20				63,941.68
Light Plant	1,193,088.81	1,461,584.69				268,495.88
<b>Total Business-type Activities</b>	<b>1,626,384.01</b>	<b>1,960,021.29</b>	<b>0.00</b>	<b>0.00</b>	<b>333,637.28</b>	<b>333,637.28</b>
<b>Total Primary Government</b>	<b>2,693,603.68</b>	<b>2,104,560.16</b>	<b>176,241.84</b>	<b>66,267.36</b>	<b>(680,171.60)</b>	<b>(346,534.32)</b>
<b>General Revenues:</b>						
Taxes:						
Property Taxes					390,847.24	390,847.24
Sales Taxes					394,333.41	394,333.41
State Shared Revenues					13,675.24	13,675.24
Grants and Contributions not Restricted to Specific Programs					170.00	170.00
Unrestricted Investment Earnings					497.07	3,295.92
Miscellaneous Revenue					47,469.28	1,835.38
<b>Total General Revenues</b>					<b>846,992.24</b>	<b>5,131.30</b>
Change in Net Position					166,820.64	338,768.58
Net Position - Beginning					2,966,621.27	4,511,469.04
<b>NET POSITION - ENDING</b>					<b>3,133,441.91</b>	<b>4,850,237.62</b>
						<b>7,983,679.53</b>

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

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

**MUNICIPALITY OF TYNDALL  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2021**

	<b>General Fund</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	670,898.03
Taxes Receivable--Delinquent	23,885.08
Accounts Receivable, Net	52,434.48
Special Assessments Receivable--Current	7,398.00
Special Assessments Receivable--Delinquent	2,753.80
Special Assessments Receivable--Deferred	42,351.40
<b>TOTAL ASSETS</b>	<b>799,720.79</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>	
Liabilities	0.00
Deferred Inflows of Resources:	
Unavailable Revenue--Property Taxes	23,885.08
Unavailable Revenue--Special Assessments	52,503.20
<b>Total Deferred Inflows of Resources</b>	<b>76,388.28</b>
Fund Balances:	
Committed for Fire Truck	185,000.00
Committed for Pool Improvements	50,000.00
Unassigned	488,332.51
<b>Total Fund Balances</b>	<b>723,332.51</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>799,720.79</b>

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

**MUNICIPALITY OF TYNDALL**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**December 31, 2021**

Total Fund Balances - Governmental Funds	<u>723,332.51</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset (liability) reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>92,352.47</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>2,476,711.93</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>117,821.84</u>
Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(174,116.67)</u>
Assets, such as taxes receivable (delinquent) and special assessment receivables (current, delinquent and deferred) are not available to pay for current period expenditures and therefore are deferred in the funds.	<u>76,388.28</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(179,048.45)</u>
Net Position - Governmental Activities	<u><u>3,133,441.91</u></u>

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

**MUNICIPALITY OF TYNDALL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2021**

	<b>General Fund</b>
<b>Revenues:</b>	
<b>Taxes:</b>	
General Property Taxes	384,243.87
General Sales and Use Taxes	394,333.41
Penalties and Interest on Delinquent Taxes	956.18
<b>Total Taxes</b>	<b>779,533.46</b>
<b>Licenses and Permits</b>	<b>5,155.00</b>
<b>Intergovernmental Revenue:</b>	
Federal Grants	116,294.72
State Grants	1,031.00
<b>State Shared Revenue:</b>	
Bank Franchise Tax	5,876.03
Prorate License Fees	3,856.18
Liquor Tax Reversion	7,799.21
Motor Vehicle Licenses	19,335.75
Local Government Highway and Bridge Fund	32,038.08
<b>County Shared Revenue:</b>	
County Road Tax	2,849.01
Other Intergovernmental Revenues	837.10
<b>Total Intergovernmental Revenue</b>	<b>189,917.08</b>
<b>Charges for Goods and Services:</b>	
Highways and Streets	1,036.82
Culture and Recreation	11,889.67
Ambulance	111,122.17
Cemetery	2,100.00
<b>Total Charges for Goods and Services</b>	<b>126,148.66</b>
<b>Fines and Forfeits:</b>	
Library	2,964.21
<b>Total Fines and Costs</b>	<b>2,964.21</b>
<b>Miscellaneous Revenue:</b>	
Investment Earnings	497.07
Rentals	10,271.00
Special Assessments	7,425.36
Contributions and Donations from Private Sources	59,012.00
Other	24,769.28
<b>Total Miscellaneous Revenue</b>	<b>101,974.71</b>
<b>Total Revenue</b>	<b>1,205,693.12</b>
<b>Expenditures:</b>	
<b>General Government:</b>	
Legislative	35,095.28
Elections	829.29
Financial Administration	105,382.23
Other	43,460.22
<b>Total General Government</b>	<b>184,767.02</b>

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

**MUNICIPALITY OF TYNDALL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2021**

	<b>General Fund</b>
<b>Expenditures: (continued)</b>	
Public Safety:	
Police	154,475.29
Fire	80,332.34
Total Public Safety	234,807.63
Public Works:	
Highways and Streets	177,024.05
Cemeteries	1,571.60
Total Public Works	178,595.65
Health and Welfare:	
Health	1,169.99
Humane Society	101.04
Ambulance	155,228.56
Total Health and Welfare	156,499.59
Culture and Recreation:	
Recreation	61,400.96
Parks	11,043.29
Libraries	41,845.32
Total Culture and Recreation	114,289.57
Conservation and Development:	
Economic Opportunity	4,350.17
Total Conservation and Development	4,350.17
Debt Service	20,015.40
Capital Outlay	205,896.02
Total Expenditures	1,099,221.05
Excess of Revenue Over (Under) Expenditures	106,472.07
<b>Other Financing Sources (Uses):</b>	
Long-Term Debt Issued	135,923.00
Total Other Financing Sources (Uses)	135,923.00
Net Change in Fund Balances	242,395.07
Fund Balance - Beginning	480,937.44
FUND BALANCE - ENDING	723,332.51

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

**MUNICIPALITY OF TYNDALL**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2021**

Net Change in Fund Balances - Total Governmental Funds	<u>242,395.07</u>
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.	<u>205,896.02</u>
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	<u>(217,468.09)</u>
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.	<u>22,700.00</u>
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.	<u>18,215.93</u>
The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government-wide statements.	<u>(135,923.00)</u>
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available".	<u>5,647.19</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (e.g., pension expense)	<u>62.64</u>
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>25,294.88</u>
Change in Net Position of Governmental Activities	<u><u>166,820.64</u></u>

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

**MUNICIPALITY OF TYNDALL**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2021**

	Enterprise Funds			
	Water Fund	Sewer Fund	Light Fund	Totals
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	327,947.76	970,632.15	665,016.36	1,963,596.27
Investments			300,000.00	300,000.00
Accounts Receivable, Net	23,152.40	18,535.16	116,376.23	158,063.79
Inventory of Supplies	26,124.94	21,592.20	338,031.44	385,748.58
Total Current Assets	377,225.10	1,010,759.51	1,419,424.03	2,807,408.64
Noncurrent Assets:				
Net Pension Asset	6,738.52	6,591.78	27,479.55	40,809.85
Capital Assets:				
Land	1,500.00	54,350.00	825.00	56,675.00
Buildings	6,000.00		129,000.00	135,000.00
Improvements Other Than Buildings	4,122,698.00	3,727,977.00	1,854,889.79	9,705,564.79
Machinery and Equipment	19,744.00	38,475.00	253,538.50	311,757.50
Less: Accumulated Depreciation	(1,425,300.00)	(2,346,543.00)	(1,100,033.00)	(4,871,876.00)
Total Noncurrent Assets	2,731,380.52	1,480,850.78	1,165,699.84	5,377,931.14
<b>TOTAL ASSETS</b>	<b>3,108,605.62</b>	<b>2,491,610.29</b>	<b>2,585,123.87</b>	<b>8,185,339.78</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pension Related Deferred Outflows	8,596.90	8,409.69	35,057.97	52,064.56
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>8,596.90</b>	<b>8,409.69</b>	<b>35,057.97</b>	<b>52,064.56</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Notes Payable - Current	11,203.64			11,203.64
Customer Deposits			15,700.00	15,700.00
Unearned Revenue			250.00	250.00
Bonds Payable Current:				
Revenue	61,016.82	55,550.17	70,000.00	186,566.99
Total Current Liabilities	72,220.46	55,550.17	85,950.00	213,720.63
Noncurrent Liabilities:				
Bonds Payable:				
Revenue	1,551,745.02	550,888.77	985,000.00	3,087,633.79
Other Long-Term Liabilities	6,692.16			6,692.16
Total Noncurrent Liabilities	1,558,437.18	550,888.77	985,000.00	3,094,325.95
<b>TOTAL LIABILITIES</b>	<b>1,630,657.64</b>	<b>606,438.94</b>	<b>1,070,950.00</b>	<b>3,308,046.58</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Pension Related Deferred Inflows	13,064.32	12,779.82	53,276.00	79,120.14
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>13,064.32</b>	<b>12,779.82</b>	<b>53,276.00</b>	<b>79,120.14</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	1,093,984.36	867,820.06	83,220.29	2,045,024.71
Restricted For:				
SDRS Pension Purposes	2,271.10	2,221.65	9,261.52	13,754.27
Unrestricted	377,225.10	1,010,759.51	1,403,474.03	2,791,458.64
<b>TOTAL NET POSITION</b>	<b>1,473,480.56</b>	<b>1,880,801.22</b>	<b>1,495,955.84</b>	<b>4,850,237.62</b>

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

**MUNICIPALITY OF TYNDALL**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2021**

	<b>Enterprise Funds</b>			
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Light Fund</b>	<b>Totals</b>
<b>Operating Revenue:</b>				
Charges for Goods and Services	225,424.00	137,973.89	1,290,798.82	1,654,196.71
Revenue Dedicated to Servicing Debt	68,394.40	63,240.00	167,081.26	298,715.66
Miscellaneous	3,000.00	404.31	3,704.61	7,108.92
<b>Total Operating Revenue</b>	<b>296,818.40</b>	<b>201,618.20</b>	<b>1,461,584.69</b>	<b>1,960,021.29</b>
<b>Operating Expenses:</b>				
Personal Services	27,682.26	26,978.02	113,049.22	167,709.50
Other Current Expense	29,298.34	17,710.90	140,909.61	187,918.85
Materials (Cost of Goods Sold)	117,759.79		838,125.98	955,885.77
Depreciation	81,795.00	74,829.00	78,404.00	235,028.00
<b>Total Operating Expenses</b>	<b>256,535.39</b>	<b>119,517.92</b>	<b>1,170,488.81</b>	<b>1,546,542.12</b>
<b>Operating Income (Loss)</b>	<b>40,283.01</b>	<b>82,100.28</b>	<b>291,095.88</b>	<b>413,479.17</b>
<b>Nonoperating Revenue (Expense):</b>				
Investment Earnings	295.66	854.87	2,145.39	3,295.92
Rental Revenue			1,835.38	1,835.38
Interest Expense	(39,083.29)	(18,158.60)	(22,600.00)	(79,841.89)
<b>Total Nonoperating Revenue (Expense)</b>	<b>(38,787.63)</b>	<b>(17,303.73)</b>	<b>(18,619.23)</b>	<b>(74,710.59)</b>
<b>Change in Net Position</b>	<b>1,495.38</b>	<b>64,796.55</b>	<b>272,476.65</b>	<b>338,768.58</b>
<b>Net Position - Beginning</b>	<b>1,471,985.18</b>	<b>1,816,004.67</b>	<b>1,223,479.19</b>	<b>4,511,469.04</b>
<b>NET POSITION - ENDING</b>	<b>1,473,480.56</b>	<b>1,880,801.22</b>	<b>1,495,955.84</b>	<b>4,850,237.62</b>

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



**MUNICIPALITY OF TYNDALL**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended December 31, 2021

	Enterprise Funds			
	Water Fund	Sewer Fund	Light Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Receipts from Customers	298,266.06	202,596.54	1,502,083.47	2,002,946.07
Cash Payments to Employees for Services	(29,491.02)	(28,740.39)	(120,129.77)	(178,361.18)
Cash Payments to Suppliers of Goods and Services	(145,809.16)	(15,832.05)	(1,000,533.21)	(1,162,174.42)
Net Cash Provided (Used) by Operating Activities	122,965.88	158,024.10	381,420.49	662,410.47
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of Capital Assets			(83,000.00)	(83,000.00)
Principal Paid on Capital Debt	(70,465.75)	(53,898.28)	(75,000.00)	(199,364.03)
Interest Paid on Capital Debt	(39,083.29)	(18,158.60)	(22,600.00)	(79,841.89)
Other Receipts (Payments)			1,835.38	1,835.38
Net Cash Provided (Used) by Capital and Related Financing Activities	(109,549.04)	(72,056.88)	(178,764.62)	(360,370.54)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Cash Received for Interest	295.66	854.87	2,145.39	3,295.92
Net Cash Provided (Used) by Investing Activities	295.66	854.87	2,145.39	3,295.92
Net Increase (Decrease) in Cash and Cash Equivalents	13,712.50	86,822.09	204,801.26	305,335.85
Balances - Beginning	314,235.26	883,810.06	760,215.10	1,958,260.42
Balances - Ending	327,947.76	970,632.15	965,016.36	2,263,596.27
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	40,283.01	82,100.28	291,095.88	413,479.17
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	81,795.00	74,829.00	78,404.00	235,028.00
(Increase) decrease in Receivables	1,447.66	978.34	42,098.78	44,524.78
(Increase) decrease in Inventories	1,248.97	1,878.85	(21,497.62)	(18,369.80)
(Increase) decrease in Pension Related Deferred Outflows	(2,938.46)	(2,788.74)	(8,365.67)	(14,092.87)
(Increase) decrease in Net Pension Asset	(6,699.47)	(6,552.99)	(27,295.35)	(40,547.81)
(Decrease) increase in Pension Related Deferred Inflows	7,829.17	7,579.36	28,580.47	43,989.00
(Decrease) increase in Customer Deposits			(1,850.00)	(1,850.00)
(Decrease) increase in Unearned Revenue			250.00	250.00
Net Cash Provided (Used) by Operating Activities	122,965.88	158,024.10	381,420.49	662,410.47

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

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## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Financial Reporting Entity:

The reporting entity of the Municipality of Tyndall (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 Tyndall, 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. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from: Tyndall Housing and Redevelopment Commission, P.O. Box 476, Tyndall, SD 57066.

#### 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 and discretely presented component units. 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. Discretely presented component units are legally separate organizations that meet criteria, as described in Note 1.a., above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.a., above.

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.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

**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.

**Proprietary Funds:**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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

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.

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, business-type, and component unit activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental fund types, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, business-type, and component unit activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Municipality of Tyndall, the length of that cycle is 30 days. The revenues which are accrued at December 31, 2022 are ambulance billings.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenues, where asset recognition criteria have been met, but for which revenue recognition criteria have not been met, are reported as a deferred inflow of resources.

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term liabilities which are recognized when due.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Deposits and Investments:

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

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.

e. Capital Assets:

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

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

Capital assets are recorded at historical cost. Donated capital assets are valued at their acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

Infrastructure assets used in general government operations consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 2004, were not required to be capitalized by the Municipality. Infrastructure assets acquired since January 1, 2004 are recorded at cost, and classified as "Improvements Other than Buildings."

For governmental activities Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is not capitalized in accordance with USGAAP.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land and land rights	\$ -	-- N/A --	-- N/A --
Improvements other than buildings	\$ 5,000.00	Straight-line	15-50 yrs.
Buildings	\$ 5,000.00	Straight-line	33-50 yrs.
Machinery & Equipment	\$ 5,000.00	Straight-line	5-10 yrs.
Infrastructure	\$ 5,000.00	Straight-line	30-50 yrs.
Utility property and improvements	\$ 5,000.00	Straight-line	15-50 yrs.
Business-Type - Utility Improvements	\$ 50,000.00	Straight-line	30-50 yrs.

Land is an inexhaustible capital asset and is not depreciated.

#### Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as Capital Outlay expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

#### f. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of an RECD loan revenue bonds, note payable, and direct borrowing lease payable.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term liabilities is on the accrual basis, the same in the fund statements as in the government-wide 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:

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.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

h. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

i. 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.

j. Cash and Cash Equivalents:

For the purposes of the proprietary fund's Statement of Cash Flows, the Municipality considers all highly liquid investments as deposits (including restricted assets) with a term to maturity of three months or less, at date of acquisition, to be cash equivalents.

k. Equity Classifications:

Government-wide Statements:

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

1. Net Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on its 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.
3. Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements:

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

l. 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 is available.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

m. Fund Balance Classification Policies and Procedures:

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

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

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

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

n. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. Municipal contributions and net pension liability (asset) are recognized on an accrual basis of accounting.



NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

	<u>Year Ended</u> <u>12/31/2021</u>	<u>Year Ended</u> <u>12/31/2022</u>
General Fund:		
Legislative		\$ 12.97
Financial Administration		\$ 1,077.14
Police	\$ 1,575.29	\$ 3,484.35
General Government - Other	\$ 217.92	
Fire	\$ 20,857.34	
Highways and Streets	\$ 48,547.05	
Ambulance	\$ 8,428.56	
Libraries	\$ 445.32	

The Municipality plans to take the following actions to address these violations: supplemental budgets will be used when legal authority exists.

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 municipal 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, 2022, the Municipality did not have any investments. The investments reported in the financial statements consist of only certificates of deposit.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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.

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

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

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

4. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The Municipality expects all receivables to be collected within one year.

5. INVENTORY

Inventory in the enterprise funds consists of expendable supplies held for consumption. Supplies are recorded at cost.

Government-wide Financial Statements:

In the government-wide financial statements, inventory is recorded as an asset at the time of purchase and charged to expense as it is consumed.

Fund Financial Statements:

In the fund financial statements, inventory is recorded as an asset at the time of purchase and charged to expense as it is consumed. Material supply inventories are offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

6. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on or before October 1 and payable in two installments on or before April 30 and October 31 of the following 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.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

**7. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets for the two years ended December 31, 2022, is as follows:

	Balance 01/01/2021	Increases	Decreases	Balance 12/31/2022
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	67,652.00			67,652.00
Total, not being depreciated	67,652.00	0.00	0.00	67,652.00
Capital Assets, being Depreciated:				
Buildings	1,347,169.00		(102,195.00)	1,244,974.00
Improvements Other Than Buildings	1,672,616.00	60,390.32		1,733,006.32
Machinery and Equipment	1,356,836.00	179,106.70	(87,336.00)	1,448,606.70
Total, being Depreciated	4,376,621.00	239,497.02	(189,531.00)	4,426,587.02
Less Accumulated Depreciation for:				
Buildings	(704,757.00)	(83,497.00)	39,180.00	(749,074.00)
Improvements Other Than Buildings	(446,487.00)	(111,653.52)		(558,140.52)
Machinery and Equipment	(827,445.00)	(183,684.14)	87,336.00	(923,793.14)
Total Accumulated Depreciation	(1,978,689.00)	(378,834.66)	126,516.00	(2,231,007.66)
Total Capital Assets, being depreciated, net	2,397,932.00	(139,337.64)	(63,015.00)	2,195,579.36
Governmental Activity Capital Assets, Net	2,465,584.00	(139,337.64)	(63,015.00)	2,263,231.36

Depreciation expense was charged to functions as follows:

Governmental Activities:	2021	2022
General Government	11,692.27	11,692.27
Public Safety	44,434.00	7,976.00
Public Works	90,596.82	86,187.30
Health and Welfare	23,498.00	17,027.50
Culture and Recreation	43,840.00	38,483.50
Conservation and Development	3,407.00	0.00
Total Depreciation Expense - Governmental Activities	217,468.09	161,366.57

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

	Balance 01/01/2021	Increases	Decreases	Balance 12/31/2022
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land	56,675.00			56,675.00
Total, not being depreciated	56,675.00	0.00	0.00	56,675.00
Capital Assets, being Depreciated:				
Buildings	135,000.00			135,000.00
Improvements Other Than Buildings	9,705,564.79			9,705,564.79
Machinery and Equipment	228,757.50	83,000.00		311,757.50
Total, being Depreciated	10,069,322.29	83,000.00	0.00	10,152,322.29
Less Accumulated Depreciation for:				
Buildings	(135,000.00)			(135,000.00)
Improvements Other Than Buildings	(4,313,697.00)	(434,270.00)		(4,747,967.00)
Machinery and Equipment	(188,151.00)	(28,462.00)		(216,613.00)
Total Accumulated Depreciation	(4,636,848.00)	(462,732.00)	0.00	(5,099,580.00)
Total Capital Assets, being depreciated, net	5,432,474.29	(379,732.00)	0.00	5,052,742.29
Business-Type Activity Capital Assets, Net	5,489,149.29	(379,732.00)	0.00	5,109,417.29

Depreciation expense was charged to functions as follows:

Business-Type Activities:	2021	2022
Water	81,795.00	78,571.00
Sanitary Sewer	78,404.00	74,304.00
Electricity	74,829.00	74,829.00
Total Depreciation Expense - Business-Type Activities	235,028.00	227,704.00

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

8. LONG-TERM DEBT

A summary of changes in long-term debt follows:

	Beginning Balance 01/01/21	Additions	Deletions	Ending Balance 12/31/2022	Due Within One Year
Primary Government:					
Governmental Activities:					
Direct Borrowing Lease Payable					
Lease Payable - Motor Grader	56,409.60		37,012.95	19,396.65	19,396.65
Lease Payable - Wheel Loader	0.00	158,123.00	39,757.05	118,365.95	18,143.47
Total Governmental Activities	<u>56,409.60</u>	<u>158,123.00</u>	<u>76,770.00</u>	<u>137,762.60</u>	<u>37,540.12</u>
Business-Type Activities:					
Debt Payable:					
Revenue - SRF Drinking Water	507,042.05		57,167.47	449,874.58	29,670.21
Revenue - SRF Clean Water	390,941.30		85,416.86	305,524.44	44,827.34
National Rural Water Association Revolving Loan	28,768.74		22,076.58	6,692.16	6,692.16
Drinking Water Surcharge Revenue					
Bond - SRF	1,165,312.60		63,442.16	1,101,870.44	32,804.76
Sanitary Sewer System Revenue					
Bonds	269,395.92		24,031.59	245,364.33	12,426.30
Electric Revenue Refunding Bonds, Series 2020	1,130,000.00		145,000.00	985,000.00	70,000.00
Total Business-Type Activities	<u>3,491,460.61</u>	<u>0.00</u>	<u>397,134.66</u>	<u>3,094,325.95</u>	<u>196,420.77</u>
TOTAL PRIMARY GOVERNMENT	<u>3,547,870.21</u>	<u>158,123.00</u>	<u>473,904.66</u>	<u>3,232,088.55</u>	<u>233,960.89</u>

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

Revenue Debt:

Water System Revenue Bonds, Final Maturity Date October 1, 2035, 2.5% Interest Rate, Paid by Water Fund	\$ 449,874.58
Sanitary Sewer Revenue Bonds, Final Maturity Date February 15, 2029, 3.25% Interest Rate, Paid by the Sewer Fund	\$ 305,524.44
National Rural Water Association Revolving Loan, Final Maturity Date July 15, 2023, 3.00% Interest Rate, Paid by Water Fund	\$ 6,692.16

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

Drinking Water Surcharge Revenue Bonds, Series 2016

Final Maturity Date February 18, 2048,

2.25% Interest Rate

Paid by Water Fund

\$1,101,870.44

Sanitary Sewer System Revenue Bonds, Series 2018

Final Maturity Date April 15, 2039,

2.25% Interest Rate

Paid by Sewer Fund

\$ 245,364.33

Electrical Revenue Refunding Bonds, Series 2020

Final Maturity Date December 15, 2034,

2.00% Interest Rate

Paid by Electrical Fund

\$ 985,000.00

Direct Borrowing Lease Payable for Motor Grader,

Final Maturity Date September, 15, 2023,

3.19% Interest Rate,

Paid by the General Fund

\$ 19,396.65

Direct Borrowing Lease Payable for Wheel Loader,

Final Maturity Date September 15, 2028,

3.29% Interest Rate,

Paid by the General Fund

\$ 118,365.95

The Municipality's outstanding notes from direct borrowings and direct placements related to governmental activities of \$137,762.60. Collateralized equipment on the direct borrowing lease payable includes a wheel loader and motor grader.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

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

Year Ending December 31	Water System Revenue Bonds - SRF Drinking Water #2		Water System Revenue Bonds - SRF Clean Water #2		National Rural Water Association Revolving Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	29,670.21	10,970.15	44,827.34	9,386.90	6,692.16	67.11
2024	30,418.95	10,221.41	46,302.09	7,912.15		
2025	31,186.58	9,453.78	47,825.34	6,388.90		
2026	31,973.59	8,666.77	49,398.71	4,815.53		
2027	32,780.45	7,859.91	51,023.85	3,190.39		
2028-2032	176,736.13	26,465.67	66,147.11	1,620.69		
2033-2037	117,108.67	4,812.41				
Totals	449,874.58	78,450.10	305,524.44	33,314.56	6,692.16	67.11

Year Ending December 31	Drinking Water Surcharge Revenue Bonds - SRF, Series 2016		Sanitary Sewer System Revenue Bonds, Series 2018		Electric Revenue Refunding Bonds, Series 2020	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	32,804.76	24,516.60	12,426.30	5,416.35	70,000.00	19,700.00
2024	33,549.12	23,772.24	12,708.24	5,134.40	75,000.00	18,300.00
2025	34,310.37	23,010.99	12,996.61	4,846.03	75,000.00	16,800.00
2026	35,088.89	22,232.47	13,291.51	4,551.13	80,000.00	15,300.00
2027	35,885.08	21,436.28	13,593.10	4,249.54	80,000.00	13,700.00
2028-2032	192,015.05	94,591.75	72,734.41	16,478.79	425,000.00	43,900.00
2033-2037	214,811.02	71,795.78	81,369.41	7,843.79	180,000.00	5,400.00
2038-2042	240,313.26	46,293.54	26,244.75	519.20		
2043-2047	268,843.15	17,763.65				
2048-2052	14,249.74	80.60				
Totals	1,101,870.44	345,493.90	245,364.33	49,039.23	985,000.00	133,100.00

Year Ending December 31	Direct Borrowing - Lease Payable Motor Grader		Direct Borrowing - Lease Payable Wheel Loader		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	19,396.65	618.75	18,143.47	3,953.50	233,960.89	74,629.36
2024			18,749.47	3,347.50	216,727.87	68,687.70
2025			19,375.72	2,721.25	220,694.62	63,220.95
2026			20,022.88	2,074.09	229,775.58	57,639.99
2027			20,691.66	1,405.31	233,974.14	51,841.43
2028-2032			21,382.75	714.22	954,015.45	183,771.12
2033-2037					593,289.10	89,851.98
2038-2042					266,558.01	46,812.74
2043-2047					268,843.15	17,763.65
2048-2052					14,249.74	80.60
Totals	19,396.65	618.75	118,365.95	14,215.87	3,232,088.55	654,299.52

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

9. OPERATING COMMITMENT

In 2005, the Municipality of Tyndall entered into an operating commitment with B-Y Water to provide water to the Municipality. A charge of \$3.10 per 1,000 gallons of water consumed is paid by the Municipality to B-Y 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.

10. RESTRICTED NET POSITION

Restricted net position for the two years ended December 31, 2022 was as follows:

Major Purposes:	<u>12/31/2021</u>	<u>12/31/2022</u>
SDRS Pension	44,880.13	51,468.34

These balances are restricted due to federal grant, statutory requirements, and governmental accounting standards.

11. 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.

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



NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, 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 State statute also requires the employer to contribute an amount equal to the employee's contribution. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2022, 2021, and 2020, were \$22,757.10, \$23,765.97, and \$23,094.17, respectively, equal to the required contributions each year.

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

At June 30, 2022, SDRS is 100.1% funded and accordingly has net pension asset. The proportionate share of the components of the net pension asset of 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 pension liability	\$ 2,423,823.52
Less proportionate share of net pension restricted for pension benefits	<u>\$ 2,425,446.19</u>
Proportionate share of net pension liability (asset)	<u>\$ (1,622.67)</u>

At December 31, 2022, the Municipality reported a liability (asset) of \$(1,622.67) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022 and

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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 0.01717000%, which is an increase (decrease) of (0.0002180%) 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 share of the components of the net pension asset of South Dakota Retirement System, for the Municipality as of this measurement period ending June 30, 2021 and reported by the Municipality as of December 31, 2021 are as follows:

Proportionate share of pension liability	\$ 2,411,084.45
Less proportionate share of net pension restricted for pension benefits	<u>\$ 2,544,246.77</u>
Proportionate share of net pension liability (asset)	<u>\$ (133,162.32)</u>

At December 31, 2021, the Municipality reported a liability (asset) of \$(133,162.32) for its proportionate share of the net pension liability (asset). 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 0.01738800%, which is an increase (decrease) of 0.0001371% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2022, the Municipality recognized pension expense (reduction of expense) of (\$6,588.17). At December 31, 2022 the Municipality reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience.	\$ 30,888.81	\$ 105.34
Changes in assumption.	\$ 103,132.12	\$ 90,381.49
Net difference between projected and actual earnings on pension plan investments.		\$ 3,888.69
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.	\$ 408.53	\$ 208.08
Municipality contributions subsequent to the measurement date.	<u>\$ 9,999.81</u>	
TOTAL	<u>\$ 144,429.27</u>	<u>\$ 94,583.60</u>

\$9,999.81 reported as deferred outflow of resources related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year Ended  
December 31:

2023	\$ 10,610.63
2024	\$ 22,652.48
2025	\$ (25,603.36)
2026	\$ 32,186.11
<b>TOTAL</b>	<b>\$ 39,845.86</b>

For the year ended December 31, 2021, the Municipality recognized pension expense (reduction of expense) of (\$36,009.22). At December 31, 2021 the Municipality reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience.	\$ 4,780.88	\$ 349.12
Changes in assumption.	\$ 153,135.31	\$ 66,685.78
Net difference between projected and actual earnings on pension plan investments.		\$ 190,225.04
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.	\$ 140.97	\$ 908.65
Municipality contributions subsequent to the measurement date.	\$ 11,829.24	
<b>TOTAL</b>	<b>\$ 169,886.40</b>	<b>\$ 258,168.59</b>

\$11,829.24 reported as deferred outflow of resources related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

Year Ended  
December 31:

2022	\$ (25,113.51)
2023	\$ (16,838.28)
2024	\$ (4,645.68)
2025	\$ (53,513.96)
TOTAL	<u>\$ (100,111.43)</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2022 actuarial valuations were 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 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

Actuarial Assumptions:

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

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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

Future COLAs                      2.25%

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$336,933.06	\$(1,622.67)	\$(278,312.16)

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$215,622.93	\$(133,162.32)	\$(416,294.75)

Pension Plan Fiduciary Net Position:

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

**12. SIGNIFICANT CONTINGENCIES – LITIGATION**

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

**13. RISK MANAGEMENT**

The Municipality is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the 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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

Worker's Compensation:

The Municipality purchases liability insurance for worker's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

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

14. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through November 15, 2023, the date on which the financial statements were available to be issued.

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget -</b>
				<b>Positive (Negative)</b>
<b>Revenues:</b>				
Taxes:				
General Property Taxes	410,000.00	410,000.00	399,546.99	(10,453.01)
General Sales and Use Taxes	340,000.00	340,000.00	430,581.73	90,581.73
Amusement Taxes	100.00	100.00	0.00	(100.00)
Tax Deed Revenue	0.00	0.00	1,135.77	1,135.77
Penalties & Interest on Delinquent Taxes	1,500.00	1,500.00	1,391.87	(108.13)
Total Taxes	751,600.00	751,600.00	832,656.36	81,056.36
Licenses and Permits	5,350.00	5,350.00	5,727.00	377.00
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	93,444.14	93,444.14
State Grants	800.00	800.00	9,832.00	9,032.00
State Shared Revenue:				
Bank Franchise Tax	4,000.00	4,000.00	4,721.43	721.43
Prorate License Fees	4,000.00	4,000.00	3,897.47	(102.53)
Liquor Tax Reversion	7,000.00	7,000.00	7,406.64	406.64
Motor Vehicle Licenses	15,000.00	15,000.00	19,029.30	4,029.30
Local Government Highway and Bridge Fund	30,000.00	30,000.00	32,294.80	2,294.80
County Shared Revenue:				
County Road Tax	2,850.00	2,850.00	2,849.01	(0.99)
Other Intergovernmental Revenues	1,500.00	1,500.00	0.00	(1,500.00)
Total Intergovernmental Revenue	65,150.00	65,150.00	173,474.79	108,324.79
Charges for Goods and Services:				
Highways and Streets	1,000.00	1,000.00	0.00	(1,000.00)
Culture and Recreation	10,700.00	10,700.00	18,061.82	7,361.82
Ambulance	150,000.00	150,000.00	119,790.48	(30,209.52)
Cemeteries	500.00	500.00	0.00	(500.00)
Total Charges for Goods and Services	162,200.00	162,200.00	137,852.30	(24,347.70)
Miscellaneous Revenue:				
Investment Earnings	500.00	500.00	998.36	498.36
Rentals	9,300.00	9,300.00	8,693.00	(607.00)
Special Assessments	0.00	0.00	7,442.46	7,442.46
Contributions and Donations from Private Sources	0.00	0.00	2,789.80	2,789.80
Other	22,500.00	22,500.00	19,855.18	(2,644.82)
Total Miscellaneous Revenue	32,300.00	32,300.00	39,778.80	7,478.80
Total Revenue	1,016,600.00	1,016,600.00	1,189,489.25	172,889.25
<b>Expenditures:</b>				
General Government:				
Legislative	26,400.00	26,400.00	26,412.97	(12.97)
Contingency	50,000.00	50,000.00		
Amount Transferred		(47,200.00)		2,800.00
Elections	1,000.00	1,000.00	810.12	189.88
Financial Administration	124,600.00	128,600.00	129,677.14	(1,077.14)
Other	49,325.00	60,325.00	59,704.74	620.26
Total General Government	251,325.00	219,125.00	216,604.97	2,520.03



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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget -</b>
				<b>Positive (Negative)</b>
<b>Expenditures (continued):</b>				
Public Safety:				
Police	152,100.00	152,100.00	155,584.35	(3,484.35)
Fire	54,000.00	56,000.00	55,030.54	969.46
Total Public Safety	206,100.00	208,100.00	210,614.89	(2,514.89)
Public Works:				
Highways and Streets	350,200.00	350,200.00	119,269.08	230,930.92
Cemeteries	5,000.00	5,000.00	2,788.26	2,211.74
Total Public Works	355,200.00	355,200.00	122,057.34	233,142.66
Health and Welfare:				
Health	3,500.00	3,500.00	1,484.38	2,015.62
Humane Society	200.00	200.00	162.57	37.43
Ambulance	99,060.00	120,060.00	117,225.84	2,834.16
Total Health and Welfare	102,760.00	123,760.00	118,872.79	4,887.21
Culture and Recreation:				
Recreation	54,300.00	63,500.00	63,405.89	94.11
Parks	71,200.00	101,200.00	98,396.38	2,803.62
Libraries	44,325.00	44,325.00	41,789.33	2,535.67
Total Culture and Recreation	169,825.00	209,025.00	203,591.60	5,433.40
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	10,000.00	10,000.00	0.00	10,000.00
Economic Opportunity	6,600.00	6,600.00	372.85	6,227.15
Total Conservation and Development	16,600.00	16,600.00	372.85	16,227.15
Debt Service	43,800.00	43,800.00	42,112.37	1,687.63
Total Expenditures	1,145,610.00	1,175,610.00	914,226.81	261,383.19
Excess of Revenue Over (Under) Expenditures	(129,010.00)	(159,010.00)	275,262.44	434,272.44
<b>Other Financing Sources (Uses):</b>				
Sale of Municipal Property	0.00	0.00	75,372.81	75,372.81
Compensation for Loss or Damage to Capital Assets	0.00	0.00	26,551.21	26,551.21
Total Other Financing Sources (Uses)	0.00	0.00	101,924.02	101,924.02
Net Change in Fund Balances	(129,010.00)	(159,010.00)	377,186.46	536,196.46
Fund Balance - Beginning	723,332.51	723,332.51	723,332.51	0.00
FUND BALANCE - ENDING	594,322.51	564,322.51	1,100,518.97	536,196.46

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget - Positive (Negative)</b>
<b>Revenues:</b>				
<b>Taxes:</b>				
General Property Taxes	400,675.00	400,675.00	384,243.87	(16,431.13)
General Sales and Use Taxes	340,000.00	340,000.00	394,333.41	54,333.41
Amusement Taxes	100.00	100.00	0.00	(100.00)
Penalties & Interest on Delinquent Taxes	1,500.00	1,500.00	956.18	(543.82)
<b>Total Taxes</b>	<b>742,275.00</b>	<b>742,275.00</b>	<b>779,533.46</b>	<b>37,258.46</b>
<b>Licenses and Permits</b>	<b>5,350.00</b>	<b>5,350.00</b>	<b>5,155.00</b>	<b>(195.00)</b>
<b>Intergovernmental Revenue:</b>				
Federal Grants	0.00	0.00	116,294.72	116,294.72
State Grants	1,600.00	1,600.00	1,031.00	(569.00)
<b>State Shared Revenue:</b>				
Bank Franchise Tax	3,500.00	3,500.00	5,876.03	2,376.03
Prorate License Fees	3,500.00	3,500.00	3,856.18	356.18
Liquor Tax Reversion	7,000.00	7,000.00	7,799.21	799.21
Motor Vehicle Licenses	15,000.00	15,000.00	19,335.75	4,335.75
Local Government Highway and Bridge Fund	30,000.00	30,000.00	32,038.08	2,038.08
<b>County Shared Revenue:</b>				
County Road Tax	2,850.00	2,850.00	2,849.01	(0.99)
Other Intergovernmental Revenue	2,000.00	2,000.00	837.10	(1,162.90)
<b>Total Intergovernmental Revenue</b>	<b>65,450.00</b>	<b>65,450.00</b>	<b>189,917.08</b>	<b>124,467.08</b>
<b>Charges for Goods and Services:</b>				
Highways and Streets	1,000.00	1,000.00	1,036.82	36.82
Culture and Recreation	10,500.00	10,500.00	11,889.67	1,389.67
Ambulance	150,000.00	150,000.00	111,122.17	(38,877.83)
Cemetery	500.00	500.00	2,100.00	1,600.00
<b>Total Charges for Goods and Services</b>	<b>162,000.00</b>	<b>162,000.00</b>	<b>126,148.66</b>	<b>(35,851.34)</b>
<b>Fines and Forfeits:</b>				
354 Library	0.00	0.00	2,964.21	2,964.21
<b>Total Fines and Forfeits</b>	<b>0.00</b>	<b>0.00</b>	<b>2,964.21</b>	<b>2,964.21</b>
<b>Miscellaneous Revenue:</b>				
Investment Earnings	500.00	500.00	497.07	(2.93)
Rentals	9,300.00	9,300.00	10,271.00	971.00
Special Assessments	0.00	0.00	7,425.36	7,425.36
Contributions and Donations from Private Sources	0.00	0.00	59,012.00	59,012.00
Other	18,900.00	18,900.00	24,769.28	5,869.28
<b>Total Miscellaneous Revenue</b>	<b>28,700.00</b>	<b>28,700.00</b>	<b>101,974.71</b>	<b>73,274.71</b>
<b>Total Revenue</b>	<b>1,003,775.00</b>	<b>1,003,775.00</b>	<b>1,205,693.12</b>	<b>201,918.12</b>

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget -</b>
				<b>Positive (Negative)</b>
<b>Expenditures:</b>				
General Government:				
Legislative	34,800.00	35,300.00	35,095.28	204.72
Contingency	50,000.00	50,000.00		
Amount Transferred		(28,225.00)		21,775.00
Elections	1,000.00	1,000.00	829.29	170.71
Financial Administration	77,500.00	107,000.00	105,382.23	1,617.77
Other	45,525.00	53,325.00	53,542.92	(217.92)
Total General Government	208,825.00	218,400.00	194,849.72	23,550.28
Public Safety:				
Police	141,900.00	152,900.00	154,475.29	(1,575.29)
Fire	58,750.00	59,475.00	80,332.34	(20,857.34)
Total Public Safety	200,650.00	212,375.00	234,807.63	(22,432.63)
Public Works:				
Highways and Streets	263,900.00	263,900.00	312,447.05	(48,547.05)
437 Cemeteries	5,000.00	5,000.00	1,571.60	3,428.40
Total Public Works	268,900.00	268,900.00	314,018.65	(45,118.65)
Health and Welfare:				
Health	3,500.00	3,500.00	1,169.99	2,330.01
Humane Society	200.00	200.00	101.04	98.96
Ambulance	140,100.00	146,800.00	155,228.56	(8,428.56)
Total Health and Welfare	143,800.00	150,500.00	156,499.59	(5,999.59)
Culture and Recreation:				
Recreation	52,300.00	62,300.00	61,400.96	899.04
Parks	51,200.00	78,700.00	71,433.61	7,266.39
Libraries	41,400.00	41,400.00	41,845.32	(445.32)
Total Culture and Recreation	144,900.00	182,400.00	174,679.89	7,720.11
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	10,000.00	10,000.00	0.00	10,000.00
Economic Opportunity	6,600.00	6,600.00	4,350.17	2,249.83
Total Conservation and Development	16,600.00	16,600.00	4,350.17	12,249.83
Debt Service	20,100.00	20,100.00	20,015.40	84.60
Total Expenditures	1,003,775.00	1,069,275.00	1,099,221.05	(29,946.05)
Excess of Revenue Over (Under) Expenditures	0.00	(65,500.00)	106,472.07	171,972.07
<b>Other Financing Sources (Uses):</b>				
General Long-Term Debt Issued	0.00	0.00	135,923.00	135,923.00
Total Other Financing Sources (Uses)	0.00	0.00	135,923.00	135,923.00
Net Change in Fund Balances	0.00	(65,500.00)	242,395.07	307,895.07
Fund Balance - Beginning	480,937.44	480,937.44	480,937.44	0.00
FUND BALANCE - ENDING	480,937.44	415,437.44	723,332.51	307,895.07

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NOTES TO THE REQUIRED 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 funds.

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

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with the accounting principles generally accepted in the United States (USGAAP).

NOTE 2. GAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances, however, in the Budgetary RSI Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.

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

## South Dakota Retirement System

## Last Eight Years \*

	Municipality's proportion of the net pension liability/asset	Municipality's proportionate share of net pension liability (asset)	Municipality's covered-employee payroll	Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2022	0.0171700%	(1,622.67)	\$ 374,066.22	0.43%	100.10%
2021	0.0173880%	(133,162.32)	\$ 358,013.28	37.19%	105.52%
2020	0.0172509%	(749.20)	\$ 344,504.40	0.22%	100.04%
2019	0.0173772%	(1,841.51)	\$ 337,104.66	0.55%	100.09%
2018	0.0169625%	(395.60)	\$ 320,183.59	0.12%	100.02%
2017	0.0165002%	(1,497.41)	\$ 305,272.69	0.49%	100.10%
2016	0.0153708%	51,921.05	\$ 264,497.42	19.63%	96.89%
2015	0.0149795%	(63,532.34)	\$ 247,008.12	25.72%	104.10%

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

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE PENSION CONTRIBUTIONS

South Dakota Retirement System

Last Eight Years \*

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Municipality's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2022	22,757.10	22,757.10	\$ -	345,196.31	6.59%
2021	23,765.97	23,765.97	\$ -	360,164.40	6.60%
2020	23,094.17	23,094.17	\$ -	349,963.50	6.60%
2019	22,637.95	22,637.95	\$ -	343,516.27	6.59%
2018	21,797.40	21,797.40	\$ -	330,285.88	6.60%
2017	20,866.67	20,866.67	\$ -	316,030.09	6.60%
2016	18,355.28	18,355.28	\$ -	277,642.07	6.61%
2015	17,134.01	17,134.01	\$ -	258,394.57	6.63%

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

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

**Changes from Prior Valuation**

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

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

**Benefit Provision Changes**

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

**Actuarial Assumption Changes**

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

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

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

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

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

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

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

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

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

**Actuarial Method Changes**

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