

**CITY OF WHITE,
SOUTH DAKOTA**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of White, South Dakota
White, South Dakota 57276

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the City of White, South Dakota (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, and each major fund of the City, as of December 31, 2022, and the respective changes in its modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting s described in Note 1.

Basis for Opinions

We conducted our audit 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. 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 City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 generally accepted auditing standards 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 generally accepted auditing standards 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 City'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 City's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 City'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 City's internal control over financial reporting and compliance.

Wohlberg Ritzman + Co., LLC

Yankton, South Dakota
February 5, 2026

CITY OF WHITE

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2022

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 560,447	\$ 1,299,562	\$ 1,860,009
Total assets	560,447	1,299,562	1,860,009
NET POSITION			
Unrestricted	560,447	1,299,562	1,860,009
Total net position	\$ 560,447	\$ 1,299,562	\$ 1,860,009

The accompanying notes are an
integral part of these financial statements

CITY OF WHITE

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary government:						
Governmental activities:						
General government	\$ 157,028	\$ 5,032	\$ 44,710	\$ (107,286)		\$ (107,286)
Public safety	46,176	-	-	(46,176)		(46,176)
Public works	58,826	32,255	26,363	(208)		(208)
Health and welfare	843	269	-	(574)		(574)
Culture and recreation	51,457	365	-	(51,092)		(51,092)
Conservation and development	1,406	-	-	(1,406)		(1,406)
Miscellaneous	-	4,080	-	4,080		4,080
Interest and fiscal changes on long-term debt	4,236	-	-	(4,236)		(4,236)
Total governmental activities	<u>319,972</u>	<u>42,001</u>	<u>71,073</u>	<u>(206,898)</u>		<u>(206,898)</u>
Business-type activities:						
Water	75,663	153,816	-		78,153	78,153
Electric	501,013	512,266	-		11,253	11,253
Sewer	<u>22,500</u>	<u>81,173</u>	<u>-</u>		<u>58,673</u>	<u>58,673</u>
Total business-type activities	<u>599,176</u>	<u>747,255</u>	<u>-</u>		<u>148,079</u>	<u>148,079</u>
Total primary government	<u>\$ 919,148</u>	<u>\$ 789,256</u>	<u>\$ 71,073</u>	<u>(206,898)</u>	<u>148,079</u>	<u>(58,819)</u>
General receipts:						
Taxes:						
Property taxes				138,436	-	138,436
Sales taxes				111,222	-	111,222
State shared receipts				6,648	-	6,648
Unrestricted investment earnings				2,511	-	2,511
Miscellaneous				<u>6,327</u>	<u>-</u>	<u>6,327</u>
Total general receipts				<u>265,144</u>	<u>-</u>	<u>265,144</u>
Change in net position				58,246	148,079	206,325
Net position - beginning				<u>502,201</u>	<u>1,151,483</u>	<u>1,653,684</u>
Net position - ending				<u>\$ 560,447</u>	<u>\$ 1,299,562</u>	<u>\$ 1,860,009</u>

The accompanying notes are an integral part of these financial statements

CITY OF WHITE

**BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	<u>Major Fund General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	<u>\$ 560,447</u>	<u>\$ 560,447</u>
Total assets	<u>\$ 560,447</u>	<u>\$ 560,447</u>
FUND BALANCES		
Assigned:		
Fire hall	\$ 807	\$ 807
Unassigned	<u>559,640</u>	<u>559,640</u>
Total fund balances	<u>\$ 560,447</u>	<u>\$ 560,447</u>

The accompanying notes are an
integral part of these financial statements

CITY OF WHITE

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	Major Fund	Total
	General Fund	Governmental Funds
RECEIPTS		
Taxes	\$ 249,658	\$ 249,658
Licenses and permits	1,015	1,015
Intergovernmental receipts	77,721	77,721
Charges for goods and services	32,620	32,620
Fines and fees	269	269
Miscellaneous	16,935	16,935
Total receipts	378,218	378,218
DISBURSEMENTS		
General government	134,233	134,233
Public safety	46,176	46,176
Public works	58,826	58,826
Health and welfare	843	843
Culture and recreation	24,297	24,297
Conservation and development	1,406	1,406
Debt service - principal	24,050	24,050
Debt service - interest	4,236	4,236
Capital outlay	25,905	25,905
Total disbursements	319,972	319,972
Excess (deficiency) of receipts over disbursements	58,246	58,246
Net change in fund balances	58,246	58,246
Fund balances - beginning	502,201	502,201
Fund balances - ending	\$ 560,447	\$ 560,447

The accompanying notes are an
integral part of these financial statements

CITY OF WHITE

STATEMENT OF NET POSITION - MODIFIED CASH BASIS -
 PROPRIETARY FUNDS
 DECEMBER 31, 2022

	Enterprise Funds			
	Major			
	Water	Electric	Sewer	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 393,592	\$ 445,926	\$ 460,044	\$ 1,299,562
Total assets	<u>393,592</u>	<u>445,926</u>	<u>460,044</u>	<u>1,299,562</u>
NET POSITION				
Unrestricted	<u>393,592</u>	<u>445,926</u>	<u>460,044</u>	<u>1,299,562</u>
Total net position	<u>\$ 393,592</u>	<u>\$ 445,926</u>	<u>\$ 460,044</u>	<u>\$ 1,299,562</u>

The accompanying notes are an
 integral part of these financial statements

CITY OF WHITE

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS -
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Enterprise Funds			
	Major			
	Water	Electric	Sewer	Total
OPERATING RECEIPTS				
Charges for goods and services	\$ 153,816	\$ 512,266	\$ 81,173	\$ 747,255
Total operating receipts	153,816	512,266	81,173	747,255
OPERATING DISBURSEMENTS				
Personal services	15,149	15,149	15,149	45,447
Cost and materials	60,514	445,789	7,351	513,654
Other current disbursements	-	31,921	-	31,921
Capital outlay	-	8,154	-	8,154
Total operating disbursements	75,663	501,013	22,500	599,176
Operating income (loss)	78,153	11,253	58,673	148,079
Change in net position	78,153	11,253	58,673	148,079
Net position - beginning	315,439	434,673	401,371	1,151,483
Net position - ending	\$ 393,592	\$ 445,926	\$ 460,044	\$ 1,299,562

The accompanying notes are an
integral part of these financial statements

CITY OF WHITE

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS -
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2022

	Enterprise Funds			
	Major			
	Water	Electric	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 153,816	\$ 512,266	\$ 81,173	\$ 747,255
Payments to suppliers	(60,514)	(477,710)	(7,351)	(545,575)
Payments to employees	(15,149)	(15,149)	(15,149)	(45,447)
Payments for capital improvements	<u>-</u>	<u>(8,154)</u>	<u>-</u>	<u>(8,154)</u>
Net cash provided by (used in) operating activities	<u>78,153</u>	<u>11,253</u>	<u>58,673</u>	<u>148,079</u>
Net change in cash and cash equivalents	78,153	11,253	58,673	148,079
Balances - beginning of the year	<u>315,439</u>	<u>434,673</u>	<u>401,371</u>	<u>1,151,483</u>
Balances - end of the year	<u>\$ 393,592</u>	<u>\$ 445,926</u>	<u>\$ 460,044</u>	<u>\$ 1,299,562</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	<u>\$ 78,153</u>	<u>\$ 11,253</u>	<u>\$ 58,673</u>	<u>\$ 148,079</u>
Net cash provided by (used in) operating activities	<u>\$ 78,153</u>	<u>\$ 11,253</u>	<u>\$ 58,673</u>	<u>\$ 148,079</u>

The accompanying notes are an integral part of these financial statements

CITY OF WHITE, SOUTH DAKOTA

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The reporting entity of the City of White (City), 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.

Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the City. These statements include the financial activities of the overall government, except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

CITY OF WHITE, SOUTH DAKOTA

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation, 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, receipts, and disbursements. The funds of the City are organized into two major categories: governmental and proprietary.

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 City or it meets the following criteria.

1. Total assets, receipts, or disbursements of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, receipts, or disbursements of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
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 City are described below:

Governmental Funds:

General Fund - the General Fund is the general operating fund of the City. 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 are used to account for operations (a) The activity is financed with debt that is secured solely by a pledge of the net receipts from fees and charges of the activity; (b) Laws or regulations require that the activity's costs of providing services be recovered with fees and charges, rather than with taxes or similar receipts; or (c) The pricing policies of the activity establish fees and charges designed to recover its costs.

CITY OF WHITE, SOUTH DAKOTA

**NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Proprietary Funds, continued:

Water Fund - Financed primarily by user charges. This fund accounts for the construction and operation of the municipal waterworks system and related facilities. 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. This is a major fund.

Electric Fund - Financed primarily by user charges. This fund accounts for the construction and operation of the municipal electrical system and related facilities. This is a major fund.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" receipts and disbursements are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

CITY OF WHITE, SOUTH DAKOTA

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus and Basis of Accounting, continued

Basis of Accounting:

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

The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions. Under the modified cash basis of accounting, the balance sheet / statement of net position reports only cash and cash equivalents. Under the modified cash basis of accounting, transactions are recorded in the accounts when cash and/or cash equivalents are received or disbursed, and assets and liabilities are recognized to the extent that cash has been received or disbursed.

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

If the City applied accounting principles generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Deposits and Investments

The City pools the cash resources of its funds for cash management purposes. The proprietary funds essentially have access to the entire amount of their cash resources on demand. Accordingly, each proprietary fund's equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows.

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.

CITY OF WHITE, SOUTH DAKOTA

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets

Capital assets include land, buildings, improvements other than buildings, furnishings and equipment, construction/development in progress, infrastructure, intangible lease assets, 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 assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

As discussed above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental, and business-type activities are presented using a modified cash basis of accounting. The City has not elected to modify their cash basis presentation by recording capital assets arising from cash transactions and depreciating/amortizing those assets where appropriate so any capital assets owned by the City and the related depreciation/amortization are not reported on the financial statements of the City.

Long-Term Liabilities

Long-term liabilities include, but are not limited to, notes payable.

As discussed above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. The City has not elected to modify their cash basis presentation by recording long-term debt arising from cash transactions, so any outstanding indebtedness is not reported on the financial statements of the City.

The City reports the principal and interest payments on long-term debt as Debt Service disbursements on the Statement of Cash Receipts, Disbursements, and Changes in Fund Balance – Modified Cash Basis. On the Statement of Activities, the principal portion of the Debt Service payments are reported within the appropriate expense function, which the interest portion is reported as Interest on Long-term Debt.

The City has presented, as Supplementary Information, a Schedule of Changes in Long-term Debt along with related notes that include details on any Long-term Debt.

Revenue Received in Advance

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

CITY OF WHITE, SOUTH DAKOTA

**NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Program Receipts

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

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

Proprietary Funds Receipts and Disbursements Classifications

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

Equity Classifications

Government-wide Financial Statements:

Equity is classified as net position and is displayed in two components under the modified cash basis:

Restricted net position - Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted."

The City uses restricted amounts first when both restricted and unrestricted net position is available unless there are legal documents or contracts that prohibit doing so, such as a grant agreement requiring dollar-for-dollar spending.

CITY OF WHITE, SOUTH DAKOTA

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Equity Classifications, continued

Fund Financial Statements:

Governmental fund equity is classified as fund balance, which is distinguished between the following classifications:

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources by either (a) creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for a specific purposes pursuant to constraints imposed by ordinances of the City Council.

Assigned – Amounts that are constrained to be used for specific purposes but are neither restricted nor committed. Fund Balance may be assigned by the Finance Officer.

Unassigned – Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned.

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

The City does not have a formal minimum fund balance policy. Proprietary fund equity is classified the same as in the government-wide financial statements.

Property Taxes

Property taxes are levied on or before October 1 of the year preceding the start of the fiscal year. Property taxes attach as an enforceable lien on property and become due and payable as of the following January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year. The City is permitted by several state statutes to levy varying amounts of taxes per \$1,000 of taxable valuation on taxable real property in the City.

CITY OF WHITE, SOUTH DAKOTA

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

The City is prohibited by statute from spending in excess of appropriated amounts at the department level. During the fiscal year ended December 31, 2022, the City incurred disbursements in excess of appropriated amounts at the department level in the General Fund, as follows:

Legislative	\$ 2,456
Financial administration	\$ 223
Other	\$ 7,865
Highways and streets	\$ 1,375
Sanitation	\$ 3,801
Parks	\$ 8,728
Auditorium	\$ 22,071

The City plans to take the following actions to address these violations: use contingency transfers and supplemental budgets when legal authority exists.

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

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. All governmental and proprietary funds essentially have access to the entire amount of their cash resources on demand. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - The City'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 public 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 Federal Deposit Insurance Corporation ("FDIC") and National Credit Union Administration ("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 the State of South Dakota.

CITY OF WHITE, SOUTH DAKOTA

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Investments - In general, SDCL 4-5-6 permits City 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); or (c) in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires 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.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that, in the event of a depository failure, the City’s deposits may not be returned to it. The City requires all depositories to provide full insurance or collateralization of all deposits and provide a report evidencing collateralization to the City. As of December 31, 2022, the City’s deposits were fully insured or collateralized and were not exposed to custodial credit risk.

Investments – As of December 31, 2022, the City had no investments.

Authorized Investments by the City – The City does not further limit investments beyond those imposed by statutes.

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

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

Interest Rate Risk - The City 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 City's policy is to credit all income from investments to the fund making the investment.

CITY OF WHITE, SOUTH DAKOTA

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2022

4. 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 classes of members: 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 public 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.

CITY OF WHITE, SOUTH DAKOTA

**NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2022**

4. PENSION PLAN, continued

Benefits Provided, continued:

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

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

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

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

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

CITY OF WHITE, SOUTH DAKOTA

**NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2022**

4. PENSION PLAN, continued

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2022, 2021, and 2020, were \$4,988, \$4,391, and \$4,846, respectively, equal to the required contributions each year.

Pension Liabilities (Assets):

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

Proportionate share of pension liability	\$	515,962
Less proportionate share of net pension restricted for pension benefits		<u>516,307</u>
Proportionate share of net pension liability (asset)	\$	<u>(345)</u>

The net pension liability (asset) was measured as of June 30, 2022 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the City's proportion was 0.00365500%, which is an increase (decrease) of (0.0000040%) from its proportion measured as of June 30, 2021.

CITY OF WHITE, SOUTH DAKOTA

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2022

4. PENSION PLAN, continued

Actuarial Assumptions:

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

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

Mortality Rates

- All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020
- Active and Terminated Vested Members:
 - Teachers, Certified Regents, and Judicial: PubT-2010
 - Other Class A Members: PubG-2010
 - Public Safety Members: PubS-2010
- Retired Members:
 - Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65
 - Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above
 - Public Safety Retirees: PubS-2010, 102% of rates at all ages
- Beneficiaries:
 - PubG-2010 contingent survivor mortality table
- Disabled Members:
 - Public Safety: PubS-2010 disabled member mortality table
 - Others: PubG-2010 disabled member mortality table

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

CITY OF WHITE, SOUTH DAKOTA

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2022

4. PENSION PLAN, continued

Actuarial Assumptions, continued:

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of 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%
	<u>100.0%</u>	

Discount Rate:

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that 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 rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

CITY OF WHITE, SOUTH DAKOTA

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2022

4. PENSION PLAN, continued

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

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

	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset)	\$ 71,723	\$ (345)	\$ (59,245)

Pension Plan Fiduciary Net Position:

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

5. RISK MANAGEMENT

The City 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 City managed its risks as follows:

Liability Insurance

The City joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The City's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the City. The City pays a Members' Annual Operating Contribution, to provide liability coverage detailed below, under an occurrence-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The City pays an annual premium to the pool to provide coverage for general liability, officials' liability, auto insurance, and law enforcement liability.

CITY OF WHITE, SOUTH DAKOTA

**NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2022**

5. RISK MANAGEMENT, continued

Liability Insurance, continued

The City carries a \$2,500 deductible for all coverage.

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

Worker's Compensation

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

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

Unemployment Benefits

The City has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

During the year ended December 31, 2022, no claims for unemployment benefits were paid. At December 31, 2022, no claims had been filed for unemployment benefits, and none were anticipated in the next fiscal year.

SUPPLEMENTARY INFORMATION

CITY OF WHITE

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND - PAGE 1 OF 2
 YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
RECEIPTS				
Taxes:				
General property taxes	\$ 141,678	\$ 141,678	\$ 138,436	\$ (3,242)
General sales and use taxes	100,000	100,000	111,222	11,222
Amusement taxes	50	50	-	(50)
Licenses and permits	2,150	2,150	1,015	(1,135)
Intergovernmental receipts:				
Federal grants	-	-	44,710	44,710
State shared receipts	22,000	22,000	30,633	8,633
County shared receipts	5,500	5,500	2,378	(3,122)
Charges for goods and services:				
Sanitation	37,000	37,000	32,255	(4,745)
Culture and recreation	600	600	365	(235)
Fines and forfeits:				
Court fines and costs	-	-	144	144
Animal control fines	-	-	125	125
Miscellaneous receipts:				
Interest earned	2,000	2,000	2,511	511
Rentals	2,500	2,500	4,017	1,517
Liquor operating agreement	-	-	4,080	4,080
Other	<u>3,200</u>	<u>3,200</u>	<u>6,327</u>	<u>3,127</u>
Total receipts	<u>316,678</u>	<u>316,678</u>	<u>378,218</u>	<u>61,540</u>
DISBURSEMENTS				
General government:				
Legislative	18,020	18,020	20,476	(2,456)
Contingency	18,983	18,983	-	18,983
(Amount transferred)				400
Elections	400	400	-	400
Financial administration	94,600	94,600	94,823	(223)
Other	38,100	38,100	45,965	(7,865)
Public safety:				
Police	25,000	25,000	20,002	4,998
Fire	32,350	32,350	26,174	6,176
Public works:				
Highways and streets	26,650	26,650	28,025	(1,375)
Sanitation	27,000	27,000	30,801	(3,801)
Health and welfare:				
Health	1,275	1,275	843	432
Culture and recreation:				
Recreation	600	600	450	150
Parks	4,500	4,500	13,228	(8,728)
Libraries	1,500	1,500	-	1,500
Auditorium	15,250	15,250	37,321	(22,071)
Museums	950	950	458	492

See Independent Auditor's Report

CITY OF WHITE

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND - PAGE 2 OF 2
 YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Final Budget Positive (Negative)
Conservation and development:				
Economic development and assistance	<u>1,500</u>	<u>1,500</u>	<u>1,406</u>	<u>94</u>
Total disbursements	<u>306,678</u>	<u>306,678</u>	<u>319,972</u>	<u>(13,294)</u>
Excess (deficiency) of receipts over disbursements	<u>10,000</u>	<u>10,000</u>	<u>58,246</u>	<u>48,246</u>
Net change in fund balances	10,000	10,000	58,246	48,246
Fund balances - beginning	<u>502,201</u>	<u>502,201</u>	<u>502,201</u>	<u>-</u>
Fund balances - ending	<u>\$ 512,201</u>	<u>\$ 512,201</u>	<u>\$ 560,447</u>	<u>\$ 48,246</u>

See Independent Auditor's Report

CITY OF WHITE, SOUTH DAKOTA

NOTES TO SUPPLEMENTARY INFORMATION - BUDGETS DECEMBER 31, 2022

The City follows these procedures in establishing the budgetary data reflected in the schedules:

1. At the first regular board meeting in September of each year or within ten days thereafter, the City Council introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the City Council, the operating budget is legally binding and actual disbursements 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 five percent of the total municipal budget and may be transferred by resolution of the City Council 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 City Council.

The City did not encumber any amounts at December 31, 2022.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Other Comprehensive Basis of Accounting Modified Cash Basis/Budgetary Accounting Basis Differences:

The financial statements prepared in conformity with US GAAP applied within the context of the modified cash basis of accounting present capital outlay disbursement information in a separate category of disbursements. Under the budgetary basis of accounting, capital outlay disbursements are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay disbursement on the Governmental Funds Statement of Receipts, Disbursements, and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a fire truck would be reported as a disbursement of the Public Safety/Fire Department function of government, along with all other current Fire Department related disbursements.

CITY OF WHITE

**SCHEDULE OF THE PROPORTIONATE SHARE
OF THE NET PENSION (ASSET)/LIABILITY**

South Dakota Retirement System

	Last 10 Years *			
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City's proportion of the net pension liability (asset)	0.0031909%	0.0035196%	0.0022550%	0.0040895%
City's proportionate share of net pension liability (asset)	\$ (13,534)	\$ 11,889	\$ (205)	\$ (95)
City's covered-employee payroll	\$ 60,607	\$ 58,756	\$ 50,619	\$ 81,482
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.33%	20.23%	0.40%	0.12%
Plan fiduciary net position as a percentage of the total pension liability	104.10%	96.89%	100.10%	100.02%
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City's proportion of the net pension liability (asset)	0.0049016%	0.0040895%	0.0036590%	0.0036550%
City's proportionate share of net pension liability (asset)	\$ (519)	\$ (178)	\$ (28,022)	\$ (345)
City's covered-employee payroll	\$ 98,805	\$ 89,752	\$ 78,827	\$ 86,187
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.53%	0.20%	35.55%	0.40%
Plan fiduciary net position as a percentage of the total pension liability	100.09%	100.04%	105.52%	100.10%

Note: The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is June 30.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, governments should present information for those years which information is available.

See Independent Auditor's Report

CITY OF WHITE

SCHEDULE OF CONTRIBUTIONS

South Dakota Retirement System

Last 10 Years *

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 3,739	\$ 3,525	\$ 3,663	\$ 5,322
Contributions in relation to the contractually required contribution	<u>\$ 3,739</u>	<u>\$ 3,525</u>	<u>\$ 3,663</u>	<u>\$ 5,322</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 62,039	\$ 58,744	\$ 61,054	\$ 88,700
Contributions as a percentage of covered-employee payroll	6.03%	6.00%	6.00%	6.00%
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$ 5,967	\$ 4,846	\$ 4,391	\$ 4,988
Contributions in relation to the contractually required contribution	<u>\$ 5,967</u>	<u>\$ 4,846</u>	<u>\$ 4,391</u>	<u>\$ 4,988</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 99,449	\$ 80,988	\$ 79,114	\$ 83,131
Contributions as a percentage of covered-employee payroll	6.00%	5.98%	5.55%	6.00%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until 10-year trend is compiled, governments should present information for those years which information is available.

See Independent Auditor's Report

CITY OF WHITE, SOUTH DAKOTA

NOTES TO SUPPLEMENTARY INFORMATION - PENSION DECEMBER 31, 2022

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 assumption 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 include 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.

CITY OF WHITE, SOUTH DAKOTA

**NOTES TO SUPPLEMENTARY INFORMATION – PENSION, CONTINUED
DECEMBER 31, 2022**

Actuarial Assumption Changes, continued

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

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

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.

CITY OF WHITE

SCHEDULE OF CHANGES IN LONG-TERM DEBT
YEAR ENDED DECEMBER 31, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Financed acquisition lease	\$ 128,448	\$ -	\$ (24,050)	\$ 104,398
Total governmental activities	<u>128,448</u>	<u>-</u>	<u>(24,050)</u>	<u>104,398</u>
 Total	 <u>\$ 128,448</u>	 <u>\$ -</u>	 <u>(24,050)</u>	 <u>\$ 104,398</u>

Debt payable is comprised of the following:

Financed Acquisition Lease:

John Deere Credit

3.25% interest, \$28,287 annually

Purchase of a John Deere Wheel Loader

Retired by the General Fund \$ 104,398

Total Financed Acquisition Leases \$ 104,398

Annual Requirement to Amortize Long Term Liabilities
Governmental Activities

<u>Year Ending December 31,</u>	<u>Financed Acquisition Lease</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 24,843	\$ 3,444	\$ 28,287
2024	25,662	2,625	28,287
2025	26,509	1,778	28,287
2026	<u>27,384</u>	<u>903</u>	<u>28,287</u>
 Total	 <u>\$ 104,398</u>	 <u>\$ 8,750</u>	 <u>\$ 113,148</u>

See Independent Auditor's Report



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

To the City Council
City of White, South Dakota
White, South Dakota 57276

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities, each major fund, of the City of White, South Dakota (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 5, 2026.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2022-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2022-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 2022-002.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.

Wohlenberg Ritzman + Co., LLC

Yankton, South Dakota
February 5, 2026

CITY OF WHITE, SOUTH DAKOTA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2022**

FINANCIAL STATEMENT AUDIT FINDINGS

Finding: 2021 – 001: Internal Controls

Condition:

The Finance Officer has the ability to process all revenue transactions from beginning to end. The Finance Officer also has the ability to receive money, issue receipts, record receipts, post receipts in the accounting records, prepare bank deposits, reconcile bank statements, and prepare financial statements.

Recommendation:

The auditors recommended that the City of White officials be cognizant of this lack of segregation of duties for revenue and attempt to develop policies and provide compensating internal controls whenever, and wherever, possible and practical.

Current Status:

Repeated as Finding 2022 – 001.

CITY OF WHITE, SOUTH DAKOTA

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES
DECEMBER 31, 2022**

FINANCIAL STATEMENT AUDIT FINDINGS

Finding 2022 – 001: Segregation of Duties (Repeat Finding)

Material Weakness

Criteria:

Internal controls should be in place that provide reasonable assurance that all financial transactions are reviewed before reports are generated. No one individual should handle a transaction from its inception to its completion.

Condition:

Our study and evaluation of internal control structure policies and procedures disclosed there is a weakness in controls in effect at the City of White (the City) relating to the lack of segregation of duties. The Finance Officer has the ability to process all revenue transactions from beginning to end. The Finance Officer also has the ability to receive money, issue receipts, record receipts, post receipts in the accounting records, prepare bank deposits, reconcile bank statements, and prepare financial statements.

Cause:

The City has a limited number of staff to perform financial transactions.

Effect:

Inadequate segregation of duties could adversely affect the City's ability to detect misstatement in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Recommendation:

We recommend that management and the City Council be constantly aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. In addition, management should strive to obtain as much segregation of duties as possible as personnel and/or responsibilities change.

Views of Responsible Officials:

Please refer to the Corrective Action Plan for management's views and planned corrective action.

CITY OF WHITE, SOUTH DAKOTA

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES
DECEMBER 31, 2022**

FINANCIAL STATEMENT AUDIT FINDINGS, continued

Finding 2022 – 002: Budgetary Noncompliance – Disbursements in Excess of Appropriations

Significant Deficiency

Criteria:

South Dakota Codified Law SDCL 9-21-9 provides that neither the governing body nor any department or officer of a municipality may make expenditures or incur obligations in excess of the amounts appropriated in the annual appropriation ordinance. Further, the amount spent for any purpose or department may not exceed the total amount appropriated for that purpose or department, except as otherwise specifically provided by law.

Condition:

The City prepares its financial statements on the modified cash basis of accounting, under which disbursements are recognized when cash is disbursed. During our audit, we noted that cash disbursements within the General Fund exceeded the amounts appropriated at the department/activity level. The following departments incurred cash disbursements in excess of their legally adopted appropriations:

Legislative	\$ 2,456
Financial administration	223
Other	7,865
Highways and streets	1,375
Sanitation	3,801
Parks	8,728
Auditorium	<u>22,071</u>
	\$ 46,519

Cause:

The City did not have sufficient procedures in place to monitor cash disbursements against the legally adopted budget at the department/activity level throughout the year. In addition, the City did not adopt timely supplemental appropriations when it became evident that actual cash spending would exceed the original budgeted amounts.

CITY OF WHITE, SOUTH DAKOTA

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES
DECEMBER 31, 2022**

FINANCIAL STATEMENT AUDIT FINDINGS, continued

Finding 2022 – 002: Budgetary Noncompliance – Disbursements in Excess of Appropriations, continued

Effect:

Disbursements of cash in excess of appropriated amounts constitute noncompliance with SDCL 9-21-9. This noncompliance weakens budgetary control and limits the City Council's ability to effectively oversee and manage public resources in accordance with state law.

Recommendation:

We recommend the City enhance its budgetary control procedures by the following: 1) routinely comparing actual cash disbursements to appropriations at the department/activity level throughout the fiscal year, 2) provide regular budget-to-actual cash reports to the City Council, and 3) adopting supplemental appropriation ordinances prior to disbursing cash when it becomes apparent that appropriated amounts will be exceeded. These actions will help ensure compliance with SDCL 9-21-9 and strengthen the City's fiscal oversight under the modified cash basis of accounting.

Views of Responsible Officials:

Please refer to the Corrective Action Plan for management's views and planned corrective action.



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CITY COUNCIL

Matt Lagerstrom, *Mayor*

David Cutler, *Ward 1*

Arlen Wright, *Ward 2*

Chris Haines, *Ward 3*

Cody Sunderland, *Ward 1*

Brad McManus, *Ward 2*

Kari Willmott, *Ward 3*

**Corrective Action Plan
Year Ended December 31, 2022**

Finding Number 2022-001: Segregation of Duties

Management Response:

Management agrees with findings. We are a small municipality that employs one full-time Finance Officer.

Corrective Action Plan:

The Finance Officer has been including the Mayor and Supervisor on all major transactions. Unfortunately, we will still have issues going forward with segregation of duties.

Responsible Official:

Anticipated Completion Date:

Finding Number 2022-002: Budgetary Noncompliance – Disbursements in Excess of Appropriations

Management Response:

Management agrees with the findings. This issue occurred due to lack of knowledge of the job.

Corrective Action Plan:

The Finance Officer that was employed during 2022 is no longer with the City.

Responsible Official:

Anticipated Completion Date: