

**MUNICIPALITY OF WHITE RIVER
WHITE RIVER, SOUTH DAKOTA**

AUDIT REPORT

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

Schoenfish & Co., Inc.

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

MUNICIPALITY OF WHITE RIVER

MUNICIPAL OFFICIALS
DECEMBER 31, 2021

MAYOR:

Paul Knispel

GOVERNING BOARD:

Barbara Allen – President
Tyrell Tucker – Vice-President
August Chasing His Horse
Clifford Shouldis

FINANCE OFFICER:

Donna Brandis

ATTORNEY:

Alvin Pahlke

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

Municipal Council
Municipality of White River
White River, 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 White River, South Dakota (Municipality), as of December 31, 2021 and 2020, and for each of the years in the biennial period then ended which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated November 15, 2022 which was adverse for the governmental activities, the business-type activities, and each major fund because of the condition of the records.

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 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 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as items 2021-001 and 2021-002 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, contracts and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 items 2021-003 and 2021-004.

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, 2022

Schoenfish & Co., Inc.

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SCHEDULE OF PRIOR AUDIT FINDINGSPRIOR OTHER AUDIT FINDINGS:Internal Control – Related Findings – Material Weaknesses:Finding Number 2019-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues resulting in decreased reliability of reported financial data and increased potential for the loss of public assets. This comment has not been corrected and is restated as current audit finding number 2021-001.

Finding Number 2019-002:

Material weaknesses existed in internal accounting control and record keeping thereby diminishing reasonable assurances that transactions were properly executed and recorded and that assets were properly safeguarded. This comment has not been corrected and is restated as current audit finding number 2021-002.

Compliance – Related Finding:Finding Number 2019-003:

The General Fund was budgeted to spend more money than was available in 2018 and 2019. The governing board also spent more than was appropriated in some departments in 2018 and 2019. This comment has not been corrected and a similar comment is restated as current audit finding 2021-003.

Finding Number 2019-004:

The Municipality borrowed money on a promissory note with terms contrary to state statute. This comment has not been corrected and is restated as current audit finding 2021-004.

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SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT AUDIT FINDINGS:

Internal Control – Related Findings – Material Weaknesses:

Finding Number 2021-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This is the seventh consecutive audit in which a similar finding has occurred.

Criteria:

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

Condition:

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

Effect:

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

Recommendation:

1. We recommend that the Municipality of White River officials be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever, possible and practical.

Management's Response:

The Municipality of White River Mayor, Paul Knispel, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Municipality of White River, 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.

Finding Number 2021-002:

Material weaknesses existed in internal accounting control and record keeping thereby diminishing reasonable assurances that transactions were properly executed and recorded and that assets were properly safeguarded. This is the sixteenth consecutive audit in which a similar deficiency has occurred.

Criteria:

The Municipal Accounting Manual provides guidance for recording keeping, fund structure, and safeguarding of assets of a Municipality. The responsibility of stewardship and record keeping is of utmost importance to the taxpayers and for sound financial administration of the Municipality.

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SCHEDULE OF CURRENT AUDIT FINDINGS
(Continued)

Condition:

The following deficiencies existed in internal accounting control, procedures and recordkeeping:

- a. The following records, which are needed to complete the Municipality's accounting system, were either not maintained or were incomplete:
 1. General Ledger;
 2. Capital Asset Record; and
 3. Depreciation Record.
- b. The Municipality did not reconcile bank balances to book balances, and cash and cash equivalents could not be determined by fund.
- c. The Municipality did not reconcile subsidiary individual meter deposit customer records to the meter deposit controlling the account.
- d. Inventory of stores purchased for resale was not reported for the liquor fund.
- e. No depreciation expense is calculated or recorded on the financial statements.
- f. There are no written policies in place for the municipal liquor store to insure proper safeguards of assets or activities.
- g. The General Fund reported a negative cash balance at December 31, 2020 and 2021.

Effect:

As a result, inaccurate information is being recorded and presented to the users of the financial information.

Recommendation:

2. We recommend the Municipality establish and maintain all necessary accounting records.
3. We recommend the Municipality reconcile bank balances to book balances by fund.
4. We recommend the Municipality reconcile subsidiary individual meter deposits customer records to the meter deposit controlling account.
5. We recommend that policies be adapted and inventory be controlled for the liquor store operations.
6. We recommend future annual financial statements be completely and accurately prepared in accordance with generally accepted accounting principles.

Management's Response:

The Municipality of White River Mayor, Paul Knispel, is the contact person responsible for the corrective action plan for these comments. We will implement a plan to comply with the above recommendations and obtain sufficient expertise to do so.

Compliance – Related Finding:Finding Number 2021-003:

The General Fund was budgeted to spend more money than was available in 2020 and 2021. The governing board also spent more than was appropriated in two departments in 2020 and 2021. This is the fourth audit in which this comment has occurred.

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SCHEDULE OF CURRENT AUDIT FINDINGS
(Continued)

Criteria:

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 purpose or 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."

Condition:

The Municipality budgeted to spend more than available and overspent in some departments, which is not allowed as stated in SDCL 9-21-9.

Effect:

Budgets are not being properly adopted in accordance with budgetary guidelines and supplemental budgets were not adopted.

Recommendation:

7. We recommend that budgets be adopted in accordance with SDCL 9-21-9 and 9-21-7.

Management's Response:

The Municipality of White River Mayor, Paul Knispel, 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.

Finding Number 2021-004:

The Municipality borrowed money on a promissory note with terms contrary to state statute. This is the third audit in which this comment has occurred.

Criteria:

SDCL 9-25-12 states in part, "A municipality may borrow money from any source willing to lend the money by issuing a promissory note subject to the limitations set forth in SDCL 9-25-13 and 9-25-16, inclusive.....No election is required and the notes may not be issued for a term in excess of five years."

Condition:

The Municipality borrowed money during the prior audit on a promissory note with a term of 6 years, which is contrary to SDCL 9-25-12.

Effect:

If the notes authorized by SDCL 9-25-12 have been issued and not paid in full within the term provided in SDCL 9-25-12, then thereafter no cash receipts may be expended for any purpose except the retirement of principal and interest of notes outstanding against that fund, until all such notes are retired.

Recommendation:

8. We recommend that borrowings of the Municipality be limited to the terms of state statute.

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SCHEDULE OF CURRENT AUDIT FINDINGS
(Continued)

Management's Response:

The Municipality of White River Mayor, Paul Knispel, is the contact person responsible for the corrective action plan for this comment. We will revisit this matter and try to resolve the problem.

CLOSING CONFERENCE

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

Schoenfish & Co., Inc.

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of White River
White River, South Dakota

Report on the Audit of the Financial Statements

Adverse Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of White River, South Dakota, (Municipality) as of December 31, 2021 and December 31, 2020, and for each the years in the biennial periods 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 Opinions on the Financial Statements

In our opinion, because of the effects, if any, of the items discussed in the basis for adverse opinions paragraph, the financial statements referred to above do not present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and each major fund of the Municipality of White River as of December 31, 2021 and December 31, 2020, and the respective changes in financial position and the cash flows, where applicable, thereof for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Adverse 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.

Matter Giving Rise to Adverse Opinion on the Financial Statements

Evidence supporting the reported value of general capital assets, proprietary capital assets and accumulated depreciation was inadequate, and we were unable to satisfy ourselves as to the reported value of these items. Also, depreciation expense was not reported in the governmental activities or enterprise funds, which is required by generally accepted accounting principles. Due to the nature of the records maintained, we were unable to verify the accuracy of amounts reported for cash by fund type. Also, no inventories were reported for the Liquor Fund.

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.

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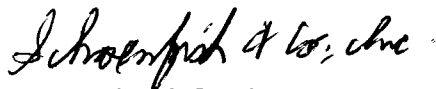
Required Supplementary Information

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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipality's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.
Certified Public Accountants
November 15, 2022

Schoenfish & Co., Inc.

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MUNICIPALITY OF WHITE RIVER
STATEMENT OF NET POSITION
December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents		1,161,910.75	1,161,910.75
Accounts Receivable, Net	5,248.61	376.87	5,625.48
Internal Balances	(248,286.62)	248,286.62	0.00
Inventories		36,907.03	36,907.03
Restricted Assets:			
Net Pension Asset	25,593.57	23,404.16	48,997.73
Capital Assets:			
Land	60,000.00	8,000.00	68,000.00
Other Capital Assets, Net of Depreciation	960,588.89	316,615.50	1,277,204.39
TOTAL ASSETS	803,144.45	1,795,500.93	2,598,645.38
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	32,929.16	30,112.21	63,041.37
TOTAL DEFERRED OUTFLOWS OF RESOURCES	32,929.16	30,112.21	63,041.37
LIABILITIES :			
Other Current Liabilities		39,100.00	39,100.00
Unearned Revenue		51,323.24	51,323.24
Noncurrent Liabilities:			
Due Within One Year	56,031.41	7,260.52	63,291.93
Due in More than One Year		128,785.69	128,785.69
TOTAL LIABILITIES	56,031.41	226,469.45	282,500.86
DEFERRED INFLOWS OF RESOURCES:			
Pension Related Deferred Inflows	49,760.55	45,503.75	95,264.30
TOTAL DEFERRED INFLOWS OF RESOURCES	49,760.55	45,503.75	95,264.30
NET POSITION:			
Net Investment in Capital Assets	964,557.48	188,569.29	1,153,126.77
Restricted for:			
SDRS Pension Purposes	8,762.18	8,012.62	16,774.80
Unrestricted (Deficit)	(243,038.01)	1,357,058.03	1,114,020.02
TOTAL NET POSITION	730,281.65	1,553,639.94	2,283,921.59

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

MUNICIPALITY OF WHITE RIVER
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
Primary Government:						
Governmental Activities:						
General Government	86,227.93	3,175.50			(83,052.43)	(83,052.43)
Public Safety	55,135.13	30.00			(55,105.13)	(55,105.13)
Public Works	206,893.38	103,540.93	46,799.66		(56,552.79)	(56,552.79)
Culture and Recreation	21,314.46				(21,314.46)	(21,314.46)
*Interest on Long-term Debt	5,836.28				(5,836.28)	(5,836.28)
Total Governmental Activities	375,407.18	106,746.43	46,799.66	0.00	(221,861.09)	(221,861.09)
Business-type Activities:						
Water	129,529.10	107,668.71				(21,860.39)
Sewer	22,071.33	60,234.75				38,163.42
Liquor	469,194.83	567,391.16				98,196.33
Total Business-type Activities	620,795.26	735,294.62	0.00	0.00	114,499.36	114,499.36
Total Primary Government	996,202.44	842,041.05	46,799.66	0.00	(221,861.09)	(107,361.73)
General Revenues:						
Taxes:						
* The Municipality does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.	Property Taxes				65,903.14	65,903.14
	Sales Taxes				177,545.34	177,545.34
	State Shared Revenues				4,165.23	4,165.23
	Unrestricted Investment Earnings				2,206.53	2,206.53
	Miscellaneous Revenue				7,164.80	7,164.80
Transfers					10,333.96	(10,333.96)
Total General Revenues and Transfers						
					267,319.00	256,985.04
Change in Net Position						
					45,457.91	149,623.31
Change in Accounting Estimate (See Note 14.)						
					(23,042.72)	(29,003.00)
Net Position - Beginning						
					707,866.46	2,163,301.28
NET POSITION - ENDING						
					730,281.65	2,283,921.59

* 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 WHITE RIVER
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021**

	General Fund
ASSETS:	
Taxes Receivable--Delinquent	4,998.29
Accounts Receivable, Net	250.32
TOTAL ASSETS	5,248.61
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:	
Liabilities:	
Due to Liquor Fund	248,286.62
Total Liabilities	248,286.62
Deferred Inflows of Resources:	
Unavailable Revenue--Property Taxes	4,998.29
Total Deferred Inflows of Resources	4,998.29
Fund Balances:	
Unassigned	(248,036.30)
Total Fund Balances	(248,036.30)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	5,248.61

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

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

Total Fund Balances - Governmental Funds	<u>(248,036.30)</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>25,593.57</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>1,020,588.89</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>32,929.16</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>(56,031.41)</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>4,998.29</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(49,760.55)</u>
Net Position - Governmental Activities	<u><u>730,281.65</u></u>

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

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

	General Fund
Revenues:	
Taxes:	
General Property Taxes	67,610.37
General Sales and Use Taxes	177,545.34
Penalties and Interest on Delinquent Taxes	924.88
Licenses and Permits	3,175.50
Intergovernmental Revenue:	
State Shared Revenue:	
Prorate License Fees	3,727.93
Liquor Tax Reversion	4,165.23
Motor Vehicle Licenses	11,082.80
Local Government Highway and Bridge Fund	22,947.13
County Shared Revenue:	
County Road Tax	1,396.00
Other	7,645.80
Charges for Goods and Services:	
Sanitation	103,540.93
Fines and Forfeits:	
Other	30.00
Miscellaneous Revenue:	
Investment Earnings	2,206.53
Other	7,164.80
Total Revenue	413,163.24
Expenditures:	
General Government:	
Executive	7,508.70
Elections	27.28
Financial Administration	83,692.00
Total General Government	91,227.98
Public Safety:	
Police	50,100.26
Fire	7,296.59
Total Public Safety	57,396.85

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

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

	General Fund
Expenditures: (continued)	
Public Works:	
Highways and Streets	107,407.91
Sanitation	98,465.00
Airport	1,671.57
Total Public Works	207,544.48
Culture and Recreation:	
Recreation	200.00
Parks	21,114.46
Total Culture and Recreation	21,314.46
Debt Service	58,586.98
Total Expenditures	436,070.75
Excess of Revenue Over (Under) Expenditures	(22,907.51)
Other Financing Sources:	
Transfers In	10,333.96
Total Other Financing Sources	10,333.96
Net Change in Fund Balances	(12,573.55)
Net Change in Accounting Estimate (See Note 14.)	(23,042.72)
Fund Balance - Beginning	(212,420.03)
FUND BALANCE - ENDING	(248,036.30)

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

MUNICIPALITY OF WHITE RIVER
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>(12,573.55)</u>
Amounts reported for governmental activities in the statement of activities are different because:	
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>52,750.70</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>(2,632.11)</u>
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.	<u>1,059.18</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>325.19</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>6,528.50</u>
Change in Net Position of Governmental Activities	<u><u>45,457.91</u></u>

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

MUNICIPALITY OF WHITE RIVER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021

	Enterprise Funds			
	Water Fund	Sewer Fund	Liquor Fund	Totals
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	131,710.24	612,172.66	418,027.85	1,161,910.75
Accounts Receivable, Net	149.05	227.82		376.87
Due from General Fund			248,286.62	248,286.62
Inventory of Supplies			36,907.03	36,907.03
Total Current Assets	131,859.29	612,400.48	703,221.50	1,447,481.27
Noncurrent Assets:				
Net Pension Asset	6,187.53	4,076.49	13,140.14	23,404.16
Capital Assets:				
Land		8,000.00		8,000.00
Buildings			50,000.00	50,000.00
Improvements Other Than Buildings	208,311.57			208,311.57
Machinery and Equipment	47,869.93	7,145.00	3,289.00	58,303.93
Total Noncurrent Assets	262,369.03	19,221.49	66,429.14	348,019.66
TOTAL ASSETS	394,228.32	631,621.97	769,650.64	1,795,500.93
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Related Deferred Outflows	7,960.99	5,244.88	16,906.34	30,112.21
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,960.99	5,244.88	16,906.34	30,112.21
LIABILITIES:				
Current Liabilities:				
Customer Deposits	39,100.00			39,100.00
Unearned Revenue	51,323.24			51,323.24
Bonds Payable Current:				
Revenue	6,803.48			6,803.48
Total Current Liabilities	97,226.72	0.00	0.00	97,226.72
Noncurrent Liabilities:				
Bonds Payable:				
Revenue	129,242.73			129,242.73
Total Noncurrent Liabilities	129,242.73	0.00	0.00	129,242.73
TOTAL LIABILITIES	226,469.45	0.00	0.00	226,469.45
DEFERRED INFLOWS OF RESOURCES:				
Pension Related Deferred Inflows	12,030.16	7,925.75	25,547.84	45,503.75
TOTAL DEFERRED INFLOWS OF RESOURCES	12,030.16	7,925.75	25,547.84	45,503.75
NET POSITION:				
Net Investment in Capital Assets	120,135.29	15,145.00	53,289.00	188,569.29
Restricted For:				
SDRS Pension Purposes	2,118.36	1,395.62	4,498.64	8,012.62
Unrestricted Net Position	41,436.05	612,400.48	703,221.50	1,357,058.03
TOTAL NET POSITION	163,689.70	628,941.10	761,009.14	1,553,639.94

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

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

	Enterprise Funds			
	Water Fund	Sewer Fund	Liquor Fund	Totals
Operating Revenue:				
Charges for Goods and Services	107,668.71	60,234.75	567,391.16	735,294.62
Total Operating Revenue	107,668.71	60,234.75	567,391.16	735,294.62
Operating Expenses:				
Personal Services	27,843.99	19,015.19	68,221.07	115,080.25
Other Current Expense	50,060.15	3,056.14	14,998.49	68,114.78
Materials (Cost of Goods Sold)	44,460.00		385,975.27	430,435.27
Total Operating Expenses	122,364.14	22,071.33	469,194.83	613,630.30
Operating Income (Loss)	(14,695.43)	38,163.42	98,196.33	121,664.32
Nonoperating Revenue (Expense):				
Interest Expense	(7,164.96)			(7,164.96)
Total Nonoperating Revenue (Expense)	(7,164.96)	0.00	0.00	(7,164.96)
Income (Loss) Before Transfers	(21,860.39)	38,163.42	98,196.33	114,499.36
Transfers In	23,397.56			23,397.56
Transfers Out			(33,731.52)	(33,731.52)
Change in Net Position	1,537.17	38,163.42	64,464.81	104,165.40
Change in Accounting Estimate (See Note 14.)	(3,792.91)	0.00	(2,167.37)	(5,960.28)
Net Position - Beginning	165,945.44	590,777.68	698,711.70	1,455,434.82
NET POSITION - ENDING	163,689.70	628,941.10	761,009.14	1,553,639.94

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

MUNICIPALITY OF WHITE RIVER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2021

	Enterprise Funds			
	Water Fund	Sewer Fund	Liquor Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Receipts from Customers	115,065.11	61,326.93	567,391.16	743,783.20
Cash Payments to Employees for Services	(29,878.52)	(20,409.35)	(72,470.37)	(122,758.24)
Cash Payments to Suppliers of Goods and Services	(94,520.15)	(3,056.14)	(399,122.68)	(496,698.97)
Net Cash Provided (Used) by Operating Activities	(9,333.56)	37,861.44	95,798.11	124,325.99
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund Transfer			(4,074.37)	(4,074.37)
Transfers In	23,397.56			23,397.56
Transfers Out			(33,731.52)	(33,731.52)
Net Cash Provided (Used) by Noncapital Financing Activities	23,397.56	0.00	(37,805.89)	(14,408.33)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital Contributions	51,323.24			51,323.24
Principal Paid on Capital Debt	(6,899.04)			(6,899.04)
Interest Paid on Capital Debt	(7,164.96)			(7,164.96)
Net Cash (Used) by Capital and Related Financing Activities	37,259.24	0.00	0.00	37,259.24
Net Increase (Decrease) in Cash and Cash Equivalents	51,323.24	37,861.44	57,992.22	147,176.90
Balances - Beginning	80,387.00	574,311.22	360,035.63	1,014,733.85
Balances - Ending	131,710.24	612,172.66	418,027.85	1,161,910.75
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	(14,695.43)	38,163.42	98,196.33	121,664.32
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
(Increase) decrease in Receivables	5,251.40	1,092.18		6,343.58
(Increase) decrease in Inventories			1,851.08	1,851.08
(Increase) decrease in Net Pension Asset	(6,168.30)	(4,062.12)	(13,083.92)	(23,314.34)
(Increase) decrease in Pension Related Deferred Outflows	(5,051.73)	(3,070.08)	(8,400.41)	(16,522.22)
(Decrease) increase in Accrued Leave Payable	(242.46)	(242.45)	(704.63)	(1,189.54)
(Decrease) increase in Pension Related Deferred Inflows	9,427.96	5,980.49	17,939.66	33,348.11
(Decrease) increase in Deposits Payable	2,145.00			2,145.00
Net Cash Provided (Used) by Operating Activities	(9,333.56)	37,861.44	95,798.11	124,325.99

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

MUNICIPALITY OF WHITE RIVER
STATEMENT OF NET POSITION
December 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents		1,014,733.85	1,014,733.85
Accounts Receivable, Net	16,379.90	6,720.45	23,100.35
Internal Balances	(244,212.25)	244,212.25	0.00
Inventories		38,758.11	38,758.11
Restricted Assets:			
Deposits	23,042.72	5,960.28	29,003.00
Net Pension Asset	112.47	89.82	202.29
Capital Assets:			
Land	60,000.00	8,000.00	68,000.00
Other Capital Assets, Net of Depreciation	960,588.89	316,615.50	1,277,204.39
TOTAL ASSETS	815,911.73	1,635,090.26	2,451,001.99
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	17,016.74	13,589.99	30,606.73
TOTAL DEFERRED OUTFLOWS OF RESOURCES	17,016.74	13,589.99	30,606.73
LIABILITIES :			
Other Current Liabilities		36,955.00	36,955.00
Noncurrent Liabilities:			
Due Within One Year	53,935.49	8,088.07	62,023.56
Due in More than One Year	55,905.80	136,046.72	191,952.52
TOTAL LIABILITIES	109,841.29	181,089.79	290,931.08
DEFERRED INFLOWS OF RESOURCES:			
Pension Related Deferred Inflows	15,220.71	12,155.64	27,376.35
TOTAL DEFERRED INFLOWS OF RESOURCES	15,220.71	12,155.64	27,376.35
NET POSITION:			
Net Investment in Capital Assets	911,806.78	181,670.25	1,093,477.03
Restricted for:			
Cumulative Insurance Reserve	23,042.72	5,960.28	29,003.00
SDRS Pension Purposes	1,908.50	1,524.17	3,432.67
Unrestricted (Deficit)	(228,891.53)	1,266,280.12	1,037,388.59
TOTAL NET POSITION	707,866.47	1,455,434.82	2,163,301.29

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

MUNICIPALITY OF WHITE RIVER
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary Government:						
Governmental Activities:						
General Government	87,064.10	3,562.00			(83,502.10)	(83,502.10)
Public Safety	62,624.49	15.00	39,388.24		(23,221.25)	(23,221.25)
Public Works	85,281.29	10,084.97	40,546.08		(34,650.24)	(34,650.24)
Culture and Recreation	11,679.49				(11,679.49)	(11,679.49)
*Interest on Long-term Debt	8,540.08				(8,540.08)	(8,540.08)
Total Governmental Activities	255,189.45	13,661.97	79,934.32	0.00	(161,593.16)	(161,593.16)
Business-type Activities:						
Water	119,818.57	90,152.03			(29,666.54)	(29,666.54)
Sewer	20,594.21	60,252.32			39,658.11	39,658.11
Liquor	465,670.59	633,476.64			167,806.05	167,806.05
Total Business-type Activities	606,083.37	783,880.99	0.00	0.00	177,797.62	177,797.62
Total Primary Government	861,272.82	797,542.96	79,934.32	0.00	(161,593.16)	16,204.46
General Revenues:						
Taxes:						
Property Taxes					59,799.26	59,799.26
Sales Taxes					175,215.08	175,215.08
State Shared Revenues					4,021.54	4,021.54
Unrestricted Investment Earnings					3,734.87	3,734.87
Miscellaneous Revenue					4,363.68	4,363.68
Total General Revenues					247,134.43	247,134.43
Change in Net Position					85,541.27	263,338.89
Net Position - Beginning					622,325.20	1,277,637.20
NET POSITION - ENDING					707,866.47	2,163,301.29

* 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 WHITE RIVER
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020**

	General Fund
ASSETS:	
Taxes Receivable--Delinquent	7,630.40
Accounts Receivable, Net	2,567.89
Due from Other Governments	6,181.61
Restricted Assets:	
Deposits	23,042.72
TOTAL ASSETS	39,422.62
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:	
Liabilities:	
Due to Liquor Fund	244,212.25
Total Liabilities	244,212.25
Deferred Inflows of Resources:	
Unavailable Revenue--Property Taxes	7,630.40
Total Deferred Inflows of Resources	7,630.40
Fund Balances:	
Nonspendable for Cumulative Insurance Reserve	23,042.72
Unassigned	(235,462.75)
Total Fund Balances	(212,420.03)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	39,422.62

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

MUNICIPALITY OF WHITE RIVER
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2020

Total Fund Balances - Governmental Funds	<u>(212,420.03)</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>112.47</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>1,020,588.89</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>17,016.74</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>(109,841.29)</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>7,630.40</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(15,220.71)</u>
Net Position - Governmental Activities	<u><u>707,866.47</u></u>

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

MUNICIPALITY OF WHITE RIVER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	<u>General Fund</u>
Revenues:	
Taxes:	
General Property Taxes	57,837.24
General Sales and Use Taxes	175,215.08
Amusement Tax	132.00
Penalties & Interest on Delinquent Taxes	225.08
	<u>3,562.00</u>
Licenses and Permits	
	<u>3,562.00</u>
Intergovernmental Revenue:	
State Grants	39,388.24
State Shared Revenue:	
Prorate License Fees	3,414.77
Liquor Tax Reversion	4,021.54
Motor Vehicle Licenses	8,603.71
Local Government Highway and Bridge Fund	22,023.22
Other	6,372.38
	<u>6,372.38</u>
Charges for Goods and Services:	
Sanitation	4,940.53
	<u>4,940.53</u>
Fines and Forfeits:	
Court Fines and Costs	15.00
	<u>15.00</u>
Miscellaneous Revenue:	
Investment Earnings	3,734.87
Rentals	5,144.44
Other	4,363.68
	<u>4,363.68</u>
Total Revenue	<u>338,993.78</u>
Expenditures:	
General Government:	
Executive	11,651.17
Elections	38.60
Financial Administration	72,722.63
Total General Government	<u>84,412.40</u>
Public Safety:	
Police	50,137.49
Fire	12,487.00
Total Public Safety	<u>62,624.49</u>

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

MUNICIPALITY OF WHITE RIVER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	<u>General Fund</u>
Expenditures (Continued):	
Public Works:	
Highways and Streets	82,068.01
Sanitation	22.00
Airport	1,687.24
Total Public Works	<u>83,777.25</u>
Culture and Recreation:	
Recreation	100.00
Parks	11,146.51
Total Culture and Recreation	<u>11,246.51</u>
Debt Service	<u>58,586.98</u>
Total Expenditures	<u>300,647.63</u>
Net Change in Fund Balance	<u>38,346.15</u>
Fund Balance - Beginning	<u>(250,766.18)</u>
FUND BALANCE - ENDING	<u><u>(212,420.03)</u></u>

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

MUNICIPALITY OF WHITE RIVER
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances to the Government-Wide Statement of Activities
For the Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds	<u>38,346.15</u>
Amounts reported for governmental activities in the statement of activities are different because:	
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>50,046.90</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>1,736.94</u>
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.	<u>(31.02)</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)	<u>670.82</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>(5,228.52)</u>
Change in Net Position of Governmental Activities	<u><u>85,541.27</u></u>

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

MUNICIPALITY OF WHITE RIVER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2020

	Enterprise Funds			
	Water Fund	Sewer Fund	Liquor Fund	Totals
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	80,387.00	574,311.22	360,035.63	1,014,733.85
Accounts Receivable, Net	5,400.45	1,320.00		6,720.45
Due from General Fund			244,212.25	244,212.25
Inventory of Supplies			38,758.11	38,758.11
Total Current Assets	85,787.45	575,631.22	643,005.99	1,304,424.66
Noncurrent Assets:				
Deposits	3,792.91		2,167.37	5,960.28
Net Pension Asset	19.23	14.37	56.22	89.82
Capital Assets:				
Land		8,000.00		8,000.00
Buildings			50,000.00	50,000.00
Improvements Other Than Buildings	208,311.57			208,311.57
Machinery and Equipment	47,869.93	7,145.00	3,289.00	58,303.93
Total Noncurrent Assets	259,993.64	15,159.37	55,512.59	330,665.60
TOTAL ASSETS	345,781.09	590,790.59	698,518.58	1,635,090.26
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Related Deferred Outflows	2,909.26	2,174.80	8,505.93	13,589.99
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,909.26	2,174.80	8,505.93	13,589.99
LIABILITIES:				
Current Liabilities:				
Customer Deposits	36,955.00			36,955.00
Bonds Payable Current:				
Revenue	6,898.53			6,898.53
Total Current Liabilities	43,853.53	0.00	0.00	43,853.53
Noncurrent Liabilities:				
Bonds Payable:				
Revenue	136,046.72			136,046.72
Accrued Leave Payable	242.46	242.45	704.63	1,189.54
Total Noncurrent Liabilities	136,289.18	242.45	704.63	137,236.26
TOTAL LIABILITIES	180,142.71	242.45	704.63	181,089.79
DEFERRED INFLOWS OF RESOURCES:				
Pension Related Deferred Inflows	2,602.20	1,945.26	7,608.18	12,155.64
TOTAL DEFERRED INFLOWS OF RESOURCES	2,602.20	1,945.26	7,608.18	12,155.64
NET POSITION:				
Net Investment in Capital Assets	113,236.25	15,145.00	53,289.00	181,670.25
Restricted For:				
SDRS Pension Purposes	326.29	243.91	953.97	1,524.17
Cumulative Insurance	3,792.91		2,167.37	5,960.28
Unrestricted Net Position	48,589.99	575,388.77	642,301.36	1,266,280.12
TOTAL NET POSITION	165,945.44	590,777.68	698,711.70	1,455,434.82

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

MUNICIPALITY OF WHITE RIVER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2020

	Enterprise Funds			
	Water Fund	Sewer Fund	Liquor Fund	Totals
Operating Revenue:				
Charges for Goods and Services	90,152.03	60,252.32	633,476.64	783,880.99
Total Operating Revenue	90,152.03	60,252.32	633,476.64	783,880.99
Operating Expenses:				
Personal Services	19,604.39	15,388.64	69,320.10	104,313.13
Other Current Expense	51,202.75	5,205.57	47,758.08	104,166.40
Materials (Cost of Goods Sold)	41,502.50		348,592.41	390,094.91
Total Operating Expenses	112,309.64	20,594.21	465,670.59	598,574.44
Operating Income (Loss)	(22,157.61)	39,658.11	167,806.05	185,306.55
Nonoperating Revenue (Expense):				
Interest Expense	(7,508.93)			(7,508.93)
Total Nonoperating Revenue (Expense)	(7,508.93)	0.00	0.00	(7,508.93)
Income (Loss) Before Transfers	(29,666.54)	39,658.11	167,806.05	177,797.62
Transfers In	53,267.15			53,267.15
Transfers Out			(53,267.15)	(53,267.15)
Change in Net Position	23,600.61	39,658.11	114,538.90	177,797.62
Net Position - Beginning	142,344.83	551,119.57	584,172.80	1,277,637.20
NET POSITION - ENDING	165,945.44	590,777.68	698,711.70	1,455,434.82

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

MUNICIPALITY OF WHITE RIVER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2020

	Enterprise Funds			
	Water Fund	Sewer Fund	Liquor Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Receipts from Customers	90,455.39	60,167.62	633,476.64	784,099.65
Cash Payments to Employees for Services	(18,977.28)	(14,994.42)	(66,590.08)	(100,561.78)
Cash Payments to Suppliers of Goods and Services	(92,835.31)	(5,205.57)	(435,182.92)	(533,223.80)
Net Cash Provided (Used) by Operating Activities	(21,357.20)	39,967.63	131,703.64	150,314.07
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund Loan			31,101.06	31,101.06
Transfers In	53,267.15			53,267.15
Transfers Out			(53,267.15)	(53,267.15)
Net Cash Provided (Used) by Noncapital Financing Activities	53,267.15	0.00	(22,166.09)	31,101.06
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of Capital Assets	(17,845.95)			(17,845.95)
Principal Paid on Capital Debt	(6,555.07)			(6,555.07)
Interest Paid on Capital Debt	(7,508.93)			(7,508.93)
Net Cash (Used) by Capital and Related Financing Activities	(31,909.95)	0.00	0.00	(31,909.95)
Net Increase (Decrease) in Cash and Cash Equivalents	0.00	39,967.63	109,537.55	149,505.18
Balances - Beginning	80,387.00	534,343.59	250,498.08	865,228.67
Balances - Ending	80,387.00	574,311.22	360,035.63	1,014,733.85
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	(22,157.61)	39,658.11	167,806.05	185,306.55
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
(Increase) decrease in Receivables	115.36	(84.70)		30.66
(Increase) decrease in Inventories			(38,758.11)	(38,758.11)
(Increase) decrease in Net Pension Asset	18.19	10.58	88.65	117.42
(Increase) decrease in Pension Related Deferred Outflows	(1,181.84)	(1,023.19)	(1,819.14)	(4,024.17)
(Increase) decrease in Insurance Reserve Deposit	(130.06)		(74.32)	(204.38)
(Decrease) increase in Accrued Leave Payable	7.58	7.58	22.73	37.89
(Decrease) increase in Pension Related Deferred Inflows	1,783.18	1,399.25	4,437.78	7,620.21
(Increase) decrease in Deposits Payable	188.00			188.00
Net Cash Provided (Used) by Operating Activities	(21,357.20)	39,967.63	131,703.64	150,314.07

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

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

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

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 as follows:

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 fee and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity.)
- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

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

Liquor Fund – to account for the operation of an off-sale municipal liquor store. (SDCL 35-3-21) The store is operated through an operating agreement with a private party. 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, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 funds, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary funds.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, and business-type 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, 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 White River, the length of that cycle is 30 days. The revenues which are accrued at December 31, 2021 and 2020 are miscellaneous revenue and grants.

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 debt which are recognized when due.

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. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

e. Deposits and Investments:

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

f. 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 or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their estimated 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.

The total December 31, 2021 and 2020, balance of general capital assets includes approximately 1 percent for which the costs were determined by estimates of the original costs. The total December 31, 2021 and 2020, business-type capital assets includes approximately 72 percent for which the costs were determined by estimations of the original cost. These estimated original costs were established by reviewing applicable historical costs of similar items and basing the estimations thereon.

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 capitalized in accordance with USGAAP.

Depreciation of all exhaustible capital assets is not 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 not reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position.

The Municipality does not have a policy for 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.

Land is an inexhaustible capital asset and is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

g. 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 revenue bonds, notes payable, and compensated absences.

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 debt is on the accrual basis, the same in the fund statements as in the government-wide statements.

h. 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.

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:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 positions are available.

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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The Nonspendable Fund Balance is comprised of the following:

- Amount reported in non-spendable form such as cumulative insurance reserve.

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.

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 overdrafts of the expenditures compared to appropriations:

	<u>Year Ended</u> <u>12/31/2020</u>	<u>Ended</u> <u>12/31/2021</u>
General Fund:		
<u>Activity</u>		
Executive	\$ 3,681.17	
Sanitation		\$ 71,775.00
Debt Service	\$ 58,586.98	\$ 58,586.98

The Board plans to take the following actions to address these violations: adopt supplemental budgets when legal authority exists.

3. DEFICIT FUND BALANCES

As of December 31, 2020, and December 31, 2021, the following individual funds had deficit fund balance in the amounts shown:

	<u>2020</u>	<u>2021</u>
General Fund	\$ (212,420.03)	\$ (248,036.30)

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

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

Deposits – The Municipality's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2. Qualified depositories are required by SDCL 4-6A-3 to maintain at all

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

At December 31, 2021 and 2020, the Municipality did not have any investments.

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.

5. RECEIVABLES AND PAYABLES

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

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 GENERAL CAPITAL ASSETS

A summary of changes in capital assets for the two years ended December 31, 2021, is as follows:

	Balance 01/01/2020	Increases	Decreases	Balance 12/31/2021
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	60,000.00			60,000.00
Improvements	834,490.84			834,490.84
Machinery and Equipment	126,098.05			126,098.05
Governmental Activity Capital Assets	<u>1,020,588.89</u>	<u>0.00</u>	<u>0.00</u>	<u>1,020,588.89</u>
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land	8,000.00			8,000.00
Buildings	50,000.00			50,000.00
Improvements Other Than Buildings	208,311.57			208,311.57
Machinery and Equipment	40,457.98	17,845.95		58,303.93
Business-Type Activity Capital Assets	<u>306,769.55</u>	<u>17,845.95</u>	<u>0.00</u>	<u>324,615.50</u>

8. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 01/01/20	Additions	Deletions	Ending Balance 12/31/2021	Due Within One Year
Primary Government:					
Governmental Activities:					
Notes Payable:					
Notes Payable-First Fidelity Bank	158,829.01		102,797.60	56,031.41	56,031.41
Total Debt	<u>158,829.01</u>	<u>0.00</u>	<u>102,797.60</u>	<u>56,031.41</u>	<u>56,031.41</u>
Accrued Compensated Absences -					
Governmental Funds	1,028.16	3,810.46	4,838.62	0.00	0.00
Total Governmental Activities	<u>159,857.17</u>	<u>3,810.46</u>	<u>107,636.22</u>	<u>56,031.41</u>	<u>56,031.41</u>
Business-Type Activities:					
Bonds Payable:					
Water Improvement					
Revenue Bonds	149,500.32		13,454.11	136,046.21	7,260.52
Total Debt	<u>149,500.32</u>	<u>0.00</u>	<u>13,454.11</u>	<u>136,046.21</u>	<u>7,260.52</u>
Accrued Compensated Absences -					
Business-Type Funds	1,151.65	3,154.52	4,306.17	0.00	0.00
Total Business-Type Activities	<u>150,651.97</u>	<u>3,154.52</u>	<u>17,760.28</u>	<u>136,046.21</u>	<u>7,260.52</u>
TOTAL PRIMARY GOVERNMENT	<u>310,509.14</u>	<u>6,964.98</u>	<u>125,396.50</u>	<u>192,077.62</u>	<u>63,291.93</u>

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Notes Payable:

Notes Payable-First Fidelity Bank,
For Street Improvements, Interest Rate 6.00%,
Final Payment Due December 15, 2022,
Payable from General Fund \$ 56,031.41

Revenue Bonds:

Water Improvement Revenue Bonds,
Interest Rate 5.125%,
Final Payment Due May 12, 2035,
Payable from Water Fund \$ 136,046.41

The annual requirements to amortize all debt outstanding as of December 31, 2021, except for compensated absences, are as follows:

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

Year Ending December 31,	Water Improvement Revenue Bonds		Notes Payable First Fidelity Bank		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	7,260.52	6,803.48	56,031.41	2,555.57	63,291.93	9,359.05
2023	7,641.47	6,422.53			7,641.47	6,422.53
2024	8,042.44	6,021.56			8,042.44	6,021.56
2025	8,464.44	5,599.56			8,464.44	5,599.56
2026	8,908.56	5,155.44			8,908.56	5,155.44
2027-2031	52,064.74	11,744.74			52,064.74	11,744.74
2032-2036	43,664.04	3,996.91			43,664.04	3,996.91
Totals	<u>136,046.21</u>	<u>45,744.22</u>	<u>56,031.41</u>	<u>2,555.57</u>	<u>192,077.62</u>	<u>48,299.79</u>

9. LONG-TERM COMMITMENT

The Municipality of White River entered into a forty-year commitment with West River/Lyman – Jones Rural Water Corporation to provide water to the Municipality. A monthly service charge in the amount of \$970.00 is paid by the Municipality to West River/Lyman – Jones Rural Water Corporation along with a charge of \$1.25 per thousand gallons of water consumed. The monthly service charge represents a contribution by the Municipality to aid West River/Lyman – Jones Rural Water Corporation in the construction of the facilities necessary to provide the Municipality with water. The Municipality will not acquire ownership of any of these water facilities through these payments. Payments are made from the Municipality's Water Fund.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The following are the minimum payments on this commitment:

<u>Year</u>	<u>Water Fund</u>
2022	\$ 11,640.00
2023	11,640.00
2024	11,640.00
2025	11,640.00
206	11,640.00
2027-2031	58,200.00
2032-2036	58,200.00
2037-2041	11,640.00

10. RESTRICTED NET POSITION

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

Major Purposes:	<u>12/31/2020</u>	<u>12/31/2021</u>
Cumulative Insurance Reserve	29,003.00	0.00
SDRS Pension Purposes	3,432.67	16,774.80
	<u>32,435.67</u>	<u>16,774.80</u>

These balances are restricted due to statutory requirements.

11. INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

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

	<u>12/31/2020</u>		<u>12/31/2021</u>	
<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund		244,212.25		248,286.62

Enterprise Funds:

Liquor Fund	244,212.25	248,286.62
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The purposes for the interfund receivable and payable balances are to eliminate a temporary cash deficit.

12. 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.

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Benefits Provided:

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

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

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2021, 2020, and 2019, were \$9,333.18, \$7,284.31, and \$5,984.16, 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, 2021, SDRS is 105.53% funded and accordingly has net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the Municipality

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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	\$ 887,170.36
Less proportionate share of net pension restricted for pension benefits	<u>\$ 936,168.09</u>
Proportionate share of net pension liability (asset)	<u>\$ (48,997.73)</u>

At December 31, 2021, the Municipality reported a liability (asset) of \$(48,997.73) 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 0.00639800%, which is an increase (decrease) of 0.0017404% from its proportion measured as of June 30, 2020.

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

At June 30, 2020, SDRS is 100.04% funded and accordingly has net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the Municipality as of this measurement period ending June 30, 2020 and reported by the Municipality as of December 31, 2020 are as follows:

Proportionate share of pension liability	\$ 572,558.55
Less proportionate share of net pension restricted for pension benefits	<u>\$ 572,760.84</u>
Proportionate share of net pension liability (asset)	<u>\$ (202.29)</u>

At December 31, 2020, the Municipality reported a liability (asset) of \$(202.29) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the Municipality's proportion was 0.00465760%, which is an increase (decrease) of 0.0002876% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2021, the Municipality recognized pension expense (reduction of expense) of (\$13,342.15). At December 31, 2021 the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience.	\$ 1,759.15	\$ 128.46
Changes in assumption.	\$ 56,346.89	\$ 24,537.37
Net difference between projected and actual earnings on pension plan investments.		\$ 69,994.24
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.	\$ 114.15	\$ 604.23
Municipality contributions subsequent to the measurement date.	<u>\$ 4,821.18</u>	
TOTAL	<u><u>\$ 63,041.37</u></u>	<u><u>\$ 95,264.30</u></u>

\$4,821.18 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:

Year Ended
December 31:

2022	\$ (9,255.00)
2023	\$ (6,351.42)
2024	\$ (1,750.06)
2025	<u>\$ (19,687.63)</u>
TOTAL	<u><u>\$ (37,044.11)</u></u>

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%.
Future COLAs	2.25%

For the year ended December 31, 2020, the Municipality recognized pension expense (reduction of expense) of (\$8,271.19). At December 31, 2020 the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience.	\$ 773.83	\$ 158.46
Changes in assumption.	\$ 6,515.56	\$ 26,277.60
Net difference between projected and actual earnings on pension plan investments.	\$ 18,801.01	
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.	\$ 317.70	\$ 940.29
Municipality contributions subsequent to the measurement date.	<u>\$ 4,198.63</u>	
TOTAL	<u><u>\$ 30,606.73</u></u>	<u><u>\$ 27,376.35</u></u>

\$4,198.63 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, 2021. 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:

2021	\$ (2,426.12)
2022	\$ (2,063.08)
2023	\$ 61.51
2024	<u>\$ 3,459.44</u>
TOTAL	<u><u>\$ (968.25)</u></u>

Actuarial Assumptions:

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

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

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

The actuarial assumptions used in the June 30, 2021 and 2020 valuations were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	30.0%	1.5%
Real Estate	10.0%	6.2%
Cash	2.0%	1.0%
Total	100%	

Discount Rate:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$79,339.52	\$(48,997.73)	\$(153,177.70)

At December 31, 2020, the following presents the Municipality's proportionate share as of net pension liability (asset) calculated using the discount rate of 6.50 percent, as well as what the Municipality's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$78,470.71	\$(202.29)	\$(64,555.24)

Pension Plan Fiduciary Net Position:

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

13. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2021 and 2020, the Municipality was not involved in any significant litigation.

14. RISK MANAGEMENT

The Municipality is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the two years ended December 31, 2021 and 2020, the Municipality managed its risks as follows:

Employee Health Insurance:

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

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

Liability Insurance:

The Municipality 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 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 Municipality'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 Municipality. The Municipality pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the member

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

based on their exposure or type of coverage. The Municipality pays an annual premium to the pool to provide coverage for general liability, government officials liability, vehicle liability and physical damage coverage.

Effective January 1, 2018, the SDPAA revised the method of calculating the amount available to be refunded to a withdrawing member. Upon giving proper written notice to the SDPAA a member may withdraw. Within 120 days following withdrawal, or as soon thereafter as the next Annual Budget is completed, the SDPAA will advise the withdrawing member of its total calculated portion of contributions made to the SDPAA that shall be refunded. Refunds are calculated based on the pool's total contributions, along with the member's total contributions, current losses, unpaid losses, and loss expenses, the member's loss ratio, and number of membership years.

A member who withdraws from the SDPAA shall receive a calculated portion of their contributions refunded for unpaid casualty losses, based on the following schedule:

<u>Years</u>	<u>Percentage</u>
1	55%
2	50%
3	40%
4	35%
5	30%
6+	20%

All refunds shall be paid to the withdrawing Member over a five-year term.

The amount available for refund to the Municipality is considered a deposit for financial reporting purposes.

As of December 31, 2020, the Municipality's balance available to be refunded per the SDPAA was \$29,003.00 which was an increase of \$1,005.00 from the pervious year. The change in the amount available for refund was accounted for as a decrease in the insurance expenditures/expenses.

Effective October 5, 2021, the SDPAA adopted a new policy on member departures. Departing members will no longer be eligible for any partial refund of the calculated portion of their contributions which was previously allowed. The prior policy provided the departing member with such a partial refund because the departing member took sole responsibility for all claims and claims expenses whether reported or unreported at the time of their departure from the SDPAA. With such partial refund being no longer available, the SDPAA will now assume responsibility for all reported claims of a departing member pursuant to the revised IGC.

The Municipality reflected the effects of the new SDPAA policy in the financial statements as a Change in Accounting Estimate in the Statement of Activities and in the Fund Operating Statements and also eliminated the reporting of the Deposit on the Statement of Net Position and Fund Balance Sheet.

The Municipality carries a \$500 deductible for the government officials coverage and a \$250 deductible for the building and contents coverage.

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

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 during the past three years.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

15. JOINT VENTURE

The Municipality participates in a joint venture, known as Tri-County Landfill, formed for the purpose of providing garbage dump area services to its member entities. The Municipality of White River is not using their services at this time.

The members of the joint venture are as follows:

Alpena City	New Witten City
Aurora County	Oacoma City
Brule County	Plankinton City
Buffalo County	Presho City
Chamberlain City	Reliance City
Colome City	Stickney City
Draper City	Tripp County
Jerauld County	Vivian City
Jones County	Wessington Springs City
Kennebec City	White Lake City
Kimball City	White River City
Lane City	Winner City
Lyman County	Wood City
Mellette County	
Murdo City	

The joint venture's governing board is composed of 12 representatives. The board is responsible for adopting the budget and setting service fees at a level adequate to fund the adopted budget.

The Municipality retains no equity in the net position of the joint venture, but does have a responsibility to fund deficits of the joint venture. This funding would be shared equally by all members.

Separate financial statements for this joint venture are available from the Tri-County Landfill.

As of December 31, 2019, this joint venture had a total fund net position of \$1,794,325 and long-term debt of \$1,064,467.

16. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through November 15, 2022, the date on which the financial statements were available to be issued.

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes	66,120.00	66,120.00	67,610.37	1,490.37
General Sales and Use Taxes	180,000.00	180,000.00	177,545.34	(2,454.66)
Penalties and Interest on Delinquent Taxes	500.00	500.00	924.88	424.88
Licenses and Permits	3,375.00	3,375.00	3,175.50	(199.50)
Intergovernmental Revenue:				
State Shared Revenue:				
Prorate License Fees	2,000.00	2,000.00	3,727.93	1,727.93
Liquor Tax Reversion	4,000.00	4,000.00	4,165.23	165.23
Motor Vehicle Licenses	10,000.00	10,000.00	11,082.80	1,082.80
Local Government Highway and Bridge Fund	23,000.00	23,000.00	22,947.13	(52.87)
County Shared Revenue:				
County Road Tax	0.00	0.00	1,396.00	1,396.00
Other Intergovernmental Revenues	6,400.00	6,400.00	7,645.80	1,245.80
Charges for Goods and Services:				
Sanitation	5,700.00	5,700.00	103,540.93	97,840.93
Fines and Forfeits:				
Court Fines and Costs	250.00	250.00	0.00	(250.00)
Other	0.00	0.00	30.00	30.00
Miscellaneous Revenue:				
Investment Earnings	5,000.00	5,000.00	2,206.53	(2,793.47)
Other	7,600.00	7,600.00	7,164.80	(435.20)
Total Revenue	313,945.00	313,945.00	413,163.24	99,218.24
Expenditures:				
General Government:				
Executive	7,970.00	7,970.00	7,508.70	461.30
Elections	850.00	850.00	27.28	822.72
Financial Administration	88,815.00	88,815.00	83,692.00	5,123.00
Total General Government	97,635.00	97,635.00	91,227.98	6,407.02
Public Safety:				
Police	50,300.00	50,300.00	50,100.26	199.74
Fire	12,850.00	12,850.00	7,296.59	5,553.41
Total Public Safety	63,150.00	63,150.00	57,396.85	5,753.15

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Expenditures (Continued):				
Public Works:				
Highways and Streets	226,825.00	226,825.00	107,407.91	119,417.09
Sanitation	26,690.00	26,690.00	98,465.00	(71,775.00)
Airport	2,500.00	2,500.00	1,671.57	828.43
Total Public Works	256,015.00	256,015.00	207,544.48	48,470.52
Culture and Recreation:				
Recreation	650.00	650.00	200.00	450.00
Parks	28,525.00	28,525.00	21,114.46	7,410.54
Total Culture and Recreation	29,175.00	29,175.00	21,314.46	7,860.54
Debt Service	0.00	0.00	58,586.98	(58,586.98)
Total Expenditures	445,975.00	445,975.00	436,070.75	9,904.25
Excess of Revenue Over (Under)				
Expenditures	(132,030.00)	(132,030.00)	(22,907.51)	109,122.49
Other Financing Sources (Uses):				
Transfers In	51,275.00	51,275.00	10,333.96	(40,941.04)
Total Other Financing Sources (Uses)	51,275.00	51,275.00	10,333.96	(40,941.04)
Net Change in Fund Balances	(80,755.00)	(80,755.00)	(12,573.55)	68,181.45
Net Change in Accounting Estimate (See Note 14.)	0.00	0.00	(23,042.72)	(23,042.72)
Fund Balance - Beginning	(212,420.03)	(212,420.03)	(235,462.75)	(23,042.72)
FUND BALANCE - ENDING	(293,175.03)	(293,175.03)	(248,036.30)	45,138.73

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes	63,220.00	63,220.00	57,837.24	(5,382.76)
General Sales and Use Taxes	150,000.00	150,000.00	175,215.08	25,215.08
Amusement Taxes	0.00	0.00	132.00	132.00
Penalties and Interest on Delinquent Taxes	500.00	500.00	225.08	(274.92)
Licenses and Permits	3,275.00	3,275.00	3,562.00	287.00
Intergovernmental Revenue:				
State Grants	0.00	0.00	39,388.24	39,388.24
State Shared Revenue:				
Prorate License Fees	2,000.00	2,000.00	3,414.77	1,414.77
Liquor Tax Reversion	3,200.00	3,200.00	4,021.54	821.54
Motor Vehicle Licenses	10,000.00	10,000.00	8,603.71	(1,396.29)
Local Government Highway and Bridge Fund	23,000.00	23,000.00	22,023.22	(976.78)
County Shared Revenue:				
Other Intergovernmental Revenues	6,300.00	6,300.00	6,372.38	72.38
Charges for Goods and Services:				
Sanitation	5,900.00	5,900.00	4,940.53	(959.47)
Fines and Forfeits:				
Court Fines and Costs	250.00	250.00	15.00	(235.00)
Animal Control Fines	300.00	300.00	0.00	(300.00)
Miscellaneous Revenue:				
Investment Earnings	7,600.00	7,600.00	3,734.87	(3,865.13)
Rentals	0.00	0.00	5,144.44	5,144.44
Other	7,600.00	7,600.00	4,363.68	(3,236.32)
Total Revenue	283,145.00	283,145.00	338,993.78	55,848.78
Expenditures:				
General Government:				
Executive	7,970.00	7,970.00	11,651.17	(3,681.17)
Elections	850.00	850.00	38.60	811.40
Financial Administration	85,804.00	85,804.00	72,722.63	13,081.37
Total General Government	94,624.00	94,624.00	84,412.40	10,211.60
Public Safety:				
Police	50,300.00	50,300.00	50,137.49	162.51
Fire	13,200.00	13,200.00	12,487.00	713.00
Total Public Safety	63,500.00	63,500.00	62,624.49	875.51

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Expenditures (Continued):				
Public Works:				
Highways and Streets	227,358.00	227,358.00	82,068.01	145,289.99
Sanitation	2,390.00	2,390.00	22.00	2,368.00
Airport	2,700.00	2,700.00	1,687.24	1,012.76
Total Public Works	232,448.00	232,448.00	83,777.25	148,670.75
Culture and Recreation:				
Recreation	1,150.00	1,150.00	100.00	1,050.00
Parks	26,258.00	26,258.00	11,146.51	15,111.49
Total Culture and Recreation	27,408.00	27,408.00	11,246.51	16,161.49
Debt Service	0.00	0.00	58,586.98	(58,586.98)
Total Expenditures	417,980.00	417,980.00	300,647.63	117,332.37
Excess of Revenue Over (Under)				
Expenditures	(134,835.00)	(134,835.00)	38,346.15	173,181.15
Other Financing Sources (Uses):				
Transfers In	134,835.00	134,835.00	0.00	(134,835.00)
Total Other Financing Sources (Uses)	134,835.00	134,835.00	0.00	(134,835.00)
Net Change in Fund Balances	0.00	0.00	38,346.15	38,346.15
Fund Balance - Beginning	(250,766.18)	(250,766.18)	(250,766.18)	0.00
FUND BALANCE - ENDING	(250,766.18)	(250,766.18)	(212,420.03)	38,346.15

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATIONSchedules of Budgetary Comparisons for the General FundNote 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.

The Municipality did not encumber any amounts at either December 31, 2020, or December 31, 2021.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund.
7. Budgets for the General Fund 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.

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

South Dakota Retirement System

*Last Seven Years

	2021	2020	2019	2018	2017	2016	2015
Municipality's proportion of the net pension liability/asset	0.0063980%	0.0046576%	0.0043700%	0.0041416%	0.0042901%	0.0043137%	0.0042988%
Municipality's proportionate share of net pension liability (asset)	\$ (48,998)	\$ (202)	\$ (462)	\$ (97)	\$ (389)	\$ 14,571	\$ (18,232)
Municipality's covered-employee payroll	\$ 145,178	\$ 101,296	\$ 92,916	\$ 86,065	\$ 87,168	\$ 82,025	\$ 78,479
Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.75%	0.20%	0.50%	0.11%	0.45%	17.76%	23.23%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.52%	100.04%	100.09%	100.02%	100.1%	96.89%	104.10%

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

SUPPLEMENTARY INFORMATION
SCHEDULE OF THE MUNICIPALITY CONTRIBUTIONS
South Dakota Retirement System

*Last Seven Years

	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 9,333	\$ 7,284	\$ 5,984	\$ 5,157	\$ 5,166	\$ 5,152
Contributions in relation to the contractually required contribution	\$ 9,333	\$ 7,284	\$ 5,984	\$ 5,157	\$ 5,166	\$ 5,152
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipality's covered-employee payroll	\$ 155,553	\$ 121,406	\$ 99,736	\$ 86,095	\$ 86,095	\$ 85,866
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

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

**Notes to Required Supplementary Information
for the Year Ended December 31, 2021**
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

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

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

Actuarial Method Changes

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