

CHARLES MIX COUNTY

AUDIT REPORT

For the Two Years Ended December 31, 2022



**State of South Dakota
Department of Legislative Audit
427 South Chapelle
c/o 500 East Capitol
Pierre, SD 57501-5070**

CHARLES MIX COUNTY
COUNTY OFFICIALS
December 31, 2022

Board of Commissioners:

Nick Stotz
Keith Mushitz
Colin Soukup

Auditor:
Jason Gant

Treasurer:
Michelle Wentland

State's Attorney:
Steve Cotton

Register of Deeds:
Julie Pavel

Sheriff:
Randy Thaler

CHARLES MIX COUNTY
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RUSSELL A. OLSON
AUDITOR GENERAL

**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**

Independent Auditor's Report

County Commission
Charles Mix County
Lake Andes, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Charles Mix County, South Dakota (County), as of December 31, 2022, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 8, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings, as items No. 2022-001, No. 2022-002, and No. 2022-003 to be material weaknesses.

Report on Compliance and Other Matters

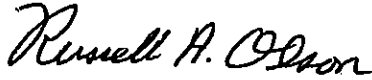
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Current Audit Findings as item No. 2022-005.

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit. The County did not wish to respond to the findings identified in our audit as described in the accompanying Schedule of Current Audit Findings.

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 County'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.



Russell A. Olson
Auditor General

May 8, 2025

CHARLES MIX COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Federal Audit Finding:

Finding No. 2020-001:

South Dakota Department of Transportation Project ER6165(03)-07FD, funded by Emergency Relief Program funds, was not completed within 180 days after the actual occurrence of the natural disaster or catastrophic failure. The costs incurred after the expiration of 180 days were reimbursed at 100%, rather than at 81.95%, by the South Dakota Department of Transportation resulting in the County being over-reimbursed by \$51,052.53. This finding has been resolved and corrective action has been taken as the County fully reimbursed the South Dakota Department of Transportation in October 2022.

Prior Other Audit Finding:

Finding No 2020-002:

The County does not have an internal control system designed to provide for the preparation of the annual financial reports in accordance with the modified cash basis of accounting. We noted numerous significant reporting errors within the annual reports prepared by the County. This finding has not been resolved as is restated in current audit finding No. 2022-001.

SCHEDULE OF CURRENT AUDIT FINDINGS

Internal Control-Related Findings - Material Weaknesses:

Financial Reporting Errors

Finding No. 2022-001:

Criteria:

The County's internal control structure should be designed to provide for the preparation of the annual financial reports, which includes having an adequate system for recording and processing entries material to the annual financial reports being audited in accordance with the modified cash basis of accounting.

Condition:

The County does not have an internal control system designed to provide for the preparation of the annual financial reports in accordance with the modified cash basis of accounting resulting in numerous significant reporting errors within the annual reports prepared by the County. This is the ninth consecutive audit in which a similar finding was noted.

Context:

We identified 49 misstatements on the 2021 and 2022 annual financial reports that were either individually material misstatements or required correction to properly present the annual financial reports. These corrections allowed for the issuance of an unmodified audit opinion on the financial statements.

Effect:

Inaccurate and incomplete information being presented to the users of the annual financial reports.

Cause:

The County does not have an internal control system designed to provide for the preparation of the annual financial reports in accordance with the modified cash basis of accounting.

Recommendation:

1. We recommend that the County strengthen internal controls over financial reporting.

Views of responsible officials:

Management chose not to respond to this finding.

Cash Internal Control Deficiencies

Finding No. 2022-002:

Criteria:

The County's internal controls over the cash and investments reconciliation and reporting process were inadequate resulting in diminished assurance that the County's financial transactions were properly recorded, and its assets were adequately safeguarded.

Condition:

Internal controls serve as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws; regulations, and provisions of contracts and grants agreements; or abuse.

The County's internal controls over the cash and investments reconciliation and reporting process of the County Auditor and County Treasurer were inadequate resulting in diminished assurance that the County's financial transactions were properly recorded, and its assets were adequately safeguarded.

South Dakota Codified Law (SDCL) 7-10-3 states: "The county auditor shall at the close of each calendar month list all cash and cash items held by the county treasurer and verify the balances in the depositories. The county auditor shall report to the board of county commissioners at each regular meeting the bank balances, the total amount of actual cash, the total amount of checks and drafts which have been in the treasurer's possession not exceeding three days. The county auditor shall also submit an itemized report of all cash items, checks, and drafts which have been in the treasurer's possession over three days. This report shall be made a part of the county commissioners' proceedings."

The County Treasurer's Daily Balance Record and the County Auditor's General Ledger did not include the year end cash balances and financial transactions of two bank accounts held by the County. This resulted in the following not being recorded by the County Treasurer or the County Auditor:

- The monthly cash balance and the revenue and expenditure activity of a checking account held at Andes State Bank was not reconciled or accounted for by either the County Auditor or the County Treasurer. The County neglected to report \$29,949.65 of Cash and Cash Equivalents, \$704,635.92 of Revenues, and \$674,686.27 of Expenditures on the 2021 and 2022 Annual Financial Reports.
- The monthly cash balance and the revenue and expenditure activity of a checking account held at Andes State Bank was not reconciled or accounted for by either the County Auditor or the County Treasurer. The County neglected to report \$161,077.59 of Cash and Cash Equivalents, \$199,507.26 of Revenues, and \$76,573.08 of Expenditures on the 2021 and 2022 Annual Financial Reports.

The County Auditor's General Ledger cash balances did not reconcile to the Treasurer's Daily Balance Record. The December 31, 2022, variance between the two records was \$1,474.19.

The County Auditor also had not monitored the fund cash balances in the General Ledger during 2021 and 2022. This resulted in the following negative cash balances as of December 31, 2022:

911 Service Fund negative cash balance	\$ (249,089.11)
Emergency Management Fund negative cash balance	\$ (190,208.92)
24/Sobriety Fund negative cash balance	\$ (32,719.96)
Four Municipality and Township Custodial Funds combined negative cash balances	\$ (5,835.59)

Effect:

The County was exposed to an increased risk of accounting error or irregularities not being detected in a timely manner. The County was also exposed to greater risk that management decisions could be made using inaccurate cash and investment balances.

Cause:

The County does not have an internal control system in place to resolve month-end variances between the two departments in a timely manner.

Recommendations:

2. We recommend that all bank accounts held by the County be included in the Treasurer's Daily Balance record and be reconciled by the County Treasurer each month.
3. We recommend that all bank accounts held by the County be accounted for within the accounting system of the County.
4. We recommend the County Auditor and County Treasurer take the necessary steps to reconcile differences between the General Ledger cash and investments balances and the Daily Balance Record on a monthly basis.
5. We recommend the County Auditor monitor the cash balances of each fund and that the County Commission make transfers as appropriate to avoid having unfunded reserves and negative fund cash balances.
6. We recommend the County Auditor comply with SDCL 7-10-3.

Views of responsible officials:

Management chose not to respond to this finding.

Revenue and Expenditure Internal Control Deficiencies

Finding No. 2022-003:

Criteria:

The County's internal controls over the revenue and expenditure processes were inadequate resulting in diminished assurance that the County's financial transactions were properly recorded, and its assets were adequately safeguarded.

Condition:

Internal controls serve as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws; regulations, and provisions of contracts and grants agreements; or abuse.

The County's internal controls over the revenue and expenditure processes were inadequate resulting in diminished assurance that the County's financial transactions were properly recorded, and its assets were adequately safeguarded.

South Dakota Codified Law (SDCL) 7-11-5 states: "The county treasurer shall account for and pay into the treasury of the county all money received by the treasurer and interest received on deposits."

SDCL 7-11-9 states: "If the treasurer receives any money, warrants, or orders on any account other than taxes charged on the tax duplicate, the treasurer shall make out duplicate receipts. One receipt shall be delivered to the person paying the money, warrant, or order and the other receipt shall be filed with the auditor within one week."

The revenue activity of two bank accounts held by the County did not follow the internal control process in place. None of the revenues of the two bank accounts were receipted into the County's accounting system by the County Treasurer. The amount of the revenue financial activity that was outside of the accountability of the accounting system for the two accounts for the two year's ended December 31, 2022 was \$904,143.18.

SDCL 7-22-1 states: "Before any account, claim, or demand against any county for any obligation, property, or services for which the county is liable may be allowed, the person who has the account, claim, or demand shall:

(1) Submit in writing and verify that the account is just and true, the money charged was actually paid for the purposes stated; the property charged for was actually delivered or used for the purposes stated, and was of the value charged; and the services charged were actually rendered and of the value as charged. If the services were official, for which fees are prescribed by law, that the fees and amounts charged for the services are allowed by law and no part of the account, claim, or demand has been paid; or

(2) Present an invoice or verification which shall be attached to a county voucher, the latter being signed or verified by the county official who purchased the property or had the services rendered to the effect that the account is just and true; the money charged was actually paid for the purposes stated; the property charged for was actually delivered or used for the purposes stated, and was of the value charged; and the services charged for were actually rendered and of the value as charged. If the services were official, for which fees are prescribed by law, that the fees and amounts charged for the services are allowed by law and no part of the account, claim, or demand has been paid. ..."

SDCL 7-8-15 states, in part,: "...The chair or, in the chair's absence, the vice chair shall preside at the meetings of the board and sign all orders and claims approved by the board."

The expenditure activity of two bank accounts held by the County did not follow the internal control process in place. No vouchers, with supporting documentation, were prepared, the Board of County Commissioners did not approve the claims, no publication of the expenditures was completed, and none of the expenditures of the two bank accounts were accounted for in the County's accounting system by the County Auditor. The amount of the expenditure financial activity that was outside of the accountability of the accounting system for the two accounts for the two year's ended December 31, 2022 was \$751,259.35.

Effect:

The County was exposed to an increased risk of accounting error or irregularities not being detected in a timely manner. The County was also exposed to greater risk that financial decisions could be made without the true knowledge of the financial condition of the County.

Cause:

The County did follow the internal control system in place to in order to ensure that all revenues and expenditures of the County were accounted for within the accounting system and approved in an appropriate manner.

Recommendations:

7. We recommend that the County comply with SDCL 7-11-5 and SDCL 7-11-9 and that all revenues of the County be receipted by the County Treasurer into the accounting system of the County.
8. We recommend that the County comply with SDCL 7-22-1 and SDCL 7-8-15 and that all expenditures of the County be accounted for within the accounting system of the County.

Views of responsible officials:

Management chose not to respond to this finding.

Compliance and Other Matters:

Surplus Unassigned Fund Balance

Finding No. 2022-004:

Criteria:

South Dakota Codified Law (SDCL) 7-21-18.1 states: "The total unassigned fund balance of the general fund may not exceed forty percent of the total amount of all general fund appropriations contained in the budget for the next fiscal year."

Condition:

The unassigned fund balance of the General Fund exceeded the maximum allowed by SDCL 7-21-18.1 by approximately \$2,527,000 as of December 31, 2022.

Context:

Our analysis of the County General Fund indicated an excessive unassigned fund balance existed at December 31, 2022 as follows:

Total Unassigned Fund Balance at December 31, 2022		\$ 4,863,619.33
Less:		
2023 General Fund Appropriations	5,840,500.00	
Percentage of Allowable Retainage	<u>40%</u>	
Allowable Fund Balance Retainage		<u>(2,336,200.00)</u>
Unassigned Surplus Fund Balance at December 31, 2018 in Excess of the Amount Allowed by SDCL 7-21-18.1		<u>\$ 2,527,419.33</u>

Effect:

The County is in not in compliance with SDCL 7-21-18.1.

Cause:

The Board of County Commissioners has not committed or assigned fund balances for county purposes or reduced taxes to comply with SDCL 7-21-18.1.

Recommendation:

9. We recommend that the County comply with SDCL 7-21-18.1.

Views of responsible officials:

Management chose not to respond to this finding.

Budgetary Noncompliance

Finding No. 2022-005:

Criteria:

South Dakota Codified Law (SDCL) 7-21-25 states: "Unless specially and expressly authorized by law, it shall be unlawful for the board of county commissioners or any member thereof, or for any officer of any county or any employee thereof in charge of any institution or agency of a county, to contract any indebtedness or incur any liabilities for or in behalf of the county, in any manner whatsoever, either for a purpose, object, or item for which no appropriation is provided in the budget of such county for the fiscal year in which such indebtedness is attempted to be contracted or liability attempted to be created, or in excess of the amount of any specific appropriation for any purpose, object, or item set forth in the budgets of such county, for the fiscal year in which such indebtedness is attempted to be contracted or liability attempted to be created."

Condition:

The County incurred expenditures in excess of appropriations contrary to SDCL 7-21-25.

Context:

We noted the following expenditures in excess of appropriations for the years ended December 31, 2021 and December 31, 2022:

	<u>Year Ended</u> <u>12/31/2021</u>	<u>Year Ended</u> <u>12/31/2022</u>
General Fund:		
<u>Activity</u>		
Elections	\$ 3,440.88	
Auditor		\$ 11,939.19
Court Appointed Attorney	\$ 4,072.32	
Veterans Service Officer	\$ 306.09	
Emergency Management Fund:		
<u>Activity</u>		
Emergency and Disaster Services	\$ 559,838.05	\$ 256,815.85
Rural Access Infrastructure Fund:		
<u>Activity</u>		
Highways, Roads and Bridges	\$ 54,880.00	\$ 13,720.00

Effect:

The County is not in compliance with SDCL 7-21-25.

Cause:

The Board of County Commissioners did not properly monitor the departmental budgets in order to make the appropriate budget supplements or contingency transfers.

Recommendation:

10. We recommend that the County comply with SDCL 7-21-25.

Views of responsible officials:

Management chose not to respond to this finding.



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RUSSELL A. OLSON
AUDITOR GENERAL

Independent Auditor's Report

County Commission
Charles Mix County
Lake Andes, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis of accounting financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Charles Mix County, South Dakota (County), as of December 31, 2022, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying modified cash basis of accounting financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Charles Mix County as of December 31, 2022, and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

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

Emphasis of Matter

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

As discussed in Note 2 to the financial statements, in 2022, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases; however, this implementation did not

result in a restatement of the net position as of January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1.c.; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is responsible for the design, implementation, and maintenance of internal 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 County'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 modified cash basis of accounting 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 County'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 County's ability to continue as a going concern for a reasonable period of time.

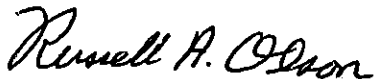
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2025, on our consideration of the County'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 County'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 County's internal control over financial reporting and compliance.



Russell A. Olson
Auditor General

May 8, 2025

CHARLES MIX COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2022

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 7,423,118.18
TOTAL ASSETS	\$ 7,423,118.18
NET POSITION:	
Restricted For: (See Note 7)	
American Rescue Plan Purposes	\$ 902,431.00
Rural Access Infrastructure Purposes	263,120.72
Other Purposes	144,752.28
Unrestricted	6,112,814.18
TOTAL NET POSITION	\$ 7,423,118.18

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

CHARLES MIX COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in In Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:				Primary Government
Governmental Activities:				Governmental
General Government	\$ 2,018,502.36	\$ 258,571.13	\$ 16,627.90	\$ (1,727,946.50)
Public Safety	2,443,772.94	306,408.37	92,667.55	(2,044,697.02)
Public Works	3,458,943.28		2,190,152.15	(1,268,791.13)
Health and Welfare	190,933.34	30,942.08		(159,991.26)
Culture and Recreation	18,358.30			(18,358.30)
Conservation of Natural Resources	199,197.74	21,084.80	4,000.00	(174,112.94)
Urban and Economic Development	17,388.00			(17,388.00)
Intergovernmental	62,729.33			(62,729.33)
**Interest on Long-Term Debt	37,280.22			(37,280.22)
Total Primary Government	\$ 8,447,105.51	\$ 617,006.38	\$ 2,303,447.60	\$ (5,511,294.70)

General Revenues:

Taxes:

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

Property Taxes	4,740,574.25
Wheel Tax	292,529.66
State Shared Revenues	270,278.46
Grants and Contributions not Restricted to Specific Programs	66,182.11
Unrestricted Investment Earnings	20,873.24
Miscellaneous Revenue	81,844.84
Total General Revenues	5,472,282.56
Change in Net Position	(39,012.14)
Net Position - Beginning	7,462,130.32
NET POSITION - ENDING	\$ 7,423,118.18

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

CHARLES MIX COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 1,877,022.17	\$ 231,252.61	\$ 1,312,011.36	\$ 1,904.74	\$ (331,853.46)
Public Safety	2,549,645.25	247,539.91	844,421.96		(1,457,683.38)
Public Works	3,545,874.58	930.21	2,786,582.88		(758,361.49)
Health and Welfare	203,649.41	30,035.43			(173,613.98)
Culture and Recreation	46,261.02				(46,261.02)
Conservation of Natural Resources	164,570.03	15,272.45			(149,297.58)
Urban and Economic Development	17,241.00				(17,241.00)
Intergovernmental	57,603.47				(57,603.47)
**Interest on Long-Term Debt	38,138.72				(38,138.72)
Total Primary Government	\$ 8,500,005.65	\$ 525,030.61	\$ 4,943,016.20	\$ 1,904.74	(3,030,054.10)

General Revenues:

Taxes:

Property Taxes	4,585,012.50
Wheel Tax	294,754.85
State Shared Revenues	243,561.16
Grants and Contributions not Restricted to Specific Programs	64,803.30
Unrestricted Investment Earnings	6,249.96
Miscellaneous Revenue	113,564.19
Total General Revenues	5,307,945.96

Change in Net Position

Net Position - Beginning

Adjustments:

Adjust Prior Unreported Balance of Internal Service Fund

Adjusted Net Position - Beginning

NET POSITION - ENDING

	2,277,891.86
	5,146,095.05
	38,143.41
	5,184,238.46
\$	7,462,130.32

**The County 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.

CHARLES MIX COUNTY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
 December 31, 2022

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 6,051,375.33	\$ 1,341,846.94	\$ (131,181.68)	\$ 7,262,040.59
TOTAL ASSETS	<u>\$ 6,051,375.33</u>	<u>\$ 1,341,846.94</u>	<u>\$ (131,181.68)</u>	<u>\$ 7,262,040.59</u>
FUND BALANCES: (See Note 1.I.)				
Restricted	\$ 1,002,431.00	\$	\$ 307,873.00	\$ 1,310,304.00
Assigned	185,325.00	1,341,846.94	32,963.31	1,560,135.25
Unassigned	4,863,619.33		(472,017.99)	4,391,601.34
TOTAL FUND BALANCES	<u>\$ 6,051,375.33</u>	<u>\$ 1,341,846.94</u>	<u>\$ (131,181.68)</u>	<u>7,262,040.59</u>

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Internal Service Fund is used by management to charge costs of medical deductible reimbursement activities to the individual funds. The assets and net position of the Internal Service Funds included in the governmental activities in the Statement of Net Position.

Net Position - Governmental Activities	<u>\$ 161,077.59</u>
	<u>\$ 7,423,118.18</u>

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

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
General Property Taxes—Current	\$ 4,672,451.78	\$ 40,290.86		\$ 4,712,742.64
General Property Taxes—Delinquent	13,860.96			13,860.96
Penalties and Interest	13,856.07	114.58		13,970.65
Wheel Tax		292,529.66		292,529.66
Licenses and Permits	9,938.00		470.00	10,408.00
Intergovernmental Revenue:				
Federal Grants	410.40			410.40
Federal Shared Revenue	6,178.11			6,178.11
Federal Payments in Lieu of Taxes	60,004.00			60,004.00
State Grants	22,949.57	357,760.94		380,710.51
State Shared Revenue:				
Bank Franchise	69,647.47		3,985.17	73,632.64
Motor Vehicle Licenses		1,448,824.24		1,448,824.24
Prorate License Fees		81,462.57		81,462.57
63 3/4% Mobile Home		14,720.51		14,720.51
Secondary Road Remittances		23,718.57		23,718.57
Telecommunications Gross Receipts Tax	17,805.50			17,805.50
Motor Vehicle 1/4%	3,964.89			3,964.89
Renewable Facility Tax	125,959.44			125,959.44
Motor Fuel Tax		7,241.96		7,241.96
911 Remittances			85,970.59	85,970.59
Liquor Tax Reversion (25%)				52,880.88
Other State Shared Revenue	52,880.88		256,423.36	256,423.36
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	49,853.26			49,853.26
Register of Deeds' Fees	121,841.00		10,438.01	132,279.01
Legal Services	44,697.71			44,697.71
Clerk of Courts Fees	4,039.00		225.00	4,264.00
Other Fees		10,616.48	87.66	10,704.14
Public Safety:				
Law Enforcement	146,133.00		86,181.09	232,314.09

Prisoner Care	52,213.44			52,213.44
Sobriety Testing				17,668.86
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	5,973.51			5,973.51
Veterans Service Officer	2,812.50			2,812.50
Health Assistance:				
Women, Infants and Children	24,968.57			24,968.57
Conservation of Natural Resources	21,084.80			21,084.80
Fines and Forfeits:				
Costs	4,211.98			4,211.98
Miscellaneous Revenue:				
Investment Earnings	14,946.57	5,747.23	179.44	20,873.24
Rent	2,677.51	875.00		3,552.51
Refund of Prior Year's Expenditures	13,834.82			13,834.82
Other	22,855.05	16,108.19		38,963.24
Total Revenues	5,602,049.79	2,300,010.79	461,629.18	8,363,689.76

Expenditures:				
General Government				
Legislative:				
Board of County Commissioners	129,422.27			129,422.27
Elections	44,538.08			44,538.08
Judicial System	94,478.33			94,478.33
Financial Administration:				
Auditor	206,939.19			206,939.19
Treasurer	154,425.72			154,425.72
Other	55,238.89			55,238.89
Legal Services:				
State's Attorney	250,312.13			250,312.13
Court Appointed Attorney	312,318.90			312,318.90
Abused and Neglected Child Defense	2,817.70			2,817.70
Other General Government:				
General Government Building	240,809.63			240,809.63
Director of Equalization	180,424.24			180,424.24
Register of Deeds	150,707.99			150,707.99
Veterans Service Officer	47,706.08			47,706.08
Predatory Animal	8,897.40			8,897.40
Geographic Information System	87,214.35			87,214.35
Public Safety:				
Law Enforcement:				
Sheriff	802,193.66			802,193.66
County Jail	800,939.29	43,652.49		844,591.78
Coroner	9,707.58			9,707.58

CHARLES MIX COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022
(Continued)

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Juvenile Detention	83,399.24			83,399.24
Protective and Emergency Services:				
Emergency and Disaster Services			375,915.85	375,915.85
Communication Center			349,789.80	349,789.80
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		3,455,209.19	13,720.00	3,468,929.19
Health and Welfare:				
Economic Assistance:				
Support of Poor	1,167.54			1,167.54
Health Assistance:				
County Nurse	109,251.06			109,251.06
Women, Infants and Children	26,967.10			26,967.10
Mental Health Services:				
Mentally Ill	34,907.41			34,907.41
Mental Health Centers	19,873.43			19,873.43
Culture and Recreation:				
Recreation:				
County Fair	18,358.30			18,358.30
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	17,866.27			17,866.27
Soil Conservation Districts	15,000.00			15,000.00
Weed Control	167,488.79			167,488.79
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	17,388.00			17,388.00
Intergovernmental Expenditures		62,729.33		62,729.33
Debt Service	102,280.22			102,280.22
Total Expenditures	<u>4,193,038.79</u>	<u>3,517,938.52</u>	<u>783,078.14</u>	<u>8,494,055.45</u>
Excess of Revenues Over (Under) Expenditures	<u>1,409,011.00</u>	<u>(1,217,927.73)</u>	<u>(321,448.96)</u>	<u>(130,365.69)</u>

Other Financing Sources (Uses):				
Insurance Proceeds	15,356.83			15,356.83
Sale of County Property	29,046.78			29,046.78
Total Other Financing Sources (Uses)	<u>44,403.61</u>	<u>0.00</u>	<u>0.00</u>	<u>44,403.61</u>
Net Change in Fund Balance	1,453,414.61	(1,217,927.73)	(321,448.96)	(85,962.08)
Fund Balance - Beginning	4,597,960.72	2,559,774.67	190,267.28	7,348,002.67
FUND BALANCE - ENDING	<u>\$ 6,051,375.33</u>	<u>\$ 1,341,846.94</u>	<u>\$ (131,181.68)</u>	<u>\$ 7,262,040.59</u>

Net Change in Fund Balances - Total Governmental Funds \$ (85,962.08)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Internal Service Fund is used by management to charge the costs of medical deductible reimbursement activities to the individual funds. The net revenue (expense) of the internal funds is reported within the Governmental Activities. 46,949.94

Change in Net Position of Governmental Activities \$ (39,012.14)

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

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
General Property Taxes—Current	\$ 4,490,918.54	\$ 39,384.54		\$ 4,530,303.08
General Property Taxes—Delinquent	28,324.51			28,324.51
Penalties and Interest	20,221.08	82.07		20,303.15
Wheel Tax		294,754.85		294,754.85
Tax Deed Revenue	6,081.76			6,081.76
Licenses and Permits	11,675.00		300.00	11,975.00
Intergovernmental Revenue:				
Federal Grants	1,298,048.41	661,164.03	736,784.19	2,695,996.63
Federal Shared Revenue	6,230.30			6,230.30
Federal Payments in Lieu of Taxes	58,573.00			58,573.00
State Grants	2,623.55	525,290.72		527,914.27
State Shared Revenue:				
Bank Franchise	62,915.42		3,599.97	66,515.39
Motor Vehicle Licenses		1,408,159.46		1,408,159.46
Court Appointed Attorney/Public Defender	7,578.97			7,578.97
Prorate License Fees		79,115.87		79,115.87
63 3/4% Mobile Home		10,505.44		10,505.44
Secondary Road Remittances		19,641.24		19,641.24
Telecommunications Gross Receipts Tax	23,373.18			23,373.18
Motor Vehicle 1/4%	3,760.43			3,760.43
Renewable Facility Tax	100,240.77			100,240.77
Motor Fuel Tax		7,408.76		7,408.76
911 Remittances			107,637.77	107,637.77
Liquor Tax Reversion (25%)	53,431.82			53,431.82
Other State Shared Revenue			75,297.36	75,297.36
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	51,936.90			51,936.90
Register of Deeds' Fees	119,976.00		11,552.43	131,528.43
Legal Services	25,387.78		250.00	25,637.78

Clerk of Courts Fees	5,233.00		159.00	5,392.00
Public Safety:				
Law Enforcement	133,572.50		54,224.61	187,797.11
Prisoner Care	42,680.00			42,680.00
Sobriety Testing			9,734.00	9,734.00
Other			1,760.00	1,760.00
Public Works:				
Other		930.21		930.21
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	3,970.00			3,970.00
Veterans Service Officer	2,812.50			2,812.50
Health Assistance:				
Women, Infants and Children	26,065.43			26,065.43
Conservation of Natural Resources	15,272.45			15,272.45
Fines and Forfeits:				
Costs	5,568.80			5,568.80
Miscellaneous Revenue:				
Investment Earnings	3,343.51	2,752.08	154.37	6,249.96
Rent	1,095.00	875.00		1,970.00
Refund of Prior Year's Expenditures	13,200.78			13,200.78
Other	9,654.80	3,129.61		12,784.41
Total Revenues	6,633,766.19	3,053,193.88	1,001,453.70	10,688,413.77

Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	118,796.97			118,796.97
Elections	10,740.88			10,740.88
Judicial System	97,003.40			97,003.40
Financial Administration:				
Auditor	140,418.20			140,418.20
Treasurer	143,597.63			143,597.63
Other	109,419.12			109,419.12
Legal Services:				
State's Attorney	252,033.72			252,033.72
Court Appointed Attorney	294,072.32			294,072.32
Abused and Neglected Child Defense	35,261.70			35,261.70
Other General Government:				
General Government Building	182,107.96			182,107.96
Director of Equalization	180,495.42			180,495.42

CHARLES MIX COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021
(Continued)

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Register of Deeds	135,576.23		7,970.47	143,546.70
Veterans Service Officer	28,932.09			28,932.09
Predatory Animal	8,897.40			8,897.40
Geographic Information System	86,655.08			86,655.08
Public Safety:				
Law Enforcement				
Sheriff	829,925.36			829,925.36
County Jail	657,632.46		39,214.60	696,847.06
Coroner	16,573.17			16,573.17
Juvenile Detention	63,332.73			63,332.73
Protective and Emergency Services:				
Emergency and Disaster Services			667,338.05	667,338.05
Communication Center			310,534.57	310,534.57
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges		3,508,126.74	54,880.00	3,563,006.74
Health and Welfare:				
Economic Assistance:				
Support of Poor	185.00			185.00
Health Assistance:				
County Nurse	98,231.05			98,231.05
Women, Infants and Children	28,621.80			28,621.80
Social Services:				
Domestic Abuse			5,288.39	5,288.39
Mental Health Services:				
Mentally Ill	36,301.01			36,301.01
Mental Health Centers	36,979.51			36,979.51
Culture and Recreation:				
Recreation:				
Recreational Programs	20,400.00			20,400.00
County Fair	15,461.02			15,461.02
Senior Center	10,400.00			10,400.00

Conservation of Natural Resources:				
Soil Conservation:				
County Extension	16,406.79			16,406.79
Soil Conservation Districts	22,000.00			22,000.00
Weed Control	128,195.86			128,195.86
Urban and Economic Development				
Urban Development:				
Planning and Zoning	17,241.00			17,241.00
Intergovernmental Expenditures		57,603.47		57,603.47
Debt Service	103,138.72			103,138.72
Total Expenditures	<u>3,925,033.60</u>	<u>3,565,730.21</u>	<u>1,085,226.08</u>	<u>8,575,989.89</u>
Excess of Revenues Over (Under) Expenditures	2,708,732.59	(512,536.33)	(83,772.38)	2,112,423.88
Other Financing Sources (Uses):				
Transfers In				
Transfers Out	(1,750,000.00)	1,600,000.00	150,000.00	1,750,000.00
Insurance Proceeds	345.00	1,559.74		(1,750,000.00)
Sale of County Property	22,379.00	65,200.00		1,904.74
Total Other Financing Sources (Uses)	<u>(1,727,276.00)</u>	<u>1,666,759.74</u>	<u>150,000.00</u>	<u>87,579.00</u>
Net Change in Fund Balance	981,456.59	1,154,223.41	66,227.62	2,201,907.62
Fund Balance - Beginning	3,616,504.13	1,405,551.26	124,039.66	5,146,095.05
FUND BALANCE - ENDING	<u>\$ 4,597,960.72</u>	<u>\$ 2,559,774.67</u>	<u>\$ 190,267.28</u>	<u>\$ 7,348,002.67</u>

Net Change in Fund Balances - Total Governmental Funds \$ 2,201,907.62

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Internal Service Fund is used by management to charge the costs of medical deductible reimbursement activities to the individual funds. The net revenue (expense) of the internal funds is reported within the Governmental Activities. 75,984.24

Change in Net Position of Governmental Activities \$ 2,277,891.86

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

**CHARLES MIX COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2022**

	<u>Internal Service Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	<u>\$ 161,077.59</u>
TOTAL ASSETS	<u><u>\$ 161,077.59</u></u>
NET POSITION:	
Unrestricted	<u>\$ 161,077.59</u>
TOTAL NET POSITION	<u><u>\$ 161,077.59</u></u>

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

CHARLES MIX COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2022

	Internal Service Funds
Operating Revenues:	
Charges for Goods and Services	\$ 86,149.74
Operating Expenses:	
Deductible Reimbursement	39,199.80
Change in Net Position	46,949.94
Net Position - Beginning	114,127.65
NET POSITION - ENDING	\$ 161,077.59

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

CHARLES MIX COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2021

	Internal Service Funds
Operating Revenues:	
Charges for Goods and Services	\$ 113,357.52
Operating Expenses:	
Deductible Reimbursement	37,373.28
Change in Net Position	75,984.24
Net Position - Beginning	0.00
Adjustments:	
Adjust Prior Unreported Balance of Internal Service Fund (See Note 10)	38,143.41
Adjusted Net Position - Beginning	38,143.41
NET POSITION - ENDING	\$ 114,127.65

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

CHARLES MIX COUNTY
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
December 31, 2022

	<u>Custodial Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ <u>367,336.31</u>
TOTAL ASSETS	<u>\$ 367,336.31</u>
NET POSITION:	
Restricted For:	
Individuals, Organizations, and Other Governments	\$ <u>367,336.31</u>
TOTAL NET POSITION	<u>\$ 367,336.31</u>

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

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

	Custodial Funds
ADDITIONS:	
Property Tax Collections for Other Governments	\$ 10,789,288.96
State Shared Revenue Collections for Other Governments	3,535,882.04
Other Additions	17,291.85
Total Additions	14,342,462.85
DEDUCTIONS:	
Payments of Property Tax to Other Governments	10,613,891.53
Payments of State Shared Revenue to Other Governments	3,673,928.01
Other Deductions	16,828.15
Total Deductions	14,304,647.69
Change in Net Position	37,815.16
Net Position - Beginning	329,521.15
NET POSITION - ENDING	\$ 367,336.31

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

CHARLES MIX COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
For the Year Ended December 31, 2021

	Custodial Funds
ADDITIONS:	
Property Tax Collections for Other Governments	\$ 10,407,444.70
State Shared Revenue Collections for Other Governments	3,169,256.79
Other Additions	33,759.47
Total Additions	13,610,460.96
DEDUCTIONS:	
Payments of Property Tax to Other Governments	10,460,036.08
Payments of State Shared Revenue to Other Governments	3,155,086.44
Other Deductions	16,263.15
Total Deductions	13,631,385.67
Change in Net Position	(20,924.71)
Net Position - Beginning	350,445.86
NET POSITION - ENDING	\$ 329,521.15

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

CHARLES MIX COUNTY
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of Charles Mix County (County), 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); 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 County participates in a cooperative unit, the Southern Missouri Waste Management District. 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 County.

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County'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 County or it meets the following criteria:

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

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

Governmental Funds:

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

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

Road and Bridge Fund – to account for funds credited to the road and bridge fund pursuant to SDCL 32-11-4.2 to be used by the board of county commissioners for grading, constructing, planing, dragging, and maintaining county highways and also for dragging, maintaining, and grading secondary roads. Proper equipment for dragging, grading, and maintaining highways, such as graders, tractors, drags, maintainers, and planers may be purchased from the road and bridge fund. (SDCL 32-11-2 and 32-11-4.2) This is a major fund.

The remaining special revenue funds are not considered major funds: 911 Service, Emergency Management, Domestic Abuse, Courthouse Building, 24/7 Sobriety, Modernization and Preservation Relief, and Rural Access Infrastructure. These funds are reported on the fund financial statements as "Other Governmental Funds."

Proprietary Funds:

Internal Service Funds – Internal service funds may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds should be used only if the reporting government is the predominant participant in the activity. The particular types of goods or services provided to other funds are as follows: Employee Medical Deductible Reimbursements. Internal service funds are never considered to be major funds. The Medical Expense Reimbursement Plan Fund is the only internal service fund maintained by the County.

Fiduciary Funds:

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

Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for the accumulation and distribution of property tax revenues and various pass-through funds.

c. Measurement Focus and Basis of Accounting:

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

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

Measurement Focus:

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

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

Basis of Accounting:

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

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

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

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

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

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:

In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the Internal Service Fund, so that expenses are reported only by the function to which they relate.

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, improvements other than buildings, furnishings and equipment, construction/development in progress, infrastructure, intangible lease assets, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using a modified cash basis of accounting. The County has not elected to modify their cash basis presentation by recording capital assets arising from cash transactions and depreciating those assets where appropriate, so any capital assets owned by the County and the related depreciation are not reported on the financial statements of the County.

g. Long-Term Liabilities:

Long-term liabilities may include, but are not limited to, General Obligation Bonds, Revenue Bonds, Certificates of Participation, Notes Payable, and Lease Liabilities.

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using a modified cash basis of accounting. The County has not elected to modify their cash basis presentation by recording long-term debt or long-term liabilities arising from cash transactions, so any outstanding long-term debt or long-term liabilities are not reported on the financial statements of the County. The County does report the principal and interest payments on long-term debt as Debt Service expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances. On the Statement of Activities, the principal portion of these Debt Service payments are reported within the appropriate expense function while the interest portion is reported as Interest on Long-Term Debt.

The County has presented as Supplementary Information a Schedule of Changes in Long-Term Debt along with related notes that include details of any outstanding Long-Term Debt.

h. Program Revenues:

Program revenues derive directly from the program itself or from parties other than the County'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 Net Position, revenues and expenses are classified as operating or non-operating revenues and expenses. Operating revenues and expenses directly relate to the purpose of the fund.

j. Equity Classifications:

Government-wide Financial Statements:

Equity is classified as Net Position and is displayed in two components:

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

Fund Financial Statements:

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

k. Application of Net Position:

It is the County'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.

1. 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 County 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 nor committed. Fund Balance may be assigned by the County Commissioners.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The County 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 County would first use *committed*, then *assigned*, and lastly *unassigned amounts* of unrestricted fund balance when expenditures are made.

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

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

Major Special Revenue Fund
Road and Bridge Fund

Revenue Source
Wheel Tax, Grants, and Motor Vehicle Licenses

A schedule of fund balances is provided as follows:

**CHARLES MIX COUNTY
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Restricted For:				
American Rescue Plan Purposes	\$ 902,431.00	\$	\$	\$ 902,431.00
Local Assistance and Tribal Consistency Purposes	100,000.00			100,000.00
Emergency Management Purposes			29,949.65	29,949.65
Domestic Abuse Purposes			782.66	782.66
Modernization and Preservation Relief Purposes			14,019.97	14,019.97
Rural Access Infrastructure Purposes			263,120.72	263,120.72
Assigned To:				
Applied to Next Year's Budget	185,325.00			185,325.00
Road and Bridge Purposes		1,341,846.94		1,341,846.94
Domestic Abuse Purposes			3,772.23	3,772.23
Courthouse Building Purposes			24,332.32	24,332.32
Modernization and Preservation Relief Purposes			4,858.76	4,858.76
Unassigned	4,863,619.33		(472,017.99)	4,391,601.34
Total Fund Balances	\$ 6,051,375.33	\$ 1,341,846.94	\$ (131,181.68)	\$ 7,262,040.59

2. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2022, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. This statement improves accounting and financial reporting for leases; enhances the comparability of financial statements between governments; and also enhances the relevance, reliability, and consistency of information about the leasing activities of governments. The County prepared and presented the financial statements in accordance with the modified cash basis of accounting described in Note 1.c.; therefore, the implementation of this standard did not affect beginning net position or beginning fund balances.

3. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

	<u>Year Ended</u> <u>12/31/2021</u>	<u>Year Ended</u> <u>12/31/2022</u>
General Fund:		
<u>Activity</u>		
Auditor		\$ 11,939.19
Elections	\$ 3,440.88	
Court Appointed Attorney	\$ 4,072.32	
Veterans Service Officer	\$ 306.09	
Emergency Management Fund:		
<u>Activity</u>		
Emergency and Disaster Services	\$ 559,838.05	\$ 256,815.85
Rural Access Infrastructure Fund:		
<u>Activity</u>		
Highways, Roads and Bridges	\$ 54,880.00	\$ 13,720.00

The Board of County Commissioners plans to take the following actions to address these violations:

The County Auditor will more closely monitor the budgets of each department in each fund, and the Governing Board will make the appropriate budget supplements or contingency transfers in order to avoid making expenditures in excess of appropriations.

4. DEFICIT FUND BALANCES / NET POSITION OF INDIVIDUAL NONMAJOR FUNDS

As of December 31, 2022, the following individual nonmajor funds had deficit fund balance/net position in the amounts shown:

911 Service Fund	\$ (249,089.11)
Emergency Management Fund	\$ (190,208.92)
24/7 Sobriety Fund	\$ (32,719.86)

The Board of County Commissioners plans to take the following actions to address the deficit fund balance/deficit net position:

Appropriate transfers from the General Fund will be made in order to rectify the deficit fund balances.

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

The County 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 County's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 7-20-1, 7-20-1.1, and 7-20-1.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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

As of December 31, 2022, the County had no investments reported in the financial statements.

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

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2022, the County's deposits in financial institutions were not exposed to custodial credit risk.

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

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

6. PROPERTY TAXES

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

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

7. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2022, was as follows:

Major Purposes:	
American Rescue Plan Purposes	\$ 902,431.00
Rural Access Infrastructure Purposes	<u>263,120.72</u>
Other Purposes:	
Local Assistance and Tribal Consistency Purposes	100,000.00
Emergency Management Purposes	29,949.65
Domestic Abuse Purposes	782.66
Modernization and Preservation Relief Purposes	<u>14,019.97</u>
 Total Other Purposes	 <u>144,752.28</u>
 Total Restricted Net Position	 <u>\$ 1,310,304.00</u>

These balances are restricted due to federal grant and statutory requirements.

8. INTERFUND TRANSFERS

There were no interfund transfers for the year ended December 31, 2022.

Interfund transfers for the year ended December 31, 2021, were as follows:

Transfers From:	<u>Transfers To:</u>		<u>Total</u>
	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	
Major Funds:			
General Fund	\$ 1,600,000.00	\$ 150,000.00	\$ 1,750,000.00

The County typically budgets transfers to the Road and Bridge Fund and the 911 Service Fund, the Emergency Management Fund, the Domestic Abuse Fund, and the 24/7 Sobriety Fund (Other Governmental Funds) to conduct the indispensable functions of the County.

9. TAX ABATEMENTS

Municipality of Platte:

The Municipality of Platte has created a tax increment district under the authority granted by South Dakota Codified Law section 11-9. The tax increment district was created to stimulate and develop the general economic welfare and prosperity of the Municipality through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or other natural resources; and

the improvement of the area will likely enhance the value of all of the other real property in the tax increment district.

The county, municipal and other local general property taxes levied on all taxable property within a tax incremental district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the tax increment district. The tax increments are allocated until all cost of the tax increment district project has been repaid; however, it cannot exceed 20 years. Because the general property taxes on tax increment districts are allocated to the districts, the taxes are not available to Charles Mix County during the life of the tax increment district.

The County did not forgo any general property tax revenue for the two years ended December 31, 2022. The County will forgo general property tax revenues related to the Tax Increment District beginning with the 2022 payable 2023 taxes.

10. PRIOR PERIOD ADJUSTMENTS

Beginning Net Position of the Medical Expense Reimbursement Plan Fund has been adjusted to restate the effects of the County neglecting to report this Internal Service Fund in the prior year. The Beginning Net Position of the Medical Expense Reimbursement Plan Fund was adjusted in the amount of \$38,143.41.

Beginning Net Position of the Governmental Activities was also adjusted for the same reason and in the same amount as stated above.

11. PENSION PLAN

Plan Information:

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

Benefits Provided:

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

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

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

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

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

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

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

Contributions:

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

<u>Year</u>	<u>Amount</u>
2022	\$ 157,547.54
2021	\$ 144,861.90
2020	\$ 133,296.23

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2022, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the County as of this measurement period ending June 30, 2022 are as follows:

Proportionate share of total pension liability	\$ 15,003,142.94
Less proportionate share of net position restricted for pension benefits	<u>15,013,187.06</u>
Proportionate share of net pension asset	<u>\$ (10,044.12)</u>

The net pension asset was measured as of June 30, 2022 and the total pension liability used to calculate the net pension asset was based on a projection of the County's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the County's proportion was 0.106280%, which is an increase of 0.009212% from its proportion measured as of June 30, 2021.

Actuarial Assumptions:

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

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

Mortality Rates:

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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

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

Discount Rate:

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net pension liability (asset)	\$ 2,085,570.54	\$ (10,044.12)	\$ (1,722,715.00)

Pension Plan Fiduciary Net Position:

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

12. JOINT VENTURES

The County participates in a joint venture, known as the Southern Missouri Recycling and Waste Management District, formed for the purpose of providing waste management services to its members.

The members of the joint venture and their relative percentage of participation are as follows:

Municipalities:

Armour .6%, Platte .9%
 Avon 1.0%, Ravinia .1%
 Corsica .4%, Scotland .7%
 Dante .1%, Springfield .6%
 Delmont .2%, Tabor .7%
 Geddes .2%, Tyndall 2.4%
 Lake Andes .6%, Wagner 1.1%
 Pickstown .1%

Counties:

Bon Homme 23.9%
 Charles Mix 32.2%
 Douglas 13.2%
 Gregory 21.0%

The joint venture's governing board is composed of representatives, who are city council members or county commissioners. The board is responsible for adopting the budget and setting service fees at a level adequate to fund the adopted budget.

The County retains no equity in the Net Position of the joint venture, but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from:

Southern Missouri Recycling and Waste Management District
38053 SD Highway 50
Lake Andes, SD 57356

As of December 31, 2022, this joint venture had total assets of \$2,383,720.53, total liabilities of \$543,052.16, and total Net Position of \$1,852,289.52.

13. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2022, the County was involved in one lawsuit. No determination can be made at this time regarding the potential outcome of this lawsuit. However, as discussed in the Risk Management note, the County has liability coverage for itself and its employees with South Dakota Public Assurance Alliance. Therefore, no material effects are anticipated to the County as a result of the potential outcome of this lawsuit.

14. RISK MANAGEMENT

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

Employee Health Insurance:

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

The County carries a high deductible for each employee under the Health Insurance Plan. The County will reimburse a portion of the deductible for each person participating in the Health Insurance Plan. During the years ended December 31, 2021, and December 31, 2022, the County reimbursed deductibles for its employees in the amount of \$37,373.28 and \$39,199.80, respectively.

Liability Insurance:

The County joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The County'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 County. The County pays a Members' Annual Operating Contribution, to provide liability coverage detailed

below, under an occurrence-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The County pays an annual premium to the pool to provide coverage for:

General Liability, Government Officials Liability, Automobile Liability, Law Enforcement Liability, and Property and Building Coverage

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 County carries various deductibles for the above coverages.

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

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

Unemployment Benefits:

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

SUPPLEMENTARY INFORMATION
CHARLES MIX COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 4,625,038.00	\$ 4,625,038.00	\$ 4,672,451.78	\$ 47,413.78
General Property Taxes--Delinquent	0.00	0.00	13,860.96	13,860.96
Penalties and Interest	17,440.00	17,440.00	13,856.07	(3,583.93)
Licenses and Permits	10,550.00	10,550.00	9,938.00	(612.00)
Intergovernmental Revenue:				
Federal Grants	400.00	400.00	410.40	10.40
Federal Shared Revenue	6,000.00	6,000.00	6,178.11	178.11
Federal Payments in Lieu of Taxes	55,000.00	55,000.00	60,004.00	5,004.00
State Grants	20,000.00	20,000.00	22,949.57	2,949.57
State Shared Revenue:				
Bank Franchise	65,000.00	65,000.00	69,647.47	4,647.47
Telecommunications Gross Receipts Tax	15,000.00	15,000.00	17,805.50	2,805.50
Motor Vehicle 1/4%	2,000.00	2,000.00	3,964.89	1,964.89
Renewable Facility Tax	111,150.00	111,150.00	125,959.44	14,809.44
Liquor Tax Reversion (25%)	47,000.00	47,000.00	52,880.88	5,880.88
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	40,000.00	40,000.00	49,853.26	9,853.26
Register of Deeds' Fees	91,000.00	91,000.00	121,841.00	30,841.00
Legal Services	40,000.00	40,000.00	44,697.71	4,697.71
Clerk of Courts Fees	4,000.00	4,000.00	4,039.00	39.00
Public Safety:				
Law Enforcement	100,000.00	100,000.00	146,133.00	46,133.00
Prisoner Care	44,000.00	44,000.00	52,213.44	8,213.44
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	5,000.00	5,000.00	5,973.51	973.51
Veterans Service Officer	2,000.00	2,000.00	2,812.50	812.50
Health Assistance:				
Women, Infants and Children	18,303.00	18,303.00	24,968.57	6,665.57
Conservation of Natural Resources	15,000.00	15,000.00	21,084.80	6,084.80
Fines and Forfeits:				
Costs	3,000.00	3,000.00	4,211.98	1,211.98
Miscellaneous Revenue:				
Investment Earnings	9,000.00	9,000.00	14,946.57	5,946.57
Rent	2,000.00	2,000.00	2,677.51	677.51
Refund of Prior Year's Expenditures	0.00	0.00	13,834.82	13,834.82
Other	4,360.00	4,360.00	22,855.05	18,495.05
Total Revenues	5,352,241.00	5,352,241.00	6,602,049.79	249,808.79
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	175,200.00	175,200.00	129,422.27	45,777.73
Contingency	175,000.00	175,000.00		
Amount Transferred		(175,000.00)		0.00
Elections	80,000.00	80,000.00	44,538.08	35,461.92
Judicial System	134,000.00	134,000.00	94,478.33	39,521.67
Financial Administration:				
Auditor	195,000.00	195,000.00	206,939.19	(11,939.19)
Treasurer	181,986.00	181,986.00	154,425.72	27,560.28
Other	140,000.00	140,000.00	55,238.89	84,761.11

**SUPPLEMENTARY INFORMATION
CHARLES MIX COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2022
(Continued)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Legal Services:				
State's Attorney	294,500.00	294,500.00	250,312.13	44,187.87
Court Appointed Attorney	290,000.00	315,000.00	312,318.90	2,681.10
Abused and Neglected Child Defense	62,500.00	62,500.00	2,817.70	59,682.30
Other General Government:				
General Government Building	402,300.00	402,300.00	240,809.63	161,490.37
Director of Equalization	213,661.00	213,661.00	180,424.24	33,236.76
Register of Deeds	159,400.00	159,400.00	150,707.99	8,692.01
Veterans Service Officer	29,326.00	54,326.00	47,706.08	6,619.92
Predatory Animal	8,900.00	8,900.00	8,897.40	2.60
Geographic Information System	97,800.00	97,800.00	87,214.35	10,585.65
Public Safety:				
Law Enforcement:				
Sheriff	892,000.00	892,000.00	802,193.66	89,806.34
County Jail	700,000.00	810,000.00	800,939.29	9,060.71
Coroner	28,265.00	28,265.00	9,707.58	18,557.42
Juvenile Detention	140,000.00	140,000.00	83,399.24	56,600.76
Health and Welfare:				
Economic Assistance:				
Support of Poor	125,000.00	125,000.00	1,167.54	123,832.46
Health Assistance:				
County Nurse	100,845.00	115,845.00	109,251.06	6,593.94
Women, Infants and Children	58,700.00	58,700.00	26,967.10	31,732.90
Mental Health Services:				
Mentally Ill	87,000.00	87,000.00	34,907.41	52,092.59
Mental Health Centers	55,000.00	55,000.00	19,873.43	35,126.57
Culture and Recreation:				
Recreation:				
Recreational Programs	20,000.00	20,000.00	0.00	20,000.00
County Fair	25,400.00	25,400.00	18,358.30	7,041.70
Senior Center	11,225.00	11,225.00	0.00	11,225.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	46,800.00	46,800.00	17,866.27	28,933.73
Soil Conservation Districts	15,000.00	15,000.00	15,000.00	0.00
Weed Control	191,400.00	191,400.00	167,488.79	23,911.21
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	18,000.00	18,000.00	17,388.00	612.00
Debt Service	103,000.00	103,000.00	102,280.22	719.78
Total Expenditures	<u>5,257,208.00</u>	<u>5,257,208.00</u>	<u>4,193,038.79</u>	<u>1,064,169.21</u>
Excess of Revenues Over (Under) Expenditures	<u>95,033.00</u>	<u>95,033.00</u>	<u>1,409,011.00</u>	<u>1,313,978.00</u>
Other Financing Sources (Uses):				
Transfers Out	(1,108,000.00)	(1,108,000.00)	0.00	1,108,000.00
Insurance Proceeds	5,000.00	5,000.00	15,356.83	10,356.83
Sale of County Property	8,500.00	8,500.00	29,046.78	20,546.78
Total Other Financing Sources (Uses)	<u>(1,094,500.00)</u>	<u>(1,094,500.00)</u>	<u>44,403.61</u>	<u>1,138,903.61</u>
Net Change in Fund Balance	(999,467.00)	(999,467.00)	1,453,414.61	2,452,881.61
Fund Balance - Beginning	<u>4,597,960.72</u>	<u>4,597,960.72</u>	<u>4,597,960.72</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 3,598,493.72</u>	<u>\$ 3,598,493.72</u>	<u>\$ 6,051,375.33</u>	<u>\$ 2,452,881.61</u>

SUPPLEMENTARY INFORMATION
CHARLES MIX COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 40,000.00	\$ 40,000.00	\$ 40,290.86	\$ 290.86
Penalties and Interest	100.00	100.00	114.58	14.58
Wheel Tax	275,910.00	292,000.00	292,529.66	529.66
Intergovernmental Revenue:				
State Grants	400,000.00	400,000.00	357,760.94	(42,239.06)
State Shared Revenue:				
Motor Vehicle Licenses	1,457,000.00	1,457,000.00	1,448,824.24	(8,175.76)
Prorate License Fees	86,000.00	86,000.00	81,462.57	(4,537.43)
63 3/4% Mobile Home	15,000.00	15,000.00	14,720.51	(279.49)
Secondary Road Remittances	26,000.00	26,000.00	23,718.57	(2,281.43)
Motor Fuel Tax	12,040.00	12,040.00	7,241.96	(4,798.04)
Charges for Goods and Services:				
General Government:				
Other Fees	5,250.00	5,250.00	10,616.48	5,366.48
Miscellaneous Revenue:				
Investment Earnings	1,000.00	1,000.00	5,747.23	4,747.23
Rent	800.00	800.00	875.00	75.00
Other	275.00	275.00	16,108.19	15,833.19
Total Revenues	2,319,375.00	2,335,465.00	2,300,010.79	(35,454.21)
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	4,277,064.00	4,277,064.00	3,455,209.19	821,854.81
Intergovernmental Expenditures	65,000.00	65,000.00	62,729.33	2,270.67
Total Expenditures	4,342,064.00	4,342,064.00	3,517,938.52	824,125.48
Excess of Revenues Over (Under) Expenditures	(2,022,689.00)	(2,006,599.00)	(1,217,927.73)	788,671.27
Other Financing Sources (Uses):				
Transfers In	833,350.00	833,350.00	0.00	(833,350.00)
Net Change in Fund Balance	(1,189,339.00)	(1,173,249.00)	(1,217,927.73)	(44,678.73)
Fund Balance - Beginning	2,559,774.67	2,559,774.67	2,559,774.67	0.00
FUND BALANCE - ENDING	\$ 1,370,435.67	\$ 1,386,525.67	\$ 1,341,846.94	\$ (44,678.73)

**SUPPLEMENTARY INFORMATION
CHARLES MIX COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 4,559,876.00	\$ 4,559,876.00	\$ 4,490,918.54	\$ (68,957.46)
General Property Taxes--Delinquent	0.00	0.00	28,324.51	28,324.51
Penalties and Interest	17,440.00	17,440.00	20,221.08	2,781.08
Tax Deed Revenue	0.00	0.00	6,081.76	6,081.76
Licenses and Permits	11,030.00	11,030.00	11,675.00	645.00
Intergovernmental Revenue:				
Federal Grants	1,000.00	1,000.00	1,298,048.41	1,297,048.41
Federal Shared Revenue	19,000.00	19,000.00	6,230.30	(12,769.70)
Federal Payments in Lieu of Taxes	60,548.00	60,548.00	58,573.00	(1,975.00)
State Grants	23,000.00	23,000.00	2,623.55	(20,376.45)
State Shared Revenue:				
Bank Franchise	50,000.00	50,000.00	62,915.42	12,915.42
Court Appointed Attorney/Public Defender	0.00	0.00	7,578.97	7,578.97
Telecommunications Gross Receipts Tax	40,000.00	40,000.00	23,373.18	(16,626.82)
Motor Vehicle 1/4%	2,300.00	2,300.00	3,760.43	1,460.43
Renewable Facility Tax	41,137.00	41,137.00	100,240.77	59,103.77
Liquor Tax Reversion (25%)	49,073.00	49,073.00	53,431.82	4,358.82
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	43,495.00	43,495.00	51,936.90	8,441.90
Register of Deeds' Fees	80,500.00	80,500.00	119,976.00	39,476.00
Legal Services	25,000.00	25,000.00	25,387.78	387.78
Clerk of Courts Fees	5,800.00	5,800.00	5,233.00	(567.00)
Public Safety:				
Law Enforcement	90,000.00	90,000.00	133,572.50	43,572.50
Prisoner Care	90,000.00	90,000.00	42,680.00	(47,320.00)
Other	24,660.00	24,660.00	0.00	(24,660.00)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	8,000.00	8,000.00	3,970.00	(4,030.00)
Veterans Service Officer	2,813.00	2,813.00	2,812.50	(0.50)
Health Assistance:				
Women, Infants and Children	36,000.00	36,000.00	26,065.43	(9,934.57)
Conservation of Natural Resources	5,075.00	5,075.00	15,272.45	10,197.45
Fines and Forfeits:				
Costs	3,000.00	3,000.00	5,568.80	2,568.80
Miscellaneous Revenue:				
Investment Earnings	10,000.00	10,000.00	3,343.51	(6,656.49)
Rent	1,500.00	1,500.00	1,095.00	(405.00)
Refund of Prior Year's Expenditures	0.00	0.00	13,200.78	13,200.78
Other	4,150.00	4,150.00	9,654.80	5,504.80
Total Revenues	5,304,397.00	5,304,397.00	6,633,766.19	1,329,369.19
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	170,800.00	170,800.00	118,796.97	52,003.03
Contingency	175,000.00	175,000.00		
Amount Transferred		(1,000.00)		174,000.00
Elections	7,300.00	7,300.00	10,740.88	(3,440.88)
Judicial System	126,500.00	126,500.00	97,003.40	29,496.60
Financial Administration:				
Auditor	191,050.00	191,050.00	140,418.20	50,631.80
Treasurer	180,220.00	180,220.00	143,597.63	36,622.37

SUPPLEMENTARY INFORMATION
CHARLES MIX COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2021
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Other	120,000.00	120,000.00	109,419.12	10,580.88
Legal Services:				
State's Attorney	309,916.00	309,916.00	252,033.72	57,882.28
Court Appointed Attorney	290,000.00	290,000.00	294,072.32	(4,072.32)
Abused and Neglected Child Defense	60,500.00	60,500.00	35,261.70	25,238.30
Other General Government:				
General Government Building	369,249.00	369,249.00	182,107.96	187,141.04
Director of Equalization	220,635.00	220,635.00	180,495.42	40,139.58
Register of Deeds	152,500.00	152,500.00	135,576.23	16,923.77
Veterans Service Officer	28,626.00	28,626.00	28,932.09	(306.09)
Predatory Animal	8,900.00	8,900.00	8,897.40	2.60
Geographic Information System	94,400.00	94,400.00	86,655.08	7,744.92
Public Safety:				
Law Enforcement:				
Sheriff	916,000.00	916,000.00	829,925.36	86,074.64
County Jail	706,000.00	706,000.00	657,632.46	48,367.54
Coroner	28,000.00	28,000.00	16,573.17	11,426.83
Juvenile Detention	135,000.00	135,000.00	63,332.73	71,667.27
Health and Welfare:				
Economic Assistance:				
Support of Poor	125,000.00	125,000.00	185.00	124,815.00
Health Assistance:				
County Nurse	112,804.00	112,804.00	98,231.05	14,572.95
Women, Infants and Children	55,118.00	55,118.00	28,621.80	26,496.20
Mental Health Services:				
Mentally Ill	87,000.00	87,000.00	36,301.01	50,698.99
Mental Health Centers	65,000.00	65,000.00	36,979.51	28,020.49
Culture and Recreation:				
Recreation:				
Recreational Programs	25,000.00	25,000.00	20,400.00	4,600.00
County Fair	25,400.00	25,400.00	15,461.02	9,938.98
Senior Center	10,400.00	10,400.00	10,400.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	47,550.00	47,550.00	16,406.79	31,143.21
Soil Conservation Districts	22,000.00	22,000.00	22,000.00	0.00
Weed Control	202,199.00	202,199.00	128,195.86	74,003.14
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	17,241.00	17,241.00	17,241.00	0.00
Debt Service	104,000.00	104,000.00	103,138.72	861.28
Total Expenditures	<u>5,189,308.00</u>	<u>5,188,308.00</u>	<u>3,925,033.60</u>	<u>1,263,274.40</u>
Excess of Revenues Over (Under) Expenditures	<u>115,089.00</u>	<u>116,089.00</u>	<u>2,708,732.59</u>	<u>2,592,643.59</u>
Other Financing Sources (Uses):				
Transfers Out	(1,750,000.00)	(1,750,000.00)	(1,750,000.00)	0.00
Insurance Proceeds	13,500.00	13,500.00	345.00	(13,155.00)
Sale of County Property	21,050.00	21,050.00	22,379.00	1,329.00
Total Other Financing Sources (Uses)	<u>(1,715,450.00)</u>	<u>(1,715,450.00)</u>	<u>(1,727,276.00)</u>	<u>(11,826.00)</u>
Net Change in Fund Balance	(1,600,361.00)	(1,599,361.00)	981,456.59	2,580,817.59
Fund Balance - Beginning	<u>3,616,504.13</u>	<u>3,616,504.13</u>	<u>3,616,504.13</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 2,016,143.13</u>	<u>\$ 2,017,143.13</u>	<u>\$ 4,597,960.72</u>	<u>\$ 2,580,817.59</u>

**SUPPLEMENTARY INFORMATION
CHARLES MIX COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 40,000.00	\$ 40,000.00	\$ 39,384.54	\$ (615.46)
Penalties and Interest	5.00	5.00	82.07	77.07
Wheel Tax	275,900.00	275,900.00	294,754.85	18,854.85
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	661,164.03	661,164.03
State Grants	295,000.00	295,000.00	525,290.72	230,290.72
State Shared Revenue:				
Motor Vehicle Licenses	1,065,000.00	1,065,000.00	1,408,159.46	343,159.46
Prorate License Fees	72,000.00	72,000.00	79,115.87	7,115.87
63 3/4% Mobile Home	0.00	0.00	10,505.44	10,505.44
Secondary Road Remittances	29,670.00	29,670.00	19,641.24	(10,028.76)
Motor Fuel Tax	7,541.00	7,541.00	7,408.76	(132.24)
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	10,000.00	10,000.00	0.00	(10,000.00)
Other	0.00	0.00	930.21	930.21
Miscellaneous Revenue:				
Investment Earnings	850.00	850.00	2,752.08	1,902.08
Rent	875.00	875.00	875.00	0.00
Other	0.00	0.00	3,129.61	3,129.61
Total Revenues	<u>1,796,841.00</u>	<u>1,796,841.00</u>	<u>3,053,193.88</u>	<u>1,256,352.88</u>
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	4,608,212.00	4,608,212.00	3,508,126.74	1,100,085.26
Intergovernmental Expenditures	65,000.00	65,000.00	57,603.47	7,396.53
Total Expenditures	<u>4,673,212.00</u>	<u>4,673,212.00</u>	<u>3,565,730.21</u>	<u>1,107,481.79</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,876,371.00)</u>	<u>(2,876,371.00)</u>	<u>(512,536.33)</u>	<u>2,363,834.67</u>
Other Financing Sources (Uses):				
Transfers in	1,600,000.00	1,600,000.00	1,600,000.00	0.00
Insurance Proceeds	3,700.00	3,700.00	1,559.74	(2,140.26)
Sale of County Property	251,080.00	251,080.00	65,200.00	(185,880.00)
Total Other Financing Sources (Uses)	<u>1,854,780.00</u>	<u>1,854,780.00</u>	<u>1,666,759.74</u>	<u>(188,020.26)</u>
Net Change in Fund Balance	<u>(1,021,591.00)</u>	<u>(1,021,591.00)</u>	<u>1,154,223.41</u>	<u>2,175,814.41</u>
Fund Balance - Beginning	<u>1,405,551.26</u>	<u>1,405,551.26</u>	<u>1,405,551.26</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 383,960.26</u>	<u>\$ 383,960.26</u>	<u>\$ 2,559,774.67</u>	<u>\$ 2,175,814.41</u>

CHARLES MIX COUNTY
NOTES TO THE SUPPLEMENTARY INFORMATION
Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget

Note 1. Budgets and Budgetary Accounting:

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Between the fifteenth and thirtieth days of July in each year the Board of County Commissioners prepares and files with the County Auditor a provisional budget for the following year, containing a detailed estimate of cash balances, revenues, and expenditures.
2. Prior to the first Tuesday in September in each year a notice of budget hearing is published once each week for two successive weeks, and the text of the provisional budget is published with the first publication.
3. The Board of County Commissioners holds a meeting for the purpose of considering the provisional budget on or prior to the first Tuesday in September in each year. Such hearings must be concluded by October first. Changes made to the provisional budget are entered at length in the minutes of the Board of County Commissioners.
4. Before October first of each year the Board of County Commissioners adopts an annual budget for the ensuing year. The adopted budget is filed in the office of the County Auditor.
5. After adoption by the Board of County Commissioners, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 7.
6. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total county budget.
7. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
8. Unexpended appropriations lapse at year end unless encumbered by resolution of the Board of County Commissioners.
9. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

SUPPLEMENTARY INFORMATION
 CHARLES MIX COUNTY
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.106280%	0.097068%	0.105720%	0.106578%	0.105616%	0.104318%	0.101636%	0.104626%	0.108279%
County's proportionate share of net pension liability (asset)	\$ (10,044)	\$ (743,375)	\$ (4,591)	\$ (11,294)	\$ (2,463)	\$ (9,467)	\$ 343,317	\$ (443,747)	\$ (780,102)
County's covered payroll	\$ 2,411,579	\$ 2,095,607	\$ 2,212,027	\$ 2,189,363	\$ 2,100,568	\$ 2,018,777	\$ 1,844,846	\$ 1,834,205	\$ 1,820,673
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.42%	35.47%	0.21%	0.52%	0.12%	0.47%	18.61%	24.19%	42.85%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

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

CHARLES MIX COUNTY
NOTES TO THE SUPPLEMENTARY INFORMATION
Schedule of the Proportionate Share of the Net Pension Liability (Asset)

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

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

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

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

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

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July

2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

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

Actuarial Method Changes

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

SUPPLEMENTARY INFORMATION
 CHARLES MIX COUNTY
 SCHEDULE OF CHANGES IN LONG-TERM DEBT
 For the Two Years Ended December 31, 2022

Indebtedness	Long-Term Debt January 1, 2021	Add New Debt	Less Debt Retired	Long-Term Debt December 31, 2022
Governmental Long-Term Debt: Certificates of Participation	\$ 1,320,000.00	\$	(130,000.00)	\$ 1,190,000.00

Note 1 - Long-Term Debt:

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

Certificates of Participation:

Certificates of Participation, Series 2017 (Limited Tax General Obligation Certificate), annual payments of principle and interest rates ranging from 1.7% to 4.0%. Payments made from the General Fund. These payments began in June 2018 and will continue until June 2037. \$ 1,190,000.00

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