

CITY OF BELLE FOURCHE, SOUTH DAKOTA

Financial Statements

December 31, 2023



City of Belle Fourche, South Dakota
Table of Contents
December 31, 2023

	<u>PAGE</u>
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1 - 2
Schedule of Findings and Management’s Response (Unaudited)	3
Independent Auditor’s Report	4 - 6
 BASIC FINANCIAL STATEMENTS	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position - Modified Cash Basis	8
Statement of Activities - Modified Cash Basis	9
<i>Fund Financial Statements:</i>	
Balance Sheet - Modified Cash Basis - Governmental Funds	10
Statement of Receipts, Disbursements, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds	11 - 13
Balance Sheet - Modified Cash Basis - Proprietary Funds	14
Statement of Receipts, Disbursements, and Changes in Fund Net Position - Modified Cash Basis - Proprietary Funds	15
Notes to the Financial Statements	16 - 33
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - Budgetary Basis - General Fund	35 - 37
Budgetary Comparison Schedule - Budgetary Basis - Capital Improvement Fund	38
Schedule of the City’s Proportionate Share of the Net Pension Liability (Asset)	39
Schedule of Pension Contributions	40
Notes to the Required Supplementary Information	41 - 42
 SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Modified Cash Basis - Nonmajor Governmental Funds	44
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Modified Cash Basis - Nonmajor Governmental Funds	45 - 46
 OTHER INFORMATION	
City Officials	48

Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Belle Fourche, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS), the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Belle Fourche, South Dakota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 20, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City's financial statement 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 Findings and Management's Response as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

City of Belle Fourche, South Dakota's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Management's Response. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 City'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 City'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.

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota

November 20, 2024

City of Belle Fourche, South Dakota
Schedule of Findings and Management's Response (Unaudited)
December 31, 2023

Material Weakness

Internal Controls Related to Drafting Financial Statements

2023-001 *Condition:* The City does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and the accompanying notes.

Criteria: *Governmental Auditing Standards* indicate that the inability to produce financial statements is an internal control deficiency.

Cause: Due to the limited number of employees, the City does not have an internal control system designed to provide for the preparation of the financial statements and the accompanying notes being audited.

Effect: The City engages its auditor to draft the financial statements and the accompanying notes.

Auditor's Recommendation: It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with the City's auditors drafting the financial statements and accompanying notes because of cost or other considerations. The City could outsource the services to a third-party accounting firm to alleviate this finding. If the City chooses not to accept this risk, training should be provided to those employees responsible for drafting the financial statements and accompanying notes.

Management's Response: The City does not believe it is financially feasible to outsource the service and accepts the risk related to hiring the auditor to prepare the financial statements and notes to the financial statements.

Material Weakness

Internal Control over Financial Reporting

2023-002 *Condition:* During the course of the audit, material audit adjustments to the City's recorded account balances were proposed which, if not recorded, would have resulted in a material misstatement of the City's financial statements.

Criteria: A system of internal controls contemplates accurate recording, reconciliation, and presentation of amounts and disclosures in the financial statements. The City should have an internal control system designed for drafting the financial statements.

Cause: The City does not have an adequate system of internal controls to identify all relevant and material adjustments to ensure that financial statements are in accordance with the modified cash basis of accounting.

Effect: The lack of internal control increases the risk of interim and annual financial statements being presented with material misstatements.

Auditor's Recommendation: We recommend a more thorough review and reconciliation process be put into place for year-end balances to ensure proper accounting principles have been followed.

Management's Response: The City will more thoroughly review year-end balances, adjustments, and reconciliations.

Independent Auditor's Report

Honorable Mayor and City Council
City of Belle Fourche, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belle Fourche, South Dakota (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2023, and the respective changes in financial position - modified cash basis thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

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* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to 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, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 GAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison information, Schedule of the City's Proportionate Share of the Net Pension Liability (Asset), Schedule of Pension contributions, Notes to the Supplementary Information, and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The budgetary comparison information, Schedule of the City's Proportionate Share of the Net Pension Liability (Asset), Schedule of Pension contributions, Notes to the Supplementary Information, and combining nonmajor fund financial statements are the responsibility of management and were derived from and relate 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, based on our audit and the procedures performed as described above, the budgetary comparison information, Schedule of the City's Proportionate Share of the Net Pension Liability (Asset), Schedule of Pension contributions, Notes to the Supplementary Information, and combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Findings and Management's Response and the list of City Officials is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The Schedule of Findings and Management's Response and the list of City Officials have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota

November 20, 2024

BASIC FINANCIAL STATEMENTS

City of Belle Fourche, South Dakota
Statement of Net Position - Modified Cash Basis
December 31, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,153,942	\$ 7,543,072	\$ 13,697,014
Restricted Cash	<u>129,821</u>	<u>830,496</u>	<u>960,317</u>
TOTAL ASSETS	<u>\$ 6,283,763</u>	<u>\$ 8,373,568</u>	<u>\$ 14,657,331</u>
NET POSITION			
Restricted for:			
Cemetery	\$ 104,697	\$ -	\$ 104,697
Capital Projects	1,184,670	-	1,184,670
City Promotion	643,932	-	643,932
Customer/Rental Deposits	1,925	38,475	40,400
Debt Service	161,252	-	161,252
Donor Restricted	103,403	-	103,403
Landfill	-	830,496	830,496
Unrestricted	<u>4,083,884</u>	<u>7,504,597</u>	<u>11,588,481</u>
TOTAL NET POSITION	<u>\$ 6,283,763</u>	<u>\$ 8,373,568</u>	<u>\$ 14,657,331</u>

The accompanying notes are an integral part of this statement.

City of Belle Fourche, South Dakota
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2023

Functions/Programs	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services	Operating Grants, Loans, and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	\$ 2,432,602	\$ 446,307	\$ -	\$ -	\$ (1,986,295)	\$ -	\$ (1,986,295)
Public Safety	2,826,626	484	-	-	(2,826,142)	-	(2,826,142)
Public Works	2,519,960	23,737	-	228,604	(2,267,619)	-	(2,267,619)
Health and Welfare	83,615	-	211,797	-	128,182	-	128,182
Culture and Recreation	4,534,976	408,236	-	-	(4,126,740)	-	(4,126,740)
Economic Development	243,954	-	-	-	(243,954)	-	(243,954)
Debt Service	686,863	-	-	-	(686,863)	-	(686,863)
Total Governmental Activities	<u>13,328,596</u>	<u>878,764</u>	<u>211,797</u>	<u>228,604</u>	<u>(12,009,431)</u>	<u>-</u>	<u>(12,009,431)</u>
Business-type Activities:							
Liquor	1,762,192	1,752,244	-	-	-	(9,948)	(9,948)
Water	1,863,678	1,262,257	-	-	-	(601,421)	(601,421)
Sewer	1,167,171	1,227,527	-	-	-	60,356	60,356
Landfill	2,733,435	3,350,144	-	105,000	-	721,709	721,709
Total Business-type Activities	<u>7,526,476</u>	<u>7,592,172</u>	<u>-</u>	<u>105,000</u>	<u>-</u>	<u>170,696</u>	<u>170,696</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 20,855,072</u>	<u>\$ 8,470,936</u>	<u>\$ 211,797</u>	<u>\$ 333,604</u>	<u>(12,009,431)</u>	<u>170,696</u>	<u>(11,838,735)</u>
GENERAL RECEIPTS							
Taxes:							
Property Taxes					1,959,871	-	1,959,871
Sales Tax					4,216,141	-	4,216,141
State Shared Receipts					223,727	-	223,727
County Shared Revenue					58,660	-	58,660
Contributions					11,895	-	11,895
Unrestricted Investment Earnings					122,449	120,190	242,639
Debt Issued					1,552,000	-	1,552,000
Other Revenue					204,120	-	204,120
Sale of Municipal Property					60	350,000	350,060
Insurance Proceeds					1,937,241	-	1,937,241
Transfers In/Out					1,690,666	(1,690,666)	-
Total General Receipts					<u>11,976,830</u>	<u>(1,220,476)</u>	<u>10,756,354</u>
CHANGE IN NET POSITION					<u>(32,601)</u>	<u>(1,049,780)</u>	<u>(1,082,381)</u>
NET POSITION - BEGINNING					7,447,559	7,721,260	15,168,819
PRIOR PERIOD ADJUSTMENTS					<u>(1,131,195)</u>	<u>1,702,088</u>	<u>570,893</u>
NET POSITION - BEGINNING (AS RESTATED)					<u>6,316,364</u>	<u>9,423,348</u>	<u>15,739,712</u>
NET POSITION - ENDING					<u>\$ 6,283,763</u>	<u>\$ 8,373,568</u>	<u>\$ 14,657,331</u>

The accompanying notes are an integral part of this statement.

City of Belle Fourche, South Dakota
Balance Sheet - Modified Cash Basis - Governmental Funds
December 31, 2023

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,636,759	\$ 2,330,603	\$ 1,186,580	\$ 6,153,942
Restricted Cash	-	-	129,821	129,821
TOTAL ASSETS	<u>\$ 2,636,759</u>	<u>\$ 2,330,603</u>	<u>\$ 1,316,401</u>	<u>\$ 6,283,763</u>
FUND BALANCES				
Nonspendable:				
Cemetery	\$ -	\$ -	\$ 50,000	\$ 50,000
Restricted:				
Rental Deposits	1,925	-	-	1,925
Capital Projects	-	1,019,670	165,000	1,184,670
City Promotion	-	-	643,932	643,932
Debt Service	-	-	161,252	161,252
Donor Restrictions	-	-	103,403	103,403
Cemetery	-	-	54,697	54,697
Committed:				
Museum Capital Reserve	-	792,409	-	792,409
Capital Projects	-	518,524	-	518,524
Assigned:				
Budget Purposes	1,590,670	-	-	1,590,670
Museum Gift Shop	-	-	138,117	138,117
Unassigned	<u>1,044,164</u>	<u>-</u>	<u>-</u>	<u>1,044,164</u>
TOTAL FUND BALANCES	<u>\$ 2,636,759</u>	<u>\$ 2,330,603</u>	<u>\$ 1,316,401</u>	<u>\$ 6,283,763</u>

The accompanying notes are an integral part of this statement.

City of Belle Fourche, South Dakota
Statement of Receipts, Disbursements, and Changes in Fund Balances -
Modified Cash Basis - Governmental Funds
For the Year Ended December 31, 2023

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS				
Taxes:				
General Property Taxes	\$ 1,864,469	\$ -	\$ 88,346	\$ 1,952,815
General Sales and Use Taxes	1,991,226	1,991,226	233,689	4,216,141
Penalties and Interest on Delinquent Taxes	7,056	-	-	7,056
Licenses and Permits	347,060	-	-	347,060
Intergovernmental Receipts:				
Federal Grants	82,482	146,122	-	228,604
State Grants	6,960	204,837	-	211,797
State Shared Receipts:				
Bank Franchise Tax	30,307	-	-	30,307
Prorate License Fees	10,661	-	-	10,661
Liquor Tax Reversion	38,610	-	-	38,610
Motor Vehicle Licenses	60,510	-	-	60,510
State Highway/Bridge Revenue	83,639	-	-	83,639
County Shared Revenue:				
County Road Tax	10,830	-	-	10,830
County Road and Bridge Tax	29,908	-	-	29,908
County Wheel Tax	11,625	-	-	11,625
Other Intergovernmental Revenues	6,297	-	-	6,297
Charges for Goods and Services:				
General Government	1,563	-	50,217	51,780
Public Works	484	-	-	484
Streets	2,896	-	-	2,896
Culture and Recreation	406,556	-	1,680	408,236
Cemetery	14,830	-	6,011	20,841
Other	12,961	31,772	2,734	47,467
Fines and Forfeits:				
Court Fines and Costs	3,231	-	-	3,231
Parking Fees	35	-	-	35
Library Fines	3,543	-	-	3,543
Miscellaneous Revenue:				
Interest Income	38,934	46,172	37,343	122,449
Rent	66,753	-	18,836	85,589
Special Assessments	5,397	-	-	5,397
Contributions	-	-	11,895	11,895
Other	106,185	-	140	106,325
Total Receipts	5,245,008	2,420,129	450,891	8,116,028

The accompanying notes are an integral part of this statement.

City of Belle Fourche, South Dakota
Statement of Receipts, Disbursements, and Changes in Fund Balances -
Modified Cash Basis - Governmental Funds (Continued)
For the Year Ended December 31, 2023

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
DISBURSEMENTS				
General Government:				
Legislative	105,137	-	-	105,137
Executive	114,377	-	-	114,377
Elections	546	-	-	546
Financial Administration	167,831	-	-	167,831
Other	1,634,218	-	-	1,634,218
Public Safety:				
Police	2,145,496	-	-	2,145,496
Fire	111,683	-	-	111,683
Building Inspection	155,990	-	-	155,990
Public Works:				
Highways and Streets	559,482	-	-	559,482
Sanitation	6,921	-	-	6,921
Airport	64,244	-	-	64,244
Cemeteries	244,711	-	-	244,711
Health and Welfare:				
Health	83,615	-	-	83,615
Culture and Recreation:				
Recreation	953,464	-	60,582	1,014,046
Parks	170,476	-	-	170,476
Library	299,773	-	-	299,773
Auditorium	9,029	-	-	9,029
Museum	392,925	-	42,090	435,015
Conservation and Development	243,954	-	-	243,954
Miscellaneous Expenses	4,206	-	-	4,206
Debt Service	-	519,799	167,064	686,863
Capital Outlay	333,076	3,178,947	1,558,960	5,070,983
Total Disbursements	<u>7,801,154</u>	<u>3,698,746</u>	<u>1,828,696</u>	<u>13,328,596</u>

The accompanying notes are an integral part of this statement.

City of Belle Fourche, South Dakota
Statement of Receipts, Disbursements, and Changes in Fund Balances -
Modified Cash Basis - Governmental Funds (Continued)
For the Year Ended December 31, 2023

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
EXCESS OF RECEIPTS UNDER DISBURSEMENTS	(2,556,146)	(1,278,617)	(1,377,805)	(5,212,568)
OTHER FINANCING SOURCES (USES)				
Transfers In	990,000	778,567		1,768,567
Transfers Out	(17,901)	-	(60,000)	(77,901)
Sale of Municipal Property	60	-	-	60
Insurance Proceeds	1,937,241	-	-	1,937,241
Long-term Debt Issued	-	-	1,552,000	1,552,000
Net Other Financing Sources (Uses)	<u>2,909,400</u>	<u>778,567</u>	<u>1,492,000</u>	<u>5,179,967</u>
NET CHANGE IN FUND BALANCE	<u>353,254</u>	<u>(500,050)</u>	<u>114,195</u>	<u>(32,601)</u>
FUND BALANCE - BEGINNING	2,818,686	3,247,504	1,381,369	7,447,559
PRIOR PERIOD ADJUSTMENTS	<u>(535,181)</u>	<u>(416,851)</u>	<u>(179,163)</u>	<u>(1,131,195)</u>
FUND BALANCE - BEGINNING (AS RESTATED)	<u>2,283,505</u>	<u>2,830,653</u>	<u>1,202,206</u>	<u>6,316,364</u>
FUND BALANCE - ENDING	<u>\$ 2,636,759</u>	<u>\$ 2,330,603</u>	<u>\$ 1,316,401</u>	<u>\$ 6,283,763</u>

The accompanying notes are an integral part of this statement.

City of Belle Fourche, South Dakota
Balance Sheet - Modified Cash Basis - Proprietary Funds
December 31, 2023

	Water Fund	Sewer Fund	Liquor Fund	Landfill Fund	Total Proprietary Funds
ASSETS					
Cash	\$ 653,461	\$ 1,460,486	\$ 1,003,885	\$ 4,425,240	\$ 7,543,072
Restricted Cash	-	-	-	830,496	830,496
TOTAL ASSETS	<u>\$ 653,461</u>	<u>\$ 1,460,486</u>	<u>\$ 1,003,885</u>	<u>\$ 5,255,736</u>	<u>\$ 8,373,568</u>
NET POSITION					
Restricted:					
Landfill	\$ -	\$ -	\$ -	\$ 830,496	\$ 830,496
Customer Deposits	38,475	-	-	-	38,475
Unrestricted	<u>614,986</u>	<u>1,460,486</u>	<u>1,003,885</u>	<u>4,425,240</u>	<u>7,504,597</u>
TOTAL NET POSITION	<u>\$ 653,461</u>	<u>\$ 1,460,486</u>	<u>\$ 1,003,885</u>	<u>\$ 5,255,736</u>	<u>\$ 8,373,568</u>

The accompanying notes are an integral part of this statement.

City of Belle Fourche, South Dakota
Statement of Receipts, Disbursements, and Changes in Fund Net Position -
Modified Cash Basis - Proprietary Funds
For the Year Ended December 31, 2023

	Liquor Fund	Water Fund	Sewer Fund	Landfill Fund	Total Proprietary Funds
OPERATING RECEIPTS					
Charges for Service	\$ 1,752,244	\$ 1,260,404	\$ 1,227,177	\$ 3,347,680	\$ 7,587,505
Miscellaneous	-	1,853	350	2,464	4,667
Total Operating Receipts	<u>1,752,244</u>	<u>1,262,257</u>	<u>1,227,527</u>	<u>3,350,144</u>	<u>7,592,172</u>
OPERATING DISBURSEMENTS					
Operations Disbursements					
Personnel Services	215,822	611,172	549,545	907,816	2,284,355
Other Current Services	138,706	301,112	146,244	745,656	1,331,718
Cost of Goods Sold	1,407,664	-	-	-	1,407,664
Total Operating Disbursements	<u>1,762,192</u>	<u>912,284</u>	<u>695,789</u>	<u>1,653,472</u>	<u>5,023,737</u>
OPERATING INCOME (LOSS)	<u>(9,948)</u>	<u>349,973</u>	<u>531,738</u>	<u>1,696,672</u>	<u>2,568,435</u>
NONOPERATING RECEIPTS (DISBURSEMENTS)					
Grants	-	-	-	105,000	105,000
Investment Earnings	11,251	16,855	17,442	74,642	120,190
Capital Outlays	-	(934,904)	(222,209)	(1,079,963)	(2,237,076)
Sale of Municipal Property	350,000	-	-	-	350,000
Debt Service Payments	-	(16,490)	(249,173)	-	(265,663)
Total Nonoperating Receipts (Disbursements)	<u>361,251</u>	<u>(934,539)</u>	<u>(453,940)</u>	<u>(900,321)</u>	<u>(1,927,549)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	30,000	30,000	-	60,000
Transfers Out	(90,000)	(642,000)	-	(1,018,666)	(1,750,666)
Net Other Financing Sources Sources (Uses)	<u>(90,000)</u>	<u>(612,000)</u>	<u>30,000</u>	<u>(1,018,666)</u>	<u>(1,690,666)</u>
CHANGE IN NET POSITION	<u>261,303</u>	<u>(1,196,566)</u>	<u>107,798</u>	<u>(222,315)</u>	<u>(1,049,780)</u>
NET POSITION - BEGINNING	722,888	1,083,742	977,626	4,937,004	7,721,260
PRIOR PERIOD ADJUSTMENTS	<u>19,694</u>	<u>766,285</u>	<u>375,062</u>	<u>541,047</u>	<u>1,702,088</u>
NET POSITION - BEGINNING (AS RESTATED)	<u>742,582</u>	<u>1,850,027</u>	<u>1,352,688</u>	<u>5,478,051</u>	<u>9,423,348</u>
NET POSITION - ENDING	<u>\$ 1,003,885</u>	<u>\$ 653,461</u>	<u>\$ 1,460,486</u>	<u>\$ 5,255,736</u>	<u>\$ 8,373,568</u>

The accompanying notes are an integral part of this statement.

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C., these financial statements are presented on the 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. REPORTING ENTITY

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

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or if there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the City (primary government). The City may also be financially accountable for another organization if that organization is fiscally dependent on the City. The City of Belle Fourche does not have any component units.

B. BASIS OF PRESENTATION

Government-wide Financial Statements

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

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

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, receipts, and disbursements. 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 City, or if it meets the following criteria:

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

The funds of the City are described below:

Governmental Funds:

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

Special Revenue Fund - Special revenue funds are used to account for and report the proceeds of specific receipt 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. The City has the following special revenue funds:

Capital Improvement (CIP) Fund - A fund to account for receipts from the 2nd cent sales tax. The 2nd cent can be spent on capital projects and debt service. This is a major fund.

The remaining of the City's Special Revenue Funds are not major funds and are reported in the aggregate in the Other Governmental Funds column on the fund financial statements. The following is a listing of the funds: 3rd Penny Sales Tax Fund, Museum Gift Shop Fund, Belle Fourche Area Community Center Donation Fund, Library Memorial Fund, and Museum Memorial Fund.

Debt Service Funds - debt service funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs. The City has the following debt service fund:

Tax Increment Financing District Fund - A fund allowed by SDCL 11-9-24 to account for the proceeds of incremental property taxes, restricted to the payment of principal and interest on debt issued to finance a public improvement. The City accounts for one legally separate TIF debt issue through its TIF #4 debt service fund. This is not a major fund.

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Permanent Funds - permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's activities. The City has the following permanent fund:

Perpetual Care Fund - A fund to account for a \$50,000 donation, the interest from which can only be used for the upkeep of the City's cemetery. This is not a major fund.

Capital Project Funds - capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise funds and trust funds). The City has the following capital project fund:

Day Street Lift Station Fund - A fund to account for Day Street lift station improvements. This is not a major fund.

Proprietary Funds:

Enterprise Funds - Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's principal revenue sources. A) The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit – even if that government is not expected to make any payments – is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity. B) Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues. C) The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). The City has the following enterprise funds:

Liquor Fund - A fund established by SDCL 35-3-21 to provide off-sale products to the general public. This is a major fund.

Water Fund - A fund established by SDCL 9-47-1 to provide water to customers within the City of Belle Fourche. This is a major fund.

Sewer Fund - A fund established by SDCL 9-48-2 to provide sewer services to customers within the City of Belle Fourche. This is a major fund.

Landfill Fund - A fund established by SDCL 9-32-11 and 34A-6 to provide collection and disposal of solid waste for the City of Belle Fourche. This is a major fund.

Fiduciary Funds:

Fiduciary funds are never considered to be major funds and are used to account for resources held by the City in a purely custodial capacity (assets equal liabilities). The City did not have fiduciary funds as of December 31, 2023.

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.

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

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

The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions. Under the modified cash basis of accounting, the balance sheet reports only cash and cash equivalents (those investments with terms to maturity of 90 days 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.

Acceptable modifications to the modified cash basis of accounting implemented by the City in these financial statements include the recording of certificates of deposit with maturities of greater than 90 days from the date of acquisition.

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

If the City applied GAAP, 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. 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 the date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. CAPITAL ASSETS

Capital assets include land, buildings, improvements other than buildings, furnishing and equipment, construction/development in progress, infrastructure, intangible lease assets, and all other tangible and 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 can be preserved for a 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, governmental and business type activities are presented using a modified cash basis of accounting. The City has not elected to modify its cash basis presentation by recording capital assets arising from cash transactions and depreciating/amortizing those assets where appropriate, so any capital assets owned by the City and the related depreciation/amortization are not reported on the financial statements of the City.

F. LONG-TERM LIABILITIES

Long-term liabilities include General Obligation Bonds and Revenue Bonds

As discussed in Note 1.c. above the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. The City has not elected to modify its 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 City. The City 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 is reported within the appropriate expenses function while the interest portion is reported as Interest on Long-Term Debt.

G. PROGRAM RECEIPTS AND GENERAL RECEIPTS

Program Receipts

In the government-wide Statement of Activities, reported program receipts derive directly from the program itself or from parties other than the City's taxpayers or citizenry, as a whole. Program receipts are classified in the following three categories:

1. Charges for Services - These arise from charges to customers, applicants, or other 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, Loans, 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.

General Receipts

General receipts include all receipts not specifically earmarked for a specific program. General receipts include all taxes, interest received, unrestricted receipts from federal, state, or county governments, and miscellaneous receipts not related to a program. These receipts are not restricted and can be used for the regular operation of the City.

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. ENTERPRISE FUND RECEIPT CLASSIFICATION

In both the government-wide statements and fund financial statements, enterprise fund operating receipts, such as charges for water and sewer services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, if any, such as grants, operating subsidies, interest received, and transfers in, result from nonexchange transactions.

I. CASH AND CASH EQUIVALENTS

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

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 does not meet the definition of "restricted net position".

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when a disbursement is made for purposes for which both restricted and unrestricted net positions are available.

Fund Financial Statements

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

Nonspendable - Includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted - Includes amounts that are constrained for specific purposes that are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed - Includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the City Council and do not lapse at year-end.

Assigned - Includes amounts that are constrained by the City management and are intended to be used for specific purposes but are neither restricted nor committed. The City Council has given management the authority to create assignments of fund equity.

Unassigned - Includes positive amounts within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Proprietary fund equity is classified the same as in the government-wide financial statements.

NOTE 2 - DEPOSITS, INVESTMENTS, AND RELATED RISKS

The City 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 as follows:

Deposits

The City's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1, and 9-22-6.2, and may be in the form of demand or time deposits. Qualified 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% 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 City funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) 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 deposited in a safekeeping account with any banker or trust company designated by the political subdivision as its fiscal agent.

As of December 31, 2023, the City did not have any investments.

Custodial Credit Risk - The risk that, in the event of a depository failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2023, the City's deposits were adequately secured by FDIC Insurance and collateralized with pledged securities.

Concentration of Credit Risk - The City places no limit on the amount that may be invested in any one institution. As of December 31, 2023, all of the City's deposits are in First Interstate Bank and Pioneer Bank & Trust.

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

Investment Custodial Risk - The risk that, in the event of failure of the counterparty to a transaction, the City will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. The City was not exposed to custodial investment risk in 2023.

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 2 - DEPOSITS, INVESTMENTS, AND RELATED RISKS (CONTINUED)

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

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The City's policy is to credit all income from deposits and investments to the fund making the investment.

NOTE 3 - RESTRICTED CASH

The City has \$25,124 restricted cash for debt retirement, \$104,697 restricted cash for the cemetery, and \$830,496 restricted cash for landfill post-closure costs.

NOTE 4 - PROPERTY TAXES

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

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

NOTE 5 - COMMITMENTS

The following is a summary of the long-term commitments for the year ended December 31, 2023:

	Balance 12/31/22	Advances	Payments	Balance 12/31/23
Governmental Funds:				
Sales Tax Revenue Bonds	\$ 4,482,697	\$ -	\$ (1,235,215)	\$ 3,247,482
Business-type Activities:				
State Revolving Fund Revenue Bonds	<u>3,703,071</u>	<u>-</u>	<u>(179,649)</u>	<u>3,523,422</u>
	<u>\$ 8,185,768</u>	<u>\$ -</u>	<u>\$ (1,414,864)</u>	<u>\$ 6,770,904</u>

Long-term commitments at December 31, 2023 was comprised of the following:

General Government Commitments

Series 2020A Sales Tax Revenue Refunding Bonds including interest at 1.85%. Due in semiannual payments, maturing in September 2031. Financed through the Capital Improvement Fund. Interest paid and the balance remaining for the year ended December 31, 2023 were \$52,626 and \$2,477,470, respectively.

Series 2020B Sales Tax Revenue Refunding Bonds including interest at 2.15%. Due in semiannual payments, maturing in May 2035. Financed through the 3rd Cent Sales Tax Fund. Interest paid and the balance remaining for the year ended December 31, 2023 were \$17,499 and \$770,012, respectively.

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 5 - COMMITMENTS (CONTINUED)

Business-type Commitments

2017 Clean Water SRF Revenue Bond including interest at 2.25%. Due in quarterly payments, maturing in November 2038. Financed through the Sewer Fund. Interest paid and the balance remaining for the year ended December 31, 2023 were \$39,103 and \$1,679,541, respectively.

2017 Drinking Water SRF Revenue Bond including interest at 2.25%. Due in quarterly payments, maturing in November 2038. Financed through the Water Fund. Interest paid and the balance remaining for the year ended December 31, 2023 were \$4,876 and \$209,449, respectively.

2019 Clean Water SRF Revenue Bond including interest at 2.50%. Due in quarterly payments, maturing in February 2041. Financed through the Sewer Fund. Interest paid and the balance remaining for the year ended December 31, 2023 were \$42,035 and \$1,634,432, respectively.

Annual debt service requirements to maturity for general governmental long-term debt outstanding as of December 31, 2023 are as follows:

Year Ending December 31,	Revenue Bonds Governmental Activities		Revenue Bonds Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 432,476	\$ 62,069	\$ 183,915	\$ 81,747
2025	438,897	53,883	188,284	77,379
2026	449,974	45,573	192,757	72,906
2027	320,279	37,054	197,336	68,327
2028	329,262	30,931	202,024	63,639
2029-2033	1,165,100	63,336	1,084,448	243,866
2034-2038	111,494	2,406	1,219,592	108,722
2039-2043	-	-	255,066	8,037
	<u>\$ 3,247,482</u>	<u>\$ 295,252</u>	<u>\$ 3,523,422</u>	<u>\$ 724,623</u>

NOTE 6 - PLEDGED REVENUES

In accordance with certain debt agreements, the City has pledged revenues for the repayment of debt obligations.

All water fund net revenue (after normal operating, repair and maintenance expenses) is pledged to secure one drinking water SRF revenue bond. The bond was incurred to cover the cost of water improvements. Revenues collected during the year ended December 31, 2023 was \$1,262,257. Bond payments of \$16,491 were made during the year ended December 31, 2023.

All sewer fund revenue is pledged to secure two clean water SRF revenue bonds. The bonds were incurred to cover the cost of sewer improvements. Revenues collected during the year ended December 31, 2023 was \$1,227,527. Bond payments of \$249,172 were made during the year ended December 31, 2023.

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 7 - LEASES

The City has an agreement for the lease of a copier machine. The lease term is five years, with fixed monthly payments of \$138, through February 2025. Future lease payments due as of December 31, 2023 are \$1,935. Financed through the General Fund.

The City has an agreement for the lease of a tractor. The lease term is five years, with fixed annual payments of \$7,391, through May 2027. Future lease payments due as of December 31, 2023 are \$29,564. Financed through the General Fund.

The City has an agreement for the lease of two units at the Robb Mini Mall Buildings. The lease term is 5 years, with increasing monthly payments, through June 2028. Future lease payments due as of December 31, 2023 are \$167,856. Financed through the General Fund.

The City has an agreement for the lease of sports complex lighting. The lease term is 10 years with payments of \$191,138, through January 2032. Future lease payments due as of December 31, 2023 are \$1,720,182. Financed through the CIP Fund.

Annual lease payments to maturity for all leases outstanding as of December 31, 2023 are as follows:

2024	\$	236,061
2025		235,494
2026		236,053
2027		236,903
2028		210,499
Thereafter		<u>764,527</u>
		<u>\$ 1,919,537</u>

NOTE 8 - TAX ABATEMENTS

The City has active TIF (Tax Increment Financing) districts for debt to the construction of private development within the City. Under the TIF agreements, property tax increments received by the City are collected to cover eligible project expenses approved by resolution by the City Commission, as allowed by South Dakota Codified Law Section 11-9. When all approved project costs are paid or the TIF is dissolved in accordance with state statutes, all property tax revenue will be distributed to the appropriate taxing entities. Increments totaling \$88,346 were received by the City during 2023.

NOTE 9 - RESTRICTED NET POSITION

The following table shows restricted net position and the purpose for such restrictions as shown in the Statement of Net Position - Modified Cash Basis:

Purpose	Restricted By	Amount
Cemetery	Funding Source	\$ 104,697
Capital Outlay	Law	1,184,670
City Promotions	Law	643,932
Customer Deposits	Contract Restrictions	40,400
Debt Service	Debt Covenants	161,252
Donor Restricted	Funding Source	103,403
Post Closure Costs	Law	<u>830,496</u>
		<u>\$ 3,068,850</u>

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 10 - INTERFUND TRANSACTIONS

Summarized below are the transfers in (out) during the year ended December 31, 2023:

<u>Transfer From:</u>	<u>Transfer To:</u>				<u>Total</u>
	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Improvement Fund</u>	
General Fund	\$ -	\$ -	\$ -	\$ 17,901	\$ 17,901
Other Governmental Funds	-	30,000	30,000	-	60,000
Water Fund	-	-	-	642,000	642,000
Liquor Fund	90,000	-	-	-	90,000
Landfill Fund	900,000	-	-	118,666	1,018,666
	<u>\$ 990,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 778,567</u>	<u>\$ 1,828,567</u>

All transfers were to subsidize operations.

NOTE 11 - LANDFILL CLOSURE AND REGULATORY COMPLIANCE

The landfill operation is handled as an enterprise fund by the City. The plan for the operation of the disposal site is based on Administrative Rules of the State of South Dakota (ARSD) 74:27:13. Plans for the operation and various contingencies have been prepared for and are available at the office of the county auditor.

The site as established has a total 2023 capacity of 2,812,451 cubic yards with an estimated life expectancy of 30 years.

Financial assurances for corrective action are only required at facilities with known releases of contaminants. The City of Belle Fourche has not had any known releases of contaminants.

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City accrues a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

At December 31, 2023 the estimated closure and post-closure costs, based on a 46% filled, is \$859,173 and is covered by \$830,496 of restricted savings. Total closure cost and post-closure cost are estimated to be \$1,821,314. The landfill has a capacity of 2,812,451 cubic yards of which 1,293,727 cubic yards (or 46%) have been filled by August 2023. The estimated present liability of \$28,677 is determined by the total cost times the estimated used volume, of which is the minimum transfer for 2024.

Actual closure and post-closure costs may be higher or lower due to inflation, expansions, changes in technology, or changes in regulations.

The City is required by the Department of Agriculture and Natural Resources to deposit funds into a separate account to finance closure and post-closure costs. At December 31, 2023, the City had \$830,496 in this separate account to cover the liability for closure and post-closure costs.

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 12 - PENSION PLAN

Plan Information

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions and is 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 is 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 class 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 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 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% joint and survivor benefit, or a 100% 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% of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 12 - PENSION PLAN (CONTINUED)

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

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

Legislation enacted in 2021 reduced the maximum COLA from 0.5% to 0%.

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 City's share of contributions to the SDRS for the calendar years ended December 31, 2023, 2022, and 2021 were \$241,943, \$194,730, and \$171,800, respectively, and were equal to the required contributions each year.

Pension Liabilities (Assets)

At June 30, 2023, SDRS was 100.07% funded and accordingly, has a net pension asset. The proportionate share of the components of the net pension asset of the South Dakota Retirement System, for the City as of this measurement period ending June 30, 2023 and reported by the City as of December 31, 2023 are as follows:

Proportionate Share of Total Pension Liability	\$ 21,064,106
Less: Proportionate Share of Net Position Restricted for Pension Benefits	<u>21,078,294</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (14,188)</u>

At December 31, 2023, the City had a liability (asset) of \$(14,188) for its proportionate share of the net pension liability (asset). This asset is not reflected in the financial statements. The net pension liability (asset) was measured as of June 30, 2023 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on the projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. As of June 30, 2023, the City's proportion was .14536300% which is an increase of .0081070% from its proportion measured as of June 30, 2022.

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 12 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
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	1.91%

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, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2022.

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 12 - PENSION PLAN (CONTINUED)

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for the 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, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9%	0.8%
	100.0%	

Discount Rate

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,908,058	\$ (14,188)	\$ (2,404,028)

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 12 - PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

NOTE 13 - JOINT VENTURES

The City participates in a joint venture, known as Butte County Ambulance, formed for the purpose of providing ambulance services to residents of Butte County, Belle Fourche, and Newell.

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

Butte County	45%
Belle Fourche	45%
Newell	10%

The joint venture's governing board is composed of two representatives each from Butte County and Belle Fourche, and one representative from Newell. The board is responsible for adopting the budget and setting service fees at a level adequate to fund the adopted budget.

The City of Belle Fourche 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 the Butte County Ambulance Service at 605 6th Avenue, Belle Fourche, SD 57717.

As of December 31, 2023, this joint venture had unaudited 2023 cash receipts of \$492,184, cash expenses of \$700,644 showing a deficit of \$208,460, and no long-term debt.

NOTE 14 - RELATED-PARTY TRANSACTIONS

During the year ended December 31, 2023, the City paid out an agreed-upon subsidy to the Belle Fourche Development Corporation (BFDC) totaling \$90,000. BFDC is considered a related party because it is financially dependent on subsidies received from the City.

NOTE 15 - RISK ASSESSMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2023, the City managed risks as follows:

Unemployment Benefits

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

Health Insurance

The City 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.

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 15 - RISK ASSESSMENT (CONTINUED)

Liability Insurance

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

The City carries a \$0 deductible for the Governmental General Liability coverage, a \$100,000 deductible for Cyber Liability coverage, a \$5,000 deductible for Auto Liability coverage, and a \$2,000 deductible for Law Enforcement Liability coverage.

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

Airport Liability Coverage

The City has purchased airport liability coverage through a commercial insurance carrier. This insurance covers bodily injury and property damage. These coverages are provided to a \$1,000,000 limit for each occurrence and \$2,000,000 in the aggregate.

Worker's Compensation

The City joined the South Dakota Municipal League Worker's Compensation Fund (the Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities.

The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The City's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims.

The City pays an annual premium to provide worker's compensation coverage for its employees under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to an additional \$2,000,000 per individual per incident.

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

City of Belle Fourche, South Dakota
Notes to the Financial Statements
December 31, 2023

NOTE 16 - PRIOR PERIOD ADJUSTMENTS

The beginning net position of the governmental activities, business-type activities, Liquor Fund, Water Fund, Sewer Fund, and Landfill Fund and the beginning fund balances of the General Fund, Capital Improvement Fund, and the other governmental funds were adjusted for errors identified in the prior year balances as previously reported.

NOTE 17 - SUBSEQUENT EVENTS

The City has considered subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

City of Belle Fourche, South Dakota
Budgetary Comparison Schedule - Budgetary Basis - General Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		Budgetary	Positive
	<u>Original</u>	<u>Final</u>	Basis - Actual Amounts	(Negative) Variance
RECEIPTS				
Taxes:				
General Property Taxes	\$ 1,883,048	\$ 1,883,048	\$ 1,864,469	\$ (18,579)
General Sales and Use Taxes	1,881,000	1,881,000	1,991,226	110,226
Gross Receipts Tax	3,000	3,000	-	(3,000)
Amusement Tax	200	200	-	(200)
Penalties and Interest on Delinquent Taxes	2,000	2,000	7,056	5,056
Licenses and Permits	271,200	271,200	347,060	75,860
Intergovernmental Receipts:				
Federal Grants	19,000	19,000	82,482	63,482
State Grants	68,000	68,000	6,960	(61,040)
State Shared Revenue:				
Bank Franchise Tax	37,000	37,000	30,307	(6,693)
Prorate Licenses Fee	11,000	11,000	10,661	(339)
Liquor Tax Reversion	36,500	36,500	38,610	2,110
Motor Vehicle Licenses	58,000	58,000	60,510	2,510
State Highway/Bridge Revenue	72,000	72,000	83,639	11,639
County Shared Revenue:				
County Road Tax	12,000	12,000	10,830	(1,170)
County Road and Bridge Tax	25,000	25,000	29,908	4,908
County Wheel Tax	15,000	15,000	11,625	(3,375)
Other Intergovernmental Revenues	6,500	6,500	6,297	(203)
Charges for Goods and Services:				
General Government	2,000	2,000	1,563	(437)
Public Works	1,100	1,100	484	(616)
Streets	3,600	3,600	2,896	(704)
Culture and Recreation	334,000	334,000	406,556	72,556
Cemetery	15,500	15,500	14,830	(670)
Other	20,000	20,000	12,961	(7,039)
Fines and Forfeits:				
Court Fines and Costs	2,100	2,100	3,231	1,131
Parking Fees	400	400	35	(365)
Library Fines	3,500	3,500	3,543	43
Miscellaneous Revenue:				
Interest Income	20,000	20,000	38,934	18,934
Rent	57,200	57,200	66,753	9,553
Special Assessments	5,800	5,800	5,397	(403)
Contributions	500	500	-	(500)
Other	88,100	88,100	106,185	18,085
Total Receipts	<u>4,954,248</u>	<u>4,954,248</u>	<u>5,245,008</u>	<u>290,760</u>

See independent auditor's report and notes to the supplementary information.

City of Belle Fourche, South Dakota
Budgetary Comparison Schedule - Budgetary Basis - General Fund
(Continued)
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Budgetary Basis - Actual Amounts</u>	<u>Positive (Negative) Variance</u>
	<u>Original</u>	<u>Final</u>		
DISBURSEMENTS				
General Government:				
Legislative	103,250	103,250	105,137	(1,887)
Contingency	50,000	50,000	-	50,000
Executive	134,460	134,460	114,377	20,083
Elections	1,200	1,200	546	654
Financial Administration	207,040	207,040	167,831	39,209
Other	885,250	1,713,250	1,678,977	34,273
Public Safety:				
Police	1,989,712	2,217,412	2,194,835	22,577
Fire	219,750	219,750	198,295	21,455
Building Inspection	206,450	206,450	158,313	48,137
Public Works:				
Highways and Streets	559,500	659,500	613,467	46,033
Sanitation	14,000	14,000	6,971	7,029
Airport	73,940	73,940	64,244	9,696
Cemeteries	235,200	235,200	298,169	(62,969)
Health and Welfare:				
Health	73,485	83,685	83,615	70
Culture and Recreation:				
Recreation	932,260	990,760	968,271	22,489
Parks	249,600	249,600	197,919	51,681
Library	314,200	314,200	300,073	14,127
Auditorium	9,000	9,300	9,029	271
Museum	376,350	389,350	392,925	(3,575)
Conservation and Development	247,400	247,400	243,954	3,446
Miscellaneous Expenses	11,200	11,200	4,206	6,994
Total Disbursements	<u>6,893,247</u>	<u>8,130,947</u>	<u>7,801,154</u>	<u>329,793</u>

See independent auditor's report and notes to the supplementary information.

City of Belle Fourche, South Dakota
Budgetary Comparison Schedule - Budgetary Basis - General Fund
(Continued)
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Budgetary Basis - Actual Amounts</u>	<u>Positive (Negative) Variance</u>
	<u>Original</u>	<u>Final</u>		
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(1,938,999)</u>	<u>(3,176,699)</u>	<u>(2,556,146)</u>	<u>620,553</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,290,000	1,290,000	990,000	(300,000)
Transfers Out	-	-	(17,901)	(17,901)
Sale of Municipal Property	10,000	10,000	60	(9,940)
Insurance Proceeds	<u>1,000</u>	<u>1,000</u>	<u>1,937,241</u>	<u>1,936,241</u>
Total Other Financing Sources	<u>1,301,000</u>	<u>1,301,000</u>	<u>2,909,400</u>	<u>1,608,400</u>
NET CHANGE IN FUND BALANCE	(637,999)	(1,875,699)	353,254	2,228,953
FUND BALANCE - BEGINNING (AS RESTATED)	<u>2,283,505</u>	<u>2,283,505</u>	<u>2,283,505</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,645,506</u>	<u>\$ 407,806</u>	<u>\$ 2,636,759</u>	<u>\$ 2,228,953</u>

See independent auditor's report and notes to the supplementary information.

City of Belle Fourche, South Dakota
Budgetary Comparison Schedule - Budgetary Basis -
Capital Improvement Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Budgetary Basis - Actual Amounts</u>	<u>Positive (Negative) Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Taxes:				
General Sales and Use Taxes	\$ 1,881,000	\$ 1,881,000	\$ 1,991,226	\$ 110,226
Intergovernmental Receipts:				
Federal Grants	633,960	633,960	146,122	(487,838)
State Grants	1,052,184	1,052,184	204,837	(847,347)
Charges for Goods and Services:				
Other	37,500	37,500	31,772	(5,728)
Miscellaneous Revenue:				
Interest Income	-	-	46,172	46,172
Total Receipts	<u>3,604,644</u>	<u>3,604,644</u>	<u>2,420,129</u>	<u>(1,184,515)</u>
DISBURSEMENTS				
General Government:				
Other	100,000	362,000	361,528	472
Public Safety:				
Police	828,000	828,000	122,604	705,396
Fire	90,000	152,000	152,579	(579)
Public Works:				
Highways and Streets	1,686,700	1,686,700	1,267,301	419,399
Airport	150,000	150,000	84,703	65,297
Cemeteries	395,000	395,000	185,105	209,895
Culture and Recreation:				
Recreation	471,167	471,167	159,916	311,251
Parks	445,000	445,000	345,000	100,000
Library	-	-	420	(420)
Museum	1,171,000	1,171,000	499,791	671,209
Debt Services	<u>388,500</u>	<u>388,500</u>	<u>519,799</u>	<u>(131,299)</u>
Total Disbursements	<u>5,725,367</u>	<u>6,049,367</u>	<u>3,698,746</u>	<u>2,350,621</u>
EXCESS OF RECEIPTS OVER (UNDER)				
DISBURSEMENTS	<u>(2,120,723)</u>	<u>(2,444,723)</u>	<u>(1,278,617)</u>	<u>1,166,106</u>
OTHER FINANCING SOURCES				
Transfers In	<u>1,121,000</u>	<u>1,121,000</u>	<u>778,567</u>	<u>(342,433)</u>
NET CHANGE IN FUND BALANCE	<u>(999,723)</u>	<u>(1,323,723)</u>	<u>(500,050)</u>	<u>823,673</u>
FUND BALANCE -				
 BEGINNING (AS RESTATED)	<u>2,830,653</u>	<u>2,830,653</u>	<u>2,830,653</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,830,930</u>	<u>\$ 1,506,930</u>	<u>\$ 2,330,603</u>	<u>\$ 823,673</u>

See independent auditor's report and notes to the supplementary information.

**City of Belle Fourche, South Dakota
Schedule of the City's Proportionate Share
of the Net Pension Liability (Asset)
South Dakota Retirement System**

Year*	City's Proportion of Net Pension Liability/Asset	City's Proportionate Share of Net Pension Liability (Asset) (a)	City's Covered- employee Payroll (b)	City's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll (a/b)	Plan Fiduciary Net Pension as a Percentage of its Total Pension Liability/Asset
2023	0.1453630%	\$ (14,188)	\$ 1,906,821	0.74%	100.07%
2022	0.1372560%	(12,972)	3,058,289	0.43%	100.10%
2021	0.1290740%	(988,486)	2,733,235	36.17%	105.52%
2020	0.1233352%	(5,356)	2,525,817	0.21%	100.04%
2019	0.1213765%	(12,863)	2,423,208	0.53%	100.09%
2018	0.1193185%	(2,783)	2,325,484	0.12%	100.02%
2017	0.1153980%	(10,472)	2,208,462	0.47%	100.10%
2016	0.1231037%	415,832	2,194,516	18.95%	96.89%
2015	0.1223437%	(518,895)	2,100,611	24.70%	104.10%
2014	0.1275175%	(918,711)	2,090,563	43.95%	107.30%

*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.

See independent auditor's report and notes to the supplementary information.

**City of Belle Fourche, South Dakota
Schedule of Pension Contributions
South Dakota Retirement System**

Year	Contractually- required Contribution (a)	Contributions in Relation to the Contractually- required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered- employee Payroll (c)	Contributions as a Percentage of Covered- employee Payroll (b/c)
2023	\$ 241,943	\$ 241,943	\$ -	\$ 3,761,579	6.4%
2022	194,730	194,730	-	3,029,500	6.4%
2021	171,800	171,800	-	2,673,606	6.4%
2020	175,385	175,385	-	2,726,000	6.4%
2019	176,315	176,315	-	2,759,075	6.4%
2018	153,990	153,990	-	2,407,489	6.4%
2017	144,969	144,969	-	2,274,752	6.4%
2016	148,056	148,056	-	2,313,228	6.4%
2015	136,018	136,018	-	2,131,537	6.4%
2014	134,207	134,207	-	2,095,925	6.4%

See independent auditor's report and notes to the supplementary information.

City of Belle Fourche, South Dakota
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

NOTE 1 - BASIS OF PRESENTATION

The Budgetary Comparison Schedules have been prepared on the modified cash basis of accounting and present capital outlay expenditures within each department rather than as separate functions similar to the Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the required supplementary information:

1. At the regular City Council meeting in September each year or within ten days thereafter, the City Council introduces the annual appropriations ordinance for the ensuing fiscal year.
2. After adoption by the City Council, the operating budget is legally binding, and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5% of the total municipal budget and may be transferred by resolution of the City Council to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year-end unless encumbered by resolution of the City Council. The City did not encumber any amounts at December 31, 2023.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

NOTE 3 - OTHER COMPREHENSIVE BASIS OF ACCOUNTING MODIFIED CASH BASIS/BUDGETARY ACCOUNTING DIFFERENCE

The financial statements prepared in conformity with US GAAP applied within the context of the modified cash basis of accounting present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate.

NOTE 4 - SCHEDULE OF PENSION CONTRIBUTIONS

Changes from Prior Valuation:

The June 30, 2023 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2022, Actuarial Valuation.

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

Benefit Provision Changes:

During the 2023 legislative session, no significant SDRS benefit changes were made and emergency medical services personnel prospectively became Class B Public Safety members.

Actuarial Method Changes:

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

See independent auditor's report.

City of Belle Fourche, South Dakota
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

NOTE 4 - SCHEDULE OF PENSION CONTRIBUTIONS (CONTINUED)

Actuarial Assumption Changes:

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% 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 an FVFR equal to or exceeding 100%.

As of June 30, 2022, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2023 SDRS COLA was limited to a restricted maximum of 2.10%. For the June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 2.10%.

As of June 30, 2023, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2024 SDRS COLA is limited to a restricted maximum of 1.91%. The July 2024 SDRS COLA will equal inflation, between 0% and 1.91%. For this June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.91%.

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

See independent auditor's report.

SUPPLEMENTARY INFORMATION

City of Belle Fourche, South Dakota
Combining Balance Sheet - Modified Cash Basis - Nonmajor Governmental Funds
December 31, 2023

	Museum Gift Shop Fund	3rd Cent Sales Tax Fund	BFACC Donation Fund	Library Memorial Fund	Museum Memorial Fund	TIF #4 Fund	Perpetual Care Fund	Day Street Lift Station Fund	Total Governmental Funds
ASSETS									
Cash and Cash Equivalents	\$ 138,117	\$ 618,808	\$ 21,626	\$ 56,328	\$ 25,449	\$ 161,252	\$ -	\$ 165,000	\$ 1,186,580
Restricted Cash	-	25,124	-	-	-	-	104,697	-	129,821
TOTAL ASSETS	<u>\$ 138,117</u>	<u>\$ 643,932</u>	<u>\$ 21,626</u>	<u>\$ 56,328</u>	<u>\$ 25,449</u>	<u>\$ 161,252</u>	<u>\$ 104,697</u>	<u>\$ 165,000</u>	<u>\$ 1,316,401</u>
FUND BALANCES									
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000
Restricted	-	643,932	21,626	56,328	25,449	161,252	54,697	165,000	1,128,284
Assigned	138,117	-	-	-	-	-	-	-	138,117
TOTAL FUND BALANCES	<u>\$ 138,117</u>	<u>\$ 643,932</u>	<u>\$ 21,626</u>	<u>\$ 56,328</u>	<u>\$ 25,449</u>	<u>\$ 161,252</u>	<u>\$ 104,697</u>	<u>\$ 165,000</u>	<u>\$ 1,316,401</u>

See independent auditor's report.

City of Belle Fourche, South Dakota
Statement of Receipts, Disbursements, and Changes in Fund Balances - Modified Cash Basis -
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Museum Gift Shop Fund	3rd Cent Sales Tax Fund	BFACC Donation Fund	Library Memorial Fund	Museum Memorial Fund	TIF #4 Fund	Perpetual Care Fund	Day Street Lift Station Fund	Total Governmental Funds
RECEIPTS									
Taxes:									
General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,346	\$ -	\$ -	\$ 88,346
General Sales and Use Taxes	-	233,689	-	-	-	-	-	-	233,689
Charges for Goods and Services:									
General Government	50,217	-	-	-	-	-	-	-	50,217
Culture and Recreation	-	-	-	-	1,680	-	-	-	1,680
Cemetery	-	-	-	-	-	-	6,011	-	6,011
Other	-	220	-	-	1,339	-	1,175	-	2,734
Miscellaneous Revenue:									
Interest Income	1,853	33,038	170	425	251	-	1,606	-	37,343
Rent	-	18,836	-	-	-	-	-	-	18,836
Contributions	-	-	2,736	7,671	1,488	-	-	-	11,895
Other	140	-	-	-	-	-	-	-	140
Total Receipts	<u>52,210</u>	<u>285,783</u>	<u>2,906</u>	<u>8,096</u>	<u>4,758</u>	<u>88,346</u>	<u>8,792</u>	<u>-</u>	<u>450,891</u>

See independent auditor's report.

City of Belle Fourche, South Dakota
Statement of Receipts, Disbursements, and Changes in Fund Balances - Modified Cash Basis -
Nonmajor Governmental Funds (Continued)
For the Year Ended December 31, 2023

	Museum Gift Shop Fund	3rd Cent Sales Tax Fund	BFACC Donation Fund	Library Memorial Fund	Museum Memorial Fund	TIF #4 Fund	Perpetual Care Fund	Day Street Lift Station Fund	Total Governmental Funds
DISBURSEMENTS									
Culture and Recreation:									
Recreation	-	58,396	2,186	-	-	-	-	-	60,582
Museum	31,407	-	-	-	10,683	-	-	-	42,090
Debt Service	-	167,064	-	-	-	-	-	-	167,064
Capital Outlay	-	1,557,864	-	-	1,096	-	-	-	1,558,960
Total Disbursements	<u>31,407</u>	<u>1,783,324</u>	<u>2,186</u>	<u>-</u>	<u>11,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,828,696</u>
EXCESS OF RECEIPTS OVER (UNDER)									
DISBURSEMENTS	20,803	(1,497,541)	720	8,096	(7,021)	88,346	8,792	-	(1,377,805)
OTHER FINANCING SOURCES (USES)									
Transfers Out	-	-	-	-	-	(60,000)	-	-	(60,000)
Long-term Debt Issued	-	1,552,000	-	-	-	-	-	-	1,552,000
Total Other Financing Sources	<u>-</u>	<u>1,552,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>1,492,000</u>
NET CHANGE IN FUND BALANCE	<u>20,803</u>	<u>54,459</u>	<u>720</u>	<u>8,096</u>	<u>(7,021)</u>	<u>28,346</u>	<u>8,792</u>	<u>-</u>	<u>114,195</u>
FUND BALANCE - BEGINNING	122,456	589,473	20,363	48,232	32,314	21,457	90,403	456,671	1,381,369
PRIOR PERIOD ADJUSTMENTS	<u>(5,142)</u>	<u>-</u>	<u>543</u>	<u>-</u>	<u>156</u>	<u>111,449</u>	<u>5,502</u>	<u>(291,671)</u>	<u>(179,163)</u>
FUND BALANCE - BEGINNING (AS RESTATED)	<u>117,314</u>	<u>589,473</u>	<u>20,906</u>	<u>48,232</u>	<u>32,470</u>	<u>132,906</u>	<u>95,905</u>	<u>165,000</u>	<u>1,202,206</u>
FUND BALANCE - ENDING	<u>\$ 138,117</u>	<u>\$ 643,932</u>	<u>\$ 21,626</u>	<u>\$ 56,328</u>	<u>\$ 25,449</u>	<u>\$ 161,252</u>	<u>\$ 104,697</u>	<u>\$ 165,000</u>	<u>\$ 1,316,401</u>

See independent auditor's report.

OTHER INFORMATION

**City of Belle Fourche, South Dakota
City Officials
For the Year Ended December 31, 2023**

MAYOR

Randy Schmidt

COUNCIL MEMBERS

Heidi Parker

Monte Talkington

Lee Capp

Clark Sowers

Larry Schmaltz

Randy Sowers

Tricia Fowler

Bob Somervold

CITY ADMINISTRATOR

Jason LaFayette

See independent auditor's report.