

TOWN OF BISON
AUDITED FINANCIAL STATEMENTS
TWO YEARS ENDED DECEMBER 31, 2023

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF BISON

CITY OFFICIALS DECEMBER 31, 2023

Governing Board:

Shiloh Baysinger
Rick Stevens
Luke Clements
John Blosmo
Bristol Palmer

Financial Officer:

Paula Kopren

Attorney:

Shane C. Penfield

TOWN OF BISON

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TOWN OF BISON

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KOHLMAN, BIERSBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

WILLIAM J BACHMEIER, CPA
CHRISTINE OLSEN, CPA
EMILY SCHAEFERS, CPA

210 EAST GRAND CROSSING | PO BOX 460
MOBRIDGE, SD 57601
605- 845-3658 | 605- 845-3754 (FAX)
KBACPAS.COM

WITH OFFICES IN
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Town Trustees
Town of Bison
Bison, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Bison, South Dakota (Town), as of December 31, 2023, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 24, 2025, which was adverse for the discretely presented component unit because there were no audited modified cash basis of accounting financial statements available for the component unit in 2023 or 2022, and unmodified for the governmental activities, the business-type activities, and each major fund.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings, as items 2022-001 and 2023-001 through 2022-004 and 2023-004, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Current Audit Findings, as items 2022-003 and 2023-003, and 2022-004 and 2023-004.

Town's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit. The Town's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The Town's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Town'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 Town'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.

Kohlman Bierschbach and Anderson LLP

October 24, 2025

Town of Bison
PO Box 910
400 West Carr Street
Bison, SD 57620
Phone: 605-244-5677 (office); 605-244-5678 (shop)
Fax: 650-244-7173; Email: bison@sdplains.com

SCHEDEULE OF PRIOR AUDIT FINDINGS

2020-001 and 2021-001

Initial Fiscal Year Finding Occurred: It is not known how long this comment has been made.

Finding Summary: A material weakness was reported for inadequate internal controls including a lack of segregation of duties for cash, investments, revenues, grants, equity, expenditures and payroll.

Status: Ongoing. This finding has not been corrected and is restated as finding 2022-002 and 2023-002. The reason for recurrence is, due to cost considerations, the Town has determined it is not practical to employ additional staff to adequately segregate duties. The Town will implement compensating controls where practical.

2020-002 and 2021-002

Initial Fiscal Year Finding Occurred: It is not known how long this comment has been made.

Finding Summary: The Town does not have an internal control system designed to provide for the preparation of the financial statements being audited and as part of the audit the auditors prepared the financial statements and related footnotes. As a part of the financial statement preparation process, at times, we propose material audit adjustments that are not identified as a result of the Town's internal control and, therefore, could result in a misstatement of the Town's financial statements.

Status: Ongoing. This finding has not been corrected and is restated as finding 2022-003 and 2023-003. The reason for recurrence is, due to cost considerations, the Town has determined it is not practical to employ additional staff to implement an internal control structure adequate to identify all material adjustments and to prepare the financial statements. The Town will implement compensating controls where practical.

Sylvia Chapman
Finance Officer

Sylvia Chapman
Governance

TOWN OF BISON
SCHEDULE OF CURRENT AUDIT FINDINGS
DECEMBER 31, 2023 and 2022

CURRENT AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

2022-001 and 2023-001

Criteria

Effective internal controls require segregation of duties to ensure that no single individual has control over all aspects of any significant transaction. This includes separating the responsibilities for authorization, custody and record keeping functions. An organization also should have an internal control system in place to ensure the accuracy and reliability of financial reporting, compliance with applicable laws and regulations, and the safeguarding of assets.

Condition Found

A material weakness was reported for a lack of internal controls including a lack of segregation of duties for cash, investments, debt, revenues, grants, equity, expenditures and payroll.

Cause

The Town of Bison has a limited number of employees who prepare all records for cash, investments, debt, revenues, grants, equity, expenditures and payroll.

Effect

This material weakness increases the risk of undetected errors, which could result in financial misstatement and loss of assets for the Town.

Recommendation

We recommend the Town Council take a more active role in their oversight of cash, investments, debt, revenues, grants, equity, expenditures and payroll.

Identification as a Repeat Finding

Yes, this is a restatement of 2020-001 and 2021-001.

Views of Responsible Officials

See unaudited corrective action plan on pages 8 - 9.

2022-002 and 2023-002

Criteria

An organization's internal control structure should provide for the preparation of the financial statements and the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with the modified cash basis of accounting.

TOWN OF BISON
SCHEDULE OF CURRENT AUDIT FINDINGS
DECEMBER 31, 2023 and 2022
(Continued)

Condition Found

The Town does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with the modified cash basis of accounting. As auditors, we were requested to draft the financial statements.

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the Town's existing internal controls, and therefore could have resulted in a material misstatement of the Town's financial statements.

Cause

The Town of Bison does not have adequate staff to prepare the financial statements and the related footnotes and to ensure all adjustments are recorded.

Effect

This condition may affect the Town's ability to record, process, summarize, and report financial statement data consistent with the assertions of management in the financial statements.

Recommendation

This circumstance is not unusual in an organization of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Identification as a Repeat Finding

Yes, this is a restatement of 2020-002 and 2021-002.

Views of Responsible Officials

See unaudited corrective action plan on pages 8 - 9.

2022-003 and 2023-003

Criteria

South Dakota Codified Law (SDCL) 5-18A-14 states that if purchasing agency intends to enter into a contract for any public improvement that involves the expenditure of fifty thousand dollars or more, or a contract for the purchase of supplies or services, other than professional services, that involves the expenditure of twenty-five thousand dollars or more, the purchasing agency shall advertise for bids or proposals.

Condition Found

The Town purchased materials for the streets, totaling \$202,611.87 and did not open bids for these purchases.

Cause

The Town did not bid the purchase of materials for the streets totaling \$202,611.87.

TOWN OF BISON
SCHEDULE OF CURRENT AUDIT FINDINGS
DECEMBER 31, 2023 and 2022
(Continued)

Effect

The Town is not in compliance with SDCL 5-18A-14.

Recommendation

We recommend the Town Council and the Finance Officer monitor compliance more closely.

Identification as a Repeat Finding

No, this is not a restatement.

Views of Responsible Officials

See unaudited corrective action plan on pages 8 - 9.

2022-004 and 2023-004

Criteria

South Dakota Codified Law (SDCL) 9-21-9 states that neither the governing body nor any department or officer of the municipality shall add to the municipal expenditures in any fiscal year any sum in excess of the amount provided for the annual appropriation ordinance except as otherwise specially provided. Nor shall the amount spent for any purpose or any department exceed the total amount appropriated for such department in the annual appropriation ordinance for such year, except as otherwise specially provided.

Condition Found

The 2022 budget for the General Fund Financial Administration, Airport, and Debt Service Functions were materially overspent by \$33,978.70, \$111,143.28 and \$34,120.00, respectively. The 2023 budget for the General Fund Airport and Debt Service Functions were materially overspent by \$615,102.00 and \$34,120.00, respectively.

Cause

The Town did not sufficiently budget for the above stated functions or provide the necessary supplemental budgets.

Effect

The Town is not in compliance with SDCL 9-21-9.

Recommendation

We recommend the Town and Financial Officer monitor compliance more closely.

Identification as a Repeat Finding

No, this is not a restatement.

Views of Responsible Officials

See unaudited corrective action plan on pages 8 - 9.

TOWN OF BISON
SCHEDULE OF CURRENT AUDIT FINDINGS
DECEMBER 31, 2023 and 2022
(Continued)

COMPLIANCE AND OTHER MATTERS:

2022-0034 and 2023-003

This finding has already been stated under the section entitled "Internal Control-Related Findings - Material Weaknesses." See that section for more details on this finding.

2022-004 and 2023-004

This finding has already been stated under the section entitled "Internal Control-Related Findings - Material Weaknesses." See that section for more details on this finding.

Town of Bison
PO Box 910
400 West Carr Street
Bison, SD 57620
Phone: 605-244-5677 (office); 605-244-5678 (shop)
Fax: 650-244-7173; Email: bison@sdplains.com

CORRECTIVE ACTION PLAN (UNAUDITED)
December 31, 2023 AND 2022

Town of Bison submits the following unaudited corrective action plan for the two years ended December 31, 2023.

2022-001 and 2023-001

Condition: A material weakness was reported for a lack of internal controls including a segregation of duties for cash, investments, revenue, grants, equity, expenditures and payroll.

Responsible Official: Luke Clements

Planned Corrective Action: The Town has determined that it is not cost beneficial to employ additional personnel to be able to adequately segregate duties for cash, investments, revenue, grants, equity, expenditures and payroll and accepts the risks involved. The Council is aware of the problem and will attempt to provide compensating controls wherever possible and practical. Some of the compensating controls that have been implemented include dual signatures on checks and board members reviewing vouchers.

Anticipated completion date: This is ongoing.

2022-002 and 2023-002

Condition: The Town does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with the modified cash basis of accounting. As auditors, we were requested to draft the financial statements.

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the Town's existing internal controls, and therefore could have resulted in a material misstatement of the Town's financial statements.

Responsible official: Luke Clements

Planned Corrective Action: The Town of Bison accepts the risks with this deficiency. The Council is aware of the problem and will attempt to provide compensating controls wherever and whenever possible and practical.

Anticipated completion date: This is ongoing.

2022-003 and 2023-003

Condition: The Town purchased materials for the streets, totaling \$202,611.87 and did not open bids for these purchases.

Responsible official: Luke Clements

Planned Corrective Action: The Town and the Finance Officer will pay more attention to details and definitions of purchases that need to be bid so this does not happen again in the future.

Anticipated completion date: December 31, 2024

Town of Bison
PO Box 910
400 West Carr Street
Bison, SD 57620
Phone: 605-244-5677 (office); 605-244-5678 (shop)
Fax: 650-244-7173; Email: bison@sdplains.com

CORRECTIVE ACTION PLAN (UNAUDITED)
December 31, 2023 AND 2022
(Continued)

2022-004 and 2023-004

Condition: The 2022 and 2023 budgets for General Fund Functions were materially overspent.

Responsible Official: Luke Clements

Planned Corrective Action: The Town will monitor compliance more closely. The Finance Officer will monitor more closely the budget process and will make adjustments to the supplemental appropriations budget prior to the year end.

Anticipated completion date: December 31, 2024

Sylvia Chapman
Finance Officer



Governance

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605- 845-3658 | 605- 845-3754 (FAX)
KBACPAS.COM

WITH OFFICES IN
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT

To the Town Trustees
Town of Bison
Bison, South Dakota

Adverse and Unmodified Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Bison, South Dakota (Town), as of December 31, 2023, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Adverse Opinion on Aggregate Discretely Presented Component Unit

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions sections of our report, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the Town, as of December 31, 2023, or the changes in financial position thereof for each of the years in the biennial period then ended in conformity with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Unmodified Opinions on Governmental Activities, Business-Type Activities, and Each Major Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of accounting of the governmental activities, the business-type activities, and each major fund of the Town as of December 31, 2023, and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, 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 adverse and unmodified audit opinions.

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Unit

The financial statements referred to above do not include the financial data for the Town's legally separate component unit. The modified cash basis of accounting requires the financial data for those component units to be reported with the financial data of the Town's primary government unless the Town also issues financial statements for the financial reporting entity that include the financial data for its component unit. The Town has not issued such reporting entity financial statements. The effects of not including the Town's legally separate component unit information have not been determined.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1.c. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our 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 these financial statements in accordance with the modified cash basis of accounting described in Note 1.c., 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the modified cash basis of accounting financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 Town's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

Kohlman Bierschbach and Anderson LLP

October 24, 2025

TOWN OF BISON
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2023

| | Primary Government | | |
|--------------------------------------|----------------------------|-----------------------------|----------------------------|
| | Governmental Activities | Business-Type Activities | Total |
| | | | |
| ASSETS: | | | |
| Cash and cash equivalents | \$ 536,256 | \$ 770,478 | \$ 1,306,734 |
| Restricted cash and cash equivalents | <u>12,160</u> | <u>-</u> | <u>12,160</u> |
| TOTAL ASSETS | <u>\$ 548,416</u> | <u>\$ 770,478</u> | <u>\$ 1,318,894</u> |
| NET POSITION: | | | |
| Restricted for: | | | |
| Other purposes | \$ 12,160 | \$ - | \$ 12,160 |
| Unrestricted | <u>536,256</u> | <u>770,478</u> | <u>1,306,734</u> |
| TOTAL NET POSITION | <u>\$ 548,416</u> | <u>\$ 770,478</u> | <u>\$ 1,318,894</u> |

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

TOWN OF BISON
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2023

| Primary Government Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | |
|--------------------------------------------------------------|---------------------|----------------------|------------------------------------|---------------------------------------------------|-------------------------|--------------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | | |
| General government | \$ 94,054 | \$ 1,351 | \$ - | \$ - | \$ (92,703) | | \$ (92,703) |
| Public safety | 50,643 | - | 32,115 | - | (50,643) | | (50,643) |
| Public works | 881,831 | - | - | 712,835 | (136,881) | | (136,881) |
| Health and welfare | 10,763 | - | - | - | (10,763) | | (10,763) |
| Culture and recreation | 59,455 | 12,709 | 3,491 | - | (43,255) | | (43,255) |
| Conservation and development | 9,550 | - | - | - | (9,550) | | (9,550) |
| Total Governmental Activities | <u>1,106,296</u> | <u>14,060</u> | <u>35,606</u> | <u>712,835</u> | <u>(343,795)</u> | | <u>(343,795)</u> |
| Business-Type Activities: | | | | | | | |
| Water | 153,058 | 154,822 | - | - | \$ 1,764 | | \$ 1,764 |
| Sewer | 108,629 | 104,098 | - | 71,459 | 66,928 | | 66,928 |
| Liquor | 481,437 | 458,727 | - | - | (22,710) | | (22,710) |
| Solid Waste | 84,689 | 75,886 | - | - | (8,803) | | (8,803) |
| Total Business-Type Activities | <u>827,813</u> | <u>793,533</u> | <u>-</u> | <u>71,459</u> | <u>37,179</u> | | <u>37,179</u> |
| Total Primary Government | <u>\$ 1,934,109</u> | <u>\$ 807,593</u> | <u>\$ 35,606</u> | <u>\$ 784,294</u> | <u>(343,795)</u> | <u>37,179</u> | <u>(306,616)</u> |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | 211,999 | | | 211,999 |
| Sales taxes | | | | 225,623 | | | 225,623 |
| State shared revenues | | | | 5,178 | | | 5,178 |
| Grants and contributions not restricted to specific programs | | | | 361 | | | 361 |
| Unrestricted investment earnings | | | | 7,848 | | | 7,848 |
| Debt issued | | | | - | 216,680 | | 216,680 |
| Miscellaneous revenue | | | | <u>24,371</u> | <u>-</u> | | <u>24,371</u> |
| Total General Revenues | | | | <u>475,380</u> | <u>216,680</u> | | <u>692,060</u> |
| Change in Net Position | | | | 131,585 | 253,859 | | 385,444 |
| Net Position - Beginning | | | | <u>416,831</u> | <u>516,619</u> | | <u>933,450</u> |
| Net Position - Ending | | | | <u>\$ 548,416</u> | <u>\$ 770,478</u> | | <u>\$ 1,318,894</u> |

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

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

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--------------------------------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|---------------------------------------------------|----------------------------|-------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Government Activities | Business - Type Activities | Total |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General government | \$ 120,060 | \$ - | \$ - | \$ - | \$ (120,060) | | \$ (120,060) |
| Public safety | 55,250 | - | - | - | (55,250) | | (55,250) |
| Public works | 420,786 | - | 33,257 | - | (331,170) | | (331,170) |
| Health welfare | 600 | - | - | - | (600) | | (600) |
| Culture and recreation | 39,965 | 8,976 | 5,259 | - | (25,730) | | (25,730) |
| Conservation and development | 3,525 | - | - | - | (3,525) | | (3,525) |
| Total Governmental Activities | 640,186 | 8,976 | 38,516 | 56,359 | (536,335) | | (536,335) |
| Business-Type Activities: | | | | | | | |
| Water | 142,087 | 154,564 | - | - | \$ 12,477 | | 12,477 |
| Sewer | 14,750 | 77,343 | - | - | 62,593 | | 62,593 |
| Liquor | 441,070 | 451,185 | - | - | 10,115 | | 10,115 |
| Solid Waste | 89,801 | 70,706 | - | - | (19,095) | | (19,095) |
| Total Business-Type Activities | 687,708 | 753,798 | - | - | 66,090 | | 66,090 |
| Total Primary Government | \$ 1,327,894 | \$ 762,774 | \$ 38,516 | \$ 56,359 | (536,335) | 66,090 | (470,245) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | | 198,862 | | 198,862 |
| Sales taxes | | | | | 246,106 | | 246,106 |
| State shared revenues | | | | | 4,782 | | 4,782 |
| Grants and contributions not restricted to specific programs | | | | | 2,039 | | - |
| Unrestricted investment earnings | | | | | 1,721 | | 1,721 |
| Miscellaneous revenue | | | | | 45,968 | | 45,968 |
| Total General Revenues | | | | | 499,478 | | 497,439 |
| Change in Net Position | | | | | (36,857) | | 29,233 |
| Net Position - Beginning | | | | | 453,688 | | 904,217 |
| Net Position - Ending | | | | | \$ 416,831 | | \$ 923,450 |

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

TOWN OF BISON
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

| | <u>General Fund</u> |
|--------------------------------------|--------------------------|
| ASSETS: | |
| Cash and cash equivalents | \$ 536,256 |
| Restricted cash and cash equivalents | <u>12,160</u> |
| TOTAL ASSETS | <u>\$ 548,416</u> |
| FUND BALANCES: | |
| Restricted for library | \$ 12,160 |
| Unassigned | <u>536,256</u> |
| TOTAL FUND BALANCES | <u>\$ 548,416</u> |

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

TOWN OF BISON
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 General Fund | 2022 General Fund |
|--------------------------------------------|----------------------|----------------------|
| REVENUES: | | |
| Taxes: | | |
| General property taxes | \$ 209,431 | \$ 196,601 |
| General sales and use taxes | 225,623 | 246,106 |
| Gross receipts business taxes | 1,974 | 2,032 |
| Penalties and interest on delinquent taxes | 594 | 229 |
| Intergovernmental Revenue: | | |
| Federal grants | 677,117 | 54,942 |
| Federal payments in lieu of taxes | 361 | 2,039 |
| State grants | 39,209 | 6,676 |
| State shared revenue: | | |
| Bank franchise tax | 3,102 | 2,666 |
| Prorate license fees | 5,671 | 6,616 |
| Liquor tax reversion (25%) | 2,076 | 2,116 |
| Motor vehicle licenses | 9,925 | 10,576 |
| Local government highway and bridge fund | 16,519 | 16,065 |
| Charges for Goods and Services: | | |
| Culture and recreation | 3,251 | 883 |
| Library | 9,271 | 8,093 |
| Fines and Forfeits: | | |
| Other | 187 | - |
| Miscellaneous Revenue: | | |
| Investment earnings | 7,848 | 1,721 |
| Rentals | 1,351 | - |
| Other | <u>24,371</u> | <u>45,968</u> |
| TOTAL REVENUES | <u>1,237,881</u> | <u>603,329</u> |
| EXPENDITURES: | | |
| General Government: | | |
| Legislative | 33,379 | 36,466 |
| Financial administration | 60,037 | 75,044 |
| Other | 638 | 8,550 |
| Public Safety: | | |
| Police | 25,643 | 30,250 |
| Fire | 25,000 | 25,000 |
| Public Works: | | |
| Highways and streets | 166,634 | 237,508 |
| Airport | 681,077 | 149,158 |
| Health and Welfare: | | |
| Health | 163 | - |
| Mental health centers | 600 | 600 |
| Ambulance | 10,000 | - |
| Culture and Recreation: | | |
| Parks | 30,388 | 17,526 |
| Libraries | 27,245 | 21,937 |
| Museums | 1,822 | 502 |
| Conservation and Development: | | |
| Economic development and assistance | 9,550 | 3,525 |
| Debt Service | <u>34,120</u> | <u>34,120</u> |
| TOTAL EXPENDITURES | <u>1,106,296</u> | <u>640,186</u> |

| | 2023 <u>General Fund</u> | 2022 <u>General Fund</u> |
|----------------------------|-----------------------------|-----------------------------|
| NET CHANGE IN FUND BALANCE | 131,585 | (36,857) |
| FUND BALANCE - BEGINNING | <u>416,831</u> | <u>453,688</u> |
| FUND BALANCE - ENDING | <u>\$ 548,416</u> | <u>\$ 416,831</u> |

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

TOWN OF BISON
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2023

| | Business-Type Activities | | | | |
|---------------------------|--------------------------|--------------------------|--------------------------|---------------------------|--------------------------|
| | Enterprise Funds | | | | Solid Waste Fund |
| | Water Fund | Sewer Fund | Liquor Fund | | Totals |
| ASSETS: | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents | \$ <u>121,214</u> | \$ <u>545,739</u> | \$ <u>125,850</u> | \$ <u>(22,325)</u> | \$ <u>770,478</u> |
| TOTAL ASSETS | \$ <u>121,214</u> | \$ <u>545,739</u> | \$ <u>125,850</u> | \$ <u>(22,325)</u> | \$ <u>770,478</u> |
| NET POSITION: | | | | | |
| Unrestricted | \$ <u>121,214</u> | \$ <u>545,739</u> | \$ <u>125,850</u> | \$ <u>(22,325)</u> | \$ <u>770,478</u> |
| TOTAL NET POSITION | \$ <u>121,214</u> | \$ <u>545,739</u> | \$ <u>125,850</u> | \$ <u>(22,325)</u> | \$ <u>770,478</u> |

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

TOWN OF BISON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS PROPRIETARY FUNDS DECEMBER 31, 2023

| | Business-Type Activities Enterprise Funds | | | | |
|---------------------------------------------|----------------------------------------------|-------------------|-------------------|---------------------|-------------------|
| | Water Fund | Sewer Fund | Liquor Fund | Solid Waste Fund | Total |
| OPERATING REVENUE: | | | | | |
| Charges for goods and services | \$ 154,822 | \$ 104,098 | \$ 279,737 | \$ 75,886 | \$ 614,543 |
| Lottery sales | - | - | <u>178,990</u> | - | <u>178,990</u> |
| TOTAL OPERATING REVENUE | <u>154,822</u> | <u>104,098</u> | <u>458,727</u> | <u>75,886</u> | <u>793,533</u> |
| OPERATING EXPENSES: | | | | | |
| Personal services | 22,313 | 16,105 | 87,749 | 46,112 | 172,279 |
| Other current expense | 99,198 | 77,128 | 29,420 | 36,943 | 242,689 |
| Materials (cost of goods sold) | <u>14,856</u> | <u>15,396</u> | <u>360,628</u> | <u>1,634</u> | <u>392,514</u> |
| TOTAL OPERATING EXPENSES | <u>136,367</u> | <u>108,629</u> | <u>477,797</u> | <u>84,689</u> | <u>807,482</u> |
| OPERATING INCOME (LOSS) | <u>18,455</u> | <u>(4,531)</u> | <u>(19,070)</u> | <u>(8,803)</u> | <u>(13,949)</u> |
| NONOPERATING REVENUE (EXPENSE): | | | | | |
| Capital grants | - | 71,459 | - | - | 71,459 |
| Capital assets | - | - | (3,640) | - | (3,640) |
| Debt service (principal) | (7,789) | - | - | - | (7,789) |
| Interest expense | (8,902) | - | - | - | (8,902) |
| Long-term debt issued | - | <u>216,680</u> | - | - | <u>216,680</u> |
| TOTAL NONOPERATING REVENUE (EXPENSE) | <u>(16,691)</u> | <u>288,139</u> | <u>(3,640)</u> | <u>-</u> | <u>267,808</u> |
| CHANGE IN NET POSITION | 1,764 | 283,608 | (22,710) | (8,803) | 253,859 |
| NET POSITION - BEGINNING | <u>119,450</u> | <u>262,131</u> | <u>148,560</u> | <u>(13,522)</u> | <u>516,619</u> |
| NET POSITION - ENDING | <u>\$ 121,214</u> | <u>\$ 545,739</u> | <u>\$ 125,850</u> | <u>\$ (22,325)</u> | <u>\$ 770,478</u> |

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

TOWN OF BISON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS PROPRIETARY FUNDS DECEMBER 31, 2022

| | Business-Type Activities Enterprise Funds | | | | |
|-----------------------------------|----------------------------------------------|--------------------------|--------------------------|---------------------------|--------------------------|
| | Water Fund | Sewer Fund | Liquor Fund | Solid Waste Fund | Total |
| OPERATING REVENUE: | | | | | |
| Charges for goods and services | \$ 154,564 | \$ 77,343 | \$ 282,294 | \$ 70,706 | \$ 584,907 |
| Lottery sales | <u>-</u> | <u>-</u> | <u>168,891</u> | <u>-</u> | <u>168,891</u> |
| TOTAL OPERATING REVENUE | <u><u>154,564</u></u> | <u><u>77,343</u></u> | <u><u>451,185</u></u> | <u><u>70,706</u></u> | <u><u>753,798</u></u> |
| OPERATING EXPENSES: | | | | | |
| Personal services | 24,681 | 12,447 | 89,381 | 39,114 | 165,623 |
| Other current expense | 92,605 | 252 | 37,312 | 41,130 | 171,299 |
| Materials (cost of goods sold) | <u>7,326</u> | <u>2,051</u> | <u>305,730</u> | <u>9,557</u> | <u>324,664</u> |
| TOTAL OPERATING EXPENSES | <u><u>124,612</u></u> | <u><u>14,750</u></u> | <u><u>432,423</u></u> | <u><u>89,801</u></u> | <u><u>661,586</u></u> |
| OPERATING INCOME (LOSS) | <u><u>29,952</u></u> | <u><u>62,593</u></u> | <u><u>18,762</u></u> | <u><u>(19,095)</u></u> | <u><u>92,212</u></u> |
| NONOPERATING EXPENSE: | | | | | |
| Capital assets | (202) | - | (8,647) | - | (8,849) |
| Debt service (principal) | (7,684) | - | - | - | (7,684) |
| Interest expense | <u>(9,589)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(9,589)</u> |
| TOTAL NONOPERATING EXPENSE | <u><u>(17,475)</u></u> | <u><u>-</u></u> | <u><u>(8,647)</u></u> | <u><u>-</u></u> | <u><u>(26,122)</u></u> |
| CHANGE IN NET POSITION | 12,477 | 62,593 | 10,115 | (19,095) | 66,090 |
| NET POSITION - BEGINNING | <u>106,973</u> | <u>199,538</u> | <u>138,445</u> | <u>5,573</u> | <u>450,529</u> |
| NET POSITION - ENDING | <u><u>\$ 119,450</u></u> | <u><u>\$ 262,131</u></u> | <u><u>\$ 148,560</u></u> | <u><u>\$ (13,522)</u></u> | <u><u>\$ 516,619</u></u> |

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

TOWN OF BISON
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

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

The reporting entity is comprised of the primary government, Town of Bison, and one component unit, Homestead Heights.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Town is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the Town (primary government). The Town may also be financially accountable for another organization if that organization is fiscally dependent on the Town.

The Town has elected to present only primary government activities; thus, the financial information of Homestead Heights has not been included in the financial statements of the Town.

The Town participates in a cooperative unit with Northwest South Dakota Regional Landfill Association. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the Town.

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

TOWN OF BISON
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - (Continued)

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

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

Governmental Funds:

General Fund - The General Fund is the general operating fund of the Town. 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.

Proprietary Funds:

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

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

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

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

Liquor Fund - Financed primarily by consumer charges, this fund accounts for the construction and operation of the Town bar and related equipment. This is a major fund.

Solid Waste Fund - Financed primarily by user charges, this fund accounts for the construction and operation of the Town rubble site facilities, and the Town municipal garbage compaction/bailing and disposal/hauling operations. This is a major fund.

c. **Measurement Focus and Basis of Accounting:**

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

TOWN OF BISON
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - (Continued)

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

Measurement Focus:

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, applied within the limitations of the modified cash basis of accounting.

Basis of Accounting:

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

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

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

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

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

d. Deposits and Investments:

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

TOWN OF BISON
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - (Continued)

e. Capital Assets:

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

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

f. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, notes payable 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 Town has not elected to modify their cash basis presentation by recording long-term debt or long-term liabilities arising from cash transactions, so any outstanding long-term debt or long-term liabilities are not reported on the financial statements of the Town. The Town does report the principal and interest payments on long-term debt as Debt Service expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances. On the Statement of Activities, the principal portion of these Debt Service payments are reported within the appropriate expense function while the interest portion is reported as Interest on Long-Term Debt.

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

g. Program Revenues:

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

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

h. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in Net Position, revenues and expenses are classified as operating or non-operating revenues and expenses. Operating revenues and expenses directly relate to the purpose of the fund.

i. Cash and Cash Equivalents:

The Town pools the cash resources of its funds for cash management purposes. The water, sewer, solid waste, and liquor 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.

TOWN OF BISON
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - (Continued)

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.

Fund Financial Statements:

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

k. Application of Net Position:

It is the Town's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

1. Fund Balance Classification Policies and Procedures:

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

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

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

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

TOWN OF BISON
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - (Continued)

A schedule of fund balances is provided as follows:

TOWN OF BISON
DISCLOSURE OF FUND BALANCES REPORTED
ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

| | <u>General</u> <u>Fund</u> |
|---------------------|-------------------------------|
| Fund Balances: | |
| Restricted for: | |
| Other Purposes: | |
| Library | \$ 12,160 |
| Unassigned | <u>536,256</u> |
| Total Fund Balances | <u>\$ 548,416</u> |

NOTE 2 - DEFICIT FUND BALANCE

As of December 31, 2023, the Solid Waste Fund had a deficit fund balance of \$22,325. The Town plans to make an operating transfer to address the deficit fund balance.

NOTE 3 - DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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

Deposits - The Town's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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

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

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

TOWN OF BISON
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 - (Continued)

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

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The Town does not have any investments and, therefore, does not have a formal investment policy.

NOTE 4 - RESTRICTED CASH AND INVESTMENTS

Assets restricted to use for a specific purpose through segregation of balances in separate accounts includes \$12,160, which is restricted for library operating purposes in the General Fund.

NOTE 5 - 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 Town is permitted by several state statutes to levy varying amounts of taxes per \$1,000 of taxable valuation on taxable real property in the Town.

NOTE 6 - RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2023, was as follows:

| | |
|-------------------------------|------------------|
| Other Purposes: | |
| Library | \$ <u>12,160</u> |
| Total Restricted Net Position | \$ <u>12,160</u> |

These balances are restricted by the terms of statutory requirements.

NOTE 7 - 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 are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report can be obtained at <http://sdtrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited

TOWN OF BISON
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7 - (Continued)

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

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

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The Town's share of contributions to the SDRS for the calendar years ended December 31, 2023, 2022, and 2021, were \$10,747, \$9,500, and \$9,295, respectively, equal to the required contributions each year.

Pension Assets and Pension Expense:

At June 30, 2023, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the Town as of this measurement period ended June 30, 2023, and reported by the Town as of December 31, 2023, are as follows:

| | |
|-------------------------------------------------------------------------|-----------------|
| Proportionate share of total pension liability | \$ 919,435 |
| Less proportionate share of net pension restricted for pension benefits | <u>920,054</u> |
| Proportionate share of net pension liability (asset) | \$ <u>(619)</u> |

TOWN OF BISON
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7 - (Continued)

The net pension asset was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was based on a projection of the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the Town's proportion was .00634500%, which is a decrease of .0007370% from its proportion measured as of June 30, 2022.

Actuarial Assumptions:

The total pension 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% |

Mortality Rates:

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

TOWN OF BISON
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7 - (Continued)

| 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 | <u>1.9</u> % | 0.8 % |
| Total | <u><u>100</u></u> % | |

Discount Rate:

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

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

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

| | 1% Decrease | | Current Discount Rate | 1% Increase | | |
|-----------------------------------------------------------------|-------------|---------|-----------------------|-------------|-------|-----------|
| | \$ | 126,935 | | \$ | (619) | |
| Town's proportionate share of the net pension liability (asset) | \$ | 126,935 | \$ | (619) | \$ | (104,934) |

Pension Plan Fiduciary Net Position:

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

NOTE 8 - JOINT VENTURES

The Town participates in a joint venture known as the Northwest South Dakota Regional Landfill Association, formed for the purpose of providing landfill services to the communities in the northwest part of South Dakota

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

| | |
|------------|--------|
| Bison | 16.67% |
| Buffalo | 16.67% |
| Isabel | 16.67% |
| Lemmon | 16.67% |
| McIntosh | 16.66% |
| McLaughlin | 16.66% |

The Town 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.

TOWN OF BISON
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 - (Continued)

Separate financial statements for this joint venture are available from Northwest South Dakota Regional Landfill Association.

At December 31, 2023, this joint venture had Total Assets of \$1,661,430, Total Liabilities of \$215,221, and Total Net Position of \$1,446,209.

NOTE 9 - PROPRIETARY NET POSITION

The Town Trustees have set aside the amount of \$24,752 in the Water Fund for the debt repayment of the Perkins County Rural Water loan.

NOTE 10 - SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2023, the Town was not involved in any litigation.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through October 24, 2025, the date on which the financial statements were available to be issued. Management has determined there are none.

NOTE 12 - RISK MANAGEMENT

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

Employee Health Insurance:

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

Liability Insurance:

The Town purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

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

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

TOWN OF BISON
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 12 - (Continued)

Unemployment Benefits:

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

SUPPLEMENTARY INFORMATION

TOWN OF BISON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

| | <u>Budgeted Amounts</u> | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Positive (Negative) |
|--------------------------------------------|-------------------------|-----------------------|-------------------------------------------|-----------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Taxes: | | | | |
| General property taxes | \$ 209,490 | \$ 209,490 | \$ 209,431 | \$ (59) |
| General sales and use taxes | 180,000 | 180,000 | 225,623 | 45,623 |
| Gross receipts business taxes | 3,500 | 3,500 | 1,974 | (1,526) |
| Penalties and interest on delinquent taxes | 200 | 200 | 594 | 394 |
| Intergovernmental Revenue: | | | | |
| Federal grants | 100,479 | 100,479 | 677,117 | 576,638 |
| Federal payments in lieu of taxes | - | - | 361 | 361 |
| State grants | 500 | 500 | 39,209 | 38,709 |
| State shared revenue: | | | | |
| Bank franchise tax | 5,000 | 5,000 | 3,102 | (1,898) |
| Prorate license fees | 3,000 | 3,000 | 5,671 | 2,671 |
| Liquor tax reversion (25%) | 2,500 | 2,500 | 2,076 | (424) |
| Motor vehicles licenses | 13,000 | 13,000 | 9,925 | (3,075) |
| Local government highway and bridge fund | 20,000 | 20,000 | 16,519 | (3,481) |
| County shared revenue: | | | | |
| County road and bridge tax (25%) | 3,500 | 3,500 | - | (3,500) |
| Charges for Goods and Services: | | | | |
| Culture and recreation | 4,500 | 4,500 | 3,251 | (1,249) |
| Fines and Forfeits: | | | | |
| Library | - | - | 9,271 | 9,271 |
| Other | - | - | 187 | 187 |
| Miscellaneous Revenue: | | | | |
| Investment earnings | 1,900 | 1,900 | 7,848 | 5,948 |
| Rentals | - | - | 1,351 | 1,351 |
| Other | <u>19,600</u> | <u>19,600</u> | <u>24,371</u> | <u>4,771</u> |
| TOTAL REVENUES | <u>567,169</u> | <u>567,169</u> | <u>1,237,881</u> | <u>670,712</u> |
| EXPENDITURES: | | | | |
| General Government: | | | | |
| Legislative | 65,450 | 65,450 | 33,379 | 32,071 |
| Executive | 31,500 | 31,500 | - | 31,500 |
| Elections | 1,125 | 1,125 | - | 1,125 |
| Financial administration | 64,300 | 64,300 | 60,037 | 4,263 |
| Other | 12,750 | 12,750 | 638 | 12,112 |
| Public Safety: | | | | |
| Police | 25,400 | 25,400 | 25,643 | (243) |
| Fire | 25,000 | 25,000 | 25,000 | - |
| Public Works: | | | | |
| Highway and streets | 287,325 | 287,325 | 166,634 | 120,691 |
| Airport | 65,975 | 65,975 | 681,077 | (615,102) |
| Health and Welfare: | | | | |
| Health | 1,950 | 1,950 | 163 | 1,787 |
| Mental health centers | - | - | 600 | (600) |
| Ambulance | 10,000 | 10,000 | 10,000 | - |

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Positive (Negative) |
|-------------------------------------|--------------------------|--------------------------|-------------------------------------------|-----------------------------------------------------------|
| | Original | Final | | |
| Culture and Recreation: | | | | |
| Parks | 24,790 | 24,790 | 30,388 | (5,598) |
| Libraries | 20,200 | 20,200 | 27,245 | (7,045) |
| Museums | 1,500 | 1,500 | 1,822 | (322) |
| Conservation and Development: | | | | |
| Economic development and assistance | 10,600 | 10,600 | 9,550 | 1,050 |
| Debt Service | <u>-</u> | <u>-</u> | <u>34,120</u> | <u>(34,120)</u> |
| TOTAL EXPENDITURES | <u>647,865</u> | <u>647,865</u> | <u>1,106,296</u> | <u>(457,831)</u> |
| NET CHANGE IN FUND BALANCES | <u>(80,696)</u> | <u>(80,696)</u> | <u>131,585</u> | <u>212,281</u> |
| FUND BALANCE - BEGINNING | <u>416,831</u> | <u>416.831</u> | <u>416,831</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ 336,135</u> | <u>\$ 336,135</u> | <u>\$ 548,416</u> | <u>\$ 212,281</u> |

TOWN OF BISON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

| | <u>Budgeted Amounts</u> | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Positive (Negative) |
|--------------------------------------------|-------------------------|-----------------------|-------------------------------------------|-----------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Taxes: | | | | |
| General property taxes | \$ 199,616 | \$ 199,616 | \$ 196,601 | \$ (3,015) |
| General sales and use taxes | 176,000 | 176,000 | 246,106 | 70,106 |
| Gross receipts business taxes | 3,000 | 3,000 | 2,032 | (968) |
| Penalties and interest on delinquent taxes | - | - | 229 | 229 |
| Intergovernmental Revenue: | | | | |
| Federal grants | 118,791 | 118,791 | 54,942 | (63,849) |
| Federal payments in lieu of taxes | - | - | 2,039 | 2,039 |
| State grants | - | - | 6,676 | 6,676 |
| State shared revenue: | | | | |
| Bank franchise tax | 6,000 | 6,000 | 2,666 | (3,334) |
| Prorate license fees | 3,000 | 3,000 | 6,616 | 3,616 |
| Liquor tax reversion (25%) | 2,500 | 2,500 | 2,116 | (384) |
| Motor vehicle licenses | 12,000 | 12,000 | 10,576 | (1,424) |
| Local government highway and bridge fund | 18,025 | 18,025 | 16,065 | (1,960) |
| County shared revenue: | | | | |
| County road tax (25%) | 2,000 | 2,000 | - | (2,000) |
| Charges for Goods and Services: | | | | |
| Culture and recreation | 4,750 | 4,750 | 883 | (3,867) |
| Fines and Forfeits: | | | | |
| Library | - | - | 8,093 | 8,093 |
| Miscellaneous Revenue: | | | | |
| Investment Earnings | - | - | 1,721 | 1,721 |
| Other | <u>32,167</u> | <u>32,167</u> | <u>45,968</u> | <u>13,801</u> |
| TOTAL REVENUES | <u>577,849</u> | <u>577,849</u> | <u>603,329</u> | <u>25,480</u> |
| EXPENDITURES | | | | |
| General Government: | | | | |
| Legislative | 49,250 | 49,250 | 36,466 | 12,784 |
| Contingency | 15,000 | 15,000 | | |
| Amount transferred | | (15,000) | | |
| Executive | 26,580 | 26,580 | - | 26,580 |
| Elections | 1,125 | 1,125 | - | 1,125 |
| Financial administration | 41,065 | 41,065 | 75,044 | (33,979) |
| Other | 16,500 | 16,500 | 8,550 | 7,950 |
| Public Safety: | | | | |
| Police | 24,200 | 24,200 | 30,250 | (6,050) |
| Fire | 25,000 | 25,000 | 25,000 | - |
| Public Works: | | | | |
| Highways and streets | 221,691 | 321,691 | 237,508 | 84,183 |
| Sanitation | - | 15,000 | - | 15,000 |
| Airport | 38,015 | 38,015 | 149,158 | (111,143) |
| Health and Welfare: | | | | |
| Health | 1,965 | 1,965 | - | 1,965 |
| Mental health centers | 600 | 600 | 600 | - |
| Ambulance | 10,000 | 10,000 | - | 10,000 |

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Positive (Negative) |
|-------------------------------------------------|-------------------|-------------------|-------------------------------------------|-----------------------------------------------------------|
| | Original | Final | | |
| Culture and Recreation: | | | | |
| Parks | 18,955 | 18,955 | 17,526 | 1,429 |
| Libraries | 14,250 | 14,250 | 21,937 | (7,687) |
| Museums | 1,950 | 1,950 | 502 | 1,448 |
| Conservation and Development: | | | | |
| Economic development and assistance | 10,600 | 10,600 | 3,525 | 7,075 |
| Debt Service | - | - | 34,120 | (34,120) |
| TOTAL EXPENDITURES | <u>516,746</u> | <u>616,746</u> | <u>640,186</u> | <u>(23,440)</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>61,103</u> | <u>(38,897)</u> | <u>(36,857)</u> | <u>48,920</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 40,000 | 40,000 | - | (40,000) |
| Transfers out | <u>40,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>80,000</u> | <u>40,000</u> | <u>-</u> | <u>(40,000)</u> |
| NET CHANGE IN FUND BALANCES | 141,103 | 1,103 | (36,857) | 88,920 |
| FUND BALANCE - BEGINNING | <u>453,688</u> | <u>453,688</u> | <u>453,688</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ 594,791</u> | <u>\$ 454,791</u> | <u>\$ 416,831</u> | <u>\$ 88,920</u> |

TOWN OF BISON
NOTES TO THE SUPPLEMENTARY INFORMATION
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND
DECEMBER 31, 2023 AND 2022

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total Town budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board.

The Town 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.

NOTE 2 - OTHER COMPREHENSIVE BASIS OF ACCOUNTING MODIFIED CASH BASIS/BUDGETARY ACCOUNTING BASIS DIFFERENCES

The financial statements prepared in conformity with USGAAP 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. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however, in the Budgetary Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.

TOWN OF BISON
SCHEDULE OF CHANGES IN LONG-TERM DEBT
TWO YEARS ENDED DECEMBER 31, 2023

| Indebtedness | Long-Term Debt January 1, 2022 | Add New Debt | Less Debt Retired | Long-Term Debt December 31, 2023 |
|----------------------------|--------------------------------------|-----------------------|----------------------|----------------------------------------|
| ENTERPRISE LONG-TERM DEBT: | | | | |
| USDA SRF Loan C461139-03 | \$ - | \$ 216,680 | \$ - | \$ 216,680 |
| USDA SRF Loan C461139-01 | 297,887 | - | 51,708 | 246,179 |
| Perkins County Rural Water | <u>305,024</u> | <u>-</u> | <u>15,473</u> | <u>289,551</u> |
| Total | <u><u>602,911</u></u> | <u><u>216,680</u></u> | <u><u>67,181</u></u> | <u><u>752,410</u></u> |

NOTE 1 - LONG-TERM DEBT

Debt payable at December 31, 2023, is comprised of the following:

Revenue Bonds:

USDA SRF Loan C461139-01, due in quarterly installments of \$8,530, including 3.00% interest, maturing April 1, 2032. This debt is serviced by the Sewer Fund. \$ 246,179

USDA SRF Loan C461139-03, due in quarterly installments of \$18,298, including 2.125% interest, maturing January 15, 2056. This debt is serviced by the Sewer Fund. The Town is authorized up to \$1,666,000 and is still borrowing on this debt. \$ 216,680

Perkins County Rural Water Systems, Inc. Assessment, due in annual installments of \$16,691, including 3.00% interest, maturing June 1, 2049. This debt is serviced by the Water Fund. \$ 289,551

TOWN OF BISON

SCHEDULE OF SUPPLEMENTARY INFORMATION

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) LAST 9 YEARS*

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Town's proportion of the net pension liability (asset) | 0.0063450 % | 0.0070820 % | 0.0056350 % | 0.0062506 % | 0.0064118 % | 0.0061106 % | 0.0053778 % | 0.0054784 % | 0.0048483 % |
| Town's proportionate share of the net pension liability (asset) | \$ (619) | \$ (669) | \$ (43,154) | \$ (271) | \$ (680) | \$ (143) | \$ (488) | \$ 18,506 | \$ (20,563) |
| Town's covered payroll | \$ 163,655 | \$ 168,708 | \$ 127,869 | \$ 137,182 | \$ 135,904 | \$ 122,437 | \$ 107,629 | \$ 103,965 | \$ 88,517 |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 0.38 % | 0.40 % | 33.75 % | 0.20 % | 0.50 % | 0.12 % | 0.45 % | 17.80 % | (23.20)% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 100 % | 100 % | 106 % | 100 % | 100 % | 100 % | 100 % | 97 % | 104 % |

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

TOWN OF BISON
NOTES TO THE SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
DECEMBER 31, 2023 AND 2022

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.

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 a 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.