MUNICIPALITY OF COLTON
COLTON, SOUTH DAKOTA

AUDIT REPORT

FOR THE YEAR JANUARY 1, 2022 TO DECEMBER 31, 2022
AND
FOR THE YEAR JANUARY 1, 2023 TO DECEMBER 31, 2023

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

MUNICIPAL OFFICIALS
DECEMBER 31, 2023

MAYOR:

Trevor Bunde

GOVERNING BOARD:

Riley Amundson, President
Chas Foster, Vice-President
Tyler Evans
Joe Hulscher
Julie Lyon
Matthew Wochnick

FINANCE OFFICER:

Mikala Fraser

ATTORNEY:

Meierhenry Law Firm

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Schoenfish & Co., Inc.

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

Municipal Council
Municipality of Colton
Colton, 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 Municipality of Colton, South Dakota (Municipality), as of December 31, 2023, and December 31, 2022, and for each of the years in the biennial period then ended and the related notes to the financial statements which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated July 16, 2026, which was adverse because we were unable to obtain sufficient appropriate audit evidence to verify the accuracy and completeness of cash and related financial statement elements.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality's internal control over financial reporting (internal control) 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 Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph 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 and Questioned Costs as items 2023-002, 2023-003,and 2023-004 to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 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 and Questioned Costs as items 2023-003, 2023-004, and 2023-005.

Municipality's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Municipality's responses to the findings identified in our audit. The Municipality of Colton's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Municipality'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

This report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing* Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
July 16, 2026

Schoenfish & Co., Inc.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Municipality of Colton
Colton, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the Municipality of Colton, South Dakota (Municipality), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Municipality's major federal programs for the biennial period ended December 31, 2023. The Municipality's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the Municipality of Colton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the biennial period ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Municipality and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Municipality's compliance with the compliance requirements referred to above

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, documentation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Municipality's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Municipality's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Municipality's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Municipality's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Municipality's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiency and material weakness in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2023-001 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Municipality's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Municipality's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report on compliance for each major federal program is a matter of public record and its distribution is not limited.

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
July 16, 2026

SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2021-001:
A material weakness in controls existed due to a lack of proper segregation of duties. This comment is a result of the size of the entity which precludes staffing at a level sufficient to provide an ideal environment for internal controls. This comment has not been corrected and is restated as current audit finding number 2023-002.

Finding Number 2021-002:
Material Weaknesses were noted in internal accounting control and record keeping resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded. This comment has not been corrected and is restated as current audit finding number 2023-003.

Compliance – Related Finding:

Finding Number 2021-003:
Expenditures exceeded the amounts budgeted in the General Fund in 2020. Expenditures were excess amounts budgeted in several departments in the General Fund in 2020 and 2021. This comment has not been corrected and is restated as current audit finding number 2023-005.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Summary of the Independent Auditor's Results:

Financial Statements:

a. An adverse opinion was issued on the financial statements as a whole.

b. A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties for revenues as discussed in finding number 2023-002 and for errors and omissions as discussed in findings number 2023-003 and 2023-004.

c. Our audit did disclose noncompliance which was material to the financial statements and is discussed in findings number 2023-003, 2023-004 and 2023-005.

Federal Awards:

d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.

e. Our audit did disclose an audit finding that needs to be disclosed in accordance with 2 CFR 200.516(a) and is discussed in finding 2023-001.

f. The federal awards tested as major programs were:
   1. Coronavirus State and Local Fiscal Recovery Funds ALN 21.027

g. The dollar threshold used to distinguish between Type A and Type B federal award programs was $750,000.

h. The Municipality of Colton did not qualify as a low-risk auditee.

CURRENT FEDERAL AUDIT FINDINGS:

Material Weakness in Internal Control over Compliance for Grant:

Finding Number 2023-001:

Condition:
During testing of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) program, deficiencies in internal controls over the recording and review of grant-related financial activity were identified. Specifically:

- One check covering two vouchers totaling $251,125.52 was properly associated with project costs on the cost ledger; however, it was not recorded in the accounting software/general ledger and was not included in the check register.
- Federal reimbursement receipts totaling $347,823.27 were recorded twice in the general ledger, once in the Sewer Fund and again in the General Fund, resulting in an overstatement of federal revenue.

The underlying project costs and reimbursements were otherwise identifiable and supported. Based on the procedures performed, these errors were financial reporting errors only and did not result in identified noncompliance with the applicable federal award requirements for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, or Procurement, Suspension, and Debarment.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria:
Management is responsible for establishing and maintaining effective internal control over compliance to provide reasonable assurance that the Municipality administers federal awards in accordance with applicable federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls include procedures to ensure grant expenditures and reimbursement receipts are completely, accurately, and timely recorded in the accounting records supporting compliance with federal program requirements and preparation of the Schedule of Expenditures of Federal Awards (SEFA). See 2 CFR §§ 200.303 and 200.516.

Cause of Condition:
Controls over posting, reconciliation, and supervisory review of grant-related cash disbursements and reimbursement entries were not designed or operating with sufficient precision to ensure that transactions were recorded completely, accurately, and only once in the general ledger and related accounting reports.

Potential Effect of Condition:
No questioned costs or instances of noncompliance with Compliance Requirements A, B, or I were identified. However, ineffective controls over recording and reconciling grant transactions increased the risk that material noncompliance could occur and not be prevented or detected on a timely basis. These deficiencies also contributed to the material misstatement of the financial statements and prevented the auditor from expressing an in-relation-to opinion on the Schedule of Expenditures of Federal Awards (SEFA) as required by 2 CFR § 200.514(b). Although additional audit procedures determined the expenditures tested were allowable and properly supported, the control deficiencies constitute a material weakness because they could have resulted in material noncompliance with federal program requirements.

Recommendation:
We recommend that management strengthen controls over grant-related transaction recording and reconciliation by:

- requiring timely reconciliation of the cost ledger, general ledger, and check register for project disbursements;
- implementing a documented review of reimbursement postings to ensure receipts are recorded in the correct fund and only once;
- investigating and resolving reconciling items promptly.
- Require supervisory review and approval of all grant-related journal entries before posting.

CURRENT OTHER AUDIT FINDINGS:

Internal Control – Related Findings – Material Weaknesses:

Finding Number 2023-002:

Condition:
A material weakness in internal control exists due to the lack of adequate segregation of duties over cash receipts. This has been a continuing audit finding since 2003.

Criteria:
Proper segregation of duties results in increased reliability of reported financial data. Proper segregation of duties results in increased reliability of reported financial data and decreased potential for the loss of public assets through the separation of key accounting and physical control functions.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS (Continued)

The AICPA states that, "Segregation of Duties (SOD) is a basic building block of sustainable risk management and internal controls for a business. The principle of SOD is based on shared responsibilities of a key process that disperses the critical functions of that process to more than one person or department. Without this separation in key processes, fraud and error risks are far less manageable."

Cause of Condition:
Due to limited personnel, office staff perform all significant functions within the cash receipts process. Specifically, the same individuals receive money, issue receipts, record receipts, post transactions to the accounting records, prepare bank deposits, reconcile bank statements, and prepare financial statements. As a result, incompatible duties are not adequately segregated, and sufficient compensating controls have not been implemented to mitigate the associated risks.

Potential Effect of Condition:
The lack of segregation of duties increases the risk that errors, irregularities, or misappropriation of assets could occur and not be prevented, or detected and corrected, in a timely manner. Consequently, there is reduced assurance that cash receipts are accurately recorded and municipal assets are adequately safeguarded.

Recommendation:
We recognize that the Municipality's limited staff may make complete segregation of duties impractical. However, we recommend that management and the governing board implement compensating controls whenever possible, including:

- Independent review of bank reconciliations and supporting documentation.
- Periodic review of receipt records, deposits, and accounting records by an individual independent of the cash receipts process.
- Review of monthly financial reports by the governing board.
- Periodic evaluation of accounting responsibilities to determine whether additional segregation of duties can be achieved as staffing permits.

Material Weaknesses in Internal Control and Noncompliance Related Findings:

Finding Number 2023-003:

Condition:
The Municipality did not maintain adequate accounting records or internal controls over cash receipts, bank reconciliations, and financial reporting. As a result, accounting records were incomplete and inaccurate, numerous audit adjustments were required, and the governing board was not provided with reliable financial information. This is a similar continuing audit comment since 2015. The following deficiencies were noted:

- Duplicate receipts were not issued for all money received. In addition, some revenues were not recorded, while others were recorded more than once. Several revenues were recorded in incorrect accounts, requiring audit adjustments.
- Bank reconciliations were not completed accurately or timely. Bank balances were not routinely compared to accounting records to ensure accuracy. Numerous audit adjustments were required to correct unrecorded checks, unrecorded deposits, and posting errors.
- An unexplained adjustment of $123,578.69 was required to reconcile the 2022 financial statements, indicating that accounting records could not be reconciled to supporting documentation.
- Separate accounting records were not adequately maintained for all funds.
- Accurate monthly financial reports were not provided to the governing board.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria:
South Dakota Codified Laws establish the Municipality's responsibilities for maintaining complete and accurate accounting records and safeguarding municipal assets. Specifically:

- SDCL 9-14-17 and 9-14-18 require the finance officer to keep regular books of account for all financial transactions.
- SDCL 9-22-2 requires the finance officer to receive all money belonging to the Municipality and maintain accurate and detailed accounts.
- SDCL 9-22-3 requires duplicate receipts showing the amount, date paid, and account for all money received.
- SDCL 9-22-16 requires separate accounting records to be maintained for each fund and appropriation.

Effective internal controls include maintaining complete and accurate accounting records, performing timely and accurate bank reconciliations, preparing reliable financial reports, and implementing appropriate management review procedures to ensure financial transactions are properly recorded and municipal assets are adequately safeguarded.

Cause of Condition:
The Municipality lacked adequate accounting procedures, supervisory review, written accounting procedures, and monitoring controls to ensure transactions were completely and accurately recorded, reconciled, and reported in accordance with South Dakota law.

Potential Effect of Condition:
The deficiencies increased the risk that cash receipts and other financial transactions would not be completely or accurately recorded. The lack of adequate accounting controls increased the risk that revenues and cash transactions could be omitted, duplicated, or inaccurately recorded; financial statements could be materially misstated; errors and irregularities could remain undetected; and the governing board could make decisions based upon inaccurate financial information.

Recommendation:
We recommend the Municipality:

- Maintain complete accounting records for all financial transactions in accordance with SDCL requirements.
- Issue duplicate receipts for all money received.
- Ensure all receipts are promptly deposited and accurately recorded.
- Maintain separate accounting records for each fund.
- Prepare timely and accurate monthly bank reconciliations.
- Require an independent review of completed bank reconciliations and comparison of reconciled cash balances to the general ledger each month.
- Provide accurate monthly financial reports to the governing board.
- Strengthen management oversight to ensure accounting records are complete, accurate, and maintained in accordance with South Dakota Codified Laws.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS (Continued)

Finding Number 2023-004:

Condition:
The Municipality did not maintain adequate controls over claims processing and credit card expenditures and supporting documentation. This is the first audit in which a similar comment has occurred. The following deficiencies were noted:

- Numerous vouchers and invoices were missing. As a result, claims were not consistently supported by itemized invoices and verified vouchers before allowance by the governing body nor were claims consistently fully itemized and entered into the governing body's minutes before approval.
- Unopened statements and invoices were observed during fieldwork, and several late fees were incurred. Procedures were not sufficient to ensure obligations were opened, reviewed, approved, and paid in a timely manner.
- Supporting documentation was not maintained for numerous credit card purchases made during 2022 and 2023. As a result, auditors were unable to verify that certain purchases, including transactions at Amazon, Hobby Lobby, Home Depot, Sam's Club, and Canva, were for valid municipal purposes.
- Cash withdrawals from municipal bank accounts, including one withdrawal of approximately $1,400, lacked supporting documentation identifying their purpose or disposition.
- The Municipality had not adopted a written credit card policy establishing authorized users, allowable purchases, documentation requirements, reconciliation procedures, approval requirements, and monitoring responsibilities.

Criteria:
South Dakota Codified Laws establish requirements governing the processing, documentation, and approval of municipal claims and disbursements.

- SDCL 9-14-21 requires the appointed financial official to audit and adjust all claims before they are allowed by the governing body.
- SDCL 9-23-1 requires claims to be supported by an itemized invoice and verified voucher before payment unless specifically authorized by law.
- SDCL 9-23-2 requires claims to be fully itemized and entered into the governing body's minutes before allowance.

Effective internal controls include ensuring that all disbursements, including credit card expenditures, are adequately documented, independently reviewed, properly approved, and supported by sufficient evidence demonstrating a valid municipal purpose.

Cause of Condition:
The Municipality lacked adequate written policies and procedures governing claims processing and credit card usage. In addition, management oversight and governing board monitoring were not sufficient to ensure that disbursements were adequately documented, reviewed, approved, and supported prior to payment.

Potential Effect of Condition:
The lack of adequate controls over claims processing and credit card expenditures increased the risk of unauthorized or improper expenditures, unsupported disbursements, duplicate payments, misuse of municipal funds, loss of public accountability, noncompliance with South Dakota law, and inaccurate financial reporting.

Recommendation:
We recommend the Municipality:

- Require all claims to be supported by itemized invoices and verified vouchers before payment.
- Ensure all claims are audited and adjusted before approval by the governing body.
- Ensure claims are fully itemized and entered into the governing body minutes before allowance.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

- Establish procedures to ensure vendor invoices and statements are opened, reviewed, and processed promptly.
- Maintain complete supporting documentation for all disbursements and credit card transactions.
- Adopt a comprehensive written credit card policy that addresses:
    - authorized users;
    - allowable expenditures;
    - documentation and receipt requirements;
    - reconciliation procedures;
    - independent review and approval; and
    - corrective action for unsupported or unallowable charges.
- Periodically review claims and credit card transactions for compliance with municipal policies and South Dakota Codified Laws.

Compliance Related Findings:

Finding Number 2023-005:

Condition:
The Municipality did not comply with certain South Dakota budgetary requirements during the years ended December 31, 2022 and 2023. This is a similar continuing audit comment since 2019.
The following deficiencies were noted:

- During 2022, expenditures in several functions within the General Fund exceeded the amounts appropriated in the annual budget. In addition, total expenditures of the 3rd Penny Sales Tax Fund exceeded the total amount budgeted for the year.
- During 2023, expenditures in several functions within the General Fund exceeded the amounts appropriated, and total General Fund expenditures exceeded the total amount budgeted for the year.
- Although management indicated the 2023 annual budget was published, the Municipality was unable to provide the adopted appropriation ordinance or documentation evidencing publication of the budget. As a result, compliance with the statutory budget adoption and publication documentation requirements could not be verified.

Criteria:
South Dakota Codified Laws establish requirements for the adoption, publication, amendment, and monitoring of municipal budgets.

- SDCL 9-21-2 requires the governing body to adopt an annual appropriation ordinance providing for the lawful expenses and liabilities of the Municipality.
- SDCL 9-21-9 prohibits expenditures in excess of the amounts appropriated in the annual appropriation ordinance except as otherwise provided by law.
- SDCL 9-21-6.1 and SDCL 9-21-7 authorize municipalities to amend budgets or adopt supplemental appropriations when additional expenditures or revenues are anticipated.
- Municipalities are responsible for maintaining documentation supporting compliance with statutory budget adoption and publication requirements.

Cause of Condition:
The Municipality did not adequately monitor actual expenditures against approved budget appropriations throughout the fiscal year. Procedures were also not in place to ensure budget amendments or supplemental appropriations were approved before expenditures exceeded authorized budget levels. In addition, the Municipality did not maintain adequate records documenting the adoption and publication of the 2023 annual budget.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

Potential Effect of Condition:
Failure to monitor expenditures against approved appropriations may result in expenditures being incurred without proper legal authorization and in noncompliance with South Dakota budget statutes. In addition, failure to retain documentation supporting the adoption and publication of the annual budget limits the Municipality's ability to demonstrate compliance with statutory requirements and reduces accountability over the budget process.

Recommendation:
We recommend the Municipality:

- Adopt annual budgets in accordance with South Dakota Codified Laws and retain the adopted appropriation ordinance as part of its permanent records.
- Retain documentation evidencing publication of the annual budget to demonstrate compliance with statutory requirements.
- Monitor actual expenditures throughout the fiscal year and compare them to approved budget appropriations on a regular basis.
- Prepare and approve budget amendments or supplemental appropriations in accordance with SDCL 9-21-6.1 and SDCL 9-21-7 before expenditures exceed authorized budget levels.
- Provide periodic budget-to-actual financial reports to the governing board to facilitate ongoing monitoring of budget compliance.

CLOSING CONFERENCE

The audit was discussed with the officials during the course of the audit with the mayor and the finance officer at the conclusion of the audit.

City of Colton
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City of Colton Corrective Action Plan

Finding Number 2023-001:
Deficiencies in internal controls over the recording and review of grant-related financial activity.

Planned Corrective Action:
The City of Colton Mayor is the contact person responsible for the corrective action plan for this finding. Due to the size of the City of Colton, the municipality is unable to financially support additional staffing necessary to segregate duties in accordance with ideal internal control standards. The Mayor, City Council, and Finance Officer are aware of these limitations and have been working on policies and controls that will help minimize future lapses. This will continue to be an ongoing process with future change of council members as the Council President is currently in place to review funding records and bank reconciliation reports.

Finding Number 2023-002:
Material weakness in internal control exists due to the lack of adequate segregation of duties over cash receipts.

Planned Corrective Action:
The City of Colton Mayor is the contact person responsible for the corrective action plan for this finding. All conditions noted in the proposed 2023 audit adjustments to post to 01/01/2024 in our funding software have been fully reviewed and corrected. Ongoing efforts will continue to focus on maintaining detailed records and continuing to strengthen policies and procedures to mitigate risks.

Finding Number 2023-003:
Accounting records were incomplete and inaccurate, numerous audit adjustments were required, and the governing board was not provided with reliable financial information.

City of Colton
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Planned Corrective Action:

The Finance Officer is the designated contact person responsible for the corrective action plan related to this finding. The Finance Officer has obtained a greater understanding of proper receipt recording as well as proper coding. Bank reconciliation is being completed monthly to review revenue and expense accounts as well as potential discrepancies. Separate accounting records are being utilized in the funding software as well as excel to track adequately for all funds. Monthly financial reports are being provided to the council and can be reviewed by the Council President or Mayor in depth at any time. Procedures will continue to be followed and updated to ensure accurate classification and reporting of expenditures.

Finding Number 2023-004:

Municipality did not maintain adequate controls over claims processing and credit card expenditures and supporting documentation.

Planned Corrective Action:

The Finance Officer is the designated contact person responsible for the corrective action plan related to this finding. Vouchers, Invoices and credit card receipts will be closely tracked and reported on a monthly basis. A credit card use policy signed by card holders will be required and reviewed annually.
Finance Officer will continue to address mail and bills in a timely manner. All expenses will be opened, reviewed and submitted for approval to be paid in a timely manner.
Cash withdrawals from municipal bank accounts will be documented and identify the purpose of disposition. Documentation will be noted in funding software as well as excel.
Monitoring responsibilities will continue to change with council member changes. Will continue to provide necessary documentation for their review.

Finding Number 2023-005:

Municipality did not comply with certain SD budgetary requirements during the years ended December 31, 2022 and 2023.

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Planned Corrective Action:

The Finance Officer is the designated contact person responsible for the corrective action plan related to this finding. Finance Officer will review budget expenditures on a monthly basis as well as a quarterly report to the council. Supplemental budget appropriations will be brought to the council if necessary.

Annual Budget Appropriations Ordinances will be completed, approved and published as required by the SD budgetary requirements. This will be an ongoing process that will include input from the State Auditor's Office, communication with other municipalities and utilizing the Mayor and Council in some of the financial controls.

Trevor Bunde, Mayor — Date: 07/13/26

Dawn Pilker, Finance Officer — Date: 07-13-2026

Schoenfish & Co., Inc.

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Colton
Colton, South Dakota

Report on the Financial Statements

Adverse Opinion

We have audited the accompanying modified cash basis of accounting financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Colton, South Dakota, (Municipality) as of December 31, 2022 and 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 Municipality's basic financial statements as listed in the Table of Contents.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on the Financial Statements as a Whole section of our report, the accompanying modified cash basis of accounting financial statements referred to above do not present fairly, the respective financial position of the Municipality of Colton as of December 31, 2022 and 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 Opinion on the Financial Statements as a Whole

The Municipality did not maintain adequate accounting records or internal controls necessary to prepare reliable financial statements. Material deficiencies existed over cash receipts, bank reconciliations, claims processing, credit card expenditures, and financial reporting. Accounting records were incomplete and inaccurate, numerous audit adjustments were required, bank accounts were not timely or accurately reconciled, and separate accounting records were not adequately maintained for all funds. In addition, sufficient supporting documentation was not maintained for numerous claims, credit card purchases, and certain cash withdrawals. As a result, the financial statements contain material and pervasive misstatements and do not present fairly the Municipality's financial position and changes in financial position in accordance with the modified cash basis of accounting.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Municipality and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the modified cash basis of accounting financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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 Municipality's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the Budgetary Comparison Schedules, the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset), the Schedule of Municipal Contributions, and the Schedule of Long-term Liabilities 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 Municipality's Proportionate Share of the Net Pension Liability (Asset), the Schedule of Municipal Contributions, and the Schedule of Long-term Liabilities is fairly stated, in all material respects, in relation to the basic financial statements as a whole. Because of the significance of the matter described in the Basis for Adverse Opinion paragraph, it is inappropriate to, and we do not, express an opinion on the Schedule of Expenditures of Federal Awards.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Municipal Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2026, on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Municipality's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipality's internal control over financial reporting and compliance.

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
July 16, 2026

MUNICIPALITY OF COLTON
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2023

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
ASSETS:			
Cash and Cash Equivalents	134,982.20	1,206,672.54	1,341,654.74
Investments	509,382.24		509,382.24
TOTAL ASSETS	644,364.44	1,206,672.54	1,851,036.98
NET POSITION:			
Restricted:			
Revenue Bond Debt Service		384,922.12	384,922.12
Recreation and Promotion	36,552.15		36,552.15
Unrestricted	607,812.29	821,750.42	1,429,562.71
TOTAL NET POSITION	644,364.44	1,206,672.54	1,851,036.98

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

MUNICIPALITY OF COLTON
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	82,794.00	987.72			(81,806.28)		(81,806.28)
Public Safety	61,338.20				(61,338.20)		(61,338.20)
Public Works	124,943.25	5,717.80	29,494.58		(89,730.87)		(89,730.87)
Health and Welfare	5,685.74		1,361.25		(4,324.49)		(4,324.49)
Culture and Recreation	228,838.43	26,184.57			(202,653.86)		(202,653.86)
Conservation and Development	28,447.41				(28,447.41)		(28,447.41)
Debt Service	20,679.92				(20,679.92)		(20,679.92)
Total Governmental Activities	552,726.95	32,890.09	30,855.83	0.00	(488,981.03)		(488,981.03)
Business-type Activities:							
Water	220,972.11	253,850.15				32,878.04	32,878.04
Sewer	1,320,960.08	227,449.94		971,451.30		(122,058.84)	(122,058.84)
Total Business-Type Activities	1,541,932.19	481,300.09	0.00	971,451.30		(89,180.80)	(89,180.80)
Total Primary Government	2,094,659.14	514,190.18	30,855.83	971,451.30	(488,981.03)	(89,180.80)	(578,161.83)
General Revenues:							
Taxes:							
Property Taxes					228,141.50		228,141.50
Sales Taxes					218,457.58		218,457.58
State Shared Revenues					5,072.79		5,072.79
Grants and Contributions not Restricted to Specific Programs					730.00		730.00
Unrestricted Investment Earnings					17,791.97		17,791.97
Debt Issued						152,900.00	152,900.00
Miscellaneous Revenue					4,065.52		4,065.52
Total General Revenues and Transfers					474,259.36	152,900.00	627,159.36
Change in Net Position					(14,721.67)	63,719.20	48,997.53
Net Position - Beginning					659,086.11	1,142,953.34	1,802,039.45
NET POSITION - ENDING					644,364.44	1,206,672.54	1,851,036.98

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

MUNICIPALITY OF COLTON
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2023

	General Fund	Second Penny Sales Tax Fund	Third Penny Sales Tax Fund	Total
ASSETS:				
Cash and Cash Equivalents	91,380.63	7,049.42	36,552.15	134,982.20
Investments		509,382.24		509,382.24
TOTAL ASSETS	91,380.63	516,431.66	36,552.15	644,364.44
FUND BALANCES:				
Restricted for Recreation and Promotion			36,552.15	36,552.15
Unassigned	91,380.63	516,431.66		607,812.29
TOTAL FUND BALANCES	91,380.63	516,431.66	36,552.15	644,364.44

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

MUNICIPALITY OF COLTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	General Fund	Second Penny Sales Tax Fund	Third Penny Sales Tax Fund	Total
Revenues:				
Taxes:				
General Property Taxes	228,015.50			228,015.50
General Sales and Use Taxes	103,722.77	103,722.75	11,012.06	218,457.58
Penalties & Interest on Delinquent Taxes	126.00			126.00
Total Taxes	331,864.27	103,722.75	11,012.06	446,599.08
Licenses and Permits	987.72	0.00	0.00	987.72
Intergovernmental Revenue:				
State Grants	1,361.25			1,361.25
State Shared Revenue:				
Liquor Tax Reversion	5,072.79			5,072.79
Motor Vehicle Licenses	2,821.70			2,821.70
Local Government Highway and Bridge Fund	25,857.70			25,857.70
County Shared Revenue:				
County Highway and Bridge Fund	300.00			300.00
County Wheel Tax	515.18			515.18
Total Intergovernmental Revenue	35,928.62	0.00	0.00	35,928.62
Charges for Goods and Services:				
Sanitation	5,717.80			5,717.80
Culture and Recreation	26,184.57			26,184.57
Total Charges for Goods and Services	31,902.37	0.00	0.00	31,902.37
Miscellaneous Revenue:				
Investment Earnings	8,409.73	9,382.24		17,791.97
Contributions and Donations from Private Sources	730.00			730.00
Other	4,065.52			4,065.52
Total Miscellaneous Revenue	13,205.25	9,382.24	0.00	22,587.49
Total Revenue	413,888.23	113,104.99	11,012.06	538,005.28
Expenditures:				
General Government:				
Legislative	27,443.83			27,443.83
Financial Administration	37,283.69			37,283.69
Other	18,066.48			18,066.48
Total General Government	82,794.00	0.00	0.00	82,794.00
Public Safety:				
Police	31,161.00			31,161.00
Fire	30,177.20			30,177.20
Total Public Safety	61,338.20	0.00	0.00	61,338.20
Public Works:				
Highways and Streets	121,391.59			121,391.59
Sanitation	3,551.66			3,551.66
Total Public Works	124,943.25	0.00	0.00	124,943.25
Health and Welfare:				
Health	5,685.74			5,685.74
Total Health and Welfare	5,685.74	0.00	0.00	5,685.74

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

MUNICIPALITY OF COLTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	General Fund	Second Penny Sales Tax Fund	Third Penny Sales Tax Fund	Total
Expenditures(Continued):				
Culture and Recreation:				
Recreation	78,841.64			78,841.64
Parks	143,791.25		3,087.00	146,878.25
Libraries	3,118.54			3,118.54
Total Culture and Recreation	225,751.43	0.00	3,087.00	228,838.43
Conservation and Development:				
Economic Development and Assistance	28,447.41			28,447.41
Total Conservation and Development	28,447.41	0.00	0.00	28,447.41
Debt Service	20,679.92	0.00	0.00	20,679.92
Total Expenditures	549,639.95	0.00	3,087.00	552,726.95
Net Change in Fund Balance	(135,751.72)	113,104.99	7,925.06	(14,721.67)
Fund Balance - Beginning	227,132.35	403,326.67	28,627.09	659,086.11
FUND BALANCE - ENDING	91,380.63	516,431.66	36,552.15	644,364.44

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

MUNICIPALITY OF COLTON
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2023

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	437,956.15	768,716.39	1,206,672.54
Total Current Assets	437,956.15	768,716.39	1,206,672.54
TOTAL ASSETS	437,956.15	768,716.39	1,206,672.54
NET POSITION:			
Restricted for:			
Revenue Bond Debt Service	125,817.89	259,104.23	384,922.12
Unrestricted Net Position	312,138.26	509,612.16	821,750.42
TOTAL NET POSITION	437,956.15	768,716.39	1,206,672.54

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

MUNICIPALITY OF COLTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Revenue:			
Charges for Goods and Services	120,682.07	79,515.32	200,197.39
Revenued Dedicated to Servicing Debt	133,132.33	147,934.62	281,066.95
Miscellaneous	35.75		35.75
Total Operating Revenue	253,850.15	227,449.94	481,300.09
Operating Expenses:			
Personal Services	21,068.89	20,175.77	41,244.66
Other Current Expense	54,335.49	31,292.24	85,627.73
Materials	54,867.45		54,867.45
Capital Assets		1,168,843.79	1,168,843.79
Total Operating Expenses	130,271.83	1,220,311.80	1,350,583.63
Operating Income (Loss)	123,578.32	(992,861.86)	(869,283.54)
Non-operating Revenue (Expenses):			
Loan Proceeds		152,900.00	152,900.00
Debt Service (Principal)	(59,025.18)	(53,254.03)	(112,279.21)
Debt Service (Interest)	(31,675.10)	(47,394.25)	(79,069.35)
Total Non-operating Revenue (Expenses)	(90,700.28)	52,251.72	(38,448.56)
Income (Loss) Before Capital Contributions	32,878.04	(940,610.14)	(907,732.10)
Capital Contributions		971,451.30	971,451.30
Change in Net Position	32,878.04	30,841.16	63,719.20
Net Position - Beginning	405,078.11	737,875.23	1,142,953.34
NET POSITION - ENDING	437,956.15	768,716.39	1,206,672.54

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

MUNICIPALITY OF COLTON
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	659,086.11	1,142,953.34	1,802,039.45
TOTAL ASSETS	659,086.11	1,142,953.34	1,802,039.45
NET POSITION:			
Restricted:			
Revenue Bond Debt Service		384,922.12	384,922.12
Recreation and Promotion	28,627.09		28,627.09
Unrestricted	630,459.02	758,031.22	1,388,490.24
TOTAL NET POSITION	659,086.11	1,142,953.34	1,802,039.45

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

MUNICIPALITY OF COLTON
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Primary Government:							
Governmental Activities:							
General Government	101,537.92	2,432.50	61,168.42		(37,937.00)		(37,937.00)
Public Safety	59,722.15				(59,722.15)		(59,722.15)
Public Works	250,149.17	3,042.69	33,183.62		(213,922.86)		(213,922.86)
Health and Welfare	3,186.97				(3,186.97)		(3,186.97)
Culture and Recreation	128,302.74	17,969.64			(110,333.10)		(110,333.10)
Conservation and Development	25,262.52				(25,262.52)		(25,262.52)
Miscellaneous	300.00	1,200.00			900.00		900.00
Debt Service	92,609.21				(92,609.21)		(92,609.21)
Total Governmental Activities	661,070.68	24,644.83	94,352.04	0.00	(542,073.81)		(542,073.81)
Business-type Activities:							
Water	305,576.49	276,517.27				(29,059.22)	(29,059.22)
Sewer	234,601.07	212,488.58		44,383.00		22,270.51	22,270.51
Total Business-Type Activities	540,177.56	489,005.85	0.00	44,383.00		(6,788.71)	(6,788.71)
Total Primary Government	1,201,248.24	513,650.68	94,352.04	44,383.00	(542,073.81)	(6,788.71)	(548,862.52)
General Revenues:							
Taxes:							
Property Taxes					226,667.10		226,667.10
Sales Taxes					208,817.24		208,817.24
State Shared Revenues					14,071.96		14,071.96
Unrestricted Investment Earnings					2,880.08		2,880.08
Miscellaneous Revenue					6,160.88		6,160.88
Total General Revenues and Transfers					458,597.26	0.00	458,597.26
Change in Net Position					(83,476.55)	(6,788.71)	(90,265.26)
Net Position - Beginning					1,304,997.58	4,283,136.14	5,588,133.72
Restatements:							
Change in Basis of Accounting (See Note 7).					(562,434.92)	(3,133,394.09)	(3,695,829.01)
Restated Net Position - Beginning					742,562.66	1,149,742.05	1,892,304.71
NET POSITION - ENDING					659,086.11	1,142,953.34	1,802,039.45

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

MUNICIPALITY OF COLTON
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2022

	General Fund	Second Penny Sales Tax Fund	Third Penny Sales Tax Fund	Total
ASSETS:				
Cash and Cash Equivalents	227,132.35	403,326.67	28,627.09	659,086.11
TOTAL ASSETS	227,132.35	403,326.67	28,627.09	659,086.11
FUND BALANCES:				
Restricted for Recreation and Promotion			28,627.09	28,627.09
Unassigned	227,132.35	403,326.67		630,459.02
TOTAL FUND BALANCES	227,132.35	403,326.67	28,627.09	659,086.11

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

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

	General Fund	Second Penny Sales Tax Fund	Third Penny Sales Tax Fund	Total
Revenues:				
Taxes:				
General Property Taxes	226,302.02			226,302.02
General Sales and Use Taxes	98,759.82	99,240.79	10,816.63	208,817.24
Penalties & Interest on Delinquent Taxes	365.08			365.08
Total Taxes	325,426.92	99,240.79	10,816.63	435,484.34
Licenses and Permits	2,247.50	0.00	0.00	2,247.50
Intergovernmental Revenue:				
Federal Grants	61,168.42			61,168.42
State Shared Revenue:				
Bank Franchise Tax	8,900.62			8,900.62
Prorate License Fee	435.13			435.13
Liquor Tax Reversion	5,171.34			5,171.34
Motor Vehicle Licenses	4,888.66			4,888.66
Local Government Highway and Bridge Fund	26,990.36			26,990.36
County Shared Revenue:				
County Wheel Tax	869.47			869.47
Total Intergovernmental Revenue	108,424.00	0.00	0.00	108,424.00
Charges for Goods and Services:				
Sanitation	3,042.69			3,042.69
Culture and Recreation	17,969.64			17,969.64
Total Charges for Goods and Services	21,012.33	0.00	0.00	21,012.33
Fines and Forfeits:				
Other	185.00			185.00
Total Fines and Forfeits	185.00	0.00	0.00	185.00
Miscellaneous Revenue:				
Investment Earnings	2,880.08			2,880.08
Liquor Operating Agreement Income	1,200.00			1,200.00
Other	6,160.88			6,160.88
Total Miscellaneous Revenue	10,240.96	0.00	0.00	10,240.96
Total Revenue	467,536.71	99,240.79	10,816.63	577,594.13
Expenditures:				
General Government:				
Legislative	28,246.83			28,246.83
Executive	690.55			690.55
Financial Administration	56,012.82			56,012.82
Other	16,587.72			16,587.72
Total General Government	101,537.92	0.00	0.00	101,537.92
Public Safety:				
Police	28,821.00			28,821.00
Fire	28,650.00			28,650.00
Other Protection	2,251.15			2,251.15
Total Public Safety	59,722.15	0.00	0.00	59,722.15

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

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

	General Fund	Second Penny Sales Tax Fund	Third Penny Sales Tax Fund	Total
Expenditures (Continued):				
Public Works:				
Highways and Streets	68,544.22	178,210.79		246,755.01
Sanitation	3,394.16			3,394.16
Total Public Works	71,938.38	178,210.79	0.00	250,149.17
Health and Welfare:				
Health	3,186.97			3,186.97
Total Health and Welfare	3,186.97	0.00	0.00	3,186.97
Culture and Recreation:				
Recreation	52,445.50			52,445.50
Parks	47,069.33		25,658.90	72,728.23
Libraries	3,129.01			3,129.01
Total Culture and Recreation	102,643.84	0.00	25,658.90	128,302.74
Conservation and Development:				
Economic Development and Assistance	25,262.52			25,262.52
Total Conservation and Development	25,262.52	0.00	0.00	25,262.52
Miscellaneous:				
Other Expenditures	300.00			300.00
Total Miscellaneous	300.00	0.00	0.00	300.00
Debt Service	20,679.92	71,929.29	0.00	92,609.21
Total Expenditures	385,271.70	250,140.08	25,658.90	661,070.68
Excess Revenues Over (Under) Expenditures	82,265.01	(150,899.29)	(14,842.27)	(83,476.55)
Other Financing Sources (Uses):				
Transfers In(Out)	41,719.81	(41,719.81)		0.00
Total Other Financing Sources (Uses)	41,719.81	(41,719.81)	0.00	0.00
Net Change in Fund Balance	123,984.82	(192,619.10)	(14,842.27)	(83,476.55)
Fund Balance - Beginning	101,793.46	595,945.77	43,469.36	741,208.59
Restatements:				
Change in Basis of Accounting (See Note 7).	1,354.07			1,354.07
Restated Fund Balance - Beginning	103,147.53	595,945.77	43,469.36	742,562.66
FUND BALANCE - ENDING	227,132.35	403,326.67	28,627.09	659,086.11

MUNICIPALITY OF COLTON
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	405,078.11	737,875.23	1,142,953.34
Total Current Assets	405,078.11	737,875.23	1,142,953.34
TOTAL ASSETS	405,078.11	737,875.23	1,142,953.34
NET POSITION:			
Restricted for:			
Revenue Bond Debt Service	125,817.89	259,104.23	384,922.12
Unrestricted Net Position	279,260.22	478,771.00	758,031.22
TOTAL NET POSITION	405,078.11	737,875.23	1,142,953.34

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

MUNICIPALITY OF COLTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Revenue:			
Charges for Goods and Services	111,494.61	67,423.58	178,918.19
Revenued Dedicated to Servicing Debt	164,662.66	145,065.00	309,727.66
Miscellaneous	360.00		360.00
Total Operating Revenue	276,517.27	212,488.58	489,005.85
Operating Expenses:			
Personal Services	19,406.33	18,545.11	37,951.44
Other Current Expense	32,931.03	97,110.26	130,041.29
Materials	57,257.58		57,257.58
Total Operating Expenses	109,594.94	115,655.37	225,250.31
Operating Income (Loss)	166,922.33	96,833.21	263,755.54
Non-operating Revenue (Expenses):			
Debt Service (Principal)	(57,359.87)	(51,910.16)	(109,270.03)
Debt Service (Interest)	(33,340.41)	(48,738.12)	(82,078.53)
Unexplained Variance	(105,281.27)	(18,297.42)	(123,578.69)
Total Non-operating Revenue (Expenses)	(195,981.55)	(118,945.70)	(314,927.25)
Income (Loss) Before Capital Contributions	(29,059.22)	(22,112.49)	(51,171.71)
Capital Contributions		44,383.00	44,383.00
Change in Net Position	(29,059.22)	22,270.51	(6,788.71)
Net Position - Beginning	2,418,107.06	1,865,029.08	4,283,136.14
Restatements:			
Change in Basis of Accounting (See Note 7).	(1,983,969.73)	(1,149,424.36)	(3,133,394.09)
Restated Net Position - Beginning	434,137.33	715,604.72	1,149,742.05
NET POSITION - ENDING	405,078.11	737,875.23	1,142,953.34

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

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

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

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

Governmental Funds:

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

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

Second Penny Sales Tax Fund – to account for an additional one percent sales tax which may be used only for capital improvement, land acquisition, the funding of public ambulances and medical emergency response vehicles, public hospitals, or nonprofit hospitals with fifty or fewer licensed beds and other public health care facilities or nonprofit health care facilities with fifty or fewer licensed beds, the transfer to the special 911 fund, the purchasing of fire fighting vehicles and equipment, and debt retirement. (Local Ordinance # 231) This is a major fund.

Third Penny Sales Tax Fund – to account for the collection of a one percent tax on the gross receipts of lodgings, alcoholic beverages, prepared food and admissions which tax shall be used for the purpose of land acquisition, architectural fees, construction costs, payments for civic center, auditorium or athletic facility buildings, including the promotion of advertising of the city. (SDCL 10-52-8) This is 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 municipal waterworks system and related facilities. (SDCL 9-47-1) This is a major fund.

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

c. Measurement Focus and Basis of Accounting:

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

The Municipality'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 with 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, transactions are recorded in the accounts when cash and/or cash equivalents are received or disbursed and assets and liabilities are recognized to the extent that cash has been received or disbursed. Acceptable modifications to the cash basis of accounting implemented by the Municipality in these financial statements are:

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

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

If the Municipality 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.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

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

e. Deposits and Investments:

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

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Laws (SDCL) 4-5-6. Under the modified cash basis of accounting, investments are carried at cost.

f. Capital Assets:

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

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using a modified cash basis of accounting. The Municipality 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 Municipality and the related depreciation/amortization are not reported on the financial statements of the Municipality.

g. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, Sales Tax Revenue Bonds, SRF Loans, and direct borrowing leases.

As discussed in Note 1c. 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 Municipality has not elected to modify their cash basis presentation by recording long-term liabilities arising from cash transactions so any outstanding indebtedness is not reported on the financial statements of the Municipality. The Municipality does report the principal and interest payments on long-term liabilities as Debt Service expenditures on the Statement of Revenues, Expenditures and Changes in

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Fund Balances. On the Statement of Activities the principal and interest payments are reported as Debt Service.

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

h. Program Revenues:

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

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

i. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in Fund Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

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 places on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

2. Unrestricted Net Position – All other net position that do not meet the definition of Restricted Net Position.

Fund Financial Statements:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

k. Application of Net Position:

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

l. Fund Balance Classification Policies and Procedures:

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

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

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

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

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

Major Special Revenue Fund	Revenue Source
Third Penny Sales Tax Fund	Sales Tax
Second Penny Sales Tax Fund	Sales Tax

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

	Year Ended 12/31/2022	Year Ended 12/31/2023
General Fund:		
Activity		
Legislative	$ 5,996.83	$ 243.83
Other - General Government	1,217.72	
Fire		94.20
Other Protection	1,051.15	
Recreation		13,191.64
Parks		69,936.25
Libraries	1,129.01	1,118.54
Economic Development and Assistance	23,562.52	1,747.41
Debt Service	20,679.92	$ 20,679.92
Misc - Other	300.00	
Third Penny Tax Fund:		
Parks	$ 25,658.90	

The Municipal Council plans to take the following actions to address these violations: supplemental budgets will be used when legal authority allows.

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

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

Deposits - The Municipality's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, 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 Municipality funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

As of December 31, 2022, and December 31, 2023, the Municipality did not have any investments. The investments reported in the financial statements consist of only certificates of deposit.

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The Municipality's policy is to credit all income from deposits and investments to the fund making the investment.

4. PROPERTY TAXES

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

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

5. WATER PURCHASE OPERATING AGREEMENT

The Municipality of Colton entered into a thiry-year agreement with Minnehaha Community Water Corporation to provide water to the Municipality. A charge is paid by the Municipality to Minnehaha Community Water Corp. of $0.0029 per gallon of water consumed. The Municipality will not acquire ownership of any of these water facilities through these payments. Payments are made from the Municipality's Water Fund. There are no minimum payments on this agreement.

6. RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2022, and December 31, 2023 were as follows:

Major Purpose	Restricted By	12/31/2022	12/31/2023
Recreation & Promotion	Law	$ 28,627.09	$ 36,552.15
Revenue Bond Debt Service	Governmental Accounting Standards	384,922.12	384,922.12
Total Restricted Net Position		$ 413,549.21	$ 421,474.27

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

7. RESTATEMENT OF PRIOR PERIOD

The Municipality switched to the modified cash basis of accounting. As a result, beginning net position/fund balance has been restated as of January 1, 2022.

	Governmental Activities	Business-Type Activities
Net Position January 1, 2022, as previously reported	$ 1,304,997.58	$ 4,283,136.14
Restatement:		
Adjust to Modified Cash Basis of Accounting	(562,434.92)	(3,133,394.09)
Net Position January 1, 2022, as Restated	$ 742,562.66	$ 1,149,742.05

	General Fund
Fund Balance January 1, 2022, as previously reported	$ 101,793.46
Restatement:	
Adjust to Modified Cash Basis of Accounting	1,354.07
Fund Balance January 1, 2022, as Restated	$ 103,147.53

	Water Fund	Sewer Fund
Net Position January 1, 2022, as previously reported	$ 2,418,107.06	$ 1,865,029.08
Restatement:		
Adjust to Modified Cash Basis of Accounting	(1,983,969.73)	(1,149,424.36)
Net Position January 1, 2022, as Restated	$ 434,137.33	$ 715,604.72

8. 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 may be obtained at http://www.sdrs.sd.gov/publications.aspx or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation safety members where the sum of age and credited service is

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

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

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

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

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

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 statue also requires the employer to contribute an amount equal to the employee's contribution. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2023, 2022, and 2021, were $5,720.23, $4,534.27, and $4,988.22, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources to Pensions:
At June 30, 2023, SDRS is 100.1% funded and accordingly has net pension asset. The proportionate shares of the components of the net pension asset of the South Dakota Retirement System, for the Municipality as of the measurement period ending June 30, 2023 and reported by the Municipality as of December 31, 2023 are as follows:

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Proportionate share of pension liability	$	498,769.65
Less proportionate share of net pension restricted for pension benefits	$	499,105.60
Proportionate share of net pension liability (asset)	$	(335.95)

The net pension liability (asset) was measured as of June 30, 2023 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the Municipality's proportion was 0.00344200%, which is an increase (decrease) of 0.0001950% from its proportion measured as of June 30, 2022.

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

Proportionate share of pension liability	$	458,366.63
Less proportionate share of net position restricted for pension benefits	$	458,673.49
Proportionate share of net pension liability (asset)	$	(306.86)

The net pension liability (asset) was measured as of June 30, 2022 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the Municipality's proportion was 0.00324700%, which is an increase(decrease) of (0.0008160%) from its proportion measured as of June 30, 2021.

Actuarial Assumptions:
The total pension liability (asset) in the June 30, 2023, and June 30, 2022 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	*2.50 percent*
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.91% for 2023 2.10% for 2022

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:

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9%	0.8%
Total	100%	

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	3.7%
Fixed Income	30.0%	1.1%
Real Estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	100%	2.70%

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

Sensitivity of liability (asset) to changes in the discount rate:
As of June 30, 2023, the following presents the Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the Municipality's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Municipality's proportionate share of the net pension liability (asset)	$68,858.90	$(335.95)	$(56,924.14)

As of June 30, 2022, the following presents the Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the Municipality's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Municipality's proportionate share of the net pension liability (asset)	$63,717.04	$(306.86)	$(52,631.11)

Pension Plan Fiduciary Net Position:
Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

9. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2022 were as follows:

Transfers From:	Transfers to: General Fund
Major Fund:	
Second Penny Sales Tax Fund	$ 41,719.81
Total	$ 41,719.81

The Municipality typically budgets transfers to conduct the indispensable functions of the Municipality.

10. SIGNIFICANT CONTINGENCIES - LITIGATION

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

11. RISK MANAGEMENT

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

Employee Health Insurance:
The Municipality 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 Municipality 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 Municipality purchased liability insurance for worker's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

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

12. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through July 16, 2026, the date on which the financial statements were available to be issued.

In 2024, the Municipality of Colton passed a resolution to issue a Clean Water SRF Loan in the amount of $323,748.00.

In 2024, the Municipality of Colton passed a resolution to issue a Drinking Water SRF Loan in the amount of $766,000.00.

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF COLTON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes	227,215.00	227,215.00	228,015.50	800.50
General Sales and Use Taxes	80,000.00	80,000.00	103,722.77	23,722.77
Penalties and Interest on Delinquent Taxes	1,000.00	1,000.00	126.00	(874.00)
Licenses and Permits	5,135.00	5,135.00	987.72	(4,147.28)
Intergovernmental Revenue:				
Federal Grants	1,100.00	1,100.00	0.00	(1,100.00)
State Grants	0.00	0.00	1,361.25	1,361.25
State Shared Revenue:				
Bank Franchise Tax	10,000.00	10,000.00	0.00	(10,000.00)
Prorate License Fees	500.00	500.00	0.00	(500.00)
Liquor Tax Reversion	5,000.00	5,000.00	5,072.79	72.79
Motor Vehicle Licenses	10,000.00	10,000.00	2,821.70	(7,178.30)
Local Government Highway and Bridge Fund	25,000.00	25,000.00	25,857.70	857.70
Other	1,500.00	1,500.00	0.00	(1,500.00)
County Shared Revenue:				
County Highway and Bridge Fund	0.00	0.00	300.00	300.00
County Wheel Tax	5,000.00	5,000.00	515.18	(4,484.82)
Charges for Goods and Services:				
Sanitation	3,900.00	3,900.00	5,717.80	1,817.80
Culture and Recreation	12,600.00	12,600.00	26,184.57	13,584.57
Fines and Forfeits:				
Other	150.00	150.00	0.00	(150.00)
Miscellaneous Revenue:				
Investment Earnings	12,000.00	12,000.00	8,409.73	(3,590.27)
Rentals	3,000.00	3,000.00	0.00	(3,000.00)
Contributions and Donations from Private Sources	0.00	0.00	730.00	730.00
Other	6,000.00	6,000.00	4,065.52	(1,934.48)
Total Revenue	409,100.00	409,100.00	413,888.23	4,788.23
Expenditures:				
General Government:				
Legislative	27,200.00	27,200.00	27,443.83	(243.83)
Contingency	5,000.00	5,000.00		
Amount Transferred		0.00		5,000.00
Elections	850.00	850.00	0.00	850.00
Financial Administration	65,641.00	65,641.00	37,283.69	28,357.31
Other	47,545.00	47,545.00	18,066.48	29,478.52
Total General Government	146,236.00	146,236.00	82,794.00	63,442.00

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF COLTON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Expenditures (Continued):				
Public Safety:				
Police	32,000.00	32,000.00	31,161.00	839.00
Fire	30,083.00	30,083.00	30,177.20	(94.20)
Other Protection	1,200.00	1,200.00	0.00	1,200.00
Total Public Safety	63,283.00	63,283.00	61,338.20	1,944.80
Public Works:				
Highways and Streets	125,696.00	125,696.00	121,391.59	4,304.41
Sanitation	4,420.00	4,420.00	3,551.66	868.34
Total Public Works	130,116.00	130,116.00	124,943.25	5,172.75
Health and Welfare:				
Health	5,900.00	5,900.00	5,685.74	214.26
Total Health and Welfare	5,900.00	5,900.00	5,685.74	214.26
Culture and Recreation:				
Recreation	65,650.00	65,650.00	78,841.64	(13,191.64)
Parks	73,855.00	73,855.00	143,791.25	(69,936.25)
Libraries	2,000.00	2,000.00	3,118.54	(1,118.54)
Total Culture and Recreation	141,505.00	141,505.00	225,751.43	(84,246.43)
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	26,700.00	26,700.00	28,447.41	(1,747.41)
Total Conservation and Development	26,700.00	26,700.00	28,447.41	(1,747.41)
Debt Service	0.00	0.00	20,679.92	(20,679.92)
Total Expenditures	513,740.00	513,740.00	549,639.95	(35,899.95)
Net Change in Fund Balances	(104,640.00)	(104,640.00)	(135,751.72)	(31,111.72)
Fund Balance - Beginning	227,132.35	227,132.35	227,132.35	0.00
FUND BALANCE - ENDING	122,492.35	122,492.35	91,380.63	(31,111.72)

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF COLTON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SECOND PENNY SALES TAX FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Taxes:				
General Sales and Use Taxes	75,000.00	75,000.00	103,722.75	28,722.75
Miscellaneous Revenue:				
Investment Earnings	0.00	0.00	9,382.24	9,382.24
Total Revenue	75,000.00	75,000.00	113,104.99	38,104.99
Expenditures:				
Public Works:				
Highways and Streets	8,000.00	8,000.00	0.00	8,000.00
Total Highways and Streets	8,000.00	8,000.00	0.00	8,000.00
Health:				
Ambulance	6,000.00	6,000.00	0.00	6,000.00
Total Health	6,000.00	6,000.00	0.00	6,000.00
Total Expenditures	14,000.00	14,000.00	0.00	14,000.00
Net Change in Fund Balances	61,000.00	61,000.00	113,104.99	52,104.99
Fund Balance - Beginning	403,326.67	403,326.67	403,326.67	0.00
FUND BALANCE - ENDING	464,326.67	464,326.67	516,431.66	52,104.99

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF COLTON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
THIRD PENNY SALES TAX FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Intergovernmental Revenue:				
General Sales and Use Taxes	6,000.00	6,000.00	11,012.06	5,012.06
Total Revenue	6,000.00	6,000.00	11,012.06	5,012.06
Expenditures:				
Culture and Recreation				
Parks	4,000.00	4,000.00	3,087.00	913.00
Total Culture and Recreation	4,000.00	4,000.00	3,087.00	913.00
Total Expenditures	4,000.00	4,000.00	3,087.00	913.00
Net Change in Fund Balances	2,000.00	2,000.00	7,925.06	5,925.06
Fund Balance - Beginning	28,627.09	28,627.09	28,627.09	0.00
FUND BALANCE - ENDING	30,627.09	30,627.09	36,552.15	5,925.06

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF COLTON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes	222,715.00	222,715.00	226,302.02	3,587.02
General Sales and Use Taxes	85,000.00	85,000.00	98,759.82	13,759.82
Penalties and Interest on Delinquent Taxes	500.00	500.00	365.08	(134.92)
Licenses and Permits	5,135.00	5,135.00	2,247.50	(2,887.50)
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	61,168.42	61,168.42
State Shared Revenue:				
Bank Franchise Tax	9,000.00	9,000.00	8,900.62	(99.38)
Prorate License Fees	0.00	0.00	435.13	435.13
Liquor Tax Reversion	6,000.00	6,000.00	5,171.34	(828.66)
Motor Vehicle Licenses	9,000.00	9,000.00	4,888.66	(4,111.34)
Local Government Highway and Bridge Fund	29,350.00	29,350.00	26,990.36	(2,359.64)
County Shared Revenue:				
County Wheel Tax	3,250.00	3,250.00	869.47	(2,380.53)
Charges for Goods and Services:				
Sanitation	3,000.00	3,000.00	3,042.69	42.69
Culture and Recreation	13,500.00	13,500.00	17,969.64	4,469.64
Fines and Forfeits:				
Other	150.00	150.00	185.00	35.00
Miscellaneous Revenue:				
Investment Earnings	3,400.00	3,400.00	2,880.08	(519.92)
Rentals	12,000.00	12,000.00	0.00	(12,000.00)
Liquor Operating Agreement Income	4,000.00	4,000.00	1,200.00	(2,800.00)
Other	15,600.00	15,600.00	6,160.88	(9,439.12)
Total Revenue	421,600.00	421,600.00	467,536.71	45,936.71
Expenditures:				
General Government:				
Legislative	22,250.00	22,250.00	28,246.83	(5,996.83)
Contingency	5,000.00	5,000.00		
Amount Transferred		0.00		5,000.00
Elections	850.00	850.00	690.55	159.45
Financial Administration	83,150.00	83,150.00	56,012.82	27,137.18
Other	15,370.00	15,370.00	16,587.72	(1,217.72)
Total General Government	126,620.00	126,620.00	101,537.92	25,082.08

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF COLTON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Expenditures (Continued):				
Public Safety:				
Police	29,000.00	29,000.00	28,821.00	179.00
Fire	28,650.00	28,650.00	28,650.00	0.00
Other Protection	1,200.00	1,200.00	2,251.15	(1,051.15)
Total Public Safety	58,850.00	58,850.00	59,722.15	(872.15)
Public Works:				
Highways and Streets	92,325.00	92,325.00	68,544.22	23,780.78
Sanitation	3,700.00	3,700.00	3,394.16	305.84
Total Public Works	96,025.00	96,025.00	71,938.38	24,086.62
Health and Welfare:				
Health	5,470.00	5,470.00	3,186.97	2,283.03
Total Health and Welfare	5,470.00	5,470.00	3,186.97	2,283.03
Culture and Recreation:				
Recreation	64,300.00	64,300.00	52,445.50	11,854.50
Parks	66,455.00	66,455.00	47,069.33	19,385.67
Libraries	2,000.00	2,000.00	3,129.01	(1,129.01)
Total Culture and Recreation	132,755.00	132,755.00	102,643.84	30,111.16
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	1,700.00	1,700.00	25,262.52	(23,562.52)
Total Conservation and Development	1,700.00	1,700.00	25,262.52	(23,562.52)
Miscellaneous:				
Other Expenditures	0.00	0.00	300.00	(300.00)
Total Miscellaneous	0.00	0.00	300.00	(300.00)
Debt Service	0.00	0.00	20,679.92	(20,679.92)
Total Expenditures	421,420.00	421,420.00	385,271.70	36,148.30
Excess of Revenue Over (Under) Expenditures	180.00	180.00	82,265.01	82,085.01
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	41,719.81	41,719.81
Total Other Financing Sources (Uses)	0.00	0.00	41,719.81	41,719.81
Net Change in Fund Balances	180.00	180.00	123,984.82	123,804.82
Fund Balance - Beginning	101,793.46	101,793.46	101,793.46	0.00
Adjustments:				
Change in Basis of Accounting (See Note 7).	0.00	0.00	1,354.07	1,354.07
Adjusted Fund Balance - Beginning	101,793.46	101,793.46	103,147.53	1,354.07
FUND BALANCE - ENDING	101,973.46	101,973.46	227,132.35	125,158.89

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF COLTON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SECOND PENNY SALES TAX FUND
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Taxes:				
General Sales and Use Taxes	80,000.00	80,000.00	99,240.79	19,240.79
Total Revenue	80,000.00	80,000.00	99,240.79	19,240.79
Expenditures:				
Public Works:				
Highways and Streets	0.00	178,210.79	178,210.79	0.00
Total Highways and Streets	0.00	178,210.79	178,210.79	0.00
Debt Service	20,000.00	91,929.29	71,929.29	20,000.00
Total Expenditures	20,000.00	270,140.08	250,140.08	20,000.00
Excess of Revenue Over (Under) Expenditures	60,000.00	(190,140.08)	(150,899.29)	39,240.79
Other Financing Sources:				
Transfers Out	0.00	0.00	(41,719.81)	(41,719.81)
Total Other Financing Sources	0.00	0.00	(41,719.81)	(41,719.81)
Net Change in Fund Balances	60,000.00	(190,140.08)	(192,619.10)	(2,479.02)
Fund Balance - Beginning	595,945.77	595,945.77	595,945.77	0.00
FUND BALANCE - ENDING	655,945.77	405,805.69	403,326.67	(2,479.02)

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF COLTON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
THIRD PENNY SALES TAX FUND
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Intergovernmental Revenue:				
General Sales and Use Taxes	6,000.00	6,000.00	10,816.63	4,816.63
Total Revenue	6,000.00	6,000.00	10,816.63	4,816.63
Expenditures:				
Culture and Recreation				
Parks	0.00	0.00	25,658.90	(25,658.90)
Total Culture and Recreation	0.00	0.00	25,658.90	(25,658.90)
Total Expenditures	0.00	0.00	25,658.90	(25,658.90)
Net Change in Fund Balances	6,000.00	6,000.00	(14,842.27)	(20,842.27)
Fund Balance - Beginning	43,469.36	43,469.36	43,469.36	0.00
FUND BALANCE - ENDING	49,469.36	49,469.36	28,627.09	(20,842.27)

NOTES TO THE SUPPLEMENTARY INFORMATION

Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget.

NOTE 1. Budgets and Budgetary Accounting:

The Municipality followed these procedures in establishing the budgetary data reflected in the financial statements:

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.

2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.

3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.

4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.

5. Unexpected appropriations lapse at year end unless encumbered by resolution of the Governing Board.

   Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, special revenue funds, and capital projects funds.

   The Municipality did not encumber any amounts at either December 31, 2023, and December 31, 2022.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

7. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with the accounting principles generally accepted in the United States (USGAAP).

NOTE 2. Other Comprehensive Basis of Accounting Modified Cash Basis/Budgetary Accounting Basis Differences:

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances, however, in the Budgetary RSI Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.

REQUIRED SUPPLEMENTARY INFORMATION

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

South Dakota Retirement System

Last Nine Years *

	Municipality's proportion of the net pension liability/asset	Municipality's proportionate share of net pension liability (asset)	Municipality's covered-employee payroll	Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.0034420%	$ (335.95)	$ 86,689.23	0.39%	100.10%
2022	0.0032470%	$ (306.86)	$ 76,046.81	0.40%	100.10%
2021	0.0040630%	$ (31,115.63)	$ 95,400.65	32.62%	105.52%
2020	0.0037025%	$ (160.80)	$ 78,009.03	0.21%	100.04%
2019	0.0036378%	$ (385.51)	$ 74,281.93	0.52%	100.09%
2018	0.0034834%	$ (81.24)	$ 69,933.24	0.12%	100.02%
2017	0.0034756%	$ (315.41)	$ 68,594.78	0.46%	100.10%
2016	0.0038584%	$ 13,033.30	$ 69,001.23	18.89%	96.89%
2015	0.0037465%	$ (15,889.98)	$ 67,838.98	23.42%	104.10%

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY PENSION CONTRIBUTIONS

South Dakota Retirement System

* Last Nine Years

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Municipality's covered payroll	Contributions as a percentage of covered payroll
2023	$ 5,720.23	$ 5,720.23	$ -	$ 94,812.90	6.03%
2022	$ 4,534.27	$ 4,534.27	$ -	$ 75,571.17	6.00%
2021	$ 4,988.22	$ 4,988.22	$ -	$ 83,136.82	6.00%
2020	$ 5,553.76	$ 5,553.76	$ -	$ 92,562.35	6.00%
2019	$ 4,456.92	$ 4,456.92	$ -	$ 74,281.93	6.00%
2018	$ 4,456.92	$ 4,456.92	$ -	$ 74,281.93	6.00%
2017	$ 4,177.22	$ 4,177.22	$ -	$ 69,617.37	6.00%
2016	$ 4,068.88	$ 4,068.88	$ -	$ 67,815.28	6.00%
2015	$ 4,181.02	$ 4,181.02	$ -	$ 69,684.07	6.00%

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

NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions

Changes from Prior Valuation

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

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

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

Benefit Provision Changes

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

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

Actuarial Method Changes

No changes in actuarial methods were made from the June 30, 2022 Actuarial Valuation.

Actuarial method changes with minor impact were implemented for the June 30, 2022 valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.

Actuarial Assumption Changes

For the June 30, 2023 Valuation:
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%.

NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions
(Continued)

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.

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

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

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

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

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

As of June 30, 2022 the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.1%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

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

MUNICIPALITY OF COLTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Two Years Ended December 31, 2022 and 2023

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Total Federal Expenditures 2022	Total Federal Expenditures 2023
US Department of Treasury - Direct Programs:			
COVID 19-Coronavirus State and Local Fiscal Recovery Funds (Note 3)	21.027	65,168.42	964,747.95
Total US Deparment of Treasury		**65,168.42**	**964,747.95**
GRAND TOTAL		**65,168.42**	**964,747.95**

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Municipality under programs of the federal government for the year ended December 31, 2022 and 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Municipality, it is not intended to and does not present the

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Municipality has not elected to use the 10-percent deminimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.

2. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 1/1/2022	Additions	Deletions	Ending Balance 12/31/2023	Due Within One Year
Primary Government:					
Governmental Activities:					
RECD Sales Tax Revenue Bonds - Series 2006	70,062.02		70,062.02	0.00	0.00
Direct Borrowing Leases	137,333.51		30,094.69	107,238.82	16,032.43
Total Governmental Activities	207,395.53	0.00	100,156.71	107,238.82	16,032.43
Business-Type Activities:					
Bonds Payable:					
State Revolving Fund Loan - Drinking Water No. 1	349,234.65		45,062.13	304,172.52	23,736.52
State Revolving Fund Loan - Drinking Water No. 2	63,461.17		9,061.33	54,399.84	4,737.88
State Revolving Fund Loan - Drinking Water No. 3	41,053.36		24,908.50	16,144.86	12,879.72
State Revolving Fund Loan - Clean Water No. 2	94,326.53		13,468.53	80,858.00	7,042.25
State Revolving Fund Loan - Drinking Water No. 4	756,136.86		37,353.09	718,783.77	19,386.45
State Revolving Fund Loan - Clean Water No. 3	1,856,188.75		91,695.66	1,764,493.09	47,590.51
State Revolving Fund Loan - Clean Water No. 4		152,900.00		152,900.00	0.00
Total Business-Type Activities	3,160,401.32	152,900.00	221,549.24	3,091,752.08	115,373.33
TOTAL PRIMARY GOVERNMENT	3,367,796.85	152,900.00	321,705.95	3,198,990.90	131,405.76

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

Direct Borrowing Leases:
Musco Finance, LLC for Baseball Lights $107,238.82
Maturity Date: February 4, 2029
Interest Rate: 4.25
Payable from General Fund

State Revolving Fund Loan - Drinking Water No. 1:
State Revolving Fund Loan for Water Project $304,172.52
Interest Rate 3.50%, Maturity January 15, 2034
Payable from Water Fund

State Revolving Fund Loan - Drinking Water No. 2:
State Revolving Fund Loan for Water Project on 5th Street $54,399.84
Interest Rate 3.00%, Maturity October 15, 2033
Payable from Water Fund

State Revolving Fund Loan - Drinking Water No. 3:	
State Revolving Fund Loan for Water Meter Project	$16,144.86
Interest Rate 2.25%, Maturity January 15, 2025	
Payable from Water Fund	
State Revolving Fund Loan - Clean Water No. 2:	
State Revolving Fund Loan for 5th Street Sanitary Sewer	$80,858.00
Interest Rate 3.00%, Maturity October 15, 2033	
Payable from Sewer Fund	
State Revolving Fund Loan - Drinking Water No. 4:	
State Revolving Fund Loan for Water Improvement Project	$718,783.77
Interest Rate 2.50%, Maturity May 15, 2050	
Payable from Water Fund	
State Revolving Fund Loan - Clean Water No. 3:	
State revolving Fund Loan for Sewer Improvement Project	$1,764,493.09
Interest Rate 2.50%, maturity May 15, 2050	
Payable from Sewer Fund	
State Revolving Fund Loan - Clean Water No. 4:	
State revolving Fund Loan for Sewer Improvement Project	$152,900.00
Amount Authorized/Maximun Borrowing: $391,350.00	
Remaining Available Borrowing Capacity: $238,450.00	
Interest Rate 2.125%, maturity May 15, 2055	
Payable from Sewer Fund	

The Municipality's outstanding notes from direct borrowings and direct placements related to governmental activities of $107,238.82 include the following provisions:

a The direct borrowing leases include provisions that in an event of default, outstanding amounts may become immediately due and payable and may also require the surrender of equipment collateralized. Collateralized equipment on the direct borrowing leases includes the Musco"s Light-Structure System.

The annual requirements to amortize all liabilities outstanding as of December 31, 2023, including interest payments of $1,075,537.19, $1,075,537.19, are as follows:

Annual Requirements to Maturity for Long-Term Liabilities December 31, 2023
December 31, 2023

Year Ending December 31,	State Revolving Fund Loan Clean Water No. 4		State Revolving Fund Loan - Drinking Water No. 1		State Revolving Fund Loan - Drinking Water No. 2	
	Principal	Interest	Principal	Interest	Principal	Interest
2024			23,736.52	10,336.76	4,737.88	1,579.04
2025	2,757.08	2,422.24	24,578.27	9,495.01	4,881.62	1,435.30
2026	3,744.94	3,160.82	25,449.86	8,623.42	5,029.72	1,287.20
2027	3,825.15	3,080.61	26,352.37	7,720.91	5,182.32	1,134.60
2028	3,907.09	2,998.67	27,286.88	6,786.40	5,339.55	977.37
2029-2033	20,827.21	13,701.59	151,653.94	18,712.46	29,228.75	2,355.85
2034-2038	23,155.39	11,373.41	25,114.68	440.28		
2039-2043	25,743.90	8,784.90				
2044-2048	28,621.73	5,907.07				
2049-2053	31,821.26	2,707.54				
2054-2058	8,496.25	135.95				
Totals	152,900.00	54,272.80	304,172.52	62,115.24	54,399.84	8,769.36

Year Ending December 31,	State Revolving Fund Loan - Drinking Water No. 3		State Revolving Fund Loan - Clean Water No. 2		State Revolving Fund Loan - Drinking Water No. 4	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	12,879.72	255.12	7,042.25	2,347.03	19,386.45	17,788.79
2025	3,265.14	18.57	7,255.91	2,133.37	19,875.67	17,299.57
2026			7,476.05	1,913.23	20,377.24	16,798.00
2027			7,702.87	1,686.41	20,891.48	16,283.76
2028			7,936.56	1,452.72	21,418.68	15,756.56
2029-2033			43,444.36	3,502.04	115,479.03	70,397.17
2034-2038					130,803.94	55,072.26
2039-2043					148,162.66	37,713.54
2044-2048					167,824.99	18,051.21
2049-2053					54,563.63	1,199.23
Totals	16,144.86	273.69	80,858.00	13,034.80	718,783.77	266,360.09

Year Ending December 31,	State Revolving Fund Loan - Clean Water No. 3		Direct Borrowing Lease - For Baseball Lights		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	47,590.51	43,668.49	16,032.43	4,647.49	131,405.76	80,622.72
2025	48,791.47	42,467.53	16,727.24	3,952.68	128,132.40	79,224.27
2026	50,022.76	41,236.24	17,452.16	3,227.76	129,552.73	76,246.67
2027	51,285.10	39,973.90	18,208.50	2,471.42	133,447.79	72,351.61
2028	52,579.30	38,679.70	18,997.62	1,682.30	137,465.68	68,333.72
2029-2033	283,481.78	172,813.22	19,820.87	859.15	663,935.94	282,341.48
2034-2038	321,102.00	135,193.00			500,176.01	202,078.95
2039-2043	363,714.76	92,580.24			537,621.32	139,078.68
2044-2048	411,982.51	44,312.49			608,429.23	68,270.77
2049-2053	133,942.90	2,945.60			220,327.79	6,852.37
2054-2058					8,496.25	135.95
Totals	1,764,493.09	653,870.41	107,238.82	16,840.80	3,198,990.90	1,075,537.19