

**MUNICIPALITY OF CROOKS
CROOKS, SOUTH DAKOTA**

AUDIT REPORT

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

MUNICIPALITY OF CROOKS

MUNICIPAL OFFICIALS
DECEMBER 31, 2023

MAYOR:

F. Butch Oseby

GOVERNING BOARD:

Jana Richardson, President
Allan Beyer, Vice-President
Mike Harstad
Eric Schuette

FINANCE OFFICER:

Tobias Schantz

ATTORNEY:

Patrick Glover

Schoenfish & Co., Inc.

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CERTIFIED PUBLIC ACCOUNTANTS
Phone: 605-928-7241
FAX No.: 605-928-6241
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

**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**

Governing Board
Municipality of Crooks
Crooks, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Crooks, South Dakota (Municipality), as of December 31, 2023 and for the year 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 February 24, 2025, which had a disclaimer of opinion on the aggregate discretely presented component units because they were unaudited.

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 a 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 as item 2023-001 to be material a weakness.

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, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Municipality's Response to Findings

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

Purpose of this Report

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



Schoenfish & Co., Inc.
Certified Public Accountants
February 24, 2025

Schoenfish & Co., Inc.

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SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS:

Finding Number 2022-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties existed for the revenue function resulting in decreased reliability of reported financial data and increased potential for the loss of public assets. This comment has not been corrected and is restated as current audit finding number 2023-001.

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SCHEDULE OF CURRENT AUDIT FINDINGSCURRENT OTHER AUDIT FINDINGS:Internal Control – Related Finding – Material Weakness:Finding Number 2023-001:Condition:

A material weakness in internal controls was noted due to a lack of proper segregation of duties existed for the revenues. This has been a continuing audit comment since 1998.

Criteria:

Proper segregations 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.

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:

The finance officer and Deputy Finance Officer process all revenue transactions from beginning to end. They also receive money, issue receipts, record receipts, post receipts in the accounting records, prepare bank deposits, reconcile bank statements, and prepare financial statements. A lack of proper segregation of duties existed for the revenues resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

Potential Effect of Condition:

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

Recommendation:

1. We recommend that the Municipality of Crooks officials be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever, possible and practical. In addition, we recommend that all necessary accounting records be established and properly maintained to provide some compensation for lack of proper segregation of duties.

Client's Response:

The Municipality of Crooks Mayor, F. Butch Oseby, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Municipality of Crooks, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. We are aware of this problem and are attempting to develop policies to provide compensating controls.

CLOSING CONFERENCE

The audit was discussed with the finance officer and the assistant finance officer during the course of the audit.

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Crooks
Crooks, South Dakota

Disclaimer of Opinion and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Municipality of Crooks, South Dakota, (Municipality) as of and for the year ended December 31, 2023, and the related notes to the financial statements. We were not engaged to audit the financial statements of the aggregate discretely presented component units. These financial statements collectively comprise the Municipality's basic financial statements as listed in the table of contents.

Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

Because of the significance of the matter described in the Basis for Disclaimer of Opinion and Unmodified Opinions section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units of the Municipality of Crooks, South Dakota. Accordingly, we do not express an opinion on these financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Municipality of Crooks, South Dakota as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Disclaimer of Opinion and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 unmodified audit opinions.

Matter Giving Rise to Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the Crooks Housing and Redevelopment Commission (CHRC) have not been audited, and we were not engaged to audit the CHRC's financial statements as part of our audit of the Municipality's basic financial statements. CHRC's financial activities are included in the Municipality's basic financial statements as a discretely presented component unit and represent 100 percent of the assets, net position, and revenues of the Municipality's aggregate discretely presented component units.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Because of the matter described in the Basis of Disclaimer of Opinion and Unmodified Opinions section, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate discretely presented component units. 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 generally accepted 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 generally accepted auditing standards, we:

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

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

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the Municipality Contributions, and the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Municipality has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

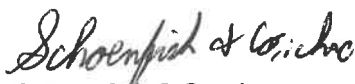
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the List of 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 February 24, 2025 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipality's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.
 Certified Public Accountants
 February 24, 2025

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MUNICIPALITY OF CROOKS
STATEMENT OF NET POSITION
December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Cash and Cash Equivalents	453,747.35	1,328,816.65	1,782,564.00	323,865.49
Investments	224,590.00	347,029.14	571,619.14	
Accounts Receivable, Net	15,695.02	723,257.53	738,952.55	
Interfund Balances	(1,166.64)	1,166.64	0.00	
Inventories		37,024.00	37,024.00	
Other Assets	28,630.16	20,429.11	49,059.27	
Restricted Assets:				
Cash and Cash Equivalents			0.00	164,565.20
Net Pension Asset	464.72	667.88	1,132.60	
Capital Assets:				
Land, Easement and Construction in Progress	1,081,262.70	3,280,667.53	4,361,930.23	
Other Capital Assets, Net of Depreciation/Amortization	2,591,957.72	6,409,849.30	9,001,807.02	
TOTAL ASSETS	4,395,181.03	12,148,907.78	16,544,088.81	488,430.69
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Related Deferred Outflows	36,193.89	52,026.18	88,220.07	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	36,193.89	52,026.18	88,220.07	0.00
LIABILITIES :				
Accounts Payable	82,981.84	531,700.33	614,682.17	
Other Current Liabilities	13,159.66	64,509.09	77,668.75	
Unearned Revenue	2,600.00	27,418.60	30,018.60	
Noncurrent Liabilities:				
Due Within One Year	73,598.00	116,326.66	189,924.66	
Due in More than One Year	212,639.10	4,203,098.62	4,415,737.72	
TOTAL LIABILITIES	384,978.60	4,943,053.30	5,328,031.90	0.00
DEFERRED INFLOWS OF RESOURCES:				
Pension Related Deferred Inflows	25,313.67	36,386.62	61,700.29	
TOTAL DEFERRED INFLOWS OF RESOURCES	25,313.67	36,386.62	61,700.29	0.00
NET POSITION:				
Net Investment in Capital Assets	3,394,945.42	5,137,772.19	8,532,717.61	
Restricted for:				
SDSR Pension Purposes	11,344.94	16,307.44	27,652.38	
Economic Development Purposes	18,173.92		18,173.92	
Parks	1,400.00		1,400.00	
Debt Service Purposes	21,162.70	89,926.20	111,088.90	
Capital Improvement	21,882.77		21,882.77	164,565.20
Unrestricted	552,172.90	1,977,488.21	2,529,661.11	323,865.49
TOTAL NET POSITION	4,021,082.65	7,221,494.04	11,242,576.69	488,430.69

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

**MUNICIPALITY OF CROOKS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023**

Functions/Programs Primary Government:	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities		Business-Type Activities
General Government	171,423.98	83,000.13	366.32		(88,057.53)	(88,057.53)	
Public Safety	135,320.35	147.50			(135,172.85)	(135,172.85)	
Public Works	399,957.42	600.00	24,125.57	1,841,896.81	1,466,664.96	1,466,664.96	
Health and Welfare	20,687.97		1,629.00		(19,058.97)	(19,058.97)	
Culture and Recreation	159,959.44	100.00	1,410.00	93,600.00	(64,849.44)	(64,849.44)	
Conservation and Development	19,503.20				(19,503.20)	(19,503.20)	
Miscellaneous		7,250.00			7,250.00	7,250.00	
*Interest on Long-term Debt	3,846.48				(3,846.48)	(3,846.48)	
Total Governmental Activities	910,698.84	91,097.63	27,530.89	1,935,496.81	1,143,426.49	1,143,426.49	
Business-type Activities:							
Water	362,583.40	412,888.30	10,000.00	617,991.44	678,296.34	678,296.34	
Sewer	394,626.74	469,182.68		976,343.16	1,050,899.10	1,050,899.10	
Gas	1,107,043.81	1,218,768.49			111,724.68	111,724.68	
Total Business-type Activities	1,864,253.95	2,100,839.47	10,000.00	1,594,334.60	1,840,920.12	1,840,920.12	
Total Primary Government	2,774,952.79	2,191,937.10	37,530.89	3,529,831.41	1,143,426.49	2,984,346.61	
Component Units:							
Housing and Redevelopment Commission	166,323.79	42,335.77				(123,988.02)	
General Revenues:							
Taxes:							
Property Taxes					284,466.01	284,466.01	
Sales Taxes					363,257.15	363,257.15	
State Shared Revenues					21,404.49	21,404.49	
Unrestricted Investment Earnings					26,798.65	50,195.47	
Miscellaneous Revenue					18,881.89	22,959.71	
Total General Revenues and Transfers					714,808.19	742,282.83	
Change in Net Position					1,858,234.68	3,726,629.44	
Net Position - Beginning					2,162,847.97	7,515,947.25	
Adjustments:							
Adjust for ARPA Spent in 2022 Received in 2023 (See Note 11).					254,026.04	254,026.04	
Adjusted Net Position-Beginning					2,162,847.97	7,515,947.25	
NET POSITION - ENDING					4,021,082.65	11,242,576.69	

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

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

**MUNICIPALITY OF CROOKS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023**

	General Fund	Entertainment Tax Fund	Special Maintenance Fund	Special Park Gift Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	412,019.01	18,137.72	22,190.62	1,400.00	453,747.35
Investments	224,590.00				224,590.00
Taxes Receivable--Delinquent	4,104.69				4,104.69
Accounts Receivable, Net	262.85				262.85
Special Assessment Receivable - Delinquent			1,805.00		1,805.00
Due from Water Fund	18.60				18.60
Due from Other Government	5,380.59	36.20			5,416.79
Interest Receivable	4,105.69				4,105.69
Prepaid Expenses	28,630.16				28,630.16
TOTAL ASSETS	679,111.59	18,173.92	23,995.62	1,400.00	722,681.13
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	80,868.99		2,112.85		82,981.84
Due to Water Fund	159.03				159.03
Due to Sewer Fund	182.64				182.64
Due to Gas Fund	843.57				843.57
Accrued Wages Payable	6,099.83				6,099.83
Accrued Taxes Payable	2,152.80				2,152.80
Accrued Benefits Payable	2,157.03				2,157.03
Customer Deposits	2,750.00				2,750.00
Unearned Revenue	2,600.00				2,600.00
Total Liabilities	97,813.89	0.00	2,112.85	0.00	99,926.74
Deferred Inflows of Resources:					
Unavailable Revenue--Property Taxes	4,104.69				4,104.69
Unavailable Revenue--Special Assessments			1,805.00		1,805.00
Total Deferred Inflows of Resources	4,104.69	0.00	1,805.00	0.00	5,909.69
Fund Balances:					
Nonspendable for Prepaid Expenses	28,630.16				28,630.16
Restricted for Debt Service	21,162.70				21,162.70
Restricted for Parks				1,400.00	1,400.00
Restricted for Capital Improvements			20,077.77		20,077.77
Restricted for Economic Development Purposes		18,173.92			18,173.92
Assigned for Drainage Project	23,480.08				23,480.08
Assigned for Heritage Park	76,000.00				76,000.00
Assigned for Next Year's Budget	166,090.00				166,090.00
Unassigned	261,830.07				261,830.07
Total Fund Balances	577,193.01	18,173.92	20,077.77	1,400.00	616,844.70
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	679,111.59	18,173.92	23,995.62	1,400.00	722,681.13

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

MUNICIPALITY OF CROOKS
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2023

Total Fund Balances - Governmental Funds	<u>616,844.70</u>
Amounts reported for governmental activities in the statement of Net Position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>464.72</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>3,673,220.42</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>36,193.89</u>
Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(286,237.10)</u>
Assets such as taxes receivable (delinquent) and special assessment receivables (current, delinquent and deferred) are not available to pay for current period expenditures and therefore are deferred in the funds.	<u>5,909.69</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(25,313.67)</u>
Net Position - Governmental Activities	<u><u>4,021,082.65</u></u>

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

MUNICIPALITY OF CROOKS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	General Fund	Entertainment Tax Fund	Special Maintenance Fund	Special Park Gift Fund	Total Governmental Funds
Revenues:					
Taxes:					
General Property Taxes	286,085.66				286,085.66
General Sales and Use Taxes	348,488.59	14,768.56			363,257.15
Penalties and Interest on Delinquent Taxes	692.65				692.65
Licenses and Permits	72,302.13				72,302.13
Intergovernmental Revenue:					
State Grants	1,995.32				1,995.32
State Shared Revenue:					
Bank Franchise Tax	12,042.50				12,042.50
Prorate License Fees	1,053.06				1,053.06
Liquor Tax Reversion	9,361.99				9,361.99
Motor Vehicle Licenses	10,142.55				10,142.55
Local Government Highway and Bridge Fund	11,077.17				11,077.17
County Shared Revenue:					
County Wheel Tax	1,852.79				1,852.79
Other	93,600.00				93,600.00
Charges for Goods and Services:					
General Government	1,438.00				1,438.00
Fines and Forfeits:					
Court Fines and Costs	97.50				97.50
Other	50.00				50.00
Miscellaneous Revenue:					
Investment Earnings	26,798.65				26,798.65
Rentals	17,210.00				17,210.00
Maintenance Assessments			98,733.50		98,733.50
Contribution and Donations from Private Sources				1,410.00	1,410.00
Other	16,606.73				16,606.73
Total Revenue	910,895.29	14,768.56	98,733.50	1,410.00	1,025,807.35
Expenditures:					
General Government:					
Legislative	18,299.94				18,299.94
Executive	20,503.54				20,503.54
Elections	22.31				22.31
Financial Administration	64,676.98				64,676.98
Other	59,733.27				59,733.27
Total General Government	163,236.04	0.00	0.00	0.00	163,236.04

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

MUNICIPALITY OF CROOKS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	General Fund	Entertainment Tax Fund	Special Maintenance Fund	Special Park Gift Fund	Total Governmental Funds
Expenditures: (continued)					
Public Safety:					
Police	51,935.00				51,935.00
Fire	40,000.00				40,000.00
Protective Inspection	43,106.35				43,106.35
Total Public Safety	135,041.35	0.00	0.00	0.00	135,041.35
Public Works:					
Highways and Streets	198,189.76		80,334.78		278,524.54
Sanitation	13,340.69				13,340.69
Total Public Works	211,530.45	0.00	80,334.78	0.00	291,865.23
Health and Welfare:					
Health	9,200.17				9,200.17
Humane Society	641.18				641.18
Ambulance	10,000.00				10,000.00
Total Health and Welfare	19,841.35	0.00	0.00	0.00	19,841.35
Culture and Recreation:					
Parks	109,182.85			4,680.00	113,862.85
Total Culture and Recreation	109,182.85	0.00	0.00	4,680.00	113,862.85
Conservation and Development:					
Economic Development and Assistance	4,047.15	15,406.05			19,453.20
Total Conservation and Development	4,047.15	15,406.05	0.00	0.00	19,453.20
Expenditures: (continued)					
Debt Service	39,956.00	0.00	0.00	0.00	39,956.00
Capital Outlay	274,506.38	0.00	0.00	0.00	274,506.38
Total Expenditures	957,341.57	15,406.05	80,334.78	4,680.00	1,057,762.40
Excess of Revenue Over (Under) Expenditures	(46,446.28)	(637.49)	18,398.72	(3,270.00)	(31,955.05)
Other Financing Sources:					
Sale of Municipal Property	1,236.13				1,236.13
Compensation for Loss or Damage to Capital Assets	1,039.03				1,039.03
Total Other Financing Sources	2,275.16	0.00	0.00	0.00	2,275.16
Net Change in Fund Balances	(44,171.12)	(637.49)	18,398.72	(3,270.00)	(29,679.89)
Fund Balance - Beginning	621,364.13	18,811.41	1,679.05	4,670.00	646,524.59
FUND BALANCE - ENDING	577,193.01	18,173.92	20,077.77	1,400.00	616,844.70

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

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances to the Government-Wide Statement of Activities
For the Year Ended December 31, 2023**

Net Change in Fund Balances - Total Governmental Funds	<u>(29,679.89)</u>
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.	<u>274,506.38</u>
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	<u>(162,524.28)</u>
The receipt of donated capital assets is not reported on the fund statements, but is reported as a program revenue on the government wide statements.	<u>1,743,813.31</u>
Payment of principal on long-term debt is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.	<u>36,109.52</u>
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available".	<u>(2,312.30)</u>
Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments as revenue upon completion of the project at the point when an enforceable legal claim arises.	<u>(650.00)</u>
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employee earn leave credits.	<u>(2,275.58)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Pension Expense)	<u>535.62</u>
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>711.90</u>
Change in Net Position of Governmental Activities	<u><u>1,858,234.68</u></u>

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

MUNICIPALITY OF CROOKS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2023

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Gas Fund	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	218,154.15	447,932.70	662,729.80	1,328,816.65
Investments	7,500.00	89,529.14	250,000.00	347,029.14
Accounts Receivable, Net	39,083.77	63,190.49	188,514.74	290,789.00
Due from General Fund	159.03	182.64	843.57	1,185.24
Due from Sewer Fund			972.67	972.67
Interest Receivable	156.91	835.14	4,570.22	5,562.27
Due from Other Government	58,974.44	368,657.95	4,836.14	432,468.53
Inventory of Supplies	10,487.00		26,537.00	37,024.00
Prepaid Expense	4,813.89	4,887.59	5,165.36	14,866.84
Total Current Assets	339,329.19	975,215.65	1,144,169.50	2,458,714.34
Noncurrent Assets:				
Net Pension Asset	220.51	224.59	222.78	667.88
Capital Assets:				
Land	2,000.00	211,164.11		213,164.11
Buildings	13,000.00			13,000.00
Improvements Other Than Buildings	1,443,783.50	730,109.72	1,973,404.45	4,147,297.67
Machinery and Equipment	122,910.39	69,745.20	209,902.15	402,557.74
Construction Work in Progress	116,137.15	2,946,692.80	4,673.47	3,067,503.42
Infrastructure	1,591,313.34	2,646,714.67	234,081.11	4,472,109.12
Less: Accumulated Depreciation	(774,499.06)	(785,236.44)	(1,106,100.06)	(2,665,835.56)
Intangible Assets - Easement			12,723.00	12,723.00
Intangible Assets	5,412.75	5,412.75	285,608.65	296,434.15
Less: Accumulated Amortization	(2,239.68)	(2,239.68)	(263,957.46)	(268,436.82)
Total Noncurrent Assets	2,518,038.90	5,822,587.72	1,350,558.09	9,691,184.71
TOTAL ASSETS	2,857,368.09	6,797,803.37	2,494,727.59	12,149,899.05
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Related Deferred Outflows	17,179.25	17,494.04	17,352.89	52,026.18
TOTAL DEFERRED OUTFLOWS OF RESOURCES	17,179.25	17,494.04	17,352.89	52,026.18
LIABILITIES:				
Current Liabilities:				
Accounts Payable	6,525.43	137,434.32	117,020.53	260,980.28
Contracts Payable		263,013.48		263,013.48
Due to Gas Fund		972.67		972.67
Due to General Fund	18.60			18.60
Due to State Government			7,706.57	7,706.57
Accrued Interest Payable		3,546.84		3,546.84
Accrued Wages Payable	3,040.83	3,025.60	3,062.25	9,128.68
Accrued Taxes Payable	980.45	991.68	1,525.86	3,497.99
Accrued Benefits Payable	468.18	473.56	470.72	1,412.46
Customer Deposits	15,707.71		31,215.41	46,923.12
Unearned Revenue	5,000.00	5,000.00	17,418.60	27,418.60
Bonds Payable Current:				
Revenue	26,869.02	76,098.00		102,967.02
Accrued Leave Payable-Current	3,500.00	3,500.00	3,000.00	10,000.00
Lease Payable - Current	1,119.88	1,119.88	1,119.88	3,359.64
Total Current Liabilities	63,230.10	495,176.03	182,539.82	740,945.95

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

MUNICIPALITY OF CROOKS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2023

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Gas Fund	
Liabilities (Continued):				
Noncurrent Liabilities:				
Bonds Payable:				
Revenue	1,021,350.89	3,155,894.27		4,177,245.16
Accrued Leave	6,452.15	6,455.03	6,786.94	19,694.12
Lease Payable	2,053.19	2,053.19	2,052.96	6,159.34
Total Noncurrent Liabilities	<u>1,029,856.23</u>	<u>3,164,402.49</u>	<u>8,839.90</u>	<u>4,203,098.62</u>
TOTAL LIABILITIES	<u>1,093,086.33</u>	<u>3,659,578.52</u>	<u>191,379.72</u>	<u>4,944,044.57</u>
DEFERRED INFLOWS OF RESOURCES:				
Pension Related Deferred Inflows	12,015.00	12,235.17	12,136.45	36,386.62
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>12,015.00</u>	<u>12,235.17</u>	<u>12,136.45</u>	<u>36,386.62</u>
NET POSITION:				
Net Investment in Capital Assets	1,466,425.41	2,324,184.31	1,347,162.47	5,137,772.19
Restricted For:				
Revenue Bond Debt Service	1,321.00	88,605.20		89,926.20
SDRS Pension Purposes	5,384.76	5,483.46	5,439.22	16,307.44
Unrestricted	296,314.84	725,210.75	955,962.62	1,977,488.21
TOTAL NET POSITION	<u>1,769,446.01</u>	<u>3,143,483.72</u>	<u>2,308,564.31</u>	<u>7,221,494.04</u>

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

MUNICIPALITY OF CROOKS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Gas Fund	
Operating Revenue:				
Charges for Goods and Services	412,888.30	370,434.70	1,131,806.41	1,915,129.41
Revenue Dedicated to Servicing Debt		83,423.43		83,423.43
Miscellaneous		15,324.55	86,962.08	102,286.63
Total Operating Revenue	412,888.30	469,182.68	1,218,768.49	2,100,839.47
Operating Expenses:				
Personal Services	93,538.21	94,811.66	95,163.74	283,513.61
Other Current Expense	91,432.54	83,884.41	491,276.44	666,593.39
Materials (Cost of Goods Sold)	84,823.20		391,010.66	475,833.86
Amortization	1,119.84	1,119.84	57,159.14	59,398.82
Depreciation	64,989.10	134,416.70	72,369.59	271,775.39
Total Operating Expenses	335,902.89	314,232.61	1,106,979.57	1,757,115.07
Operating Income (Loss)	76,985.41	154,950.07	111,788.92	343,724.40
Nonoperating Revenue (Expense):				
Federal Grants	58,974.44	584,219.71		643,194.15
State Grants		7,405.99		7,405.99
Operating Grants	10,000.00			10,000.00
Investment Earnings	4,905.81	7,733.00	10,758.01	23,396.82
Rental Revenue	2,471.43			2,471.43
Interest Expense	(26,680.51)	(73,807.07)	(64.24)	(100,551.82)
Other	515.39	(5,544.45)	48.39	(4,980.67)
Total Nonoperating Revenue (Expense)	50,186.56	520,007.18	10,742.16	580,935.90
Income (Loss) Before Transfers	127,171.97	674,957.25	122,531.08	924,660.30
Capital Contributions	559,017.00	384,717.46		943,734.46
Change in Net Position	686,188.97	1,059,674.71	122,531.08	1,868,394.76
Net Position - Beginning	1,083,257.04	1,829,782.97	2,186,033.23	5,099,073.24
Restatements:				
Adjustment for ARPA Spent in 2022 Received in 2023 (See Note 11).		254,026.04		254,026.04
Restated Net Position - Beginning	1,083,257.04	2,083,809.01	2,186,033.23	5,353,099.28
NET POSITION - ENDING	1,769,446.01	3,143,483.72	2,308,564.31	7,221,494.04

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

MUNICIPALITY OF CROOKS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Gas Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Receipts from Customers	406,457.77	459,188.72	1,302,291.29	2,167,937.78
Cash Payments to Employees for Services	(87,168.49)	(88,351.61)	(88,192.61)	(263,712.71)
Cash Payments to Suppliers of Goods and Services	(182,999.36)	42,464.64	(948,771.95)	(1,089,306.67)
Net Cash Provided (Used) by Operating Activities	136,289.92	413,301.75	265,326.73	814,918.40
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund Balances	(19.61)	842.47	216.63	1,039.49
Net Cash Provided (Used) by Noncapital Financing Activities	(19.61)	842.47	216.63	1,039.49
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital Contributions	569,017.00	861,711.25		1,430,728.25
Purchase of Capital Assets	(675,154.15)	(1,211,405.33)	(144,983.27)	(2,031,542.75)
Proceeds of Long-Term Debt		220,166.00		220,166.00
Principal Paid on Long-Term Debt	(27,327.49)	(53,071.73)	(1,119.96)	(81,519.18)
Interest Paid on Long-Term Debt	(26,680.51)	(86,316.38)	(64.24)	(113,061.13)
Other Receipts (Payments)	515.39	(5,544.45)	48.39	(4,980.67)
Net Cash (Used) by Capital and Related Financing Activities	(159,629.76)	(274,460.64)	(146,119.08)	(580,209.48)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash Received for Interest	4,748.90	6,897.86	6,187.79	17,834.55
Rental Revenue	2,471.43			2,471.43
Net Cash Provided by Investing Activities	7,220.33	6,897.86	6,187.79	20,305.98
Net Increase (Decrease) in Cash and Cash Equivalents	(16,139.12)	146,581.44	125,612.07	256,054.39
Balances - Beginning	241,793.27	390,880.40	787,117.73	1,419,791.40
Balances - Ending	225,654.15	537,461.84	912,729.80	1,675,845.79

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

MUNICIPALITY OF CROOKS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Gas Fund	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	76,985.41	154,950.07	111,788.92	343,724.40
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	64,989.10	134,416.70	72,369.59	271,775.39
Ammortization Expense	1,119.84	1,119.84	57,159.14	59,398.82
(Increase) decrease in Receivables	(12,338.24)	(14,993.96)	80,904.86	53,572.66
(Increase) decrease in Inventories	(4,780.00)		(12,702.00)	(17,482.00)
(Increase) decrease in Prepaids	773.39	(1,409.79)	(2,267.51)	(2,903.91)
(Increase) decrease in Net Pension Asset	(28.88)	(28.64)	(50.14)	(107.66)
(Increase) decrease in Pension Related Deferred Outflows	546.01	630.43	(1,384.19)	(207.75)
(Decrease) increase in Accounts and Other Payables	(2,737.01)	127,758.84	(51,515.34)	73,506.49
(Decrease) increase in Accrued Wages Payable	1,507.41	1,460.33	2,035.77	5,003.51
(Decrease) increase in Accrued Leave Payable	3,860.67	3,952.95	4,621.07	12,434.69
(Decrease) increase in Pension Related Deferred Inflows	484.51	444.98	1,748.62	2,678.11
(Decrease) increase in Unearned Revenues	5,000.00	5,000.00	(367.66)	9,632.34
(Decrease) increase in Customer Deposits	907.71		2,985.60	3,893.31
Net Cash Provided (Used) by Operating Activities	<u>136,289.92</u>	<u>413,301.75</u>	<u>265,326.73</u>	<u>814,918.40</u>

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

NOTES TO THE FINANCIAL STATEMENTS1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESa. Financial Reporting Entity:

The reporting entity of the Municipality of Crooks (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.

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

The Housing and Redevelopment Commission of the Municipality of Crooks, South Dakota (Commission) is a proprietary fund-type, discretely presented component unit. The five members of the Commission are appointed by the Mayor with the approval of the Governing Board for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The Governing Board, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct a low-income housing unit, or to issue debt, which gives the Governing Board the ability to impose its will on the Commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from: 701 S. West Avenue; PO Box 785; Crooks, SD 57020 or mikeh@crookssd.org.

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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, 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
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.

Entertainment Tax Fund – to account for the 3rd cent sales tax on motel rooms, restaurants and bars which may only be used for the promotion of the city, land acquisition, civic centers and auditoriums and debt service related to these acquisitions. (SDCL 10-52-8) This is a major fund.

Special Maintenance Fund – to account for the annual levy assessed for the purpose of maintaining or repairing public improvements within the municipality that are maintained by the municipality. (SDCL 9-43-138) This is a major fund.

Special Park Gift Fund – to account for any gift, grant, devise or bequest made by any person, private agency, agency of state government, the federal government, or any of its agencies for recreation purposes if so established by the park board. (SDCL 9-38-113, 42-2-4) 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

- 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.

Gas Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal gas system and related facilities. (SDCL 9-39-1 and 9-39-26) This is a major fund.

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, the governmental, business-type, and component unit activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental fund types, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary fund types.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, business-type, and component unit activities are presented using the accrual basis of accounting.

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Municipality of Crooks, the length of that cycle is 30 days.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenues, where asset recognition criteria have been met, but for which revenue recognition criteria have not been met, are reported as a deferred inflow of resources.

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term liabilities which are recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications

Government-wide Financial Statements:

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities, 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 for 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

f. Capital Assets:

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

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

Capital assets are recorded at historical cost. Donated capital assets are valued at their estimated acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2023 balance of governmental activities capital assets and business-type capital assets are all valued at original cost.

Infrastructure assets used in general government operations consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 2004, were not required to be capitalized by the Municipality. Infrastructure assets acquired since January 1, 2004 are recorded at cost, and classified as "Improvements Other than Buildings."

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation/amortization methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation/Amortization Method</u>	<u>Estimated Useful Life</u>
Land and land rights	\$ -	-- N/A --	-- N/A --
Improvements other than buildings	\$ 15,000.00	Straight-line	15-50 yrs.
Buildings	\$ 25,000.00	Straight-line	20-100 yrs.
Machinery & Equipment	\$ 5,000.00	Straight-line	4-20 yrs.
Vehicles	\$ 10,000.00	Straight-line	5-10 yrs.

Land is an inexhaustible capital asset and is not depreciated. Intangible leased assets do not have a capitalization threshold, but the Municipality's Policy is to amortize over the life of the lease.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

g. Leases:

Lessee:

The Municipality is a lessee for a noncancellable lease of copiers. The Municipality recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Municipality recognizes lease liabilities that are deemed material.

At the commencement of a lease, the Municipality initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The Municipality monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

h. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of revenue bonds, Rural Development notes payable, direct borrowings and right-to-use lease payable and compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term liabilities is on the accrual basis, the same in the fund statements as in the government-wide statements.

i. 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:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

j. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

k. Proprietary Funds Revenue and Expense Classifications:

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

l. Cash and Cash Equivalents:

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

m. Equity Classifications:

Government-wide Statements:

Equity is classified as net position and is displayed in three components.

1. Net investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation/amortization (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Fund Financial Statements:

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

n. 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.

o. 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 Nonspendable Fund Balance is comprised of the following:

- Amount reported in non-spendable form such as prepaid expenses.

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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

p. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. Municipal contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

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

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

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

As of December 31, 2023, the Municipality did have funds deposited with SDFIT, as shown below, which is reported as a cash and cash equivalent. The investments reported in the financial statements consist of certificates of deposits.

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.

As of December 31, 2023, the Municipality had the following investments:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
External Investment Pools:			
SDFIT	Unrated	N/A	<u>\$ 98,400.52</u>
TOTAL INVESTMENTS			<u><u>\$ 98,400.52</u></u>

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing. It is regulated by a nine-member board with representation from municipalities, school districts, and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

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

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

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

3. RECEIVABLES AND PAYABLES

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

4. INVENTORY

Inventory in the enterprise funds consists of expendable supplies held for consumption. Supplies are recorded at cost.

Government-wide Financial Statements:

In the government-wide financial statements, inventory is recorded as an asset at the time of purchase and charged to expense as it is consumed.

Fund Financial Statements:

In the fund financial statements, inventory is recorded as an asset at the time of purchase and charged to expense as it is consumed. Material supply inventories are offset by a nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. PROPERTY TAXES

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

The 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.

6. CHANGES IN GENERAL CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2023, is as follows:

	Balance 01/01/2023	Increases	Decreases	Balance 12/31/2023
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	392,322.01	299,152.31		691,474.32
Construction Work in Progress	80,032.63	309,755.75		389,788.38
Total, not being Depreciated	<u>472,354.64</u>	<u>608,908.06</u>	<u>0.00</u>	<u>1,081,262.70</u>
Capital Assets, being Depreciated:				
Buildings	602,508.60			602,508.60
Improvements Other Than Buildings	1,117,801.01	1,318,271.60		2,436,072.61
Machinery and Equipment	523,085.68	91,140.03	(3,000.00)	611,225.71
Total, being Depreciated	<u>2,243,395.29</u>	<u>1,409,411.63</u>	<u>(3,000.00)</u>	<u>3,649,806.92</u>
Less Accumulated Depreciation for:				
Buildings	(204,453.58)	(12,643.17)		(217,096.75)
Improvements Other Than Buildings	(326,277.15)	(108,376.85)		(434,654.00)
Machinery and Equipment	(367,594.19)	(41,504.26)	3,000.00	(406,098.45)
Total Accumulated Depreciation	<u>(898,324.92)</u>	<u>(162,524.28)</u>	<u>3,000.00</u>	<u>(1,057,849.20)</u>
Total Governmental Activities Capital Assets, being Depreciated, Net	<u>1,345,070.37</u>	<u>1,246,887.35</u>	<u>0.00</u>	<u>2,591,957.72</u>
Governmental Activity Capital Assets, Net	<u>1,817,425.01</u>	<u>1,855,795.41</u>	<u>0.00</u>	<u>3,673,220.42</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	6,388.91
Public Safety	279.00
Public Works	108,545.04
Culture and Recreation	46,387.26
Health and Welfare	874.07
Economic Development	50.00
Total Depreciation Expense - Governmental Activities	<u>162,524.28</u>

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Balance 01/01/2023	Increases	Decreases	Balance 12/31/2023
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land	190,058.00	23,106.11		213,164.11
Construction Work in Progress	2,349,015.51	802,986.55	(84,498.64)	3,067,503.42
Total, not being Depreciated	<u>2,539,073.51</u>	<u>826,092.66</u>	<u>(84,498.64)</u>	<u>3,280,667.53</u>
Capital Assets, being Depreciated:				
Buildings	13,000.00			13,000.00
Improvements Other Than Buildings	7,583,414.56	1,035,992.23		8,619,406.79
Machinery and Equipment	264,153.71	138,404.03		402,557.74
Total, being Depreciated	<u>7,860,568.27</u>	<u>1,174,396.26</u>	<u>0.00</u>	<u>9,034,964.53</u>
Less Accumulated Depreciation for:				
Buildings	(13,000.00)			(13,000.00)
Improvements Other Than Buildings	(2,192,589.68)	(248,403.06)		(2,440,992.74)
Machinery and Equipment	(188,470.49)	(23,372.33)		(211,842.82)
Total Accumulated Depreciation	<u>(2,394,060.17)</u>	<u>(271,775.39)</u>	<u>0.00</u>	<u>(2,665,835.56)</u>
Total Business-Type Activities Capital Assets, being Depreciated, Net	<u>5,466,508.10</u>	<u>902,620.87</u>	<u>0.00</u>	<u>6,369,128.97</u>
Business-Type Activity Capital Assets, Net	<u>8,005,581.61</u>	<u>1,728,713.53</u>	<u>(84,498.64)</u>	<u>9,649,796.50</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Water Depreciation	64,989.10
Sewer Depreciation	134,416.70
Gas Depreciation	72,369.59
Total Depreciation Expense - Business-Type Activities	<u>271,775.39</u>

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Construction Work in Progress at December 31, 2023, is composed of the following:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Expended thru 12/31/2023</u>	<u>Committed</u>	<u>Required Future Financing</u>
West Ave 2nd Portion of Path Engineering	443,530.44	382,831.16	10,956.22	49,743.06
Heritage Park Fencing		6,957.22 4,673.47		
Water Storage Improvement		116,137.15	57,992.77	
Sanitary Sewer Expansion East Side Lift Station		1,764,750.97 1,181,941.83	(1,181,941.83)	
TOTAL	<u>443,530.44</u>	<u>3,457,291.80</u>	<u>(1,112,992.84)</u>	<u>49,743.06</u>

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

7. CHANGES IN INTANGIBLE ASSETS

A summary of changes in the intangible assets for the year ended December 31, 2023 is as follows:

	Balance 01/01/2023	Increases	Decreases	Balance 12/31/2023
Intangible Assets:				
Business Type				
Intangible Assets, not being amortized:				
Intangible Assets - Easement:	12,723.00			12,723.00
Total, not being Amortized	<u>12,723.00</u>	<u>0.00</u>	<u>0.00</u>	<u>12,723.00</u>
Intangible Assets, being Amortized:				
Intangible Leased Assets	16,238.26			16,238.26
Intangible Assets - Utility Services	234,000.00			234,000.00
Intangible Assets - Software	46,195.89			46,195.89
Intangible Assets, being Amortized:	<u>296,434.15</u>	<u>0.00</u>	<u>0.00</u>	<u>296,434.15</u>
Less Accumulated Amortization for:				
Intangible Leased Assets	(3,359.64)	(3,359.64)		(6,719.28)
Intangible Assets - Utility Services	(187,200.00)	(46,800.00)		(234,000.00)
Intangible Assets - Software	(18,478.36)	(9,239.18)		(27,717.54)
Total Accumulated Amortization	<u>(209,038.00)</u>	<u>(59,398.82)</u>	<u>0.00</u>	<u>(268,436.82)</u>
Total Business-Type Activities Capital Assets, being Depreciated, Net	<u>87,396.15</u>	<u>(59,398.82)</u>	<u>0.00</u>	<u>27,997.33</u>
Business-Type Activity Capital Assets, Net	<u>100,119.15</u>	<u>(59,398.82)</u>	<u>0.00</u>	<u>40,720.33</u>

Amortization expense was charged to functions as follows:

Business-Type Activities:	
Water Amortization	1,119.84
Sewer Amortization	1,119.84
Gas Amortization	<u>57,159.14</u>
Total Depreciation Expense - Business-Type Activities	<u>59,398.82</u>

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8. LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended December 31, 2023 is as follows:

	Beginning Balance 01/01/2023	Additions	Deletions	Ending Balance 12/31/2023	Due Within One Year
Primary Government:					
Governmental Activities:					
Direct Borrowing - Land Contract for Deed	222,726.82		18,876.83	203,849.99	50,800.93
RD Notes Payable - Payloader	91,657.70		17,232.69	74,425.01	17,797.07
Total Debt	<u>314,384.52</u>	<u>0.00</u>	<u>36,109.52</u>	<u>278,275.00</u>	<u>68,598.00</u>
Accrued Compensated Absences- Governmental Funds	<u>5,686.52</u>	<u>7,862.10</u>	<u>5,586.52</u>	<u>7,962.10</u>	<u>5,000.00</u>
Total Governmental Activities	<u>320,071.04</u>	<u>7,862.10</u>	<u>41,696.04</u>	<u>286,237.10</u>	<u>73,598.00</u>
Business-Type Activities:					
Right-to-Use Lease Payable:					
A&B Copier	12,878.62		3,359.64	9,518.98	3,359.64
Series 2019 SRF Drinking Water #2	1,074,427.56		26,207.65	1,048,219.91	26,869.02
Series 2019 SRF Clean Water #3	2,129,857.16		51,951.89	2,077,905.27	53,262.91
Series 2021 SRF Clean Water #4	933,921.00	13,339.00		947,260.00	22,835.09
Series 2021 SRF Clean Water #5		206,827.00		206,827.00	
Total Debt	<u>4,151,084.34</u>	<u>220,166.00</u>	<u>81,519.18</u>	<u>4,289,731.16</u>	<u>106,326.66</u>
Accrued Compensated Absences- Business-Type Funds	<u>17,259.43</u>	<u>29,694.12</u>	<u>17,259.43</u>	<u>29,694.12</u>	<u>10,000.00</u>
Total Business-Type Activities	<u>4,168,343.77</u>	<u>249,860.12</u>	<u>98,778.61</u>	<u>4,319,425.28</u>	<u>116,326.66</u>
TOTAL PRIMARY GOVERNMENT	<u>4,488,414.81</u>	<u>257,722.22</u>	<u>140,474.65</u>	<u>4,605,662.38</u>	<u>189,924.66</u>

Compensated absences for governmental activities typically have been liquidated from the General Fund.

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

GOVERNMENTAL ACTIVITIES:

USDA Community Facilities Loan:

Interest Rate of 3.25%,

Final Maturity December 2027,

Retired by the General Fund

\$ 74,425.01

Direct Borrowing – Contract for Deed:

Interest Rate of 5.95% (estimated based on common rate to discount)

Final Maturity January 2027,

Retired by the General Fund

\$ 203,849.99

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The Municipality's outstanding notes from direct borrowings and direct placements related to governmental activities of \$203,849.99 includes provisions that in the event of default, outstanding amounts may become immediately due and payable and the Contract for Deed shall, at the sole option of the seller be forfeited and determined.

BUSINESS-TYPE ACTIVITIES:

Revenue Bonds:

Series 2021 State Revolving Fund – Clean Water # 4:

Interest Rates of 2.125%, Final Maturity August 2053, Payable from Sewer Fund	\$ 947,260.00
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Series 2019 State Revolving Fund – Drinking Water # 2:

Interest Rates of 2.5%, Final Maturity May 2051, Payable from Water Fund	\$1,048,219.91
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Series 2019 State Revolving Fund – Clean Water # 3:

Interest Rates of 3.25%, Final Maturity May 2051, Payable from Sewer Fund	\$2,077,905.27
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Series 2022 State Revolving Fund – Clean Water # 5:

Interest Rates of 2.125%, Final Maturity May 2054, Payable from Sewer Fund	\$ 206,827.00
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Right-to-Use Lease Payable – A&B Copiers	\$ 9,518.98
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The Municipality entered into a right-to-use agreement for copiers with A&B Business Solutions. The lease is non-cancelable and is payable by the Water Fund, Sewer Fund, and Gas Fund.

Compensated Absences:

Accrued Annual Leave and Benefits, Payment to be made by the fund that the payroll expenditures are charged to.

Governmental Activities	\$ 7,862.10
Business-Type Activities:	
Water Fund	9,952.15
Sewer Fund	9,955.03
Gas Fund	9,786.94

The annual requirements to amortize all liabilities outstanding as of December 31, 2023, except for compensated absences but including interest payments of \$1,650,862.38, are as follows:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Year Ending December 31,	USDA Community Facilities Loan		Direct Borrowing Contract for Deed		Right-to-Use Lease Payable A&B Copier	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	17,797.07	2,158.93	50,800.93	12,129.07	3,359.64	
2025	18,384.19	1,571.81	53,823.58	9,106.42	3,359.64	
2026	18,990.66	965.34	57,026.08	5,903.92	2,799.70	
2027	19,253.09	702.91	42,199.40	2,510.86		
2028						
2029-2033						
2034-2038						
2039-2043						
2044-2048						
2049-2053						
2054-2058						
Totals	<u>74,425.01</u>	<u>5,398.99</u>	<u>203,849.99</u>	<u>29,650.27</u>	<u>9,518.98</u>	<u>0.00</u>

Year Ending December 31,	Drinking Water Borrower Bond DW #2 Series 2019		Clean Water Borrower Bond CW #3 Series 2019		Clean Water Borrower Bond CW #4 Series 2021*	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	26,869.02	25,954.90	53,262.91	51,450.89	22,835.09	19,948.11
2025	27,547.07	25,276.85	54,607.03	50,106.77	23,324.21	19,458.99
2026	28,242.22	24,581.70	55,985.05	48,728.75	23,823.81	18,959.39
2027	28,954.92	23,869.00	57,397.86	47,315.94	24,334.13	18,449.07
2028	29,685.62	23,138.30	58,846.30	45,867.50	24,855.35	17,927.85
2029-2033	160,050.26	104,069.34	317,270.48	206,298.52	132,494.56	81,421.44
2034-2038	181,290.20	82,829.40	359,374.71	164,194.29	147,305.75	66,610.25
2039-2043	205,348.78	58,770.82	407,066.52	116,502.48	163,772.66	50,143.34
2044-2048	232,600.18	31,519.42	461,087.42	62,481.58	182,080.33	31,835.67
2049-2053	127,631.64	4,428.16	253,006.99	8,777.51	202,434.11	11,481.89
2054-2058						
Totals	<u>1,048,219.91</u>	<u>404,437.89</u>	<u>2,077,905.27</u>	<u>801,724.23</u>	<u>947,260.00</u>	<u>336,236.00</u>

*All funds have not been disbursed at December 31, 2022.

Year Ending December 31,	Clean Water Borrower Bond CW #5 Series 2022*		TOTALS	
	Principal	Interest	Principal	Interest
2024	0.00	0.00	174,924.66	111,641.90
2025	4,985.88	4,355.52	186,031.60	109,876.36
2026	5,092.68	4,248.72	191,960.20	103,387.82
2027	5,201.76	4,139.64	177,341.16	96,987.42
2028	5,313.19	4,028.21	118,700.46	90,961.86
2029-2033	28,322.56	18,384.44	638,137.86	410,173.74
2034-2038	31,488.68	15,218.32	719,459.34	328,852.26
2039-2043	35,008.75	11,698.25	811,196.71	237,114.89
2044-2048	38,922.23	7,784.77	914,690.16	133,621.44
2049-2053	43,273.26	3,433.74	626,346.00	28,121.30
2054-2058	9,218.01	123.39	9,218.01	123.39
Totals	<u>206,827.00</u>	<u>73,415.00</u>	<u>4,568,006.16</u>	<u>1,650,862.38</u>

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

9. RESTRICTED NET POSITION

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

Major Purposes:	
Capital Improvement	21,882.77
Parks	1,400.00
Economic Development	18,173.92
Debt Service Purposes	111,088.90
SDRS Pension	27,652.38
Total Restricted Net Position	<u>\$ 180,197.97</u>

These balances are restricted due to debt agreements and statutory requirements.

10. 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 provide retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS , P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation 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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 Statute 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, equal to the required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2023	\$19,263.26
2022	\$15,550.84
2021	\$12,141.63

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 FINANCIAL STATEMENTS
(Continued)

Proportionate share of pension liability	\$ 1,681,499.98
Less proportionate share of net position restricted for pension benefits	<u>\$ 1,682,632.58</u>
Proportionate share of net pension liability (asset)	<u>\$ (1,132.60)</u>

At December 31, 2023, the Municipality reported a liability (asset) of \$(1,132.60) for its proportionate share of the net pension liability (asset). 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 0.01160400%, which is an increase (decrease) of 0.0024700% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Municipality recognized pension expense (reduction of pension expense) of \$1,115.18. At December 31, 2023 the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience.	\$ 32,104.17	
Changes in assumption.	\$ 38,722.09	\$ 56,603.09
Net difference between projected and actual earnings on pension plan investments.	\$ 7,540.48	
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.	\$ 0.04	\$ 5,097.20
Municipality contributions subsequent to the measurement date.	<u>\$ 9,853.29</u>	
TOTAL	<u>\$ 88,220.07</u>	<u>\$ 61,700.29</u>

\$9,853.29 reported as deferred outflow of resources related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Year Ended		
December 31:		
2024	\$	13,780.09
2025	\$	(18,731.76)
2026	\$	20,477.59
2027	\$	1,140.57
TOTAL	\$	<u>16,666.49</u>

Actuarial Assumptions:

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

Inflation	2.50 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%

Mortality Rates

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100%</u>	

Discount Rate:

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

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

The following presents the 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$232,143.70	\$(1,132.60)	\$(191,908.12)

Pension Plan Fiduciary Net Position:

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

11. RESTATEMENT OF PRIOR PERIOD

The Municipality adjusted the amount that should have been recorded the ARPA receivable in 2022. As a result, beginning net position has been restated as of January 1, 2023.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	<u>Business-Type Activities</u>	<u>Sewer Fund</u>
Net Position January 1, 2023, as previously reported	5,099,073.24	1,829,782.97
Restatement:		
Adjust for ARPA Spent in 2022 Received in 2023	254,026.04	254,026.04
Net Position January 1, 2023, as Restated	<u>5,353,099.28</u>	<u>2,083,809.01</u>

12. RELATED PARTY TRANSACTIONS

The Finance Officer is the bookkeeper of the Crooks Housing & Redevelopment Commission (Crooks HRC). The Crooks HRC is a component unit of the Municipality.

13. SIGNIFICANT CONTINGENCIES – LITIGATION

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

14. RISK MANAGEMENT

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

Employee Health Insurance:

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

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

Liability Insurance:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

general liability, vehicle coverage, property and building coverage, errors and omissions of officials, and employee coverage.

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

The Municipality carries a \$500 deductible for the official's liability coverage and \$250/500 deductible for the vehicle coverage and building coverage and a \$250/500 deductible for the property and building coverage.

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

Worker's Compensation:

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

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

During the year ended December 31, 2023, no claims were filed for unemployment benefits. At December 31, 2023, no claims had been filed and were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next year.

15. NONEXCHANGE FINANCIAL GUARANTEE

The Municipality of Crooks has entered into a debt service agreement with the Crooks Housing and Redevelopment Commission (a component unit of the Municipality of Crooks) pursuant to the type described in SDCL 11-7A-2. The agreement is to provide a partial back-up and guarantee to allow the

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Crooks HRC to issue a maximum of \$1,800,000.00 in revenue bonds to finance a housing development project. The balance of the bonds at December 31, 2023 is \$1,046,083.71. This guarantee shall extend to the final payment of the bonds which is June 14, 2031.

16. INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund receivable and payable balances at December 31, 2023, were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	18.60	1,185.24
Water	159.03	18.60
Sewer	182.64	972.67
Gas	1,816.24	
Total	<u>2,176.51</u>	<u>2,176.51</u>

The purposes for the interfund receivable and payable balances are for utility payments.

The Municipality expects all interfund receivables and payables to be repaid within one year.

17. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through February 24, 2025, the date on which the financial statements were available to be issued.

On July 19, 2021, the municipal board approved a resolution to authorize the issuance of a sewer revenue bond not to exceed \$1,173,000.00 and to create a special surcharge to be used for the payment of the sewer revenue bond. As of December 31, 2023, \$947,260.00 has been drawn down on the revenue bond and an additional amount has been issued subsequent to the financial statement date.

On May 9, 2022, the municipal board approved a resolution to authorize the issuance of a sewer revenue bond not to exceed \$458,757.00 and to create a special surcharge to be used for the payment of the sewer revenue bond. As of December 31, 2023, \$206,827.00 has been drawn down on the revenue bond and an additional amount has been issued subsequent to the financial statement date.

On May 8, 2023, the municipal board approved a resolution to authorize the issuance of a water revenue bond not to exceed \$1,575,000.00 and to create a special surcharge to be used for the payment of the water revenue bond.

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes	286,790.00	286,790.00	286,085.66	(704.34)
General Sales and Use Taxes	200,000.00	275,604.00	348,488.59	72,884.59
Penalties & Interest on Delinquent Taxes	200.00	200.00	692.65	492.65
Licenses and Permits	46,300.00	59,060.00	72,302.13	13,242.13
Intergovernmental Revenue:				
State Grants	0.00	1,995.32	1,995.32	0.00
State Shared Revenue:				
Bank Franchise Tax	9,000.00	9,000.00	12,042.50	3,042.50
Prorate License Fees	750.00	750.00	1,053.06	303.06
Liquor Tax Reversion	8,000.00	9,361.00	9,361.99	0.99
Motor Vehicle Licenses	8,000.00	8,000.00	10,142.55	2,142.55
Local Government Highway and Bridge Fund	9,650.00	9,650.00	11,077.17	1,427.17
County Shared Revenue:				
County Wheel Tax	1,450.00	1,450.00	1,852.79	402.79
Other	0.00	93,600.00	93,600.00	0.00
Charges for Goods and Services:				
General Government	0.00	0.00	1,438.00	1,438.00
Fines and Forfeits:				
Court Fines and Costs	0.00	0.00	97.50	97.50
Other	0.00	0.00	50.00	50.00
Miscellaneous Revenue:				
Investment Earnings	50.00	10,757.00	26,798.65	16,041.65
Rentals	5,000.00	5,000.00	17,210.00	12,210.00
Other	8,500.00	13,386.00	16,606.73	3,220.73
Total Revenue	583,690.00	784,603.32	910,895.29	126,291.97
Expenditures:				
General Government:				
Legislative	18,018.00	20,206.00	18,299.94	1,906.06
Contingency	4,827.00	4,827.00		
Amount Transferred		(4,827.00)		0.00
Executive	22,568.00	23,165.82	20,503.54	2,662.28
Elections	1,980.00	0.00	22.31	(22.31)
Financial Administration	60,650.00	70,420.00	64,676.98	5,743.02
Other	55,358.00	74,131.00	59,733.27	14,397.73
Total General Government	163,401.00	187,922.82	163,236.04	24,686.78

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Cont.):				
Public Safety:				
Police	51,935.00	51,935.00	51,935.00	0.00
Fire	40,000.00	40,000.00	40,000.00	0.00
Protective Inspection	44,471.00	54,571.00	43,106.35	11,464.65
Total Public Safety	136,406.00	146,506.00	135,041.35	11,464.65
Public Works:				
Highways and Streets	329,589.00	512,164.00	310,790.18	201,373.82
Sanitation	12,337.00	18,204.50	13,340.69	4,863.81
Total Public Works	341,926.00	530,368.50	324,130.87	206,237.63
Health and Welfare:				
Health	11,105.00	14,634.00	9,200.17	5,433.83
Humane Society	650.00	950.00	641.18	308.82
Ambulance	10,000.00	10,000.00	10,000.00	0.00
Total Health and Welfare	21,755.00	25,584.00	19,841.35	5,742.65
Culture and Recreation:				
Parks	110,073.00	295,753.00	271,088.81	24,664.19
Total Culture and Recreation	110,073.00	295,753.00	271,088.81	24,664.19
Conservation and Development:				
Economic Development and Assistance	6,672.00	6,822.00	4,047.15	2,774.85
Total Conservation and Development	6,672.00	6,822.00	4,047.15	2,774.85
Debt Service	19,957.00	39,957.00	39,956.00	1.00
Total Expenditures	800,190.00	1,232,913.32	957,341.57	275,571.75
Excess of Revenue Over (Under) Expenditures	(216,500.00)	(448,310.00)	(46,446.28)	(401,863.72)
Other Financing Sources (Uses):				
Sale of Municipal Property	0.00	1,166.00	1,236.13	70.13
Compensation for Loss or Damage to Capital Assets	0.00	1,039.00	1,039.03	0.03
Total Other Financing Sources (Uses)	0.00	2,205.00	2,275.16	70.16
Net Change in Fund Balances	(216,500.00)	(446,105.00)	(44,171.12)	401,933.88
Fund Balance - Beginning	621,364.13	621,364.13	621,364.13	0.00
FUND BALANCE - ENDING	404,864.13	175,259.13	577,193.01	401,933.88

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CROOKS
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL PARK FUND
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous Revenue:				
Contributions and Donations from Private Sources	0.00	0.00	1,410.00	1,410.00
Total Revenue	0.00	0.00	1,410.00	1,410.00
Expenditures:				
Culture and Recreation:				
Parks	0.00	4,680.00	4,680.00	0.00
Total Expenditures	0.00	4,680.00	4,680.00	0.00
Excess of Revenue Over (Under) Expenditures	0.00	(4,680.00)	(3,270.00)	1,410.00
Net Change in Fund Balances	0.00	(4,680.00)	(3,270.00)	1,410.00
Fund Balance - Beginning	4,670.00	4,670.00	4,670.00	0.00
FUND BALANCE - ENDING	4,670.00	(10.00)	1,400.00	1,410.00

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CROOKS
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ENTERTAINMENT TAX FUND
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General Sales and Use Taxes	10,000.00	10,000.00	14,768.56	4,768.56
Total Revenue	10,000.00	10,000.00	14,768.56	4,768.56
Expenditures:				
Conservation and Development:				
Economic Development and Assistance	25,000.00	25,000.00	15,406.05	9,593.95
Total Conservation and Development	25,000.00	25,000.00	15,406.05	9,593.95
Total Expenditures	25,000.00	25,000.00	15,406.05	9,593.95
Net Change in Fund Balances	(15,000.00)	(15,000.00)	(637.49)	14,362.51
Fund Balance - Beginning	18,811.41	18,811.41	18,811.41	0.00
FUND BALANCE - ENDING	3,811.41	3,811.41	18,173.92	14,362.51

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CROOKS
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL MAINTENANCE FUND
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous Revenue:				
Maintenance Assessments	93,000.00	93,000.00	98,733.50	5,733.50
Total Revenue	93,000.00	93,000.00	98,733.50	5,733.50
Expenditures:				
Public Works:				
Highways and Streets	93,000.00	93,000.00	80,334.78	12,665.22
Total Public Works	93,000.00	93,000.00	80,334.78	12,665.22
Total Expenditures	93,000.00	93,000.00	80,334.78	12,665.22
Net Change in Fund Balances	0.00	0.00	18,398.72	18,398.72
Fund Balance - Beginning	1,679.05	1,679.05	1,679.05	0.00
FUND BALANCE - ENDING	1,679.05	1,679.05	20,077.77	18,398.72

NOTES TO THE REQUIRED 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.
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. The Municipality did not encumber any amounts at December 31, 2023.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with the accounting principles generally accepted in the United States (USGAAP).

NOTE 2. GAAP/Budgetary Accounting Basis Differences

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

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

South Dakota Retirement System

Last Nine Years *

	<u>Municipality's proportion of the net pension liability/asset</u>	<u>Municipality's proportionate share of net pension liability (asset)</u>	<u>Municipality's covered-employee payroll</u>	<u>Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability (asset)</u>
2023	0.0116040%	\$ 1,132.60	\$ 299,295.44	-0.38%	100.10%
2022	0.0091340%	\$ (863.22)	\$ 218,117.44	0.40%	100.10%
2021	0.0087140%	\$ (66,734.33)	\$ 197,746.10	33.75%	105.52%
2020	0.0087109%	\$ (378.31)	\$ 191,176.34	0.20%	100.04%
2019	0.0081625%	\$ (865.00)	\$ 173,551.39	0.50%	100.09%
2018	0.0066469%	\$ (155.02)	\$ 138,189.07	0.11%	100.02%
2017	0.0075582%	\$ (685.91)	\$ 152,296.83	0.45%	100.10%
2016	0.0063572%	\$ 21,474.00	\$ 118,630.69	18.10%	96.89%
2015	0.0052454%	\$ (22,247.24)	\$ 95,764.73	23.23%	104.10%

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

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY CONTRIBUTIONS

South Dakota Retirement System

Last Nine Years *

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Municipality's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2023	\$ 19,263.26	\$ 19,263.26	\$ -	\$ 317,416.84	6.07%
2022	\$ 15,550.84	\$ 15,550.84	\$ -	\$ 259,179.72	6.00%
2021	\$ 12,141.63	\$ 12,141.63	\$ -	\$ 202,358.81	6.00%
2020	\$ 11,563.80	\$ 11,563.80	\$ -	\$ 192,728.25	6.00%
2019	\$ 11,091.76	\$ 11,091.76	\$ -	\$ 184,863.52	6.00%
2018	\$ 9,094.30	\$ 9,094.30	\$ -	\$ 151,571.69	6.00%
2017	\$ 8,869.38	\$ 8,869.38	\$ -	\$ 147,829.75	6.00%
2016	\$ 8,369.66	\$ 8,369.66	\$ -	\$ 139,799.32	5.99%
2015	\$ 5,695.72	\$ 5,695.72	\$ -	\$ 96,858.20	5.88%

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

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

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

Benefit Provision Changes

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

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation

Actuarial Assumption Changes

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

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

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

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