

**MUNICIPALITY OF GREGORY
GREGORY, SOUTH DAKOTA**

AUDIT REPORT

**FOR THE YEAR JANUARY 1, 2023 TO DECEMBER 31, 2023
AND
FOR THE YEAR JANUARY 1, 2024 TO DECEMBER 31, 2024**

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF GREGORY

MUNICIPAL OFFICIALS
DECEMBER 31, 2024

MAYOR:

Allen Cerny

GOVERNING BOARD:

Stacey Boes
Kristi Drey
Cory Graber
Guhner Kepler
Laura Petersen
Maurice Schlaht

FINANCE OFFICER:

Trudy Waterman

ATTORNEY:

Amy Bartling

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS

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

Governing Board
Municipality of Gregory
Gregory, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Gregory, South Dakota (Municipality), as of December 31, 2024 and December 31, 2023, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated February 3, 2026, which was adverse for aggregate discretely presented component units because they were not presented.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as item 2024-001 to be a material 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, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Current Audit Findings as item 2024-002.

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 finding identified in our audit is described in the accompanying Schedule of Current Audit Findings. The Municipality's response was not subjected to the 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 3, 2026

Schoenfish & Co., Inc.

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SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2022-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This comment has not been corrected and is restated as current audit finding number 2024-001.

Compliance – Related Finding – Material Weakness:

Finding Number 2022-002:

Expenditures exceeded the amounts budgeted in seven departments in the General Fund. This comment has not been corrected and a similar comment is restated as current audit finding number 2024-002.

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SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2024-001:

Condition:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This is a similar 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 have the ability to process all revenue transactions from beginning to end. The Finance Officer and Deputy Finance Officer also have the ability to 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:

As a result, 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 Gregory 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.

Compliance – Related Finding – Material Weakness:

Finding Number 2024-002:

Condition:

Expenditures exceeded the amounts budgeted in seven departments in the General Fund in 2023 and eight departments in the General Fund in 2024. Also, a budget was not adopted for every major special revenue fund. This is a similar continuing audit comment since 2020.

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SCHEDULE OF CURRENT AUDIT FINDINGS
(Continued)

Criteria:

SDCL 9-21-2 states in part, "The governing body of each municipality shall, no later than its first regular meeting in September of each year or within 10 days thereafter, introduce the annual appropriation ordinance for the ensuing fiscal year, in which it shall appropriate the sums of money necessary to meet all lawful expenses and liabilities of the municipality." Also, SDCL 9-21-9 states, "Neither the governing body nor any department or office of the municipality shall add to the municipal expenditures in any fiscal year any sum in excess of the amount provided for in the annual appropriation ordinance except as otherwise specially provided. Nor shall the amount spent for any purpose or any department exceed the total amount appropriated for such purpose or for such department in the annual appropriation ordinance for such year, except as otherwise specially provided."

Cause of Condition:

The Municipality expended money in excess of amounts budgeted without supplementing the budget as allowed by SDCL 9-21-7. Also, the Municipality did not adopt expenditure budgets for several of the funds as required by SDCL 9-21-2.

Potential Effect of Condition:

Without amending the budget or limiting expenditures, expenditures are being made without proper authority. Also, budgets are not being properly adopted in accordance with budgetary guidelines.

Recommendation:

2. We recommend that the expenditure budgets be adopted in accordance with SDCL 9-21-2 and that the expenditures be limited to amounts budgeted or budget supplements be made in accordance with SDCL 9-21-7 and SDCL 9-21-6.1 to allow for expenditures.

CLOSING CONFERENCE

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

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS

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CITY OF GREGORY

Al Cerny
Mayor
(605) 835-8270 Ext. #9

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GREGORY, SOUTH DAKOTA 57533
Phone (605) 835-8270

Trudy Waterman
Finance Officer
(605) 835-8270 Ext. #3

CORRECTIVE ACTION PLAN

Finding Number 2024-001: Material weakness in internal controls due to lack of segregation of duties for revenues.

Views of Responsible Officials and Planned Corrective Action Plan:

The City of Gregory Finance Officer, Trudy Waterman, with the Mayor, Al Cerny, are the contact persons responsible for the corrective action plan for this finding. Finding Number 2024-001 is due to the limited number of staff the City of Gregory can afford to have on the payroll budget. The Mayor, City Council Members, and Finance Administration employees are aware of the risk and have taken steps to reduce that risk. Our Assistant Finance Officer is solely in control of generating utility bills, the Finance Officer helps collect and oversee the collection of revenues through the current municipal software in the Receipts Management Module and Front Desk. The Finance Officer also conducts reconciliation on all accounts and would be required to report any discrepancies to the Mayor and Council. Our Finance Administration is required to run all revenue and expense reports monthly, our check signing procedures require two signatures, most generally the Mayor and one of the two employees in the Finance Administration. The Assistant Finance Officer and Finance Officer jointly conduct the payroll process and jointly fill out the claim vouchers, and the claims list is presented to the City Council at each meeting.

Finding Number 2024-002: Expenditures exceeded the amounts budgeted in seven departments in the General Fund in 2023 and eight departments in the General Fund in 2024.

The City of Gregory Finance Officer, Trudy Waterman, and the Mayor, Al Cerny, are the contact persons responsible for the corrective action on this plan. The corrective action is a scheduled review for October/November to evaluate the potential risks of running over budget in any department. By evaluating and correcting overbudget discrepancies earlier, the Finance Administration can reduce the risk of being overbudget.

In 2024, the Finance Officer incorrectly entered the revised budget amounts from the Budget Appropriations Ordinance. The numbers were entered at face value and did not enter the numbers as an additional amount creating a total budget increase. This error was consistent across the budget amendments.


Trudy Waterman
Finance Officer

1-9-2026
Date


Al Cerny
Mayor

1-9-2026
Date

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Gregory
Gregory, South Dakota

Report on the Audit of the Financial Statements

Adverse Opinion and Unmodified Opinions

We have audited the accompanying modified cash basis of accounting financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Gregory, South Dakota (Municipality), as of December 31, 2024 and December 31, 2023, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the table of contents.

Adverse Opinion

In our opinion, because of the omission of the discretely presented component units, the accompanying modified cash basis of accounting financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the Municipality of Gregory as of December 31, 2024 and December 31, 2023, or the changes in financial position thereof for each of the years in the biennial period then ended.

Unmodified Opinions

In our opinion, the accompanying modified cash basis of accounting financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Municipality of Gregory as of December 31, 2024 and December 31, 2023, and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 audit opinions.

The financial statements do not include financial data for the Municipality's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Municipality's primary government unless the Municipality also issues financial statements for the financial reporting entity that include the financial data for its component units. The Municipality has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America,

the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented components units would have been presented inclusive of the component units.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2026 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipality's internal control over financial reporting and compliance.

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
February 3, 2026

Schoenfish & Co., Inc.

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MUNICIPALITY OF GREGORY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	373,318.39	1,156,139.30	1,529,457.69
Investments	456,400.68	241,450.46	697,851.14
TOTAL ASSETS	<u>829,719.07</u>	<u>1,397,589.76</u>	<u>2,227,308.83</u>
NET POSITION:			
Restricted:			
Debt Service	50,869.30	112,998.69	163,867.99
City Promotion	97,250.19		97,250.19
Economic Development	39,965.86		39,965.86
Street Repair	154,106.02		154,106.02
Unrestricted	487,527.70	1,284,591.07	1,772,118.77
TOTAL NET POSITION	<u>829,719.07</u>	<u>1,397,589.76</u>	<u>2,227,308.83</u>

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

MUNICIPALITY OF GREGORY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 For the Year Ended December 31, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government	
			Grants and Contributions	Capital Grants and Contributions		Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	278,070.80	45,950.33	450.00		(231,670.47)		(231,670.47)
Public Safety	398,429.39	30.00	13,728.67		(384,670.72)		(384,670.72)
Public Works	1,647,563.60	53,883.00	81,440.48	38,482.45	(1,473,757.67)		(1,473,757.67)
Health and Welfare	32,202.47	472.00	1,684.00		(30,046.47)		(30,046.47)
Culture and Recreation	252,734.98	18,897.05		169,711.94	(64,125.99)		(64,125.99)
Conservation and Development	115,491.41		37,951.98		(77,539.43)		(77,539.43)
Miscellaneous Expenses		15,299.76			15,299.76		15,299.76
Debt Service	216,452.00				(216,452.00)		(216,452.00)
Total Governmental Activities	2,940,944.65	134,532.14	135,255.13	208,194.39	(2,462,962.99)	0.00	(2,462,962.99)
Business-type Activities:							
Water	637,878.47	327,653.48		321,221.55		10,996.56	10,996.56
Sewer	568,926.35	282,947.53		388,004.52		102,025.70	102,025.70
Total Business-Type Activities	1,206,804.82	610,601.01	0.00	709,226.07		113,022.26	113,022.26
Total Primary Government	4,147,749.47	745,133.15	135,255.13	917,420.46	(2,462,962.99)	113,022.26	(2,349,940.73)
General Revenues:							
Taxes:							
Property Taxes					414,579.60		414,579.60
Sales Taxes					957,721.64		957,721.64
State Shared Revenues					13,287.54		13,287.54
Unrestricted Investment Earnings					62,465.74	16,709.16	79,174.90
Debt Issued						396,000.00	396,000.00
Miscellaneous Revenue					184,150.51	27,415.72	211,566.23
Total General Revenues					1,632,205.03	440,124.88	2,072,329.91
Change in Net Position					(830,757.96)	553,147.14	(277,610.82)
Net Position - Beginning					1,660,477.03	844,442.62	2,504,919.65
NET POSITION - ENDING					829,719.07	1,397,589.76	2,227,308.83

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

**MUNICIPALITY OF GREGORY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2024**

	General Fund	Economic Development Fund	Liquor, Lodging, & Dining Sales Tax Fund	Special Street Assessment Fund	Grant Revolving Loan Fund	Total
ASSETS:						
Cash and Cash Equivalents	18,865.53					18,865.53
Investments	456,400.68	63,130.79	97,250.19	154,106.02	39,965.86	373,318.39
TOTAL ASSETS	475,266.21	63,130.79	97,250.19	154,106.02	39,965.86	829,719.07
FUND BALANCES:						
Restricted for Debt Service	50,869.30					50,869.30
Restricted for City Promotion			97,250.19			97,250.19
Restricted for Economic Development					39,965.86	39,965.86
Restricted for Street Repair				154,106.02		154,106.02
Committed for Economic Development		63,130.79				63,130.79
Committed for Pool	401,391.54					401,391.54
Assigned for Library	23,005.37					23,005.37
TOTAL FUND BALANCES	475,266.21	63,130.79	97,250.19	154,106.02	39,965.86	829,719.07

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

MUNICIPALITY OF GREGORY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

	General Fund	Economic Development Fund	Liquor, Lodging, & Dining Sales Tax Fund	Special Street Assessment Fund	Grant Revolving Loan Fund	Total
Revenues:						
Taxes:						
General Property Taxes	409,898.55					409,898.55
General Sales and Use Taxes	897,879.80		59,841.84			957,721.64
Tax Deed Revenue	3,028.34					3,028.34
Penalties & Interest on Delinquent Taxes	1,652.71					1,652.71
Total Taxes	1,312,459.40	0.00	59,841.84	0.00	0.00	1,372,301.24
Licenses and Permits	14,840.00	0.00	0.00	0.00	0.00	14,840.00
Intergovernmental Revenue:						
Federal Grants	13,728.67					13,728.67
State Grants	1,684.00					1,684.00
State Shared Revenue:						
Bank Franchise Tax	4,936.86					4,936.86
Prorate License Fees	4,267.71					4,267.71
Liquor Tax Reversion	8,350.68					8,350.68
Motor Vehicle Licenses	17,927.64					17,927.64
Local Government Highway and Bridge Fund	53,243.29					53,243.29
County Shared Revenue:						
County Road Tax	6,001.84					6,001.84
Total Intergovernmental Revenue	110,140.69	0.00	0.00	0.00	0.00	110,140.69
Charges for Goods and Services:						
General	2,645.53		37.80			2,683.33
Public Safety	30.00					30.00
Public Works	9,845.60					9,845.60
Health	472.00					472.00
Culture and Recreation	15,011.75					15,011.75
Airport	22,714.40					22,714.40
Total Charges for Goods and Services	50,719.28	0.00	37.80	0.00	0.00	50,757.08
Fines and Forfeits:						
Library	3,885.30	0.00	0.00	0.00	0.00	3,885.30
Miscellaneous Revenue:						
Investment Earnings	28,187.43	17,272.27			17,006.04	62,465.74
Rentals	49,750.00					49,750.00
Special Assessments				38,482.45		38,482.45
Contributions and Donations from Private Sources	208,113.92					208,113.92
Liquor Operating Agreement Income	15,299.76					15,299.76
Other	51,475.75					51,475.75
Total Miscellaneous Revenue	352,826.86	17,272.27	0.00	38,482.45	17,006.04	425,587.62
Total Revenue	1,844,871.53	17,272.27	59,879.64	38,482.45	17,006.04	1,977,511.93

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

MUNICIPALITY OF GREGORY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

	General Fund	Economic Development Fund	Liquor, Lodging, & Dining Sales Tax Fund	Special Street Assessment Fund	Grant Revolving Loan Fund	Total
Expenditures:						
General Government:						
Legislative	45,002.66					45,002.66
Executive	2,025.00					2,025.00
Elections	1,045.42					1,045.42
Financial Administration	113,890.69					113,890.69
Other	116,107.03					116,107.03
Total General Government	278,070.80	0.00	0.00	0.00	0.00	278,070.80
Public Safety:						
Police	270,597.90					270,597.90
Fire	127,831.49					127,831.49
Total Public Safety	398,429.39	0.00	0.00	0.00	0.00	398,429.39
Public Works:						
Highways and Streets	1,540,942.79					1,540,942.79
Airport	106,620.81					106,620.81
Total Public Works	1,647,563.60	0.00	0.00	0.00	0.00	1,647,563.60
Health and Welfare:						
Health	21,114.69					21,114.69
Ambulance	11,087.78					11,087.78
Total Health and Welfare	32,202.47	0.00	0.00	0.00	0.00	32,202.47
Culture and Recreation:						
Recreation	74,996.56					74,996.56
Parks	45,323.38					45,323.38
Libraries	74,045.16					74,045.16
Auditorium	58,369.88					58,369.88
Total Culture and Recreation	252,734.98	0.00	0.00	0.00	0.00	252,734.98
Conservation and Development:						
Economic Development and Assistance (Industrial Development)	74,559.37		40,932.04			115,491.41
Total Conservation and Development	74,559.37	0.00	40,932.04	0.00	0.00	115,491.41
Debt Service	216,452.00					216,452.00
Total Expenditures	2,900,012.61	0.00	40,932.04	0.00	0.00	2,940,944.65
Excess Revenue Over (Under) Expenditures	(1,055,141.08)	17,272.27	18,947.60	38,482.45	17,006.04	(963,432.72)
Other Financing Sources (Uses):						
Sale of General Capital Assets	46,996.91					46,996.91
Compensation for Loss/Damage to Capital Assets	85,677.85					85,677.85
Total Other Financing Sources (Uses)	132,674.76	0.00	0.00	0.00	0.00	132,674.76
Net Change in Fund Balance	(922,466.32)	17,272.27	18,947.60	38,482.45	17,006.04	(830,757.96)
Fund Balance - Beginning	1,397,732.53	45,858.52	78,302.59	115,623.57	22,959.82	1,660,477.03
FUND BALANCE- ENDING	475,266.21	63,130.79	97,250.19	154,106.02	39,965.86	829,719.07

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

MUNICIPALITY OF GREGORY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2024

	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	240,416.87	915,722.43	1,156,139.30
Investments	187,516.88	53,933.58	241,450.46
Total Current Assets	<u>427,933.75</u>	<u>969,656.01</u>	<u>1,397,589.76</u>
 TOTAL ASSETS	 <u>427,933.75</u>	 <u>969,656.01</u>	 <u>1,397,589.76</u>
 NET POSITION:			
Restricted for Debt Service	52,998.69	60,000.00	112,998.69
Unrestricted	374,935.06	909,656.01	1,284,591.07
Total Net Position	<u>427,933.75</u>	<u>969,656.01</u>	<u>1,397,589.76</u>
 TOTAL NET POSITION	 <u>427,933.75</u>	 <u>969,656.01</u>	 <u>1,397,589.76</u>

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

MUNICIPALITY OF GREGORY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2024

	Enterprise Funds		Totals
	Water Fund	Sewer Fund	
Operating Revenue:			
Charges for Goods and Services	245,944.25	140,193.36	386,137.61
Revenue Dedicated to Servicing Debt	81,578.44	142,737.58	224,316.02
Miscellaneous	130.79	16.59	147.38
Total Operating Revenue	327,653.48	282,947.53	610,601.01
Operating Expenses:			
Personal Services	116,417.23	13,176.45	129,593.68
Other Current Expenses	165,257.29	58,295.22	223,552.51
Total Operating Expenses	281,674.52	71,471.67	353,146.19
Operating Income (Loss)	45,978.96	211,475.86	257,454.82
Non-operating Revenue (Expense)			
Investment Earnings	4,528.05	12,181.11	16,709.16
Rentals	1,375.20	26,040.52	27,415.72
Capital Assets	(321,221.55)	(388,004.52)	(709,226.07)
Principal on Liabilities	(25,329.33)	(90,657.27)	(115,986.60)
Interest Expense	(9,653.07)	(18,792.89)	(28,445.96)
Long-Term Liabilities Issued	174,000.00	222,000.00	396,000.00
Total Non-operating Revenue (Expense)	(176,300.70)	(237,233.05)	(413,533.75)
Income (Loss) Before Contributions	(130,321.74)	(25,757.19)	(156,078.93)
Capital Contributions	321,221.55	388,004.52	709,226.07
Change in Net Position	190,899.81	362,247.33	553,147.14
Net Position - Beginning	237,033.94	607,408.68	844,442.62
NET POSITION - ENDING	427,933.75	969,656.01	1,397,589.76

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

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	1,357,928.69	603,384.56	1,961,313.25
Investments	302,548.34	241,058.06	543,606.40
TOTAL ASSETS	1,660,477.03	844,442.62	2,504,919.65
NET POSITION:			
Restricted:			
Debt Service	174,700.00	112,998.69	287,698.69
City Promotion	78,302.59		78,302.59
Economic Development	22,959.82		22,959.82
Street Repair	115,623.57		115,623.57
Unrestricted	1,268,891.05	731,443.93	2,000,334.98
TOTAL NET POSITION	1,660,477.03	844,442.62	2,504,919.65

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	195,687.40	73,085.54			(122,601.86)		(122,601.86)
Public Safety	314,006.10	10.00			(313,996.10)		(313,996.10)
Public Works	1,239,507.11	46,229.97	84,732.13	71,038.04	(1,037,506.97)		(1,037,506.97)
Health and Welfare	38,067.95				(38,067.95)		(38,067.95)
Culture and Recreation	279,332.06	13,827.00		158,252.06	(107,253.00)		(107,253.00)
Conservation and Development	196,423.77				(196,423.77)		(196,423.77)
Miscellaneous Expenses		20,262.25			20,262.25		20,262.25
Debt Service	216,627.00				(216,627.00)		(216,627.00)
Total Governmental Activities	2,479,651.39	153,414.76	84,732.13	229,290.10	(2,012,214.40)	0.00	(2,012,214.40)
Business-type Activities:							
Water	404,907.89	341,014.92				(63,892.97)	(63,892.97)
Sewer	297,187.76	283,622.15				(13,565.61)	(13,565.61)
Total Business-Type Activities	702,095.65	624,637.07	0.00	0.00		(77,458.58)	(77,458.58)
Total Primary Government	3,181,747.04	778,051.83	84,732.13	229,290.10	(2,012,214.40)	(77,458.58)	(2,089,672.98)
General Revenues:							
Taxes:							
Property Taxes					390,351.84		390,351.84
Sales Taxes					991,890.23		991,890.23
State Shared Revenues					15,966.27		15,966.27
Unrestricted Investment Earnings					67,516.07	6,139.59	73,655.66
Miscellaneous Revenue					270,267.83	32,308.18	302,576.01
Total General Revenues					1,735,992.24	38,447.77	1,774,440.01
Change in Net Position					(276,222.16)	(39,010.81)	(315,232.97)
Net Position - Beginning					1,936,699.19	883,453.43	2,820,152.62
NET POSITION - ENDING					1,660,477.03	844,442.62	2,504,919.65

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

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

	General Fund	Economic Development Fund	Liquor, Lodging, & Dining Sales Tax Fund	Special Street Assessment Fund	Grant Revolving Loan Fund	Total
ASSETS:						
Cash and Cash Equivalents	1,095,184.19	45,858.52	78,302.59	115,623.57	22,959.82	1,357,928.69
Investments	302,548.34					302,548.34
TOTAL ASSETS	1,397,732.53	45,858.52	78,302.59	115,623.57	22,959.82	1,660,477.03
FUND BALANCES:						
Restricted for Debt Service	174,700.00					174,700.00
Restricted for City Promotion			78,302.59			78,302.59
Restricted for Economic Development					22,959.82	22,959.82
Restricted for Street Repair				115,623.57		115,623.57
Committed for Economic Development		45,858.52				45,858.52
Committed for Pool	241,346.31					241,346.31
Assigned for Library	19,120.07					19,120.07
Unassigned	962,566.15					962,566.15
TOTAL FUND BALANCES	1,397,732.53	45,858.52	78,302.59	115,623.57	22,959.82	1,660,477.03

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

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

	General Fund	Economic Development Fund	Liquor, Lodging, & Dining, Sales Tax Fund	Special Street Assessment Fund	Grant Revolving Loan Fund	Total
Revenues:						
Taxes:						
General Property Taxes	383,887.35					383,887.35
General Sales and Use Taxes	945,090.60		46,799.63			991,890.23
Tax Deed Revenue	1,954.40					1,954.40
Penalties & Interest on Delinquent Taxes	4,510.09					4,510.09
Total Taxes	1,335,442.44	0.00	46,799.63	0.00	0.00	1,382,242.07
Licenses and Permits	25,010.00	0.00	0.00	0.00	0.00	25,010.00
Intergovernmental Revenue:						
Federal Grants	32,549.02					32,549.02
State Shared Revenue:						
Bank Franchise Tax	7,573.48					7,573.48
Prorate License Fees	4,289.97					4,289.97
Liquor Tax Reversion	8,392.79					8,392.79
Motor Vehicle Licenses	17,475.52					17,475.52
Local Government Highway and Bridge Fund	56,096.80					56,096.80
County Shared Revenue:						
County Road Tax	6,001.84					6,001.84
Total Intergovernmental Revenue	132,379.42	0.00	0.00	0.00	0.00	132,379.42
Charges for Goods and Services:						
General	26,914.64		18.90			26,933.54
Public Safety	10.00					10.00
Public Works	2,832.45					2,832.45
Culture and Recreation	13,827.00					13,827.00
Airport	23,890.77					23,890.77
Total Charges for Goods and Services	67,474.86	0.00	18.90	0.00	0.00	67,493.76
Miscellaneous Revenue:						
Investment Earnings	16,426.80	12,774.75		485.48	37,829.04	67,516.07
Rentals	40,648.75					40,648.75
Special Assessments	2,658.90			36,698.12		39,357.02
Contributions and Donations from Private Sources	158,252.06					158,252.06
Liquor Operating Agreement Income	20,262.25					20,262.25
Other	33,668.83					33,668.83
Total Miscellaneous Revenue	271,917.59	12,774.75	0.00	37,183.60	37,829.04	359,704.98
Total Revenue	1,832,224.31	12,774.75	46,818.53	37,183.60	37,829.04	1,966,830.23

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

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

	General Fund	Economic Development Fund	Liquor, Lodging, & Dining Sales Tax Fund	Special Street Assessment Fund	Grant Revolving Loan Fund	Total
Expenditures:						
General Government:						
Legislative	42,248.08					42,248.08
Executive	1,525.00					1,525.00
Financial Administration	100,776.24					100,776.24
Other	51,138.08					51,138.08
Total General Government	195,687.40	0.00	0.00	0.00	0.00	195,687.40
Public Safety:						
Police	285,645.91					285,645.91
Fire	28,360.19					28,360.19
Total Public Safety	314,006.10	0.00	0.00	0.00	0.00	314,006.10
Public Works:						
Highways and Streets	1,136,683.41					1,136,683.41
Airport	102,823.70					102,823.70
Total Public Works	1,239,507.11	0.00	0.00	0.00	0.00	1,239,507.11
Health and Welfare:						
Health	9,550.45					9,550.45
Ambulance	28,517.50					28,517.50
Total Health and Welfare	38,067.95	0.00	0.00	0.00	0.00	38,067.95
Culture and Recreation:						
Recreation	67,458.09					67,458.09
Parks	86,215.64					86,215.64
Libraries	72,035.05					72,035.05
Auditorium	53,623.28					53,623.28
Total Culture and Recreation	279,332.06	0.00	0.00	0.00	0.00	279,332.06
Conservation and Development:						
Economic Development and Assistance (Industrial Development)	102,189.86	35,000.00	19,233.91		40,000.00	196,423.77
Total Conservation and Development	102,189.86	35,000.00	19,233.91	0.00	40,000.00	196,423.77
Debt Service	216,627.00					216,627.00
Total Expenditures	2,385,417.48	35,000.00	19,233.91	0.00	40,000.00	2,479,651.39
Excess Revenue Over (Under) Expenditures	(553,193.17)	(22,225.25)	27,584.62	37,183.60	(2,170.96)	(512,821.16)
Other Financing Sources (Uses):						
Sale of General Capital Assets	236,599.00					236,599.00
Total Other Financing Sources (Uses)	236,599.00	0.00	0.00	0.00	0.00	236,599.00
Net Change in Fund Balance	(316,594.17)	(22,225.25)	27,584.62	37,183.60	(2,170.96)	(276,222.16)
Fund Balance - Beginning	1,714,326.70	68,083.77	50,717.97	78,439.97	25,130.78	1,936,699.19
FUND BALANCE- ENDING	1,397,732.53	45,858.52	78,302.59	115,623.57	22,959.82	1,660,477.03

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

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

	Enterprise Funds		Totals
	Water Fund	Sewer Fund	
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	49,624.65	553,759.91	603,384.56
Investments	187,409.29	53,648.77	241,058.06
Total Current Assets	237,033.94	607,408.68	844,442.62
TOTAL ASSETS	237,033.94	607,408.68	844,442.62
NET POSITION:			
Restricted for Debt Service	52,998.69	60,000.00	112,998.69
Unrestricted	184,035.25	547,408.68	731,443.93
Total Net Position	237,033.94	607,408.68	844,442.62
TOTAL NET POSITION	237,033.94	607,408.68	844,442.62

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

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

	Enterprise Funds		Totals
	Water Fund	Sewer Fund	
Operating Revenue:			
Charges for Goods and Services	267,883.07	156,535.36	424,418.43
Revenue Dedicated to Servicing Debt	72,930.70	127,067.83	199,998.53
Miscellaneous	201.15	18.96	220.11
Total Operating Revenue	341,014.92	283,622.15	624,637.07
Operating Expenses:			
Personal Services	124,953.88	14,210.69	139,164.57
Other Current Expenses	244,971.61	173,526.91	418,498.52
Total Operating Expenses	369,925.49	187,737.60	557,663.09
Operating Income (Loss)	(28,910.57)	95,884.55	66,973.98
Non-operating Revenue (Expense)			
Investment Earnings	2,025.64	4,113.95	6,139.59
Rentals	11,476.70	20,831.48	32,308.18
Principal on Liabilities	(24,735.23)	(87,562.44)	(112,297.67)
Interest Expense	(10,247.17)	(21,887.72)	(32,134.89)
Total Non-operating Revenue (Expense)	(21,480.06)	(84,504.73)	(105,984.79)
Change in Net Position	(50,390.63)	11,379.82	(39,010.81)
Net Position - Beginning	287,424.57	596,028.86	883,453.43
NET POSITION - ENDING	237,033.94	607,408.68	844,442.62

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

NOTES TO THE FINANCIAL STATEMENTS1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

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

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 Gregory, 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 low-income housing units, 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: Gregory Housing and Redevelopment Commission, Gregory, SD 57533.

The Gregory Ambulance Association provides emergency medical services to the community. The Municipality is responsible for appointing a board to oversee the operations. The Ambulance Association is discretely presented in the Municipality's government-wide financial statements. Financial statements can be obtained from the Finance Office, Box 436, Gregory, SD 57533.

The Municipality participates in a cooperative unit with other governmental entities. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit but are discussed in these notes because of the nature of their relationship with the Municipality.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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 and discretely presented component units. 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. Discretely presented component units are legally separate organizations that meet criteria, as described in Note 1.a., above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.a., above.

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

Fund Financial Statements:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Economic Development Fund – to account for funds loaned out to a new business to be repaid over a period of years. This is a major fund.

Liquor, Lodging and Dining Sales Tax Fund – to account for the collection of a one percent tax on the gross receipts of lodgings, alcoholic beverages, prepared food and admissions which tax shall be used for the purpose of land acquisition, architectural fees, construction costs, payments for civic center, auditorium or athletic facility buildings, including the promotion of advertising of the municipality. (SDCL 10-52-8) This is a major fund.

Special Street Assessment Fund – to account for the levy assessed for the purpose of maintaining or repairing street surfacing or pavement. (SDCL 9-45-38) This is a major fund.

Grant Revolving Loan Fund – to account for federal grants that when given to the Municipality are subsequently loaned out to a new business to be repaid over a period of years. This is a major fund.

Proprietary Funds:

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

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

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

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

c. Measurement Focus and Basis of Accounting:

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

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

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

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

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

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

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:

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

(Continued)

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

e. Deposits and Investments:

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

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

f. Capital Assets:

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

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

g. Long-Term Liabilities:

Long-term liabilities include Revenue Bonds and Bonds Payable.

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

h. Program Revenues:

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

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

i. Proprietary Funds Revenue and Expense Classifications:

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

j. Equity Classifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

k. Application of Net Position:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

I. 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 Municipal Governing Board committed the following fund balance types by taking the following action:

<u>Fund Balance Type</u>	<u>12/31/2023 Amount</u>	<u>12/31/2024 Amount</u>	<u>Action</u>
Economic Development	\$ 45,858.52	\$ 63,130.79	Ordinance
Pool	\$ 241,346.31	\$ 401,391.54	Resolution

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 for unrestricted fund balance when expenditures are made.

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

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Economic Development Fund	Investment Earnings
Liquor, Lodging, & Dining sales Tax Fund	Sales tax
Special Street Assessment Fund	Special Assessments
Grant Revolving Loan Fund	Investment Earnings

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
 (Continued)

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL:

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

	Year Ended 12/31/23	Year Ended 12/31/24
General Fund:		
<u>Activity</u>		
Financial Administration		12,390.69
General Government - Other	2,238.08	
Police	15,645.91	
Fire	860.19	331.49
Highway and Streets		273,442.79
Airport	37,323.70	
Health	9,550.45	21,114.69
Ambulance	13,517.50	
Recreation		496.57
Parks		823.38
Economic Development and Assitance		32,559.37
Debt Service	627.00	6,452.00

The Municipal Council plans to take the following actions to address these violations – Use supplemental budgets when legal authority allows.

3. 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 as follows:

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

Investments – In general, SDCL 4-5-6 permits 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.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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 and December 31, 2024, the Municipality had the following investments:

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Fair Value 12/31/2023</u>	<u>Fair Value 12/31/2024</u>
External Investment Pools:				
SDFIT	Unrated	N/A	\$ 95,545.83	\$ 100,265.36
Total Investments			<u>\$ 95,545.83</u>	<u>\$ 100,265.36</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.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the Municipality's deposits may not be returned to it. The Municipality does not have a deposit policy for custodial credit risk.

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.

4. PROPERTY TAXES

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

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

5. LONG-TERM COMMITMENT

The Municipality of Gregory entered into a forty-year commitment with Tripp County Water Users District to provide water to the Municipality. A monthly charge in the amount of \$3,000.00 is paid by the Municipality to Tripp County Water Users District. The monthly charge represents a contribution by the Municipality to aid Tripp County Water Users District in the construction of the facilities necessary to provide the

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
 (Continued)

Municipality with water. The Municipality will not acquire ownership of any of these water facilities through these payments. Payments are made from the Municipality’s Water Fund.

The following are the minimum payments on this commitment:

2025	\$	36,000.00
2026	\$	36,000.00
2027	\$	36,000.00
2028	\$	36,000.00
2029	\$	36,000.00
2030-2034	\$	180,000.00
2035-2039	\$	180,000.00
2040	\$	36,000.00

6. RESTRICTED NET POSITION

Restricted net position for the years ended December 31, 2023 and December 31, 2024 were as follows:

	<u>12/31/2023</u>	<u>12/31/2024</u>
Debt Service	\$ 287,698.69	\$ 163,867.99
City Promotion	78,302.59	97,250.19
Economic Development	22,959.82	39,965.86
Street Repair	115,623.57	154,106.02
Total Restricted Net Position	<u>\$ 504,584.67</u>	<u>\$ 455,190.06</u>

These balances are restricted due to federal grant requirements, statutory requirements, and governmental accounting standards.

7. PENSION PLAN

Plan Information:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS(Continued)Benefits Provided:

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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, 2024, 2023, and 2022, equal to required contributions each year, were as follows:

<u>Year</u>		<u>Amount</u>
2024	\$	32,583.51
2023	\$	30,144.43
2022	\$	30,072.66

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

At June 30, 2024, SDRS is 100.0% funded and accordingly has net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the Municipality as of this measurement period ending June 30, 2024 are as follows:

Proportionate share of pension liability	\$ 2,780,167.22
Less proportionate share of net pension restricted for pension benefits	<u>\$ 2,780,921.60</u>
Proportionate share of net pension liability (asset)	<u>\$ (754.38)</u>

The net pension liability (asset) was measured as of June 30, 2024 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, 2024, the Municipality's proportion was 0.018636% which is an increase (decrease) of -0.000669% from its proportion measured as of June 30, 2023.

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 South Dakota Retirement System, for the Municipality as of this measurement period ending June 30, are as follows:

Proportionate share of pension liability	\$ 2,797,428.22
Less proportionate share of net pension restricted for pension benefits	<u>\$ 2,799,312.47</u>
Proportionate share of net pension liability (asset)	<u>\$ (1,884.25)</u>

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 0.01930500% which is an increase (decrease) of -0.0005670% from its proportion measured as of June 30, 2022.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2024 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	1.71% for 2024 1.91% for 2023

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	100%	

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

<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	100%	

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

As of June 30, 2024, the following presents the Municipality's proportionate share as of net pension liability (asset) calculated using the discount rate of 6.50 percent, 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)	\$383,335.41	\$(754.38)	\$(315,059.47)

As of June 30, 2023, the following presents the Municipality's proportionate share as of net pension liability (asset) calculated using the discount rate of 6.50 percent, 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)	\$386,205.98	\$(1,884.25)	\$(319,268.03)

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Pension Plan Fiduciary Net Position:

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

8. SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2024, the Municipality was not involved in any significant litigation.

9. RISK MANAGEMENT

The Municipality is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the biennial period ended December 31, 2024, 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 coverage includes a \$2,000,000 lifetime maximum payment per person.

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 three 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, automobile liability, official's liability, law enforcement liability, and property damage coverage.

The Municipality carries a \$0.00 to \$2,000.00 deductible for the liability coverage and \$0.00 to \$5,000.00 deductible for the property damage 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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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 self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

The Municipality does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage over the past three years.

Unemployment Benefits:

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

10. JOINT VENTURE

The Municipality participates in a joint venture, known as the Southern Missouri Recycling & Waste Management District, formed for the purpose of providing solid waste disposal services to participating members.

The members of the joint venture are as follows:

Municipality of Armour	Municipality of Bonesteel	Charles Mix County
Douglas County	Municipality of Geddes	Gregory County
Municipality of Gregory	Municipality of Lake Andes	Municipality of Pickstown
Municipality of Ravinia	Municipality of Springfield	Municipality of Tabor
Municipality of Wagner		

The joint venture's governing board is composed of 6 representatives. The board is responsible for adopting the budget and setting service fees adequate to fund the budget.

The Municipality retains no equity in the net position of the joint venture, but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation.

At December 31, 2024, this joint venture had total assets and deferred outflows of \$2,261,827.29, total liabilities and deferred inflows of \$618,771.25, and total Net Position of \$1,643,056.04.

11. TAX ABATEMENTS

The Municipality entered into property tax abatement agreements with local homeowners under SDCL 11-9 and Ordinance No. 2017-11. The tax increment districts were created to stimulate and develop the general economic welfare and prosperity of the Municipality through the creation and encouragement of new housing development; and the improvement of the area will likely enhance significantly the value of substantially all of the other real property in the tax increment district.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Under the agreement, the Municipality may grant property tax abatements of:

- (A) Zero percent of the total property value for the first year following construction on such property;
- (B) For the second year following construction, not more than 20% of the usual taxable value shall be used for the tax purpose of the property;
- (C) For the third year following construction, not more than 40% of the usual taxable value shall be used for the tax purposes on the property;
- (D) For the fourth year following construction, not more that 60% of the usual taxable value shall be used for the tax purposes on the property.
- (E) For the fifth year following construction, not more than 80% of the usual taxable value shall be used for the tax purposes on the property.

The abatements may be granted to any new residential structures in the Grandview Addition of the Municipality of Gregory.

This tax abatement program is administered at the county level so records regarding abated properties is not available directly from the Municipality.

12. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through February 3, 2026, the date on which the financial statements were available to be issued.

In April 2025, the municipality started Phase 1 of an infrastructure project. The project is currently being funded by grant money and surcharges. However, management believes the municipality will need to take out loans to fund the entire project.

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF GREGORY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
General Property Taxes	400,000.00	400,000.00	409,898.55	9,898.55
General Sales and Use Taxes	775,000.00	775,000.00	897,879.80	122,879.80
Tax Deed Revenue	0.00	0.00	3,028.34	3,028.34
Penalties and Interest on Delinquent Taxes	7,000.00	7,000.00	1,652.71	(5,347.29)
Total Taxes	1,182,000.00	1,182,000.00	1,312,459.40	130,459.40
Licenses and Permits	18,000.00	18,000.00	14,840.00	(3,160.00)
Intergovernmental Revenue:				
Federal Grants	813,300.00	813,300.00	13,728.67	(799,571.33)
State Grants	0.00	0.00	1,684.00	1,684.00
State Shared Receipts:				
Bank Franchise Tax	7,000.00	7,000.00	4,936.86	(2,063.14)
Prorate License Fees	4,000.00	4,000.00	4,267.71	267.71
Liquor Tax Reversion	8,500.00	8,500.00	8,350.68	(149.32)
Motor Vehicle Licenses	15,500.00	15,500.00	17,927.64	2,427.64
Local Government Highway and Bridge Fund	45,000.00	45,000.00	53,243.29	8,243.29
County Shared Revenue:				
County Road Tax	6,000.00	6,000.00	6,001.84	1.84
Total Intergovernmental Revenue	899,300.00	899,300.00	110,140.69	(789,159.31)
Charges for Goods and Services:				
General Government	10,000.00	10,000.00	2,645.53	(7,354.47)
Public Safety	0.00	0.00	30.00	30.00
Public Works	0.00	0.00	9,845.60	9,845.60
Highways and Streets	3,500.00	3,500.00	0.00	(3,500.00)
Health	0.00	0.00	472.00	472.00
Culture and Recreation	15,000.00	15,000.00	15,011.75	11.75
Airport	25,000.00	25,000.00	22,714.40	(2,285.60)
Other	5,000.00	5,000.00	0.00	(5,000.00)
Total Charges for Goods and Services	58,500.00	58,500.00	50,719.28	(7,780.72)
Fines and Forfeits:				
Animal Control Fines	300.00	300.00	0.00	(300.00)
Library	0.00	0.00	3,885.30	3,885.30
Total Fines and Forfeits	300.00	300.00	3,885.30	3,585.30
Miscellaneous Revenue:				
Investment Earnings	6,000.00	6,000.00	28,187.43	22,187.43
Rentals	45,000.00	45,000.00	49,750.00	4,750.00
Special Assessments	500.00	500.00	0.00	(500.00)
Contributions and Donations from Private Sources	0.00	0.00	208,113.92	208,113.92
Liquor Operating Agreement Income	17,000.00	17,000.00	15,299.76	(1,700.24)
Other	10,000.00	10,000.00	51,475.75	41,475.75
Total Miscellaneous Revenue	78,500.00	78,500.00	352,826.86	274,326.86
Total Revenue	2,236,600.00	2,236,600.00	1,844,871.53	(391,728.47)

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF GREGORY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
General Government:				
Legislative	74,400.00	74,400.00	45,002.66	29,397.34
Executive	15,000.00	15,000.00	2,025.00	12,975.00
Elections	1,500.00	1,500.00	1,045.42	454.58
Financial Administration	85,500.00	101,500.00	113,890.69	(12,390.69)
Other	35,000.00	120,000.00	116,107.03	3,892.97
Total General Government	211,400.00	312,400.00	278,070.80	34,329.20
Public Safety:				
Police	263,200.00	271,200.00	270,597.90	602.10
Fire	22,500.00	127,500.00	127,831.49	(331.49)
Protective Inspection	10,000.00	10,000.00	0.00	10,000.00
Other Protection	4,500.00	4,500.00	0.00	4,500.00
Total Public Safety	300,200.00	413,200.00	398,429.39	14,770.61
Public Works:				
Highways and Streets	282,500.00	1,267,500.00	1,540,942.79	(273,442.79)
Airport	943,200.00	943,200.00	106,620.81	836,579.19
Transit	6,000.00	6,000.00	0.00	6,000.00
Total Public Works	1,231,700.00	2,216,700.00	1,647,563.60	569,136.40
Health and Welfare:				
Health	0.00	0.00	21,114.69	(21,114.69)
Ambulance	19,000.00	19,000.00	11,087.78	7,912.22
Total Health and Welfare	19,000.00	19,000.00	32,202.47	(13,202.47)
Culture and Recreation:				
Recreation	72,000.00	74,500.00	74,996.56	(496.56)
Parks	39,500.00	44,500.00	45,323.38	(823.38)
Libraries	81,800.00	81,800.00	74,045.16	7,754.84
Auditorium	29,000.00	64,000.00	58,369.88	5,630.12
Total Culture and Recreation	222,300.00	264,800.00	252,734.98	12,065.02
Conservation and Development:				
Economic Development and Assistance	42,000.00	42,000.00	74,559.37	(32,559.37)
Total Conservation and Development	42,000.00	42,000.00	74,559.37	(32,559.37)
Debt Service	210,000.00	210,000.00	216,452.00	(6,452.00)
Total Expenditures	2,236,600.00	3,478,100.00	2,900,012.61	578,087.39
Excess of Revenue Over (Under)				
Expenditures	0.00	(1,241,500.00)	(1,055,141.08)	186,358.92

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF GREGORY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Other Financing Sources (Uses):				
Transfers In	0.00	821,169.00	0.00	(821,169.00)
Sale of Municipal Property	0.00	46,600.00	46,996.91	396.91
Compensation for Loss or Damage to Capital Assets	0.00	85,600.00	85,677.85	77.85
Total Other Financing Sources (Uses)	0.00	953,369.00	132,674.76	(820,694.24)
Net Change in Fund Balances	0.00	(288,131.00)	(922,466.32)	(634,335.32)
Fund Balance - Beginning	1,397,732.53	1,397,732.53	1,397,732.53	0.00
FUND BALANCE - ENDING	1,397,732.53	1,109,601.53	475,266.21	(634,335.32)

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF GREGORY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH 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	384,000.00	384,000.00	383,887.35	(112.65)
General Sales and Use Taxes	700,000.00	700,000.00	945,090.60	245,090.60
Tax Deed Revenue	0.00	0.00	1,954.40	1,954.40
Penalties and Interest on Delinquent Taxes	1,000.00	1,000.00	4,510.09	3,510.09
Total Taxes	1,085,000.00	1,085,000.00	1,335,442.44	250,442.44
Licenses and Permits	17,000.00	17,000.00	25,010.00	8,010.00
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	32,549.02	32,549.02
State Grants	0.00	15,000.00	0.00	(15,000.00)
State Shared Receipts:				
Bank Franchise Tax	6,500.00	6,500.00	7,573.48	1,073.48
Prorate License Fees	4,000.00	4,000.00	4,289.97	289.97
Liquor Tax Reversion	8,500.00	8,500.00	8,392.79	(107.21)
Motor Vehicle Licenses	15,500.00	15,500.00	17,475.52	1,975.52
Local Government Highway and Bridge Fund	48,500.00	48,500.00	56,096.80	7,596.80
County Shared Revenue:				
County Road Tax	3,000.00	3,000.00	6,001.84	3,001.84
Total Intergovernmental Revenue	86,000.00	101,000.00	132,379.42	31,379.42
Charges for Goods and Services:				
General Government	17,000.00	17,000.00	26,914.64	9,914.64
Public Safety	0.00	0.00	10.00	10.00
Public Works	0.00	0.00	2,832.45	2,832.45
Highways and Streets	3,500.00	3,500.00	0.00	(3,500.00)
Culture and Recreation	15,000.00	15,000.00	13,827.00	(1,173.00)
Airport	40,000.00	40,000.00	23,890.77	(16,109.23)
Total Charges for Goods and Services	75,500.00	75,500.00	67,474.86	(8,025.14)
Fines and Forfeits:				
Animal Control Fines	300.00	300.00	0.00	(300.00)
Total Fines and Forfeits	300.00	300.00	0.00	(300.00)
Miscellaneous Revenue:				
Investment Earnings	3,500.00	3,500.00	16,426.80	12,926.80
Rentals	36,000.00	36,000.00	40,648.75	4,648.75
Special Assessments	700.00	700.00	2,658.90	1,958.90
Contributions and Donations from Private Sources	0.00	0.00	158,252.06	158,252.06
Liquor Operating Agreement Income	12,000.00	12,000.00	20,262.25	8,262.25
Other	10,000.00	10,000.00	33,668.83	23,668.83
Total Miscellaneous Revenue	62,200.00	62,200.00	271,917.59	209,717.59
Total Revenue	1,326,000.00	1,341,000.00	1,832,224.31	491,224.31

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF GREGORY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH 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:				
General Government:				
Legislative	51,900.00	51,900.00	42,248.08	9,651.92
Executive	13,000.00	18,000.00	1,525.00	16,475.00
Elections	1,300.00	1,300.00	0.00	1,300.00
Financial Administration	104,100.00	104,100.00	100,776.24	3,323.76
Other	33,900.00	48,900.00	51,138.08	(2,238.08)
Total General Government	204,200.00	224,200.00	195,687.40	28,512.60
Public Safety:				
Police	255,000.00	270,000.00	285,645.91	(15,645.91)
Fire	22,500.00	27,500.00	28,360.19	(860.19)
Other Protection	10,000.00	10,000.00	0.00	10,000.00
Total Public Safety	287,500.00	307,500.00	314,006.10	(6,506.10)
Public Works:				
Highways and Streets	263,500.00	1,263,500.00	1,136,683.41	126,816.59
Airport	57,500.00	65,500.00	102,823.70	(37,323.70)
Transit	5,000.00	5,000.00	0.00	5,000.00
Total Public Works	326,000.00	1,334,000.00	1,239,507.11	94,492.89
Health and Welfare:				
Health	0.00	0.00	9,550.45	(9,550.45)
Humane Society	500.00	500.00	0.00	500.00
Ambulance	0.00	15,000.00	28,517.50	(13,517.50)
Other	4,000.00	4,000.00	0.00	4,000.00
Total Health and Welfare	4,500.00	19,500.00	38,067.95	(18,567.95)
Culture and Recreation:				
Recreation	63,500.00	68,500.00	67,458.09	1,041.91
Parks	39,500.00	89,500.00	86,215.64	3,284.36
Libraries	81,900.00	81,900.00	72,035.05	9,864.95
Auditorium	25,000.00	55,000.00	53,623.28	1,376.72
Total Culture and Recreation	209,900.00	294,900.00	279,332.06	15,567.94
Conservation and Development:				
Economic Development and Assistance	40,700.00	105,700.00	102,189.86	3,510.14
Total Conservation and Development	40,700.00	105,700.00	102,189.86	3,510.14
Debt Service	216,000.00	216,000.00	216,627.00	(627.00)
Total Expenditures	1,288,800.00	2,501,800.00	2,385,417.48	116,382.52
Excess of Revenue Over (Under)				
Expenditures	37,200.00	(1,160,800.00)	(553,193.17)	607,606.83

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Other Financing Sources (Uses):				
Sale of Municipal Property	0.00	232,000.00	236,599.00	4,599.00
Total Other Financing Sources (Uses)	0.00	232,000.00	236,599.00	4,599.00
Net Change in Fund Balances	37,200.00	(928,800.00)	(316,594.17)	612,205.83
Fund Balance - Beginning	1,714,326.70	1,714,326.70	1,714,326.70	0.00
FUND BALANCE - ENDING	1,751,526.70	785,526.70	1,397,732.53	612,205.83

NOTES TO THE SUPPLEMENTARY INFORMATION

Schedules of Budgetary Comparisons for the General Fund.

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.

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

The Municipality did not encumber any amounts at December 31, 2024 and 2023.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund.
7. Budgets for the General Fund are adopted on a basis consistent with the modified cash basis of accounting.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

South Dakota Retirement System

Last 10 Years *

Calendar Year	Municipality's Proportion of the Net Pension Liability/Asset	Municipality's Proportionate Share of Net Pension Liability/Asset	Municipality's Covered Payroll	Municipality's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2024	0.0186360%	\$ (754.38)	\$ 463,379.11	0.16%	100.00%
2023	0.1930500%	\$ (1,884.25)	\$ 446,028.81	0.42%	100.10%
2022	0.0198720%	\$ (1,878.03)	\$ 422,905.44	0.44%	100.10%
2021	0.0191940%	\$ (146,993.19)	\$ 398,764.05	36.86%	105.52%
2020	0.0211750%	\$ (919.64)	\$ 416,462.27	0.22%	100.04%
2019	0.0205260%	\$ (2,175.17)	\$ 394,432.32	0.55%	100.09%
2018	0.0202330%	\$ (471.89)	\$ 381,494.82	0.12%	100.02%
2017	0.1956600%	\$ (1,775.67)	\$ 360,056.47	0.49%	100.10%
2016	0.0210870%	\$ 71,230.83	\$ 359,655.89	19.81%	96.89%
2015	0.0226020%	\$ (95,861.96)	\$ 368,754.25	26.00%	104.10%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 06/30.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY PENSION CONTRIBUTIONS

South Dakota Retirement System

Last 10 Years

<u>Calendar Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2024	\$ 32,583.51	\$ 32,583.51	\$ -	\$ 481,093.91	6.77%
2023	\$ 30,144.43	\$ 30,144.43	\$ -	\$ 444,684.12	6.78%
2022	\$ 30,072.66	\$ 30,072.66	\$ -	\$ 449,619.15	6.69%
2021	\$ 26,895.27	\$ 26,895.27	\$ -	\$ 403,683.02	6.66%
2020	\$ 26,735.13	\$ 26,735.13	\$ -	\$ 405,319.66	6.60%
2019	\$ 27,234.36	\$ 27,234.36	\$ -	\$ 405,164.80	6.72%
2018	\$ 26,260.56	\$ 26,260.56	\$ -	\$ 392,787.29	6.69%
2017	\$ 24,567.87	\$ 24,567.87	\$ -	\$ 371,065.45	6.62%
2016	\$ 23,789.09	\$ 23,789.09	\$ -	\$ 358,057.03	6.64%
2015	\$ 23,885.15	\$ 23,885.15	\$ -	\$ 357,575.68	6.68%

**Notes to Required Supplementary Information
for the Year Ended December 31, 2024**

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

Changes from Prior Valuation

The June 30, 2024 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2023 Actuarial Valuation.

The June 20, 2023 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2022 Actuarial Valuation.

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

Benefit Provision Changes

During the 2024 Legislative Session no significant SDRS benefit changes were made.

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, 2023, the FVR assuming long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.91%.

As of June 30, 2024, the FVR assuming long-term COLA is equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2025 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 30, 2024 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.71%.

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.

SUPPLEMENTARY INFORMATION

LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 01/01/23	Additions	Deletions	Ending Balance 12/31/24	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
Sales Tax Revenue Bonds, Series 2013	360,000.00		235,000.00	125,000.00	125,000.00
Fire Hall Loan	79,091.22		6,710.88	72,380.34	3,604.75
Special Assessment Bond, Series 2015	864,267.02		47,079.72	817,187.30	24,526.76
Special Assessment Bond, Series 2015	483,227.73		30,026.27	453,201.46	15,817.88
Total Governmental Activities	<u>1,786,585.97</u>	<u>0.00</u>	<u>318,816.87</u>	<u>1,467,769.10</u>	<u>168,949.39</u>
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds - Rural Development	276,875.42		80,127.08	196,748.34	43,335.24
SRF - Drinking Water No. 1	148,879.86		26,143.10	122,736.76	13,568.41
SRF - Drinking Water No. 2	299,772.57		23,921.46	275,851.11	12,369.35
SRF - Clean Water No. 1	120,446.78		25,651.89	94,794.89	13,412.55
SRF - Clean Water No. 2	62,412.79		49,648.94	12,763.85	12,763.85
SRF - Clean Water No. 3	222,494.51		22,791.80	199,702.71	11,785.21
SRF - Drinking Water No. 3		174,000.00		174,000.00	2,900.00
SRF - Clean Water No. 4		222,000.00		222,000.00	2,661.65
Total Business-Type Activities	<u>1,130,881.93</u>	<u>396,000.00</u>	<u>228,284.27</u>	<u>1,298,597.66</u>	<u>112,796.26</u>
TOTAL PRIMARY GOVERNMENT	<u><u>2,917,467.90</u></u>	<u><u>396,000.00</u></u>	<u><u>547,101.14</u></u>	<u><u>2,766,366.76</u></u>	<u><u>281,745.65</u></u>

Debt payable at December 31, 2024 is comprised of the following:

Revenue Bonds:

Sales Tax Revenue Bonds Series 2013;
 Final Maturity 2025; Fixed Interest Rate 4.50%;
 Paid by General Fund \$ 125,000.00

Rural Development Loan:

Fire Hall Loan – 2003;
 Maturity Date 2039; Interest Rate 4.25%;
 Paid by the General Fund \$ 72,380.34

Special Assessment Bonds:

Special Assessment Bonds – Series 2015;
 Final Maturity Date November 21, 2048; Interest Rate 2.75%;
 Paid by the General Fund \$ 817,187.30

SUPPLEMENTARY INFORMATION

LONG-TERM LIABILITIES (Continued)

Special Assessment Bonds:

Special Assessment Bonds – Series 2015;
Final Maturity Date July 21, 2045; Interest Rate 3.50%;
Paid by the General Fund \$ 453,201.46

Revenue Bonds:

Revenue Bond Series 1997RD;
Final Maturity 2029; Interest Rate 4.75%;
Paid by the Sewer Fund \$ 196,748.34

State Revolving Fund Loan – Drinking Water No. 1:

State Revolving Fund Loan;
Final Maturity Date 2033; Interest Rate 2.50%;
Paid by the Water Fund \$ 122,736.76

State Revolving Fund Loan – Drinking Water No. 2:

State Revolving Fund Loan;
Final Maturity Date 2043; Interest Rate 2.25%;
Paid by the Water Fund \$ 275,851.11

State Revolving Fund Loan – Clean Water No. 1:

State Revolving Fund Loan;
Final Maturity Date 2031; Interest Rate 3.00%;
Paid by the Sewer Fund \$ 94,794.89

State Revolving Fund Loan – Clean Water No. 2:

State Revolving Fund Loan;
Final Maturity Date 2025; Interest Rate 2.25%;
Paid by the Sewer Fund \$ 12,763.85

State Revolving Fund Loan – Clean Water No. 3:

State Revolving Fund Loan;
Final Maturity Date 2039; Interest Rate 2.25%;
Paid by the Sewer Fund \$ 199,702.71

State Revolving Fund Loan – Drinking Water No. 3:

State Revolving Fund Loan;
Final Maturity Date 2055; Interest Rate 0.00%;
Paid by the Water Fund \$ 174,000.00

State Revolving Fund Loan – Clean Water No. 4:

State Revolving Fund Loan;
Final Maturity Date 2055; Interest Rate 2.125%;
Paid by the Sewer Fund \$ 222,000.00

SUPPLEMENTARY INFORMATION

The annual requirements to amortize all liabilities outstanding as of December 31, 2024, except for compensated absences, are as follows:

Annual Requirements to Maturity for Long-Term Liabilities
December 31, 2024

Year Ending	Sales Tax Revenue Bonds Series 2013		Rural Development Loan - Fire Hall	
	Principal	Interest	Principal	Interest
December 31, 2025	125,000.00	5,625.00	3,604.75	3,042.25
2026			3,757.95	2,889.05
2027			3,917.66	2,729.34
2028			4,084.17	2,562.83
2029			4,257.74	2,389.26
2030-2034			24,161.82	9,073.18
2035-2039			28,596.25	4,638.75
Totals	<u>125,000.00</u>	<u>5,625.00</u>	<u>72,380.34</u>	<u>27,324.66</u>

Year Ending	Special Assessment Bonds - Series 2015		Special Assessment Bonds - Series 2015		Revenue Bonds Series 1997RD	
	Principal	Interest	Principal	Interest	Principal	Interest
December 31, 2025	24,526.76	22,165.24	15,817.88	15,610.12	43,335.24	8,084.76
2026	25,209.82	21,482.18	16,380.49	15,047.51	45,439.09	5,980.91
2027	25,911.90	20,780.10	16,963.08	14,464.92	47,645.08	3,774.92
2028	26,633.51	20,058.49	17,566.39	13,861.61	49,958.14	1,461.86
2029	27,375.25	19,316.75	18,191.18	13,236.82	10,370.79	2,484.21
2030-2034	148,745.58	84,714.42	101,133.73	56,006.27		
2035-2039	170,644.02	62,815.98	120,444.45	36,695.55		
2040-2044	195,766.50	37,693.50	143,442.52	13,697.48		
2045-2049	172,373.96	10,503.04	3,261.74	1,976.26		
Totals	<u>817,187.30</u>	<u>299,529.70</u>	<u>453,201.46</u>	<u>180,596.54</u>	<u>196,748.34</u>	<u>21,786.66</u>

Year Ending	State Revolving Loan Fund - Drinking Water No. 1		State Revolving Loan Fund - Drinking Water No. 2		State Revolving Loan Fund - Clean Water No. 1	
	Principal	Interest	Principal	Interest	Principal	Interest
December 31, 2025	13,568.41	2,941.87	12,369.35	6,102.77	13,412.55	2,693.89
2026	13,910.81	2,599.47	12,650.02	5,822.10	13,819.47	2,286.97
2027	14,261.85	2,248.43	12,937.05	5,535.07	14,238.74	1,867.70
2028	14,621.75	1,888.53	13,230.60	5,241.52	14,670.73	1,435.71
2029	14,990.74	1,519.54	13,530.81	4,941.31	15,115.84	990.60
2030-2034	51,383.20	2,275.21	72,401.10	19,959.50	23,537.56	622.10
2035-2039			80,996.53	11,364.07		
2040-2044			57,735.65	2,298.74		
Totals	<u>122,736.76</u>	<u>13,473.05</u>	<u>275,851.11</u>	<u>61,265.08</u>	<u>94,794.89</u>	<u>9,896.97</u>

SUPPLEMENTARY INFORMATION

LONG-TERM LIABILITIES (Continued):

Annual Requirements to Maturity for Long-Term Liabilities
December 31, 2024
(Continued)

Year Ending December 31,	State Revolving Loan Fund - Clean Water No. 2		State Revolving Loan Fund - Clean Water No. 3	
	Principal	Interest	Principal	Interest
2025	12,763.85	108.23	11,785.21	4,394.35
2026			12,052.63	4,126.93
2027			12,326.11	3,853.45
2028			12,605.79	3,573.77
2029			12,891.84	3,287.72
2030-2034			68,982.01	11,915.79
2035-2039			69,059.12	3,748.90
2040-2044				
Totals	<u>12,763.85</u>	<u>108.23</u>	<u>199,702.71</u>	<u>34,900.91</u>

Year Ending December 31,	State Revolving Loan Fund - Drinking Water No. 3		State Revolving Loan Fund - Clean Water No. 3		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	2,900.00		2,661.65	2,351.69	281,745.65	73,120.17
2026	5,800.00		5,408.66	4,618.02	154,428.94	64,853.14
2027	5,800.00		5,524.51	4,502.17	159,525.98	59,756.10
2028	5,800.00		5,642.84	4,383.84	164,813.92	54,468.16
2029	5,800.00		5,763.71	4,262.97	128,287.90	52,429.18
2030-2034	29,000.00		30,724.16	19,409.24	550,069.16	203,975.71
2035-2039	29,000.00		34,158.73	15,974.67	532,899.10	135,237.92
2040-2044	29,000.00		37,977.22	12,156.18	463,921.89	65,845.90
2045-2049	29,000.00		42,222.59	7,910.81	246,858.29	20,390.11
2050-2054	29,000.00		46,942.53	3,190.87	75,942.53	3,190.87
2055	2,900.00		4,973.40	39.94	7,873.40	39.94
Totals	<u>174,000.00</u>	<u>0.00</u>	<u>222,000.00</u>	<u>78,800.40</u>	<u>2,766,366.76</u>	<u>733,307.20</u>