

**MUNICIPALITY OF HARRISBURG
HARRISBURG, SOUTH DAKOTA**

AUDIT REPORT

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

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF HARRISBURG

MUNICIPAL OFFICIALS
DECEMBER 31, 2023

MAYOR:

Derick Wenck

GOVERNING BOARD:

Kevin Maxwell – President
Chris Kindt– Vice-President
Tom Anez
Matt Westerman

CITY ADMINISTRATOR:

Andrew Pietrus

FINANCE OFFICER:

Deb Harris

ATTORNEY:

Nathan Schoen

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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 Harrisburg
Harrisburg, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Harrisburg, South Dakota (Municipality), as of December 31, 2023 and 2022, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated October 10, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items 2023-001, and 2023-002, to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2023-003.

Municipality's Response to Findings

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

Purpose of this Report

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
 October 10, 2025

Schoenfish & Co., Inc.

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

Governing Board
Municipality of Harrisburg
Harrisburg, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Municipality and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Municipality's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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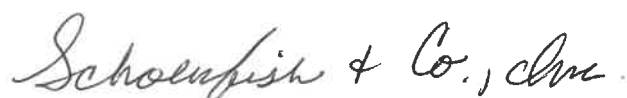
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Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Purpose of this Report

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



Schoenfish & Co., Inc.
Certified Public Accountants
October 10, 2025

Schoenfish & Co., Inc.

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SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTSPRIOR FEDERAL AUDIT FINDINGS:Internal Control – Related Finding – Material Weakness:Finding Number 2021-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for the revenue. This comment has not been corrected and is restated as current audit finding number 2023-001.

Views of Responsible Officials and Planned Corrective Action Plan:

The City of Harrisburg's Mayor, Derick Wenck, is the contact person responsible for the corrective action plan for this finding. Because of the size of the City of Harrisburg, the municipality can't support hiring additional staff that would be sufficient to support the internal controls needed to properly segregate duties. The Mayor, City Council Members and Finance employees are aware of the problem. We will continue to work on different policies and controls that will help minimize future risk. This is an ongoing process that will include input from the Legislative Auditors Office, discussion with other municipalities and utilizing the City Administrator, Mayor and Council in some of the financial controls.

PRIOR OTHER AUDIT FINDINGS:

There are no prior other audit findings to report except for the lack of proper segregation of duties stated above.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTSSummary of the Independent Auditor's Results:Financial Statements:

- a. An unmodified opinion was issued on the financial statements of the governmental activities, business-type activities, and each major fund opinion units.
- b. Material weaknesses were disclosed by our audit of the financial statements for a lack of segregation of duties for revenues and errors and omissions as discussed in finding numbers 2023-001 and 2023-002.
- c. Our audit did disclose noncompliance which was material to the financial statements and is discussed in finding number 2023-003

Federal Awards:

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that need to be disclosed in accordance with 2 CFR 200.516(a).
- f. The federal awards tested as major programs were:
 - 1. ALN No. 21.027 Coronavirus State and Local Fiscal Recovery Funds
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. The Municipality of Harrisburg did not qualify as a low-risk auditee.

CURRENT FEDERAL AUDIT FINDINGS:

There are no current federal compliance findings to disclose.

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

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues.

Criteria:

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

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause of Condition:

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:

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.

Identification as a Repeat Finding:

This is a continuing audit finding since 2003.

Recommendation:

1. We recommend that the Municipality of Harrisburg 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.

Finding Number 2023-002:

Condition:

Material weaknesses were noted in internal accounting control and record keeping resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded.

Criteria:

Proper preparation of municipal records results in increased reliability of reported financial data and decreased potential for the loss of public assets.

Cause of Condition:

Material weaknesses were noted in internal accounting control and record keeping resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded. The following significant errors and omissions were noted:

- a. Inventories were not reported at year end in 2023.
- b. Utility Accounts Receivable were not adjusted to reflect the bill register totals at year end.
- c. Sales Tax Receivable was not adjusted to actual at year end.
- d. Accounts Payable were not adjusted appropriately at year end which also affected the Construction in Progress calculation.

Items b. through d. have been corrected on the financial statements presented in the audit.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

SDCL 9-14-18 states that the finance officer "shall keep regular books of account in which shall be entered all indebtedness of the Municipality, and which shall at all times show the financial condition of the Municipality, the amount of bonds, warrants, certificates, or other evidences of indebtedness issued by the governing body, and the amounts of all bonds, warrants, certificates, or other evidences of indebtedness which have been redeemed and the amount of each outstanding."

SDCL 9-14-19 states that the finance officer "shall supervise the accounting system for all departments and offices of the Municipality in accordance with the recommendations of the Department of Legislative Audit."

Potential Effect of Condition:

As a result, inaccurate and incomplete information is being presented to the users of these financial statements such that there is more than remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the Municipality's internal control.

Identification as a Repeat Finding:

This is the first audit in which a similar comment has been reported.

Recommendation:

2. We recommend future annual financial statements be completely and accurately prepared in accordance with generally accepted accounting principles and that all necessary accounting records be established and properly maintained.

Compliance – Related Finding:

Finding Number 2023-003:

Condition:

Expenditures were excess of the amounts budgeted in two departments in the General Fund and one department in the Storm Sewer Maintenance Special Revenue Fund in 2023. The Storm Sewer Maintenance Special Revenue Fund was budgeted to spend more than available in 2022.

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 ten 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 and budgeted to spend more than available which is not allowed as stated in SDCL 9-21-9.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

Potential Effect of Condition:

Budgets are not being properly adopted in accordance with budgetary guidelines and supplemental budgets were not adopted. Also, without adopting a budget supplement or limiting expenditures, expenditures are being made without proper authority.

Identification as a Repeat Finding:

This is the first audit in which a similar comment has been reported.

Recommendation:

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

CLOSING CONFERENCE

The audit findings and recommendations were discussed with the municipal officials during the course of the audit and with the Mayor and Finance Officer at the conclusion of the audit.

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Corrective Action Plan

Finding Number 2023-001: A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues.

Finding Number 2023-002: Material weaknesses were noted in internal accounting control and record keeping resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded.

Finding Number 2023-003: Expenditures were excess of the amounts budgeted in two departments in the General Fund and one department in the Storm Sewer Maintenance Special Revenue Fund in 2023. The Storm Sewer Maintenance Special Revenue Fund was budgeted to spend more than available in 2022.

Views of Responsible Officials and Planned Corrective Action Plan:

The City of Harrisburg's Mayor, Derick Wenck, is the contact person responsible for the corrective action plan for these findings. Because of the size of the City of Harrisburg, the municipality can't support hiring additional staff that would be sufficient to support the internal controls needed to properly segregate duties. The Mayor, City Council Members and Finance employees are aware of the problem. We will continue to work on different policies and controls that will help minimize future risk. This is an ongoing process that will include input from the Legislative Auditors Office, discussion with other municipalities and utilizing the City Administrator, Mayor and Council in some of the financial controls.

A full physical inventory was conducted by the department heads and compared to the 2021 Inventory count. Records were updated and reported to the finance officer. A complete inventory count will be conducted at the end of each year and reported to the finance officer.

Utility Accounts Receivable will be adjusted at the end of each year.

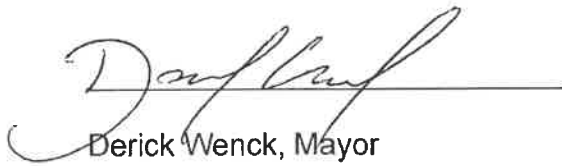
Sales Tax Receivable will be adjusted to actual at year end.

Accounts Payable will be appropriately adjusted at year end.

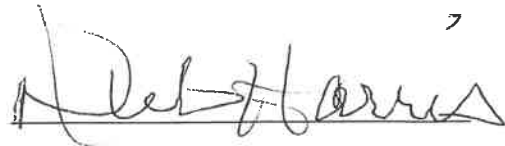


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Expenditures will be reviewed and the budget updated based on actuals and a budget amendment approved by City Council if necessary.



Derick Wenck, Mayor



Deb Harris, Finance Officer

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Harrisburg
Harrisburg, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Harrisburg, South Dakota (Municipality), as of December 31, 2023 and December 31, 2022, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Harrisburg as of December 31, 2023 and December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for each of the years in the biennial period then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality's ability to continue as a going concern for twelve months beyond the financial 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

The Municipality has omitted the Management's Discussion and Analysis (MD&A), that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the combining financial statements listed in the table of contents are 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 listing of Municipal Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2025 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.
Certified Public Accountants
October 10, 2025

Schoenfish & Co., Inc.

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

MUNICIPALITY OF HARRISBURG
STATEMENT OF NET POSITION
December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	5,085,777.58	3,640,039.91	8,725,817.49
Accounts Receivable, Net	2,046,718.18	216,435.85	2,263,154.03
Other Assets	260.00	1,265.00	1,525.00
Restricted Assets:			
Cash and Cash Equivalents		4,381,366.20	4,381,366.20
Net Pension Asset	2,768.83	1,621.71	4,390.54
Capital Assets:			
Land and Construction Work in Progress	14,238,355.41	9,980,794.53	24,219,149.94
Other Capital Assets, Net of Depreciation/Amortization	12,186,699.51	50,464,972.75	62,651,672.26
TOTAL ASSETS	33,560,579.51	68,686,495.95	102,247,075.46
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	216,066.14	126,550.73	342,616.87
TOTAL DEFERRED OUTFLOWS OF RESOURCES	216,066.14	126,550.73	342,616.87
LIABILITIES :			
Accounts Payable	76,029.46	88,574.80	164,604.26
Other Current Liabilities	330,061.68	916,255.20	1,246,316.88
Unearned Revenue	19,900.00	740,354.00	760,254.00
Noncurrent Liabilities:			
Due Within One Year	271,659.99	1,142,437.90	1,414,097.89
Due in More than One Year	2,445,648.13	31,590,011.61	34,035,659.74
TOTAL LIABILITIES	3,143,299.26	34,477,633.51	37,620,932.77
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferred Inflows	147,548.32	86,419.57	233,967.89
TOTAL DEFERRED INFLOWS OF RESOURCES	147,548.32	86,419.57	233,967.89
NET POSITION:			
Net Investment in Capital Assets	25,668,284.97	27,350,364.61	53,018,649.58
Restricted for:			
Debt Service Purposes		3,530,888.89	3,530,888.89
City Promotion/Parks	223,608.44		223,608.44
Storm Sewer Maintenance	1,342,215.99		1,342,215.99
Street Maintenance	1,278,446.19		1,278,446.19
Economic Development	282,230.64		282,230.64
Street Lighting	54,793.54		54,793.54
SDRS Pension Purposes	71,286.65	41,752.87	113,039.52
Equipment Repair and Replacement		850,477.31	850,477.31
Unrestricted (Deficit)	1,564,931.65	2,475,509.92	4,040,441.57
TOTAL NET POSITION	30,485,798.07	34,248,993.60	64,734,791.67

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

MUNICIPALITY OF HARRISBURG
STATEMENT OF ACTIVITIES
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	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
General Government	1,545,117.26	418,415.51	150,000.00	(976,701.75)		(976,701.75)
Public Safety	1,152,371.84	3,200.00		(1,149,171.84)		(1,149,171.84)
Public Works	1,399,875.24	64,843.10	3,613,019.83	2,312,152.10		2,312,152.10
Health and Welfare	37,019.51	419.00		(36,600.51)		(36,600.51)
Culture and Recreation	797,356.70	118,618.27		(678,738.43)		(678,738.43)
Conservation and Development	1,807,739.55	258,873.47		(1,548,866.08)		(1,548,866.08)
Miscellaneous Expenditures		9,550.00		9,550.00		9,550.00
*Interest on Long-term Liabilities	73,599.04			(73,599.04)		(73,599.04)
Total Governmental Activities	6,813,079.14	873,919.35	184,164.41	(2,141,975.55)		(2,141,975.55)
Business-type Activities:						
Water	1,393,557.94	1,847,589.27	455,195.00		909,226.33	909,226.33
Sewer	3,128,389.34	3,183,626.74	3,156,891.93		3,212,129.33	3,212,129.33
Total Business-type Activities	4,521,947.28	5,031,216.01	0.00		4,121,355.66	4,121,355.66
Total Primary Government	11,335,026.42	5,905,135.36	184,164.41	(2,141,975.55)	4,121,355.66	1,979,380.11
General Revenues:						
Taxes:						
Property Taxes				3,121,906.19		3,121,906.19
Sales Taxes				3,119,392.87		3,119,392.87
State Shared Revenues				45,010.32		45,010.32
Grants and Contributions not Restricted to Specific Programs				6,528.16		6,528.16
Unrestricted Investment Earnings				175,804.00	38,423.09	214,227.09
Miscellaneous Revenue				105,904.36	57,844.69	163,749.05
Total General Revenues				6,574,545.90	96,267.78	6,670,813.68
Change in Net Position				4,432,570.35	4,217,623.44	8,650,193.79
Net Position - Beginning				26,053,227.72	30,031,370.16	56,084,597.88
NET POSITION - ENDING				30,485,798.07	34,248,993.60	64,734,791.67

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

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

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

	General Fund	Storm Sewer Maintenance Special Revenue Fund	Arterial Street Fee Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	3,002,832.24	157,505.41	1,278,446.19	635,437.63	5,074,221.47
Cash with Fiscal Agent	8,745.81	2,810.30			11,556.11
Taxes Receivable--Delinquent	10,666.87				10,666.87
Special Assessments Receivable--Current	667,660.29	1,084,490.18			1,752,150.47
Special Assessments Receivable--Delinquent	4,801.09	8,127.31			12,928.40
Special Assessments Receivable--Noncurrent		8,482.79			8,482.79
Due from Other Governments	256,494.26			5,995.39	262,489.65
Prepaid Expenses	260.00				260.00
TOTAL ASSETS	3,951,460.56	1,261,415.99	1,278,446.19	641,433.02	7,132,755.76
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts Payable	76,029.46				76,029.46
Contracts Payable	280,869.44				280,869.44
Accrued Wages Payable	17,850.73				17,850.73
Accrued Taxes Payable	16,793.82				16,793.82
Unearned Revenue	19,900.00				19,900.00
Total Liabilities	411,443.45	0.00	0.00	0.00	411,443.45
Deferred Inflows of Resources:					
Unavailable Revenue--Property Taxes	10,666.87				10,666.87
Unavailable Revenue--Special Assessments	672,461.38	1,101,100.28			1,773,561.66
Total Deferred Inflows of Resources	683,128.25	1,101,100.28	0.00	0.00	1,784,228.53
Fund Balances:					
Nonspendable:					
Prepaid Expenses	260.00				260.00
Restricted:					
City Promotion/Parks				223,608.44	223,608.44
Storm Sewer Maintenance		160,315.71		80,800.00	241,115.71
Street Maintenance			1,278,446.19		1,278,446.19
Economic Development				282,230.64	282,230.64
Street Lighting				54,793.94	54,793.94
Assigned for Next Year's Budget	1,161,833.00				1,161,833.00
Unassigned	1,694,795.86				1,694,795.86
Total Fund Balances	2,856,888.86	160,315.71	1,278,446.19	641,433.02	4,937,083.78
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	3,951,460.56	1,261,415.99	1,278,446.19	641,433.02	7,132,755.76

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

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

Total Fund Balances - Governmental Funds	<u>4,937,083.78</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>2,768.83</u>
Capital assets and Intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>26,425,054.92</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>216,066.14</u>
Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,717,308.12)</u>
Assets such as taxes receivable (delinquent), special assessment receivables (current, delinquent and noncurrent), accrued interest receivable and sales tax receivable are not available to pay for current period expenditures and therefore are deferred in the funds.	<u>1,784,228.53</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(147,548.32)</u>
Interest on general long-term liabilities is not recognized when incurred in the funds but is rather recognized when due. Accordingly, interest expense accrued but not due is not reported in the funds statements.	<u>(14,547.69)</u>
Net Position - Governmental Activities	<u><u>30,485,798.07</u></u>

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

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

	General Fund	Storm Sewer Maintenance Special Revenue Fund	Arterial Street Fee Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
General Property Taxes	1,543,871.12			1,573,605.91	3,117,477.03
General Sales and Use Taxes	3,015,505.47			103,887.40	3,119,392.87
Penalties and Interest on Delinquent Taxes	1,118.06				1,118.06
Licenses and Permits	272,280.97				272,280.97
Intergovernmental Revenue:					
State Grants	245,498.89				245,498.89
State Shared Revenue:					
Bank Franchise Tax	27,525.54				27,525.54
Prorate License Fees	2,063.70				2,063.70
Liquor Tax Reversion	46,273.76				46,273.76
Motor Vehicle Licenses	16,949.04				16,949.04
Local Government Highway and Bridge Fund	8,559.21				8,559.21
County Shared Revenue:					
County Wheel Tax	6,592.46				6,592.46
Other Intergovernmental Revenue	150,000.00				150,000.00
Charges for Goods and Services:					
General Government	23,722.85		382,799.62	6,800.00	413,322.47
Highways and Streets				63,443.10	63,443.10
Culture and Recreation	118,134.84				118,134.84
Fines and Forfeits:					
Parking Meter Fines	3,200.00				3,200.00
Library	483.43				483.43
Other	381.50				381.50
Miscellaneous Revenue:					
Investment Earnings	172,933.63			2,870.37	175,804.00
Rentals	2,673.04				2,673.04
Special Assessments		1,240.57			1,240.57
Maintenance Assessments	620,847.08	658,155.91			1,279,002.99
Contributions and Donations from Private Sources	6,528.16				6,528.16
Other	67,222.80				67,222.80
Total Revenue	6,352,365.55	659,396.48	382,799.62	1,750,606.78	9,145,168.43
Expenditures:					
General Government:					
Legislative	49,412.82				49,412.82
Executive	365,063.90				365,063.90
Financial Administration	244,703.25				244,703.25
Other	762,656.58	76,435.31			839,091.89
Total General Government	1,421,836.55	76,435.31	0.00	0.00	1,498,271.86

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

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

	General Fund	Storm Sewer Maintenance Special Revenue Fund	Arterial Street Fee Fund	Other Governmental Funds	Total Governmental Funds
Expenditures (Continued):					
Public Safety:					
Police	900,885.16				900,885.16
Fire	84,846.26				84,846.26
Protective Inspection	154,398.50				154,398.50
Other Protection	3,550.92				3,550.92
Total Public Safety	1,143,680.84	0.00	0.00	0.00	1,143,680.84
Public Works:					
Highways and Streets	621,087.10	10,573.91		25,554.66	657,215.67
Sanitation	19,035.97				19,035.97
Total Public Works	640,123.07	10,573.91	0.00	25,554.66	676,251.64
Health and Welfare:					
Health	32,301.22				32,301.22
Total Health and Welfare	32,301.22	0.00	0.00	0.00	32,301.22
Culture and Recreation:					
Recreation	352.94				352.94
Parks	535,280.70				535,280.70
Libraries	91,351.05				91,351.05
Total Culture and Recreation	626,984.69	0.00	0.00	0.00	626,984.69
Conservation and Development:					
Economic Development and Assistance	188,329.60			1,619,409.95	1,807,739.55
Total Conservation and Development	188,329.60	0.00	0.00	1,619,409.95	1,807,739.55
Debt Service	217,854.13	97,369.72			315,223.85
Capital Outlay	9,437,768.55	384,149.48			9,821,918.03
Total Expenditures	13,708,878.65	568,528.42	0.00	1,644,964.61	15,922,371.68
Excess of Revenue Over (Under) Expenditures	(7,356,513.10)	90,868.06	382,799.62	105,642.17	(6,777,203.25)
Other Financing Sources (Uses):					
Sale of Municipal Property	49,801.15				49,801.15
Total Other Financing Sources (Uses)	49,801.15	0.00	0.00	0.00	49,801.15
Net Change in Fund Balances	(7,306,711.95)	90,868.06	382,799.62	105,642.17	(6,727,402.10)
Fund Balance - Beginning	10,163,600.81	69,447.65	895,646.57	535,790.85	11,664,485.88
FUND BALANCE - ENDING	2,856,888.86	160,315.71	1,278,446.19	641,433.02	4,937,083.78

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

Net Change in Fund Balances - Total Governmental Funds	<u>(6,727,402.10)</u>
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.	<u>9,821,918.03</u>
This amount represents the current year depreciation and amortization expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	<u>(943,130.26)</u>
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.	<u>(11,119.59)</u>
The receipt of donated capital assets is not reported on the fund statements, but is reported as a program revenue on the government-wide statements.	<u>1,560,458.00</u>
Payment of principal on long-term liabilities is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.	<u>239,611.79</u>
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available".	<u>3,311.10</u>
The fund financial statement governmental fund sales and use tax accruals differ from the government-wide statement sales and use tax accruals in that the fund financial statements require the amounts to be "available".	<u>(28,788.98)</u>
Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments as revenue upon completion of the project at the point when an enforceable legal claim arises.	<u>526,819.38</u>
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.	<u>(2,745.86)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>4,263.49</u>
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>(10,624.65)</u>
Change in Net Position of Governmental Activities	<u><u>4,432,570.35</u></u>

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

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

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	3,012,127.35	627,912.56	3,640,039.91
Unbilled Accounts Receivable	80,520.52	135,915.33	216,435.85
Prepaid Expense	1,265.00		1,265.00
Total Current Assets	3,093,912.87	763,827.89	3,857,740.76
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	1,399,631.80	2,981,734.40	4,381,366.20
Net Pension Asset	681.53	940.18	1,621.71
Capital Assets:			
Land	56,250.71	2,711,783.81	2,768,034.52
Improvements Other Than Buildings	12,807,673.01	47,159,560.30	59,967,233.31
Machinery and Equipment	730,685.95	1,398,475.18	2,129,161.13
Construction Work in Progress		7,212,760.01	7,212,760.01
Less: Accumulated Depreciation	(4,144,828.20)	(8,574,223.45)	(12,719,051.65)
Intangible Assets	1,601,924.46	15,202.51	1,617,126.97
Less: Accumulated Amortization	(522,357.66)	(7,139.35)	(529,497.01)
Total Noncurrent Assets	11,929,661.60	52,899,093.59	64,828,755.19
TOTAL ASSETS	15,023,574.47	53,662,921.48	68,686,495.95
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	53,183.54	73,367.19	126,550.73
TOTAL DEFERRED OUTFLOWS OF RESOURCES	53,183.54	73,367.19	126,550.73
LIABILITIES:			
Current Liabilities:			
Accounts Payable	41,476.55	47,098.25	88,574.80
Notes Payable	11,652.20	67,171.36	78,823.56
Contracts Payable		394,000.00	394,000.00
Accrued Interest Payable	10,622.91	142,322.91	152,945.82
Accrued Wages Payable	4,249.57	5,610.82	9,860.39
Accrued Taxes Payable	887.15	1,179.25	2,066.40
Customer Deposits	357,382.59		357,382.59
Unearned Revenue		740,354.00	740,354.00
Bonds Payable Current:			
Revenue	231,780.09	811,834.25	1,043,614.34
Accrued Leave Payable-Current	10,000.00	10,000.00	20,000.00
Total Current Liabilities	668,051.06	2,219,570.84	2,887,621.90

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

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

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Noncurrent Liabilities:			
Bonds Payable:			
Revenue	2,149,239.28	29,234,794.02	31,384,033.30
Accrued Leave Payable	1,600.95	9,445.89	11,046.84
Other Long-Term Liabilities	37,523.39	157,408.08	194,931.47
Total Noncurrent Liabilities	2,188,363.62	29,401,647.99	31,590,011.61
TOTAL LIABILITIES	2,856,414.68	31,621,218.83	34,477,633.51
DEFERRED INFLOWS OF RESOURCES:			
Pension Related Deferred Inflows	36,318.23	50,101.34	86,419.57
TOTAL DEFERRED INFLOWS OF RESOURCES	36,318.23	50,101.34	86,419.57
NET POSITION:			
Net Investment in Capital Assets	8,099,153.31	19,251,211.30	27,350,364.61
Restricted Net Position, Restricted for:			
Revenue Bond Debt Service	1,250,843.05	2,280,045.84	3,530,888.89
Equipment Repair and/or Replacement	148,788.75	701,688.56	850,477.31
SDRS Pension Purposes	17,546.84	24,206.03	41,752.87
Unrestricted Net Position	2,667,693.15	(192,183.23)	2,475,509.92
TOTAL NET POSITION	12,184,025.10	22,064,968.50	34,248,993.60

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

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

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Revenue:			
Surcharge as Security for Debt	726,857.87	2,342,626.42	3,069,484.29
Charges for Goods and Services	1,120,731.40	841,000.32	1,961,731.72
Total Operating Revenue	1,847,589.27	3,183,626.74	5,031,216.01
Operating Expenses:			
Personal Services	257,715.59	337,326.09	595,041.68
Other Current Expense	342,453.66	631,818.72	974,272.38
Materials (Cost of Goods Sold)	342,812.82		342,812.82
Amortization	36,755.43	1,787.57	38,543.00
Depreciation	325,161.53	1,426,858.71	1,752,020.24
Total Operating Expenses	1,304,899.03	2,397,791.09	3,702,690.12
Operating Income (Loss)	542,690.24	785,835.65	1,328,525.89
Nonoperating Revenue (Expense):			
Investment Earnings	29,578.69	8,844.40	38,423.09
Rental Revenue	31,222.61	26,622.08	57,844.69
Interest Expense	(83,498.91)	(730,598.25)	(814,097.16)
Gain (Loss) on Disposition of Assets	(5,160.00)		(5,160.00)
Total Nonoperating Revenue (Expense)	(27,857.61)	(695,131.77)	(722,989.38)
Income (Loss) Before Contributions	514,832.63	90,703.88	605,536.51
Capital Contributions	455,195.00	3,156,891.93	3,612,086.93
Change in Net Position	970,027.63	3,247,595.81	4,217,623.44
Net Position - Beginning	11,213,997.47	18,817,372.69	30,031,370.16
NET POSITION - ENDING	12,184,025.10	22,064,968.50	34,248,993.60

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

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

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Receipts from Customers	1,895,037.69	3,336,432.40	5,231,470.09
Cash Payments to Employees for Services	(251,650.98)	(328,635.23)	(580,286.21)
Cash Payments to Suppliers of Goods and Services	(672,303.55)	(501,061.01)	(1,173,364.56)
Net Cash Provided (Used) by Operating Activities	971,083.16	2,506,736.16	3,477,819.32
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from Capital Debt		2,752,285.00	2,752,285.00
Capital Contributions	24,675.00	2,863,144.77	2,887,819.77
Purchase of Capital Assets	(54,187.75)	(6,633,922.30)	(6,688,110.05)
Principal Paid on Capital Debt	(237,557.91)	(854,760.51)	(1,092,318.42)
Interest Paid on Capital Debt	(85,028.80)	(733,786.74)	(818,815.54)
Net Cash (Used) by Capital and Related Financing Activities	(352,099.46)	(2,607,039.78)	(2,959,139.24)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash Received for Interest	29,578.69	8,844.40	38,423.09
Cash Received for Rent	31,222.61	26,622.08	57,844.69
Net Cash Provided by Investing Activities	60,801.30	35,466.48	96,267.78
Net Increase (Decrease) in Cash and Cash Equivalents	679,785.00	(64,837.14)	614,947.86
Balances - Beginning	3,731,974.15	3,674,484.10	7,406,458.25
Balances - Ending	4,411,759.15	3,609,646.96	8,021,406.11
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	542,690.24	785,835.65	1,328,525.89
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	361,916.96	1,428,646.28	1,790,563.24
(Increase) decrease in Receivables	28,996.33	152,805.66	181,801.99
(Increase) decrease in Prepaid Expenses	11,855.20	42,637.58	54,492.78
(Increase) decrease in Inventory		132,594.81	132,594.81
(Increase) decrease in Pension Related Deferred Outflows	(3,404.30)	(6,132.71)	(9,537.01)
(Increase) decrease in Net Pension Asset	(140.38)	(212.99)	(353.37)
(Decrease) increase in Accounts and Other Payables	1,107.73	(44,474.68)	(43,366.95)
(Decrease) increase in Accrued Wages and Taxes Payable	1,472.94	2,019.04	3,491.98
(Decrease) increase in Accrued Leave Payable	3,959.32	6,471.15	10,430.47
(Decrease) increase in Pension Related Deferred Inflows	4,177.03	6,546.37	10,723.40
(Decrease) increase in Customer Deposits	18,452.09		18,452.09
Net Cash Provided (Used) by Operating Activities	971,083.16	2,506,736.16	3,477,819.32
Noncash Investing, Capital and Financing Activities:			
Loss on Disposal of Capital Assets Not Affecting Operating Income	5,160.00		5,160.00
Donated Capital Assets	430,520.00	400,620.00	831,140.00

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

MUNICIPALITY OF HARRISBURG
STATEMENT OF NET POSITION
December 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	7,453,193.02	4,580,550.22	12,033,743.24
Investments	4,000,000.00		4,000,000.00
Accounts Receivable, Net	1,587,768.29	505,110.68	2,092,878.97
Inventories		132,594.81	132,594.81
Other Assets	44,936.11	55,757.78	100,693.89
Restricted Assets:			
Cash and Cash Equivalents		2,825,908.03	2,825,908.03
Net Pension Asset	2,415.25	1,268.34	3,683.59
Capital Assets:			
Land and Construction Work in Progress	5,186,770.93	3,636,444.24	8,823,215.17
Other Capital Assets, Net of Depreciation/Amortization	10,810,157.81	51,321,180.49	62,131,338.30
TOTAL ASSETS	29,085,241.41	63,058,814.59	92,144,056.00
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	222,163.66	117,013.72	339,177.38
TOTAL DEFERRED OUTFLOWS OF RESOURCES	222,163.66	117,013.72	339,177.38
LIABILITIES :			
Accounts Payable	106,046.29	131,941.75	237,988.04
Other Current Liabilities	49,038.93	1,134,413.77	1,183,452.70
Unearned Revenue		740,354.00	740,354.00
Noncurrent Liabilities:			
Due Within One Year	264,611.79	1,101,318.42	1,365,930.21
Due in More than One Year	2,689,562.26	29,960,734.04	32,650,296.30
TOTAL LIABILITIES	3,109,259.27	33,068,761.98	36,178,021.25
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferred Inflows	144,918.08	75,696.17	220,614.25
TOTAL DEFERRED INFLOWS OF RESOURCES	144,918.08	75,696.17	220,614.25
NET POSITION:			
Net Investment in Capital Assets	13,042,754.69	23,286,804.38	36,329,559.07
Restricted for:			
Debt Service Purposes		2,281,031.66	2,281,031.66
City Promotion/Parks	141,241.20		141,241.20
Storm Sewer Maintenance	820,326.32		820,326.32
Street Maintenance	895,646.57		895,646.57
Economic Development	331,847.18		331,847.18
Street Lighting	16,905.50		16,905.50
SDRS Pension Purposes	79,660.83	42,585.89	122,246.72
Equipment Repair and Replacement		544,876.37	544,876.37
Unrestricted (Deficit)	10,724,845.43	3,876,071.86	14,600,917.29
TOTAL NET POSITION	26,053,227.72	30,031,370.16	56,084,597.88

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

MUNICIPALITY OF HARRISBURG
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

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
Primary Government:						
General Government	1,501,224.08	508,303.80	150,226.03		(842,694.25)	(842,694.25)
Public Safety	589,180.02	397,908.17			(191,271.85)	(191,271.85)
Public Works	1,014,885.78	61,036.03	52,702.16	1,664,501.42	763,353.83	763,353.83
Health and Welfare	53,368.27		2,664.00		(50,704.27)	(50,704.27)
Culture and Recreation	551,157.14	103,509.43		74,000.00	(373,647.71)	(373,647.71)
Conservation and Development	721,321.29				(721,321.29)	(721,321.29)
*Interest on Long-term Liabilities	80,265.58				(80,265.58)	(80,265.58)
Total Governmental Activities	4,511,402.16	1,070,757.43	205,592.19	1,738,501.42	(1,496,551.12)	(1,496,551.12)
Business-type Activities:						
Water	1,240,187.84	1,647,185.03				406,997.19
Sewer	3,360,052.12	3,431,549.75		662,607.59		734,105.22
Total Business-type Activities	4,600,239.96	5,078,734.78	0.00	662,607.59		1,141,102.41
Total Primary Government	9,111,642.12	6,149,492.21	205,592.19	2,401,109.01	(1,496,551.12)	(355,448.71)
General Revenues:						
Taxes:						
Property Taxes					2,152,063.09	2,152,063.09
Sales Taxes					3,219,077.47	3,219,077.47
State Shared Revenues					66,845.31	66,845.31
Unrestricted Investment Earnings					22,868.80	32,909.54
Miscellaneous Revenue					40,661.56	106,855.16
Transfers					(93,969.50)	0.00
Total General Revenues					5,407,546.73	5,577,750.57
Change in Net Position					3,910,995.61	5,222,301.86
Net Position - Beginning					22,142,232.11	50,862,296.02
NET POSITION - ENDING					26,053,227.72	56,084,597.88

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

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

**MUNICIPALITY OF HARRISBURG
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022**

	General Fund	Storm Sewer Maintenance Special Revenue Fund	Arterial Street Fee Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	5,939,161.57	65,529.70	894,726.57	544,439.67	7,443,857.51
Cash with Fiscal Agent	5,417.56	3,917.95			9,335.51
Investments	4,000,000.00				4,000,000.00
Taxes Receivable--Delinquent	7,355.77				7,355.77
Accounts Receivable, Net	3,617.40		920.00	100.00	4,637.40
Special Assessments Receivable--Current	619,670.99	665,277.82			1,284,948.81
Special Assessments Receivable--Delinquent	4,585.55	2,465.50			7,051.05
Special Assessments Receivable--Noncurrent		9,135.35			9,135.35
Due from TIF #5 Fund				27,312.50	27,312.50
Due from Other Governments	318,728.97			10,303.87	329,032.84
Prepaid Expenses	44,936.11				44,936.11
TOTAL ASSETS	10,943,473.92	746,326.32	895,646.57	582,156.04	13,167,602.85
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts Payable	87,884.13			18,162.16	106,046.29
Due to TIF #2 Fund				27,312.50	27,312.50
Accrued Wages Payable	15,124.02				15,124.02
Accrued Taxes Payable	17,354.20				17,354.20
Total Liabilities	120,362.35	0.00	0.00	45,474.66	165,837.01
Deferred Inflows of Resources:					
Unavailable Revenue--Sales and Use Taxes	27,898.45			890.53	28,788.98
Unavailable Revenue--Property Taxes	7,355.77				7,355.77
Unavailable Revenue--Special Assessments	624,256.54	676,878.67			1,301,135.21
Total Deferred Inflows of Resources	659,510.76	676,878.67	0.00	890.53	1,337,279.96
Fund Balances:					
Nonspendable:					
Prepaid Expenses	44,936.11				44,936.11
Restricted:					
City Promotion/Parks				140,350.67	140,350.67
Storm Sewer Maintenance		69,447.65		74,000.00	143,447.65
Street Maintenance			895,646.57		895,646.57
Economic Development				331,847.18	331,847.18
Street Lighting				16,905.50	16,905.50
Assigned for Next Year's Budget	2,800,000.00				2,800,000.00
Unassigned	7,318,664.70			(27,312.50)	7,291,352.20
Total Fund Balances	10,163,600.81	69,447.65	895,646.57	535,790.85	11,664,485.88
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	10,943,473.92	746,326.32	895,646.57	582,156.04	13,167,602.85

MUNICIPALITY OF HARRISBURG
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2022

Total Fund Balances - Governmental Funds	<u>11,664,485.88</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>2,415.25</u>
Capital assets and Intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>15,996,928.74</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>222,163.66</u>
Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,954,174.05)</u>
Assets such as taxes receivable (delinquent), special assessment receivables (current, delinquent and noncurrent), accrued interest receivable and sales tax receivable are not available to pay for current period expenditures and therefore are deferred in the funds.	<u>1,282,887.03</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(144,918.08)</u>
Interest on general long-term liabilities is not recognized when incurred in the funds but is rather recognized when due. Accordingly, interest expense accrued but not due is not reported in the funds statements.	<u>(16,560.71)</u>
Net Position - Governmental Activities	<u><u>26,053,227.72</u></u>

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

MUNICIPALITY OF HARRISBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	General Fund	Storm Sewer Maintenance Special Revenue Fund	Arterial Street Fee Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
General Property Taxes	1,389,066.50			765,626.19	2,154,692.69
General Sales and Use Taxes	3,090,150.70			110,185.41	3,200,336.11
Penalties and Interest on Delinquent Taxes	144.64				144.64
Licenses and Permits	396,903.50				396,903.50
Intergovernmental Revenue:					
Federal Grants	204,202.88				204,202.88
State Grants	243,316.49				243,316.49
State Shared Revenue:					
Bank Franchise Tax	19,672.62				19,672.62
Prorate License Fees	3,201.22				3,201.22
Liquor Tax Reversion	47,172.69				47,172.69
Motor Vehicle Licenses	35,158.92				35,158.92
Local Government Highway and Bridge Fund	8,324.10				8,324.10
County Shared Revenue:					
County Highway and Bridge Tax	1,037.13				1,037.13
County Wheel Tax	8,182.01				8,182.01
Other Intergovernmental Revenue	200,000.00				200,000.00
Charges for Goods and Services:					
General Government	61,776.16		410,508.91	28,100.00	500,385.07
Highways and Streets				57,511.83	57,511.83
Sanitation	1,700.23				1,700.23
Culture and Recreation	101,476.00				101,476.00
Fines and Forfeits:					
Court Fines and Costs	104.67				104.67
Animal Control Fines	350.00				350.00
Parking Meter Fines	550.00				550.00
Library	1,466.93				1,466.93
Other	566.50				566.50
Miscellaneous Revenue:					
Investment Earnings	22,119.39			749.41	22,868.80
Rentals	7,918.73				7,918.73
Special Assessments	1,406.50	26,782.59			28,189.09
Maintenance Assessments	521,105.58	489,392.05			1,010,497.63
Contributions and Donations from Private Sources	19,931.21				19,931.21
Other	35,026.75				35,026.75
Total Revenue	6,422,032.05	516,174.64	410,508.91	962,172.84	8,310,888.44

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

MUNICIPALITY OF HARRISBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	General Fund	Storm Sewer Maintenance Special Revenue Fund	Arterial Street Fee Fund	Other Governmental Funds	Total Governmental Funds
Expenditures:					
General Government:					
Legislative	33,185.36				33,185.36
Executive	265,285.29				265,285.29
Elections	19.52				19.52
Financial Administration	293,823.59			1,500.00	295,323.59
Other	819,377.51	66,238.40			885,615.91
Total General Government	1,411,691.27	66,238.40	0.00	1,500.00	1,479,429.67
Public Safety:					
Police	418,003.28				418,003.28
Fire	73,028.39				73,028.39
Protective Inspection	84,750.18				84,750.18
Other Protection	7,765.58				7,765.58
Total Public Safety	583,547.43	0.00	0.00	0.00	583,547.43
Public Works:					
Highways and Streets	419,689.28	3,559.00		45,845.87	469,094.15
Sanitation	16,216.33				16,216.33
Total Public Works	435,905.61	3,559.00	0.00	45,845.87	485,310.48
Health and Welfare:					
Health	51,142.39				51,142.39
Total Health and Welfare	51,142.39	0.00	0.00	0.00	51,142.39
Culture and Recreation:					
Recreation	20,000.00				20,000.00
Parks	305,587.51				305,587.51
Libraries	80,012.27				80,012.27
Total Culture and Recreation	405,599.78	0.00	0.00	0.00	405,599.78
Conservation and Development:					
Economic Development and Assistance	93,112.10			628,209.19	721,321.29
Total Conservation and Development	93,112.10	0.00	0.00	628,209.19	721,321.29
Debt Service	217,854.07	97,369.72	0.00	0.00	315,223.79
Capital Outlay	2,440,865.96	886,734.34	921.86	0.00	3,328,522.16
Total Expenditures	5,639,718.61	1,053,901.46	921.86	675,555.06	7,370,096.99
Excess of Revenue Over (Under) Expenditures	782,313.44	(537,726.82)	409,587.05	286,617.78	940,791.45
Other Financing Sources (Uses):					
Sale of Municipal Property	12,702.00				12,702.00
Total Other Financing Sources (Uses)	12,702.00	0.00	0.00	0.00	12,702.00
Net Change in Fund Balances	795,015.44	(537,726.82)	409,587.05	286,617.78	953,493.45
Fund Balance - Beginning	9,368,585.37	607,174.47	486,059.52	249,173.07	10,710,992.43
FUND BALANCE - ENDING	10,163,600.81	69,447.65	895,646.57	535,790.85	11,664,485.88

MUNICIPALITY OF HARRISBURG
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances to the Government-Wide Statement of Activities
For the Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds	<u>953,493.45</u>
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.	<u>3,328,522.16</u>
This amount represents the current year depreciation and amortization expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	<u>(867,897.74)</u>
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.	<u>(6,027.70)</u>
Payment of principal on long-term liabilities is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.	<u>232,784.50</u>
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available".	<u>(2,774.24)</u>
The fund financial statement governmental fund sales and use tax accruals differ from the government-wide statement sales and use tax accruals in that the fund financial statements require the amounts to be "available".	<u>18,741.36</u>
Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments as revenue upon completion of the project at the point when an enforceable legal claim arises.	<u>232,548.88</u>
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.	<u>41.96</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>(2,416.74)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>7,612.06</u>
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>16,367.66</u>
Change in Net Position of Governmental Activities	<u><u>3,910,995.61</u></u>

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

MUNICIPALITY OF HARRISBURG
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	2,774,703.96	1,805,846.26	4,580,550.22
Accounts Receivable, Net	9,234.85	15,606.03	24,840.88
Unbilled Accounts Receivable	100,282.00	273,114.96	373,396.96
Due From Government		106,872.84	106,872.84
Prepaid Expense	13,120.20	42,637.58	55,757.78
Inventory		132,594.81	132,594.81
Total Current Assets	2,897,341.01	2,376,672.48	5,274,013.49
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	957,270.19	1,868,637.84	2,825,908.03
Net Pension Asset	541.15	727.19	1,268.34
Capital Assets:			
Land	56,250.71	2,711,783.81	2,768,034.52
Improvements Other Than Buildings	12,377,153.01	46,758,940.30	59,136,093.31
Machinery and Equipment	697,197.95	1,347,787.18	2,044,985.13
Construction Work in Progress		868,409.72	868,409.72
Less: Accumulated Depreciation	(3,835,206.42)	(7,150,864.49)	(10,986,070.91)
Intangible Assets	1,601,924.46	15,202.51	1,617,126.97
Less: Accumulated Amortization	(485,602.23)	(5,351.78)	(490,954.01)
Total Noncurrent Assets	11,369,528.82	46,415,272.28	57,784,801.10
TOTAL ASSETS	14,266,869.83	48,791,944.76	63,058,814.59
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	49,779.24	67,234.48	117,013.72
TOTAL DEFERRED OUTFLOWS OF RESOURCES	49,779.24	67,234.48	117,013.72
LIABILITIES:			
Current Liabilities:			
Accounts Payable	40,368.82	91,572.93	131,941.75
Notes Payable	11,249.07	64,013.70	75,262.77
Contracts Payable		566,445.84	566,445.84
Contracts Payable -- Retainage Payable		62,938.42	62,938.42
Accrued Interest Payable	12,152.80	145,511.40	157,664.20
Accrued Wages Payable	3,226.85	4,201.11	7,427.96
Accrued Taxes Payable	436.93	569.92	1,006.85
Customer Deposits	338,930.50		338,930.50
Unearned Revenue		740,354.00	740,354.00
Bonds Payable Current:			
Revenue	226,308.84	790,746.81	1,017,055.65
Accrued Leave Payable-Current	4,000.00	5,000.00	9,000.00
Total Current Liabilities	636,673.81	2,471,354.13	3,108,027.94

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

MUNICIPALITY OF HARRISBURG
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
LIABILITIES (CONTINUED):			
Noncurrent Liabilities:			
Bonds Payable:			
Revenue	2,381,019.37	27,294,343.27	29,675,362.64
Accrued Leave Payable	3,641.63	7,974.74	11,616.37
Other Long-Term Liabilities	49,175.59	224,579.44	273,755.03
Total Noncurrent Liabilities	2,433,836.59	27,526,897.45	29,960,734.04
TOTAL LIABILITIES	3,070,510.40	29,998,251.58	33,068,761.98
DEFERRED INFLOWS OF RESOURCES:			
Pension Related Deferred Inflows	32,141.20	43,554.97	75,696.17
TOTAL DEFERRED INFLOWS OF RESOURCES	32,141.20	43,554.97	75,696.17
NET POSITION:			
Net Investment in Capital Assets	7,743,964.61	15,542,839.77	23,286,804.38
Restricted Net Position, Restricted for:			
Revenue Bond Debt Service	833,156.44	1,447,875.22	2,281,031.66
Equipment Repair and/or Replacement	124,113.75	420,762.62	544,876.37
SDRS Pension Purposes	18,179.19	24,406.70	42,585.89
Unrestricted Net Position	2,494,583.48	1,381,488.38	3,876,071.86
TOTAL NET POSITION	11,213,997.47	18,817,372.69	30,031,370.16

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

MUNICIPALITY OF HARRISBURG
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Revenue:			
Surcharge as Security for Debt	377,978.81	1,616,587.67	1,994,566.48
Charges for Goods and Services	1,269,206.22	1,814,962.08	3,084,168.30
Total Operating Revenue	1,647,185.03	3,431,549.75	5,078,734.78
Operating Expenses:			
Personal Services	192,076.93	281,610.77	473,687.70
Other Current Expense	318,060.59	918,494.23	1,236,554.82
Materials (Cost of Goods Sold)	284,668.44		284,668.44
Amortization	36,755.43	1,787.50	38,542.93
Depreciation	314,960.74	1,413,403.23	1,728,363.97
Total Operating Expenses	1,146,522.13	2,615,295.73	3,761,817.86
Operating Income (Loss)	500,662.90	816,254.02	1,316,916.92
Nonoperating Revenue (Expense):			
Investment Earnings	7,731.61	2,309.13	10,040.74
Rental Revenue	42,317.60	23,876.00	66,193.60
Interest Expense	(92,447.46)	(743,538.14)	(835,985.60)
Gain (Loss) on Disposition of Assets	(1,218.25)	(1,218.25)	(2,436.50)
Total Nonoperating Revenue (Expense)	(43,616.50)	(718,571.26)	(762,187.76)
Income (Loss) Before Contributions	457,046.40	97,682.76	554,729.16
Capital Contributions		756,577.09	756,577.09
Change in Net Position	457,046.40	854,259.85	1,311,306.25
Net Position - Beginning	10,756,951.07	17,963,112.84	28,720,063.91
NET POSITION - ENDING	11,213,997.47	18,817,372.69	30,031,370.16

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

MUNICIPALITY OF HARRISBURG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Receipts from Customers	1,625,226.94	3,370,709.06	4,995,936.00
Cash Payments to Employees for Services	(197,227.89)	(287,833.42)	(485,061.31)
Cash Payments to Suppliers of Goods and Services	(586,940.40)	(1,006,711.47)	(1,593,651.87)
Net Cash Provided (Used) by Operating Activities	841,058.65	2,076,164.17	2,917,222.82
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from Capital Debt		4,492,115.00	4,492,115.00
Capital Contributions		1,296,088.75	1,296,088.75
Purchase of Capital Assets	(89,306.54)	(1,299,322.33)	(1,388,628.87)
Principal Paid on Capital Debt	(221,871.79)	(3,708,225.03)	(3,930,096.82)
Interest Paid on Capital Debt	(96,913.81)	(745,934.27)	(842,848.08)
Net Cash (Used) by Capital and Related Financing Activities	(408,092.14)	34,722.12	(373,370.02)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash Received for Interest	7,731.61	2,309.13	10,040.74
Cash Received for Rent	42,317.60	23,876.00	66,193.60
Net Cash Provided by Investing Activities	50,049.21	26,185.13	76,234.34
Net Increase (Decrease) in Cash and Cash Equivalents	483,015.72	2,137,071.42	2,620,087.14
Balances - Beginning	3,248,958.43	1,537,412.68	4,786,371.11
Balances - Ending	3,731,974.15	3,674,484.10	7,406,458.25
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	500,662.90	816,254.02	1,316,916.92
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	351,716.17	1,415,190.73	1,766,906.90
(Increase) decrease in Receivables	(52,258.09)	(60,840.69)	(113,098.78)
(Increase) decrease in Prepaid Expenses	(4,640.23)	(32,186.58)	(36,826.81)
(Increase) decrease in Pension Related Deferred Outflows	4,785.40	5,001.29	9,786.69
(Increase) decrease in Net Pension Asset	42,017.49	54,799.23	96,816.72
(Decrease) increase in Accounts and Other Payables	20,428.86	(56,030.66)	(35,601.80)
(Decrease) increase in Accrued Wages and Taxes Payable	(3,573.64)	(6,125.16)	(9,698.80)
(Decrease) increase in Accrued Leave Payable	2,557.15	4,998.72	7,555.87
(Decrease) increase in Pension Related Deferred Inflows	(50,937.36)	(64,896.73)	(115,834.09)
(Decrease) increase in Customer Deposits	30,300.00		30,300.00
Net Cash Provided (Used) by Operating Activities	841,058.65	2,076,164.17	2,917,222.82
Noncash Investing, Capital and Financing Activities:			
Loss on Disposal of Capital Assets Not Affecting Operating Income	(1,218.25)	(1,218.25)	(2,436.50)
Cost of Infrastructure Improvements Transferred from the Governmental Funds		93,969.50	93,969.50

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

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

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

Liquor, Lodging and Dining Sales Tax – 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 not a major fund.

Storm Sewer Maintenance Special Revenue Fund – to account for the proceeds of the special assessment for the purpose of maintaining the municipal sewers and septic or sewage treatment plants. (SDCL 9-48-21) This is a major fund.

Street Lighting Service Fee Special Revenue Fund – to account for the collection of a fee for the purpose of maintaining or repairing street lighting within the municipality. This is not a major fund.

Stormwater Basin Development Special Revenue Fund – to account for the collection of a fee for the purpose of maintaining or repairing public improvements within the municipality that are maintained by the municipality. This is not a major fund.

Arterial Street Fee Special Revenue Fund – to account for the collection of a fee for the purpose of street maintenance or repair within the municipality. This is a major fund.

TIF #2 Fund – to account for property taxes which may be used only for the payment of the development costs. This is not a major fund.

TIF #3 Fund – to account for property taxes which may be used only for the payment of the development costs. This is not a major fund.

TIF #4 Fund – to account for property taxes which may be used only for the payment of the development costs. This is not a major fund.

TIF #5 Fund – to account for property taxes which may be used only for the payment of the development costs. This is not a major fund.

TIF #8 Fund – to account for property taxes which may be used only for the payment of the development costs. This is not a major fund.

CLFRF Fund – to account for CLFRF grant proceeds. This is not a major fund. This fund was closed into the Sewer Fund in 2022.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

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 on the accrual basis of accounting.

Fund Financial Statements:

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

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Municipality of Harrisburg, the length of that cycle is 30 days. The revenues which are accrued at December 31, 2023, and December 31, 2022, are sales tax revenue and state and county shared revenue.

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

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

e. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents. Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Laws (SDCL) 4-5-6.

f. Capital Assets:

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

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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Government-wide Financial Statements

Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2023, balance of governmental activities capital assets includes approximately 4.00% for which the costs were determined by estimates of the original cost. The total December 31, 2023, balance of business-type capital assets includes approximately 1.00% for which the costs were determined by estimations of the original cost. These estimated original costs were established by reviewing applicable historical costs of similar items and based the estimations thereon. The total December 31, 2022 balance of capital assets for governmental activities and business-type activities are all valued at original cost.

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

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position.

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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land and land rights	\$ -	-- N/A --	-- N/A --
Improvements other than buildings	\$ 10,000.00	Straight-line	10-50 yrs.
Buildings	\$ 10,000.00	Straight-line	50 yrs.
Machinery & Equipment	\$ 1,000.00	Straight-line	5-10 yrs.
Infrastructure	\$ 10,000.00	Straight-line	10-50 yrs.
Intangible Assets	\$ 1,000.00	Straight-line	5-10 yrs.

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of revenue bonds, direct borrowing notes payable, direct borrowing financing agreements, and compensated absences.

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

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. Deferred Inflows and Deferred Outflows of Resources:

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

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

j. Proprietary Funds Revenue and Expense Classifications:

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

k. Cash and Cash Equivalents:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

I. Equity Classifications:

Government-wide Financial Statements:

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

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation/amortization (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements:

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

m. 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.

n. Fund Balance Classification Policies and Procedures:

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

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

The Nonspendable Fund Balance is comprised of the following:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Storm Sewer Maintenance Special Revenue Fund	Maintenance and Special Assessment
Arterial Street Fee Fund	Fee

o. Pensions:

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

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

	<u>Year Ended</u> <u>12/31/2023</u>
General Fund:	
<u>Activity</u>	
General Government:	
Legislative	4,087.82
Highway and Streets	188,859.69
Storm Sewer Maintenance Special Revenue Fund:	
<u>Activity</u>	
Highway and Streets	104,723.39

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

3. DEFICIT FUND BALANCES / NET POSITION OF INDIVIDUAL NONMAJOR FUNDS

As of December 31, 2022, the following individual nonmajor funds had deficit fund balance/net position in the amounts shown:

TIF # 5 Fund	\$ 27,312.50
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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, 2022, the Municipality had the following investments which are reported as cash and cash equivalents in the financial statements. All investments are in an external investment pool, except the certificate of deposits which are reported as investments in the financial statements.

Investment	Credit Rating	12/31/2022 Fair Value	12/31/2023 Fair Value
External Investment Pools:			
SDFIT	Unrated	2,637,333.91	2,763,383.14
Total Investments		<u>2,637,333.91</u>	<u>2,763,383.14</u>

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

5. RESTRICTED CASH AND INVESTMENTS

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

<u>12/31/2022</u>	<u>12/31/2023</u>	
2,825,908.03	4,381,366.20	For Debt Service, by debt covenants

6. RECEIVABLES AND PAYABLES

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

7. INVENTORY

Inventory consists of expendable supplies held for consumption. Supply inventories are recorded at cost.

Inventory in the proprietary funds is recorded as an asset when acquired. The consumption of inventories is charged to expense as it is consumed. Inventories are recorded at the lower of cost or market, on the first-in, first-out cost flow assumption.

Government-wide Financial Statements:

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

Fund Financial Statements:

In the fund financial statements, purchases of supply inventory items are recorded as an expenditure at the time individual inventory items are purchased. Reported inventories, if any, are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

8. PROPERTY TAXES

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

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

9. TAX ABATEMENTS

The Municipality entered into a sales tax abatement with a local business under SDCL 9-54 and 9-12-11 and Ordinance No. 2017-13. The sales tax abatement was created to provide economic benefits to the Municipality and other political subdivisions, including paying real property taxes to the Municipality and other taxing subdivisions and generating significant retail sales tax revenues for the Municipality when the development is operational. For the year December 31, 2020, the Municipality entered into an agreement with Offensive Holdings, LLC dba Ace Hardware (Developer) and Harrisburg Economic Development Corporation (HEDC). The agreement provides that for a period of five years, beginning on the month of

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NOTES TO THE FINANCIAL STATEMENTS

(Continued)

first retail sale at the site, or until such time that \$100,000 has been reimbursed to Developer, the Municipality shall reimburse to HEDC, and HEDC shall reimburse the Developer, fifty percent of the Municipality's sales taxes received from the site.

For the year ended December 31, 2022, and December 31, 2023, the Municipality abated taxes totaling \$25,387.86 and \$9,850.69 respectively, under this program.

10. CHANGES IN GENERAL CAPITAL ASSETS

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

	Balance 01/01/2022	Increases	Decreases	Balance 12/31/2023
Primary Government:				
Governmental Activities:				
Capital Assets, not being Depreciated/Amortized:				
Land	2,232,059.31	1,039,482.13		3,271,541.44
Construction in Progress	750,179.46	10,396,840.81	(260,026.30)	10,886,993.97
Intangible Land Easements		79,820.00		79,820.00
Total, not being Depreciated/Amortized	2,982,238.77	11,516,142.94	(260,026.30)	14,238,355.41
Capital Assets, being Depreciated/Amortized:				
Buildings	1,951,524.55	250,735.22		2,202,259.77
Improvements Other Than Buildings	17,653,981.28	2,316,609.93		19,970,591.21
Machinery & Equipment	2,343,440.17	854,986.40	(78,929.00)	3,119,497.57
Intangible - Software & Website	60,219.98	32,450.00		92,669.98
Total, being Depreciated/Amortized	22,009,165.98	3,454,781.55	(78,929.00)	25,385,018.53
Less Accumulated Depreciation/Amortization for:				
Buildings	(399,821.32)	(99,325.22)		(499,146.54)
Improvements Other Than Buildings	(9,949,894.15)	(1,184,812.48)		(11,134,706.63)
Machinery & Equipment	(1,053,762.26)	(508,450.30)	61,781.71	(1,500,430.85)
Intangible - Software & Website	(45,595.00)	(18,440.00)		(64,035.00)
Total Accumulated Depreciation/Amortization	(11,449,072.73)	(1,811,028.00)	61,781.71	(13,198,319.02)
Total Governmental Activities Capital Assets, being Depreciated/Amortized, Net	10,560,093.25	1,643,753.55	(17,147.29)	12,186,699.51
Governmental Activity Capital Assets, Net	13,542,332.02	13,159,896.49	(277,173.59)	26,425,054.92

Depreciation/Amortization expense was charged to functions as follows:

	2022	2023
Governmental Activities:		
General Government	38,560.55	40,574.01
Public Safety	7,102.56	7,861.96
Public Works	671,890.49	722,426.09
Health and Welfare	2,742.80	4,617.80
Culture and Recreation	147,601.34	167,650.40
Total Depreciation/Amortization Expense - Governmental Activities	867,897.74	943,130.26

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Balance 01/01/2022	Increases	Decreases	Balance 12/31/2023
Business-type Activities:				
Capital Assets, not being Depreciated/Amortized:				
Land	2,768,034.52			2,768,034.52
Construction Work in Progress	23,815,292.57	7,286,051.77	(23,888,584.33)	7,212,760.01
Total, not being Depreciated/Amortized	26,583,327.09	7,286,051.77	(23,888,584.33)	9,980,794.53
Capital Assets, being Depreciated/Amortized:				
Improvements Other Than Buildings	35,247,508.98	24,719,724.33		59,967,233.31
Machinery & Equipment	1,877,694.17	278,102.96	(26,636.00)	2,129,161.13
Intangible - Lewis & Clark Expansion	1,553,220.95	11,391.00		1,564,611.95
Intangible - Software	34,585.02	17,930.00		52,515.02
Total, being Depreciated/Amortized	38,713,009.12	25,027,148.29	(26,636.00)	63,713,521.41
Less Accumulated Depreciation/Amortization for:				
Improvements Other Than Buildings	(8,386,017.32)	(3,181,350.21)		(11,567,367.53)
Machinery & Equipment	(871,689.62)	(299,034.00)	19,039.50	(1,151,684.12)
Intangible - Lewis & Clark Expansion	(438,599.52)	(65,513.72)		(504,113.24)
Intangible - Software	(13,811.56)	(11,572.21)		(25,383.77)
Total Accumulated Depreciation/Amortization	(9,710,118.02)	(3,557,470.14)	19,039.50	(13,248,548.66)
Total Business Type Activities Capital Assets, being Depreciated/Amortized, net	29,002,891.10	21,469,678.15	(7,596.50)	50,464,972.75
Business-type Activity Capital Assets, Net	55,586,218.19	28,755,729.92	(23,896,180.83)	60,445,767.28

Depreciation/Amortization expense was charged to functions as follows:

Business-Type Activities:	2022	2023
Water	351,716.17	361,916.96
Sewer	1,415,190.73	1,428,646.28
Total Depreciation/Amortization Expense - Business-Type Activities	1,766,906.90	1,790,563.24

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

Project Name	Project Authorization	Expended Thru 12/31/2021	Committed	Required Future Financing
272nd Roadway Improvements	2,442,793.70	2,442,793.70	0.00	0.00
2023 Asphalt Paving & Curb Repairs	748,801.34	748,801.34	0.00	0.00
S Cliff Ave Extension - Street & Utility	70,720.00	70,720.00	0.00	0.00
273rd & Willow St. Improvements	329,636.70	329,636.70	0.00	0.00
Central Park Irrigation and Well Project	245,893.62	245,893.62	0.00	0.00
Cliff Avenue/Willow Street Intersection	5,727,737.17	5,727,737.17	0.00	0.00
Legendary Estates Drainage Improvements	1,321,411.44	1,321,411.44	0.00	0.00
Southeast Infrastructure Improvements	9,673,850.09	339,601.77	0.00	9,334,248.32
West Side Sanitary Trunk Sewer Phase 1	24,054,000.00	6,247,345.57	0.00	17,806,654.43
West Side Sanitary Trunk Sewer Phase 2	143,085.96	143,085.96	0.00	0.00
Lagoon Reclamation - Biosolids Removal	1,213,420.00	482,726.71	730,693.29	0.00
TOTAL	45,971,350.02	18,099,753.98	730,693.29	27,140,902.75

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

11. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 1/1/2022	Additions	Deletions	Ending Balance 12/31/2023	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
Storm Water Assessment Bond - Series 2011	978,195.00		139,673.02	838,521.98	73,030.52
Sales Tax Revenue Bonds, Series 2021	1,881,560.49		234,530.16	1,647,030.33	121,206.13
Direct Borrowing Financing Agreement:					
CapFirst Financing - 2020 CAT Motor Grader	96,254.57		29,970.89	66,283.68	15,751.69
CapFirst Financing - 2020 CAT Telehandler	46,314.69		14,247.16	32,067.53	7,552.71
CapFirst Financing - 2020 Elgin Sweeper	145,972.05		53,975.06	91,996.99	29,118.94
Total Liabilities	3,148,296.80	0.00	472,396.29	2,675,900.51	246,659.99
Accrued Compensated Absences- Governmental Funds	38,703.71	2,703.90		41,407.61	25,000.00
Total Governmental Activities	3,187,000.51	2,703.90	472,396.29	2,717,308.12	271,659.99
Business-Type Activities:					
Bonds Payable:					
Water Revenue, Series 2007	550,311.22		144,724.96	405,586.26	75,952.63
Water System Revenue, Series 2008	953,028.82		182,595.71	770,433.11	95,827.46
Clean Water Revenue Bonds, Series 2009	1,968,670.83		142,177.91	1,826,492.92	74,615.91
Clean Water Revenue Bonds, Series 2011	488,218.07		63,335.36	424,882.71	33,116.00
Wastewater Surcharge Rev. Bonds, Series 2018	2,260,000.00		2,260,000.00	0.00	0.00
Wastewater Surcharge Revenue Ref. Bonds, Series 2022		2,945,018.00	299,140.82	2,645,877.18	144,151.00
Water System Surcharge Revenue Bonds	1,315,000.00		110,000.00	1,205,000.00	60,000.00
Clean Water Revenue Bonds, Series 2019	21,899,638.00	1,547,097.00	1,049,644.54	22,397,090.46	559,951.34
Clean Water Revenue Bonds, Series 2022		2,752,285.00		2,752,285.00	0.00
Direct Borrowing Notes Payable:					
Note Payable - Harrisburg School District	623,666.49		623,666.49	0.00	0.00
Direct Borrowing Financing Agreement:					
CapFirst Financing - 2020 Motor Grader	96,254.57		29,970.90	66,283.67	15,751.69
CapFirst Financing - 2020 CAT Telehandler	46,314.68		14,247.16	32,067.52	7,552.70
CapFirst Financing - 2019 Vector Jetter with 2021 Peterbilt Chasis	278,315.23		102,911.39	175,403.84	55,519.17
Total Debt	30,479,417.91	7,244,400.00	5,022,415.24	32,701,402.67	1,122,437.90
Accrued Compensated Absences- Business-Type Funds	13,060.50	17,986.34		31,046.84	20,000.00
Total Business-Type Activities	30,492,478.41	7,262,386.34	5,022,415.24	32,732,449.51	1,142,437.90
TOTAL PRIMARY GOVERNMENT	33,679,478.92	7,265,090.24	5,494,811.53	35,449,757.63	1,414,097.89

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Revenue Bonds:

Sales Tax Revenue Bonds - Series 2009 3.25 Percent Interest, Final Maturity Date of January 2042, Retired by the Sewer Fund.	1,826,492.92
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Sales Tax Revenue Bonds - Series 2021 2.22 Percent Interest, Final Maturity Date of January 2035 Retired by the General Fund.	1,647,030.33
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Water Improvement Revenue Bonds SRF - Series 2007 3.25 Percent Interest, Final Maturity Date of October 2028 Retired by the Water Fund.	405,586.26
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Water System Revenue Bonds SRF - Series 2008 3.25 Percent Interest, Final Maturity Date of January 2031 Retired by the Water Fund.	770,433.11
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Clean Water Revenue Bonds SRF - Series 2011 3.00 Percent Interest, Final Maturity Date of October 2034 Retired by the Sewer Fund.	424,882.71
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Storm Water Assessment Bond SRF - Series 2011 3.00 Percent Interest, Final Maturity Date of October 2033 Retired by the Storm Sewer Maintenance Fund.	838,521.98
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Wastewater Surcharge Revenue Refunding Bonds SRF - Series 2022 2.80 Percent Interest, Final Maturity Date of December 2038 Retired by the Sewer Fund.	2,645,877.18
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Water System Surcharge Revenue Bonds SRF - Series 2019 3.30 Percent Interest, Final Maturity Date of December 2039 Retired by the Water Fund.	1,205,000.00
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Clean Water System Surcharge Revenue Bonds SRF - Series 2019 2.50 Percent Interest, Final Maturity Date of October 2051 Retired by the Sewer Fund.	22,397,090.46
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Clean Water System Surcharge Revenue Bonds SRF - Series 2022 2.125 Percent Interest, Final Maturity Date of October 2054 Retired by the Sewer Fund.	2,752,285.00
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Direct Borrowing Financing Agreement:

CapFirst Equipment Finance, Inc: Lease Payable for 2020 CAT Motor Grader Interest Rate 3.39%, Maturity September 2027 Payable from General, Water and Sewer Funds	132,567.35
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Lease Payable for 2020 CAT Telehandler Interest Rate 3.99%, Maturity March 2027 Payable from General, Water and Sewer Funds	64,135.05
Lease Payable for 2020 Elgin Sweeper Interest Rate 5.22%, Maturity March 2026 Payable from General Fund	91,996.99
Lease Payable for 2019 Vactor Jetter with 2021 Peterbilt Chasis Interest Rate 5.22%, Maturity August 2026 Payable from Sewer Fund	175,403.84

The purchase price at the commencement of the direct borrowing financing agreement were:

	2020 CAT Motor Grader	2019 Vactor Jetter with Peterbilt Chasis	2020 CAT Telehandler	2020 Elgin Sweeper
Principal	\$ 257,011.58	\$ 390,650.00	\$ 123,726.29	\$ 204,890.00
Interest	30,967.70	62,082.00	17,588.91	32,564.00
TOTAL	<u>\$ 287,979.28</u>	<u>\$ 452,732.00</u>	<u>\$ 141,315.20</u>	<u>\$ 237,454.00</u>

The principal amount, above, was included in the appropriate classification of capital assets, and is being depreciated over the shorter of the estimated useful-life of the asset, or the lease term (where title never transfers), as appropriate.

The Municipality's outstanding notes from direct borrowings and direct placements related to governmental activities of \$190,348.20 include provisions that in an event of default the following may occur: a) all payments may become immediately due and payable, b) repossess the equipment collateralized, c) repossess and sell equipment to cover all costs incurred and payable, and if sale doesn't cover all outstanding balances take any other remedy available by law. Collateralized equipment on the direct borrowing financing agreements includes the 2020 CAT Motorgrader, 2020 CAT Telehandler, and 2020 Elgin Sweeper.

The Municipality's outstanding notes from direct borrowings and direct placements related to business-type activities of \$273,755.03. include provisions that in an event of default the following may occur: a) all payments may become immediately due and payable, b) repossess the equipment collateralized, c) repossess and sell equipment to cover all costs incurred and payable, and if sale doesn't cover all outstanding balances take any other remedy available by law. Collateralized equipment on the direct borrowing financing agreements includes the 2020 CAT Motorgrader, 2020 CAT Telehandler, and 2019 Vactor Jetter with 2021 Peterbilt Chassis.

The Municipality refunded the debt to reduce its total debt service payments over the next seventeen years by \$39,227.41 and to obtain an economic gain of \$107,542.60. The entire proceeds of the refunding issue in the amount of \$2,945,018.00 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service requirements on the refunded bonds. As a result, the refunded bonds are defeased and the liability for those bonds has been removed from the Municipality's Sewer Fund records.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Compensated Absences:

Compensated Absences Accrued at Year End,
Payable from the Fund that the payroll is incurred.

General Fund	41,407.61
Water Fund	11,600.95
Sewer Fund	19,445.89

The annual requirements to amortize all liabilities outstanding as of December 31, 2023, except for compensated absences, are as follows:

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

Year Ending December 31,	Sales Tax Revenue Bonds - Series 2009		Water Improvement Revenue Bond, Series 2007		Water System Revenue Bond, Series 2008	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	74,615.91	58,457.77	75,952.63	12,262.13	95,827.46	23,879.06
2025	77,070.64	56,003.04	78,451.35	9,763.41	98,980.02	20,726.50
2026	79,606.13	53,467.55	81,032.26	7,182.50	102,236.29	17,470.23
2027	82,225.03	50,848.65	83,698.07	4,516.69	105,599.69	14,106.83
2028	84,930.09	48,143.59	86,451.95	1,762.81	109,073.73	10,632.79
2029-2033	468,445.55	196,922.85			258,715.92	10,623.75
2034-2038	550,740.25	114,628.15				
2039-2043	408,859.32	23,630.14				
Totals	<u>1,826,492.92</u>	<u>602,101.74</u>	<u>405,586.26</u>	<u>35,487.54</u>	<u>770,433.11</u>	<u>97,439.16</u>

Year Ending December 31,	Capital Acquisition Lease Purchase-Sewer Jetter		Clean Water Revenue Bond, Series 2011		Storm Water Assessment Bond, Series 2011	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	55,519.17	9,156.83	33,116.00	12,376.28	73,030.52	24,339.20
2025	58,417.51	6,258.49	34,120.72	11,371.56	75,246.20	22,123.52
2026	61,467.16	3,208.84	35,155.92	10,336.36	77,529.12	19,840.60
2027			36,222.53	9,269.75	79,881.28	17,488.44
2028			37,321.49	8,170.79	82,304.81	15,064.91
2029-2033			204,294.86	23,166.54	450,530.05	36,318.55
2034-2038			44,651.19	841.09		
Totals	<u>175,403.84</u>	<u>18,624.16</u>	<u>424,882.71</u>	<u>75,532.37</u>	<u>838,521.98</u>	<u>135,175.22</u>

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Year Ending December 31,	Capital Acquisition Lease Purchase-Motor Grader		Clean Water Revenue Bond, Series 2019		Capital Acquisition Lease Purchase-Telehandler	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	31,503.38	4,494.03	559,951.34	554,704.98	15,105.41	2,558.99
2025	32,571.34	3,426.07	574,081.92	540,574.40	15,708.12	1,956.28
2026	33,675.51	2,321.90	588,569.07	526,087.25	16,334.87	1,329.53
2027	34,817.12	1,180.30	603,421.82	511,234.50	16,986.65	677.76
2028			618,649.39	496,006.93		
2029-2033			3,335,454.50	2,237,827.10		
2034-2038			3,778,095.13	1,795,186.47		
2039-2043			4,279,477.62	1,293,803.98		
2044-2048			4,847,397.38	725,884.32		
2049-2053			3,211,992.29	131,976.67		
Totals	132,567.35	11,422.30	22,397,090.46	8,813,286.60	64,135.05	6,522.56

Year Ending December 31,	Capital Acquisition Lease Purchase-Street Sweeper		Clean Water Revenue Bond Series 2022		Wastewater Surcharge Revenue Refunding Bonds, Series 2022	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	29,118.94	4,803.06			144,151.00	73,082.52
2025	30,639.21	3,282.79	66,347.85	57,959.67	148,215.48	69,018.04
2026	32,238.84	1,683.16	67,769.01	56,538.51	152,394.57	64,838.95
2027			69,220.61	55,086.91	156,691.48	60,542.04
2028			70,703.32	53,604.20	161,109.55	56,123.97
2029-2033			376,892.78	244,644.82	876,303.94	209,863.66
2034-2038			419,024.57	202,513.03	1,007,011.16	79,156.39
2039-2043			465,866.11	155,671.49		
2044-2048			517,943.96	103,593.64		
2049-2053			575,843.46	45,694.14		
2054			122,673.33	1,634.19		
Totals	91,996.99	9,769.01	2,752,285.00	976,940.60	2,645,877.18	612,625.57

Year Ending December 31,	Water System Surcharge Revenue Bonds, Series 2019		Sales Tax Revenue Bonds, Series 2021		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	60,000.00	39,270.00	121,206.13	35,895.10	1,369,097.89	855,279.95
2025	60,000.00	37,290.00	123,911.84	33,189.38	1,473,762.20	872,943.15
2026	60,000.00	35,310.00	126,677.95	30,423.28	1,514,686.70	830,038.66
2027	60,000.00	33,330.00	129,505.81	27,595.41	1,458,270.09	785,877.28
2028	70,000.00	31,267.50	132,396.79	24,704.43	1,452,941.12	745,481.92
2029-2033	370,000.00	121,192.50	707,658.61	77,845.49	7,048,296.21	3,158,405.26
2034-2038	430,000.00	55,687.50	305,673.20	8,529.24	6,535,195.50	2,256,541.87
2039-2043	95,000.00	2,392.50			5,249,203.05	1,475,498.11
2044-2048					5,365,341.34	829,477.96
2049-2053					3,787,835.75	177,670.81
2054					122,673.33	1,634.19
Totals	1,205,000.00	355,740.00	1,647,030.33	238,182.33	35,377,303.18	11,988,849.16

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

12. INDIVIDUAL FUND INTERFUND BALANCES

Interfund receivable and payable balances at December 31, 2022 were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
TIF #2 Debt Service Fund	27,312.50	
TIF #5 Debt Service Fund		27,312.50
TOTALS	<u>27,312.50</u>	<u>27,312.50</u>

The interfund balances above were created when the TIF Funds incurred expenses before the revenue source created by the TIF was available. The Municipality expects these balances to be resolved within a year.

13. RESTRICTED NET POSITION

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

	<u>Restricted By</u>	<u>12/31/2022</u>	<u>12/31/2023</u>
City Promotion/Parks	Law	141,241.20	223,608.44
Storm Sewer Maintenance	Law	820,326.32	1,342,215.99
Economic Development	Development Agreement	331,847.18	282,230.64
Street Maintenance	Law	895,646.57	1,278,446.19
Street Lighting	Law	16,905.50	54,793.54
SDRS Pension Purposes	Governmental Accounting Standards	122,246.72	113,039.52
Debt Service	Loan Agreement	2,281,031.66	3,530,888.89
Equipment Repair/Replacement	Governmental Accounting Standards	544,876.37	850,477.31
Total Restricted Net Position		<u>5,154,121.52</u>	<u>7,675,700.52</u>

14. PENSION PLAN

Plan Information:

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

Benefits Provided:

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2023, 2022, and 2021, were \$76,040.55, \$64,388.26, and \$51,496.67, respectively, equal to the required contributions each year.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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

Proportionate share of pension liability	\$ 6,518,348.28
Less proportionate share of net position restricted for pension benefits	<u>\$ 6,522,738.82</u>
Proportionate share of net pension liability (asset)	<u>\$ (4,390.54)</u>

At December 31, 2023, the Municipality reported a liability (asset) of \$(4,390.54) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the Municipality's proportion was 0.044983000%, which is an increase of 0.0060030% from its proportion measured as of June 30, 2022.

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

Proportionate share of pension liability	\$ 5,502,658.18
Less proportionate share of net position restricted for pension benefits	<u>\$ 5,506,341.77</u>
Proportionate share of net pension liability (asset)	<u>\$ (3,683.59)</u>

At December 31, 2022, the Municipality reported a liability (asset) of \$(3,683.59) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the Municipality's proportion was 0.03898000%, which is an increase of 0.0031040% from its proportion measured as of June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

For the year ended December 31, 2023, the Municipality recognized pension expense (reduction of pension expense) of \$9,207.20. At December 31, 2023 the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience.	\$ 124,452.06	
Changes in assumption.	\$ 150,106.62	\$ 219,422.41
Net difference between projected and actual earnings on pension plan investments.	\$ 29,230.72	
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.	\$ 59.04	\$ 14,545.48
Municipality contributions subsequent to the measurement date.	<u>\$ 38,768.43</u>	
TOTAL	<u>\$ 342,616.87</u>	<u>\$ 233,967.89</u>

\$38,768.43 reported as deferred outflow of resources related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year Ended	
December 31:	
2024	\$ 54,968.79
2025	(71,273.17)
2026	81,109.19
2027	5,075.74
TOTAL	<u>\$ 69,880.55</u>

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

For the year ended December 31, 2022, the Municipality recognized pension expense (reduction of pension expense) of (\$31,036.69). At December 31, 2022 the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience.	\$ 70,124.97	\$ 239.14
Changes in assumption.	\$ 233,746.30	\$ 205,664.63
Net difference between projected and actual earnings on pension plan investments.		\$ 8,828.25
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.	\$ 106.26	\$ 5,882.23
Municipality contributions subsequent to the measurement date.	\$ 35,199.85	
TOTAL	<u>\$ 339,177.38</u>	<u>\$ 220,614.25</u>

\$35,199.85 reported as deferred outflow of resources related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year Ended December 31:	
2023	\$ 21,820.31
2024	49,668.94
2025	(59,708.98)
2026	71,583.01
TOTAL	<u>\$ 83,363.28</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2023, and June 30, 2022 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 6.50% 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	2.10% in 2022 1.91% in 2023

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Mortality Rates

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected

Generationally with improvement scale MP-2020

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per

Year until 111% of rates at age 83 and above.

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2022. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates 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>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9%	0.8%
Total	<u>100%</u>	

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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

Discount Rate:

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

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

At December 31, 2023, the following presents the Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50% as well as what the Municipality's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$899,906.94	\$ (4,390.54)	\$(743,933.38)

At December 31, 2022, the following presents the Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50% as well as what the Municipality's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$764,918.51	\$ (3,683.59)	\$(631,835.07)

Pension Plan Fiduciary Net Position:

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

NOTES TO THE FINANCIAL STATEMENTS(Continued)15. SIGNIFICANT CONTINGENCIES – LITIGATION

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

16. RISK MANAGEMENT

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

Employee Health Insurance:

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

Liability Insurance:

The Municipality 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 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 an annual premium, to provide liability coverage detailed below, under a claims-made policy and the member based on their exposure or type of coverage. The Municipality pays an annual premium to the pool to provide coverage for: General Liability, Vehicle Coverage, Property and Building Coverage, Errors and Omissions of Officials and Employees 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 over the past three years.

Worker's Compensation:

The Municipality joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The Municipality's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The Municipality pays an annual premium, to provide worker's compensation coverage for its employees, under a 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 not exceeded the liability coverage over the past three years.

Unemployment Benefits:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

17. ASSOCIATION WITH RELATED PARTIES

The Office Assistant for the Municipality is also an employee of the Harrisburg Economic Development Corporation.

The Municipality may make decisions that affect the dealings with this organization although the Municipality has no direct influence on the organization's operations.

18. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through October 10, 2025, the date on which the financial statements were available to be issued.

In 2022, the Municipality passed a resolution to issue a Wastewater Surcharge Revenue Bond, Series 2022 in the amount of \$8,393,896.00. At December 31, 2023, \$2,752,285.00 had been drawn on the bond.

In 2022, the Municipality passed a resolution to issue a Drinking Water Surcharge Revenue Bond in the amount of \$6,305,000.00. At December 31, 2023, no draws had been drawn on the bond.

In 2024, the Municipality passed a resolution to issue \$4,000,000.00 of Sales Tax Revenue Bonds to finance the construction of infrastructure.

In 2025, the Municipality passed a resolution to pay off Water System Surcharge Revenue Bonds, Series 2019 and Revenue Refunding Bonds, Series 2022 in the amounts of \$1,157,175.17 and \$2,524,297.32, respectively.

In 2025, the Municipality passed a resolution to issue \$13,000,000.00 of Sales Tax Revenue Bonds and Bond Anticipation Notes to finance the construction of infrastructure.

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes	1,649,080.00	1,649,080.00	1,543,871.12	(105,208.88)
General Sales and Use Taxes	2,495,915.00	2,495,915.00	3,015,505.47	519,590.47
Penalties and Interest on Delinquent Taxes	1,500.00	1,500.00	1,118.06	(381.94)
Licenses and Permits	24,760.00	24,760.00	272,280.97	247,520.97
Intergovernmental Revenue:				
State Grants	235,000.00	235,000.00	245,498.89	10,498.89
State Shared Revenue:				
Bank Franchise Tax	25,000.00	25,000.00	27,525.54	2,525.54
Prorate License Fees	0.00	0.00	2,063.70	2,063.70
Liquor Tax Reversion	30,000.00	30,000.00	46,273.76	16,273.76
Motor Vehicle Licenses	30,000.00	30,000.00	16,949.04	(13,050.96)
Local Government Highway and Bridge Fund	9,000.00	9,000.00	8,559.21	(440.79)
County Shared Revenue:				
County Wheel Tax	7,000.00	7,000.00	6,592.46	(407.54)
Other Intergovernmental Revenues	0.00	0.00	150,000.00	150,000.00
Charges for Goods and Services:				
General Government	58,800.00	58,800.00	23,722.85	(35,077.15)
Culture and Recreation	35,000.00	35,000.00	118,134.84	83,134.84
Fines and Forfeits:				
Court Fines & Costs	0.00	0.00	3,200.00	3,200.00
Library	0.00	0.00	483.43	483.43
Other	0.00	0.00	381.50	381.50
Miscellaneous Revenue:				
Investment Earnings	100.00	100.00	172,933.63	172,833.63
Rentals	5,500.00	5,500.00	2,673.04	(2,826.96)
Special Assessments	666,616.00	666,616.00	620,847.08	(45,768.92)
Contributions and Donations from Private Sources	19,000.00	19,000.00	6,528.16	(12,471.84)
Other	30,000.00	30,000.00	67,222.80	37,222.80
Total Revenue	5,322,271.00	5,322,271.00	6,352,365.55	1,030,094.55

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Expenditures:				
General Government:				
Legislative	41,325.00	45,325.00	49,412.82	(4,087.82)
Contingency	100,000.00	100,000.00		
Amount Transferred		(92,400.00)		7,600.00
Executive	389,869.00	389,869.00	385,063.90	4,805.10
Elections	2,500.00	2,500.00	0.00	2,500.00
Financial Administration	289,685.00	289,685.00	244,703.25	44,981.75
Other	2,042,865.00	2,242,865.00	1,904,363.76	338,501.24
Total General Government	2,866,244.00	2,977,844.00	2,583,543.73	394,300.27
Public Safety:				
Police	900,515.00	900,915.00	900,885.16	29.84
Fire	86,100.00	86,100.00	84,846.26	1,253.74
Protective Inspection	112,325.00	172,325.00	154,398.50	17,926.50
Other Protection	20,700.00	20,700.00	7,347.92	13,352.08
Total Public Safety	1,119,640.00	1,180,040.00	1,147,477.84	32,562.16
Public Works:				
Highways and Streets	7,980,807.00	8,250,807.00	8,439,666.69	(188,859.69)
Sanitation	24,850.00	27,150.00	19,035.97	8,114.03
Total Public Works	8,005,657.00	8,277,957.00	8,458,702.66	(180,745.66)
Health and Welfare:				
Health	66,835.00	66,835.00	45,426.22	21,408.78
Total Health and Welfare	66,835.00	66,835.00	45,426.22	21,408.78
Culture and Recreation:				
Recreation	45,000.00	45,000.00	352.94	44,647.06
Parks	1,208,875.00	1,208,875.00	962,145.68	246,729.32
Libraries	128,207.00	128,207.00	105,045.85	23,161.15
Total Culture and Recreation	1,382,082.00	1,382,082.00	1,067,544.47	314,537.53
Conservation and Development:				
Economic Development and Assistance	93,000.00	213,000.00	188,329.60	24,670.40
Total Conservation and Development	93,000.00	213,000.00	188,329.60	24,670.40
Debt Service	238,813.00	244,813.00	217,854.13	26,958.87
Total Expenditures	13,772,271.00	14,342,571.00	13,708,878.65	633,692.35
Excess of Revenue Over (Under)				
Expenditures	(8,450,000.00)	(9,020,300.00)	(7,356,513.10)	1,663,786.90

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with
	Original	Final		Final Budget - Positive (Negative)
Other Financing Sources (Uses):				
Transfers In	750,000.00	750,000.00	0.00	(750,000.00)
Sale of Municipal Property	0.00	0.00	49,801.15	49,801.15
Long-Term Debt Issued	3,450,000.00	3,450,000.00	0.00	(3,450,000.00)
Total Other Financing Sources (Uses)	4,200,000.00	4,200,000.00	49,801.15	(4,150,198.85)
Net Change in Fund Balances	(4,250,000.00)	(4,820,300.00)	(7,306,711.95)	(2,486,411.95)
Fund Balance - Beginning	10,163,600.81	10,163,600.81	10,163,600.81	0.00
FUND BALANCE - ENDING	5,913,600.81	5,343,300.81	2,856,888.86	(2,486,411.95)

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Revenues:				
Miscellaneous Revenue:				
Investment Earnings	400.00	400.00	0.00	(400.00)
Special Assessments	0.00	0.00	1,240.57	1,240.57
Maintenance Assessments	656,416.00	656,416.00	658,155.91	1,739.91
Total Revenue	656,816.00	656,816.00	659,396.48	2,580.48
Expenditures:				
General Government:				
Other	140,000.00	140,000.00	76,435.31	63,564.69
Total General Government	140,000.00	140,000.00	76,435.31	63,564.69
Public Works:				
Highways and Streets	290,000.00	290,000.00	394,723.39	(104,723.39)
Total Public Works	290,000.00	290,000.00	394,723.39	(104,723.39)
Debt Service	97,371.00	261,871.00	97,369.72	164,501.28
Total Expenditures	527,371.00	691,871.00	568,528.42	123,342.58
Net Change in Fund Balances	129,445.00	(35,055.00)	90,868.06	125,923.06
Fund Balance - Beginning	69,447.65	69,447.65	69,447.65	0.00
FUND BALANCE - ENDING	198,892.65	34,392.65	160,315.71	125,923.06

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF HARRISBURG
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ARTERIAL STREET FEE FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Revenues:				
Charges for Goods and Services:				
General Government	50,000.00	50,000.00	382,799.62	332,799.62
Total Revenue	50,000.00	50,000.00	382,799.62	332,799.62
Expenditures:				
Total Expenditures	0.00	0.00	0.00	0.00
Excess of Revenue Over (Under)				
Expenditures	50,000.00	50,000.00	382,799.62	332,799.62
Other Financing Sources (Uses):				
Transfers Out	(750,000.00)	(750,000.00)	0.00	750,000.00
Total Other Financing Sources (Uses)	(750,000.00)	(750,000.00)	0.00	750,000.00
Net Change in Fund Balances	(700,000.00)	(700,000.00)	382,799.62	1,082,799.62
Fund Balance - Beginning	895,646.57	895,646.57	895,646.57	0.00
FUND BALANCE - ENDING	195,646.57	195,646.57	1,278,446.19	1,082,799.62

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes	1,379,176.00	1,379,176.00	1,389,066.50	9,890.50
General Sales and Use Taxes	2,215,000.00	2,215,000.00	3,090,150.70	875,150.70
Penalties and Interest on Delinquent Taxes	1,000.00	1,000.00	144.64	(855.36)
Licenses and Permits	174,380.00	174,380.00	396,903.50	222,523.50
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	204,202.88	204,202.88
State Grants	230,000.00	304,000.00	243,316.49	(60,683.51)
State Shared Revenue:				
Bank Franchise Tax	25,000.00	25,000.00	19,672.62	(5,327.38)
Prorate License Fees	0.00	0.00	3,201.22	3,201.22
Liquor Tax Reversion	27,500.00	27,500.00	47,172.69	19,672.69
Motor Vehicle Licenses	27,500.00	27,500.00	35,158.92	7,658.92
Local Government Highway and Bridge Fund	0.00	0.00	8,324.10	8,324.10
County Shared Revenue:				
County Road and Bridge Tax	8,000.00	8,000.00	1,037.13	(6,962.87)
County Wheel Tax	6,500.00	6,500.00	8,182.01	1,682.01
Other Intergovernmental Revenues	0.00	0.00	200,000.00	200,000.00
Charges for Goods and Services:				
General Government	21,300.00	21,300.00	61,776.16	40,476.16
Sanitation	0.00	0.00	1,700.23	1,700.23
Culture and Recreation	39,000.00	39,000.00	101,476.00	62,476.00
Fines and Forfeits:				
Court Fines and Costs	0.00	0.00	104.67	104.67
Animal Control Fines	0.00	0.00	350.00	350.00
Parking Meter Fines	0.00	0.00	550.00	550.00
Library	0.00	0.00	1,466.93	1,466.93
Other	0.00	0.00	566.50	566.50
Miscellaneous Revenue:				
Investment Earnings	50.00	50.00	22,119.39	22,069.39
Rentals	5,000.00	5,000.00	7,918.73	2,918.73
Special Assessments	0.00	0.00	1,406.50	1,406.50
Maintenance Assessments	523,833.00	523,833.00	521,105.58	(2,727.42)
Contributions and Donations from Private Sources	18,000.00	18,000.00	19,931.21	1,931.21
Other	30,000.00	30,000.00	35,026.75	5,026.75
Total Revenue	4,731,239.00	4,805,239.00	6,422,032.05	1,616,793.05

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Expenditures:				
General Government:				
Legislative	60,918.00	60,918.00	33,185.36	27,732.64
Contingency	30,000.00	30,000.00		
Amount Transferred		(9,000.00)		21,000.00
Executive	317,871.00	317,871.00	265,285.29	52,585.71
Elections	2,500.00	2,500.00	19.52	2,480.48
Financial Administration	371,662.00	410,662.00	326,273.59	84,388.41
Other	983,331.00	1,983,331.00	1,637,434.67	345,896.33
Total General Government	1,766,282.00	2,796,282.00	2,262,198.43	534,083.57
Public Safety:				
Police	422,957.00	422,957.00	418,003.28	4,953.72
Fire	73,185.00	73,185.00	73,028.39	156.61
Protective Inspection	152,667.00	156,667.00	84,750.18	71,916.82
Other Protection	10,250.00	10,250.00	7,765.58	2,484.42
Total Public Safety	659,059.00	663,059.00	583,547.43	79,511.57
Public Works:				
Highways and Streets	4,002,954.00	4,732,954.00	1,636,166.79	3,096,787.21
Sanitation	17,150.00	19,150.00	16,216.33	2,933.67
Total Public Works	4,020,104.00	4,752,104.00	1,652,383.12	3,099,720.88
Health and Welfare:				
Health	119,802.00	119,802.00	51,142.39	68,659.61
Total Health and Welfare	119,802.00	119,802.00	51,142.39	68,659.61
Culture and Recreation:				
Recreation	30,000.00	30,000.00	20,000.00	10,000.00
Parks	498,422.00	723,422.00	649,546.92	73,875.08
Libraries	113,280.00	113,280.00	109,934.15	3,345.85
Total Culture and Recreation	641,702.00	866,702.00	779,481.07	87,220.93
Conservation and Development:				
Economic Development and Assistance	88,400.00	98,400.00	93,112.10	5,287.90
Total Conservation and Development	88,400.00	98,400.00	93,112.10	5,287.90
Debt Service	235,870.00	244,870.00	217,854.07	27,015.93
Total Expenditures	7,531,219.00	9,541,219.00	5,639,718.61	3,901,500.39
Excess of Revenue Over (Under)				
Expenditures	(2,799,980.00)	(4,735,980.00)	782,313.44	5,518,293.44

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Other Financing Sources (Uses):				
Sale of Municipal Property	0.00	0.00	12,702.00	12,702.00
Total Other Financing Sources (Uses)	0.00	0.00	12,702.00	12,702.00
Net Change in Fund Balances	(2,799,980.00)	(4,735,980.00)	795,015.44	5,530,995.44
Fund Balance - Beginning	9,368,585.37	9,368,585.37	9,368,585.37	0.00
FUND BALANCE - ENDING	6,568,605.37	4,632,605.37	10,163,600.81	5,530,995.44

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF HARRISBURG
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
STORM SEWER MAINTENANCE SPECIAL REVENUE FUND
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Revenues:				
Miscellaneous Revenue:				
Investment Earnings	50.00	50.00	0.00	(50.00)
Special Assessments	0.00	0.00	26,782.59	26,782.59
Maintenance Assessments	494,963.00	494,963.00	489,392.05	(5,570.95)
Total Revenue	495,013.00	495,013.00	516,174.64	21,161.64
Expenditures:				
General Government:				
Other	65,000.00	215,000.00	211,099.00	3,901.00
Total General Government	65,000.00	215,000.00	211,099.00	3,901.00
Public Works:				
Highways and Streets	485,500.00	938,500.00	745,432.74	193,067.26
Total Public Works	485,500.00	938,500.00	745,432.74	193,067.26
Debt Service	97,370.00	97,370.00	97,369.72	0.28
Total Expenditures	647,870.00	1,250,870.00	1,053,901.46	196,968.54
Net Change in Fund Balances	(152,857.00)	(755,857.00)	(537,726.82)	218,130.18
Fund Balance - Beginning	607,174.47	607,174.47	607,174.47	0.00
FUND BALANCE - ENDING	454,317.47	(148,682.53)	69,447.65	218,130.18

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF HARRISBURG
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ARTERIAL STREET FEE FUND
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Revenues:				
Charges for Goods and Services:				
General Government	250,000.00	250,000.00	410,508.91	160,508.91
Total Revenue	250,000.00	250,000.00	410,508.91	160,508.91
Expenditures:				
General Government:				
Other	50,000.00	50,000.00	0.00	50,000.00
Total General Government	50,000.00	50,000.00	0.00	50,000.00
Public Works:				
Highways and Streets	500,000.00	500,000.00	921.86	499,078.14
Total Public Works	500,000.00	500,000.00	921.86	499,078.14
Debt Service	97,370.00	97,370.00	0.00	97,370.00
Total Expenditures	647,370.00	647,370.00	921.86	646,448.14
Net Change in Fund Balances	(397,370.00)	(397,370.00)	409,587.05	806,957.05
Fund Balance - Beginning	486,059.52	486,059.52	486,059.52	0.00
FUND BALANCE - ENDING	88,689.52	88,689.52	895,646.57	806,957.05

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

NOTE 1. Budgets and Budgetary Accounting

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpected appropriations lapse at year end unless encumbered by resolution of the Governing Board.

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

The Municipality did not encumber any amounts at December 31, 2022, nor at December 31, 2023.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP).

NOTE 2. GAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, 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 INFORMATIONSCHEDULE OF THE MUNICIPALITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

Last Nine Years *

	Municipality's proportion of the net pension liability/asset	Municipality's proportionate share of net pension liability (asset)	Municipality's covered-employee payroll	Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.0449830%	(4,390.54)	1,188,574.21	0.37%	100.10%
2022	0.0389800%	(3,683.59)	905,806.49	0.41%	100.10%
2021	0.0358760%	(274,748.76)	816,291.51	33.66%	105.52%
2020	0.0293658%	(1,275.35)	645,689.91	0.20%	100.04%
2019	0.0283390%	(3,003.16)	608,307.35	0.49%	100.09%
2018	0.0271850%	(634.02)	565,151.25	0.11%	100.02%
2017	0.0243922%	(2,213.62)	495,714.60	0.45%	100.10%
2016	0.0245819%	83,035.24	469,425.75	17.69%	96.89%
2015	0.0240234%	(101,890.10)	438,303.64	23.25%	104.10%

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY PENSION CONTRIBUTIONS

South Dakota Retirement System

* Last Nine Years

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Municipality's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2023	76,040.55	76,040.55	\$ -	1,270,248.06	5.99%
2022	64,388.26	64,388.26	\$ -	1,042,434.21	6.18%
2021	51,496.67	51,496.67	\$ -	860,429.43	5.98%
2020	43,366.56	43,366.56	\$ -	723,974.30	5.99%
2019	36,401.77	36,401.77	\$ -	606,695.87	6.00%
2018	36,225.62	36,225.62	\$ -	603,757.54	6.00%
2017	31,490.62	31,490.62	\$ -	524,838.90	6.00%
2016	28,837.80	28,837.80	\$ -	481,408.18	5.99%
2015	27,225.65	27,225.65	\$ -	453,463.94	6.00%

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

MUNICIPALITY OF HARRISBURG
Notes to Required Supplementary Information
For the Year Ended December 31, 2023
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation

Actuarial Assumption Changes

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

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

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

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

MUNICIPALITY OF HARRISBURG
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2023

	Liquor, Lodging & Dining Sales Tax Special Revenue Fund	Street Lighting Service Fee Special Revenue Fund	Stormwater Basin Development Special Revenue Fund	TIF #2 Fund	TIF #3 Fund	TIF #4 Fund	TIF #5 Fund	TIF #8 Fund	Total Nonmajor Governmental Funds
ASSETS:									
Cash and Cash Equivalents	217,613.05	54,793.94	80,800.00	41,127.35	47,938.74	49,639.28	3,807.95	139,717.32	635,437.63
Due from Other Governments	5,995.39								5,995.39
TOTAL ASSETS	223,608.44	54,793.94	80,800.00	41,127.35	47,938.74	49,639.28	3,807.95	139,717.32	641,433.02
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:									
Liabilities:									
Total Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Inflows of Resources:									
Total Deferred Inflows of Resources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fund Balances:									
Restricted:									
City Promotion/Parks	223,608.44								223,608.44
Storm Sewer Maintenance			80,800.00						80,800.00
Economic Development		54,793.94		41,127.35	47,938.74	49,639.28	3,807.95	139,717.32	282,230.64
Street Lighting									54,793.94
Total Fund Balances	223,608.44	54,793.94	80,800.00	41,127.35	47,938.74	49,639.28	3,807.95	139,717.32	641,433.02
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	223,608.44	54,793.94	80,800.00	41,127.35	47,938.74	49,639.28	3,807.95	139,717.32	641,433.02

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

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

	Liquor, Lodging & Dining Sales Tax Special Revenue Fund	Street Lighting Service Fee Special Revenue Fund	Stormwater Basin Development Special Revenue Fund	TIF #2 Fund	TIF #3 Fund	TIF #4 Fund	TIF #5 Fund	TIF #8 Fund	Total Nonmajor Governmental Funds
Revenues:									
Taxes:									
General Property Taxes				86,582.06	260,054.43	496,274.70	31,120.45	699,574.27	1,573,605.91
General Sales and Use Taxes	103,887.40								103,887.40
Charges for Goods and Services:									
General Government		63,443.10	6,800.00						6,800.00
Highways and Streets									63,443.10
Miscellaneous Revenue:									
Investment Earnings	2,870.37								2,870.37
Total Revenue	106,757.77	63,443.10	6,800.00	86,582.06	260,054.43	496,274.70	31,120.45	699,574.27	1,750,606.78
Expenditures:									
Public Works:									
Highways and Streets		25,554.66	0.00	0.00	0.00	0.00	0.00	0.00	25,554.66
Total Public Works	0.00	25,554.66	0.00	0.00	0.00	0.00	0.00	0.00	25,554.66
Conservation and Development:									
Economic Development and Assistance	23,500.00			104,848.55	234,048.99	454,644.47		802,367.94	1,619,409.95
Total Conservation and Development	23,500.00	0.00	0.00	104,848.55	234,048.99	454,644.47	0.00	802,367.94	1,619,409.95
Total Expenditures	23,500.00	25,554.66	0.00	104,848.55	234,048.99	454,644.47	0.00	802,367.94	1,644,964.61
Net Change in Fund Balances	83,257.77	37,888.44	6,800.00	(18,266.49)	26,005.44	41,630.23	31,120.45	(102,793.67)	105,642.17
Fund Balance - Beginning	140,350.67	16,905.50	74,000.00	59,393.84	21,933.30	8,009.05	(27,312.50)	242,510.99	535,790.85
FUND BALANCE - ENDING	223,608.44	54,793.94	80,800.00	41,127.35	47,938.74	49,639.28	3,807.95	139,717.32	641,433.02

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

MUNICIPALITY OF HARRISBURG
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2022

	Liquor, Lodging & Dining Sales Tax Special Revenue Fund	Street Lighting Service Fee Special Revenue Fund	Stormwater Basin Development Special Revenue Fund	TIF #2 Fund	TIF #3 Fund	TIF #4 Fund	TIF #5 Fund	TIF #8 Fund	Total Nonmajor Governmental Funds
ASSETS:									
Cash and Cash Equivalents	130,937.33	35,067.66	73,900.00	32,081.34	21,933.30	8,009.05		242,510.99	544,439.67
Accounts Receivable, Net			100.00						100.00
Due from TIF #5 Fund				27,312.50					27,312.50
Due from Other Governments	10,303.87								10,303.87
TOTAL ASSETS	141,241.20	35,067.66	74,000.00	59,393.84	21,933.30	8,009.05	0.00	242,510.99	582,156.04
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:									
Liabilities:									
Accounts Payable		18,162.16					27,312.50		18,162.16
Due to TIF #2 Fund									27,312.50
Total Liabilities	0.00	18,162.16	0.00	0.00	0.00	0.00	27,312.50	0.00	45,474.66
Deferred Inflows of Resources:									
Unavailable Revenue--Sales and Use Taxes	890.53								890.53
Total Deferred Inflows of Resources	890.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	890.53
Fund Balances:									
Restricted:									
City Promotion/Parks	140,350.67								140,350.67
Storm Sewer Maintenance			74,000.00						74,000.00
Economic Development				59,393.84	21,933.30	8,009.05		242,510.99	331,847.18
Street Lighting		16,905.50							16,905.50
Unassigned							(27,312.50)		(27,312.50)
Total Fund Balances	140,350.67	16,905.50	74,000.00	59,393.84	21,933.30	8,009.05	(27,312.50)	242,510.99	535,790.85
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	141,241.20	35,067.66	74,000.00	59,393.84	21,933.30	8,009.05	0.00	242,510.99	582,156.04

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

MUNICIPALITY OF HARRISBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	Liquor, Lodging & Dining Sales Tax Special Revenue Fund	Street Lighting Service Fee Special Revenue Fund	Stormwater Basin Development Special Revenue Fund	TIF #2 Fund	TIF #3 Fund	TIF #4 Fund	TIF #5 Fund	TIF #8 Fund	Total Nonmajor Governmental Funds
Revenues:									
Taxes:									
General Property Taxes				59,832.64	58,397.66	209,324.01		438,071.88	765,626.19
General Sales and Use Taxes	110,185.41								110,185.41
Charges for Goods and Services:									
General Government			28,100.00						28,100.00
Highways and Streets		57,511.83							57,511.83
Miscellaneous Revenue:									
Investment Earnings	749.41								749.41
Total Revenue	110,934.82	57,511.83	28,100.00	59,832.64	58,397.66	209,324.01	0.00	438,071.88	962,172.84
Expenditures:									
General Government:									
Financial Administration						150.00	1,350.00		1,500.00
Total General Government	0.00	0.00	0.00	0.00	0.00	150.00	1,350.00	0.00	1,500.00
Public Works:									
Highways and Streets		45,845.87							45,845.87
Total Public Works	0.00	45,845.87	0.00	0.00	0.00	0.00	0.00	0.00	45,845.87
Conservation and Development:									
Economic Development and Assistance	153,500.00			26,924.69	52,557.90	173,713.01		221,513.59	628,209.19
Total Conservation and Development	153,500.00	0.00	0.00	26,924.69	52,557.90	173,713.01	0.00	221,513.59	628,209.19
Total Expenditures	153,500.00	45,845.87	0.00	26,924.69	52,557.90	173,863.01	1,350.00	221,513.59	675,555.06
Net Change in Fund Balances	(42,565.18)	11,665.96	28,100.00	32,907.95	5,839.76	35,461.00	(1,350.00)	216,558.29	286,617.78
Fund Balance - Beginning	182,915.85	5,239.54	45,900.00	26,485.89	16,093.54	(27,451.95)	(25,962.50)	25,952.70	249,173.07
FUND BALANCE - ENDING	140,350.67	16,905.50	74,000.00	59,393.84	21,933.30	8,009.05	(27,312.50)	242,510.99	535,790.85

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

MUNICIPALITY OF HARRISBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2022 and December 31, 2023

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Total Federal Expenditures 2022	Total Federal Expenditures 2023	Total Federal Expenditures
US Department of Interior: Indirect Federal Funding: SD Department of Game, Fish & Parks, Outdoor Recreation--Acquisition, Development and Planning	15.916	*	74,000.00		74,000.00
Total US Department of Interior			<u>74,000.00</u>	<u>0.00</u>	<u>74,000.00</u>
Department of Transportation: Indirect Federal Funding: SD Department of Public Transportation, South Eastern Council of Governments (Sioux Falls MPO) Metropolitan Transportation Planning (PL Funds)	20.205	*	130,294.82		130,294.82
Total Department of Transportation			<u>130,294.82</u>	<u>0.00</u>	<u>130,294.82</u>
US Department of Treasury - Direct Programs Coronavirus State and Local Fiscal Recovery Funds (Note 3)	21.027	*	579,995.13	2,254,828.16	2,834,823.29
Total US Department of Treasury			<u>579,995.13</u>	<u>2,254,828.16</u>	<u>2,834,823.29</u>
General Services Administration: Indirect Federal Funding: SD Federal Property Agency: Donation of Federal Surplus Personal Property (Note 4)	39.003	*		234.67	234.67
Total General Services Administration			<u>0.00</u>	<u>234.67</u>	<u>234.67</u>
GRAND TOTAL			<u><u>784,289.95</u></u>	<u><u>2,255,062.83</u></u>	<u><u>3,039,352.78</u></u>

*No pass-thru entity identifying number was provided

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

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

Note 3: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.

Note 4: Federal Surplus Property

The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the Municipality.