

**MUNICIPALITY OF MARION  
MARION, 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 MARION

---

MUNICIPAL OFFICIALS  
DECEMBER 31, 2023

MAYOR:

Noah Hughes

GOVERNING BOARD:

Dick Luke – President  
Rhonda Smith – Vice-President  
Bryan Luke  
Shawn McCormick  
Josh Picek  
Diane Schoenwald

FINANCE OFFICER:

Alicia Petersen

ATTORNEY:

Vince Jones

*Schoenfish & Co., Inc.*

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

TABLE OF CONTENTS

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 <i>Government Auditing Standards</i> .....	1-2
Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	3-5
Schedule of Prior Audit Findings .....	6
Schedule of Current Audit Findings and Questioned Costs.....	7-9
Independent Auditor's Report.....	10-12
BASIC FINANCIAL STATEMENTS:	
As of and For the Year Ended December 31, 2023:	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis.....	13
Statement of Activities – Modified Cash Basis.....	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet – Modified Cash Basis.....	15
Statement of Revenues, Expenditures, and Changes In Fund Balance – Modified Cash Basis.....	16-17
Proprietary Funds:	
Statement of Net Position – Modified Cash Basis.....	18
Statement of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis.....	19
As of and For the Year Ended December 31, 2022:	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis.....	20
Statement of Activities – Modified Cash Basis.....	21
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet – Modified Cash Basis.....	22
Statement of Revenues, Expenditures, and Changes In Fund Balance – Modified Cash Basis.....	23-24

*Schoenfish & Co., Inc.*

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

TABLE OF CONTENTS  
(Continued)

Proprietary Funds:	
Statement of Net Position – Modified Cash Basis.....	25
Statement of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis.....	26
Notes to the Modified Cash Basis Financial Statements.....	27-39
Supplementary Information Other than MD&A:	
For the Year Ended December 31, 2023:	
Budgetary Comparison Schedules – Budgetary Basis:	
General Fund.....	40-41
For the Year Ended December 31, 2022:	
Budgetary Comparison Schedules – Budgetary Basis:	
General Fund.....	42-43
Notes to the Supplementary Information – Budgetary Comparison Schedules.....	44
Schedule of the Municipality’s Proportionate Share of the Net Pension Liability (Asset).....	45
Schedule of the Municipality Contributions - South Dakota Retirement System.....	46
Notes to the Required Supplementary Information – Pension Schedules.....	47
Schedule of Expenditures of Federal Awards.....	48
Schedule of Long-Term Liabilities.....	49-50

*Schoenfish & Co., Inc.*

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

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

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

Governing Board  
Municipality of Marion  
Marion, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Marion, 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 April 30, 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 the 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control that we consider to be material weaknesses. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2023-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the


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

#### Municipality's Response to Findings

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

#### Purpose of this Report

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



Schoenfish & Co., Inc.  
Certified Public Accountants  
April 30, 2025

*Schoenfish & Co., Inc.*

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

**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 Marion  
Marion, South Dakota

**Report on Compliance for Each Major Federal Program**

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

In our opinion, the Municipality of Marion 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 and any significant deficiencies 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.

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

*Schoenfish & Co., Inc.*

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366



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.

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

#### Purpose of this Report

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



Schoenfish & Co., Inc.  
Certified Public Accountants  
April 30, 2025

*Schoenfish & Co., Inc.*

CERTIFIED PUBLIC ACCOUNTANTS  
P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS:

Internal Control – Related Findings – Material Weaknesses:

Finding Number 2021-001:

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

*Schoenfish & Co., Inc.*

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

---

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, each major fund, and the aggregate remaining fund information opinion units.
- b. A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties for revenues as discussed in finding number 2023-001.
- c. Our audit did not disclose noncompliance which was material to the financial statements.

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. Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii ALN 14.228
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. The Municipality of Marion 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 Findings – Material Weaknesses:Finding Number 2023-001:Condition:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This comment has been reported since 2003.

*Schoenfish & Co., Inc.*

CERTIFIED PUBLIC ACCOUNTANTS  
P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
(Continued)

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.

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 Assistant Finance Officer have the ability to process all revenue transactions from beginning to end. The Finance Officer and Assistant 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.

Recommendation:

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

CLOSING CONFERENCE

The audit findings and recommendations were discussed with the officials during the course of the audit.

*Schoenfish & Co., Inc.*

CERTIFIED PUBLIC ACCOUNTANTS  
P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

# City of Marion

398 N Broadway, PO Box 94

Marion SD, 57043

Phone (605) 648-2869 / Fax (605) 648-3539



April 10, 2025

## Corrective Action Plan

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

The City of Marion's Mayor, Noah Hughes, with Finance Officer, Alicia Petersen, are the contact persons responsible for the corrective action plan for this finding. The finding is due to the limited number of staff the City of Marion can afford to have on the payroll for budget purposes. The Mayor, City Council Members, and Finance Officer are aware of the risk. We will be working on some different policies and controls that will help minimize the future risk. This will be an ongoing process that will include input from the state Auditor's Office, from City Auditors Schoenfish and Company, Inc and utilizing the Mayor and Council in financial controls.

Noah Hughes, Mayor, City of Marion

Alicia Petersen, Finance Officer, City of Marion

4-10-25

Date

4/10/25

Date

INDEPENDENT AUDITOR'S REPORT

Governing Board  
Municipality of Marion  
Marion, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis of accounting financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Marion, 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 modified cash basis of accounting financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Municipality of Marion as of December 31, 2023 and December 31, 2022, and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis for 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.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the cash basis of accounting financial statements that collectively comprise the Municipality's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the Budgetary Comparison Schedules, and the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset), the Schedule of Municipal Contributions, and the Schedule of Long-term Liabilities are presented for purposes of additional

*Schoenfish & Co., Inc.*

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules, the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset), the Schedule of Municipal Contributions, the Schedule of Expenditures of Federal Awards, and the Schedule of Long-term Liabilities is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Information

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

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

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2025 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipality's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.  
Certified Public Accountants  
April 30, 2025

*Schoenfish & Co., Inc.*

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



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

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and Cash Equivalents	866,826.36	383,866.36	1,250,692.72
Investments	22,624.06		22,624.06
<b>TOTAL ASSETS</b>	<b>889,450.42</b>	<b>383,866.36</b>	<b>1,273,316.78</b>
<b>NET POSITION:</b>			
Restricted for:			
Centennial Fund Purposes	14,674.00		14,674.00
Library Fund Purposes	4,246.60		4,246.60
Debt Service Purposes		177,051.54	177,051.54
Unrestricted	870,529.82	206,814.82	1,077,344.64
<b>TOTAL NET POSITION</b>	<b>889,450.42</b>	<b>383,866.36</b>	<b>1,273,316.78</b>

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenues 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:						
Governmental Activities:						
General Government	253,756.98	6,515.95			(247,241.03)	(247,241.03)
Public Safety	92,826.14	887.50			(91,938.64)	(91,938.64)
Public Works	1,014,261.70	69,273.68	79,107.80	432,353.25	(433,526.97)	(433,526.97)
Health and Welfare	219.57		1,144.00		924.43	924.43
Culture and Recreation	117,018.23	28,432.69			(88,585.54)	(88,585.54)
Conservation and Development	45,586.50				(45,586.50)	(45,586.50)
Debt Service	40,000.00				(40,000.00)	(40,000.00)
Total Governmental Activities	1,563,669.12	105,109.82	80,251.80	432,353.25	(945,954.25)	(945,954.25)
Business-Type Activities:						
Water	159,405.78	267,890.50				108,484.72
Sewer	127,243.01	188,505.40				61,262.39
Total Business-Type Activities	286,648.79	456,395.90	0.00	0.00	0.00	169,747.11
Total Primary Government	1,850,317.91	561,505.72	80,251.80	432,353.25	(945,954.25)	(776,207.14)
<b>General Revenues:</b>						
Taxes:						
Property Taxes					379,955.20	379,955.20
Sales Taxes					368,469.73	368,469.73
State Shared Revenues					8,832.45	8,832.45
Unrestricted Investment Earnings					11,414.25	11,414.25
Debt Issued					570,610.00	570,610.00
Miscellaneous Revenues					6,205.38	6,205.38
Total General Revenues					1,345,487.01	1,345,487.01
Change in Net Position					399,532.76	169,747.11
Net Position - Beginning					489,917.66	214,119.25
NET POSITION - ENDING					889,450.42	383,866.36
						1,273,316.78

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

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

	<b>General Fund</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	866,826.36
Investments	22,624.06
<b>TOTAL ASSETS</b>	<b>889,450.42</b>
<b>FUND BALANCES:</b>	
Restricted for Centennial Fund	14,674.00
Restricted for Library Books	4,246.60
Committed for Police Equipment	4,818.99
Assigned for Next Year's Budget	15,372.13
Unassigned	850,338.70
<b>TOTAL FUND BALANCES</b>	<b>889,450.42</b>

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

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

	<b>General Fund</b>
<b>Revenues:</b>	
Taxes:	
General Property Taxes	378,947.40
General Sales and Use Taxes	368,469.73
Penalties and Interest on Delinquent Taxes	1,007.80
Total Taxes	748,424.93
Licenses and Permits	6,105.00
Intergovernmental Revenue:	
State Grants	433,497.25
State Shared Revenue:	
Bank Franchise Tax	2,996.69
Prorate License Fees	2,534.26
Liquor Tax Reversion	5,835.76
Motor Vehicle Licenses	13,932.26
Local Government Highway and Bridge Fund	18,520.02
County Shared Revenue:	
County Road Tax	1,175.48
County Wheel Tax	2,945.78
Total Intergovernmental Revenue	481,437.50
Charges for Goods and Services:	
General Government	410.95
Sanitation	69,273.68
Culture and Recreation	28,432.69
Total Charges for Goods and Services	98,117.32
Fines and Forfeits:	
Court Fines and Costs	887.50
Total Fines and Forfeits:	887.50
Miscellaneous Revenue:	
Investment Earnings	11,414.25
Contributions and Donations from Private Sources	40,000.00
Other	6,205.38
Total Miscellaneous Revenue	57,619.63
<b>Total Revenue</b>	<b>1,392,591.88</b>
<b>Expenditures:</b>	
General Government:	
Executive	16,526.25
Elections	800.19

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

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

	<b>General Fund</b>
<b>Expenditures (Continued):</b>	
Financial Administration	136,422.78
Other	100,007.76
Total General Government	253,756.98
 Public Safety:	
Police	57,718.71
Fire	30,000.00
Other Protection	5,107.43
Total Public Safety	92,826.14
 Public Works:	
Highways and Streets	308,443.31
Sanitation	71,380.76
Total Public Works	379,824.07
 Health and Welfare:	
Health	219.57
Total Health and Welfare	219.57
 Culture and Recreation:	
Recreation	45,187.24
Parks	70,591.48
Libraries	1,239.51
Total Culture and Recreation	117,018.23
 Conservation and Development:	
Economic Development and Assistance	45,586.50
Total Conservation and Development	45,586.50
 Debt Service	40,000.00
 Capital Outlay	634,437.63
 Total Expenditures	1,563,669.12
 Excess Revenue Over (Under) Expenditures	(171,077.24)
 <b>Other Financing Sources (Uses):</b>	
Long-Term Debt Issued	570,610.00
Total Other Financing Sources (Uses)	570,610.00
 Net Change in Fund Balance	399,532.76
 Fund Balance - Beginning	489,917.66
 FUND BALANCE - ENDING	889,450.42

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

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

	<b>Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Totals</b>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	221,926.59	161,939.77	383,866.36
Total Current Assets	221,926.59	161,939.77	383,866.36
<b>TOTAL ASSETS</b>	221,926.59	161,939.77	383,866.36
<b>NET POSITION:</b>			
Restricted for:			
Revenue Bond Debt Service	118,844.30	58,207.24	177,051.54
Unrestricted	103,082.29	103,732.53	206,814.82
<b>TOTAL NET POSITION</b>	221,926.59	161,939.77	383,866.36

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

**MUNICIPALITY OF MARION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**

For the Year Ended December 31, 2023

	<b>Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Totals</b>
<b>Operating Revenue:</b>			
Charges for Goods and Services	211,053.08	161,543.61	372,596.69
Surcharge as Security for Debt	50,418.62	26,961.79	77,380.41
Miscellaneous	6,418.80		6,418.80
Total Operating Revenue	267,890.50	188,505.40	456,395.90
<b>Operating Expenses:</b>			
Personal Services	19,767.69	6,603.26	26,370.95
Other Current Expenses	22,121.38	13,063.95	35,185.33
Materials	87,500.45		87,500.45
Total Operating Expenses	129,389.52	19,667.21	149,056.73
Operating Income (Loss)	138,500.98	168,838.19	307,339.17
<b>Nonoperating Revenue (Expense):</b>			
Debt Service (Principal)	(11,360.01)	(54,625.55)	(65,985.56)
Interest Expense	(18,656.25)	(52,950.25)	(71,606.50)
Total Nonoperating Revenue (Expense)	(30,016.26)	(107,575.80)	(137,592.06)
Change in Net Position	108,484.72	61,262.39	169,747.11
Net Position - Beginning	113,441.87	100,677.38	214,119.25
Net Position - Ending	221,926.59	161,939.77	383,866.36

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

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	467,704.08	214,119.25	681,823.33
Investments	22,213.58		22,213.58
<b>TOTAL ASSETS</b>	<b>489,917.66</b>	<b>214,119.25</b>	<b>704,036.91</b>
<b>NET POSITION:</b>			
Restricted for:			
Centennial Fund Purposes	14,362.57		14,362.57
Library Fund Purposes	4,221.19		4,221.19
Debt Service Purposes		129,020.53	129,020.53
Unrestricted	471,333.90	85,098.72	556,432.62
<b>TOTAL NET POSITION</b>	<b>489,917.66</b>	<b>214,119.25</b>	<b>704,036.91</b>

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



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

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	217,050.95	10,674.18			(206,376.77)		(206,376.77)
Public Safety	80,028.99	132.50			(79,896.49)		(79,896.49)
Public Works	4,150,830.03	63,962.05	37,677.10	1,979,895.59	(2,069,295.29)		(2,069,295.29)
Health and Welfare	3,690.37	96.65	1,200.00		(2,393.72)		(2,393.72)
Culture and Recreation	338,024.26	19,084.50			(318,939.76)		(318,939.76)
Conservation and Development	34,687.00				(34,687.00)		(34,687.00)
Debt Service	40,000.00				(40,000.00)		(40,000.00)
Total Governmental Activities	4,864,311.60	93,949.88	38,877.10	1,979,895.59	(2,751,589.03)	0.00	(2,751,589.03)
Business-type Activities:							
Water	135,464.52	241,046.35				105,581.83	105,581.83
Sewer	116,151.79	179,558.96				63,407.17	63,407.17
Total Business-Type Activities	251,616.31	420,605.31	0.00	0.00	0.00	168,989.00	168,989.00
Total Primary Government	5,115,927.91	514,555.19	38,877.10	1,979,895.59	(2,751,589.03)	168,989.00	(2,582,600.03)
<b>General Revenues:</b>							
Taxes:							
Property Taxes					366,734.91		366,734.91
Sales Taxes					386,730.81		386,730.81
State Shared Revenues					12,120.24		12,120.24
Unrestricted Investment Earnings					3,907.26		3,907.26
Debt Issued					1,490,490.68		1,490,490.68
Miscellaneous Revenues					17,088.18		17,088.18
Transfers					(44,091.72)	44,091.72	0.00
Total General Revenues					2,232,980.36	44,091.72	2,277,072.08
Change in Net Position					(518,608.67)	213,080.72	(305,527.95)
Net Position - Beginning					1,008,526.33	1,038.53	1,009,564.86
NET POSITION - ENDING					489,917.66	214,119.25	704,036.91

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

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

	<b>General Fund</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	467,704.08
Investments	22,213.58
<b>TOTAL ASSETS</b>	<b>489,917.66</b>
<b>FUND BALANCES:</b>	
Restricted for Centennial Fund	14,362.57
Restricted for Library Books	4,221.19
Committed for Police Equipment	4,745.35
Assigned for Next Year's Budget	52,510.59
Unassigned	414,077.96
<b>TOTAL FUND BALANCES</b>	<b>489,917.66</b>

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

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

	<b>General Fund</b>
<b>Revenues:</b>	
Taxes:	
General Property Taxes	365,905.06
General Sales and Use Taxes	386,730.81
Penalties and Interest on Delinquent Taxes	829.85
Total Taxes	753,465.72
Licenses and Permits	6,495.00
Intergovernmental Revenue:	
Federal Grants	1,065,262.04
State Grants	908,463.55
State Shared Revenue:	
Bank Franchise Tax	6,171.10
Liquor Tax Reversion	5,949.14
Motor Vehicle Licenses	16,214.27
Local Government Highway and Bridge Fund	18,011.28
County Shared Revenue:	
County Road Tax	587.74
County Wheel Tax	2,863.81
Total Intergovernmental Revenue	2,023,522.93
Charges for Goods and Services:	
General Government	4,179.18
Sanitation	63,962.05
Health	96.65
Culture and Recreation	19,084.50
Total Charges for Goods and Services	87,322.38
Fines and Forfeits:	
Court Fines and Costs	132.50
Miscellaneous Revenue:	
Investment Earnings	3,907.26
Contributions and Donations from Private Sources	7,370.00
Other	9,648.18
Total Miscellaneous Revenue	20,925.44
<b>Total Revenue</b>	<b>2,891,863.97</b>
<b>Expenditures:</b>	
General Government:	
Executive	17,812.21
Financial Administration	152,907.41

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

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

	<b>General Fund</b>
<b>Expenditures (Continued):</b>	
Other	46,331.33
Total General Government	<u>217,050.95</u>
 Public Safety:	
Police	53,873.30
Fire	25,000.00
Other Protection	1,155.69
Total Public Safety	<u>80,028.99</u>
 Public Works:	
Highways and Streets	289,994.13
Sanitation	69,596.28
Total Public Works	<u>359,590.41</u>
 Health and Welfare:	
Health	3,690.37
Total Health and Welfare	<u>3,690.37</u>
 Culture and Recreation:	
Recreation	50,455.43
Parks	285,887.99
Libraries	1,680.84
Total Culture and Recreation	<u>338,024.26</u>
 Conservation and Development:	
Economic Development and Assistance	34,687.00
Total Conservation and Development	<u>34,687.00</u>
 Debt Service	40,000.00
 Capital Outlay	3,791,239.62
 Total Expenditures	<u>4,864,311.60</u>
 Excess Revenue Over (Under) Expenditures	<u>(1,972,447.63)</u>
 <b>Other Financing Sources (Uses):</b>	
Transfers Out	(44,091.72)
Sale of Municipal Property	7,440.00
Long-Term Debt Issued	1,490,490.68
Total Other Financing Sources (Uses)	<u>1,453,838.96</u>
 Net Change in Fund Balance	<u>(518,608.67)</u>
 Fund Balance - Beginning	1,008,526.33
 FUND BALANCE - ENDING	<u>489,917.66</u>

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

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

	<b>Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Totals</b>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	113,441.87	100,677.38	214,119.25
Total Current Assets	113,441.87	100,677.38	214,119.25
<b>TOTAL ASSETS</b>	113,441.87	100,677.38	214,119.25
<b>NET POSITION:</b>			
Restricted for:			
Revenue Bond Debt Service	88,290.38	40,730.15	129,020.53
Unrestricted	25,151.49	59,947.23	85,098.72
<b>TOTAL NET POSITION</b>	113,441.87	100,677.38	214,119.25

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

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

	<b>Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Totals</b>
<b>Operating Revenue:</b>			
Charges for Goods and Services	191,849.69	158,977.68	350,827.37
Surcharge as Security for Debt	44,198.66	20,581.28	64,779.94
Miscellaneous	4,998.00		4,998.00
Total Operating Revenue	241,046.35	179,558.96	420,605.31
<b>Operating Expenses:</b>			
Personal Services	17,584.50	5,844.76	23,429.26
Other Current Expenses	42,090.17	17,859.07	59,949.24
Materials	75,789.85		75,789.85
Total Operating Expenses	135,464.52	23,703.83	159,168.35
Operating Income (Loss)	105,581.83	155,855.13	261,436.96
<b>Nonoperating Revenue (Expense):</b>			
Debt Service (Principal)		(47,891.66)	(47,891.66)
Interest Expense		(44,556.30)	(44,556.30)
Total Nonoperating Revenue (Expense)	0.00	(92,447.96)	(92,447.96)
Income (Loss) Before Contributions and Transfers	105,581.83	63,407.17	168,989.00
Transfers In	44,091.72		44,091.72
Change in Net Position	149,673.55	63,407.17	213,080.72
Net Position - Beginning	(36,231.68)	37,270.21	1,038.53
Net Position - Ending	113,441.87	100,677.38	214,119.25

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

---

## NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a. Financial Reporting Entity:

The reporting entity of the Municipality of Marion (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; those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

#### b. Basis of Presentation:

##### Government-wide Financial Statements:

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

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

##### Fund Financial Statements:

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS  
(Continued)

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

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

**Governmental Funds:**

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

**Proprietary Funds:**

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

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

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

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

c. Measurement Focus and Basis of Accounting:

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

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



---

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS(Continued)**Measurement Focus:**

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

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

**Basis of Accounting:**

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

The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions. Under the modified cash basis of accounting, transactions are recorded in the accounts when cash and/or cash equivalents are received or disbursed, and assets and liabilities are recognized to the extent that cash has been received or disbursed. Acceptable modifications to the cash basis of accounting implemented by the Municipality in these financial statements are:

- a. Recording long-term investments in marketable securities (those with maturities more than 90-days (three months) from the date of acquisition) acquired with cash assets at cost.
- b. Recording assets and liabilities related to interfund receivables and payables resulting from cash transactions between funds.

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

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

**d. Deposits and Investments:**

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

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

---

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS(Continued)e. Capital Assets:

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

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

f. Long-Term Liabilities:

Long-term liabilities may include, but are not limited to, Revenue Bonds and Direct-Borrowing Notes Payable.

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

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

g. Revenue Received in Advance:

Under the modified cash basis of accounting, cash may have been received in advance of the Municipality's providing a good or service to a customer. These amounts are reported in the financial statements, in the year the cash is received.

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.

See Independent Auditor's Report.

---

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS(Continued)

3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. Proprietary Funds Revenue and Expense Classifications:

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

j. Equity Classifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

k. Application of Net Position:

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

l. Fund Balance Classification Policies and Procedures:

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

- Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the Finance Officer.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS  
(Continued)

- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

Fund Balance Type	2023 Amount	2022 Amount	Action
Police Equipment	\$4,818.99	\$4,745.35	Motion

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

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

## 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:

	Year Ended 12/31/23
General Fund:	
Activity - Highway and Streets	\$ 3,336.25

The Municipality plans to take the following actions to address these violations:  
Use supplemental budgets when legal authority allows.

## 3. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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

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

**Investments** – In general, SDCL 4-5-6 permits Municipality funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a)

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

(Continued)

above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

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

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

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

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

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

#### 4. PROPERTY TAXES

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

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

#### 5. LONG-TERM COMMITMENT

The Municipality of Marion entered into a forty-year long-term commitment with TM Rural Water System to provide water to the Municipality. A monthly charge of \$3.55 per 1,000 gallons of water consumed will be charged. The Municipality will not acquire ownership of any of these water facilities through these payments. There are no minimum payments on this long-term commitment. Payments are made from the Municipality's Water Fund.

#### 6. RESTRICTED NET POSITION

Restricted Net Position for the years ended December 31, 2023 and 2022 were as follows:

<u>Purpose:</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Major Funds:		
General Fund:		
Centennial Fund	\$ 14,674.00	\$ 14,362.57
Library Books	\$ 4,246.60	\$ 4,221.19
Water Fund:		
Debt Service	\$ 118,844.30	\$ 88,290.38
Sewer Fund:		
Debt Service	\$ 58,207.24	\$ 40,730.15

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS  
(Continued)

These balances are restricted due to statutory requirements.

## 7. INTERFUND TRANSFERS

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

<u>Transfers From:</u>	<u>Transfers to:</u>
Major Funds:	Water Fund
General Fund	\$ 44,091.72

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

## 8. PENSION PLAN

### Plan Information:

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

### Benefits Provided:

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

(Continued)

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 3<sup>rd</sup> 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 3<sup>rd</sup> 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 calendar years ended December 31, 2023, 2022, and 2021, were \$10,458.09, \$10,199.40, and \$8,568.32, respectively, equal to the required contributions each year.

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

At June 30, 2023, SDRS is 100.1% funded and accordingly has net pension asset. The proportionate shares of the components of the net pension asset of 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	\$ 996,524.93
Less proportionate share of net pension restricted for pension benefits	<u>\$ 997,196.16</u>
Proportionate share of net pension liability (asset)	<u>\$ (671.23)</u>

The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the Municipality's proportion was 0.00687700%, which is an increase (decrease) of 0.0005770% from its proportion measured as of June 30, 2022.

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

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS  
(Continued)

Proportionate share of pension liability	\$ 889,347.01
Less proportionate share of net pension restricted for pension benefits	<u>\$ 889,942.40</u>
Proportionate share of net pension liability (asset)	<u>\$ (595.39)</u>

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 0.00630000%, which is an increase (decrease) of 0.0005240% from its proportion measured as of June 30, 2021.

Actuarial Assumptions:

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

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

Mortality Rates:

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

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

See Independent Auditor's Report.



NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS  
(Continued)

a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

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

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%	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions 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:

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS  
(Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$137,577.75	\$(671.23)	\$(113,732.52)

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)	\$ 123,627.16	\$(595.39)	\$(102,118.03)

Pension Plan Fiduciary Net Position:

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

**9. SIGNIFICANT CONTINGENCIES - LITIGATION**

At December 31, 2023 and 2022, the Municipality was not involved in any significant litigation.

**10. RISK MANAGEMENT**

The Municipality is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2023 and 2022, 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 and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The Municipality's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the Municipality. The Municipality pays an annual premium, to prove liability coverage detailed below, under an occurrence policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The Municipality pays an annual premium to the pool to provide coverage for; theft or damage to property, errors and omissions of public officials, vehicle coverage, and various types of liability 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.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS  
(Continued)

Worker's Compensation:

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

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

Unemployment Benefits:

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

**11. RELATED PARTIES**

Various repair services were purchased from a company owned by a member of the municipal council in the amount of \$3,772.58 in 2022 and \$234.59 in 2023.

**12. SUBSEQUENT EVENTS**

Management has evaluated whether any subsequent events have occurred through April 30, 2025, the date on which financial statements were available to be issued.

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget - Positive (Negative)</b>
<b>Revenues:</b>				
Taxes:				
General Property Taxes	380,399.64	380,399.64	378,947.40	(1,452.24)
General Sales and Use Taxes	340,000.00	340,000.00	368,469.73	28,469.73
Penalties and Interest on Delinquent Taxes	0.00	0.00	1,007.80	1,007.80
Total Taxes	720,399.64	720,399.64	748,424.93	28,025.29
Licenses and Permits	4,850.00	4,850.00	6,105.00	1,255.00
Intergovernmental Revenue:				
State Grants	0.00	0.00	433,497.25	433,497.25
State Shared Revenue:				
Bank Franchise Tax	4,000.00	4,000.00	2,996.69	(1,003.31)
Prorate License Fees	1,000.00	1,000.00	2,534.26	1,534.26
Liquor Tax Reversion	6,000.00	6,000.00	5,835.76	(164.24)
Motor Vehicle Licenses	16,000.00	16,000.00	13,932.26	(2,067.74)
Local Government Highway and Bridge Fund	17,000.00	17,000.00	18,520.02	1,520.02
County Shared Revenue:				
County Road Tax	580.00	580.00	1,175.48	595.48
County Wheel Tax	2,000.00	2,000.00	2,945.78	945.78
Total Intergovernmental Revenue	46,580.00	46,580.00	481,437.50	434,857.50
Charges for Goods and Services:				
General Government	0.00	0.00	410.95	410.95
Sanitation	67,435.00	67,435.00	69,273.68	1,838.68
Health	1,000.00	1,000.00	0.00	(1,000.00)
Culture and Recreation	15,500.00	15,500.00	28,432.69	12,932.69
Total Charges for Goods & Services	83,935.00	83,935.00	98,117.32	14,182.32
Fines and Forfeits:				
Court Fines and Costs	0.00	0.00	887.50	887.50
Miscellaneous Revenue:				
Investment Earnings	2,000.00	2,000.00	11,414.25	9,414.25
Contributions and Donations from Private Sources	0.00	0.00	40,000.00	40,000.00
Other	8,000.00	8,000.00	6,205.38	(1,794.62)
Total Miscellaneous Revenue	10,000.00	10,000.00	57,619.63	47,619.63
<b>Total Revenue</b>	<b>865,764.64</b>	<b>865,764.64</b>	<b>1,392,591.88</b>	<b>526,827.24</b>

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget - Positive (Negative)</b>
<b>Expenditures</b>				
General Government:				
Executive	22,903.12	22,958.12	16,526.25	6,431.87
Elections	0.00	805.00	800.19	4.81
Financial Administration	149,654.87	149,654.87	136,422.78	13,232.09
Other	102,300.00	102,300.00	100,007.76	2,292.24
Total General Government	274,857.99	275,717.99	253,756.98	21,961.01
Public Safety:				
Police	58,000.00	58,000.00	57,718.71	281.29
Fire	30,000.00	30,000.00	30,000.00	0.00
Other Protection	2,000.00	5,110.00	5,107.43	2.57
Total Public Safety	90,000.00	93,110.00	92,826.14	283.86
Public Works:				
Highways and Streets	281,884.69	939,544.69	942,880.94	(3,336.25)
Sanitation	72,123.00	74,043.00	71,380.76	2,662.24
Total Public Works	354,007.69	1,013,587.69	1,014,261.70	(674.01)
Health and Welfare:				
Health	4,000.00	4,000.00	219.57	3,780.43
Total Health and Welfare	4,000.00	4,000.00	219.57	3,780.43
Culture and Recreation:				
Recreation	54,925.00	54,925.00	45,187.24	9,737.76
Parks	62,483.56	70,593.56	70,591.48	2.08
Libraries	1,500.00	1,500.00	1,239.51	260.49
Total Culture and Recreation	118,908.56	127,018.56	117,018.23	10,000.33
Conservation and Development:				
Economic Development & Assistance (Industrial Development)	36,501.00	45,591.00	45,586.50	4.50
Total Conservation and Development	36,501.00	45,591.00	45,586.50	4.50
Debt Service	40,000.00	40,000.00	40,000.00	0.00
Total Expenditures	918,275.24	1,599,025.24	1,563,669.12	35,356.12
Excess of Revenue Over (Under) Expenditures	(52,510.60)	(733,260.60)	(171,077.24)	562,183.36
<b>Other Financing Sources (Uses):</b>				
Long-Term Debt Issued	0.00	0.00	570,610.00	570,610.00
Total Other Financing Sources (Uses)	0.00	0.00	570,610.00	570,610.00
Net Change in Fund Balances	(52,510.60)	(733,260.60)	399,532.76	1,132,793.36
Fund Balance - Beginning	489,917.66	489,917.66	489,917.66	0.00
FUND BALANCE - ENDING	437,407.06	(243,342.94)	889,450.42	1,132,793.36

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget - Positive (Negative)</b>
<b>Revenues:</b>				
Taxes:				
General Property Taxes	369,525.10	369,525.10	365,905.06	(3,620.04)
General Sales and Use Taxes	291,747.50	291,747.50	386,730.81	94,983.31
Penalties and Interest on Delinquent Taxes	0.00	0.00	829.85	829.85
Total Taxes	661,272.60	661,272.60	753,465.72	92,193.12
Licenses and Permits	4,250.00	4,250.00	6,495.00	2,245.00
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	1,065,262.04	1,065,262.04
State Grants	1,000.00	1,000.00	908,463.55	907,463.55
State Shared Revenue:				
Bank Franchise Tax	2,000.00	2,000.00	6,171.10	4,171.10
Prorate License Fees	1,200.00	1,200.00	0.00	(1,200.00)
Liquor Tax Reversion	5,000.00	5,000.00	5,949.14	949.14
Motor Vehicle Licenses	15,000.00	15,000.00	16,214.27	1,214.27
Local Government Highway and Bridge Fund	16,000.00	16,000.00	18,011.28	2,011.28
County Shared Revenue:				
County Road Tax	580.00	580.00	587.74	7.74
County Wheel Tax	2,000.00	2,000.00	2,863.81	863.81
Total Intergovernmental Revenue	42,780.00	42,780.00	2,023,522.93	1,980,742.93
Charges for Goods and Services:				
General Government	0.00	0.00	4,179.18	4,179.18
Sanitation	78,290.00	78,290.00	63,962.05	(14,327.95)
Health	1,000.00	1,000.00	96.65	(903.35)
Culture and Recreation	14,500.00	14,500.00	19,084.50	4,584.50
Total Charges for Goods & Services	93,790.00	93,790.00	87,322.38	(6,467.62)
Fines and Forfeits:				
Court Fines and Costs	0.00	0.00	132.50	132.50
Miscellaneous Revenue:				
Investment Earnings	2,000.00	2,000.00	3,907.26	1,907.26
Contributions and Donations from Private Sources	0.00	0.00	7,370.00	7,370.00
Other	7,500.00	7,500.00	9,648.18	2,148.18
Total Miscellaneous Revenue	9,500.00	9,500.00	20,925.44	11,425.44
<b>Total Revenue</b>	<b>811,592.60</b>	<b>811,592.60</b>	<b>2,891,863.97</b>	<b>2,080,271.37</b>

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget - Positive (Negative)</b>
<b>Expenditures</b>				
General Government:				
Executive	21,662.20	21,697.20	17,812.21	3,884.99
Financial Administration	188,577.85	193,805.85	152,907.41	40,898.44
Other	36,800.00	46,335.00	46,331.33	3.67
Total General Government	247,040.05	261,838.05	217,050.95	44,787.10
Public Safety:				
Police	54,625.00	54,625.00	53,873.30	751.70
Fire	25,000.00	25,000.00	25,000.00	0.00
Other Protection	2,000.00	2,000.00	1,155.69	844.31
Total Public Safety	81,625.00	81,625.00	80,028.99	1,596.01
Public Works:				
Highways and Streets	4,066,026.39	4,327,461.39	4,081,233.75	246,227.64
Sanitation	86,185.00	86,185.00	69,596.28	16,588.72
Total Public Works	4,152,211.39	4,413,646.39	4,150,830.03	262,816.36
Health and Welfare:				
Health	4,000.00	4,000.00	3,690.37	309.63
Total Health and Welfare	4,000.00	4,000.00	3,690.37	309.63
Culture and Recreation:				
Recreation	48,332.51	50,482.51	50,455.43	27.08
Parks	265,952.13	285,902.13	285,887.99	14.14
Libraries	2,000.00	2,000.00	1,680.84	319.16
Total Culture and Recreation	316,284.64	338,384.64	338,024.26	360.38
Conservation and Development:				
Economic Development & Assistance	36,296.00	36,296.00	34,687.00	1,609.00
Total Conservation and Development	36,296.00	36,296.00	34,687.00	1,609.00
Debt Service	40,000.00	40,000.00	40,000.00	0.00
Total Expenditures	4,877,457.08	5,175,790.08	4,864,311.60	311,478.48
Excess of Revenue Over (Under)				
Expenditures	(4,065,864.48)	(4,364,197.48)	(1,972,447.63)	2,391,749.85
<b>Other Financing Sources (Uses):</b>				
Transfers Out	0.00	0.00	(44,091.72)	(44,091.72)
Sale of Municipal Property	0.00	0.00	7,440.00	7,440.00
Long-Term Debt Issued	3,850,000.00	3,850,000.00	1,490,490.68	(2,359,509.32)
Total Other Financing Sources (Uses)	3,850,000.00	3,850,000.00	1,453,838.96	(2,396,161.04)
Net Change in Fund Balances	(215,864.48)	(514,197.48)	(518,608.67)	(4,411.19)
Fund Balance - Beginning	1,008,526.33	1,008,526.33	1,008,526.33	0.00
FUND BALANCE - ENDING	792,661.85	494,328.85	489,917.66	(4,411.19)

---

NOTES TO THE SUPPLEMENTARY INFORMATION

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

Note 1. Budgets and Budgetary Accounting

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

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

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

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

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 the modified cash basis of accounting.

NOTE 2. GAAP/Budgetary Accounting Basis Differences:

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



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

## South Dakota Retirement System

## Last Nine Years \*

	Municipality's proportion of the net pension liability/asset	Municipality's proportionate share of net pension liability (asset)	Municipality's covered payroll	Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.0068770%	\$ (671.23)	\$ 177,388.45	0.38%	100.10%
2022	0.0063000%	\$ (595.39)	\$ 152,268.79	0.39%	100.10%
2021	0.0057760%	\$ (44,234.27)	\$ 131,061.68	33.75%	105.52%
2020	0.0062543%	\$ (271.62)	\$ 135,916.13	0.20%	100.04%
2019	0.0062796%	\$ (665.47)	\$ 133,517.41	0.50%	100.09%
2018	0.0066285%	\$ (154.59)	\$ 136,527.06	0.11%	100.02%
2017	0.0074489%	\$ (676.00)	\$ 134,431.81	0.50%	100.10%
2016	0.0057849%	\$ 19,540.82	\$ 141,641.20	13.80%	96.89%
2015	0.0059302%	\$ (25,151.67)	\$ 105,616.75	23.81%	104.10%

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

SUPPLEMENTARY INFORMATION

## SCHEDULE OF THE MUNICIPALITY CONTRIBUTIONS

## South Dakota Retirement System

Last Nine Years \*

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Municipality's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2023	\$ 10,458.09	\$ 10,458.09	\$ -	174,300.45	6.00%
2022	\$ 10,199.40	\$ 10,199.40	\$ -	171,174.28	5.96%
2021	\$ 8,562.32	\$ 8,562.32	\$ -	142,705.68	6.00%
2020	\$ 7,561.78	\$ 7,561.78	\$ -	126,031.32	6.00%
2019	\$ 8,325.32	\$ 8,325.32	\$ -	138,695.05	6.00%
2018	\$ 7,913.15	\$ 7,913.15	\$ -	131,884.80	6.00%
2017	\$ 7,926.26	\$ 7,926.26	\$ -	132,104.73	6.00%
2016	\$ 8,455.95	\$ 8,455.95	\$ -	140,933.76	6.00%
2015	\$ 7,435.26	\$ 7,435.26	\$ -	123,924.53	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 MARION**  
**Notes to Supplementary Information**  
**for the Year Ended December 31, 2023**  
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and  
Schedule of Pension Contributions.

**Changes from Prior Valuation**

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

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

**Benefit Provision Changes**

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

**Actuarial Method Changes**

No changes in actuarial methods were made since the prior valuation

**Actuarial Assumption Changes**

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

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

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

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

**MUNICIPALITY OF MARION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Two Years Ended December 31, 2023**

48

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures 2022	Total Federal Expenditures 2023
US Department of Housing and Urban Development - Pass-Through Programs:				
SD Governor's Office of Economic Development:				
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii (Note 3)	14.228	*	745,890.60	0.00
<b>Total US Department of Housing and Urban Development</b>			<b>745,890.60</b>	<b>0.00</b>
US Department of Treasury - Direct Programs:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	319,371.44	0.00
<b>Total US Department of Treasury</b>			<b>319,371.44</b>	<b>0.00</b>
<b>GRAND TOTAL</b>			<b>\$1,065,262.04</b>	<b>\$0.00</b>

\*Pass-Through Entity Identifying Number Not Provided

**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Municipality under programs of the federal government for the two years ended 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 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.

**MUNICIPALITY OF MARION**  
**SCHEDULE OF LONG-TERM LIABILITIES**

49

A summary of changes in long-term liabilities follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Direct Borrowing Note Payable:					
Payloader Loan	0.00	185,834.68	75,629.81	110,204.87	37,743.68
<b>Total Governmental Activities</b>	<u>0.00</u>	<u>185,834.68</u>	<u>75,629.81</u>	<u>110,204.87</u>	<u>37,743.68</u>
<b>Business-Type Activities:</b>					
Bonds Payable:					
SRF Clean Water Revenue					
Bonds, Series 2008-01	1,290,865.94		97,481.67	1,193,384.27	51,348.57
SRF Clean Water Revenue					
Bonds, Series 2021-03		420,000.00	5,035.54	414,964.46	10,232.58
SRF Drinking Water Revenue					
Bonds, Series 2021-01		1,235,000.00	336,360.01	898,639.99	23,041.27
SRF Clean Water Revenue					
Bonds, Series 2023-04		105,996.00		105,996.00	805.07
SRF Drinking Water Revenue					
Bonds, Series 2023-02		114,245.00		114,245.00	838.51
<b>Total Business-Type Activities</b>	<u>1,290,865.94</u>	<u>1,875,241.00</u>	<u>438,877.22</u>	<u>2,727,229.72</u>	<u>86,266.00</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>1,290,865.94</u>	<u>2,061,075.68</u>	<u>514,507.03</u>	<u>2,837,434.59</u>	<u>124,009.68</u>

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

Direct Borrowing Note Payable:

River's Edge Bank Note Payable:

For Cat 926M Payloader, \$110,204.87  
Interest Rate at 2.0%, Maturity Date of October 1, 2026  
Paid by General Fund

The Municipality's outstanding notes from direct borrowings and direct placements related to governmental activities of \$110,204.87 include provisions that in an event of default the following may occur: a) all payments may become immediately due and payable, b) set-off the debt by any deposit accounts.

Revenue Bonds:

SRF Clean Water Revenue Borrower Bond, Series 2008-01:

For Sanitary Sewer Improvements Project, \$1,193,384.27  
Interest Rate 3.50%, Maturity January 15, 2041  
Payable from Sewer Fund

SRF Clean Water Revenue Borrower Bond, Series 2021-03:

For Sanitary Sewer Improvements Project, \$414,964.46  
Interest Rate 2.125%, Maturity May 15, 2053  
Payable from Sewer Fund

SRF Drinking Water Revenue Borrower Bond, Series 2021-01:

For Water Improvements Project, \$898,639.99  
Interest Rate 1.875%, Maturity May 15, 2053  
Payable from Water Fund

SRF Clean Water Revenue Borrower Bond, Series 2023-04:

For Sanitary Sewer Improvements Project, \$105,996.00  
Interest Rate 2.125%, Maturity August 15, 2054  
Payable from Sewer Fund

**MUNICIPALITY OF MARION**  
**SCHEDULE OF LONG-TERM LIABILITIES**

50

SRF Drinking Water Revenue Borrower Bond, Series 2023-02:

For Water Improvements Project, \$114,245.00  
Interest Rate 1.875%, Maturity August 15, 2053  
Payable from Water Fund

The annual requirements to amortize all liabilities outstanding as of December 31, 2023, including interest payments of \$913,298.81, are as follows:

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

Year Ending Dec. 31,	Direct Borrowing Note Payable Payloader Loan		SRF Clean Water Revenue Loan 2008-01		SRF Clean Water Revenue Loan 2021-03	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	37,743.68	2,256.32	51,348.57	41,099.39	10,232.58	8,736.82
2025	38,515.20	1,484.80	53,169.49	39,278.47	10,451.76	8,517.64
2026	33,945.99	703.79	55,054.99	37,392.97	10,675.64	8,293.76
2027			57,007.36	35,440.60	10,904.31	8,065.09
2028			59,028.96	33,419.00	11,137.88	7,831.52
2029-2033			328,068.80	134,171.00	59,371.87	35,475.13
2034-2038			390,513.34	71,726.46	66,008.86	28,838.14
2039-2043			199,192.76	8,815.15	73,387.78	21,459.22
2044-2048					81,591.60	13,255.40
2049-2053					81,202.18	4,159.70
2054-2058						
Totals	110,204.87	4,444.91	1,193,384.27	401,343.04	414,964.46	144,632.42

Year Ending Dec. 31,	SRF Drinking Water Revenue Loan 2021-01		SRF Clean Water Revenue Loan 2023-04*		SRF Drinking Water Revenue Loan 2023-02*	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	23,041.27	16,688.13	805.07	715.36	838.51	631.20
2025	23,476.35	16,253.05	3,263.29	2,818.43	3,393.54	2,485.30
2026	23,919.63	15,809.77	3,333.19	2,748.53	3,457.62	2,421.22
2027	24,371.29	15,358.11	3,404.58	2,677.14	3,522.92	2,355.92
2028	24,831.47	14,897.93	3,477.51	2,604.21	3,589.43	2,289.41
2029-2033	131,370.07	67,276.93	18,537.34	11,871.26	18,989.75	10,404.45
2034-2038	144,250.19	54,396.81	20,609.57	9,799.03	20,851.63	8,542.57
2039-2043	158,393.15	40,253.85	22,913.45	7,495.15	22,895.96	6,498.24
2044-2048	173,922.72	24,724.28	25,474.88	4,933.72	25,140.82	4,253.38
2049-2053	171,063.85	7,718.62	28,322.68	2,085.92	27,605.74	1,788.46
2054-2058			4,513.44	41.03	4,369.08	41.03
Totals	898,639.99	273,377.48	134,655.00	47,789.78	134,655.00	41,711.18

TOTALS	
Principal	Interest
124,009.68	70,127.22
132,269.63	70,837.69
130,387.06	67,370.04
99,210.46	63,896.86
102,065.25	61,042.07
556,337.83	259,198.77
642,233.59	173,303.01
476,783.10	84,521.61
306,130.02	47,166.78
308,194.45	15,752.70
8,882.52	82.06
0.00	0.00
2,886,503.59	913,298.81

\*Amortization schedule based on the full loan amount, which remainder was drawn down in May 2024.