

**MUNICIPALITY OF MISSION  
MISSION, SOUTH DAKOTA**

**AUDIT REPORT**

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

*Schoenfish & Co., Inc.*

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF MISSION

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MUNICIPAL OFFICIALS  
DECEMBER 31, 2023

MAYOR:

Vernon Cox

GOVERNING BOARD:

Josh Wilson, President  
Daniel Brave, Vice-President  
Tom Guerue  
Keith Lavery  
Linda Vargas Garriot

FINANCE OFFICER:

Heather Petersen

ATTORNEY:

Arganbright Law Office

*Schoenfish & Co., Inc.*

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

Governing Board  
Municipality of Mission  
Mission, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Mission, South Dakota (Municipality), as of December 31, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated January 20, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as items 2023-001, 2023-002, and 2023-003, to be a material weaknesses.

**Report on Compliance and Other Matters**

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


regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and described in the accompanying Schedule of Current Audit Findings as item 2023-001 and 2023-004.

### Municipality's Responses to Findings

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

### 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  
January 20, 2026

*Schoenfish & Co., Inc.*

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SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2022-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues resulting in decreased reliability of reported financial data and increased potential for the loss of public assets. This comment has not been corrected and is restated as current audit finding number 2023-002.

Finding Number 2022-002:

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

Compliance -Related Finding:

Finding Number 2022-003:

The Municipality expended in excess amounts budgeted in several departments of the General Fund in 2022 and 2021. The Mission Volunteer Fire Department Fund also expended in excess amounts budgeted in 2022. This comment has not been corrected and a similar is restated as current audit finding number 2023-004.

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SCHEDULE OF CURRENT AUDIT FINDINGSCURRENT OTHER AUDIT FINDINGS:Material Weakness in Internal Control and Noncompliance Finding:Finding Number 2023-001:Condition:

During our audit, we identified deficiencies in the Municipality's controls over credit card activity, including:

- a. Municipal credit cards were used for personal purchases, in direct violation of the Municipality's policy and South Dakota law.
- b. For charges from Amazon Capital Services a listing of purchases was provided but no supporting documentation was available for audit review.
- c. For the Wells Fargo credit card, statements were available; however, supporting receipts or invoices were not retained, and numerous charges lacked sufficient support to demonstrate they directly benefited the Municipality.
- d. It was noted that gas and tires were purchased using Municipality funds and subsequently reimbursed through payroll deductions; however, supporting documentation and reimbursement detail were insufficient to clearly identify the related transactions.
- e. The Wells Fargo account incurred late payment charges on five occasions, and numerous finance charges, resulting in additional costs to the Municipality.
- f. Payroll deductions were processed to reimburse the Municipality for certain charges; however, payroll records did not clearly identify the specific credit card transactions being reimbursed.
- g. Due to the lack of documentation and traceability, auditors were unable to determine whether all unallowable or personal charges were fully reimbursed.

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

Criteria:

The Municipality's credit card policy limits the use of municipal credit cards to specific municipal-related purposes and prohibits purchases that do not directly benefit the Municipality. The policy requires that all credit card transactions be supported by itemized receipts, invoices, or other documentation sufficient to demonstrate the business purpose of each charge. The policy assigns responsibility for timely reconciliation of credit card statements. South Dakota law also establishes requirements for the proper use and documentation of municipal funds and credit card expenditures:

- SDCL § 9-22-5 – Municipal funds must be kept separate and not used for personal benefit.
- SDCL 9-23-1 – All claims against a municipality must be supported by itemized invoices and verified vouchers filed with the municipal finance officer prior to payment; prepayments are allowed only under limited, ordinance-authorized circumstances.
- SDCL 4-3-27 – Local government officials and employees may use credit cards only for purchases benefiting the municipality, and the governing body must establish policies for use and accountability.

Government Auditing Standards require management to design, implement, and maintain effective internal control to provide reasonable assurance of compliance with applicable laws, regulations, and internal policies.

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SCHEDULE OF CURRENT AUDIT FINDINGS  
(Continued)

Cause of Condition:

Controls were not adequately designed or implemented to ensure compliance with the Municipality's credit card policy and applicable law, including controls over allowable use, documentation, reconciliation, timely payment, and reimbursement of unallowable charges.

Potential Effect of Condition:

These deficiencies represent a material weakness in internal control over compliance, as there is a reasonable possibility that material noncompliance with the Municipality's credit card policy and state law could occur and not be prevented or detected on a timely basis. The lack of supporting documentation, oversight, and timely payment also constitutes noncompliance with SDCL § 9-22-5, 9-23-1, and 4-3-27, and increases the risk of misuse of public funds and unnecessary costs to the Municipality.

Recommendation:

We recommend that the Municipality strengthen internal controls over credit card activity by:

1. Enforcing compliance with the credit card policy and South Dakota law, including prohibitions on personal or unallowable purchases.
2. Requiring complete and timely supporting documentation for all credit card transactions and reimbursements.
3. Performing timely and independent review of credit card statements and supporting documentation prior to payment.
4. Ensuring timely payment of credit card balances to avoid late and finance charges.
5. Ensuring that reimbursements for unallowable charges are clearly documented and directly traceable to specific transactions.
6. Providing periodic training to employees with access to municipal credit cards regarding policy and statutory requirements.

Client's Response:

The Municipality of Mission's governing board is responsible for the corrective action plan for this comment. During the audit period, deficiencies were identified related to the use, documentation, and oversight of the Wells Fargo credit card, including the assessment of late and finance charges and reimbursement of certain purchases through payroll deductions. In response, management has closed the Wells Fargo credit card, eliminating future exposure related to this account. Management will reinforce credit card policy requirements with applicable personnel and review internal procedures related to documentation, reconciliation, reimbursement, and timely payment to strengthen internal controls, ensure compliance with law and policy, and prevent recurrence.

Internal Control – Related Findings – Material Weaknesses:

Finding Number 2023-002:

Condition:

A material weakness in internal controls was noted due to a lack of proper segregation of duties existed for the revenues. This is a continuing audit comment since 1999.

Criteria:

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

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
(Continued)

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

Cause of Condition:

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

Potential Effect of Condition:

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

Recommendation:

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

Client's Response:

The Municipality of Mission's governing board is responsible for the corrective action plan for this comment. This comment is due to the size of the Municipality of Mission which precludes staffing at a level sufficient to provide an ideal environment for internal controls. We are aware of this problem and are attempting to provide compensating controls.

Finding Number 2023-003:

Condition:

Material weaknesses were noted in internal accounting control and record keeping resulting in diminished assurance that transactions were properly executed and recorded and that municipal assets were properly safeguarded. This is a continuing audit comment since 2022.

Criteria:

Proper preparation and maintenance of municipal accounting records enhances the reliability of reported financial information and reduces the risk of error, misstatement, or loss of public assets.

Cause of Condition:

The following deficiencies in internal accounting control and record keeping were noted:

- a. Bank reconciliations were not done a regular timely basis, resulting in book overstatements and understatements of cash in the audit period and inaccurate reports given to the board.
- b. Long term debt should be adjusted to actual at year end.
- c. The taxes receivable should be reconciled to county auditor figures at year end.

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SCHEDULE OF CURRENT AUDIT FINDINGS  
(Continued)

- d. Trust deposits should be adjusted at year end to reflect the customer deposit listing.
- e. Depreciation schedules should be updated at year-end and balances should be adjusted accordingly.
- f. Special Assessments should be tracked throughout the year and reconciled to the County Auditor's report at year end.
- g. Inventory was not updated and we were unable to obtain supporting documentation for inventory amounts.

Items a-f have been adjusted for on the attached audited financial statements.

SDCL 9-14-18 states that the finance officer "shall keep regular books of account in which shall be entered all indebtedness of the Municipality, and which shall at all times show the financial condition of the Municipality, the amount of bonds, warrants, certificates, or other evidences of indebtedness issued by the governing body, and the amounts of all bonds, warrants, certificates, or other evidences of indebtedness which have been redeemed and the amount of each outstanding." SDCL 9-14-19 states that the finance officer "shall supervise the accounting system for all departments and offices of the Municipality in accordance with the recommendations of the Department of Legislative Audit."

Potential Effect of Condition:

As a result of these conditions, there is an increased risk that errors or irregularities could occur and not be detected in a timely manner during the normal course of operations. Additionally, financial records were not properly maintained, increasing the likelihood of inaccurate financial reporting for the Municipality of Mission.

Recommendation:

We recommend that the Municipality:

- 8. Improve the accuracy and completeness of financial information presented to management and the governing board.
- 9. Establish, update, and properly maintain all necessary accounting records, including timely reconciliations and year-end adjustments, to ensure reliable financial reporting and compliance with applicable laws.

Client's Response:

The Municipality of Mission's governing board is responsible for the corrective action plan for this comment. We will attempt to be more accurate and complete when preparing the financial statements and obtain sufficient expertise to do so.

Compliance – Related Finding:

Finding Number 2023-004:

Condition:

Expenditures were excess of the amounts budgeted in three departments in the General Fund. Total expenditures exceeded the amount budgeted in the Mission Volunteer Fire Department Fund. Also, the Volunteer Fire Department Fund was budgeted to spend more than available. This is a continuing audit comment since 2022.

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SCHEDULE OF CURRENT AUDIT FINDINGS  
(Continued)

Criteria:

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

Cause of Condition:

The Municipality expended money in excess of amounts budgeted without supplementing the budget as allowed by SDCL 9-21-7. Also, the Municipality budgeted to spend more than available, which is not allowed as stated in SDCL 9-21-9.

Potential Effect of Condition:

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

Recommendation:

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

Client's Response:

The Municipality Mission's governing board is responsible for the corrective action plan for this comment. The Municipality will be more careful to follow the budgetary guidelines prescribed by law.

CLOSING CONFERENCE

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

*Schoenfish & Co., Inc.*

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Municipality of Mission  
Mission, South Dakota

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Municipality of Mission, South Dakota, (Municipality) as of December 31, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the Table of Contents.

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

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Municipality and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

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

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

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

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

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

### ***Required Supplementary Information***

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

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We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### ***Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2026, on our consideration of the Municipality's internal control over financial reporting and 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 the Municipality's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.  
Certified Public Accountants  
January 20, 2026

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**MUNICIPALITY OF MISSION**  
**STATEMENT OF NET POSITION**  
**December 31, 2023**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS:</b>			
Cash and Cash Equivalents	2,608,245.24	331,508.01	2,939,753.25
Investments	136,532.10		136,532.10
Accounts Receivable, Net	267,492.26	87,038.60	354,530.86
Inventories	22,695.05	20,274.86	42,969.91
Restricted Assets:			
Cash and Cash Equivalents	6,394.00		6,394.00
Net Pension Asset	542.27	370.71	912.98
Capital Assets:			
Land, Improvements and Construction in Progress	48,911.93	18,750.00	67,661.93
Other Capital Assets, Net of Depreciation	1,284,716.62	834,326.54	2,119,043.16
<b>TOTAL ASSETS</b>	<b>4,375,529.47</b>	<b>1,292,268.72</b>	<b>5,667,798.19</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension Related Deferred Outflows	45,078.16	30,816.82	75,894.98
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>45,078.16</b>	<b>30,816.82</b>	<b>75,894.98</b>
<b>LIABILITIES :</b>			
Other Current Liabilities	11,287.37	40,208.66	51,496.03
Unearned Revenue		26,751.00	26,751.00
Noncurrent Liabilities:			
Due Within One Year	83,631.66	1,000.00	84,631.66
Due in More than One Year	348,087.01	2,562.42	350,649.43
<b>TOTAL LIABILITIES</b>	<b>443,006.04</b>	<b>70,522.08</b>	<b>513,528.12</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pension Related Deferred Inflows	27,116.74	18,537.85	45,654.59
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>27,116.74</b>	<b>18,537.85</b>	<b>45,654.59</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	908,366.71	853,076.54	1,761,443.25
Restricted for:			
Capital Projects Purposes	120,800.00		120,800.00
Debt Service Purposes	212,120.42		212,120.42
SDRS Pension Purposes	18,503.69	12,649.68	31,153.37
Unrestricted (Deficit)	2,690,694.03	368,299.39	3,058,993.42
<b>TOTAL NET POSITION</b>	<b>3,950,484.85</b>	<b>1,234,025.61</b>	<b>5,184,510.46</b>

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	122,726.97	260.00			(122,466.97)		(122,466.97)
Public Safety	462,636.60	7,261.47	23,156.39		(432,218.74)		(432,218.74)
Public Works	251,794.78		39,561.61		(212,233.17)		(212,233.17)
Health and Welfare	8,562.60				(8,562.60)		(8,562.60)
Culture and Recreation	53,052.65			20,300.00	(32,752.65)		(32,752.65)
*Interest on Long-term Liabilities	21,317.11				(21,317.11)		(21,317.11)
Total Governmental Activities	920,090.71	7,521.47	62,718.00	20,300.00	(829,551.24)		(829,551.24)
Business-type Activities:							
Water	292,874.69	155,574.00				(137,300.69)	(137,300.69)
Sewer	299,380.53	183,345.68				(116,034.85)	(116,034.85)
Total Business-type Activities	592,255.22	338,919.68	0.00	0.00	(253,335.54)		(253,335.54)
Total Primary Government	1,512,345.93	346,441.15	62,718.00	20,300.00	(829,551.24)	(253,335.54)	(1,082,886.78)
<b>General Revenues:</b>							
Taxes:							
Property Taxes					140,288.68		140,288.68
Sales Taxes					634,268.81		634,268.81
State Shared Revenues					7,969.31		7,969.31
Unrestricted Investment Earnings					38,480.54	3,371.90	41,852.44
Miscellaneous Revenue					23,210.97		23,210.97
Total General Revenues					844,218.31	3,371.90	847,590.21
Change in Net Position					14,667.07	(249,963.64)	(235,296.57)
Net Position - Beginning					3,926,530.96	1,483,989.25	5,410,520.21
Restatements:						9,286.82	9,286.82
Adjust incorrect beginning cash balances (See Note 14).						1,483,989.25	1,483,989.25
Adjusted Net Position - Beginning					3,935,817.78		5,419,807.03
NET POSITION - ENDING					3,950,484.85	1,234,025.61	5,184,510.46

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

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

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

	General Fund	Mission Volunteer Fire Department Fund	Special Assessment Debt Service Fund	Pool Capital Projects Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	2,385,389.82	19,659.09	72,396.33	130,800.00	2,608,245.24
Investments	136,532.10				136,532.10
Taxes Receivable--Delinquent	104,176.92				104,176.92
Special Assessments Receivable--Current			16,232.57		16,232.57
Special Assessments Receivable--Delinquent	26,763.25		21,931.34		48,694.59
Special Assessments Receivable--Deferred			98,388.18		98,388.18
Inventory of Supplies	22,526.95	168.10			22,695.05
Restricted Cash and Cash Equivalents	3,222.00		3,172.00		6,394.00
<b>TOTAL ASSETS</b>	<b>2,678,611.04</b>	<b>19,827.19</b>	<b>212,120.42</b>	<b>130,800.00</b>	<b>3,041,358.65</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accrued Wages Payable	10,908.52				10,908.52
Accrued Taxes Payable	378.85				378.85
<b>Total Liabilities</b>	<b>11,287.37</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>11,287.37</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue--Property Taxes	104,176.92				104,176.92
Unavailable Revenue--Special Assessments	26,763.25		136,552.09		163,315.34
<b>Total Deferred Inflows of Resources</b>	<b>130,940.17</b>	<b>0.00</b>	<b>136,552.09</b>	<b>0.00</b>	<b>267,492.26</b>
<b>Fund Balances:</b>					
Nonspendable for Inventory	22,526.95	168.10			22,695.05
Restricted for Debt Service	3,222.00		75,568.33		78,790.33
Restricted for Pool Capital Project				120,800.00	120,800.00
Committed for Volunteer Fire Department		19,659.09			19,659.09
Assigned for Pool Capital Project				10,000.00	10,000.00
Unassigned	2,510,634.55				2,510,634.55
<b>Total Fund Balances</b>	<b>2,536,383.50</b>	<b>19,827.19</b>	<b>75,568.33</b>	<b>130,800.00</b>	<b>2,762,579.02</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>2,678,611.04</b>	<b>19,827.19</b>	<b>212,120.42</b>	<b>130,800.00</b>	<b>3,041,358.65</b>

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

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

Total Fund Balances - Governmental Funds	<u>2,762,579.02</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>542.27</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>1,333,628.55</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>45,078.16</u>
Long-term liabilities, including accrued leave payable, sales tax revenue bonds payable, and special assessment bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(431,718.67)</u>
Assets such as taxes receivable (delinquent) and special assessment receivables (current, delinquent and deferred) are not available to pay for current period expenditures and therefore are deferred in the funds.	<u>267,492.26</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(27,116.74)</u>
Net Position - Governmental Activities	<u><u>3,950,484.85</u></u>

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

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

	General Fund	Mission Volunteer Fire Department Fund	Special Assessment Debt Service Fund	Pool Capital Projects Fund	Total Governmental Funds
<b>Revenues:</b>					
Taxes:					
General Property Taxes	123,403.32				123,403.32
General Sales and Use Taxes	634,268.81				634,268.81
Penalties and Interest on Delinquent Taxes	6,038.84				6,038.84
Licenses and Permits	220.00				220.00
Intergovernmental Revenue:					
State Shared Revenue:					
Bank Franchise Tax	23.31				23.31
Prorate License Fees	5,175.40				5,175.40
Liquor Tax Reversion	7,946.00				7,946.00
Motor Vehicle Licenses	19,353.67				19,353.67
Fire Insurance Premiums Reversion		20,311.39			20,311.39
Local Government Highway and Bridge Fund	19,574.44				19,574.44
Other	776.97				776.97
County Shared Revenue:					
County Road Tax	782.00				782.00
Charges for Goods and Services:					
General Government	40.00				40.00
Public Safety	48.00	7,213.47			7,261.47
Miscellaneous Revenue:					
Investment Earnings	37,839.14	641.40			38,480.54
Special Assessments			35,306.39		35,306.39
Contributions and Donations from Private Sources		2,845.00		20,300.00	23,145.00
Other	23,210.97				23,210.97
<b>Total Revenue</b>	<b>878,700.87</b>	<b>31,011.26</b>	<b>35,306.39</b>	<b>20,300.00</b>	<b>965,318.52</b>
<b>Expenditures:</b>					
General Government:					
Legislative	21,887.96				21,887.96
Executive	7,925.11				7,925.11
Elections	30.13				30.13
Financial Administration	51,344.33				51,344.33
Other	40,045.85				40,045.85
<b>Total General Government</b>	<b>121,233.38</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>121,233.38</b>

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

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

	General Fund	Mission Volunteer Fire Department Fund	Special Assessment Debt Service Fund	Pool Capital Projects Fund	Total Governmental Funds
<b>Expenditures: (continued)</b>					
Public Safety:					
Police	171,930.00				171,930.00
Fire	47,321.78	141,988.87			189,310.65
Other Protection	8,110.20				8,110.20
Total Public Safety	227,361.98	141,988.87	0.00	0.00	369,350.85
Public Works:					
Highways and Streets	168,522.16				168,522.16
Sanitation	5,116.60				5,116.60
Total Public Works	173,638.76	0.00	0.00	0.00	173,638.76
Health and Welfare:					
Health	8,562.60				8,562.60
Total Health and Welfare	8,562.60	0.00	0.00	0.00	8,562.60
Culture and Recreation:					
Recreation	24,965.52				24,965.52
Parks	22,454.13				22,454.13
Total Culture and Recreation	47,419.65	0.00	0.00	0.00	47,419.65
Debt Service	49,148.00	17,759.00	31,718.00	0.00	98,625.00
Capital Outlay	174,701.71	20,000.00	0.00	0.00	194,701.71
Total Expenditures	802,066.08	179,747.87	31,718.00	0.00	1,013,531.95
Excess of Revenue Over (Under) Expenditures	76,634.79	(148,736.61)	3,588.39	20,300.00	(48,213.43)
<b>Other Financing Sources (Uses):</b>					
Transfers In		155,000.00			155,000.00
Transfers Out	(155,000.00)				(155,000.00)
Total Other Financing Sources (Uses)	(155,000.00)	155,000.00	0.00	0.00	0.00
Net Change in Fund Balances	(78,365.21)	6,263.39	3,588.39	20,300.00	(48,213.43)
Fund Balance - Beginning	2,715,961.89	13,563.80	71,979.94	0.00	2,801,505.63
Restatements: (See Note 14).					
Adjust incorrect beginning cash balances	9,286.82				9,286.82
Adjust pool donations to capital projects fund	(110,500.00)			110,500.00	0.00
Adjusted Fund Balance - Beginning	2,614,748.71	13,563.80	71,979.94	110,500.00	2,810,792.45
<b>FUND BALANCE - ENDING</b>	<b>2,536,383.50</b>	<b>19,827.19</b>	<b>75,568.33</b>	<b>130,800.00</b>	<b>2,762,579.02</b>

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

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

Net Change in Fund Balances - Total Governmental Funds	<u>(48,213.43)</u>
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.	<u>194,701.71</u>
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	<u>(176,983.20)</u>
Payment of principal on long-term liabilities is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.	<u>77,307.89</u>
The fund financial statement governmental fund property tax accruals differ from the government wide statement property tax accruals in that the fund financial statements require the amounts to be "available".	<u>10,846.52</u>
Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments as revenue upon completion of the project at the point when an enforceable legal claim arises.	<u>(41,407.26)</u>
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.	<u>(3,606.84)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (e.g., pension expense)	<u>2,216.07</u>
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>(194.39)</u>
Change in Net Position of Governmental Activities	<u><u>14,667.07</u></u>

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

**MUNICIPALITY OF MISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2023**

	Enterprise Funds		Totals
	Water Fund	Sewer Fund	
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	331,508.01		331,508.01
Accounts Receivable, Net	38,250.00	48,788.60	87,038.60
Due from Sewer Fund	31,235.57		31,235.57
Inventory of Supplies	10,570.48	9,704.38	20,274.86
Total Current Assets	411,564.06	58,492.98	470,057.04
Noncurrent Assets:			
Net Pension Asset	150.16	220.55	370.71
Capital Assets:			
Land	8,750.00	10,000.00	18,750.00
Buildings	224,330.63	6,439.04	230,769.67
Improvements Other Than Buildings	678,275.89	2,010,533.35	2,688,809.24
Machinery and Equipment	276,111.81	352,628.71	628,740.52
Less: Accumulated Depreciation	(938,287.45)	(1,775,705.44)	(2,713,992.89)
Total Noncurrent Assets	249,331.04	604,116.21	853,447.25
<b>TOTAL ASSETS</b>	<b>660,895.10</b>	<b>662,609.19</b>	<b>1,323,504.29</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension Related Deferred Outflows	12,482.76	18,334.06	30,816.82
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>12,482.76</b>	<b>18,334.06</b>	<b>30,816.82</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Due to Water Fund		31,235.57	31,235.57
Accrued Wages Payable	1,575.86	1,903.62	3,479.48
Accrued Taxes Payable	120.55	145.63	266.18
Customer Deposits	23,240.00	13,223.00	36,463.00
Unearned Revenue		26,751.00	26,751.00
Compensated Absences Payable - Current	500.00	500.00	1,000.00
Total Current Liabilities	25,436.41	73,758.82	99,195.23
Noncurrent Liabilities:			
Bonds Payable:			
Accrued Leave Payable	1,013.95	1,548.47	2,562.42
Total Noncurrent Liabilities	1,013.95	1,548.47	2,562.42
<b>TOTAL LIABILITIES</b>	<b>26,450.36</b>	<b>75,307.29</b>	<b>101,757.65</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pension Related Deferred Inflows	7,509.00	11,028.85	18,537.85
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>7,509.00</b>	<b>11,028.85</b>	<b>18,537.85</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	249,180.88	603,895.66	853,076.54
Restricted for:			
SDRS Pension Purposes	5,123.92	7,525.76	12,649.68
Unrestricted Net Position	385,113.70	(16,814.31)	368,299.39
<b>TOTAL NET POSITION</b>	<b>639,418.50</b>	<b>594,607.11</b>	<b>1,234,025.61</b>

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

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

	<b>Enterprise Funds</b>		<b>Totals</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	
<b>Operating Revenue:</b>			
Charges for Goods and Services	155,574.00	180,794.68	336,368.68
Miscellaneous		2,551.00	2,551.00
<b>Total Operating Revenue</b>	<b>155,574.00</b>	<b>183,345.68</b>	<b>338,919.68</b>
<b>Operating Expenses:</b>			
Personal Services	93,129.32	121,428.48	214,557.80
Other Current Expense	173,850.09	119,292.82	293,142.91
Depreciation	25,895.28	58,659.23	84,554.51
<b>Total Operating Expenses</b>	<b>292,874.69</b>	<b>299,380.53</b>	<b>592,255.22</b>
<b>Operating Income (Loss)</b>	<b>(137,300.69)</b>	<b>(116,034.85)</b>	<b>(253,335.54)</b>
<b>Nonoperating Revenue (Expense):</b>			
Investment Earnings		3,371.90	3,371.90
<b>Total Nonoperating Revenue (Expense)</b>	<b>0.00</b>	<b>3,371.90</b>	<b>3,371.90</b>
<b>Change in Net Position</b>	<b>(137,300.69)</b>	<b>(112,662.95)</b>	<b>(249,963.64)</b>
<b>Net Position - Beginning</b>	<b>776,719.19</b>	<b>707,270.06</b>	<b>1,483,989.25</b>
<b>NET POSITION - ENDING</b>	<b>639,418.50</b>	<b>594,607.11</b>	<b>1,234,025.61</b>

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

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

	Enterprise Funds		Totals
	Water Fund	Sewer Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Receipts from Customers	151,520.00	177,038.51	328,558.51
Cash Payments to Employees for Services	(89,224.39)	(120,542.23)	(209,766.62)
Cash Payments to Suppliers of Goods and Services	(175,145.16)	(120,807.73)	(295,952.89)
Net Cash Provided (Used) by Operating Activities	(112,849.55)	(64,311.45)	(177,161.00)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of Capital Assets	(30,000.00)	(30,000.00)	(60,000.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	(30,000.00)	(30,000.00)	(60,000.00)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Cash Received for Interest		3,371.90	3,371.90
Net Cash Provided (Used) by Investing Activities	0.00	3,371.90	3,371.90
Net Increase (Decrease) in Cash and Cash Equivalents	(142,849.55)	(90,939.55)	(233,789.10)
Balances - Beginning	505,593.13	59,703.98	565,297.11
Balances - Ending	362,743.58	(31,235.57)	331,508.01
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	(137,300.69)	(116,034.85)	(253,335.54)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	25,895.28	58,659.23	84,554.51
(Increase) decrease in Receivables		(29,448.17)	(29,448.17)
(Increase) decrease in SDRS Net Pension Asset	93.84	28.59	122.43
(Increase) decrease in Pension Related Deferred Outflows	9,511.28	4,123.24	13,634.52
(Decrease) increase in Accounts and Other Payables	(1,295.07)	(1,514.91)	(2,809.98)
(Decrease) increase in Accrued Wages Payable	669.67	(477.67)	192.00
(Decrease) increase in Accrued Leave Payable	334.62	696.10	1,030.72
(Decrease) increase in Pension Related Deferred Inflows	(6,704.48)	(3,484.01)	(10,188.49)
(Decrease) increase in Customer Deposits	(4,054.00)	(1,530.00)	(5,584.00)
(Decrease) increase in Unearned Revenue		24,671.00	24,671.00
Net Cash Provided (Used) by Operating Activities	(112,849.55)	(64,311.45)	(177,161.00)

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

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

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

b. Basis of Presentation:

## Government-wide Financial Statements:

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

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

## Fund Financial Statements:

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

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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

**Governmental Funds:**

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

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

Mission Volunteer Fire Department Fund – to account for the operation of a volunteer fire department. This is a major fund.

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Special Assessment Debt Service Fund – to account for payment of debt arising from municipal improvements for which special assessments are to be levied. This is a major fund.

Capital Projects Funds – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds for individuals, private organizations, or other governments).

Pool Capital Projects Fund – to account for financial resources to be used for the construction of a Municipal pool. This is a major fund.

**Proprietary Funds:**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

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

e. Deposits and Investments:

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

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

f. Capital Assets:

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

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

Government-wide Financial Statements

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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

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

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

	<u>Threshold</u>	<u>Method</u>	<u>Useful Life</u>
Land and land rights	\$ -	-- N/A --	-- N/A --
Improvements other than buildings	\$ 3,000.00	Straight-line	10-90 yrs.
Buildings	\$ 7,500.00	Straight-line	15-40 yrs.
Machinery & Equipment	\$ 2,500.00	Straight-line	5-25 yrs.
Infrastructure	\$ 3,000.00	Straight-line	10-90 yrs.
Utility property and improvements	\$ 3,000.00	Straight-line	10-90 yrs.

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

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

h. Program Revenues:

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

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

i. Deferred Inflows and Deferred Outflows of Resources:

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

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

j. Proprietary Funds Revenue and Expense Classifications:

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

k. Cash and Cash Equivalents:

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

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NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

I. Equity Classifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

m. Application of Net Position:

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

n. Fund Balance Classification Policies and Procedures:

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

The Nonspendable Fund Balance is comprised of the following:

- Amounts reported in nonspendable form such as inventory.

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

<u>Fund Balance Type</u>	<u>Year Ended</u> <u>12-31-23</u>	<u>Action</u>
Mission Volunteer Fire Department	19,659.09	Ordinance

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

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

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Mission Volunteer Fire Department	Charges for Services

o. Pensions:

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

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 to the disbursements compared to appropriations:

	<u>Year Ended</u> <u>12/31/2023</u>
General Fund:	
<u>Activity</u>	
General Government - Other	246.40
Police	10,530.00
Debt Service	17,430.00
Mission Volunteer Fire Department Fund:	
<u>Activity</u>	
Fire	115,386.87
Debt Service	17,759.00

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

The Municipality plans to take the following actions to address these violations: use contingency transfers and supplements when needed.

3. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATION OF CREDIT RISK AND INTEREST RATE RISK

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

Deposits – The Municipality's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits.

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

Investments – In general, SDCL 4-5-6 permits municipal funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

As of December 31, 2023, the Municipality did have funds deposited with SDFIT, as shown below, which is reported as a cash and cash equivalent. The investments reported in the financial statements consist of 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. As of December 31, 2023, the Municipality's investment in the SD FIT pool was unrated.

Investments:

The investments at December 31, 2023, were as follows:

External Investment	Credit Rating	Fair Value
Pools:		
SDFIT	Unrated	\$ 175,928.51
Total Investments		\$ 175,928.51

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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

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

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

4. RESTRICTED CASH AND INVESTMENTS

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

Amount:	Purpose:
\$ 6,394.00	For Debt Service, by debt covenants

5. RECEIVABLES AND PAYABLES

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

6. INVENTORY

Inventory in the General Fund and special revenue funds consist of expendable supplies held for consumption. Supply inventories are recorded at cost.

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

Government-wide Financial Statements:

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

Fund Financial Statements:

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

7. PROPERTY TAXES

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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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.

8. CHANGES IN CAPITAL ASSETS

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

	Balance 01/01/2023	Increases	Decreases	Balance 12/31/23
Governmental Activities:				
Capital Assets, not being Depreciated/Amortized:				
Land	39,334.75			39,334.75
Construction Work in Progress		9,577.18		9,577.18
Total, not being Depreciated/Amortized	<u>39,334.75</u>	<u>9,577.18</u>	<u>0.00</u>	<u>48,911.93</u>
Capital Assets, being Depreciated/Amortized:				
Buildings	256,771.66			256,771.66
Improvements Other Than Buildings	1,454,210.64	65,418.32		1,519,628.96
Machinery and Equipment	1,241,180.40	119,706.21		1,360,886.61
Total, being Depreciated/Amortized	<u>2,952,162.70</u>	<u>185,124.53</u>	<u>0.00</u>	<u>3,137,287.23</u>
Less Accumulated Depreciation/Amortization for:				
Buildings	(245,873.60)	(1,155.27)		(247,028.87)
Improvements Other Than Buildings	(871,461.06)	(50,781.40)		(922,242.46)
Machinery and Equipment	(558,252.75)	(125,046.53)		(683,299.28)
Total Accumulated Depreciation/Amortization	<u>(1,675,587.41)</u>	<u>(176,983.20)</u>	<u>0.00</u>	<u>(1,852,570.61)</u>
Total Capital Assets, being Depreciated/Amortized, Net	<u>1,276,575.29</u>	<u>8,141.33</u>	<u>0.00</u>	<u>1,284,716.62</u>
Governmental Activity Capital Assets, Net	<u>1,315,910.04</u>	<u>17,718.51</u>	<u>0.00</u>	<u>1,333,628.55</u>

Depreciation expense was charged to functions as follows:

	2023
Governmental Activities:	
General Government	1,574.46
Public Safety	94,783.81
Public Works	74,991.93
Culture and Recreation	5,633.00
Total Depreciation Expense - Governmental Activities	<u>176,983.20</u>

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

	<u>Balance</u> <u>01/01/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/23</u>
Business-Type Activities:				
Capital Assets, not being Depreciated/Amortized:				
Land	18,750.00			18,750.00
Total, not being Depreciated/Amortized	<u>18,750.00</u>	<u>0.00</u>	<u>0.00</u>	<u>18,750.00</u>
Capital Assets, being Depreciated/Amortized:				
Buildings	230,769.67			230,769.67
Improvements Other Than Buildings	2,688,809.24			2,688,809.24
Machinery and Equipment	568,740.52	60,000.00		628,740.52
Total, being Depreciated/Amortized	<u>3,488,319.43</u>	<u>60,000.00</u>	<u>0.00</u>	<u>3,548,319.43</u>
Less Accumulated Depreciation/Amortization for:				
Buildings	(204,423.48)	(1,505.09)		(205,928.57)
Improvements Other Than Buildings	(2,047,530.74)	(51,514.85)		(2,099,045.59)
Machinery and Equipment	(377,484.16)	(31,534.57)		(409,018.73)
Total Accumulated Depreciation/Amortization	<u>(2,629,438.38)</u>	<u>(84,554.51)</u>	<u>0.00</u>	<u>(2,713,992.89)</u>
Total Capital Assets, being Depreciated/Amortized, Net	<u>858,881.05</u>	<u>(24,554.51)</u>	<u>0.00</u>	<u>834,326.54</u>
Business-Type Activity Capital Assets, Net	<u>877,631.05</u>	<u>(24,554.51)</u>	<u>0.00</u>	<u>853,076.54</u>

Depreciation expense was charged to functions as follows:

	<u>2023</u>
Business-Type Activities:	
Water	25,895.28
Sewer	58,659.23
Total Depreciation Expense - Business-Type Activities	<u>84,554.51</u>

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

<u>Project Name</u>	<u>Project</u> <u>Authorization</u>	<u>Expended</u> <u>thru</u> <u>12/31/2023</u>	<u>Committed</u>	<u>Required</u> <u>Future</u> <u>Financing</u>
New Pool Project	7,000,000.00	9,579.18	0.00	6,990,420.82
TOTAL	<u>7,000,000.00</u>	<u>9,579.18</u>	<u>0.00</u>	<u>6,990,420.82</u>

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

9. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
Sales Tax Revenue Bond	211,415.40		23,261.39	188,154.01	24,106.93
Special Assessment Bond	211,143.00		23,272.28	187,870.72	24,106.93
Direct Borrowing Lease:					
Street Sweeper	32,176.17		15,687.73	16,488.44	16,488.44
Fire Truck	47,835.16		15,086.49	32,748.67	15,929.36
Total Debt	<u>502,569.73</u>	<u>0.00</u>	<u>77,307.89</u>	<u>425,261.84</u>	<u>80,631.66</u>
Accrued Compensated Absences-					
Governmental Funds	2,849.99	3,606.84		6,456.83	3,000.00
Total Governmental Activities	<u>505,419.72</u>	<u>3,606.84</u>	<u>77,307.89</u>	<u>431,718.67</u>	<u>83,631.66</u>
Business-Type Activities:					
Accrued Compensated Absences -					
Business-Type Funds	2,531.70	1,030.72		3,562.41	1,000.00
Total Business-Type Activities	<u>2,531.70</u>	<u>1,030.72</u>	<u>0.00</u>	<u>3,562.42</u>	<u>1,000.00</u>
TOTAL PRIMARY GOVERNMENT	<u>507,951.42</u>	<u>4,637.56</u>	<u>77,307.89</u>	<u>435,281.09</u>	<u>84,631.66</u>

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

Sales Tax Revenue Bond:

Sales Tax Revenue Bond, Series 2010 for Municipal Street Improvement Project, Matures July 20, 2030, 4.00% Interest Rate, Paid by General Fund \$ 188,154.01

Special Assessment Bond:

Special Assessment Bond, Series 2010 for Curb and Gutter Project, Matures July 20, 2030, 4.00% Interest Rate, Paid by Special Assessment Debt Service Fund \$ 187,870.72

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

Direct Borrowing-Street Sweeper:

Right-to-Use Lease of Elgin Street Sweeper Matures October 17, 2024, 5.10% Interest Rate, Paid by General Fund	\$ 16,488.44
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Direct Borrowing-Fire Truck:

Right-to-Use Lease of Ferrara Pumper Fire Truck Matures October 1, 2025, 5.587% Interest Rate, Paid by General Fund	\$ 32,748.67
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The Municipality's outstanding notes from direct borrowings and direct placements related to governmental activities of \$49,237.11 include the following provisions:

- a. The financing capital acquisition leases include provisions that in an event of default, outstanding amounts may become immediately due and payable and may also require the surrender of equipment collateralized. Collateralized equipment on the direct borrowing lease includes the 2008 Pelican Street Sweeper and a 2002 Ferrara Fire Truck.

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

Compensated Absences:

Accrued Leave Balances of Municipal Employees	
Payable From: General Fund	\$ 6,456.83
Water Fund	\$ 1,513.95
Sewer Fund	\$ 2,048.47

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

The annual requirements to amortize all liabilities outstanding as of December 31, 2023, except for compensated absences but including interest payments of \$71,638.16, are as follows:

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

Year Ending December 31,	Sales Tax Revenue Bond		Special Assessment Revenue Bond	
	Principal	Interest	Principal	Interest
2024	24,106.93	7,611.07	24,106.93	7,611.07
2025	25,071.21	6,646.79	25,071.21	6,646.79
2026	26,074.06	5,643.94	26,074.06	5,643.94
2027	27,117.02	4,600.98	27,117.02	4,600.98
2028	28,201.70	3,516.30	28,201.70	3,516.30
2029-2030	57,583.09	5,852.91	57,299.80	6,136.20
Totals	<u>188,154.01</u>	<u>33,871.99</u>	<u>187,870.72</u>	<u>34,155.28</u>

Year Ending December 31,	Right-to-Use Street Sweeper Lease		Right-to-Use Fire Truck Lease	
	Principal	Interest	Principal	Interest
2024	16,488.44	841.56	15,929.36	1,829.64
2025			16,819.31	939.69
2026				
2027				
2028				
2029-2030				
Totals	<u>16,488.44</u>	<u>841.56</u>	<u>32,748.67</u>	<u>2,769.33</u>

Year Ending December 31,	Totals	
	Principal	Interest
2024	80,631.66	17,893.34
2025	66,961.73	14,233.27
2026	52,148.12	11,287.88
2027	54,234.04	9,201.96
2028	56,403.40	7,032.60
2029-2030	114,882.89	11,989.11
Totals	<u>425,261.84</u>	<u>71,638.16</u>

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

10. INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

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

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Water Fund	31,235.57	
Sewer Fund		31,235.57

The purposes for the interfund receivable and payable balances are to cover a cash shortfall. The Municipality expects all interfund receivables and payables to be repaid within one year.

11. RESTRICTED NET POSITION

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

Major Purposes:	<u>12/31/2023</u>
Governmental Activities:	
Capital Projects Purposes	120,800.00
Debt Service Purposes	212,120.42
SDSR Pension	18,503.69
Total Restricted Net Position - Governmental Activities	<u>351,424.11</u>
Business-Type Activities:	
SDSR Pension	12,649.68
Total Restricted Net Position - Business-Type Activities	<u>12,649.68</u>
<b>TOTAL RESTRICTED NET POSITION</b>	<u><u>364,073.79</u></u>

These balances are restricted due to statutory requirements.

12. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2023 were as follows:

<u>Transfers From:</u>	<u>Transfers To:</u>
	<u>Mission Volunteer Fire Department Fund</u>
Major Funds:	
General Fund	<u>\$ 155,000.00</u>
Total	<u><u>\$ 155,000.00</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

### 13. PENSION PLAN

Plan Information:

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

Benefits Provided:

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 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:

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

- 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. State statute also requires the employer to contribute an amount equal to the employee's contribution. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2023, 2022 and 2021, were \$17,840.14, \$13,840.72, and \$14,037.35, respectively, equal to the required contributions each year.

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

At June 30, 2023, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share 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	\$ 1,355,459.40
Less proportionate share of net pension restricted for pension benefits	<u>1,356,372.38</u>
Proportionate share of net pension liability (asset)	<u>\$ (912.98)</u>

At December 31, 2023, the Municipality reported a liability (asset) of \$(912.98) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the Municipality's proportion was 0.00935400%, which is a decrease of (0.0011670%) from its proportion measured as of June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

For the year ended December 31, 2023, the Municipality recognized pension expense (reduction of pension expense) of \$1,546.78. At December 31, 2023 the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience.	\$ 25,879.21	
Changes in assumption.	\$ 31,213.94	\$ 45,627.83
Net Difference between projected and actual earnings on pension plan investments.	\$ 6,078.39	
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.	\$ 2,418.13	\$ 26.76
Municipality contributions subsequent to the measurement date.	<u>\$ 10,305.31</u>	
<b>TOTAL</b>	<u><u>\$ 75,894.98</u></u>	<u><u>\$ 45,654.59</u></u>

\$10,305.31 reported as deferred outflow of resources related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

<u>Year Ended December 31:</u>	
2024	\$ 13,243.81
2025	\$ (13,146.71)
2026	\$ 18,340.08
2027	<u>\$ 1,497.90</u>
Total	<u><u>\$ 19,935.08</u></u>

Actuarial Assumptions:

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

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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Mortality Rates

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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

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

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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

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

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$ 187,131.35	\$ (912.98)	\$(154,697.39)

14. RESTATEMENT OF PRIOR PERIOD

The Municipality opened a pool capital projects fund, and adjusted for prior incorrect cash balances. As a result, beginning net position/fund balance has been restated as of January 1, 2023.

	<u>Governmental</u> <u>Activities</u>		
Net Position January 1, 2023, as previously reported	<u>3,926,530.96</u>		
Restatement:			
Adjust Incorrect beginning cash balances	9,286.82		
Net Position January 1, 2023, as Restated	<u><u>3,935,817.78</u></u>		
	<u>General Fund</u>	<u>Pool Capital</u> <u>Projects Fund</u>	
Net Position January 1, 2023, as previously reported	2,715,961.89	0.00	
Restatement:			
Adjust incorrect beginning cash balances	9,286.82		
Adjust pool donations to capital projects fund	(110,500.00)	110,500.00	
Fund Balance January 1, 2023, as Restated	<u><u>2,614,748.71</u></u>	<u><u>110,500.00</u></u>	

15. SIGNIFICANT CONTINGENCIES – LITIGATION

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

16. RISK MANAGEMENT

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

Employee Health Insurance:

The Municipality joined the South Dakota Municipal League Health Pool of South Dakota. This is a public entity risk pool currently operating as a common risk management and insurance program for South

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

Dakota local government entities. The Municipality pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage includes a \$2,000,000 lifetime maximum payment per person.

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

Liability Insurance:

The Municipality joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The Municipality's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the Municipality. The Municipality pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the 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 damages to property;  
Errors and omissions of public officials; and  
Vehicle coverage.

The Municipality carries a \$0/\$2,000 deductible for the liability coverage and \$250/\$500 deductible for the property coverage.

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

Worker's Compensation:

The Municipality joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The Municipality's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The Municipality pays an annual premium to the pool 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.

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NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

17. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through January 20, 2026, the date on which the financial statements were available to be issued.

18. RELATED PARTY TRANSACTIONS:

The Municipality has a board member who is the owner of DB Construction, LLC for which the sum of \$1,450.00 was paid for repairs. This contract falls within the provisions of SDCL 6-1-2.

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
General Property Taxes	127,600.00	127,600.00	123,403.32	(4,196.68)
General Sales and Use Taxes	539,400.00	539,400.00	634,268.81	94,868.81
Penalties and Interest on Delinquent Taxes	1,000.00	1,000.00	6,038.84	5,038.84
Licenses and Permits	310.00	310.00	220.00	(90.00)
Intergovernmental Revenue:				
State Shared Revenue:				
Bank Franchise Tax	450.00	450.00	23.31	(426.69)
Prorate License Fees	1,700.00	1,700.00	5,175.40	3,475.40
Liquor Tax Reversion	6,500.00	6,500.00	7,946.00	1,446.00
Motor Vehicle Licenses	15,000.00	15,000.00	19,353.67	4,353.67
Local Government Highway and Bridge Fund	18,000.00	18,000.00	19,574.44	1,574.44
Other	0.00	0.00	776.97	776.97
County Shared Revenue:				
County Road Tax	400.00	400.00	782.00	382.00
Other Intergovernmental Revenues	8,500.00	8,500.00	0.00	(8,500.00)
Charges for Goods and Services:				
General Government	10.00	10.00	40.00	30.00
Public Safety	0.00	0.00	48.00	48.00
Miscellaneous Revenue:				
Investment Earnings	400.00	400.00	37,839.14	37,439.14
Other	8,700.00	8,700.00	23,210.97	14,510.97
<b>Total Revenue</b>	<b>727,970.00</b>	<b>727,970.00</b>	<b>878,700.87</b>	<b>150,730.87</b>
<b>Expenditures:</b>				
General Government:				
Legislative	18,775.00	21,887.96	21,887.96	0.00
Contingency	25,000.00	25,000.00		
Amount Transferred		(25,000.00)		0.00
Executive	7,385.00	7,925.11	7,925.11	0.00
Elections	1,590.00	1,590.00	30.13	1,559.87
Financial Administration	58,900.00	64,723.60	51,344.33	13,379.27
Other	38,028.00	39,799.45	40,045.85	(246.40)
<b>Total General Government</b>	<b>149,678.00</b>	<b>135,926.12</b>	<b>121,233.38</b>	<b>14,692.74</b>

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Public Safety:				
Police	153,900.00	161,400.00	171,930.00	(10,530.00)
Fire	140,000.00	257,442.25	117,442.25	140,000.00
Other Protection	9,500.00	9,500.00	8,110.20	1,389.80
Total Public Safety	<u>303,400.00</u>	<u>428,342.25</u>	<u>297,482.45</u>	<u>130,859.80</u>
Public Works:				
Highways and Streets	181,609.58	294,270.13	258,241.48	36,028.65
Sanitation	7,900.00	8,615.94	5,116.60	3,499.34
Total Public Works	<u>189,509.58</u>	<u>302,886.07</u>	<u>263,358.08</u>	<u>39,527.99</u>
Health and Welfare:				
Health	6,000.00	8,562.60	8,562.60	0.00
Total Health and Welfare	<u>6,000.00</u>	<u>8,562.60</u>	<u>8,562.60</u>	<u>0.00</u>
Culture and Recreation:				
Recreation	61,200.00	61,200.00	39,827.44	21,372.56
Parks	25,464.42	25,464.42	22,454.13	3,010.29
Total Culture and Recreation	<u>86,664.42</u>	<u>86,664.42</u>	<u>62,281.57</u>	<u>24,382.85</u>
Debt Service	<u>31,718.00</u>	<u>31,718.00</u>	<u>49,148.00</u>	<u>(17,430.00)</u>
Total Expenditures	<u>766,970.00</u>	<u>994,099.46</u>	<u>802,066.08</u>	<u>192,033.38</u>
Excess of Revenue Over (Under) Expenditures	<u>(39,000.00)</u>	<u>(266,129.46)</u>	<u>76,634.79</u>	<u>342,764.25</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	0.00	0.00	(155,000.00)	(155,000.00)
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>(155,000.00)</u>	<u>(155,000.00)</u>
Net Change in Fund Balances	<u>(39,000.00)</u>	<u>(266,129.46)</u>	<u>(78,365.21)</u>	<u>187,764.25</u>
Fund Balance - Beginning	<u>2,715,961.89</u>	<u>2,715,961.89</u>	<u>2,715,961.89</u>	<u>0.00</u>
Restatements: (See Note 14).				
Adjust Pool Donations to Capital Projects Fund	0.00	0.00	(110,500.00)	(110,500.00)
Adjust for Cash Advantage	0.00	0.00	2,808.07	2,808.07
Adjust for NSF	0.00	0.00	6,378.75	6,378.75
Adjust to Prior Beginning Fund Balance	0.00	0.00	100.00	100.00
Adjusted Fund Balance - Beginning	<u>2,715,961.89</u>	<u>2,715,961.89</u>	<u>2,614,748.71</u>	<u>(101,213.18)</u>
FUND BALANCE - ENDING	<u>2,676,961.89</u>	<u>2,449,832.43</u>	<u>2,536,383.50</u>	<u>86,551.07</u>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**MUNICIPALITY OF MISSION**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**MISSION VOLUNTEER FIRE DEPARTMENT FUND**  
**For the Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental Revenue:				
Fire Insurance Premiums Reversion	10,100.00	10,100.00	20,311.39	10,211.39
Other	3,500.00	3,500.00	0.00	(3,500.00)
Charges for Goods and Services:				
Public Safety	8,952.00	8,952.00	7,213.47	(1,738.53)
Miscellaneous Revenue:				
Investment Earnings	50.00	50.00	641.40	591.40
Contributions and Donations from Private Sources	0.00	0.00	2,845.00	2,845.00
Other	9,000.00	9,000.00	0.00	(9,000.00)
<b>Total Revenue</b>	<b>31,602.00</b>	<b>31,602.00</b>	<b>31,011.26</b>	<b>(590.74)</b>
<b>Expenditures:</b>				
Public Safety:				
Fire	31,602.00	46,602.00	161,988.87	(115,386.87)
Total Public Safety	31,602.00	46,602.00	161,988.87	(115,386.87)
Debt Service	0.00	0.00	17,759.00	(17,759.00)
<b>Total Expenditures</b>	<b>31,602.00</b>	<b>46,602.00</b>	<b>179,747.87</b>	<b>(133,145.87)</b>
Excess of Revenue Over (Under) Expenditures	0.00	(15,000.00)	(148,736.61)	(133,736.61)
<b>Other Financing Sources (Uses):</b>				
Transfers In	0.00	0.00	155,000.00	155,000.00
<b>Total Other Financing Sources (Uses)</b>	<b>0.00</b>	<b>0.00</b>	<b>155,000.00</b>	<b>155,000.00</b>
<b>Net Change in Fund Balances</b>	<b>0.00</b>	<b>(15,000.00)</b>	<b>6,263.39</b>	<b>21,263.39</b>
Fund Balance - Beginning	13,563.80	13,563.80	13,563.80	0.00
<b>FUND BALANCE - ENDING</b>	<b>13,563.80</b>	<b>(1,436.20)</b>	<b>19,827.19</b>	<b>21,263.39</b>

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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

NOTE 1. Budgets and Budgetary Accounting

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

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

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

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

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
7. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with the accounting principles generally accepted in the United States (USGAAP).

NOTE 2. GAAP/Budgetary Accounting Basis Differences

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

Last Seven Years \*

	Municipality's proportion of the net pension liability/asset	Municipality's proportionate share of net pension liability (asset)	Municipality's covered-employee payroll	Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.0093540%	(912.98)	\$ 216,551.84	0.42%	100.10%
2022	0.0105210%	(994.30)	\$ 226,310.90	0.44%	100.10%
2021	0.0106460%	(81,530.14)	\$ 217,440.65	37.50%	105.52%
2020	0.0135965%	(590.49)	\$ 264,289.20	0.22%	100.04%
2019	0.0144085%	(1,526.91)	\$ 263,218.67	0.58%	100.09%
2018	0.0148764%	(346.95)	\$ 278,142.21	0.12%	100.02%
2017	0.0072727%	(660.01)	\$ 133,698.93	0.49%	100.10%

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

REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF THE PENSION CONTRIBUTIONS

South Dakota Retirement System

Last Seven 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	17,840.14	17,840.14	\$ -	264,476.18	6.75%
2022	13,840.72	13,840.72	\$ -	216,252.36	6.40%
2021	14,037.35	14,037.35	\$ -	220,700.65	6.36%
2020	15,540.70	15,540.70	\$ -	233,703.39	6.65%
2019	17,950.61	17,950.61	\$ -	267,285.85	6.72%
2018	18,733.53	18,733.53	\$ -	278,804.51	6.72%
2017	17,885.47	17,885.47	\$ -	268,614.90	6.66%

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

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**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.