

**MUNICIPALITY OF STICKNEY
STICKNEY, SOUTH DAKOTA**

AUDIT REPORT

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

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF STICKNEY

MUNICIPAL OFFICIALS
DECEMBER 31, 2023

GOVERNING BOARD:

Matt Feenstra – President
Eric Assmus – Vice-President
Jay Bruinsma
Desirae Gahi
Jess Wieczorek

FINANCE OFFICER:

Amy Mulder

ATTORNEY:

Jim Taylor

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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

Municipal Council
Municipality of Stickney
Stickney, 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 Stickney, South Dakota (Municipality), as of December 31, 2023 and 2022, and for each of the years in the biennial period then ended which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated January 8, 2026 which was adverse for the governmental activities, the business-type activities, and each major fund due to the nature of the records maintained.

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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as items 2023-001 and 2023-002 to be material weaknesses.

Report on Compliance and Other Matters

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

regulations, and contracts 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Current Audit Findings as item 2023-003.

Municipality's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Municipality's response to the findings identified in our audit. The Municipality's responses to the findings 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 the response.

Purpose of this Report

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



Schoenfish & Co., Inc.
 Certified Public Accountants
 January 8, 2026

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS:

Internal Control – Related Findings – Material Weaknesses:

Finding Number 2021-001:

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

Finding Number 2021-002:

A material weakness in internal accounting control and record keeping resulting in resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded. This comment has not been corrected and is restated as current audit finding number 2023-002.

Compliance – Related Finding:

Finding Number 2021-003:

Expenditures were in excess of the amounts budgeted in several departments in the General Fund in 2020 and 2021. This comment has not been corrected and is restated as current audit finding number 2023-003.

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SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT AUDIT FINDINGS:

Internal Control – Related Findings – Material Weaknesses:

Finding Number 2023-001:

Condition:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This has been a continuing audit comment since 2009.

Criteria:

Proper segregation of duties results in increased reliability of reported financial data and decreased potential for the loss of public assets.

Cause of Condition:

The office personnel process all revenue transactions from beginning to end. The office personnel also receive money, issue receipts, record receipts, post receipts in the accounting records, prepare bank deposits, reconcile bank statements, and prepare financial statements.

Potential Effect of Condition:

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

Recommendation:

1. We recommend that the Municipality of Stickney officials be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever, possible and practical.

Client's Response:

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

Finding Number 2023-002:

Condition:

Material weaknesses existed in internal accounting control and record keeping thereby diminishing reasonable assurances that transactions were properly executed and recorded and that assets were properly safeguarded. This has been a continuing audit comment since 2009.

Criteria:

The Municipal Accounting Manual provides guidance for recording keeping, fund structure, and safeguarding of assets of a Municipality. The responsibility of stewardship and record keeping is of utmost importance to the taxpayers and for sound financial administration of the Municipality.

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SCHEDULE OF CURRENT AUDIT FINDINGS
(Continued)

Cause of Condition:

The following deficiencies existed in internal accounting control, procedures and recordkeeping:

- a. Bank reconciliations were not completed monthly nor were they compared to the computer balance sheet. The cash and cash equivalents were off by \$10,234.55.
- b. The Daycare Fund and Capital Projects Fund reported a negative cash balance at December 31, 2023 and 2022
- c. There are unexplained variances in the General Fund in 2022 and 2023.
- d. More care must be taken when receipting revenue to ensure it is being receipted in the accounting software and into the correct accounts.

Potential Effect of Condition:

As a result, inaccurate information is being recorded and presented to the users of the financial information.

Recommendation:

2. We recommend the Municipality reconcile bank balances to book balances by fund.
3. We recommend future annual financial statements be completely and accurately prepared in accordance with generally accepted accounting principles.

Client's Response:

The Municipality of Stickney Mayor, Matt Feenstra, is the contact person responsible for the corrective action plan for these comments. We will implement a plan to comply with the above recommendations and obtain sufficient expertise to do so.

Compliance – Related Finding:

Finding Number 2023-003:

Expenditures were in excess of the amounts budgeted in several departments in the General Fund in 2022 and 2023. This has been a continuing audit finding since 2015.

Criteria:

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 budgeted to spend more than available and overspent in some departments, which is not allowed as stated in SDCL 9-21-9.

Potential Effect of Condition:

Budgets are not being properly adopted in accordance with budgetary guidelines and supplemental budgets were not adopted.

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SCHEDULE OF CURRENT AUDIT FINDINGS
(Continued)

Recommendation:

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

Client's Response:

The Municipality of Stickney Mayor, Matt Feenstra, is the contact person 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 was discussed with one board member and finance officer during the course of the audit and at it's conclusion.

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Stickney
Stickney, South Dakota

Report on the Audit of the Financial Statements

Adverse Opinions

We have audited the accompanying modified cash basis of accounting financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Stickney, South Dakota, (Municipality) as of December 31, 2023, and December 31, 2022, and for each the years in the biennial periods 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, because of the effects, if any, of the items discussed in the Basis for Adverse Opinions paragraph, the financial statements referred to above do not present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and each major fund of the Municipality of Stickney as of December 31, 2023 and December 31, 2022, and the respective changes in financial position and the cash flows, where applicable, thereof for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse Opinion on the Financial Statements as a whole

We conducted our audit of compliance 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.

Matter Giving Rise to Adverse Opinion on the Financial Statements

Due to the nature of the records maintained, we were unable to verify the accuracy of amounts reported for cash by fund type. The cash accounts were not reconciled, and we were unable to determine the accuracy of many of the balances reported beyond the fact that material misstatements exist. Also, many of those amounts affect the proper reporting of revenue and expenditures/expenses.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2026 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipality's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.
Certified Public Accountants
January 8, 2026

Schoenfish & Co., Inc.

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	172,477.19	407,075.35	579,552.54
Investments	11,074.89	73,658.77	84,733.66
TOTAL ASSETS	183,552.08	480,734.12	664,286.20
NET POSITION:			
Unrestricted	183,552.08	480,734.12	664,286.20
TOTAL NET POSITION	183,552.08	480,734.12	664,286.20

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	238,402.91	4,033.39	105,000.00		(129,369.52)		(129,369.52)
Public Safety	58,535.98				(58,535.98)		(58,535.98)
Public Works	134,781.18		27,294.21		(107,486.97)		(107,486.97)
Health and Welfare			1,600.00		1,600.00		1,600.00
Culture and Recreation	87,888.36	11,869.53			(76,018.83)		(76,018.83)
Conservation and Development	3,384.68				(3,384.68)		(3,384.68)
Miscellaneous Expense	(2,415.43)				2,415.43		2,415.43
Total Governmental Activities	520,577.68	15,902.92	133,894.21	0.00	(370,780.55)		(370,780.55)
Business-type Activities:							
Water	79,197.27	85,030.67				5,833.40	5,833.40
Sewer	60,529.85	96,636.06				36,106.21	36,106.21
Daycare	129,494.18	86,705.50				(42,788.68)	(42,788.68)
Garbage	67,129.51	52,944.67				(14,184.84)	(14,184.84)
Total Business-Type Activities	336,350.81	321,316.90	0.00	0.00		(15,033.91)	(15,033.91)
Total Primary Government	856,928.49	337,219.82	133,894.21	0.00	(370,780.55)	(15,033.91)	(385,814.46)
General Revenues:							
Taxes:							
Property Taxes					235,176.57		235,176.57
Sales Taxes					176,632.85		176,632.85
State Shared Revenues					7,351.51		7,351.51
Grants and Contributions not Restricted to Specific Programs					17,821.00	700.00	18,521.00
Unrestricted Investment Earnings					4,498.06		4,498.06
Miscellaneous Revenue					5,273.89		5,273.89
Direct Borrowing Received					86,000.00		86,000.00
Total General Revenues					532,753.88	700.00	533,453.88
Change in Net Position					161,973.33	(14,333.91)	147,639.42
Net Position - Beginning					21,578.75	495,068.03	516,646.78
NET POSITION - ENDING					183,552.08	480,734.12	664,286.20

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

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and Cash Equivalents	172,477.19		172,477.19
Investments	11,074.89		11,074.89
Due From Capital Projects Fund	162,462.08		162,462.08
TOTAL ASSETS	<u>346,014.16</u>	<u>0.00</u>	<u>346,014.16</u>
LIABILITIES:			
Due to General Fund		162,462.08	162,462.08
TOTAL LIABILITIES	<u>0.00</u>	<u>162,462.08</u>	<u>162,462.08</u>
FUND BALANCES:			
Assigned for Next Year's Budget	37,295.99		37,295.99
Unassigned	308,718.17	(162,462.08)	146,256.09
TOTAL FUND BALANCES	<u>346,014.16</u>	<u>(162,462.08)</u>	<u>183,552.08</u>

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

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

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Taxes:			
General Property Taxes	230,788.68		230,788.68
General Sales and Use Taxes	176,632.85		176,632.85
Tax Deed Revenue	3,111.31		3,111.31
Penalties & Interest on Delinquent Taxes	1,276.58		1,276.58
Total Taxes	411,809.42	0.00	411,809.42
Licenses and Permits	2,350.00	0.00	2,350.00
Intergovernmental Revenue:			
Federal Grants	105,000.00		105,000.00
State Grants	1,600.00		1,600.00
State Shared Revenue:			
Bank Franchise Tax	5,145.05		5,145.05
Prorate License Fees	2,969.27		2,969.27
Liquor Tax Reversion	2,206.46		2,206.46
Motor Vehicle Licenses	7,405.94		7,405.94
Local Government Highway and Bridge Fund	13,444.12		13,444.12
County Shared Revenue:			
County Wheel Tax	3,474.88		3,474.88
Total Intergovernmental Revenue	141,245.72	0.00	141,245.72
Charges for Goods and Services:			
Culture and Recreation	11,869.53		11,869.53
Total Charges for Goods and Services	11,869.53	0.00	11,869.53
Miscellaneous Revenue:			
Investment Earnings	4,498.06		4,498.06
Rentals	1,683.39		1,683.39
Contributions and Donations from Private Sources	17,821.00		17,821.00
Other	5,273.89		5,273.89
Total Miscellaneous Revenue	29,276.34	0.00	29,276.34
Total Revenue	596,551.01	0.00	596,551.01
Expenditures:			
General Government:			
Legislative	3,426.44		3,426.44
Financial Administration	79,116.33		79,116.33
Other	155,860.14		155,860.14
Total General Government	238,402.91	0.00	238,402.91

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

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

	General Fund	Capital Projects Fund	Total Governmental Funds
Expenditures: (continued)			
Public Safety:			
Police	31,269.92		31,269.92
Fire	27,266.06		27,266.06
Total Public Safety	58,535.98	0.00	58,535.98
Public Works:			
Highways and Streets	129,796.93		129,796.93
Sanitation	1,984.25		1,984.25
Cemeteries	3,000.00		3,000.00
Total Public Works	134,781.18	0.00	134,781.18
Culture and Recreation:			
Recreation	39,872.13		39,872.13
Parks	48,016.23		48,016.23
Total Culture and Recreation	87,888.36	0.00	87,888.36
Conservation and Development:			
Economic Development and Assistance (Industrial Development)	3,384.68		3,384.68
Total Conservation and Development	3,384.68	0.00	3,384.68
Miscellaneous Expense:			
Other - Unexplained Variance	(2,415.43)		(2,415.43)
Total Miscellaneous Expense	(2,415.43)	0.00	(2,415.43)
Total Expenditures	520,577.68	0.00	520,577.68
Excess of Revenue Over (Under) Expenditures	75,973.33	0.00	75,973.33
Other Financing Sources (Uses):			
Money Received form Borrowing	86,000.00	0.00	86,000.00
Total Other Financing Sources (Uses)	86,000.00	0.00	86,000.00
Net Change in Fund Balance	161,973.33	0.00	161,973.33
Fund Balance - Beginning	184,040.83	(162,462.08)	21,578.75
Adjusted Fund Balance - Beginning	184,040.83	(162,462.08)	21,578.75
FUND BALANCE - ENDING	346,014.16	(162,462.08)	183,552.08

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

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

	Enterprise Funds				Totals
	Water Fund	Sewer Fund	Daycare Fund	Garbage Fund	
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	70,088.11	214,234.99		122,752.25	407,075.35
Investments		26,438.54		47,220.23	73,658.77
Due From Daycare Fund		55,213.61			55,213.61
Total Current Assets	70,088.11	295,887.14	0.00	169,972.48	535,947.73
TOTAL ASSETS	70,088.11	295,887.14	0.00	169,972.48	535,947.73
LIABILITIES:					
Current Liabilities:					
Due to Sewer Fund			55,213.61		55,213.61
Total Current Liabilities	0.00	0.00	55,213.61	0.00	55,213.61
TOTAL LIABILITIES	0.00	0.00	55,213.61	0.00	55,213.61
NET POSITION:					
Unrestricted Net Position	70,088.11	295,887.14	(55,213.61)	169,972.48	480,734.12
TOTAL NET POSITION	70,088.11	295,887.14	(55,213.61)	169,972.48	480,734.12

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

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

	Enterprise Funds				Totals
	Water Fund	Sewer Fund	Daycare Fund	Garbage Fund	
Operating Revenue:					
Charges for Goods and Services	59,103.18	45,860.50	86,705.50	52,944.67	244,613.85
Revenue Dedicated to Servicing Debt	25,927.49	50,775.56			76,703.05
Total Operating Revenue	85,030.67	96,636.06	86,705.50	52,944.67	321,316.90
Operating Expenses:					
Personal Services	10,845.54	10,023.52	110,136.10	19,743.21	150,748.37
Other Current Expense	7,783.48	6,891.33	19,358.08	47,386.30	81,419.19
Materials	37,684.25				37,684.25
Total Operating Expenses	56,313.27	16,914.85	129,494.18	67,129.51	269,851.81
Operating Income (Loss)	28,717.40	79,721.21	(42,788.68)	(14,184.84)	51,465.09
Nonoperating Revenue (Expense):					
Contributions and Donations			700.00		700.00
Debt Service	(22,884.00)	(43,615.00)			(66,499.00)
Total Nonoperating Revenue (Expense)	(22,884.00)	(43,615.00)	700.00	0.00	(65,799.00)
Income (Loss) Before Contributions	5,833.40	36,106.21	(42,088.68)	(14,184.84)	(14,333.91)
Change in Net Position	5,833.40	36,106.21	(42,088.68)	(14,184.84)	(14,333.91)
Net Position - Beginning	64,254.71	259,780.93	(13,124.93)	184,157.32	495,068.03
NET POSITION - ENDING	70,088.11	295,887.14	(55,213.61)	169,972.48	480,734.12

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

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	10,503.86	421,409.26	431,913.12
Investments	11,074.89	73,658.77	84,733.66
TOTAL ASSETS	21,578.75	495,068.03	516,646.78
NET POSITION:			
Unrestricted	21,578.75	495,068.03	516,646.78
TOTAL NET POSITION	21,578.75	495,068.03	516,646.78

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	375,930.31	5,314.36	24,869.68		(345,746.27)		(345,746.27)
Public Safety	48,855.85	200.00			(48,655.85)		(48,655.85)
Public Works	104,747.88		29,545.37		(75,202.51)		(75,202.51)
Health and Welfare			3,000.00		3,000.00		3,000.00
Culture and Recreation	63,318.20	4,846.30			(58,471.90)		(58,471.90)
Conservation and Development	29,394.73				(29,394.73)		(29,394.73)
Miscellaneous Expense	(12,422.68)				12,422.68		12,422.68
Total Governmental Activities	609,824.29	10,360.66	57,415.05	0.00	(542,048.58)		(542,048.58)
Business-type Activities:							
Water	89,152.60	83,280.39				(5,872.21)	(5,872.21)
Sewer	62,890.36	96,200.85				33,310.49	33,310.49
Daycare	117,500.54	66,106.75	40,869.88			(10,523.91)	(10,523.91)
Garbage	30,305.31	54,056.96				23,751.65	23,751.65
Total Business-Type Activities	299,848.81	299,644.95	40,869.88	0.00		40,666.02	40,666.02
Total Primary Government	909,673.10	310,005.61	98,284.93	0.00	(542,048.58)	40,666.02	(501,382.56)
General Revenues:							
Taxes:							
Property Taxes					219,921.92		219,921.92
Sales Taxes					176,896.45		176,896.45
State Shared Revenues					7,253.64		7,253.64
Grants and Contributions not Restricted to Specific Programs					3,005.76		3,005.76
Unrestricted Investment Earnings					1,571.71		1,571.71
Miscellaneous Revenue					36,647.81		36,647.81
Total General Revenues					445,297.29	0.00	445,297.29
Change in Net Position					(96,751.29)	40,666.02	(56,085.27)
Net Position - Beginning					118,330.04	454,402.01	572,732.05
NET POSITION - ENDING					21,578.75	495,068.03	516,646.78

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

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and Cash Equivalents	10,503.86		10,503.86
Investments	11,074.89		11,074.89
Due From Capital Projects Fund	162,462.08		162,462.08
TOTAL ASSETS	<u>184,040.83</u>	<u>0.00</u>	<u>184,040.83</u>
LIABILITIES:			
Due to General Fund		162,462.08	162,462.08
TOTAL LIABILITIES	<u>0.00</u>	<u>162,462.08</u>	<u>162,462.08</u>
FUND BALANCES:			
Assigned for Next Year's Budget	50,000.00		50,000.00
Unassigned	134,040.83	(162,462.08)	(28,421.25)
TOTAL FUND BALANCES	<u>184,040.83</u>	<u>(162,462.08)</u>	<u>21,578.75</u>

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

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

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Taxes:			
General Property Taxes	218,661.08		218,661.08
General Sales and Use Taxes	176,896.45		176,896.45
Penalties & Interest on Delinquent Taxes	1,260.84		1,260.84
Total Taxes	396,818.37	0.00	396,818.37
Licenses and Permits	2,850.00	0.00	2,850.00
Intergovernmental Revenue:			
Federal Grants	24,869.68		24,869.68
State Grants	3,000.00		3,000.00
State Shared Revenue:			
Bank Franchise Tax	5,004.32		5,004.32
Prorate License Fees	2,641.06		2,641.06
Liquor Tax Reversion	2,249.32		2,249.32
Motor Vehicle Licenses	9,917.81		9,917.81
Local Government Highway and Bridge Fund	13,074.81		13,074.81
County Shared Revenue:			
County Road Tax	1,073.07		1,073.07
County Wheel Tax	2,838.62		2,838.62
Total Intergovernmental Revenue	64,668.69	0.00	64,668.69
Charges for Goods and Services:			
Culture and Recreation	4,846.30		4,846.30
Total Charges for Goods and Services	4,846.30	0.00	4,846.30
Fines and Forfeits:			
Court Fines and Costs	200.00		200.00
Total Fines and Forfeits	200.00	0.00	200.00
Miscellaneous Revenue:			
Investment Earnings	1,571.71		1,571.71
Rentals	2,464.36		2,464.36
Contributions and Donations from Private Sources	3,005.76		3,005.76
Other	3,647.81		3,647.81
Total Miscellaneous Revenue	10,689.64	0.00	10,689.64
Total Revenue	480,073.00	0.00	480,073.00

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

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Expenditures:			
General Government:			
Legislative	5,503.82		5,503.82
Executive	4,547.73		4,547.73
Financial Administration	57,988.34		57,988.34
Other	113,444.87	194,445.55	307,890.42
Total General Government	<u>181,484.76</u>	<u>194,445.55</u>	<u>375,930.31</u>
Public Safety:			
Police	25,624.44		25,624.44
Fire	23,231.41		23,231.41
Total Public Safety	<u>48,855.85</u>	<u>0.00</u>	<u>48,855.85</u>
Public Works:			
Highways and Streets	96,142.08		96,142.08
Sanitation	4,614.27		4,614.27
Water		1,016.53	1,016.53
Cemeteries	2,975.00		2,975.00
Total Public Works	<u>103,731.35</u>	<u>1,016.53</u>	<u>104,747.88</u>
Culture and Recreation:			
Recreation	33,432.66		33,432.66
Parks	29,885.54		29,885.54
Total Culture and Recreation	<u>63,318.20</u>	<u>0.00</u>	<u>63,318.20</u>
Conservation and Development:			
Economic Development and Assistance (Industrial Development)	29,394.73		29,394.73
Total Conservation and Development	<u>29,394.73</u>	<u>0.00</u>	<u>29,394.73</u>
Miscellaneous Expense:			
Other - Unexplained Variance	(12,422.68)		(12,422.68)
Total Miscellaneous Expense	<u>(12,422.68)</u>		<u>(12,422.68)</u>
Total Expenditures	<u>414,362.21</u>	<u>195,462.08</u>	<u>609,824.29</u>
Excess of Revenue Over (Under) Expenditures	<u>65,710.79</u>	<u>(195,462.08)</u>	<u>(129,751.29)</u>
Other Financing Sources (Uses):			
Sale of Municipal Property		33,000.00	33,000.00
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>33,000.00</u>	<u>33,000.00</u>
Net Change in Fund Balance	<u>65,710.79</u>	<u>(162,462.08)</u>	<u>(96,751.29)</u>
Fund Balance - Beginning	<u>118,330.04</u>	<u>0.00</u>	<u>118,330.04</u>
FUND BALANCE - ENDING	<u>184,040.83</u>	<u>(162,462.08)</u>	<u>21,578.75</u>

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

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

	Enterprise Funds				Totals
	Water Fund	Sewer Fund	Daycare Fund	Garbage Fund	
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	64,254.71	220,217.46		136,937.09	421,409.26
Investments		26,438.54		47,220.23	73,658.77
Due From Daycare Fund		13,124.93			13,124.93
Total Current Assets	64,254.71	259,780.93	0.00	184,157.32	508,192.96
TOTAL ASSETS	64,254.71	259,780.93	0.00	184,157.32	508,192.96
LIABILITIES:					
Current Liabilities:					
Due to Sewer Fund			13,124.93		13,124.93
Total Current Liabilities	0.00	0.00	13,124.93	0.00	13,124.93
TOTAL LIABILITIES	0.00	0.00	13,124.93	0.00	13,124.93
NET POSITION:					
Unrestricted Net Position	64,254.71	259,780.93	(13,124.93)	184,157.32	495,068.03
TOTAL NET POSITION	64,254.71	259,780.93	(13,124.93)	184,157.32	495,068.03

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

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

	Enterprise Funds				Totals
	Water Fund	Sewer Fund	Daycare Fund	Garbage Fund	
Operating Revenue:					
Charges for Goods and Services	57,269.99	45,605.70	66,106.75	54,056.96	223,039.40
Revenue Dedicated to Servicing Debt	26,010.40	50,595.15			76,605.55
Total Operating Revenue	83,280.39	96,200.85	66,106.75	54,056.96	299,644.95
Operating Expenses:					
Personal Services	9,911.52	10,229.94	87,216.41	11,922.21	119,280.08
Other Current Expense	23,658.58	5,080.42	30,284.13	18,383.10	77,406.23
Materials	32,698.50				32,698.50
Total Operating Expenses	66,268.60	15,310.36	117,500.54	30,305.31	229,384.81
Operating Income (Loss)	17,011.79	80,890.49	(51,393.79)	23,751.65	70,260.14
Nonoperating Revenue (Expense):					
Operating Grants			40,869.88		40,869.88
Debt Service	(22,884.00)	(47,580.00)			(70,464.00)
Total Nonoperating Revenue (Expense)	(22,884.00)	(47,580.00)	40,869.88	0.00	(29,594.12)
Change in Net Position	(5,872.21)	33,310.49	(10,523.91)	23,751.65	40,666.02
Net Position - Beginning	70,126.92	226,470.44	(2,601.02)	160,405.67	454,402.01
NET POSITION - ENDING	64,254.71	259,780.93	(13,124.93)	184,157.32	495,068.03

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of the Municipality of Stickney (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.

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

3. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
4. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

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

Governmental Funds:

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

Capital Projects Fund – 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). This is a major fund.

Proprietary Funds:

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

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

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

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

Garbage Fund – financed primarily by user charges, this fund accounts for the collection and disposal of solid waste from the municipality. (SDCL 9-32-11 and 34A-6). This is a major fund.

Daycare Fund – financed primarily by user charges, this fund accounts for the operation of a municipal daycare facility. This is a major fund.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

c. Measurement Focus and Basis of Accounting:

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

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

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

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

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

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.

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

f. Capital Assets:

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

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

g. Long-Term Liabilities:

The long-term liabilities of the Municipality include Rural Development Loans. As discussed in Note 1.c. above the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental, and business-type are presented using a modified cash basis of accounting. The Municipality has not elected to modify their cash basis presentation by recording long-term debt or long-term liabilities arising from cash transactions, so any outstanding long-term debt or long-term liabilities are not reported on the financial statements of the Municipality. The Municipality does report the principal and

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

interest payments on long-term debt as Debt Service expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances. On the Statement of Activities, the principal portion of these Debt Service payments are reported within the appropriate expense function while the interest portion is reported as Interest on Long-Term Liabilities.

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

h. Revenue Received in Advance:

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

i. Program Revenues:

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

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

j. Proprietary Funds Revenue and Expense Classifications:

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

k. Equity Classifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

I. Fund Balance Classification Policies and Procedures:

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

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

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

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

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 is available.

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

	<u>12/31/2022</u>	<u>12/31/2023</u>
General Fund:		
Activity:		
Legislative	503.82	
Executive	4,547.73	
Police		874.92
Fire		266.06
Highways and Streets		12,396.93
Parks		2,256.23

The Municipality plans to take the following actions to address these violations:
Use supplemental ordinances when legally allowed.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

3. DEFICIT FUND BALANCES/NET POSITION

As of December 31, 2023, the following funds had deficit fund balances/net position in the amounts shown:

Capital Projects Fund	\$162,462.08
Daycare Fund	\$ 55,213.61

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

Capital Projects Fund	\$162,462.08
Daycare Fund	\$ 13,124.93

The Municipality will transfer from another fund if the deficit is not eliminated through operating activities.

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

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

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

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

Deposits are reported at cost plus interest, if the account is of the add-on type.

Investments – In general, SDCL 4-5-6 permits municipal funds to be invested only (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, and December 31, 2022, the Municipality did not have any investments. The investments reported in the financial statements consist of only certificates of deposit.

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

NOTES TO THE MODIFIED CASH BASIS 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.

5. PROPERTY TAXES

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

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

6. SIGNIFICANT COMMITMENTS

The Municipality of Stickney entered into an operating lease with Aurora-Brule Rural System, Inc. to provide water to the Municipality. A monthly service charge in the amount of \$1,430.00 is paid by the Municipality to Aurora-Brule Rural Systems, Inc. along with a charge of \$2.75 per 1,000 gallons of water consumed. The monthly service charge represents a contribution by the Municipality to aid Aurora-Brule Rural Systems, Inc. in the construction of the facilities necessary to provide the Municipality with water. The Municipality will not acquire ownership of any of these water facilities through these payments. Payments are made from the Municipality's Water Fund.

7. INTERFUND RECEIVABLES/PAYABLES

As of December 31, 2023, the Municipality had the following interfund receivables/payables:

	<u>Receivable</u>	<u>Payable</u>
Capital Projects Fund:		
Due to General Fund		\$ 162,462.08
General Fund:		
Due from Capital Projects Fund	\$ 162,462.08	
	<u>Receivable</u>	<u>Payable</u>
Daycare Fund:		
Due to Sewer Fund		\$ 55,213.61
Sewer Fund:		
Due from Daycare Fund	\$ 55,213.61	

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

As of December 31, 2022, the Municipality had the following interfund receivables/payables:

	<u>Receivable</u>	<u>Payable</u>
Capital Projects Fund:		
Due to General Fund		\$ 162,462.08
General Fund:		
Due from Capital Projects Fund	\$ 162,462.08	
	<u>Receivable</u>	<u>Payable</u>
Daycare Fund:		
Due to Sewer Fund		\$ 13,124.93
Sewer Fund:		
Due from Daycare Fund	\$ 13,124.93	

8. PENSION

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, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

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

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2023, 2022, and 2021, were \$10,956.35, \$8,317.19, and \$7,747.21, 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 net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the Municipality as of this measurement period ending June 30, 2023 are as follows:

Proportionate share of pension liability	\$ 887,699.83
Less proportionate share of net pension restricted for pension benefits	<u>\$ 888,297.76</u>
Proportionate share of net pension liability (asset)	<u>\$ (597.93)</u>

The net pension liability (asset) was measured as of June 30, 2023 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the Municipality's proportion was 0.00612600%, which is an increase (decrease) of 0.0006170% from its proportion measured as of June 30, 2022.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

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

Proportionate share of pension liability	\$ 777,684.55
Less proportionate share of net pension restricted for pension benefits	<u>\$ 778,205.18</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (520.63)</u></u>

The net pension liability (asset) was measured as of June 30, 2022 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the Municipality's proportion was 0.0055900%, which is an increase (decrease) of (0.0003000%) from its proportion measured as of June 30, 2021.

Actuarial Assumptions:

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

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

Mortality Rates

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

(Continued)

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

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

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

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, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

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

Discount Rate:

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

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

At December 31, 2023, the following presents the Municipality's proportionate share as of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the Municipality's proportionate share of

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$122,553.63	\$(597.93)	\$(101,312.40)

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$108,105.08	\$(520.63)	\$(89,296.55)

Pension Plan Fiduciary Net Position:

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

9. JOINT VENTURE

The Municipality participates in a joint venture, known as Tri-County Landfill, formed for the purpose of providing garbage dump area services to its member entities.

The members of the joint venture are as follows:

Alpena City	1.04%	Murdo City	2.81%
Aurora County	7.39%	New Witten City	0.36%
Brule County	8.81%	Oacoma City	1.52%
Buffalo County	1.09%	Plankinton City	2.50%
Chamberlain City	9.70%	Presho City	2.70%
Colome City	1.28%	Reliance City	0.70%
Draper City	0.51%	Stickney City	1.33%
Jerauld County	4.21%	Tripp County	13.10%
Jones County	2.16%	Vivian City	1.09%
Kennebec City	1.17%	Wessington Springs City	4.47%
Kimball City	3.07%	White Lake City	1.73%
Lane City	0.29%	White River City	2.46%
Lyman County	4.30%	Winner City	13.84%
Mellette County	6.07%	Wood City	0.30%

The joint venture's governing board is composed of 12 representatives-one from each of the 8 counties and 4 members at large. The board is responsible for adopting the budget and setting service fees at a level adequate to fund the adopted budget.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

At December 31, 2022, this joint venture had a total fund net position of \$2,519,100 and liabilities of \$2,337,414. This is the most recent financial information the entity was able to provide as of this audit.

Separate financial statements for this joint venture are available from the Tri-County Landfill.

10. SIGNIFICANT CONTINGENCIES – LITIGATION

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

11. 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 two year period ended December 31, 2023, the Municipality managed its risks as follows:

Employee Health Insurance:

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

Liability Insurance:

The Municipality purchases liability insurance for risks related to torts; theft of or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

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

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

Unemployment Benefits:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

12. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through January 8, 2025, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF STICKNEY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL 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 - Positive (Negative)</u>
Revenues:				
Taxes:				
General Property Taxes	214,468.20	214,468.20	230,788.68	16,320.48
General Sales and Use Taxes	75,000.00	75,000.00	88,316.46	13,316.46
2nd Penny Sales Tax	75,000.00	75,000.00	88,316.39	13,316.39
Tax Deed Revenue	0.00	0.00	3,111.31	3,111.31
Amusement Taxes	2,000.00	2,000.00	0.00	(2,000.00)
Penalties and Interest on Delinquent Taxes	500.00	500.00	1,276.58	776.58
Total Taxes	366,968.20	366,968.20	411,809.42	44,841.22
Licenses and Permits	1,550.00	1,550.00	2,350.00	800.00
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	105,000.00	105,000.00
State Grants	0.00	0.00	1,600.00	1,600.00
State Shared Revenue:				
Bank Franchise Tax	2,500.00	2,500.00	5,145.05	2,645.05
Motor Vehicle Commercial Prorate	0.00	0.00	2,969.27	2,969.27
Liquor Tax Reversion	0.00	0.00	2,206.46	2,206.46
Motor Vehicle Licenses	12,000.00	12,000.00	7,405.94	(4,594.06)
Local Government Highway and Bridge Fund	12,000.00	12,000.00	13,444.12	1,444.12
County Shared Revenue:				
County Road Tax	1,000.00	1,000.00	0.00	(1,000.00)
County Wheel Tax	2,900.00	2,900.00	3,474.88	574.88
Total Intergovernmental Revenue	30,400.00	30,400.00	141,245.72	110,845.72
Charges for Goods and Services:				
Culture and Recreation	5,900.00	5,900.00	11,869.53	5,969.53
Total Charges for Goods and Services	5,900.00	5,900.00	11,869.53	5,969.53
Miscellaneous Revenue:				
Investment Earnings	500.00	500.00	4,498.06	3,998.06
Rentals	1,000.00	1,000.00	1,683.39	683.39
Contributions and Donations from Private Sources	1,000.00	1,000.00	17,821.00	16,821.00
Other	9,000.00	9,000.00	5,273.89	(3,726.11)
Total Miscellaneous Revenue	11,500.00	11,500.00	29,276.34	17,776.34
Total Revenue	416,318.20	416,318.20	596,551.01	180,232.81

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF STICKNEY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL 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>
Expenditures:				
General Government:				
Legislative	5,000.00	5,000.00	3,426.44	1,573.56
Contingency	9,100.00	9,100.00		
Amount Transferred				9,100.00
Elections	600.00	600.00	0.00	600.00
Financial Administration	80,433.19	93,433.19	79,116.33	14,316.86
Other	142,100.00	172,100.00	155,860.14	16,239.86
Total General Government	<u>237,233.19</u>	<u>280,233.19</u>	<u>238,402.91</u>	<u>41,830.28</u>
Public Safety:				
Police	30,395.00	30,395.00	31,269.92	(874.92)
Fire	22,000.00	27,000.00	27,266.06	(266.06)
Total Public Safety	<u>52,395.00</u>	<u>57,395.00</u>	<u>58,535.98</u>	<u>(1,140.98)</u>
Public Works:				
Highways and Streets	105,300.00	117,400.00	129,796.93	(12,396.93)
Sanitation	3,250.00	3,250.00	1,984.25	1,265.75
Cemetaries	3,000.00	3,000.00	3,000.00	0.00
Total Public Works	<u>111,550.00</u>	<u>123,650.00</u>	<u>134,781.18</u>	<u>(11,131.18)</u>
Culture and Recreation:				
Recreation	39,300.00	43,300.00	39,872.13	3,427.87
Parks	35,760.00	45,760.00	48,016.23	(2,256.23)
Total Culture and Recreation	<u>75,060.00</u>	<u>89,060.00</u>	<u>87,888.36</u>	<u>1,171.64</u>
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	8,000.00	8,000.00	3,384.68	4,615.32
Total Conservation and Development	<u>8,000.00</u>	<u>8,000.00</u>	<u>3,384.68</u>	<u>4,615.32</u>
Miscellaneous Expense:				
Other - Unexplained Variance	0.00	0.00	(2,415.43)	2,415.43
Total Miscellaneous Expense	<u>0.00</u>	<u>0.00</u>	<u>(2,415.43)</u>	<u>2,415.43</u>
Total Expenditures	<u>484,238.19</u>	<u>558,338.19</u>	<u>520,577.68</u>	<u>37,760.51</u>
General Long-Term Liabilities Issued	0.00	0.00	86,000.00	86,000.00
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>86,000.00</u>	<u>86,000.00</u>
Net Change in Fund Balances	<u>(67,919.99)</u>	<u>(142,019.99)</u>	<u>161,973.33</u>	<u>303,993.32</u>
Fund Balance - Beginning	45,098.36	(11,901.64)	184,040.83	195,942.47
FUND BALANCE - ENDING	<u>(22,821.63)</u>	<u>(153,921.63)</u>	<u>346,014.16</u>	<u>499,935.79</u>

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

	<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>
Revenues:				
Taxes:				
General Property Taxes	214,468.20	214,468.20	218,661.08	4,192.88
General Sales and Use Taxes	150,000.00	150,000.00	176,896.45	26,896.45
Amusement Taxes	2,000.00	2,000.00	0.00	(2,000.00)
Penalties and Interest on Delinquent Taxes	500.00	500.00	1,260.84	760.84
Total Taxes	366,968.20	366,968.20	396,818.37	29,850.17
Licenses and Permits	1,550.00	1,550.00	2,850.00	1,300.00
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	24,869.68	24,869.68
State Grants	0.00	0.00	3,000.00	3,000.00
State Shared Revenue:				
Bank Franchise Tax	2,500.00	2,500.00	5,004.32	2,504.32
Motor Vehicle Commercial Prorate	0.00	0.00	2,641.06	2,641.06
Liquor Tax Reversion	0.00	0.00	2,249.32	2,249.32
Motor Vehicle Licenses	12,000.00	12,000.00	9,917.81	(2,082.19)
Local Government Highway and Bridge Fund	12,000.00	12,000.00	13,074.81	1,074.81
County Shared Revenue:				
County Road Tax	1,000.00	1,000.00	1,073.07	73.07
County Wheel Tax	2,900.00	2,900.00	2,838.62	(61.38)
Total Intergovernmental Revenue	30,400.00	30,400.00	64,668.69	34,268.69
Charges for Goods and Services:				
Culture and Recreation	5,900.00	5,900.00	4,846.30	(1,053.70)
Total Charges for Goods and Services	5,900.00	5,900.00	4,846.30	(1,053.70)
Fines and Forfeits:				
Court Fines and Costs	0.00	0.00	200.00	200.00
Total Fines and Forfeits	0.00	0.00	200.00	200.00
Miscellaneous Revenue:				
Investment Earnings	500.00	500.00	1,571.71	1,071.71
Rentals	1,000.00	1,000.00	2,464.36	1,464.36
Contributions and Donations from Private Sources	1,000.00	1,000.00	3,005.76	2,005.76
Other	9,000.00	9,000.00	3,647.81	(5,352.19)
Total Miscellaneous Revenue	11,500.00	11,500.00	10,689.64	(810.36)
Total Revenue	416,318.20	416,318.20	480,073.00	63,754.80

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
General Government:				
Legislative	5,000.00	5,000.00	5,503.82	(503.82)
Executive	0.00	0.00	4,547.73	(4,547.73)
Elections	600.00	600.00	0.00	600.00
Financial Administration	62,520.00	62,520.00	57,988.34	4,531.66
Other	117,100.00	117,100.00	113,444.87	3,655.13
Total General Government	<u>185,220.00</u>	<u>185,220.00</u>	<u>181,484.76</u>	<u>3,735.24</u>
Public Safety:				
Police	30,395.00	30,395.00	25,624.44	4,770.56
Fire	22,000.00	24,000.00	23,231.41	768.59
Total Public Safety	<u>52,395.00</u>	<u>54,395.00</u>	<u>48,855.85</u>	<u>5,539.15</u>
Public Works:				
Highways and Streets	105,300.00	105,300.00	96,142.08	9,157.92
Sanitation	3,250.00	5,750.00	4,614.27	1,135.73
Cemetaries	3,000.00	3,000.00	2,975.00	25.00
Total Public Works	<u>111,550.00</u>	<u>114,050.00</u>	<u>103,731.35</u>	<u>10,318.65</u>
Culture and Recreation:				
Recreation	39,300.00	39,300.00	33,432.66	5,867.34
Parks	35,760.00	35,760.00	29,885.54	5,874.46
Total Culture and Recreation	<u>75,060.00</u>	<u>75,060.00</u>	<u>63,318.20</u>	<u>11,741.80</u>
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	8,000.00	31,000.00	29,394.73	1,605.27
Total Conservation and Development	<u>8,000.00</u>	<u>31,000.00</u>	<u>29,394.73</u>	<u>1,605.27</u>
Miscellaneous Expense:				
Other - Unexplained Variance	0.00	0.00	(12,422.68)	12,422.68
Total Miscellaneous Expense	<u>0.00</u>	<u>0.00</u>	<u>(12,422.68)</u>	<u>12,422.68</u>
Total Expenditures	<u>432,225.00</u>	<u>459,725.00</u>	<u>414,362.21</u>	<u>45,362.79</u>
Net Change in Fund Balances	<u>(15,906.80)</u>	<u>(43,406.80)</u>	<u>65,710.79</u>	<u>109,117.59</u>
Fund Balance - Beginning	61,005.16	31,505.16	118,330.04	86,824.88
FUND BALANCE - ENDING	<u>45,098.36</u>	<u>(11,901.64)</u>	<u>184,040.83</u>	<u>195,942.47</u>

NOTES TO THE SUPPLEMENTARY INFORMATION

Schedules of Budgetary Comparisons for the General Fund

NOTE 1. Budgets and Budgetary Accounting

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year. 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.

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

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

NOTE 2. GAAP/Budgetary Accounting Basis Differences

The Municipality's budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenue and expenditures are recognized on a modified cash basis. Utilizing the modified cash basis, revenues are recorded when received in cash and expenditures are recorded when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting on the governmental fund statements and on the full accrual basis on the government-wide statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

South Dakota Retirement System

* Last Nine Years

	District's proportion of the net pension liability/asset	District's proportionate share of net pension liability (asset)	District's covered- employee payroll	District'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	0.0061260%	\$ (597.93)	\$ 157,998.09	0.38%	100.10%
2022	0.0055090%	\$ (520.63)	\$ 133,074.81	0.39%	100.10%
2021	0.0058090%	\$ (44,487.00)	\$ 132,503.63	33.57%	105.52%
2020	0.0068942%	\$ (299.41)	\$ 150,772.14	0.20%	100.04%
2019	0.0047558%	\$ (503.98)	\$ 100,706.42	0.50%	100.09%
2018	0.0041224%	\$ (96.14)	\$ 86,383.53	0.11%	100.02%
2017	0.0042860%	\$ (388.96)	\$ 87,646.65	0.44%	100.10%
2016	0.0049862%	\$ 16,842.89	\$ 85,645.47	19.67%	96.89%
2015	0.0045069%	\$ (19,115.05)	\$ 84,019.31	22.75%	104.10%

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

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY CONTRIBUTIONS

South Dakota Retirement System

Last Nine Years *

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Municipality's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2023	\$ 10,956.35	\$ 10,956.35	\$ -	\$ 181,021.00	6.05%
2022	\$ 8,317.19	\$ 8,317.19	\$ -	\$ 143,208.12	5.81%
2021	\$ 7,747.21	\$ 7,747.21	\$ -	\$ 129,115.58	6.00%
2020	\$ 8,677.47	\$ 8,677.47	\$ -	\$ 144,624.12	6.00%
2019	\$ 7,523.62	\$ 7,523.62	\$ -	\$ 125,386.45	6.00%
2018	\$ 5,562.53	\$ 5,562.53	\$ -	\$ 92,707.27	6.00%
2017	\$ 5,145.16	\$ 5,145.16	\$ -	\$ 85,752.61	6.00%
2016	\$ 5,348.73	\$ 5,348.73	\$ -	\$ 89,144.81	6.00%
2015	\$ 5,116.82	\$ 5,116.82	\$ -	\$ 85,278.91	6.00%

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

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

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

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation

Actuarial Assumption Changes

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

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

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

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

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

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

	Beginning Balance 01/01/22	Additions	Deletions	Ending Balance 12/31/23	Due Within One Year
Primary Government:					
Governmental Activities:					
Direct Borrowing Note Payable	0.00	86,000.00	5,606.86	80,393.14	7,603.81
Total Governmental Activities	<u>0.00</u>	<u>86,000.00</u>	<u>5,606.86</u>	<u>80,393.14</u>	<u>7,603.81</u>
Business-Type Activities:					
Bonds Payable:					
Revenue - USDA Rural Development					
Sewer Revenue Bond, Series 2014	1,055,852.37		43,399.54	1,012,452.83	22,525.59
Revenue - USDA Rural Development					
Water Revenue Bond, Series 2014	406,784.61		19,942.00	386,842.61	10,466.59
Total Business-Type Activities	<u>1,462,636.98</u>	<u>0.00</u>	<u>63,341.54</u>	<u>1,399,295.44</u>	<u>32,992.18</u>
TOTAL PRIMARY GOVERNMENT	<u>1,462,636.98</u>	<u>86,000.00</u>	<u>68,948.40</u>	<u>1,479,688.58</u>	<u>40,595.99</u>

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

Revenue Bonds:

Sewer Project Revenue Bonds - Series 2014 Maturity May 4, 2054 Interest Rate 2.5% Payable from Sewer Fund	\$ 1,012,452.83
Water Project Revenue Bonds - Series 2014, Maturity July 4, 2048 Interest Rate 3.25% Payable frm Water Fund	\$ 386,842.61
Direct Borrowing-USDA Payloader Loan, Maturity March 26, 2033 Interest Rate 3.25% Payable frm General Fund	\$ 80,393.14

MUNICIPALITY OF STICKNEY
SCHEDULE OF LONG-TERM LIABILITIES

The annual requirements to amortize all debt outstanding as of December 31, 2023, are as follows:

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

Year Ending Dec. 31,	Sewer Project Revenue Bonds, Series 2014		Water Project Revenue Bonds, Series 2014	
	Principal	Interest	Principal	Interest
	2024	22,525.59	25,054.41	10,466.59
2025	23,095.21	24,484.79	10,811.86	12,072.14
2026	23,679.27	23,900.73	11,168.52	11,715.48
2027	24,278.09	23,301.91	11,536.95	11,347.05
2028	24,892.04	22,687.96	11,917.53	10,966.47
2029-2033	134,226.84	103,673.16	65,750.78	48,669.22
2034-2038	152,079.16	85,820.84	77,335.36	37,084.64
2039-2043	172,305.89	65,594.11	90,961.08	23,458.92
2044-2048	195,222.77	42,677.23	96,893.94	7,991.06
2049-2053	221,187.58	16,712.42		
2054-2058	18,960.39	864.61		
Totals	<u>\$ 1,012,452.83</u>	<u>\$ 434,772.17</u>	<u>\$ 386,842.61</u>	<u>\$ 175,722.39</u>

Year Ending Dec. 31,	Direct Borrowing-RECD Payloader Loan		Totals	
	Principal	Interest	Principal	Interest
2024	7,603.81	2,500.19	40,595.99	39,972.01
2025	7,854.67	2,249.33	41,761.74	38,806.26
2026	8,113.78	1,990.22	42,961.57	37,606.43
2027	8,381.44	1,722.56	44,196.48	36,371.52
2028	8,657.94	1,446.06	45,467.51	35,100.49
2029-2033	39,781.50	3,160.50	239,759.12	155,502.88
2034-2038			229,414.52	122,905.48
2039-2043			263,266.97	89,053.03
2044-2048			292,116.71	50,668.29
2049-2053			221,187.58	16,712.42
2054-2058			18,960.39	864.61
Totals	<u>\$ 80,393.14</u>	<u>\$ 13,068.86</u>	<u>\$ 1,479,688.58</u>	<u>\$ 623,563.42</u>

The above long-term liabilities information is presented for informational purposes only. The financial statements are prepared on the modified cash basis, so no liabilities are shown.