

Municipality of Summit

**Independent Auditor's Report
and Financial Statements**

**For the Years Ended
December 31, 2023 and 2022**

Municipality of Summit

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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***

To the Council Members
Municipality of Summit, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities and each major fund of the Municipality of Summit, South Dakota, as of December 31, 2023, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Municipality’s basic financial statements, and have issued our report thereon dated January 27, 2026.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-006 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-008 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-003, 2023-004, 2023-005, and 2023-007.

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 and described in the accompanying schedule of findings and questioned costs. The Municipality's response was not subject to the other 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.



Chamberlain, South Dakota
January 27, 2026

Municipality of Summit
Schedule of Prior and Current Audit Findings
December 31, 2023 and 2022

Schedule of Prior Audit Findings:

Finding No. 2022-001 – Lack of Segregation of Duties

A reportable condition and significant deficiency in internal control was noted due to lack of proper segregation of duties for revenues. The City Council has added procedures for the Council to help reduce the risks of not having proper segregation of duties for revenues but not eliminate the finding. The finding is restated as a current audit finding number 2023-001.

Finding No. 2022-002 – Financial Reporting – Drafting the Financial Statements

A reportable condition and significant deficiency in internal controls was noted due to the Municipality requesting external auditors to prepare the financial statements and related notes for the Year ended December 31, 2022. The Municipality reviews, approves, and accepts responsibility for the financial statements and related notes. The finding is restated as a current audit finding number 2023-002.

Finding No. 2022-003 – Violation of SDCL 9-21-2

A reportable condition and noncompliance in SDCL 9-21-2 was noted due to the Municipality not preparing the annual budget per the guidance from the South Dakota Department of Legislative Audit Municipal Manual. As required, the budget is to be presented as a minimum that specifies function and sub-function for both revenues and expenditures. The finding is restated as a current audit finding number 2023-003.

Finding No. 2022-004 – Violation of SDCL 9-21-9

A reportable condition and noncompliance in SDCL 9-21-9 was noted due to the Municipality not preparing the annual report per the guidance form the South Dakota Department of Legislative Audit Municipal Manual. The finding is restated as a current audit finding number 2023-004.

Finding No. 2022-005 - Violation of SDCL 9-18-1

A reportable condition and noncompliance in SDCL 9-18-1 was noted due to the Municipality not giving detailed statements of expenditures in the published minutes. The finding is restated as a current audit finding number 2023-005.

Finding No. 2022-006 - Financial Reporting – Unrecorded Certificates of Deposits

A reportable condition and a material weakness in internal control was noted due to the Municipality not having the certificates of deposits recorded on their accounting records. *Government Auditing Standards* require Municipalities to record all of their assets on their accountings records. The finding is restated as a current audit finding number 2023-006.

Municipality of Summit
Schedule of Prior and Current Audit Findings
December 31, 2023 and 2022

Schedule of Prior Audit Findings: (Continued)

Finding No. 2022-007 – Violation of Revenue Bond Agreement

A reportable condition and noncompliance with the requirements of the Revenue Bond Agreement was noted due to the Municipality not requiring a surcharge to be charged to customers to pay for the debt payments in the Water and Sewer Funds. The finding is restated as a current audit finding number 2023-007.

Finding No. 2022-008 – Water Fund Charges

A reportable condition and significant deficiency in internal control was noted due to the Municipality not having a method of verifying the number of “self-reported” household members for billing water charges. The finding is restated as a current audit finding number 2023-008.

Schedule of Current Audit Findings:

Finding No. 2023-001 – Lack of Segregation of Duties

Condition: A significant deficiency in internal controls was noted due to the lack of proper segregation of duties that exist for revenue, expenditures, payroll, and review of manual journal entries.

Criteria: A good system of internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Cause: The Municipality’s finance officer process all revenue transactions from beginning to end. She also receives money, issues receipts, post receipts in the accounting records, prepares bank deposits, reconciles, and bank statements.

Effect: There is an increase likelihood that fraud or errors could occur and not be detected in a timely manner by employees or others in the ordinary course of performing their duties.

Recommendation: Municipality officials should be cognizant of the lack of segregation of duties for revenues and expenditures, and attempt to provide compensating internal controls whenever and wherever possible and practical.

Finding No. 2023-002 – Financial Reporting – Drafting the Financial Statements

Condition: The small size of the Municipality limits the ability of the city office to prepare the financial statements and notes to the financial statements.

Criteria: The Municipality’s internal control structure should be signed to provide for the preparation of the financial statements and footnotes, which includes having an adequate system for recording and processing entries material to the financial statements being audited in accordance with the modified cash basis of accounting.

Municipality of Summit
Schedule of Prior and Current Audit Findings
December 31, 2023 and 2022

Schedule of Current Audit Findings: (Continued)

Cause: The Municipality does not have adequately trained staff to prepare the financial statements and the related footnotes and could cause the need for auditors to, at times, propose material journal entries.

Effect: This condition may affect the Municipality's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation: It is the responsibility of the management and those charged with governance to make the decision whether to accept the risk associated with the Municipality's auditor drafting the financial statements because of cost or other considerations. If the Municipality chooses not to accept the risk, training should be provided to those employees responsible for drafting the financial statements.

Finding No. 2023-003 – Violation of SDCL 9-21-2

Condition: The Municipality did not follow South Dakota Codified Law 9-21-2 when preparing the annual budget per the guidance from the South Dakota Department of Legislative (DLA) Audit Municipal Manual.

Criteria: As required by SDCL 9-21-2 and specified in Section VI – Budget and Appropriations from the DLA Municipal Manual shall be presented as a minimum that specifies function and sub-functions from both revenues and expenditures. The budget did not include the original budget amounts and the final budget amounts.

Cause: A lack of training of the finance officer and lack of oversight from the governing body caused the Municipality to be in violation of South Dakota Codified Laws.

Effect: Violations of South Dakota Codified Law 9-21-2.

Recommendation: We recommend that the finance officer and those in charge of governance to prepare the budget request and ordinance compliant with the South Dakota Codified Law and the DLA Municipal Manual.

Finding No. 2023-004 – Violation of SDCL 9-21-9

Condition: The Municipality did not properly maintain, to include all necessary information as required by the South Dakota Codified Law and the DLA Municipal Manual.

Criteria: The Municipality's annual reports were incomplete and did not include the necessary information to present the reports. The reports were missing equity, cash and cash equivalents were presented negative when there was a positive net position. The Statements of Revenue and Expenses were not properly presented. The Statement of Cash Flows was not presented for the Proprietary Funds.

Cause: The finance officer and oversight governance lack the knowledge to properly prepare, review, and approve financial records to report on the annual reports.

Effect: Violations of South Dakota Codified Law 9-21-9.

Municipality of Summit
Schedule of Prior and Current Audit Findings
December 31, 2023 and 2022

Schedule of Current Audit Findings: (Continued)

Recommendation: We recommend that the finance officer and those in charge of governance get additional training and assistance to become proficient in the fiscal operations of the Municipality.

Finding No. 2023-005 – Violation of SDCL 9-18-1

Condition: The official published minutes did not give detailed statements of expenditures as required by South Dakota Codified Law 9-18-1.

Criteria: SDCL 9-18-1 required monthly board minutes to list a detail of expenditures including name of vendor, date, amount of the expenditure, and service provided.

Cause: The finance officer and oversight governance are not properly preparing the minutes in accordance with SDCL to provide information to community members as to how their funds are spent.

Effect: Violations of South Dakota Codified Law 9-18-1

Recommendation: We recommend that the Municipality properly prepare the monthly board minutes in accordance with SDCL.

Finding No. 2023-006 – Financial Reporting – Unrecorded Certificates of Deposits

Condition: The Municipality did not have the certificates of deposits recorded on their accounting records

Criteria: *Government Auditing Standards* require Municipalities to record all of their assets on their account records. The accounting records did not include the certificates of deposits which caused their total assets and total equity to be understated.

Cause: The finance officer and oversight governance did not properly record and verify the total assets on hand.

Effect: Due to the current assets not being on the Municipality's books, it caused the annual report and other reports to be incorrectly presented.

Recommendation: We recommend that the finance officer and members of governance properly record and verify that all assets are properly accounted for on their accounting records.

Finding No. 2023-007 – Violation of Revenue Bond Agreement

Condition: The Municipality has three Rural Development Revenue Bonds that require a surcharge be charged to customers to provide revenue to pay for the principal and the interest on each bond in addition to the operating charges for the Water and Sewer Funds.

Municipality of Summit
Schedule of Prior and Current Audit Findings
December 31, 2023 and 2022

Schedule of Current Audit Findings: (Continued)

Criteria: The Municipality needs to pass by ordinance surcharges to the Water and Sewer Funds to pay for the debt payments in accordance with the Revenue Bond Agreements they have in force.

Cause: The Municipality has not complied with the requirements of the Revenue Bond Agreements which has caused the Water and Sewer Funds to have a net loss.

Effect: The Municipality could use up the accumulated reserve in these funds which could lead to a going concern and possible future insolvency.

Recommendation: We recommend the Municipality adopt by ordinance the necessary surcharges to be compliant with their debt covenants and insure they remain solvent and have adequate funds to continue their operations.

Finding No. 2023-008 – Water Fund Charges

Condition: The Municipality's Water Fund charges customers based upon number of residents in the household being billed. The Municipality does not have any method in place to verify the number of "self-reported" residents in the households. This billing method does not provide any incentive or remedy for those households who misrepresent the number of individuals residing in their homes nor any consequences for using abnormally excessive water.

Criteria: A good system of internal controls would provide for a method for the Municipality to verify the number of individuals in a household and would also be able to establish what normal water usage should be. The Municipality should establish a control to monitor whether they are using excessive water and establish remedies and additional charges for those household that exceed normal usage.

Cause: The Municipality has not established internal controls to verify the number of individuals in a household and does not have any system in place to monitor water usage amongst its customers.

Effect: The Water and Sewer Funds are operating at net losses; without internal controls to identify what is the cause of the net loss the Municipality could face a going concern in future years and become insolvent.

Recommendation: We recommend the Municipality implement internal control to verify the number of individuals in each household. Long-term we recommend the Municipality adopt a new billing method based upon water usage that can be verified through metered water service.



TOWN OF SUMMIT

P.O. Box 751
Summit, South Dakota 57266

Corrective Action Plan (Unaudited)

The Municipality of Summit, respectfully submits the following corrective action plan for the year ended December 31, 2023.

Name and address of independent public accounting firm:

ELO Prof. LLC
316 Sorenson Dr.
Chamberlain, SD 57325

Finding No. 2023-001 – Lack of Segregation of Duties

Management acknowledges the auditor's finding regarding the lack of segregation of duties. Due to staffing constraints, it is not feasible to fully segregate all accounting functions. However, the Municipality has taken steps to implement mitigating controls and oversight procedures to reduce the risk associated with this finding.

The Municipality has assigned specific oversight responsibilities to supervisory personnel, including the review and approval of monthly bank reconciliations, journal entries, and disbursements. In addition, management has implemented periodic spot checks and cross-training of staff to provide backup and allow for rotating responsibilities where possible.

The Municipality will continue to evaluate duties annually and will make adjustments as feasible, including considering the reallocation of tasks or adding part-time support if resources permit. We understand that due to staffing limitations, this may remain a recurring finding in future audits, but we remain committed to minimizing associated risks through compensating controls and diligent oversight.

Projected implementation date: Ongoing

Finding No. 2023-002 – Financial Reporting – Drafting the Financial Statements

We requested that our auditors, ELO Prof. LLC, prepare the financial statements, and notes to the financial statements as part of their annual audit. Management personnel have been responsible for oversight of those services provided. The Municipality also understands that this may continue to be a finding in future audits.

Projected implementation date: Ongoing

Finding No. 2023-003 – Violation of SDCL 9-21-2

The Municipality will include original and final budget amounts.

Projected implementation date: 01/01/2026

Finding No. 2023-004 – Violation of SDCL 9-21-9

The Municipality will include the information needed in future reports.

Projected implementation date: 01/01/2026

Finding No. 2023-005 – Violation of SDCL 9-18-1

The Municipality will list detail of expenditures in the monthly board minutes to include name of vendor, date, amount of expenditure and service provided.

Projected implementation date: 01/01/2026

Finding No. 2023-006 – Financial Reporting – Unrecorded Certificates of Deposits

The Municipality will include certificates of deposits.

Projected implementation date: 01/01/2026

Finding No. 2023-007 – Violation of Revenue Bond Agreement

The Municipality will pass by ordinance surcharges to the Water & Sewer funds to pay for the debt payments in accordance with Revenue Bond Agreements with the help of the auditors.

Projected implementation date: 01/01/2026

Finding No. 2023-008 – Water Fund Charges

The Municipality will be switching to metered rates when the Town of Summit hooks on to Grant Roberts Rural Water. The current plan is for new meters to be installed in 2026 and we hope to be using water from Grant Roberts Rural Water in 2027.

Projected implementation date: 01/01/2026



Independent Auditor's Report

To the Council Members
Municipality of Summit, South Dakota

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 judgement 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 judgement 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 purposes 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the Municipality's basic financial statements. The Budgetary Comparison Schedules, Schedule of Changes in Long-Term Debt, and Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset), 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 related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The Budgetary Comparison Schedules, the Schedule of Changes in Long-Term Debt, and the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2026 on our consideration of the Municipality's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinion on the effectiveness of the Municipality's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.

Handwritten signature in blue ink that reads "CIO of LLC".

Chamberlain, South Dakota
January 27, 2026

Municipality of Summit
Statement of Net Position – Modified Cash Basis
For the Year December 31, 2023 and December 31, 2022

	December 31, 2023		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 110,443	\$ 264,164	\$ 374,607
Restricted Assets:			
Cash and cash equivalents	--	51,924	51,924
Total Assets	\$ 110,443	\$ 316,088	\$ 426,531
Net Position			
Restricted for:			
Debt service purposes	\$ --	\$ 51,924	\$ 51,924
Unrestricted	110,443	264,164	374,607
Total Net Position	\$ 110,443	\$ 316,088	\$ 426,531

	December 31, 2022		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 313,246	\$ 316,411	\$ 629,657
Restricted Assets:			
Cash and cash equivalents	--	51,954	51,954
Total Assets	\$ 313,246	\$ 368,365	\$ 681,611
Net Position			
Restricted for:			
Debt service purposes	\$ --	\$ 51,954	\$ 51,954
Unrestricted	313,246	316,411	629,657
Total Net Position	\$ 313,246	\$ 368,365	\$ 681,611

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Summit
Statement of Activities – Modified Cash Basis
For the Year December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 54,215	\$ --	\$ --	\$ --	\$ (54,215)	\$ --	\$ (54,215)
Public safety	21,472	--	--	--	(21,472)	--	(21,472)
Public works	467,632	36,277	--	--	(431,355)	--	(431,355)
Culture and recreation	258,407	81,360	73,161	--	(103,886)	--	(103,886)
Conservation and development	5,000	--	--	--	(5,000)	--	(5,000)
Miscellaneous	12,659	4,519	--	--	(8,140)	--	(8,140)
Total Governmental Activities	<u>819,385</u>	<u>122,156</u>	<u>73,161</u>	<u>--</u>	<u>(624,068)</u>	<u>--</u>	<u>(624,068)</u>
Business-type Activities:							
Water	68,436	61,439	--	--	--	(6,997)	(6,997)
Sewer	101,266	55,986	--	--	--	(45,280)	(45,280)
Total Business-Type Activities	<u>169,702</u>	<u>117,425</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(52,277)</u>	<u>(52,277)</u>
Total Primary Government	<u>\$ 989,087</u>	<u>\$ 239,581</u>	<u>\$ 73,161</u>	<u>\$ --</u>	<u>(624,068)</u>	<u>(52,277)</u>	<u>(676,345)</u>
General Revenues:							
Taxes:							
Property tax					69,570	--	69,570
Sales tax					287,625	--	287,625
State shared revenues					13,007	--	13,007
County shared revenues					14,771	--	14,771
Unrestricted investment earnings					7,587	--	7,587
Miscellaneous revenue					28,705	--	28,705
Total General Revenues					<u>421,265</u>	<u>--</u>	<u>421,265</u>
Change in Net Position					(202,803)	(52,277)	(255,080)
Net Position-Beginning of Year					<u>313,246</u>	<u>368,365</u>	<u>681,611</u>
Net Position-End of Year					<u>\$ 110,443</u>	<u>\$ 316,088</u>	<u>\$ 426,531</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Summit
Statement of Activities – Modified Cash Basis
For the Year December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 86,902	\$ 5,225	\$ --	\$ --	\$ (81,677)	\$ --	\$ (81,677)
Public safety	19,365	--	--	--	(19,365)	--	(19,365)
Public works	345,933	34,861	--	--	(311,072)	--	(311,072)
Culture and recreation	214,223	69,414	118,429	--	(26,380)	--	(26,380)
Miscellaneous	8,451	5,398	26,424	--	23,371	--	23,371
Total Governmental Activities	<u>674,874</u>	<u>114,898</u>	<u>144,853</u>	<u>--</u>	<u>(415,123)</u>	<u>--</u>	<u>(415,123)</u>
Business-type Activities:							
Water	59,720	54,974	--	--	--	(4,746)	(4,746)
Sewer	60,034	52,597	--	--	--	(7,437)	(7,437)
Total Business-Type Activities	<u>119,754</u>	<u>107,571</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(12,183)</u>	<u>(12,183)</u>
Total Primary Government	<u>\$ 794,628</u>	<u>\$ 222,469</u>	<u>\$ 144,853</u>	<u>\$ --</u>	<u>(415,123)</u>	<u>(12,183)</u>	<u>(427,306)</u>
General Revenues:							
Taxes:							
Property tax					66,243	--	66,243
Sales tax					307,273	--	307,273
State shared revenues					13,568	--	13,568
County shared revenues					14,369	--	14,369
Unrestricted investment earnings					6,574	--	6,574
Sale of land					74,096	--	74,096
Miscellaneous revenue					10,206	--	10,206
Total general Revenues					<u>492,329</u>	<u>--</u>	<u>492,329</u>
Change in Net Position					77,206	(12,183)	65,023
Net Position-Beginning of Year					<u>236,040</u>	<u>380,548</u>	<u>616,588</u>
Net Position-End of Year					<u>\$ 313,246</u>	<u>\$ 368,365</u>	<u>\$ 681,611</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Summit
 Balance Sheet – Modified Cash Basis
 Governmental Funds
 December 31, 2023 and 2022

	<u>December 31, 2023</u>
	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 110,443
Total Assets	<u>\$ 110,443</u>
Fund Balances	
Assigned	
Cemetery	\$ 10,329
Capital outlay	9,692
Unassigned	90,422
Total Fund Balances	<u>\$ 110,443</u>
	<u>December 31, 2022</u>
	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 313,246
Total Assets	<u>\$ 313,246</u>
Fund Balances	
Assigned	
Cemetery	\$ 9,794
Capital outlay	9,679
Unassigned	293,773
Total Fund Balances	<u>\$ 313,246</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Summit
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis
Governmental Funds
For the Year December 31, 2023

	General Fund
Revenues:	
Taxes:	
General property tax	\$ 69,176
General sales and use tax	287,625
Penalties and interest on delinquent taxes	394
Intergovernmental:	
State grants	60,804
State Shared Revenue:	
Bank franchise tax	773
Prorate license feeds	1,979
Liquor tax reversion (25%)	1,980
Motor vehicle licenses	8,275
County Shared Revenue:	
County road tax (25%)	158
County Road and bridge tax (25%)	14,613
Total Intergovernmental Revenues	88,582
Charges for Goods and Services:	
Sanitation	36,277
Culture and recreation	81,360
Total Charges for Goods and Services	117,637
Miscellaneous Revenue:	
Investment earnings	7,587
Rentals	6,590
Special assessments	4,519
Contributions and donations from private sources	12,357
Other	22,115
Total Miscellaneous Revenue	53,168
Total Revenue	\$ 616,582

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Summit
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis
Governmental Funds
For the Year December 31, 2023 (Continued)

Expenditures:	
General Government:	
Legislative	\$ 11,949
Elections	243
Financial administration	20,385
Building repairs	21,638
Total General Government	54,215
Public Safety:	
Fire	21,472
Total Public Safety	21,472
Public Works:	
Highways and streets	415,149
Sanitation	44,261
Cemeteries	8,222
Total Public Works	467,632
Culture and Recreation:	
Parks	25,899
Daycare	232,508
Total Culture and Recreation	258,407
Conservation and Development:	
Economic development and assistance	5,000
Total Conservation and Development	5,000
Liquor operating agreements	12,659
Total Miscellaneous	12,659
Total Expenditures	819,385
Net Change in Fund Balance	(202,803)
Fund Balance - Beginning of Year	313,246
Fund Balance - End of Year	\$ 110,443

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Summit
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis
Governmental Funds
For the Year December 31, 2022

	General Fund
Revenues:	
Taxes:	
General property tax	\$ 65,812
General sales and use tax	307,273
Penalties and interest on delinquent taxes	431
Total Taxes	373,516
Licenses and permits	5,225
Intergovernmental:	
Federal grants	68,498
State grants	72,268
State Shared Revenue:	
Bank franchise tax	1,317
Prorate license feeds	1,957
Liquor tax reversion (25%)	2,018
Motor vehicle licenses	8,276
County Shared Revenue:	
County road tax (25%)	158
County Road and bridge tax (25%)	14,211
Total Intergovernmental Revenues	168,703
Charges for Goods and Services:	
Sanitation	34,861
Culture and recreation	69,414
Total Charges for Goods and Services	104,275
Miscellaneous Revenue:	
Investment earnings	6,574
Rentals	8,661
Special assessments	5,398
Contributions and donations from private sources	4,087
Other	1,545
Total Miscellaneous Revenue	26,265
Total Revenue	\$ 677,984

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Summit
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis
Governmental Funds
For the Year December 31, 2022 (Continued)

Expenditures:

General Government:

Legislative	\$	22,230
Elections		100
Financial administration		23,944
Building repairs		40,628
Total General Government		86,902

Public Safety:

Fire		19,365
Total Public Safety		19,365

Public Works:

Highways and streets		296,698
Sanitation		42,847
Cemeteries		6,388
Total Public Works		345,933

Culture and Recreation:

Parks		18,799
Daycare		195,424
Total Culture and Recreation		214,223

Miscellaneous:

Liquor operating agreements		8,451
Total Miscellaneous		8,451

Total Expenditures		674,874
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Excess of Revenues Over (Under) Expenditures		3,110
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Other Financing Sources (Uses):

Sale of municipal property		74,096
Total Other Financing Sources (Uses)		74,096

Net Change in Fund Balance		77,206
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Fund Balance - Beginning of Year		236,040
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Fund Balance - End of Year	\$	313,246
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The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Summit
Statement of Net Position – Modified Cash Basis
Proprietary Funds
December 31, 2023 and 2022

	December 31, 2023		
	Water Fund	Sewer Fund	Totals
Assets			
Current Assets:			
Cash and cash equivalents	\$ 97,167	\$ 166,997	\$ 264,164
Restricted Assets:			
Restricted cash and cash equivalents for:			
Revenue bond debt service	11,952	39,972	51,924
Total current assets	109,119	206,969	316,088
Total Assets	\$ 109,119	\$ 206,969	\$ 316,088
Net Position			
Restricted for:			
Revenue bond debt service	\$ 11,952	\$ 39,972	\$ 51,924
Unrestricted	97,167	166,997	264,164
Total Net Position	\$ 109,119	\$ 206,969	\$ 316,088

	December 31, 2022		
	Water Fund	Sewer Fund	Totals
Assets			
Current Assets:			
Cash and cash equivalents	\$ 104,164	\$ 212,247	\$ 316,411
Restricted Assets:			
Restricted cash and cash equivalents for:			
Revenue bond debt service	11,952	40,002	51,954
Total current assets	116,116	252,249	368,365
Total Assets	\$ 116,116	\$ 252,249	\$ 368,365
Net Position			
Restricted for:			
Revenue bond debt service	\$ 11,952	\$ 40,002	\$ 51,954
Unrestricted	104,164	212,247	316,411
Total Net Position	\$ 116,116	\$ 252,249	\$ 368,365

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Summit
Statement of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2023

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Revenues:			
Charges for goods and services	\$ 61,439	\$ 55,986	\$ 117,425
Total Operating Revenues	<u>61,439</u>	<u>55,986</u>	<u>117,425</u>
Operating Expenses:			
Personal services	20,556	12,333	32,889
Other current expense	21,385	48,961	70,346
Supplies & materials	14,543	--	14,543
Total Operating Expenses	<u>56,484</u>	<u>61,294</u>	<u>117,778</u>
Operating Income (Loss)	<u>4,955</u>	<u>(5,308)</u>	<u>(353)</u>
Nonoperating Revenues (Expenses):			
Debt service	(11,952)	(39,972)	(51,924)
Total Nonoperating Revenue (Expense)	<u>(11,952)</u>	<u>(39,972)</u>	<u>(51,924)</u>
Change in Net Position	(6,997)	(45,280)	(52,277)
Fund Balance - Beginning of Year	<u>116,116</u>	<u>252,249</u>	<u>368,365</u>
Fund Balance - End of Year	<u><u>\$ 109,119</u></u>	<u><u>\$ 206,969</u></u>	<u><u>\$ 316,088</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Summit
Statement of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Revenues:			
Charges for goods and services	\$ 54,974	\$ 52,597	\$ 107,571
Total Operating Revenues	54,974	52,597	107,571
Operating Expenses:			
Personal services	15,970	9,582	25,552
Other current expense	14,251	10,480	24,731
Supplies & materials	17,547	--	17,547
Total Operating Expenses	47,768	20,062	67,830
Operating Income (Loss)	7,206	32,535	39,741
Nonoperating Revenues (Expenses):			
Debt service	(11,952)	(39,972)	(51,924)
Total Nonoperating Revenue (Expense)	(11,952)	(39,972)	(51,924)
Change in Net Position	(4,746)	(7,437)	(12,183)
Fund Balance - Beginning of Year	120,862	259,686	380,548
Fund Balance - End of Year	\$ 116,116	\$ 252,249	\$ 368,365

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Summit
Statement of Cash Flows – Modified Cash Basis
Proprietary Funds
December 31, 2023

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipt from customers	\$ 61,439	\$ 55,986	\$ 117,425
Payments to suppliers	(14,543)	--	(14,543)
Payments to employees	(20,556)	(12,333)	(32,889)
Other operating cash payments	(21,385)	(48,961)	(70,346)
	<u>4,955</u>	<u>(5,308)</u>	<u>(353)</u>
Net Cash Provided (Used) by Operating Activities			
	<u>4,955</u>	<u>(5,308)</u>	<u>(353)</u>
Cash Flows from Capital and Related Financing Activities:			
Principal paid on capital debt	(5,424)	(26,044)	(31,468)
Interest paid on capital debt	(6,528)	(13,928)	(20,456)
	<u>(11,952)</u>	<u>(39,972)</u>	<u>(51,924)</u>
Net Cash (Used) by Capital and Related Financing Activities			
	<u>(11,952)</u>	<u>(39,972)</u>	<u>(51,924)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,997)	(45,280)	(52,277)
Cash and Cash Equivalents - Beginning of Year	<u>116,116</u>	<u>252,249</u>	<u>368,365</u>
Cash and Cash Equivalents - End of Year	<u>\$ 109,119</u>	<u>\$ 206,969</u>	<u>\$ 316,088</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	<u>\$ 4,955</u>	<u>\$ (5,308)</u>	<u>\$ (353)</u>
Net Cash Provided by Operating Activities	<u>\$ 4,955</u>	<u>\$ (5,308)</u>	<u>\$ (353)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Summit
Statement of Cash Flows – Modified Cash Basis
Proprietary Funds
December 31, 2022

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipt from customers	\$ 54,974	\$ 52,597	\$ 107,571
Payments to suppliers	(17,547)	--	(17,547)
Payments to employees	(15,970)	(9,582)	(25,552)
Other operating cash payments	<u>(14,251)</u>	<u>(10,480)</u>	<u>(24,731)</u>
Net Cash Provided (Used) by Operating Activities	<u>7,206</u>	<u>32,535</u>	<u>39,741</u>
Cash Flows from Capital and Related Financing Activities:			
Principal paid on capital debt	(5,264)	(25,310)	(30,574)
Interest paid on capital debt	<u>(6,688)</u>	<u>(14,662)</u>	<u>(21,350)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(11,952)</u>	<u>(39,972)</u>	<u>(51,924)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,746)	(7,437)	(12,183)
Cash and Cash Equivalents - Beginning of Year	<u>120,862</u>	<u>259,686</u>	<u>380,548</u>
Cash and Cash Equivalents - End of Year	<u>\$ 116,116</u>	<u>\$ 252,249</u>	<u>\$ 368,365</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	<u>\$ 7,206</u>	<u>\$ 32,535</u>	<u>\$ 39,741</u>
Net Cash Provided by Operating Activities	<u>\$ 7,206</u>	<u>\$ 32,535</u>	<u>\$ 39,741</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

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 Municipality:

The reporting entity of the Municipality of Summit, (Municipality) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal Municipality, 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 Municipality); 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 Municipality's financial statements to be misleading or incomplete.

b. Basis of Presentation:

Government-wide Financial Statements:

The Statements of Net Position and Statements of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity. 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 Statements of Activities present 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 Municipality are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Municipality or it meets the following criteria:

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

1. Summary of Significant Accounting Policies: (Continued)

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the Municipality's financial reporting Municipality 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.

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.

1. The activity is financed with debt that is secured solely by 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.)
2. Laws or regulations require that the activity's costs of providing service, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
3. 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.

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

1. Summary of Significant Accounting Policies: (Continued)

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

c. Measurement Focus and Basis of Accounting:

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

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 Statements 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 within the limitations of the modified cash basis of accounting.

Basis of Accounting:

In the government-wide Statement of Net Position and Statements 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, the statement of financial position reports only cash and cash equivalents (those investments with terms to maturity of 90 days (three months) or less at the date of acquisition). Under the modified cash basis of accounting, transactions are recorded in the accounts when cash and/or cash equivalents are received or disbursed, and assets and liabilities are recognized to the extent that cash has been received or disbursed. An acceptable modification to the cash basis of accounting implemented by the Municipality is these financial statements is:

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

d. 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 of 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.

e. Capital Assets:

Capital assets include land, building, 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-live 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.

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

1. Summary of Significant Accounting Policies: (Continued)

Government-Wide Financial Statements:

Under the modified cash basis of accounting, capital assets are considered a cost of the program for which they were acquired, for the amount paid in cash. In the Statement of Activities, cash payments for capital assets are recorded in the program category for which they were acquired. Allocations between programs are made, where necessary to match the cost with the program that benefits from the use of the capital assets.

Fund Financial Statements:

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as expenditures of the governmental fund when paid for in cash. Capital assets acquired for use in proprietary fund operations are accounted for in the same manner as in the government-wide financial statements.

f. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, Revenue Bonds.

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

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

g. 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.

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

1. Summary of Significant Accounting Policies: (Continued)

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

h. Proprietary Funds Revenue and Expense Classifications:

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

i. Cash and Cash Equivalents:

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

j. Equity Classifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

k. Application of Net Position:

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

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

1. Summary of Significant Accounting Policies: (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 nor committed. Fund Balance may be assigned by the governing body or Finance Officer.

Unassigned – included 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 Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

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 overspending of the expenditures compared to appropriations:

	Year Ended <u>12/31/2023</u>
General Fund:	
<u>Activity:</u>	
Legislative	\$ 10,149
Building repairs	21,638
Fire	1,472
Highways and streets	329,149
Sanitation	22,261
Cemeteries	7,022
Parks	19,189
Daycare	232,508
Economic development and assistance	5,000
Liquor operating agreements	4,859

	Year Ended <u>12/31/2022</u>
General Fund:	
<u>Activity:</u>	
Legislative	\$ 20,430
Building repairs	40,628
Highways and streets	210,698
Sanitation	20,584
Cemeteries	5,188
Parks	12,089
Daycare	195,424
Liquor operating agreements	651

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

3. Deposits and Investments Credit Risk, Concentrations of Credit Risk, and Interest Rate Risk:

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

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

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

As of December 31, 2023 and 2022, the Municipality did not have any investments.

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

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

Interest Rate Risk – The Municipality does not have a formal investment policy that limits investment securities 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.

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

4. Restricted Cash and Investments:

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

	Year Ended 12/31/2023
Water Fund:	
<u>Amount:</u>	<u>Purpose:</u>
\$ 11,952	For Debt service, by debt covenants

Sewer Fund:	
\$ 39,972	For Debt service, by debt covenants

	Year Ended 12/31/2022
Water Fund:	
<u>Amount:</u>	<u>Purpose:</u>
\$ 11,952	For Debt service, by debt covenants

Sewer Fund:	
\$ 40,002	For Debt service, by debt covenants

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 real property in the Municipality.

6. Restricted Net Position:

	Year Ended 12/31/2023
Business-Type Activities:	
<u>Major Purposes:</u>	
Debt Services Purposes	\$ 51,924

	Year Ended 12/31/2022
Business-Type Activities:	
<u>Major Purposes:</u>	
Debt Services Purposes	\$ 51,954

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

7. Pension Plan:

a. 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 South Dakota Codified Law 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://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.

b. Benefits Provided:

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

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

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60% joint and survivor benefit, or a 100% 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% of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

7. Pension Plan: (Continued)

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% to 0.0%.

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

c. Contributions:

Per SDCL 3-12, contribution requirements of the active employees and 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% of salary; Class B Judicial Members, 9% of salary; and Class B Public Safety Members, 8% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2023, 2022, and 2021 were \$9,989, \$0.00, and \$0.00, respectively, equal to the required contributions each year.

d. Pension (Asset):

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

	2023
Proportionate share of pension liability	\$ 331,982
Less proportionate share of net pension restricted for pension benefits	332,206
Proportionate share of net pension liability (asset)	\$ (224)

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

7. Pension Plan: (Continued)

The net pension (asset) was measured as of June 30, 2023, and the total pension (asset) used to calculate the net pension (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 0.002291% which is a increase of 0.0022910% from its proportion measured as of June 30, 2022.

e. Actuarial Assumptions:

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

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

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-210, 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-210, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-210 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.

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

7. Pension Plan: (Continued)

Investment Portfolio:

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 percentages 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 investment 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	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>100.0%</u>	

f. Discount Rate:

The discount rate used to measure the total pension (asset) was 6.5%. 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)

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

7. Pension Plan: (Continued)

g. Sensitivity of Liability (Asset) to Changes in the Discount Rate:

The following presents the Municipality's proportionate share of net pension (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:

	1% Decrease	Current Discount Rate	1% Increase
Municipality's proportionate share of the net pension liability (asset)	\$ 45,833	\$ (224)	\$ (37,889)

h. Pension Plan Fiduciary Net Position:

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

8. Risk Management:

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

Employee Health Insurance:

The Municipality purchases health insurance for its employees from a commercial insurance carrier. Settled claims 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 or damage to property; and errors and omissions of public officials, with the exception of the Fire Department which is insured in a separate policy as a separate named Municipality, from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Workers' Compensation:

The Municipality joined the South Dakota Municipal League Workers' Compensation Fund (Fund), a public Municipality 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 workers' 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 workers' compensation claims.

Municipality of Summit
Notes to the Modified Cash Basis Financial Statements
December 31, 2023 and 2022

8. Risk Management: (Continued)

The Municipality pays an annual premium, to provide workers' 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 during 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.

Supplemental Information

Municipality of Summit
 Budgetary Comparison Schedule – Modified Cash Basis
 General Fund
 December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General property tax	\$ 58,000	\$ 58,000	\$ 69,176	\$ 11,176
General sales and use tax	170,000	170,000	287,625	117,625
Penalties and interest on delinquent taxes	--	--	394	394
Total Taxes	<u>228,000</u>	<u>228,000</u>	<u>357,195</u>	<u>129,195</u>
Intergovernmental:				
State grants	21,000	21,000	60,804	39,804
State Shared Revenue:				
Bank franchise tax	--	--	773	773
Prorate license feeds	--	--	1,979	1,979
Liquor tax reversion (25%)	--	--	1,980	1,980
Motor vehicle licenses	--	--	8,275	8,275
County Shared Revenue:				
County road tax (25%)	--	--	158	158
County Road and bridge tax (25%)	--	--	14,613	14,613
Total Intergovernmental Revenues	<u>21,000</u>	<u>21,000</u>	<u>88,582</u>	<u>67,582</u>
Charges for Goods and Services:				
Sanitation	22,000	22,000	36,277	14,277
Culture and recreation	--	--	81,360	81,360
Cemetery	100	100	--	(100)
Other	450	450	--	(450)
Total Charges for Goods and Services	<u>22,550</u>	<u>22,550</u>	<u>117,637</u>	<u>95,087</u>
Fines and Forfeits:				
Animal control fines	200	200	--	(200)
Total Fines and Forfeits	<u>200</u>	<u>200</u>	<u>--</u>	<u>(200)</u>
Miscellaneous Revenue:				
Investment earnings	--	--	7,587	7,587
Rentals	--	--	6,590	6,590
Special assessments	--	--	4,519	4,519
Contributions and donations from private sources	--	--	12,357	12,357
Liquor operating agreement income	7,800	7,800	--	(7,800)
Other	25,450	25,450	22,115	(3,335)
Total Miscellaneous Revenue	<u>33,250</u>	<u>33,250</u>	<u>53,168</u>	<u>19,918</u>
Total Revenue	<u>\$ 305,000</u>	<u>\$ 305,000</u>	<u>\$ 616,582</u>	<u>\$ 311,582</u>

See accompanying Note to Budgetary Comparison Schedules.

Municipality of Summit
 Budgetary Comparison Schedule – Modified Cash Basis
 General Fund
 December 31, 2023 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Expenditures:				
General Government:				
Legislative	\$ 1,800	\$ 1,800	\$ 11,949	\$ (10,149)
Executive	1,800	1,800	--	1,800
Elections	300	300	243	57
Financial administration	30,000	30,000	20,385	9,615
Building repairs	--	--	21,638	(21,638)
Total General Government	<u>33,900</u>	<u>33,900</u>	<u>54,215</u>	<u>(20,315)</u>
Public Safety:				
Fire	20,000	20,000	21,472	(1,472)
Total Public Safety	<u>20,000</u>	<u>20,000</u>	<u>21,472</u>	<u>(1,472)</u>
Public Works:				
Highways and streets	86,000	86,000	415,149	(329,149)
Sanitation	22,000	22,000	44,261	(22,261)
Cemeteries	1,200	1,200	8,222	(7,022)
Total Public Works	<u>109,200</u>	<u>109,200</u>	<u>467,632</u>	<u>(358,432)</u>
Culture and Recreation:				
Parks	6,710	6,710	25,899	(19,189)
Daycare	--	--	232,508	(232,508)
Total Culture and Recreation	<u>6,710</u>	<u>6,710</u>	<u>258,407</u>	<u>(251,697)</u>
Conservation and Development:				
Economic development and assistance	--	--	5,000	(5,000)
Total Conservation and Development	<u>--</u>	<u>--</u>	<u>5,000</u>	<u>(5,000)</u>
Debt service	61,740	61,740	--	61,740
Miscellaneous:				
Other expenditures	650	650	--	650
Liquor operating agreements	7,800	7,800	12,659	(4,859)
Total Miscellaneous	<u>8,450</u>	<u>8,450</u>	<u>12,659</u>	<u>(4,209)</u>
Total Expenditures	<u>240,000</u>	<u>240,000</u>	<u>819,385</u>	<u>(579,385)</u>
Net Change in Fund Balance	65,000	65,000	(202,803)	(267,803)
Beginning Budgetary Fund Balance	<u>313,246</u>	<u>313,246</u>	<u>313,246</u>	<u>--</u>
Ending Budgetary Fund Balance	<u>\$ 378,246</u>	<u>\$ 378,246</u>	<u>\$ 110,443</u>	<u>\$ (267,803)</u>

See accompanying Note to Budgetary Comparison Schedules.

Municipality of Summit
 Budgetary Comparison Schedule – Modified Cash Basis
 General Fund
 December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Taxes:				
General property tax	\$ 58,000	\$ 58,000	\$ 65,812	\$ 7,812
General sales and use tax	170,000	170,000	307,273	137,273
Penalties and interest on delinquent taxes	300	300	431	131
Total Taxes	<u>228,300</u>	<u>228,300</u>	<u>373,516</u>	<u>145,216</u>
Licenses and permits	--	--	5,225	5,225
Intergovernmental:				
Federal grants	--	--	68,498	68,498
State grants	21,000	21,000	72,268	51,268
State Shared Revenue:				
Bank franchise tax	--	--	1,317	1,317
Prorate license feeds	--	--	1,957	1,957
Liquor tax reversion (25%)	--	--	2,018	2,018
Motor vehicle licenses	--	--	8,276	8,276
County road tax (25%)	--	--	158	158
County Road and bridge tax (25%)	--	--	14,211	14,211
Total Intergovernmental Revenues	<u>21,000</u>	<u>21,000</u>	<u>168,703</u>	<u>147,703</u>
Charges for Goods and Services:				
Sanitation	22,000	22,000	34,861	12,861
Culture and recreation	--	--	69,414	69,414
Cemetery	100	100	--	(100)
Total Charges for Goods and Services	<u>22,100</u>	<u>22,100</u>	<u>104,275</u>	<u>82,175</u>
Fines and Forfeits:				
Animal control fines	200	200	--	(200)
Other	450	450	--	(450)
Total Fines and Forfeits	<u>650</u>	<u>650</u>	<u>--</u>	<u>(650)</u>
Miscellaneous Revenue:				
Investment earnings	--	--	6,574	6,574
Rentals	--	--	8,661	8,661
Special assessments	--	--	5,398	5,398
Contributions and donations from private sources	--	--	4,087	4,087
Liquor operating agreement income	7,800	7,800	--	(7,800)
Other	25,450	25,450	1,545	(23,905)
Total Miscellaneous Revenue	<u>33,250</u>	<u>33,250</u>	<u>26,265</u>	<u>(6,985)</u>
Total Revenue	<u>\$ 305,300</u>	<u>\$ 305,300</u>	<u>\$ 677,984</u>	<u>\$ 372,684</u>

See accompanying Note to Budgetary Comparison Schedules.

Municipality of Summit
 Budgetary Comparison Schedule – Modified Cash Basis
 General Fund
 December 31, 2022 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Expenditures:				
General Government:				
Legislative	\$ 1,800	\$ 1,800	\$ 22,230	\$ (20,430)
Executive	1,800	1,800	--	1,800
Elections	300	300	100	200
Financial administration	30,000	30,000	23,944	6,056
Building repairs	--	--	40,628	(40,628)
Total General Government	<u>33,900</u>	<u>33,900</u>	<u>86,902</u>	<u>(53,002)</u>
Public Safety:				
Fire	20,000	20,000	19,365	635
Total Public Safety	<u>20,000</u>	<u>20,000</u>	<u>19,365</u>	<u>635</u>
Public Works:				
Highways and streets	86,000	86,000	296,698	(210,698)
Sanitation	22,000	22,000	42,847	(20,847)
Cemeteries	1,200	1,200	6,388	(5,188)
Total Public Works	<u>109,200</u>	<u>109,200</u>	<u>345,933</u>	<u>(236,733)</u>
Culture and Recreation:				
Parks	6,710	6,710	18,799	(12,089)
Daycare	--	--	195,424	(195,424)
Total Culture and Recreation	<u>6,710</u>	<u>6,710</u>	<u>214,223</u>	<u>(207,513)</u>
Debt service	61,740	61,740	--	61,740
Miscellaneous:				
Other expenditures	650	650	--	650
Liquor operating agreements	7,800	7,800	8,451	(651)
Total Miscellaneous	<u>8,450</u>	<u>8,450</u>	<u>8,451</u>	<u>(1)</u>
Total Expenditures	<u>240,000</u>	<u>240,000</u>	<u>674,874</u>	<u>(434,874)</u>
Excess of Revenues Over (Under) Expenditures	<u>65,300</u>	<u>65,300</u>	<u>3,110</u>	<u>(62,190)</u>
Other Financing Sources (Uses):				
Sale of municipal property	--	--	74,096	74,096
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>74,096</u>	<u>74,096</u>
Net Change in Fund Balance	65,300	65,300	77,206	11,906
Beginning Budgetary Fund Balance	<u>236,040</u>	<u>236,040</u>	<u>236,040</u>	<u>--</u>
Ending Budgetary Fund Balance	<u>\$ 301,340</u>	<u>\$ 301,340</u>	<u>\$ 313,246</u>	<u>\$ 11,906</u>

See accompanying Note to Budgetary Comparison Schedules.

Municipality of Summit
Notes to Budgetary Comparison Schedules
December 31, 2023 and 2022

Note 1: Budgets and Budgetary Accounting:

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board.
6. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and special revenue funds.
7. The Municipality did not encumber any amounts at December 31, 2023 or 2022.
8. Formal budgetary integration is employed as a management control device during the year for the General Fund.
9. The Municipality of Summit presents its budget on the modified cash basis of accounting to coincide with the basis of accounting utilized by the basic financial statements. See Note 1 to the basic financial statements for a definition of modified cash basis.

Municipality of Summit
Schedule of Changes in Long-Term Debt
December 31, 2023 and 2022

<u>Indebtedness</u>	December 31, 2023			
	<u>Long-Term Debt 1/1/23</u>	<u>Add New Debt</u>	<u>Less Debt Retired</u>	<u>Long-Term Debt 12/31/23</u>
Enterprise Long-Term Debt:				
Revenue bonds	\$ 739,009	\$ --	\$ 31,468	\$ 707,541
Total Long-Term Debt:	<u>\$ 739,009</u>	<u>\$ --</u>	<u>\$ 31,468</u>	<u>\$ 707,541</u>

<u>Indebtedness</u>	December 31, 2022			
	<u>Long-Term Debt 1/1/22</u>	<u>Add New Debt</u>	<u>Less Debt Retired</u>	<u>Long-Term Debt 12/31/22</u>
Enterprise Long-Term Debt:				
Revenue bonds	\$ 769,583	\$ --	\$ 30,574	\$ 739,009
Total Long-Term Debt:	<u>\$ 769,583</u>	<u>\$ --</u>	<u>\$ 30,574</u>	<u>\$ 739,009</u>

The annual requirements to amortize all debt outstanding as of December 31, 2023 including interest, are listed below:

<u>Years Ending Dec. 31,</u>	<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 32,400	\$ 19,500
2025	33,300	18,600
2026	34,300	17,600
2027	35,300	16,600
2028	36,400	15,600
2029	37,400	14,500
Thereafter	498,441	120,911
Total	<u>\$ 707,541</u>	<u>\$ 223,311</u>

Municipality of Summit
Schedule of Changes in Long-Term Debt
December 31, 2023 and 2022

Notes Payable or Other Long-Term Debt	2023
Rural Development Debt:	
Water Project Revenue Bond, Series 2010	\$ 214,658
Use of proceeds: water improvements project	
Interest rate: 3.00% fixed	
Maturity date: December 2050 (anticipated)	
Fund servicing debt: water	
Rural Development Debt:	
Sewer Project Revenue Bond, Series 2010	252,798
Use of proceeds: sewer improvements project	
Interest rate: 2.50% fixed	
Maturity date: June 2050 (anticipated)	
Fund servicing debt: sewer	
Rural Development Debt:	
Sewer Project Revenue Bond, Series 2014	240,085
Use of proceeds: water improvements project	
Interest rate: 3.00% fixed	
Maturity date: March 2055 (anticipated)	
Fund servicing debt: sewer	
	\$ 707,541
Notes Payable or Other Long-Term Debt	2022
Rural Development Debt:	
Water Project Revenue Bond, Series 2010	\$ 220,082
Use of proceeds: water improvements project	
Interest rate: 3.00% fixed	
Maturity date: December 2050 (anticipated)	
Fund servicing debt: water	
Rural Development Debt:	
Sewer Project Revenue Bond, Series 2010	259,846
Use of proceeds: sewer improvements project	
Interest rate: 2.50% fixed	
Maturity date: June 2050 (anticipated)	
Fund servicing debt: sewer	
Rural Development Debt:	
Sewer Project Revenue Bond, Series 2014	259,081
Use of proceeds: water improvements project	
Interest rate: 3.00% fixed	
Maturity date: March 2055 (anticipated)	
Fund servicing debt: sewer	
	\$ 739,009

Municipality of Summit
Schedule of Proportionate Share of the Net Pension Liability (Asset)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Municipality's proportion of the net pension liability (asset)	0.002291%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
Municipality's proportionate share of net pension liability (asset)	\$ (224)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Municipality's covered payroll	<u>\$ 59,085</u>	<u>\$ --</u>							
Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%

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

See accompanying Note to Schedule of Proportionate Share of the Net Pension Liability (Asset).

Municipality of Summit
Notes to Schedule of Proportionate Share of the Net Pension Liability (Asset)
December 31, 2023 and 2022

Changes from Prior Valuation

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

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

Benefit Provision Changes

During the 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.