

**CUSTER COUNTY**

**AUDIT REPORT**

**For the Two Years Ended December 31, 2023**

CUSTER COUNTY  
COUNTY OFFICIALS  
December 31, 2023

Board of Commissioners:

Jim Lintz-Chairman  
Mark Hartman  
Craig Hindle  
Mike Linde  
Michael Busskohl

Finance Officer:  
Dawn McLaughlin

State's Attorney:  
Tracy Kelley

Register of Deeds:  
Teri L. Morgan

Sheriff:  
Marty Mechaley

CUSTER COUNTY  
TABLE OF CONTENTS

Page

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	1
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance .....	3
Schedule of Prior Audit Findings.....	6
Schedule of Current Audit Findings and Questioned Costs.....	6
Independent Auditor's Report.....	12
<i>Basic Financial Statements</i>	
<b><u>Government-wide Financial Statements:</u></b>	
As of December 31, 2023:	
Statement of Net Position--Modified Cash Basis.....	16
For the Year Ended December 31, 2023:	
Statement of Activities--Modified Cash Basis.....	17
For the Year Ended December 31, 2022:	
Statement of Activities--Modified Cash Basis.....	18
<b><u>Fund Financial Statements:</u></b>	
<u>Governmental Funds</u>	
As of December 31, 2023:	
Balance Sheet--Modified Cash Basis.....	19
For the Year Ended December 31, 2023:	
Statement of Revenues, Expenditures and Changes in Fund Balances--Modified Cash Basis.....	20
For the Year Ended December 31, 2022:	
Statement of Revenues, Expenditures and Changes in Fund Balances--Modified Cash Basis.....	24
<u>Fiduciary Funds</u>	
As of December 31, 2023:	
Statement of Fiduciary Net Position--Modified Cash Basis.....	28

For the Year Ended December 31, 2023:

Statement of Changes in Fiduciary Net Position--Modified Cash Basis.....	29
--	----

For the Year Ended December 31, 2022:

Statement of Changes in Fiduciary Net Position--Modified Cash Basis.....	30
--	----

Notes to the Modified Cash Basis Financial Statements.....	31
--	----

*Supplementary Information:*

For the Year Ended December 31, 2023:

Budgetary Comparison Schedule--Modified Cash Basis--General Fund.....	50
Budgetary Comparison Schedule--Modified Cash Basis--Road and Bridge Fund.....	52
Budgetary Comparison Schedule--Modified Cash Basis--Courthouse Building Fund.....	53

For the Year Ended December 31, 2022:

Budgetary Comparison Schedule--Modified Cash Basis--General Fund.....	54
Budgetary Comparison Schedule--Modified Cash Basis--Road and Bridge Fund.....	56
Budgetary Comparison Schedule--Modified Cash Basis--Courthouse Building Fund.....	57

Notes to the Supplementary Information – Budgetary Comparison Schedules.....	58
--	----

Schedule of the County’s Proportionate Share of the Net Pension Liability (Asset).....	59
--	----

Notes to the Supplementary Information – Pension Schedules.....	60
---	----

Schedule of Changes in Long-Term Debt.....	61
--	----

Schedule of Expenditures of Federal Awards.....	62
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C/O 500 EAST CAPITOL  
PIERRE, SD 57501-5070  
(605) 773-3595

RUSSELL A. OLSON  
AUDITOR GENERAL

**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***

**Independent Auditor's Report**

County Commission  
Custer County  
Custer, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Custer County, South Dakota (County), 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 County's basic financial statements and have issued our report thereon dated January 22, 2025.

An adverse opinion for the aggregate discretely presented component unit was issued due to the County's financial statements not including the financial information for the Custer County Housing and Redevelopment Commission. An unmodified opinion was issued for the remaining opinion units.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the

accompanying Schedule of Current Audit Findings and Questioned Costs as items No. 2023-001 and No. 2023-002 to be material weaknesses.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 Current Audit Findings and Questioned Costs as items No. 2023-003 and No. 2023-004.

### **County's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the findings identified in our audit. The County did not wish to respond to the findings identified in our audit as described in the accompanying Schedule of Current Audit Findings and Questioned Costs.

### **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 County'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.



Russell A. Olson  
Auditor General

January 22, 2025



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(605) 773-3595

RUSSELL A. OLSON  
AUDITOR GENERAL

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

**Independent Auditor's Report**

County Commission  
Custer County  
Custer, South Dakota

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

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

## ***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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



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

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

### **Purpose of this Report**

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



Russell A. Olson  
Auditor General

January 22, 2025

CUSTER COUNTY  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**Prior Federal Audit Findings:**

The prior audit report contained no written federal audit findings.

**Prior Other Audit Findings:**

Finding No. 2021-001:

The County's internal controls over the cash and investments reconciliation and reporting process were inadequate resulting in diminished assurance that the County's financial transactions were properly recorded, and its assets were adequately safeguarded. This finding has not been resolved and has been restated as Current Audit Finding No. 2023-001.

Finding No. 2021-002:

The County does not have an internal control system designed to provide for the preparation of the annual financial reports in accordance with the modified cash basis of accounting. We noted numerous significant reporting errors within the annual reports prepared by the County. This finding has not been resolved and has been restated as Current Audit Finding No. 2023-002.

Finding No. 2021-003:

The County incurred expenditures in excess of appropriations contrary to SDCL 7-21-25. This finding has not been resolved and has been restated as Current Audit Finding No. 2023-003.

Finding No. 2021-004:

The County Auditor did not prepare, publish, or file with the Auditor General of the Department of Legislative Audit on a timely basis the annual financial reports for the years ended December 31, 2020, and December 31, 2021, as required by SDCL 7-10-4. This finding has not been resolved and has been restated as Current Audit Finding No. 2023-004.

**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**

**Section I – Summary of the Auditor's Results**

***Financial Statements***

- a. An adverse opinion was issued for the omission of the Custer County Housing and Redevelopment Commission, a discretely presented component unit, financial statements. An unmodified opinion was issued on the primary government's financial statements presented on an other comprehensive basis of accounting – modified cash basis.
- b. Material weaknesses were disclosed by our audit of the financial statements for cash internal control deficiencies and financial reporting errors as discussed in Current Financial Statement Findings No. 2023-001 and 2023-002.
- c. Our audit disclosed the County did not comply with state statutes related to the operations of the County as discussed in Current Financial Statement Findings No. 2023-003 and 2023-004.

**Federal Awards**

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
- f. The federal awards tested as major programs were:
  - 1. Coronavirus State and Local Fiscal Recovery Funds ALN # 21.027
  - 2. Payments in Lieu of Taxes ALN # 15.226
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. Custer County did not qualify as a low-risk auditee.

**Section II – Financial Statement Findings**

***Internal Control-Related Findings - Material Weaknesses:***

Cash Internal Control Deficiencies and Noncompliance

Finding No. 2023-001:

Criteria:

The County’s internal controls over the cash and investments reconciliation and reporting process were inadequate resulting in diminished assurance that the County’s financial transactions were properly recorded, and its assets were adequately safeguarded.

Condition:

Internal controls serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; noncompliance with provisions of laws, regulations, contracts or grant agreements; or abuse.

Also, South Dakota Codified Law (SDCL) 7-10-3 requires that the County Auditor shall at the close of each calendar month list all cash and cash items in the hands of the County Treasurer and at the same time verify the balances in the several bank depositories.

We noted the following deficiencies in internal controls in the cash and investment reconciliation and reporting process:

During 2022 and 2023 the County Finance Officer did not reconcile the General Ledger cash balances with the County Treasurer’s Office balances which resulted in an internal control deficiency over accounting for cash. We attempted to reconcile the General Ledger cash balances at December 31, 2023 with the County Treasurer. The following significant errors and omissions were noted:

- A \$19,626.45 unknown, unexplained variance adjustment was needed to balance the General Ledger Cash accounts to the actual cash in the bank and amounts reported by the County Treasurer.

The County Finance Officer also had not monitored the cash balances in the various funds in the General Ledger during 2022 and 2023. This resulted in the following:

- At December 31, 2023, the cash balance of the Road and Bridge Fund had a negative balance of \$657,128.04.
- At December 31, 2023, the cash balance of the Emergency Management Fund had a negative balance of \$28,532.29.
- At December 31, 2023, the cash balance of the 24/7 Sobriety Fund had a negative balance of \$27,559.73.
- At December 31, 2023, the cash balance of the 911 Service Fund had a negative balance of \$1,157,867.20.

This is the fourth consecutive audit in which a similar finding was noted.

Effect:

The County was exposed to an increased risk of accounting error or irregularities not being detected in a timely manner. The County was also exposed to greater risk that management decisions could be made using inaccurate cash and investment balances.

Cause:

The County did not perform the necessary and required reconciliations and did not monitor the cash balances of each individual fund.

Recommendations:

1. We recommend the County perform a reconciliation of the recorded cash and investments to the financial institution's balance on a monthly basis.
2. We recommend the County monitor the cash balances of each fund and make transfers as appropriate to avoid having unfunded reserves or negative fund cash balances.

Views of responsible officials:

Management chose not to respond to this finding.

Financial Reporting Errors

Finding No. 2023-002:

Criteria:

The County's internal control structure should be designed to provide for the preparation of the annual financial reports, which includes having an adequate system for recording and processing entries material to the annual financial reports being audited in accordance with the modified cash basis of accounting.

Condition:

The County does not have an internal control system designed to provide for the preparation of the annual financial reports in accordance with the modified cash basis of accounting. We noted numerous significant reporting errors within the annual reports prepared by the County. This is the fifth consecutive audit in which a similar finding was noted.

Context:

We identified 22 misstatements on the 2022 and 2023 annual financial reports that were either individually material misstatements or required correction to properly present the annual financial reports. These corrections allowed for the issuance of an unmodified audit opinion on the financial statements.

Effect:

Inaccurate and incomplete information was presented to the users of the annual financial reports.

Cause:

The County does not have an internal control system designed to provide for the preparation of the annual financial reports in accordance with the modified cash basis of accounting.

Recommendation:

3. We recommend that the County strengthen internal controls over financial reporting.

Views of responsible officials:

Management chose not to respond to this finding.

**Compliance and Other Matters:**

Budgetary Noncompliance

Finding No. 2023-003:

Criteria:

South Dakota Codified Law (SDCL) 7-21-20 and 7-21-25 prohibit a County from incurring expenditures in excess of the amount specified in the appropriations ordinance.

Condition:

The County incurred expenditures in excess of appropriations contrary to SDCL 7-21-25. This is the fourth consecutive audit in which a similar finding was noted.

Context:

We noted the following significant expenditures in excess of appropriations for the years ended December 31, 2022 and December 31, 2023:

	<b>Expenditure in Excess of Appropriations</b>	
	<b>Calendar Year 2022</b>	<b>Calendar Year 2023</b>
<b>General Fund:</b>		
General Government Building	\$ 99,517.41	\$
Fire Protection		325,000.00
Economic Assistance-Other	150,000.00	
County Fair	258,144.53	
Urban and Rural Development	1,742,500.00	250,000.00

Effect:

The County was not in compliance with SDCL 7-21-25.

Cause:

The Board of County Commissioners did not properly monitor the departmental budgets in order to consider approving budget supplements or contingency transfers.

Recommendation:

4. We recommend that the County comply with SDCL 7-21-25.

Views of responsible officials:

Management chose not to respond to this finding.

Annual Financial Report

Finding No. 2023-004:

Criteria:

SDCL 7-10-4 states: "The county auditor shall prepare by the first day of March of each year a report of the revenues and expenditures of the previous year and the assets, liabilities, and equity of the county as of December thirty-first of the previous year. The report shall be made in the form prescribed by the auditor-general and shall be published within thirty days in the official newspapers of the county. A copy of the publication shall be filed with the auditor-general."

Condition:

The County Auditor did not prepare, publish, or file with the Auditor General of the Department of Legislative Audit on a timely basis the annual financial reports for the years ended December 31, 2022, and December 31, 2023, as required by SDCL 7-10-4. This is the third consecutive audit in which a similar finding was noted.

Context:

The annual financial reports for the years ended December 31, 2022 and the year ended December 31, 2023 were not published or filed with the Auditor General.

Effect:

The County was not in compliance with SDCL 7-10-4.

Cause:

The County Auditor did not file or publish the annual financial reports for the years ended December 31, 2022, and December 31, 2023, in accordance with SDCL 7-10-4.

Recommendation:

5. We recommend that the County comply with SDCL 7-10-4.

Views of responsible officials:

Management chose not to respond to this finding.

**Section III – Federal Award Findings and Questioned Costs**

***Federal Compliance-Related Audit Findings:***

There are no written current federal compliance audit findings to report.



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RUSSELL A. OLSON  
AUDITOR GENERAL

## Independent Auditor's Report

County Commission  
Custer County  
Custer, 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, each major fund, and the aggregate remaining fund information of Custer County, South Dakota (County), 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 County's basic financial statements as listed in the table of contents.

#### ***Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit***

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, net position, revenues, and expenses of the aggregate discretely presented component unit would have been presented and are not reasonably determinable.

#### ***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component unit of the Custer County as of December 31, 2023, and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of accounting of the governmental activities, each major fund, and the aggregate remaining fund information of Custer County as of December 31, 2023,



and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 County 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 opinions are not modified with respect to this matter.

As discussed in Note 2 to the financial statements, in 2023, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements; however, this implementation did not result in a restatement of the net position as of January 1, 2023. Our opinions are not modified with respect to this matter.

Also, as discussed in Note 2 to the financial statements, in 2022, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases; however, this implementation did not result in a restatement of the net position as of January 1, 2022. Our opinions are not modified with respect to this matter.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the modified cash basis of accounting financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County'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 County's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Budgetary Comparison Schedules, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of Changes in Long-Term Debt are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Budgetary Comparison Schedules, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of Changes in Long-Term Debt 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 22, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the

effectiveness of the County'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 County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Russell A. Olson". The signature is written in a cursive style with a large initial 'R'.

Russell A. Olson  
Auditor General

January 22, 2025

**CUSTER COUNTY**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**December 31, 2023**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 1,346,296.93
Investments	4,892,287.65
<b>TOTAL ASSETS</b>	<b>\$ 6,238,584.58</b>
<b>NET POSITION:</b>	
Restricted For: (See Note 7)	
Local Assistance and Tribal Consistency Purposes	\$ 946,838.14
Courthouse Building Purposes	167,103.62
Title III Purposes	213,622.05
Library Purposes	362,192.76
Fire Purposes	105,756.24
Rural Access Infrastructure Purposes	101,418.13
Other Purposes	121,072.78
Unrestricted	4,220,580.86
<b>TOTAL NET POSITION</b>	<b>\$ 6,238,584.58</b>

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



**CUSTER COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For the Year Ended 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
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 3,082,464.74	\$ 456,230.61	\$ 963,152.84	\$ 75,146.78	\$ (1,587,934.51)
Public Safety	2,544,333.22	590,114.88	234,211.77		(1,720,006.57)
Public Works	3,362,141.96	153,953.80	1,611,627.99		(1,596,560.17)
Health and Welfare	221,071.61	7,616.33			(213,455.28)
Culture and Recreation	646,476.57	14,380.73	17,523.05		(614,572.79)
Conservation of Natural Resources	201,091.69	17,700.00	9,000.00		(174,391.69)
Urban and Economic Development	1,953,156.20	182,910.40			(1,770,245.80)
**Interest on Long-Term Debt	150,878.28				(150,878.28)
<b>Total Primary Government</b>	<b>\$ 12,161,614.27</b>	<b>\$ 1,422,906.75</b>	<b>\$ 2,835,515.65</b>	<b>\$ 75,146.78</b>	<b>(7,828,045.09)</b>
<b>General Revenues:</b>					
Taxes:					
Property Taxes					4,933,236.20
Wheel Tax					195,187.63
State Shared Revenues					92,593.87
Grants and Contributions not Restricted to Specific Programs					1,625,632.07
Unrestricted Investment Earnings					(100,376.73)
Miscellaneous Revenue					26,763.77
<b>Total General Revenues</b>					<b>6,773,036.81</b>
Change in Net Position					(1,055,008.28)
Net Position - Beginning					7,377,720.82
<b>NET POSITION - ENDING</b>					<b>\$ 6,322,712.54</b>

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

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

**CUSTER COUNTY  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
December 31, 2023**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 2,354,158.02	\$ (657,128.04)	\$ 257,740.97	\$ (608,474.02)	\$ 1,346,296.93
Investments	4,559,041.89			333,245.76	4,892,287.65
<b>TOTAL ASSETS</b>	<u><u>\$ 6,913,199.91</u></u>	<u><u>\$ (657,128.04)</u></u>	<u><u>\$ 257,740.97</u></u>	<u><u>\$ (275,228.26)</u></u>	<u><u>\$ 6,238,584.58</u></u>
<b>FUND BALANCES:</b> (See Note 1. j.)					
Restricted	\$ 946,838.14		\$ 167,103.62	\$ 904,061.96	\$ 2,018,003.72
Assigned	3,762,644.94		90,637.35	34,669.00	3,887,951.29
Unassigned	2,203,716.83	(657,128.04)		(1,213,959.22)	332,629.57
<b>TOTAL FUND BALANCES</b>	<u><u>\$ 6,913,199.91</u></u>	<u><u>\$ (657,128.04)</u></u>	<u><u>\$ 257,740.97</u></u>	<u><u>\$ (275,228.26)</u></u>	<u><u>\$ 6,238,584.58</u></u>

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

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes:					
General Property Taxes--Current	\$ 3,606,438.47	\$ 671,270.88	\$ 595,028.06	\$ 302,360.16	\$ 5,175,097.57
General Property Taxes--Delinquent	857.14	0.70	151.74		1,009.58
Penalties and Interest	9,629.78	2,089.34	1,603.47	797.38	14,119.97
Mobile Home Tax	411.17	123.14	67.91		602.22
Wheel Tax		206,744.70			206,744.70
Licenses and Permits	165,395.47	8,750.00		9,990.00	184,135.47
Intergovernmental Revenue:					
Federal Grants				196,036.92	196,036.92
Federal Shared Revenue	635,919.07	163,065.23			798,984.30
Federal Payments in Lieu of Taxes	1,032,172.00				1,032,172.00
State Grants	1,000.00	336,774.32		22,680.00	360,454.32
State Shared Revenue:					
Bank Franchise	12,448.15	4,488.61	1,806.23	1,246.84	19,989.83
Motor Vehicle Licenses	35,910.33	699,227.61			735,137.94
Liquor Tax Reversion (Unincorporated Town)	47,940.17				47,940.17
State Highway Fund (former 10% game)		12,948.90			12,948.90
Court Appointed Attorney/Public Defender	2,492.71				2,492.71
Prorate License Fees		56,617.78			56,617.78
Abused and Neglected Child Defense	212.07				212.07
63 3/4% Mobile Home		88,681.39			88,681.39
Secondary Road Remittances		369,547.05			369,547.05
Telecommunications Gross Receipts Tax	14,792.14				14,792.14
Motor Vehicle 1/4%	15.00				15.00
Motor Fuel Tax	4,099.54	4,903.14			9,002.68
911 Remittances				89,788.83	89,788.83
Other State Shared Revenue				54,091.48	54,091.48
Other Intergovernmental Revenue	200,000.00				200,000.00
Charges for Goods and Services:					
General Government:					
Treasurer's Fees	67,008.78				67,008.78
Register of Deeds' Fees	180,741.75			11,401.62	192,143.37
Legal Services	20,447.47				20,447.47
Clerk of Courts Fees	8,416.80			850.00	9,266.80
Other Fees	3,942.31				3,942.31



Public Safety:					
Law Enforcement	522,497.03				522,497.03
Prisoner Care	930.81				930.81
Sobriety Testing				13,963.05	13,963.05
Other	30.00				30.00
Public Works:					
Road Maintenance Contract Charges		6,883.91			6,883.91
Airport	86,556.14				86,556.14
Other				8,179.05	8,179.05
Health and Welfare:					
Economic Assistance:					
Veterans Service Officer	2,812.50				2,812.50
Health Assistance:					
Women, Infants and Children	6,399.60				6,399.60
Mental Health Services	718.16				718.16
Culture and Recreation				7,321.65	7,321.65
Conservation of Natural Resources	7,000.00				7,000.00
Other Charges	66,405.93				66,405.93
Fines and Forfeits:					
Costs	7,471.42				7,471.42
Miscellaneous Revenue:					
Investment Earnings	150,244.95	35,688.43		38,443.53	224,376.91
Rent	30,398.40				30,398.40
Contributions and Donations				12,230.62	12,230.62
Refund of Prior Year's Expenditures	11,176.42				11,176.42
Other	8,312.96			6,239.07	14,552.03
Unknown, Unexplained Variance	19,032.73		44.97	30.58	19,108.28
Total Revenues	<u>6,970,277.37</u>	<u>2,667,805.13</u>	<u>598,702.38</u>	<u>775,650.78</u>	<u>11,012,435.66</u>

**Expenditures:**

## General Government:

## Legislative:

Board of County Commissioners	331,007.60				331,007.60
Elections	25,365.57				25,365.57
Judicial System	8,767.61				8,767.61

## Financial Administration:

Auditor	295,501.57				295,501.57
Treasurer	334,673.76				334,673.76

## Legal Services:

State's Attorney	362,677.84				362,677.84
Court Appointed Attorney	90,623.97				90,623.97

## Other General Government:

General Government Building	328,589.84		275,369.56		603,959.40
Director of Equalization	540,673.11				540,673.11
Register of Deeds	176,860.93			2,445.04	179,305.97

**CUSTER COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2023**  
**(Continued)**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Veterans Service Officer	41,554.95				41,554.95
Predatory Animal	1,744.61				1,744.61
Geographic Information System	93,415.80				93,415.80
Information Technology	129,697.51				129,697.51
Human Resources	105,304.58				105,304.58
Public Safety:					
Law Enforcement:					
Sheriff	1,600,463.10				1,600,463.10
County Jail	250,992.94				250,992.94
Coroner	30,415.61				30,415.61
Other Law Enforcement				53,724.51	53,724.51
Protective and Emergency Services:					
Fire Protection	325,000.00			257,892.20	582,892.20
Emergency and Disaster Services				205,942.71	205,942.71
Communication Center				506,646.82	506,646.82
Other Protective and Emergency	42,970.64				42,970.64
Public Works:					
Highways and Bridges:					
Highways, Roads and Bridges		3,049,652.99		54,242.64	3,103,895.63
Transportation:					
Airport	247,286.71				247,286.71
Health and Welfare:					
Economic Assistance:					
Support of Poor	10,000.00				10,000.00
Other	5,000.00				5,000.00
Health Assistance:					
County Nurse	24,783.36				24,783.36
Social Services:					
Care of Aged	8,000.00				8,000.00
Domestic Abuse				5,000.00	5,000.00
Other	5,900.00				5,900.00
Mental Health Services:					
Mentally Ill	2,732.73				2,732.73
Mental Health Centers	4,918.28				4,918.28
Mental Illness Board	3,262.58				3,262.58

Culture and Recreation:					
Culture:					
Public Library	265,956.74		18,038.25		283,994.99
Historical Museum	41,000.00				41,000.00
Recreation:					
Recreational Programs	17,062.08				17,062.08
County Fair	16,859.00				16,859.00
Senior Center	6,350.00				6,350.00
Conservation of Natural Resources:					
Soil Conservation:					
County Extension	35,447.87				35,447.87
Soil Conservation Districts	26,801.15				26,801.15
Weed Control	123,240.46				123,240.46
Urban and Economic Development:					
Urban Development:					
Planning and Zoning	232,171.67				232,171.67
Urban and Rural Development	250,000.00				250,000.00
Debt Service			285,211.00		285,211.00
Total Expenditures	<u>6,443,074.17</u>	<u>3,049,652.99</u>	<u>560,580.56</u>	<u>1,103,932.17</u>	<u>11,157,239.89</u>
Excess of Revenues Over (Under) Expenditures	<u>527,203.20</u>	<u>(381,847.86)</u>	<u>38,121.82</u>	<u>(328,281.39)</u>	<u>(144,804.23)</u>
<b>Other Financing Sources (Uses):</b>					
Long-Term Debt Issued	1,285.00				1,285.00
Insurance Proceeds	59,391.27				59,391.27
Total Other Financing Sources (Uses)	<u>60,676.27</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>60,676.27</u>
Net Change in Fund Balance	587,879.47	(381,847.86)	38,121.82	(328,281.39)	(84,127.96)
Fund Balance - Beginning	<u>6,325,320.44</u>	<u>(275,280.18)</u>	<u>219,619.15</u>	<u>53,053.13</u>	<u>6,322,712.54</u>
FUND BALANCE - ENDING	<u>\$ 6,913,199.91</u>	<u>\$ (657,128.04)</u>	<u>\$ 257,740.97</u>	<u>\$ (275,228.26)</u>	<u>\$ 6,238,584.58</u>

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

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

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes:					
General Property Taxes--Current	\$ 3,410,971.14	\$ 639,200.31	\$ 564,337.28	\$ 286,798.33	\$ 4,901,307.06
General Property Taxes--Delinquent	6,157.42		1,102.05	479.23	7,738.70
Penalties and Interest	15,110.23	1,750.81	2,599.60	1,586.70	21,047.34
Mobile Home Tax	918.59				918.59
Wheel Tax		195,187.63			195,187.63
Other Taxes	1,462.59	203.36	393.70	164.86	2,224.51
Licenses and Permits	196,498.40	13,150.00		2,580.00	212,228.40
Intergovernmental Revenue:					
Federal Grants	873,501.81			60,995.33	934,497.14
Federal Shared Revenue	635,919.07	203,700.83			839,619.90
Federal Payments in Lieu of Taxes	989,713.00				989,713.00
State Grants	1,000.00	246,393.69		84,595.54	331,989.23
State Shared Revenue:					
Bank Franchise	17,398.55	6,273.65	2,524.53	1,742.68	27,939.41
Motor Vehicle Licenses		766,107.28			766,107.28
Liquor Tax Reversion (Unincorporated Town)	36,099.60				36,099.60
State Highway Fund (former 10% game)		12,948.90			12,948.90
Prorate License Fees		52,753.37			52,753.37
Abused and Neglected Child Defense	3,188.41				3,188.41
63 3/4% Mobile Home		69,844.25			69,844.25
Secondary Road Remittances		259,879.67			259,879.67
Telecommunications Gross Receipts Tax	15,801.37				15,801.37
Motor Vehicle 1/4%	3,742.76				3,742.76
Motor Fuel Tax		8,086.54			8,086.54
911 Remittances				95,472.09	95,472.09
Liquor Tax Reversion (25%)	12,753.49				12,753.49
Other State Shared Revenue				76,782.13	76,782.13
Charges for Goods and Services:					
General Government:					
Treasurer's Fees	67,447.50				67,447.50
Register of Deeds' Fees	271,956.50			20,743.01	292,699.51
Legal Services	30,052.25				30,052.25

Clerk of Courts Fees	9,892.75			9,892.75
Other Fees	140.00			140.00
Public Safety:				
Law Enforcement	547,291.66			547,291.66
Sobriety Testing			14,061.00	14,061.00
Public Works:				
Road Maintenance Contract Charges		11,198.99		11,198.99
Airport	110,264.34			110,264.34
Health and Welfare:				
Economic Assistance:				
Veterans Service Officer	2,812.50			2,812.50
Health Assistance:				
Women, Infants and Children	4,936.33			4,936.33
Mental Health Services	100.00			100.00
Culture and Recreation			6,610.73	6,610.73
Conservation of Natural Resources	17,700.00			17,700.00
Other Charges	42,261.10	233.47		42,494.57
Fines and Forfeits:				
Fines	7,289.22			7,289.22
Forfeits	9,850.00			9,850.00
Miscellaneous Revenue:				
Investment Earnings	(81,169.39)	16,295.35	(35,502.69)	(100,376.73)
Rent	35,837.00			35,837.00
Contributions and Donations			16,523.05	16,523.05
Refund of Prior Year's Expenditures	99.56			99.56
Other	6,162.04		2,338.00	8,500.04
Total Revenues	<u>7,303,159.79</u>	<u>2,503,208.10</u>	<u>570,957.16</u>	<u>635,969.99</u>
				<u>11,013,295.04</u>

**Expenditures:**

## General Government:

## Legislative:

Board of County Commissioners	409,235.58			409,235.58
Elections	61,142.63			61,142.63
Judicial System	15,375.73			15,375.73
Financial Administration:				
Auditor	202,642.66			202,642.66
Treasurer	366,139.59			366,139.59
Legal Services:				
State's Attorney	346,184.22			346,184.22
Court Appointed Attorney	88,386.34			88,386.34
Other General Government:				
General Government Building	298,607.41		229,494.54	528,101.95
Director of Equalization	442,121.30		802.26	442,923.56

**CUSTER COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2022**  
**(Continued)**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Register of Deeds	132,124.82				132,124.82
Veterans Service Officer	49,436.00				49,436.00
Predatory Animal	1,744.61				1,744.61
Geographic Information System	90,191.06				90,191.06
Information Technology	127,787.33				127,787.33
Human Resources	86,715.94				86,715.94
Public Safety:					
Law Enforcement:					
Sheriff	1,291,077.97				1,291,077.97
County Jail	225,978.79			34,350.92	260,329.71
Coroner	30,532.83				30,532.83
Protective and Emergency Services:					
Fire Protection				259,859.56	259,859.56
Emergency and Disaster Services				106,440.55	106,440.55
Communication Center				487,610.27	487,610.27
Other Protective and Emergency	108,482.33				108,482.33
Public Works:					
Highways and Bridges:					
Highways, Roads and Bridges		3,148,220.24			3,148,220.24
Transportation:					
Airport	213,921.72				213,921.72
Health and Welfare:					
Economic Assistance:					
Support of Poor	6,000.00				6,000.00
Other	155,000.00				155,000.00
Health Assistance:					
County Nurse	23,078.57				23,078.57
Ambulance	1,000.00				1,000.00
Social Services:					
Care of Aged	3,000.00				3,000.00
Domestic Abuse	6,000.00			5,000.00	11,000.00
Other	8,400.00				8,400.00
Mental Health Services:					
Mentally Ill	4,621.92				4,621.92

Mental Health Centers	4,578.52				4,578.52
Mental Illness Board	4,392.60				4,392.60
Culture and Recreation:					
Culture:					
Public Library	266,253.94			21,527.85	287,781.79
Historical Museum	30,000.00				30,000.00
Arts	20,101.00				20,101.00
Recreation:					
Recreational Programs	17,000.00				17,000.00
County Fair	285,243.78				285,243.78
Senior Center	6,350.00				6,350.00
Conservation of Natural Resources:					
Soil Conservation:					
County Extension	40,655.22				40,655.22
Soil Conservation Districts	21,745.05				21,745.05
Weed Control	138,691.42				138,691.42
Urban and Economic Development:					
Urban Development:					
Planning and Zoning	210,656.20				210,656.20
Urban and Rural Development	1,742,500.00				1,742,500.00
Debt Service			285,211.00		285,211.00
Total Expenditures	<u>7,583,097.08</u>	<u>3,148,220.24</u>	<u>514,705.54</u>	<u>915,591.41</u>	<u>12,161,614.27</u>
Excess of Revenues Over (Under) Expenditures	<u>(279,937.29)</u>	<u>(645,012.14)</u>	<u>56,251.62</u>	<u>(279,621.42)</u>	<u>(1,148,319.23)</u>
<b>Other Financing Sources (Uses):</b>					
Insurance Proceeds	75,028.80	117.98			75,146.78
Sale of County Property	<u>18,164.17</u>				<u>18,164.17</u>
Total Other Financing Sources (Uses)	<u>93,192.97</u>	<u>117.98</u>	<u>0.00</u>	<u>0.00</u>	<u>93,310.95</u>
Net Change in Fund Balance	(186,744.32)	(644,894.16)	56,251.62	(279,621.42)	(1,055,008.28)
Fund Balance - Beginning	<u>6,512,064.76</u>	<u>369,613.98</u>	<u>163,367.53</u>	<u>332,674.55</u>	<u>7,377,720.82</u>
FUND BALANCE - ENDING	<u>\$ 6,325,320.44</u>	<u>\$ (275,280.18)</u>	<u>\$ 219,619.15</u>	<u>\$ 53,053.13</u>	<u>\$ 6,322,712.54</u>

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

**CUSTER COUNTY**  
**STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**December 31, 2023**

	<b>Custodial Funds</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 543,329.51
<b>TOTAL ASSETS</b>	<b>\$ 543,329.51</b>
<b>NET POSITION:</b>	
Restricted For:	
Individuals, Organizations, and Other Governments	\$ 543,329.51
<b>TOTAL NET POSITION</b>	<b>\$ 543,329.51</b>

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



**CUSTER COUNTY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**For the Year Ended December 31, 2023**

	<b>Custodial Funds</b>
<b>ADDITIONS:</b>	
Property Tax Collections for Other Governments	\$ 16,802,919.67
State Shared Revenue Collections for Other Governments	4,390,548.63
Other Additions	498,690.22
Total Additions	21,692,158.52
<b>DEDUCTIONS:</b>	
Payments of Property Tax to Other Governments	16,801,891.93
Payments of State Shared Revenue to Other Governments	4,091,102.22
Other Deductions	821,550.10
Total Deductions	21,714,544.25
Change in Net Position	(22,385.73)
Net Position - Beginning	565,715.24
<b>NET POSITION - ENDING</b>	<b>\$ 543,329.51</b>

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

**CUSTER COUNTY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**For the Year Ended December 31, 2022**

	<b>Custodial Funds</b>
<b>ADDITIONS:</b>	
Property Tax Collections for Other Governments	\$ 14,427,205.50
State Shared Revenue Collections for Other Governments	4,255,600.74
Other Additions	337,760.08
Total Additions	19,020,566.32
<b>DEDUCTIONS:</b>	
Payments of Property Tax to Other Governments	14,412,677.02
Payments of State Shared Revenue to Other Governments	4,264,577.19
Other Deductions	371,557.58
Total Deductions	19,048,811.79
Change in Net Position	(28,245.47)
Net Position - Beginning	593,960.71
<b>NET POSITION - ENDING</b>	<b>\$ 565,715.24</b>

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

CUSTER COUNTY  
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of Custer County (County), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The County is financially accountable if its County Commission appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the County (primary government). The County may also be financially accountable for another organization if that organization is fiscally dependent on the County.

The Housing and Redevelopment Commission of Custer County, South Dakota (Commission) is a proprietary fund-type, discretely presented component unit. The five members of the Commission are appointed by the County Commission's Chairperson with the approval of the Board of County Commissioners for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The County Commission, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct a low-income housing unit, or to issue debt, which gives the County Commission the ability to impose its will on the Commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from: Custer County Auditor, 420 Mt. Rushmore Road, Custer, SD 57730. The financial activity of the Custer County Housing and Redevelopment Commission, a component unit of the County, has not been included in the financial statements presented in this report.

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

b. Basis of Presentation:

*Government-wide Financial Statements:*

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

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

*Fund Financial Statements:*

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

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

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

**Governmental Funds:**

*General Fund* – *The General Fund is the general operating fund of the County. 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.*

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

Road and Bridge Fund – to account for funds credited to the road and bridge fund pursuant to SDCL 32-11-4.2 to be used by the board of county commissioners for grading, constructing, planing, dragging, and maintaining county highways and also for dragging, maintaining, and grading secondary roads. Proper equipment for dragging, grading, and maintaining highways, such as graders, tractors, drags, maintainers, and planers may be purchased from the road and bridge fund. (SDCL 32-11-2 and 32-11-4.2). This is a major fund.

Courthouse Building Fund – authorized by SDCL 7-25-1 to account for the accumulation of a special tax levy not to exceed ninety cents per thousand dollars of taxable valuation annually for the acquisition or construction of a courthouse, office, jail building, county extension buildings, grandstands and bleachers, highway maintenance buildings, or public library. The County chose to report as a major fund for consistency purposes.

The remaining special revenue funds are not considered major funds: 911 Service, Fire Protection, Title III, Emergency Management, Domestic Abuse, Public Library, State Grants, 24/7 Sobriety, Rural Access Infrastructure, and Modernization and Preservation Relief. These funds are reported on the fund financial statements as “Other Governmental Funds.”

**Fiduciary Funds:**

Fiduciary funds consist of the following sub-category and are never considered to be major funds:

*Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for the accumulation and distribution of property tax revenues and various pass-through funds.*

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 County’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:*

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

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

*Basis of Accounting:*

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental 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. The acceptable modification to the cash basis of accounting implemented by the County in these financial statements is:

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

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

d. Deposits and Investments:

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

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

e. Capital Assets:

Capital assets include land, buildings, improvements other than buildings, furnishings and equipment, construction/development in progress, infrastructure, intangible lease assets, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for 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 are presented using a modified cash basis of accounting. The County has not elected to modify their cash basis presentation by recording capital assets arising from cash transactions and depreciating those assets where appropriate, so any capital assets owned by the County and the related depreciation are not reported on the financial statements of the County.

f. Long-Term Liabilities:

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

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using a modified cash basis of accounting. The County has not elected to modify their cash basis presentation by recording long-term debt or long-term liabilities arising from cash transactions, so any outstanding long-term debt or long-term liabilities are not reported on the financial statements of the County. The County 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 Statement of Activities, the principal portion of these Debt Service payments are reported within the appropriate expense function while the interest portion is reported as Interest on Long-Term Debt.

The County has presented as Supplementary 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 County's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

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

h. Equity Classifications:

*Government-wide Financial Statements:*

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

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

*Fund Financial Statements:*

Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned, or Unassigned components. Fiduciary fund equity is reported as restricted net position.

i. Application of Net Position:

It is the County'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 positions are available.

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

The County 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 County would first use *committed, then assigned, and lastly unassigned amounts* of unrestricted fund balance when expenditures are made.

The County *does not* have a formal minimum fund balance policy.

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

**Major Special Revenue Fund**

Road and Bridge Fund

Courthouse Building Fund

**Revenue Source**

Property Taxes, State and Federal Grants, and  
Motor Vehicle Licenses

Property Taxes



A schedule of fund balances is provided as follows:

**CUSTER COUNTY  
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Courthouse Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Fund Balances:</b>					
Restricted For:					
Local Assistance and Tribal Consistency Purposes	\$ 946,838.14	\$	\$	\$	\$ 946,838.14
Courthouse Building Purposes			167,103.62		167,103.62
Title III Purposes				213,622.05	213,622.05
Library Purposes				362,192.76	362,192.76
Fire Protection Purposes				105,756.24	105,756.24
Rural Access Infrastructure Purposes				101,418.13	101,418.13
Domestic Abuse Purposes				5,040.50	5,040.50
State Grants Purposes				38,636.58	38,636.58
Modernization and Preservation Relief Purposes				77,395.70	77,395.70
Assigned To:					
Applied to Next Year's Budget	2,391,455.00				2,391,455.00
Capital Outlay Purposes	285,000.00				285,000.00
Fire Equipment Purposes	80,320.93				80,320.93
Software Upgrade Purposes	65,000.00				65,000.00
Sheriff Vehicle Purposes	130,000.00				130,000.00
Airport Land Purposes	500,000.00				500,000.00
New Employee Purposes	32,000.00				32,000.00
Search and Rescue Purposes	55,000.00				55,000.00
Search and Rescue Land Purposes	223,869.01				223,869.01
Courthouse Building Purposes			90,637.35		90,637.35
Fire Protection Purposes				34,669.00	34,669.00
Unassigned	2,203,716.83	(657,128.04)		(1,213,959.22)	332,629.57
<b>Total Fund Balances</b>	<u>\$ 6,913,199.91</u>	<u>\$ (657,128.04)</u>	<u>\$ 257,740.97</u>	<u>\$ (275,228.26)</u>	<u>\$ 6,238,584.58</u>

2. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2023, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). This statement improves accounting and financial reporting for SBITAs; enhances the comparability of financial statements between governments; and also enhances the understandability, reliability, relevance, and consistency of information about SBITAs. The County prepared and presented the financial statements in accordance with the modified cash basis of accounting described in Note 1.c.; therefore, the implementation of this standard did not affect beginning net position or beginning fund balances.

In 2022, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. This statement improves accounting and financial reporting for leases; enhances the comparability of financial statements between governments; and also enhances the relevance, reliability, and consistency of information about the leasing activities of governments. The County prepared and presented the financial statements in accordance with the modified cash basis of accounting described in Note 1.c.; therefore the implementation of this standard did not affect beginning net position or beginning fund balances.

3. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

	<b>Expenditure in Excess of Appropriations</b>	
	<u>Calendar Year 2022</u>	<u>Calendar Year 2023</u>
<b><u>General Fund:</u></b>		
General Government:		
General Government Building	\$ 99,517.41	\$
Public Safety:		
Fire Protection		325,000.00
Health and Welfare:		
Economic Assistance - Other	150,000.00	
Culture and Recreation:		
County Fair	258,144.53	
Urban and Economic Development:		
Urban and Rural Development	1,742,500.00	250,000.00

The Board of County Commissioners plans to take the following actions to address these violations:

The County will be more diligent in the review of budgets and approving supplements when needed.

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

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

Emergency Management Fund	\$ (28,532.29)
24/7 Sobriety Fund	\$ (27,559.73)
911 Service Fund	\$ (1,157,867.20)

The Board of County Commissioners plans to take the following actions to address the deficit fund balance/deficit net position:

Cash transfers to cover the deficits will be made to the Emergency Management, 24/7 Sobriety, and 911 Service Funds.

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

The County 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 County’s cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 7-20-1, 7-20-1.1, and 7-20-1.2, 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 County 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.

**Custodial Credit Risk – Deposits** – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County has no formal deposit policy specific to custodial credit risk. As of December 31, 2023, the County had money market funds that were not collateralized or covered by depository insurance. As a result, the County was exposed to custodial credit risk of \$94,874.77.

**Custodial Credit Risk – Investments** – the custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, the County will not be able to recover deposits or will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County does not have an investment policy for custodial credit risk. At December 31, 2023, investments in the amount of \$3,767,822.00 were uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent, but not in the county’s name.

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. SDCL 4-5-6 permits County funds to be invested in securities which shall mature within eighteen months from the date of purchase or be redeemable at the option of the holder within eighteen months from the date of purchase. The County has no investment policy that would further limit its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2023, the County had investments maturing as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			Greater than 10
		Less than 1	1 to 5	6 to 10	
U.S. Government and Agency Securities	\$ 2,891,465	\$ 1,179,298	\$ 1,573,184	\$ 135,847	\$ 3,136
Total	\$ 2,891,465	\$ 1,179,298	\$ 1,573,184	\$ 135,847	\$ 3,136

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

As of December 31, 2023, the County had the following investments which may have a credit risk exposure:

Account Holder	Description	Maturity Date	Bond Rating	Fair Value
Library Foundation	<b>Exchange Traded and Closed End Funds</b>	N/A	None	\$ 68,601
Library Foundation	<b>Mutual Funds</b>	N/A	None	237,118
	<b>External Investment Pools:</b>			
Custer County	South Dakota FIT			552,222
Library Foundation	South Dakota Community Foundation			18,416
	<b>Subtotal External Investment Pools</b>			<u>570,638</u>
	<b>Total</b>			<u><b>\$ 876,357</b></u>

The taxable municipal bonds are exposed to the potential risk of default by the issuer. Although the risk of default is rare, it is still a potential credit risk.

For the exchanged traded funds, closed end funds and the mutual funds, the County has not evaluated the holdings of these investments as to the potential credit risk; however, these investments may expose the County to potential credit risk.

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

**Concentration of Credit Risk** – The County places no limit on the amount that may be invested in any one issuer. The County places no limit on the amount that may be invested in any one issuer. Additionally, there are no single issuer exposures (excluding those issued by or explicitly guaranteed by the U.S. Government, or involving mutual funds or investment pools) that comprise 5% or more of the County's investments.

**Fair Value Measurement** – The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the hierarchy below.

The County has the following recurring fair value measurements as of December 31, 2023:

	Total	Level 1	Level 2	Level 3
<b>Investments by Fair Value Level:</b>				
Debt securities:				
U.S. Treasuries	\$ 2,888,329	\$	\$ 2,888,329	\$
Agency Mortgage-Backed Securities	3,136		3,136	
Exchange traded funds	68,601	68,601		
Total debt securities	<u>2,960,066</u>	<u>68,601</u>	<u>2,891,465</u>	<u>0.00</u>
Total investments by fair value level	<u>2,960,066</u>	<u>\$ 68,601</u>	<u>\$ 2,891,465</u>	<u>\$ 0.00</u>
<b>Investments Measured at the Net Asset Value (NAV):</b>				
Mutual funds	237,118			
South Dakota FIT	552,222			
South Dakota Community Foundation	18,416			
Total Investments Measured at the NAV	<u>807,756</u>			
Total Investments Measured at Fair Value	<u>\$ 3,767,822</u>			

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The County holds shares in investments where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment as a practical expedient. The NAV valuations are based on valuations of the underlying securities as determined and reported by the fund.

The following table summarize the fair value, unfunded commitments, and redemption rules of the investments measured at NAV as of December 31, 2023:

	<b>Investments Measured at the NAV</b>			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Mutual Funds <sup>(a)</sup>	\$ 237,118		Daily	0 days
South Dakota FIT <sup>(b)</sup>	552,222		Daily	0 days
South Dakota Community Foundation <sup>(c)</sup>	<u>18,416</u>		Unknown	Unknown
Investments measured at the net asset value (NAV)	<u>\$ 807,756</u>			

*(a) Mutual Funds.* This type includes investments in open-end mutual funds that invests in... The fair value of the investment in this type has been determined using the NAV per share of the investment.

*(b) South Dakota FIT.* This includes investments in South Dakota FIT which invests in securities issued or guaranteed by the U.S. government, its agencies, and instrumentalities; and repurchase agreements, provided that the underlying collateral consists of obligations of the U.S. government, its agencies, and instrumentalities. The fair value of the investment in this type has been determined using the NAV per share of the investment.

*(c) South Dakota Community Foundation.* This includes investments in the South Dakota Community Foundation...

**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 County’s policy is to credit all income from investments to the fund making the investment.

6. PROPERTY TAXES

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

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

7. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2023 was as follows:

**Major Purposes:**

Local Assistance and Tribal Consistency Purposes	\$ 946,838.14
Courthouse Building Purposes	167,103.62
Title III Purposes	213,622.05
Library Purposes	362,192.76
Fire Protection Purposes	105,756.24
Rural Access Infrastructure Purposes	<u>101,418.13</u>

**Other Purposes:**

Domestic Abuse Purposes	5,040.50
State Grants Purposes	38,636.58
Modernization and Preservation Relief Purposes	<u>77,395.70</u>

Total Other Purposes	<u>121,072.78</u>
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**Total Restricted Net Position** **\$ 2,018,003.72**

These balances are restricted due to federal grant and statutory requirements.

8. TAX ABATEMENTS

The Municipalities of Custer and Hermosa have created tax increment districts under the authority granted by South Dakota Codified Law section 11-9. The tax increment districts were created to stimulate and develop the general economic welfare and prosperity of the Municipality through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the area will likely enhance significantly the value of substantially all of the other real property in the tax increment district.

The county, municipal, and other local general property taxes levied on all taxable property within a tax incremental district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the tax increment district. The tax increments are allocated until all cost of the tax increment district project has been repaid; however, it cannot exceed 20 years.

Municipality of Custer:

The Municipality of Custer has three (3) active tax increments districts in 2023 and four (4) active tax increments districts in 2022. Because the general property taxes on tax increment districts are allocated to the districts, the taxes are not available to Custer County during the life of the tax increment district.

The amount of general property taxes levied for these three tax increment districts during the calendar year ended December 31, 2023 was \$263,267.34. Based on the percentage of Custer County's property tax levy in relation to the total levy, the amount of general property taxes not available to Custer County was approximately \$49,980.22.

The amount of general property taxes levied for these four tax increment districts during the calendar year ended December 31, 2022 was \$254,193.61. Based on the percentage of Custer County's property tax levy in relation to the total levy, the amount of general property taxes not available to Custer County was approximately \$52,222.03.

Municipality of Hermosa:

The Municipality of Hermosa has one (1) active tax increment districts. Because the general property taxes on tax increment district are allocated to the district, the taxes are not available to Custer County during the life of the tax increment district.

The amount of general property taxes levied for this one tax increment district during the calendar year ended December 31, 2023 was \$90,286.72. Based on the percentage of Custer County's property tax levy in relation to the total levy, the amount of general property taxes not available to Custer County was approximately \$17,942.80.

The amount of general property taxes levied for this one tax increment district during the calendar year ended December 31, 2022 was \$89,140.77. Based on the percentage of Custer County's property tax levy in relation to the total levy, the amount of general property taxes not available to Custer County was approximately \$19,691.75.

9. PENSION PLAN

**Plan Information:**

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

**Benefits Provided:**

SDRS has four classes of 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 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

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

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

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

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

**Contributions:**

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee’s contribution. The County’s share of contributions to the SDRS for the calendar years ended December 31, 2023, 2022, and 2021, equal to the required contributions each year, were as follows:

Year	Amount
2023	\$ 239,727.32
2022	\$ 233,466.62
2021	\$ 209,630.42



**Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:**

At June 30, 2023, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the County as of this measurement period ending June 30, 2023 are as follows:

Proportionate share of total pension liability	\$ 22,439,272.30
Less proportionate share of net position restricted for pension benefits	<u>22,454,386.65</u>
Proportionate share of net pension asset	<u>\$ (15,114.35)</u>

The net pension asset was measured as of June 30, 2023 and the total pension liability used to calculate the net pension asset was based on a projection of the County's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the County's proportion was 0.154853%, which is an increase of 0.001831% from its proportion measured as of June 30, 2022.

**Actuarial Assumptions:**

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

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

**Mortality Rates:**

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

**Active and Terminated Vested Members:**

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

**Retired Members:**

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

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

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

**Beneficiaries:**

PubG-2010 contingent survivor mortality table

**Disabled Members:**

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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

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

**Discount Rate:**

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net pension liability (asset)	\$ 3,097,910.10	\$ (15,114.35)	\$ (2,560,974.50)

**Pension Plan Fiduciary Net Position:**

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

10. JOINT VENTURES

The County participates in a joint venture, known as the Western South Dakota Juvenile Services Center Joint Powers Agreement formed for the purpose of providing juvenile detention services to member counties.

The members of the joint venture and their relative percentage of participation are as follows:

Pennington County	66%
Lawrence County	16%
Butte County	7%
Fall River County	5%
Custer County	5%
Harding County	1%

The joint venture’s governing board is composed of one county commissioner from each county. The board is responsible for adopting the budget and setting service fees at a level adequate to fund the adopted budget.

The County retains no equity in the Net Position of the joint venture but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from the Pennington County Auditor’s Office.

At December 31, 2023, this joint venture had no assets, as the joint venture operates on a breakeven basis, and no long-term liabilities.

11. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2023, the County was involved in one lawsuit. No determination can be made at this time regarding the potential outcome of this lawsuit. However, as discussed in the Risk Management note, the County has liability coverage for itself and its employees with South Dakota Public Assurance Alliance. Therefore, no material effects are anticipated to the County as a result of the potential outcome of this lawsuit.

12. RISK MANAGEMENT

The County 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 County managed its risks as follows:

Employee Health Insurance:

The County joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The County pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members.

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

### Liability Insurance:

The County joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The County's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the County. The County pays a Members' Annual Operating Contribution, to provide liability coverage detailed below, under an occurrence-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The County pays an annual premium to the pool to provide coverage for: general liability, property damage, officials liability, law enforcement liability, automobile liability, automobile damage, and earthquake and flood.

Effective October 5, 2021, the SDPAA adopted a new policy on member departures. Departing members will no longer be eligible for any partial refund of the calculated portion of their contributions which was previously allowed. The prior policy provided the departing member with such a partial refund because the departing member took sole responsibility for all claims and claims expenses whether reported or unreported at the time of their departure from the SDPAA. With such partial refund being no longer available, the SDPAA will now assume responsibility for all reported claims of a departing member pursuant to the revised IGC.

The County carries a \$2,000 deductible for law enforcement liability, \$1,000 - \$5,000 deductible for officials liability, \$1,000 deductible for vehicle comprehensive coverage, \$1,000 deductible for vehicle collision coverage, \$2,500 deductible for property damage (real, personal, miscellaneous, and electronic data processing), \$10,000 deductible for earthquake and flood, and \$1,500 deductible for boiler and equipment breakdown.

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

### Worker's Compensation:

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

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

Unemployment Benefits:

The County has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

During the year two years ended December 31, 2023, no claims were filed for unemployment benefits. It is not anticipated that any additional claims for unemployment benefits will be filed in the next year.

**SUPPLEMENTARY INFORMATION  
CUSTER COUNTY  
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
GENERAL FUND  
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 3,602,793.00	\$ 3,602,793.00	\$ 3,606,438.47	\$ 3,645.47
General Property Taxes--Delinquent	400.00	400.00	857.14	457.14
Penalties and Interest	9,600.00	9,600.00	9,629.78	29.78
Mobile Home Tax	0.00	0.00	411.17	411.17
Licenses and Permits	93,800.00	93,800.00	165,395.47	71,595.47
Intergovernmental Revenue:				
Federal Grants	20.00	20.00	0.00	(20.00)
Federal Shared Revenue	0.00	0.00	635,919.07	635,919.07
Federal Payments in Lieu of Taxes	800,000.00	800,000.00	1,032,172.00	232,172.00
State Grants	500.00	500.00	1,000.00	500.00
State Shared Revenue:				
Bank Franchise	15,000.00	15,000.00	12,448.15	(2,551.85)
Motor Vehicle Licenses	0.00	0.00	35,910.33	35,910.33
Liquor Tax Reversion (Unincorporated Town)	9,000.00	9,000.00	47,940.17	38,940.17
Court Appointed Attorney/Public Defender	0.00	0.00	2,492.71	2,492.71
Abused and Neglected Child Defense	2,500.00	2,500.00	212.07	(2,287.93)
Telecommunications Gross Receipts Tax	20,000.00	20,000.00	14,792.14	(5,207.86)
Motor Vehicle 1/4%	2,500.00	2,500.00	15.00	(2,485.00)
Motor Fuel Tax	0.00	0.00	4,099.54	4,099.54
Other Intergovernmental Revenue	0.00	0.00	200,000.00	200,000.00
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	38,960.00	38,960.00	67,008.78	28,048.78
Register of Deeds' Fees	156,800.00	156,800.00	180,741.75	23,941.75
Legal Services	30,800.00	30,800.00	20,447.47	(10,352.53)
Clerk of Courts Fees	6,100.00	6,100.00	8,416.80	2,316.80
Other Fees	100.00	100.00	3,942.31	3,842.31
Public Safety:				
Law Enforcement	491,190.00	491,190.00	522,497.03	31,307.03
Prisoner Care	0.00	0.00	930.81	930.81
Other	0.00	0.00	30.00	30.00
Public Works:				
Airport	80,000.00	80,000.00	86,556.14	6,556.14
Health and Welfare:				
Economic Assistance:				
Veterans Service Officer	2,812.00	2,812.00	2,812.50	0.50
Health Assistance:				
Women, Infants and Children	3,500.00	3,500.00	6,399.60	2,899.60
Mental Health Services	500.00	500.00	718.16	218.16
Conservation of Natural Resources	0.00	0.00	7,000.00	7,000.00
Other Charges	26,200.00	26,200.00	66,405.93	40,205.93
Fines and Forfeits:				
Costs	5,400.00	5,400.00	7,471.42	2,071.42
Miscellaneous Revenue:				
Investment Earnings	11,500.00	11,500.00	150,244.95	138,744.95
Rent	17,000.00	17,000.00	30,398.40	13,398.40
Refund of Prior Year's Expenditures	0.00	0.00	11,176.42	11,176.42
Other	5,000.00	5,000.00	8,312.96	3,312.96
Unknown, Unexplained Variance	0.00	0.00	19,032.73	19,032.73
<b>Total Revenues</b>	<b>5,431,975.00</b>	<b>5,431,975.00</b>	<b>6,970,277.37</b>	<b>1,538,302.37</b>
<b>Expenditures:</b>				
General Government:				
Legislative:				
Board of County Commissioners	314,968.00	331,968.00	331,007.60	960.40
Contingency	250,000.00	250,000.00		
Amount Transferred		(210,000.00)		40,000.00
Elections	60,166.00	60,166.00	25,365.57	34,800.43
Judicial System	39,000.00	39,000.00	8,767.61	30,232.39
Financial Administration:				
Auditor	278,493.00	296,493.00	295,501.57	991.43
Treasurer	358,491.00	358,491.00	334,673.76	23,817.24
Legal Services:				
State's Attorney	372,008.00	372,008.00	362,677.84	9,330.16

**SUPPLEMENTARY INFORMATION  
CUSTER COUNTY  
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
GENERAL FUND  
For the Year Ended December 31, 2023  
(Continued)**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Abused and Neglected Child Defense	120,000.00	120,000.00	90,623.97	29,376.03
Other General Government:				
General Government Building	354,106.00	354,106.00	328,589.84	25,516.16
Director of Equalization	606,624.00	606,624.00	540,673.11	65,950.89
Register of Deeds	140,672.00	179,672.00	176,860.93	2,811.07
Veterans Service Officer	50,083.00	50,083.00	41,554.95	8,528.05
Predatory Animal	1,745.00	1,745.00	1,744.61	0.39
Geographic Information System	95,821.00	95,821.00	93,415.80	2,405.20
Information Technology	128,900.00	129,700.00	129,697.51	2.49
Human Resources	119,934.00	119,934.00	105,304.58	14,629.42
Public Safety:				
Law Enforcement:				
Sheriff	1,595,753.00	1,600,753.00	1,600,463.10	289.90
County Jail	253,000.00	253,000.00	250,992.94	2,007.06
Coroner	34,176.00	34,176.00	30,415.61	3,760.39
Protective and Emergency Services:				
Fire Protection	0.00	0.00	325,000.00	(325,000.00)
Other Protective and Emergency	42,955.00	47,155.00	42,970.64	4,184.36
Public Works:				
Transportation:				
Airport	181,100.00	248,100.00	247,286.71	813.29
Health and Welfare:				
Economic Assistance:				
Support of Poor	10,700.00	10,700.00	10,000.00	700.00
Other	8,500.00	8,500.00	5,000.00	3,500.00
Health Assistance:				
County Nurse	35,101.00	35,101.00	24,783.36	10,317.64
Other	5,000.00	5,000.00	0.00	5,000.00
Social Services:				
Care of Aged	8,000.00	8,000.00	8,000.00	0.00
Other	5,900.00	5,900.00	5,900.00	0.00
Mental Health Services:				
Mentally Ill	12,900.00	12,900.00	2,732.73	10,167.27
Mental Illness Board	7,000.00	7,000.00	4,918.28	2,081.72
Other	10,500.00	10,500.00	3,262.58	7,237.42
Culture and Recreation:				
Culture:				
Public Library	301,954.00	302,954.00	265,956.74	36,997.26
Historical Museum	30,000.00	41,000.00	41,000.00	0.00
Recreation:				
Recreational Programs	8,000.00	18,000.00	17,062.08	937.92
County Fair	16,000.00	16,000.00	16,859.00	(859.00)
Senior Center	6,350.00	6,350.00	6,350.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	46,720.00	46,720.00	35,447.87	11,272.13
Soil Conservation Districts	28,687.00	28,687.00	26,801.15	1,885.85
Weed Control	150,947.00	150,947.00	123,240.46	27,706.54
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	253,507.00	253,507.00	232,171.67	21,335.33
Urban and Rural Development	0.00	0.00	250,000.00	(250,000.00)
Total Expenditures	<u>6,343,761.00</u>	<u>6,306,761.00</u>	<u>6,443,074.17</u>	<u>(136,313.17)</u>
Excess of Revenues Over (Under) Expenditures	<u>(911,786.00)</u>	<u>(874,786.00)</u>	<u>527,203.20</u>	<u>1,401,989.20</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(573,638.00)	(573,638.00)	0.00	573,638.00
Long-Term Debt Issued	0.00	0.00	1,285.00	1,285.00
Insurance Proceeds	6,000.00	6,000.00	59,391.27	53,391.27
Total Other Financing Sources (Uses)	<u>(567,638.00)</u>	<u>(567,638.00)</u>	<u>60,676.27</u>	<u>628,314.27</u>
Net Change in Fund Balance	(1,479,424.00)	(1,442,424.00)	587,879.47	2,030,303.47
Fund Balance - Beginning	<u>6,325,320.44</u>	<u>6,325,320.44</u>	<u>6,325,320.44</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 4,845,896.44</u>	<u>\$ 4,882,896.44</u>	<u>\$ 6,913,199.91</u>	<u>\$ 2,030,303.47</u>

**SUPPLEMENTARY INFORMATION  
CUSTER COUNTY  
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
ROAD AND BRIDGE FUND  
For the Year Ended 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>		
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 669,587.00	\$ 669,587.00	\$ 671,270.88	\$ 1,683.88
General Property Taxes--Delinquent	0.00	0.00	0.70	0.70
Penalties and Interest	0.00	0.00	2,089.34	2,089.34
Mobile Home Tax	0.00	0.00	123.14	123.14
Wheel Tax	152,500.00	152,500.00	206,744.70	54,244.70
Licenses and Permits	181,020.00	181,020.00	8,750.00	(172,270.00)
Intergovernmental Revenue:				
Federal Shared Revenue	176,500.00	176,500.00	163,065.23	(13,434.77)
State Grants	200,000.00	200,000.00	336,774.32	136,774.32
State Shared Revenue:				
Bank Franchise	4,500.00	4,500.00	4,488.61	(11.39)
Motor Vehicle Licenses	600,000.00	600,000.00	699,227.61	99,227.61
State Highway Fund (former 10% game)	12,500.00	12,500.00	12,948.90	448.90
Prorate License Fees	45,000.00	45,000.00	56,617.78	11,617.78
63 3/4% Mobile Home	35,000.00	35,000.00	88,681.39	53,681.39
Secondary Road Remittances	400,000.00	400,000.00	369,547.05	(30,452.95)
Motor Fuel Tax	5,000.00	5,000.00	4,903.14	(96.86)
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	23,000.00	23,000.00	6,883.91	(16,116.09)
Other Charges	100.00	100.00	0.00	(100.00)
Miscellaneous Revenue:				
Investment Earnings	10,200.00	10,200.00	35,688.43	25,488.43
<b>Total Revenues</b>	<u>2,514,907.00</u>	<u>2,514,907.00</u>	<u>2,667,805.13</u>	<u>152,898.13</u>
<b>Expenditures:</b>				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	3,305,967.00	3,305,967.00	3,049,652.99	256,314.01
Net Change in Fund Balance	(791,060.00)	(791,060.00)	(381,847.86)	409,212.14
Fund Balance - Beginning	(275,280.18)	(275,280.18)	(275,280.18)	0.00
<b>FUND BALANCE - ENDING</b>	<u>\$ (1,066,340.18)</u>	<u>\$ (1,066,340.18)</u>	<u>\$ (657,128.04)</u>	<u>\$ 409,212.14</u>



**SUPPLEMENTARY INFORMATION  
CUSTER COUNTY  
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
COURTHOUSE BUILDING FUND  
For the Year Ended 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>		
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 596,083.00	\$ 596,083.00	\$ 595,028.06	\$ (1,054.94)
General Property Taxes--Delinquent	0.00	0.00	151.74	151.74
Penalties and Interest	0.00	0.00	1,603.47	1,603.47
Mobile Home Tax	0.00	0.00	67.91	67.91
Licenses and Permits	1,300.00	1,300.00	0.00	(1,300.00)
Intergovernmental Revenue:				
State Shared Revenue:				
Bank Franchise	1,900.00	1,900.00	1,806.23	(93.77)
Miscellaneous Revenue:				
Unknown, Unexplained Variance	0.00	0.00	44.97	44.97
<b>Total Revenues</b>	<u>599,283.00</u>	<u>599,283.00</u>	<u>598,702.38</u>	<u>(580.62)</u>
<b>Expenditures:</b>				
General Government:				
Other General Government:				
General Government Building	208,845.00	280,845.00	275,369.56	5,475.44
Debt Service	285,311.00	285,311.00	285,211.00	100.00
<b>Total Expenditures</b>	<u>494,156.00</u>	<u>566,156.00</u>	<u>560,580.56</u>	<u>5,575.44</u>
Net Change in Fund Balance	105,127.00	33,127.00	38,121.82	4,994.82
Fund Balance - Beginning	219,619.15	219,619.15	219,619.15	0.00
<b>FUND BALANCE - ENDING</b>	<u>\$ 324,746.15</u>	<u>\$ 252,746.15</u>	<u>\$ 257,740.97</u>	<u>\$ 4,994.82</u>

**SUPPLEMENTARY INFORMATION  
CUSTER COUNTY  
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
GENERAL FUND  
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 3,404,108.00	\$ 3,404,108.00	\$ 3,410,971.14	\$ 6,863.14
General Property Taxes--Delinquent	2,000.00	2,000.00	6,157.42	4,157.42
Penalties and Interest	8,000.00	8,000.00	15,110.23	7,110.23
Mobile Home Tax	0.00	0.00	918.59	918.59
Other Taxes	0.00	0.00	1,462.59	1,462.59
Licenses and Permits	88,500.00	88,500.00	196,498.40	107,998.40
Intergovernmental Revenue:				
Federal Grants	0.00	38,668.81	873,501.81	834,833.00
Federal Shared Revenue	0.00	0.00	635,919.07	635,919.07
Federal Payments in Lieu of Taxes	800,000.00	800,000.00	989,713.00	189,713.00
State Grants	0.00	1,000.00	1,000.00	0.00
State Shared Revenue:				
Bank Franchise	10,000.00	10,000.00	17,398.55	7,398.55
Liquor Tax Reversion (Unincorporated Town)	0.00	0.00	36,099.60	36,099.60
Abused and Neglected Child Defense	2,500.00	2,500.00	3,188.41	688.41
Telecommunications Gross Receipts Tax	30,000.00	30,000.00	15,801.37	(14,198.63)
Motor Vehicle 1/4%	2,500.00	2,500.00	3,742.76	1,242.76
Liquor Tax Reversion (25%)	0.00	0.00	12,753.49	12,753.49
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	36,800.00	36,800.00	67,447.50	30,647.50
Register of Deeds' Fees	135,600.00	135,600.00	271,956.50	136,356.50
Legal Services	49,400.00	49,400.00	30,052.25	(19,347.75)
Clerk of Courts Fees	9,200.00	9,200.00	9,892.75	692.75
Other Fees	0.00	0.00	140.00	140.00
Public Safety:				
Law Enforcement	438,000.00	438,000.00	547,291.66	109,291.66
Public Works:				
Airport	75,000.00	75,000.00	110,264.34	35,264.34
Health and Welfare:				
Economic Assistance:				
Veterans Service Officer	2,812.00	2,812.00	2,812.50	0.50
Health Assistance:				
Women, Infants and Children	3,500.00	3,500.00	4,936.33	1,436.33
Mental Health Services	1,000.00	1,000.00	100.00	(900.00)
Conservation of Natural Resources	0.00	0.00	17,700.00	17,700.00
Other Charges	7,000.00	7,000.00	42,261.10	35,261.10
Fines and Forfeits:				
Fines	0.00	0.00	7,289.22	7,289.22
Costs	6,500.00	6,500.00	0.00	(6,500.00)
Forfeits	0.00	0.00	9,850.00	9,850.00
Miscellaneous Revenue:				
Investment Earnings	42,000.00	42,000.00	(81,169.39)	(123,169.39)
Rent	9,600.00	9,600.00	35,837.00	26,237.00
Refund of Prior Year's Expenditures	0.00	0.00	99.56	99.56
Other	10,250.00	10,250.00	6,162.04	(4,087.96)
<b>Total Revenues</b>	<b>5,174,270.00</b>	<b>5,213,938.81</b>	<b>7,303,159.79</b>	<b>2,089,220.98</b>

**Expenditures:**

General Government:

Legislative:

Board of County Commissioners 291,654.00 409,235.52 409,235.58 (0.06)

Contingency 250,000.00 250,000.00

Amount Transferred (196,819.34) 53,180.66

Elections 52,166.00 61,142.63 0.00

Judicial System 38,900.00 38,900.00 15,375.73 23,524.27

Financial Administration:

Auditor 258,513.00 258,513.00 202,642.66 55,870.34

Treasurer 326,571.00 366,571.00 366,139.59 431.41

Legal Services:

State's Attorney 356,641.00 356,641.00 346,184.22 10,456.78

Court Appointed Attorney 120,000.00 120,000.00 88,386.34 31,613.66

Other General Government:

General Government Building 199,090.00 199,090.00 298,607.41 (99,517.41)

Director of Equalization 491,943.00 491,943.00 442,121.30 49,821.70

**SUPPLEMENTARY INFORMATION**  
**CUSTER COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**For the Year Ended December 31, 2022**  
**(Continued)**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Register of Deeds	192,623.00	192,623.00	132,124.82	60,498.18
Veterans Service Officer	44,174.00	49,436.50	49,436.00	0.50
Predatory Animal	1,745.00	1,745.00	1,744.61	0.39
Geographic Information System	92,473.00	92,473.00	90,191.06	2,281.94
Information Technology	127,400.00	127,787.33	127,787.33	0.00
Human Resources	94,095.00	94,095.00	86,715.94	7,379.06
Public Safety:				
Law Enforcement:				
Sheriff	1,368,354.00	1,397,928.31	1,291,077.97	106,850.34
County Jail	253,000.00	253,000.00	225,978.79	27,021.21
Coroner	28,428.00	30,628.00	30,532.83	95.17
Protective and Emergency Services:				
Other Protective and Emergency	42,140.00	114,804.17	108,482.33	6,321.84
Public Works:				
Transportation:				
Airport	211,725.00	213,921.72	213,921.72	0.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	10,700.00	10,700.00	6,000.00	4,700.00
Food Stamp Distribution	3,500.00	3,500.00	0.00	3,500.00
Other	5,000.00	5,000.00	155,000.00	(150,000.00)
Health Assistance:				
County Nurse	32,674.00	32,674.00	23,078.57	9,595.43
Ambulance	0.00	0.00	1,000.00	(1,000.00)
Social Services:				
Care of Aged	3,000.00	3,000.00	3,000.00	0.00
Domestic Abuse	6,000.00	6,000.00	6,000.00	0.00
Other	8,400.00	8,400.00	8,400.00	0.00
Mental Health Services:				
Mentally Ill	12,900.00	12,900.00	4,621.92	8,278.08
Mental Health Centers	7,000.00	7,000.00	4,578.52	2,421.48
Mental Illness Board	10,500.00	10,500.00	4,392.60	6,107.40
Culture and Recreation:				
Culture:				
Public Library	272,252.00	273,252.00	266,253.94	6,998.06
Historical Museum	30,000.00	30,000.00	30,000.00	0.00
Arts	20,000.00	20,000.00	20,101.00	(101.00)
Other	1,500.00	1,500.00		1,500.00
Recreation:				
Recreational Programs	17,000.00	17,000.00	17,000.00	0.00
County Fair	16,000.00	27,099.25	285,243.78	(258,144.53)
Senior Center	6,350.00	6,350.00	6,350.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	44,561.00	44,561.00	40,655.22	3,905.78
Soil Conservation Districts	25,736.00	25,736.00	21,745.05	3,990.95
Weed Control	151,587.00	166,287.00	138,691.42	27,595.58
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	249,602.00	249,602.00	210,656.20	38,945.80
Urban and Rural Development	0.00	0.00	1,742,500.00	(1,742,500.00)
Total Expenditures	<u>5,775,897.00</u>	<u>5,884,720.09</u>	<u>7,583,097.08</u>	<u>(1,698,376.99)</u>
Excess of Revenues Over (Under) Expenditures	<u>(601,627.00)</u>	<u>(670,781.28)</u>	<u>(279,937.29)</u>	<u>390,843.99</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(572,089.00)	(572,089.00)	0.00	572,089.00
Insurance Proceeds	0.00	5,605.50	75,028.80	69,423.30
Sale of County Property	0.00	0.00	18,164.17	18,164.17
Total Other Financing Sources (Uses)	<u>(572,089.00)</u>	<u>(566,483.50)</u>	<u>93,192.97</u>	<u>659,676.47</u>
Net Change in Fund Balance	(1,173,716.00)	(1,237,264.78)	(186,744.32)	1,050,520.46
Fund Balance - Beginning	<u>6,512,064.76</u>	<u>6,512,064.76</u>	<u>6,512,064.76</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 5,338,348.76</u>	<u>\$ 5,274,799.98</u>	<u>\$ 6,325,320.44</u>	<u>\$ 1,050,520.46</u>

**SUPPLEMENTARY INFORMATION**  
**CUSTER COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**ROAD AND BRIDGE FUND**  
**For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 638,546.00	\$ 638,546.00	\$ 639,200.31	\$ 654.31
General Property Taxes--Delinquent	500.00	500.00	0.00	(500.00)
Penalties and Interest	2,000.00	2,000.00	1,750.81	(249.19)
Wheel Tax	150,000.00	150,000.00	195,187.63	45,187.63
Other Taxes	0.00	0.00	203.36	203.36
Licenses and Permits	0.00	0.00	13,150.00	13,150.00
Intergovernmental Revenue:				
Federal Shared Revenue	176,500.00	176,500.00	203,700.83	27,200.83
State Grants	0.00	0.00	246,393.69	246,393.69
State Shared Revenue:				
Bank Franchise	4,500.00	4,500.00	6,273.65	1,773.65
Motor Vehicle Licenses	550,000.00	550,000.00	766,107.28	216,107.28
State Highway Fund (former 10% game)	12,500.00	12,500.00	12,948.90	448.90
Prorate License Fees	45,000.00	45,000.00	52,753.37	7,753.37
63 3/4% Mobile Home	20,000.00	20,000.00	69,844.25	49,844.25
Secondary Road Remittances	180,000.00	180,000.00	259,879.67	79,879.67
Motor Fuel Tax	0.00	0.00	8,086.54	8,086.54
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	0.00	0.00	11,198.99	11,198.99
Other Charges	0.00	0.00	233.47	233.47
Miscellaneous Revenue:				
Investment Earnings	8,500.00	8,500.00	16,295.35	7,795.35
<b>Total Revenues</b>	<u>1,788,046.00</u>	<u>1,788,046.00</u>	<u>2,503,208.10</u>	<u>715,162.10</u>
<b>Expenditures:</b>				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	3,139,081.00	3,148,196.39	3,148,220.24	(23.85)
<b>Excess of Revenues Over (Under) Expenditures</b>	(1,351,035.00)	(1,360,150.39)	(645,012.14)	715,138.25
<b>Other Financing Sources (Uses):</b>				
Insurance Proceeds	0.00	0.00	117.98	117.98
<b>Net Change in Fund Balance</b>	(1,351,035.00)	(1,360,150.39)	(644,894.16)	715,256.23
<b>Fund Balance - Beginning</b>	369,613.98	369,613.98	369,613.98	0.00
<b>FUND BALANCE - ENDING</b>	<u>\$ (981,421.02)</u>	<u>\$ (990,536.41)</u>	<u>\$ (275,280.18)</u>	<u>\$ 715,256.23</u>

**SUPPLEMENTARY INFORMATION  
CUSTER COUNTY  
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
COURTHOUSE BUILDING FUND  
For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes:				
General Property Taxes--Current	\$ 562,950.00	\$ 562,950.00	\$ 564,337.28	\$ 1,387.28
General Property Taxes--Delinquent	0.00	0.00	1,102.05	1,102.05
Penalties and Interest	0.00	0.00	2,599.60	2,599.60
Other Taxes	0.00	0.00	393.70	393.70
Intergovernmental Revenue:				
State Shared Revenue:				
Bank Franchise	0.00	0.00	2,524.53	2,524.53
Total Revenues	<u>562,950.00</u>	<u>562,950.00</u>	<u>570,957.16</u>	<u>8,007.16</u>
<b>Expenditures:</b>				
General Government:				
Other General Government:				
General Government Building	242,000.00	242,000.00	229,494.54	12,505.46
Debt Service	<u>285,311.00</u>	<u>285,311.00</u>	<u>285,211.00</u>	<u>100.00</u>
Total Expenditures	<u>527,311.00</u>	<u>527,311.00</u>	<u>514,705.54</u>	<u>12,605.46</u>
Excess of Revenues Over (Under) Expenditures	35,639.00	35,639.00	56,251.62	20,612.62
<b>Other Financing Sources (Uses):</b>				
Sale of County Property	<u>13,877.00</u>	<u>13,877.00</u>	<u>0.00</u>	<u>(13,877.00)</u>
Net Change in Fund Balance	49,516.00	49,516.00	56,251.62	6,735.62
Fund Balance - Beginning	<u>163,367.53</u>	<u>163,367.53</u>	<u>163,367.53</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 212,883.53</u>	<u>\$ 212,883.53</u>	<u>\$ 219,619.15</u>	<u>\$ 6,735.62</u>

CUSTER COUNTY  
NOTES TO THE SUPPLEMENTARY INFORMATION  
Schedules of Budgetary Comparisons for the General Fund  
and for each major Special Revenue Fund with a legally required budget

Note 1. Budgets and Budgetary Accounting:

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

1. Between the fifteenth and thirtieth days of July in each year the Board of County Commissioners prepares and files with the County Auditor a provisional budget for the following year, containing a detailed estimate of cash balances, revenues, and expenditures.
2. Prior to the first Tuesday in September in each year a notice of budget hearing is published once each week for two successive weeks, and the text of the provisional budget is published with the first publication.
3. The Board of County Commissioners holds a meeting for the purpose of considering the provisional budget on or prior to the first Tuesday in September in each year. Such hearings must be concluded by October first. Changes made to the provisional budget are entered at length in the minutes of the Board of County Commissioners.
4. Before October first of each year the Board of County Commissioners adopts an annual budget for the ensuing year. The adopted budget is filed in the office of the County Auditor.
5. After adoption by the Board of County Commissioners, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 7.
6. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total county budget.
7. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
8. Unexpended appropriations lapse at year end unless encumbered by resolution of the Board of County Commissioners.
9. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

**SUPPLEMENTARY INFORMATION  
CUSTER COUNTY  
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**

**South Dakota Retirement System**

\*Last 10 Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.154853%	0.153022%	0.148530%	0.142128%	0.134471%	0.128709%	0.134335%	0.141100%	0.138176%	0.141076%
County's proportionate share of net pension liability (asset)	\$ (15,114)	\$ (14,462)	\$ (1,137,486)	\$ (6,173)	\$ (14,250)	\$ (3,002)	\$ (12,191)	\$ 476,621	\$ (586,043)	\$ (1,016,392)
County's covered payroll	\$ 3,730,414	\$ 3,405,499	\$ 3,132,650	\$ 2,951,797	\$ 2,688,825	\$ 2,531,973	\$ 2,558,057	\$ 2,506,543	\$ 2,355,270	\$ 2,300,876
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.41%	0.42%	36.31%	0.21%	0.53%	0.12%	0.48%	19.02%	24.88%	44.17%
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%	107.30%

\* 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.

CUSTER COUNTY  
NOTES TO THE SUPPLEMENTARY INFORMATION  
Schedule of the Proportionate Share of the Net Pension Liability (Asset)

**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.



**SUPPLEMENTARY INFORMATION  
CUSTER COUNTY  
SCHEDULE OF CHANGES IN LONG-TERM DEBT  
For the Two Years Ended December 31, 2023**

<u>Indebtedness</u>	<u>Long-Term Debt January 1, 2022</u>	<u>Add New Debt</u>	<u>Less Debt Retired</u>	<u>Long-Term Debt December 31, 2023</u>
<b>Governmental Long-Term Debt:</b>				
Bonds Payable	\$ 3,821,984.26	\$	\$ 273,861.90	\$ 3,548,122.36

Note 1 - Long-Term Debt:

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

General Obligation Bonds:

General Obligation Bond Series 2010 (Build America Direct Pay), Final Maturity - August 2049, Interest Rate - 4%, Paid from Courthouse Building Fund \$ 2,891,817.75

General Obligation Bond Series 2010B (Build America Direct Pay), Final Maturity - December 2031, Interest Rate - 3.75%, Paid from Courthouse Building Fund \$ 656,304.61

**SUPPLEMENTARY INFORMATION  
CUSTER COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Two Years Ended December 31, 2023**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures 2022	Total Federal Expenditures 2023
Forest Service Schools and Roads Cluster: US Department of Agriculture - Direct Programs: Schools and Roads - Grants to Counties (Note 3)	10.666		\$	\$ 2,483.12	\$ 1,981.73
US Department of Agriculture - Pass-Through Programs: SD State Auditor, Schools and Roads - Grants to States (Note 3)	10.665		364,533.77	404,918.86	324,148.70
<b>Total for Schools and Roads Cluster</b>			<u>364,533.77</u>	<u>407,401.98</u>	<u>326,130.43</u>
Other Programs: US Department of Agriculture - Pass-Through Programs: SD Department of Agriculture and Natural Resources, Cooperative Forestry Assistance	10.664			5,000.00	5,580.00
<b>Total US Department of Agriculture</b>			<u>364,533.77</u>	<u>412,401.98</u>	<u>331,710.43</u>
US Department of Interior - Direct Programs: Bureau of Land Management, Payments in Lieu of Taxes (Note 3) (Note 4)	15.226			989,713.00	1,032,172.00
<b>Total US Department of the Interior</b>			<u>0.00</u>	<u>989,713.00</u>	<u>1,032,172.00</u>
US Department of Justice - Direct Programs: Bulletproof Vest Partnership Program	16.607			2,148.81	
<b>Total US Department of Justice</b>			<u>0.00</u>	<u>2,148.81</u>	<u>0.00</u>
Other Programs: US Department of Transportation - Direct Program: SD Department of Transportation, Airport Improvement Program	20.106	3-46-0011-019-2023, 3-46-0011-020-2023		24,480.56	45,625.02
<b>Total US Department of Transportation</b>			<u>0.00</u>	<u>24,480.56</u>	<u>45,625.02</u>
US Department of Treasury - Direct Programs: Coronavirus State and Local Fiscal Recovery Funds (Note 4) Local Assistance and Tribal Consistency Fund	21.027 21.320			1,742,706.00	325,000.00
<b>Total US Department of Treasury</b>			<u>0.00</u>	<u>1,742,706.00</u>	<u>325,000.00</u>
US General Services Administration - Pass-Through Programs: SD Federal Property Agency, Donation of Federal Surplus Personal Property (Note 5)	39.003			184.07	165.08
<b>Total US General Services Administration</b>			<u>0.00</u>	<u>184.07</u>	<u>165.08</u>
US Department of Homeland Security - Pass-Through Programs: SD Department of Public Safety - Office of Emergency Management, Emergency Management Performance Grants BRIC: Building Resilient Infrastructure and Communities Homeland Security Grant Program	97.042 97.047 97.067	G8FDHUED947		30,925.23 12,000.00 30,070.10	31,416.16 12,000.00 136,170.98
<b>Total US Department of Homeland Security</b>			<u>0.00</u>	<u>60,995.33</u>	<u>179,587.14</u>
<b>GRAND TOTAL</b>			<u>\$ 364,533.77</u>	<u>\$ 3,232,629.75</u>	<u>\$ 1,914,259.67</u>

**Note 1: Basis of Presentation**

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

**Note 2: Summary of Significant Accounting Policies**

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

**Note 3: Federal Reimbursement**

Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

**Note 4: Major Federal Financial Assistance Program**

This represents a Major Federal Financial Assistance Program.

**Note 5: Federal Surplus Property**

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