

Municipality of Fort Pierre

Independent Auditor's Report and Financial Statements

**For the Year Ended
December 31, 2024**

Municipality of Fort Pierre

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**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Governing Board
Municipality of Fort Pierre, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Fort Pierre, South Dakota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements, and have issued our report thereon October 22, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality of Fort Pierre's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality of Fort Pierre's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality of Fort Pierre'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 Municipality's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality of Fort Pierre'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in dark ink, appearing to read "CIO of LLC".

Chamberlain, South Dakota
October 22, 2025

Municipality of Fort Pierre, SD
Schedule of Findings
For the Year Ended December 31, 2024

Schedule of Prior Audit Findings

The prior audit report contained no written audit comments.

Schedule of Current Audit Findings

There are no written current audit findings to report.



Independent Auditor's Report

To the Governing Board
Municipality of Fort Pierre, South Dakota

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Fort Pierre, South Dakota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Fort Pierre, South Dakota as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the Municipal Proportionate Share of the Net Pension Liability (Asset), and Schedule of the Municipality's Contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2025 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "CIO of LLC".

Chamberlain, South Dakota
October 22, 2025

Municipality of Fort Pierre, SD

Statement of Net Position

December 31, 2024

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets			
Cash and cash equivalents	\$ 3,798,540	\$ 3,518,024	\$ 7,316,564
Investments	223,522	--	223,522
Accounts receivable, net	390,067	460,305	850,372
Inventories	24,822	862,841	887,663
Land held for resale	103,859	--	103,859
Other assets	--	443,320	443,320
Restricted assets:			
Cash	223,076	2,229,801	2,452,877
Net pension asset	718	1,076	1,794
Capital assets:			
Land and construction in progress	1,328,004	163,577	1,491,581
Other capital assets, net of depreciation	13,792,439	14,400,550	28,192,989
Total Assets	19,885,047	22,079,494	41,964,541
Deferred Outflows of Resources:			
Pension related deferred outflows	122,036	183,450	305,486
Liabilities			
Accounts payable and other current liabilities	301,764	399,983	701,747
Noncurrent liabilities:			
Due within one year	410,191	124,827	535,018
Due in more than one year	2,971,181	3,629,069	6,600,250
Total Liabilities	3,683,136	4,153,879	7,837,015
Deferred Inflows of Resources:			
Pension related deferred inflows	90,052	135,369	225,421
Net Position			
Net investment in capital assets	11,776,818	9,524,364	21,301,182
Restricted for:			
Debt services	151,768	390,548	542,316
Cemetery	31,927	--	31,927
Meter Deposits	--	143,320	143,320
Expo building	5,598	--	5,598
Park	27,746	--	27,746
SDRS pension purposes	32,702	49,157	81,859
Unrestricted	4,207,336	7,866,307	12,073,643
Total Net Position	\$ 16,233,895	\$ 17,973,696	\$ 34,207,591

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

Municipality of Fort Pierre, SD
Statement of Activities
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
General government	\$ 470,520	\$ 156,383	\$ 137,641	\$ (176,496)	\$ --	\$ (176,496)
Public safety	589,158	124,674	--	(464,484)	--	(464,484)
Public works	1,939,570	224,954	14,264	(1,700,352)	--	(1,700,352)
Health and welfare	72,228	2,913	--	(69,315)	--	(69,315)
Culture and recreation	1,377,522	32,963	--	(1,344,559)	--	(1,344,559)
Interest on long-term debt	114,523	--	--	(114,523)	--	(114,523)
Total Governmental Activities	4,563,521	541,887	151,905	(3,869,729)	--	(3,869,729)
Business-type Activities:						
Water	1,103,843	830,630	--	--	(273,213)	(273,213)
Electric	2,673,666	2,984,961	--	--	311,295	311,295
Sewer	931,080	854,714	--	--	(76,366)	(76,366)
Total Business-Type Activities	4,708,589	4,670,305	--	--	(38,284)	(38,284)
Total Primary Government	\$ 9,272,110	\$ 5,212,192	\$ 151,905	(3,869,729)	(38,284)	(3,908,013)
General Revenues:						
Taxes:						
Property tax				1,644,168	--	1,644,168
Sales tax				2,359,844	--	2,359,844
State shared revenues				149,505	--	149,505
County shared revenues				4,444	--	4,444
Unrestricted investment earnings				247,979	--	247,979
Miscellaneous revenue				234,312	194,856	429,168
Total General Revenues and Transfers				4,640,252	194,856	4,835,108
Change in Net position				770,523	156,572	927,095
Net Position-Beginning of Year				15,463,372	17,817,124	33,280,496
Net Position-End of Year				\$ 16,233,895	\$ 17,973,696	\$ 34,207,591

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

Municipality of Fort Pierre, SD
Balance Sheet – Governmental Funds
December 31, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 3,670,155	\$ 128,385	\$ 3,798,540
Investments	223,522	--	223,522
Taxes receivable:			
Delinquent	22,753	--	22,753
Accounts receivable	2,446	1,419	3,865
Special assessments receivable			
Teton Island	117,838	--	117,838
Due from county governments	15,106	--	15,106
Due from state government	230,505	--	230,505
Supply inventory	5,598	19,224	24,822
Land held for resale	103,859	--	103,859
Restricted cash	27,746	195,330	223,076
Total Assets	<u>4,419,528</u>	<u>344,358</u>	<u>4,763,886</u>
Liabilities and Fund Balances			
Accounts payable	249,926	--	249,926
Accrued wages payable	33,133	17,286	50,419
Unearned revenue	--	1,419	1,419
Total Liabilities	<u>283,059</u>	<u>18,705</u>	<u>301,764</u>
Deferred Inflows of Resources			
Property taxes	22,753	--	22,753
Special Assessments	117,838	--	117,838
Total Deferred Inflows of Resources	<u>140,591</u>	<u>--</u>	<u>140,591</u>
Fund Balances			
Nonspendable			
Inventory	103,859	--	103,859
Expo Building	5,598	--	5,598
Restricted			
Perpetual cemetery trust	--	31,927	31,927
Debt Service	--	151,768	151,768
Park	27,746	--	27,746
Assigned			
Firehall	77,500	--	77,500
Capital outlay accumulations	646,022	--	646,022
Cemetery improvements	--	12,052	12,052
Promotion of the city	--	129,906	129,906
Unassigned	3,135,153	--	3,135,153
Total Fund Balances	<u>3,995,878</u>	<u>325,653</u>	<u>4,321,531</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,419,528</u>	<u>\$ 344,358</u>	<u>\$ 4,763,886</u>

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

Municipality of Fort Pierre, SD

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position December 31, 2024

Total Fund Balances - Government Funds	\$ 4,321,531
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Amounts reported for governmental activities in the statement of net position are different because:

Net pension asset reported in governmental activities is not an available resource and therefore is not reported in the funds.	718
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	15,120,443
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Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	122,036
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Long-term liabilities, including bonds payable and accrued leave payable are not due and payable in the current period and therefore are not reported in the funds.	(3,381,372)
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Assets such as taxes receivable (delinquent) and special assessment receivables (current, delinquent and deferred) are not available to pay for current period expenditures and therefore are not deferred in the funds.	140,591
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Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(90,052)</u>
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Net Position - Governmental Funds	<u><u>\$ 16,233,895</u></u>
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Municipality of Fort Pierre, SD

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds For the Year Ended December 31, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes			
General property taxes	\$ 1,402,160	\$ 214,491	\$ 1,616,651
General sales taxes	2,178,412	181,432	2,359,844
Penalties and interest	3,504	1,389	4,893
Licenses and permits	78,447	--	78,447
Intergovernmental revenue			
State grants	14,264	--	14,264
State shared revenues			
Bank franchise tax	52,177	--	52,177
Motor vehicle commercial prorate	6,795	--	6,795
Liquor tax reversion	14,288	--	14,288
Motor vehicles licenses	40,341	--	40,341
Local government highway and bridge	35,904	--	35,904
County shared revenues	4,444	--	4,444
Charges for goods and services			
General government	77,936	--	77,936
Highways and streets	124,008	--	124,008
Sanitation	582	--	582
Health	2,913	--	2,913
Culture and recreation	32,963	--	32,963
Fines and forfeits			
Court fines and costs	66	--	66
Parking fines	600	--	600
Miscellaneous revenue			
Investment earnings	247,306	673	247,979
Rentals	650	11,173	11,823
Special maintenance fee	224,372	--	224,372
Contributions	29,500	108,141	137,641
Other	28,439	--	28,439
Total Revenue	<u>\$ 4,600,071</u>	<u>\$ 517,299</u>	<u>\$ 5,117,370</u>

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

Municipality of Fort Pierre, SD

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds For the Year Ended December 31, 2024 (Continued)

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Expenditures:			
General government:			
Executive	\$ 123,376	\$ --	\$ 123,376
Elections	22	--	22
Legal	46,883	--	46,883
Financial administration	219,363	--	219,363
Planning and zoning	48,838	--	48,838
Public safety:			
Police	435,621	--	435,621
Fire	127,336	--	127,336
Building inspection	15,291	--	15,291
Civil defense	2,407	--	2,407
Public works:			
Highways and streets	680,578	--	680,578
Sanitation	61,493	--	61,493
Cemetery	--	12,556	12,556
Transit	30,000	--	30,000
Health and welfare:			
Health	72,228	--	72,228
Culture and recreation:			
Recreation	102,439	--	102,439
Parks	765,445	--	765,445
Library	5,250	--	5,250
Expo building	3,758	--	3,758
Cultural arts	4,000	--	4,000
Museum	55,242	--	55,242
Conservation and development:			
Dues and fees	500	2,304	2,804
BID board economic development	--	112,742	112,742
Economic development and assistance (industrial development)	--	200,008	200,008
Debt service	364,628	147,866	512,494
Capital outlay	3,055,693	--	3,055,693
Total Expenditures	<u>6,220,391</u>	<u>475,476</u>	<u>6,695,867</u>
Excess of Revenues Over (Under)			
Expenditures	<u>(1,620,320)</u>	<u>41,823</u>	<u>(1,578,497)</u>
Other Financing Sources:			
Transfers in	517,968	--	517,968
Transfers out	--	(517,968)	(517,968)
Compensation for loss/damage	194,050	--	194,050
Total Other Financing Sources	<u>712,018</u>	<u>(517,968)</u>	<u>194,050</u>
Net Change in Fund Balance	(908,302)	(476,145)	(1,384,447)
Fund Balances- Beginning of Year	<u>4,904,180</u>	<u>801,798</u>	<u>5,705,978</u>
Fund Balances - End of Year	<u>\$ 3,995,878</u>	<u>\$ 325,653</u>	<u>\$ 4,321,531</u>

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

Municipality of Fort Pierre, SD

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities For the Year Ended December 31, 2024

Net Change in Fund Balances - Total Government Funds	\$ (1,384,447)
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Amounts reported for governmental activities in the statement of activities are different because:

This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.	3,055,693
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This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	(1,289,855)
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Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net assets.	397,971
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Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments as revenue upon completion of the project at the point when an enforceable claim arises.	22,624
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Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	(31,143)
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Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.	<u>(320)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 770,523</u></u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Fort Pierre, SD
Statement of Net Position – Proprietary Funds
December 31, 2024

	Enterprise Funds			
	Water Fund	Electric Fund	Sanitary Sewer Fund	Totals
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,011,201	\$ 2,042,704	\$ 464,119	\$ 3,518,024
Accounts receivable	98,508	266,827	74,208	439,543
Accounts receivable - Surcharge	--	--	20,408	20,408
NSF check receivables	--	354	--	354
Supply inventory	202,233	640,435	20,173	862,841
Total Current Assets	<u>1,311,942</u>	<u>2,950,320</u>	<u>578,908</u>	<u>4,841,170</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	--	1,839,253	390,548	2,229,801
Deposit	306,250	137,070	--	443,320
Capital assets:				
Land	27,587	115,999	19,991	163,577
Buildings	1,007,401	3,885,262	6,995	4,899,658
Improvements other than buildings	3,279,431	5,881,611	12,363,544	21,524,586
Machinery and equipment	334,647	813,019	946,438	2,094,104
Accumulated depreciation	(3,032,656)	(5,089,607)	(5,995,535)	(14,117,798)
Total Capital Assets:	<u>1,616,410</u>	<u>5,606,284</u>	<u>7,341,433</u>	<u>14,564,127</u>
Net pension asset	<u>235</u>	<u>596</u>	<u>245</u>	<u>1,076</u>
Total Noncurrent Assets	<u>1,922,895</u>	<u>7,583,203</u>	<u>7,732,226</u>	<u>17,238,324</u>
Total Assets	<u>3,234,837</u>	<u>10,533,523</u>	<u>8,311,134</u>	<u>22,079,494</u>
Deferred Outflows of Resources:				
Pension related deferred outflows	<u>40,031</u>	<u>101,624</u>	<u>41,795</u>	<u>183,450</u>
Liabilities				
Current Liabilities:				
Accounts payable	27,302	177,645	7,961	212,908
Accrued wages	8,064	25,462	10,229	43,755
Customer deposits	6,250	137,070	--	143,320
Current portion of long term debt	--	--	124,827	124,827
Total Current Liabilities	<u>41,616</u>	<u>340,177</u>	<u>143,017</u>	<u>524,810</u>
Noncurrent Liabilities:				
Bonds payable:				
Revenue	--	--	3,572,948	3,572,948
Accrued leave payable	8,811	38,499	8,811	56,121
Total Noncurrent Liabilities	<u>8,811</u>	<u>38,499</u>	<u>3,581,759</u>	<u>3,629,069</u>
Total Liabilities	<u>50,427</u>	<u>378,676</u>	<u>3,724,776</u>	<u>4,153,879</u>
Deferred Inflows of Resources:				
Pension related deferred inflows	<u>29,538</u>	<u>74,990</u>	<u>30,841</u>	<u>135,369</u>
Net Position				
Net investment in capital assets	274,422	5,606,284	3,643,658	9,524,364
Restricted net position restricted for:				
Debt service	--	--	390,548	390,548
Customer deposits	6,250	137,070	--	143,320
SDRS pension purposes	10,728	27,230	11,199	49,157
Unrestricted net position	<u>2,903,503</u>	<u>4,410,897</u>	<u>551,907</u>	<u>7,866,307</u>
Total Net Position	<u>\$ 3,194,903</u>	<u>\$ 10,181,481</u>	<u>\$ 4,597,312</u>	<u>\$ 17,973,696</u>

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

Municipality of Fort Pierre, SD

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
For the Year Ended December 31, 2024

	Water Fund	Electric Fund	Sewer Fund	Totals
Operating Revenues:				
Charges for goods and services	\$ 830,630	\$ 2,984,961	\$ 854,714	\$ 4,670,305
Total Operating Revenues	<u>830,630</u>	<u>2,984,961</u>	<u>854,714</u>	<u>4,670,305</u>
Operating Expenses:				
Personal services	190,376	517,074	175,120	882,570
Other current expense	543,274	323,831	281,841	1,148,946
Materials	245,956	1,585,444	--	1,831,400
Depreciation	124,237	247,598	392,810	764,645
Total Operating Expenses	<u>1,103,843</u>	<u>2,673,947</u>	<u>849,771</u>	<u>4,627,561</u>
Operating Income (Loss)	<u>(273,213)</u>	<u>311,014</u>	<u>4,943</u>	<u>42,744</u>
Nonoperating Revenues:				
Miscellaneous non-operating revenue (expense)	--	281	573	854
Compensation for loss/damage	188,162	5,894	800	194,856
Interest expense	--	--	(81,882)	(81,882)
Total Nonoperating Revenue	<u>188,162</u>	<u>6,175</u>	<u>(80,509)</u>	<u>113,828</u>
Net Income (Loss) Before Contributions	<u>(85,051)</u>	<u>317,189</u>	<u>(75,566)</u>	<u>156,572</u>
Net Position - Beginning of Year	<u>3,279,954</u>	<u>9,864,292</u>	<u>4,672,878</u>	<u>17,817,124</u>
Net Position - End of Year	<u><u>\$ 3,194,903</u></u>	<u><u>\$ 10,181,481</u></u>	<u><u>\$ 4,597,312</u></u>	<u><u>\$ 17,973,696</u></u>

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

Municipality of Fort Pierre, SD
Statement of Cash Flows – Proprietary Funds
For the Year Ended December 31, 2024

	Water Fund	Electric Fund	Sanitary Sewer Fund	Totals
Cash Flows from Operating Activities:				
Receipt from customers	\$ 832,776	\$ 3,010,974	\$ 855,673	\$ 4,699,423
Payments to suppliers	(857,130)	(1,893,039)	(503,675)	(3,253,844)
Payments to employees	(189,621)	(501,888)	(170,371)	(861,880)
Compensation for loss/damage	188,162	5,894	800	194,856
Net Cash Provided (Used) by Operating	(25,813)	621,941	182,427	778,555
Cash Flows from Capital and Related Financing				
Activities:				
Purchase of capital assets	(233,624)	(276,956)	(102,747)	(613,327)
Proceeds from issuance of debt	--	--	159,514	159,514
Debt principal paid	--	--	(118,782)	(118,782)
Debt interest paid	--	--	(81,882)	(81,882)
Net Cash (Used) by Capital and Related				
Financing Activities:	(233,624)	(276,956)	(143,897)	(654,477)
Net Increase (Decrease) in Cash and Cash				
Equivalents	(259,437)	344,985	38,530	124,078
Cash and Cash Equivalents - Beginning of Year	1,270,638	3,536,972	816,137	5,623,747
Cash and Cash Equivalents - End of Year	\$ 1,011,201	\$ 3,881,957	\$ 854,667	\$ 5,747,825
Reconciliation of Operating Income (Loss) to Net				
Cash Provided by Operating Activities:				
Operating income (loss)	\$ (273,213)	\$ 311,014	\$ 4,943	\$ 42,744
Adjustments to reconcile operating income to net cash provided by operating activities:				
Provided by operating activities:				
Depreciation expense	124,237	247,598	392,810	764,645
Compensation for loss/damage	188,162	5,894	800	194,856
Miscellaneous revenue (expense) and special assessments	--	281	573	854
(Increase) decrease in:				
Receivables	2,146	31,944	386	34,476
Inventories	(55,490)	(1,571)	(8,286)	(65,347)
Increase (decrease) in:				
Accounts and other payables	(12,410)	17,526	(213,548)	(208,432)
Pension related deferred inflows and inflows	3,386	10,931	7,212	21,529
Accrued wages and leave payable	(3,131)	4,255	(2,463)	(1,339)
Deposits	500	(5,931)	--	(5,431)
Net Cash Provided by Operating Activities	\$ (25,813)	\$ 621,941	\$ 182,427	\$ 778,555
Composition of Cash and Cash Equivalents				
Cash and cash equivalents	\$ 1,011,201	\$ 2,042,704	\$ 464,119	\$ 3,518,024
Restricted cash and cash equivalents	--	1,839,253	390,548	2,229,801
Total	\$ 1,011,201	\$ 3,881,957	\$ 854,667	\$ 5,747,825

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

Municipality of Fort Pierre, SD
Statement of Net Position – Fiduciary Funds
December 31, 2024

	<u>Custodial Funds</u>
Assets:	
Cash and Cash Equivalents	\$ --
Other Assets	<u>114,608</u>
 Total Assets	 <u><u>\$ 114,608</u></u>
 Liabilities:	
Amounts held for others	<u>\$ 114,608</u>
 Total Liabilities	 <u><u>\$ 114,608</u></u>

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

Municipality of Fort Pierre, SD
Statement of Changes in Net Position – Fiduciary Funds
December 31, 2024

	Custodial Funds
Additions:	
Property Tax Collections for Other Governments	\$ --
Other Assets	<u>--</u>
Total Additions	<u>\$ --</u>
Deductions:	
Payments of Property Tax to Other Governments	<u>\$ --</u>
Total Deductions	<u>\$ --</u>
Change in Net Position	
Net Position - Beginning	<u>\$ --</u>
Net Position - Ending	<u><u>\$ --</u></u>

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

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies:

a. Financial Reporting Entity:

The reporting entity of the Municipality of Fort Pierre 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.

The Municipality participates in two cooperative units. 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 their relationship with the Municipality.

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

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

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

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

Governmental Funds:

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

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.

The remaining Special Revenue funds are not considered major funds: Liquor, Lodging, and Dining Gross Receipts Tax Fund (SDCL 10-52A-2), 2nd% Sales & Use Tax (SDCL 10-52-2), and TIF District No. 5.

Permanent Fund – Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Municipality's programs – that is for the benefit of the Municipality and its citizenry.

Cedar Hill Cemetery Perpetual Care Fund – To account for the payments received for perpetual care of cemeteries which are permanently set aside and for which only the income from the trust fund investments is used for the care and maintenance of the cemetery (SDCL 9-32-18). This is not a major fund.

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The Municipality does not have any debt service funds.

Proprietary Funds:

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

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

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

Electric Fund – Financed primarily by user charges, this fund accounts for the construction and operation of the municipal electrical system and related facilities (SDCL 9-39-1 and 9-39-96). This is a major fund.

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

Fiduciary 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.

Measurement Focus:

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

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements – In the fund financial statements, the “current financial resources” measurement focus and the modified accrual basis of accounting are applied to governmental fund, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

Basis of Accounting:

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

Fund Financial Statements – All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Municipality of Fort Pierre that cycle is 60 days. The revenues which are accrued at December 31, 2024 are sales tax, real estate taxes, state-shared revenues, and miscellaneous other revenues.

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

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

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

d. 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 term to maturity at a date of acquisition of three months or less.

Investments classified in the financial statements consist of treasury money market investments, mutual funds, and/or those types of investments authorized by South Dakota Codified Laws (SDCL) 4-5-6.

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

e. Capital Assets:

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

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

Government-Wide Financial Statements:

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

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems and lighting systems, acquired prior to January 1, 1980, were not required to be capitalized by the Municipality. Infrastructure assets acquired since January 1, 1980 are recorded at cost and classified as "Improvements other than Buildings".

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

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land and land rights	All	N/A	N/A
Improvements other than buildings	\$ 5,000	Straight-line	10-50 years
Buildings	5,000	Straight-line	20-33 years
Machinery and equipment	5,000	Straight-line	5-25 years
Infrastructure	5,000	Straight-line	10-50 years
Utilities property and improvements	5,000	Straight-line	10-50 years

Land, an inexhaustible capital asset, is not depreciated.

Fund Financial Statements:

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

f. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of revenue bonds and accrued leave.

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

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

g. Program Revenues:

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

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

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

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

i. Proprietary Funds Revenue and Expense Classifications:

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

j. Cash and Cash Equivalents:

For the purposes of the proprietary funds' Statement of Cash Flows, the Municipality considers all highly liquid investments as deposits (including restricted assets) with a term to maturity of three months or less, at date of acquisition, to be cash equivalents.

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

k. Equity Classifications:

Government-Wide Financial Statements:

Equity is classified as net position and is displayed in three components:

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between “non-spendable,” “restricted,” “committed,” “assigned” and “unassigned” components. Proprietary fund equity is classified the same as in the government-wide financial statements.

l. Application of Net Position:

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

m. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements. Actual results could differ from these estimates.

n. Subsequent Events:

The Municipality has assessed subsequent events through October 22, 2025, the date which the financial statements were available to be issued.

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

o. Fund Balance Classification Policies and Procedures:

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

Non-spendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the Finance Officer.

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 Nonspendable Fund Balance is comprised of the following:

- Amount reported in non-spendable forms such as inventory.
- Amount of land held for resale.

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

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

p. Pensions:

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

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

2. Deposits and Investments Fair Value Measurement, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk:

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

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

Investments – In General, SDCL 4-5-6 permits Municipality funds to be invested 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.

Fair Value Measurement – The Municipality categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based upon the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

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

As of December 31, 2024, the Municipality had the following investments:

<u>Investments</u>	<u>Credit Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
Treasury Money Market	N/A	N/A	\$ 220,992
Mutual Funds	N/A	1-5 Years	2,530
			<u>\$ 223,522</u>

The municipality has money market fund investments and mutual funds all at Level 2 holdings.

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

2. Deposits and Investments Fair Value Measurement, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk: (Continued)

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the Municipality's deposits may not be returned to it. The municipality does not have a deposit policy for custodial credit risk. As of December 31, 2024, the Municipality's deposits in financial institutions were not exposed to custodial credit risk.

Custodial Credit Risk – Investments – The risk that, in the event of the counterparty to a transaction, the Municipality will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

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

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

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

3. Receivables and Payables:

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

4. Restricted Cash:

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

	<u>Amount:</u>	<u>Purpose:</u>
	\$ 183,104	Debt Services
	31,927	Cemetery
	2,229,801	Capital Projects
	8,045	Expo Building
Total Investments	<u>\$ 2,452,877</u>	

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

5. Inventory:

Inventory in the General Fund consists of expendable supplies held for consumption. Supply inventories are recorded at cost.

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

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

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 January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year.

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

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

7. Changes in Capital Assets:

A summary of changes in capital assets for the year ended December 31, 2024 is as follows:

Governmental Activities:

	<u>Balance 1/1/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2024</u>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 1,069,418	\$ --	\$ --	\$ 1,069,418
Construction in progress	<u>128,963</u>	<u>195,093</u>	<u>65,470</u>	<u>258,586</u>
Total, not being depreciated	<u>1,198,381</u>	<u>195,093</u>	<u>65,470</u>	<u>1,328,004</u>
Capital assets, being depreciated				
Buildings	1,061,843	176,859	--	1,238,702
Improvements	21,929,639	2,585,771	--	24,515,410
Equipment	<u>2,077,177</u>	<u>163,440</u>	<u>--</u>	<u>2,240,617</u>
Total, being depreciated	<u>25,068,659</u>	<u>2,926,070</u>	<u>--</u>	<u>27,994,729</u>
Less accumulated depreciation for:				
Buildings	392,710	24,496	--	417,206
Improvements	11,213,776	1,125,250	--	12,339,026
Equipment	<u>1,305,949</u>	<u>140,109</u>	<u>--</u>	<u>1,446,058</u>
Total accumulated depreciation	<u>12,912,435</u>	<u>1,289,855</u>	<u>--</u>	<u>14,202,290</u>
Capital Assets Net	<u>\$ 13,354,605</u>	<u>\$ 1,831,308</u>	<u>\$ 65,470</u>	<u>\$ 15,120,443</u>

Depreciation expense was charged to functions as follows:

General government	\$ 575
Public safety	8,503
Public works	1,154,943
Culture and recreation	<u>125,834</u>
	<u>\$ 1,289,855</u>

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

7. Changes in Capital Assets: (Continued)

A summary of changes in capital assets for the year ended December 31, 2024 is as follows: (Continued)

Business-Type Activities:

	<u>Balance 1/1/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2024</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 163,577	\$ --	\$ --	\$ 163,577
CIP	97,599	--	97,599	--
Total, not being depreciated	<u>261,176</u>	<u>--</u>	<u>97,599</u>	<u>163,577</u>
Capital assts, being depreciated:				
Buildings	4,651,058	--	--	4,651,058
Improvements	21,146,694	626,492	--	21,773,186
Equipment	2,009,670	84,434	--	2,094,104
Total, being depreciated	<u>27,807,422</u>	<u>710,926</u>	<u>--</u>	<u>28,518,348</u>
Less accumulated depreciation for:				
Buildings	2,128,797	50,001	--	2,178,798
Improvements	9,985,249	584,069	--	10,569,318
Equipment	1,239,107	130,575	--	1,369,682
Total accumulated depreciation	<u>13,353,153</u>	<u>764,645</u>	<u>--</u>	<u>14,117,798</u>
Capital Assets Net	<u>\$ 14,715,445</u>	<u>\$ (53,719)</u>	<u>\$ 97,599</u>	<u>\$ 14,564,127</u>

Depreciation expense was charged to functions as follows:

Water	\$ 124,237
Electric	247,598
Sanitary Sewer	<u>392,810</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 764,645</u>

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

8. Long-Term Debt:

A summary of changes in long-term debt follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government					
Government Activities:					
Bonds Payable:					
Revenue	<u>\$ 3,741,596</u>	<u>\$ --</u>	<u>\$ 397,971</u>	<u>\$ 3,343,625</u>	<u>\$ 410,191</u>
Accrued Leave	<u>37,427</u>	<u>320</u>	<u>--</u>	<u>37,747</u>	<u>--</u>
Total Governmental Activities	<u>3,779,023</u>	<u>320</u>	<u>397,971</u>	<u>3,381,372</u>	<u>410,191</u>
Business-Type Activities:					
Bonds Payable:					
Revenue	<u>3,657,043</u>	<u>158,516</u>	<u>117,784</u>	<u>3,697,775</u>	<u>124,827</u>
Accrued Leave	<u>64,570</u>	<u>--</u>	<u>8,449</u>	<u>56,121</u>	<u>--</u>
Total Business-Type Activities	<u>3,721,613</u>	<u>158,516</u>	<u>126,233</u>	<u>3,753,896</u>	<u>124,827</u>
Total Primary Government	<u><u>\$ 7,500,636</u></u>	<u><u>\$ 158,836</u></u>	<u><u>\$ 524,204</u></u>	<u><u>\$ 7,135,268</u></u>	<u><u>\$ 535,018</u></u>

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

8. Long-Term Debt: (Continued)

Debt payable at December 31, 2024, is comprised of the following:

Government Activity Debt:

Governmental Activities:

Revenue bonds:

State Revolving Fund (SRF), Series 2011 Drainage ditch project	3% fixed; matures and final payment due July 1, 2031. This debt is serviced by the General Fund.	\$ 203,570
Series 2019 Sales Tax Revenue Bonds Current Refunding Series 2012 & 2014	2.75% fixed; matures and final payment due December 1, 2030. This debt is serviced by the General Fund.	1,816,654
Tax Increment District #5, Series 2019	3.740%-5.740%; depending on length to maturity of individual bonds, final payment due December 1, 2035.	<u>1,323,401</u>
Total Revenue Debt		3,343,625
Accrued Leave Payable	The liability for accrued leave represents leave benefits earned as of December 31, 2016. This debt is serviced by the General Fund.	<u>37,747</u>
Total Governmental Activities Debt		<u>\$ 3,381,372</u>

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

8. Long-Term Debt: (Continued)

Debt payable at December 31, 2024, is comprised of the following: (Continued)

Business Activity Debt:

Business-type Activities:

Revenue bonds:

Series 2004 State Revolving Fund

3.5%; matures June 1, 2026. This debt will be repaid from the Sanitary Sewer Fund. \$ 45,013

Series 2014 State Revolving Fund

3.25%; matures July 14, 2044. This debt will be repaid from the Sanitary Sewer Fund. 164,400

Clean Water Project Revenue Bond

2.125% fixed; matures and final payment due August 15, 2053. This debt will be repaid from the Sanitary Sewer Fund. 3,488,362

Total Revenue Debt

3,697,775

Accrued Leave Payable

The liability for accrued leave represents leave benefits earned as of December 31, 2016. This debt is serviced by the General Fund, Water Fund, and Sanitary Sewer Fund.

56,121

Total Business Activity Debt

3,753,896

Grand Total

\$ 7,135,268

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

8. Long-Term Debt: (Continued)

The annual requirements to amortize all debt outstanding as of December 31, 2024, except for compensated absences are as follows:

Governmental Activities:

Years Ending Dec. 31,	Revenue Bonds	
	Principal	Interest
2025	\$ 410,174	\$ 102,320
2026	422,608	89,886
2027	435,426	77,068
2028	448,535	63,959
2029	458,759	58,719
2030-2034	1,016,828	156,860
2035-2036	151,295	6,538
Total	<u>\$ 3,343,625</u>	<u>\$ 555,350</u>

Business-Type Activities:

Years Ending Dec. 31,	Revenue Bonds	
	Principal	Interest
2025	\$ 124,827	\$ 168,835
2026	112,456	167,689
2027	99,341	167,329
2028	101,543	167,117
2029	103,795	166,898
2030-2034	554,563	830,944
2035-2039	618,979	824,280
2040-2044	688,194	816,446
2045-2049	709,978	812,317
2050-2054	584,099	649,854
Total	<u>\$ 3,697,775</u>	<u>\$ 4,771,709</u>

As of December 31, 2024, the Municipality was acting as a fiscal agent for two special assessment issues having a total outstanding balance of 114,608. The Municipality is not liable, directly nor indirectly for the preceding special assessments.

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

9. Restricted Net Position:

Restricted Net Position for the year ended December 31, 2024 was as follows:

	Governmental Funds	Proprietary Funds	Total
Debt service	\$ 151,768	\$ 390,548	\$ 542,316
Cemetery	31,927	--	31,927
Park	27,746	--	27,746
Customer deposits	--	143,320	143,320
Expo building	5,598	--	5,598
SDRS pension purposes	32,702	49,157	81,859
Total	<u>\$ 249,741</u>	<u>\$ 583,025</u>	<u>\$ 832,766</u>

10. Pension Plan:

Plan Information:

All employees, working for more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions and is administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provide 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. 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.

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

10. Pension Plan: (Continued)

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A members, 6% of salary; Class B Judicial Members, 9% of salary; Class B Public Safety Members, 8% of salary. State Statute also requires the employer to contribute an amount equal to the employee's contribution. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2024, 2023, and 2022 equal to the required contributions each year as follows:

2024	\$	72,529
2023		71,656
2022		73,040

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

10. Pension Plan: (Continued)

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

At June 30, 2024, SDRS is 100.0% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the Municipality as of this measurement period ending June 30, 2024, and reported by the Municipality as of December 31, 2024 are as follows:

Proportionate share of pension liability	\$ 6,610,431
Less proportionate share of total pension restricted for pension benefits	<u>6,612,225</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (1,794)</u></u>

At December 31, 2024, the Municipality reported an asset of (\$1,794) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024 and the total pension liability used to calculate the net pension asset was based on a projection of the Municipality's share of contributions to the plan relative to the contributions of all participating entities. As of June 30, 2024, the Municipality's proportion was 0.04431100%, which is a decrease of 0.00178700% from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024 the municipality recognized a reduction of pension expense of \$52,672. At December 31, 2024, the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 166,098	\$ --
Changes in assumption	29,573	225,421
Net Difference between projected and actual earnings on pension plan investments	67,564	--
Changes in proportion and difference between City contributions and proportionate share of contributions	6,506	--
City contributions subsequent to the measurement date	<u>35,745</u>	<u>--</u>
Total Revenues	<u><u>\$ 305,486</u></u>	<u><u>\$ 225,421</u></u>

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

10. Pension Plan: (Continued)

\$35,745 reported as deferred outflow of resources related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions recognized in pension expense (reduction of pension expense) as follows:

Year Ended December 31:	
2025	\$ (60,035)
2026	88,719
2027	10,009
2028	5,627
Total	<u>\$ 44,320</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.71%

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

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

10. Pension Plan: (Continued)

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, 2024 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, 2024 (see discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	100%	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions 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 members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

10. Pension Plan: (Continued)

Sensitivity of Liability to Changes in the Discount Rate:

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset)	\$ 911,460	\$ (1,794)	\$ (749,120)

Pension Plan Fiduciary Net Position:

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

11. Risk Management:

The Municipality is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2024, the Municipality managed its risks as follows:

Employee Health Insurance:

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

Worker's Compensation:

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

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

11. Risk Management: (Continued)

The Municipality does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage, during the past three years.

Liability Insurance:

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

The Municipality carries a \$500-\$2,000 deductible for the property coverage, depending on the type of property.

The Municipality does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage, during the past three years.

Unemployment Benefits:

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

12. Joint Ventures:

Exposition Building:

The Municipality participates in an undivided interest, known as Exposition Building, which is a joint operation between the Municipality of Pierre, Fort Pierre, Stanley and Hughes Counties for the construction and operation of a multiple use exposition building located at the Stanley County Fairgrounds in Fort Pierre, South Dakota. The primary use of the facility during the winter months is for hockey and multiple uses during other times of the year. Construction started in 1998 and was completed in 1999. Interest in the facility is as follows:

Municipality of Pierre	35%
Municipality of Fort Pierre	15%
Hughes County	35%
Stanley County	15%

Municipality of Fort Pierre, SD
Notes to the Financial Statements
December 31, 2024

12. Joint Ventures: (Continued)

The Municipality's interest in the facility as of December 31, 2024 is reported as a capital asset. Financial statements for the joint operation are available from the Hughes County Finance Officer.

At December 31, 2024, this joint venture had total fund equity of \$56,846.

Stanley County Law Enforcement:

Stanley County Law Enforcement, a joint venture, is intended to be a separate legal entity pursuant SDCL 1-24-19 and SDCL 9-12-4 for services including the enforcement of state and federal laws, county and Municipality ordinances and regulation. Membership to the Law Enforcement Board includes two Council members. The Municipality has an equity interest of 58% of the net assets. Separate financial statements for this joint venture are available from the Stanley County Auditor.

As of December 31, 2024, this joint venture had a total equity of \$272,546.

Required Supplementary Information

Municipality of Fort Pierre, SD
 Budgetary Comparison Schedules-Budgetary Basis – General Fund
 For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
General property tax	\$ 1,443,506	\$ 1,443,506	\$ 1,402,160	\$ (41,346)
General sales and use tax	1,849,212	1,849,212	2,178,412	329,200
Amusement tax	400	400	--	(400)
Penalties and interest on taxes	3,000	3,000	3,504	504
Licenses and permits	67,900	67,900	78,447	10,547
Intergovernmental:				
State grants	--	--	14,264	14,264
State shared revenues				
Bank franchise tax	20,000	20,000	52,177	32,177
Motor vehicle commercial				
prorate	5,000	5,000	6,795	1,795
Liquor tax reversion	12,500	12,500	14,288	1,788
Motor vehicle licenses (5%)	30,000	30,000	40,341	10,341
Local government highway				
and bridge fund	30,000	30,000	35,904	5,904
County Shared Revenue:				
County road tax (25%)	4,444	4,444	4,444	--
Charges for Goods and Services:				
General government	87,200	87,200	77,936	(9,264)
Highway and streets	188,723	188,723	124,008	(64,715)
Sanitation	1,000	1,000	582	(418)
Health	500	500	2,913	2,413
Culture and recreation	49,000	49,000	32,963	(16,037)
Fines and Forfeits:				
Court fines and costs	200	200	66	(134)
Parking Fines	200	200	600	400
Miscellaneous Revenue:				
Investment earnings	2,500	2,500	247,306	244,806
Rentals	--	--	650	650
Special maintenance fee	223,102	223,102	224,372	1,270
Contributions and donations	12,500	12,500	29,500	17,000
T.V. Franchise	30,000	30,000	--	(30,000)
Other	--	--	28,439	28,439
Total Revenues	<u>\$ 4,060,887</u>	<u>\$ 4,060,887</u>	<u>\$ 4,600,071</u>	<u>\$ 539,184</u>

See accompanying Notes to Budgetary Comparison Schedules.

Municipality of Fort Pierre, SD
 Budgetary Comparison Schedules-Budgetary Basis – General Fund
 For the Year Ended December 31, 2024 (Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				Positive
				(Negative)
General Government:				
Mayor & council	\$ 132,665	\$ 132,665	\$ 123,376	\$ 9,289
Elections	2,050	2,050	22	2,028
Legal	65,000	65,000	46,883	18,117
Financial administration	210,412	226,412	219,363	7,049
Planning/zoning	62,897	62,897	48,838	14,059
Public Safety:				
Police	436,708	436,708	435,621	1,087
Fire	134,836	134,836	127,336	7,500
Building inspection	26,960	26,960	15,291	11,669
Civil defense	1,550	2,550	2,407	143
Public Works:				
Highways and streets	1,965,686	3,925,186	3,736,271	188,915
Sanitation	56,535	62,577	61,493	1,084
Transit	30,000	30,000	30,000	--
Health and Welfare:				
Health	72,729	72,729	72,228	501
Culture and Recreation:				
Recreation	193,479	193,479	102,439	91,040
Parks	728,131	768,331	765,445	2,886
Libraries	5,250	5,250	5,250	--
Expo building	--	11,272	3,758	7,514
Cultural arts	4,000	4,000	4,000	--
Museums	37,484	63,984	55,242	8,742
Conservation and Development:				
Dues and fees	500	500	500	--
Debt Service	364,629	364,629	364,628	1
Total Expenditures	<u>4,531,501</u>	<u>6,592,015</u>	<u>6,220,391</u>	<u>371,624</u>
Excess of Revenues Over				
Expenditures	<u>(470,614)</u>	<u>(2,531,128)</u>	<u>(1,620,320)</u>	<u>910,808</u>
Other Financing Sources:				
Transfers in	--	--	517,968	(517,968)
Compensation for loss/damage	--	--	194,050	194,050
Total Other Financing Sources	<u>--</u>	<u>--</u>	<u>712,018</u>	<u>(323,918)</u>
Net Changes in Fund Balance	(470,614)	(2,531,128)	(908,302)	586,890
Fund Balance, Beginning of Year	<u>4,904,180</u>	<u>4,904,180</u>	<u>4,904,180</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 4,433,566</u>	<u>\$ 2,373,052</u>	<u>\$ 3,995,878</u>	<u>\$ 586,890</u>

See accompanying Notes to Budgetary Comparison Schedules.

Municipality of Fort Pierre, SD
Notes to the Required Supplementary Information
Notes to the Budgetary Comparison Schedule
For the Year Ended December 31, 2024

Note 1. Budgets and Budgetary Accounting:

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP).

Note 2. GAAP/Budgetary Accounting Basis Differences:

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

Municipality of Fort Pierre, SD

Schedule of the Municipality's Contributions (SDRS) and Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset)
Years Ended December 31,

Last 10 Years*

Calendar Year	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2024	0.0443110%	\$ (1,794)	\$ 1,243,140	0.14%	100.00%
2023	0.0460980%	\$ (4,499)	\$ 1,189,037	0.38%	100.10%
2022	0.0480970%	\$ (4,545)	\$ 1,148,486	0.40%	100.10%
2021	0.0500690%	\$ (383,443)	\$ 1,136,213	33.75%	105.52%
2020	0.0372510%	\$ (1,618)	\$ 1,048,324	0.15%	100.04%
2019	0.0475410%	\$ (5,038)	\$ 1,010,828	0.50%	100.09%
2018	0.0449330%	\$ (1,048)	\$ 934,119	0.11%	100.02%
2017	0.0457910%	\$ (4,156)	\$ 930,382	0.45%	100.10%
2016	0.0479270%	\$ 161,893	\$ 911,329	17.76%	96.89%
2015	0.4567700%	\$ (193,729)	\$ 833,927	23.23%	104.10%

*The amounts presented for each year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30.

Last 10 years

Calendar Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 72,529	\$ (72,529)	\$ --	\$ 1,208,815	6.00%
2023	\$ 71,656	\$ (71,656)	\$ --	\$ 1,194,268	6.00%
2022	\$ 73,040	\$ (73,040)	\$ --	\$ 1,217,330	6.00%
2021	\$ 68,171	\$ (68,171)	\$ --	\$ 1,136,186	6.00%
2020	\$ 64,977	\$ (64,977)	\$ --	\$ 1,082,944	6.00%
2019	\$ 62,276	\$ (62,276)	\$ --	\$ 1,037,939	6.00%
2018	\$ 57,894	\$ (57,894)	\$ --	\$ 964,893	6.00%
2017	\$ 56,709	\$ (56,709)	\$ --	\$ 945,144	6.00%
2016	\$ 53,802	\$ (53,802)	\$ --	\$ 896,703	6.00%
2015	\$ 52,031	\$ (52,031)	\$ --	\$ 867,173	6.00%

Municipality of Fort Pierre, SD

Notes to Required Supplementary Information

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

As of December 31, 2024

Changes from Prior Valuation:

The June 30, 2024 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2023 Actuarial Valuation.

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

Benefit Provision Changes:

During the 2024 Legislative Session no significant SDRS benefit changes were made.

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, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.91%.

As of June 30, 2024, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2025 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 30, 2024 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.

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.

Actuarial Method Changes:

No changes in actuarial methods were made since the prior valuation.