

CITY OF BELLE FOURCHE  
BELLE FOURCHE, SOUTH DAKOTA  
FINANCIAL REPORT  
FOR THE ONE YEAR ENDING DECEMBER 31, 2022  
WITH INDEPENDENT AUDITOR'S REPORTS

**INDEPENDENT AUDIT SERVICES, P.C.**

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Benjamin Elliott, CPA  
P.O. Box 262  
Madison, South Dakota 57042

CITY OF BELLE FOURCHE  
BELLE FOURCHE, SOUTH DAKOTA

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FOR THE ONE YEAR ENDING DECEMBER 31, 2022

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NOTE: All figures shown in this financial report are in U.S. dollars.  
For space considerations, the "\$" symbol is not used.

# INDEPENDENT AUDIT SERVICES, PC

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Madison, South Dakota 57042  
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Governing Board  
City of Belle Fourche  
Belle Fourche, South Dakota

## INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Financial Statement Audit:*

I have audited the accompanying financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Belle Fourche (City), Butte County, South Dakota as of December 31, 2022, and for the year ended, and the related notes to the financial statements. These financial statements collectively comprise the City's basic financial statements as listed in the table of contents.

### *Qualified Opinions:*

In my opinion, except for the effects of matters described in the Basis for Qualified Opinions section of my report, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Belle Fourche, Butte County, South Dakota as of December 31, 2022, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Qualified Opinions*

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standard applicable to financial audits contained in Government Auditing Standards (*Government Auditing Standards*), issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Belle Fourche, Butte County, South Dakota and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinions.

### *Matter Giving Rise to Qualified Opinions:*

The general fund beginning fund balance was adjusted by netting with other fund adjustments and reduced by \$592,296 to reconcile to 2022 bank statement activity.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 City of Belle Fourche'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 Responsibility for the Audit of the Financial Statements:*

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

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

- > Exercise professional judgment and maintain professional skepticism throughout the audit.
- > Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Belle Fourche'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Belle Fourche's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

*Other Matters - Basis of Accounting:*

I draw attention to note 1c of these financial statements, which describes the basis of accounting. These financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

*Supplementary Information (no opinion):*

Accounting principles generally accepted in the United States of America allow for the Management's Discussion and Analysis (page 4 to 9), the budgetary comparison schedules (page 35 to 37), and the pension schedules (page 38 to 40) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is allowed by the Government Accounting Standards Board who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to this 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 formation and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge

I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information (opinion):*

My audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the City of Belle Fourche's financial statements.

The schedule of changes in long-term liabilities (page 41 and 42) is presented for the purpose of additional analysis and is not a required part of the modified cash basis of accounting financial statements.

The accompanying Combining Nonmajor Fund Financial Statements (page 43 and 44) is presented for purpose of additional analysis and is not a required part of the modified cash basis financial statements.

The schedule of changes in long-term liabilities and the Combining Nonmajor Fund Financial Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the modified cash basis of accounting financial statements. The information has been subject to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

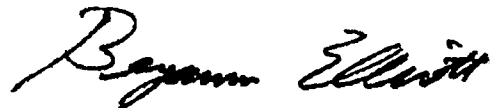
In my opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinions" paragraph above, the schedule of changes in long-term liabilities and the Combining Nonmajor Fund Financial Statements are fairly stated, in all material respects, in relation to the modified cash basis of accounting financial statements as a whole.

*Other Reporting Required by Government Auditing Standards:*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 4, 2023 (page 45) on my consideration of City Belle Fourche's internal control over financial reporting and on my 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 my 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 City of Belle Fourche'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 City of Belle Fourche's internal control over financial reporting and compliance.

Independent Audit Services, PC  
Benjamin Elliott, CPA  
Madison, South Dakota

December 4, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Our discussion and analysis of the City of Belle Fourche's (City) financial performance provides an overview of the City's financial activities for the one year ending December 31, 2022, within the limitations of the City's modified cash basis of accounting. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS	2022
Receipts:	
Charges for goods and services	8,085,038
Operating grants	1,206,751
Capital grants, contributions	43,203
General receipts	6,939,674
	-----
Total	16,274,666
	-----
Disbursements:	
Governmental	8,896,118
Business-type	6,482,111
	-----
Total	15,378,229
	-----
Increase (Decrease) in Net Position	896,437
Net Position:	
December 31, 2021, adjusted	14,272,382
	-----
December 31, 2022	15,168,819
	=====
Governmental Funds:	
General	2,818,686
CIP	2,473,014
Museum Capital Reserve	774,490
Combining	1,381,369
Business-Type Funds:	
Liquor	722,888
Water	1,083,742
Sewer	977,626
Landfill	4,937,004
	-----
Total	15,168,819
	=====

During the year ending December 31, 2022:

The City of Belle Fourche:

- \* Received \$2,038,038 from property taxes.
- \* Received \$4,300,753 from sales taxes.
- \* The general fund received an operating transfer of \$80,000 from the liquor fund and \$700,000 from the landfill fund.
- \* The Day Street Lift Station received a capital transfer of \$165,000 from the sewer fund.
- \* Restricted \$50,000 of landfill cash for closure/post closure cost purposes.
- \* Received and restricted \$509,835 of Local Fiscal Recovery Fund cash for use in 2023 along with \$509,835 of Local Fiscal Recovery Fund cash received in 2021.
- \* Made principal payments of \$633,557 on 6 loans. The City is current on all loans. See page 41 and 42 for more information.

BRIEF DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

This financial report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement-34.

The financial report consists of three parts: (1) management's discussion and analysis (page 4 to 9) as supplementary information, (2) the basic financial statements (page 10 to 34) and (3) additional supplementary information (page 35 to 44). The basic financial statements include two types of statements that present the City from two different financial points of view.

Government-wide financial statements (View #1):

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

Fund financial statements (View #2):

The remaining financial statements are fund financial statements that focus on significant operations of the governmental, enterprise and fiduciary (if any) activities of the City.

The governmental fund financial statements tell how general governmental services were financed in the short-term, as well as what remains for future spending. Governmental funds operated by the City during 2022 is the general, 3rd cent, BFACC donation, library memorial, museum memorial, debt service, TIF #4 debt service, perpetual care, Day Street lift station, and museum capital reserve funds.

The enterprise fund financial statements offer short-term and long-term financial information about the activities of the City that operate like a business. Enterprise funds operated by the City are the liquor, water, sewer, and landfill funds.

The fiduciary fund financial statements provide information about the financial status of activities in which the City acts solely as a trustee or agent for the benefit of those groups to whom these funds belong. The City had no fiduciary funds during 2022.

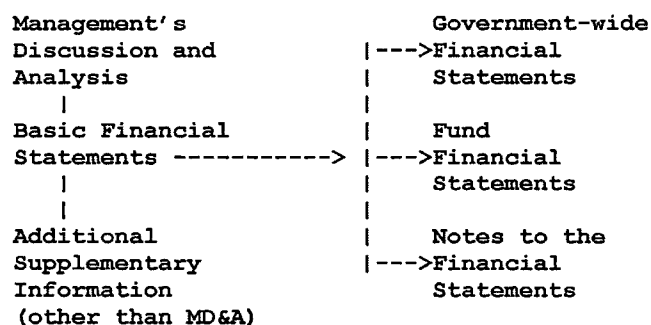
The financial statements include notes that explain in more detail some of the information found in the financial statements. The financial statements are also followed by a section of supplementary information that presents (1) a budgetary analysis for the general fund and major special revenue funds with budgets, (2) a schedule of changes in long-term liabilities, (3) schedules of the City's pension activities.

Supplementary Information:

The management's discussion and analysis (page 4 to 9), budgetary comparison schedules (page 35 to 37), schedule of long-term liabilities (page 41 to 42), and pension schedules (page 38 to 40) provide readers of this report with additional data that supplements the government-wide statements and fund financial statements.

The budgetary comparison schedule is presented on a budgetary basis of accounting, which reports capital expenditures within their respective expenditure function rather than as a separate capital outlay expenditure.

Here is an overview of the City's financial statements.



This is a summary of the major features of these financial statement.

	Government-wide	Fund Statements	
	Statements	Governmental Funds	Enterprise Funds
Scope	Entire City	City activities except enterprise funds	Activities operated like a private business (ie: water)
Required Modified cash Basis Financial Statements	Statement of Net Position Statement of Cash Activities	Balance Sheet Stmt. of Cash Receipts Disbursements and Changes in Fund Balances	Stmt. of Net Position Stmt. of Cash Receipts, Disbursements and Changes in Net Position Stmt. of Cash Flows
Basis of Accounting	Modified Cash	Modified Cash	Modified Cash
Measurement Focus	Modified Cash	Modified Cash	Modified Cash
Types of assets	Cash, CDs Investments	Cash, CDs, Investments	Cash, CDs Investments
Liabilities	None reported	None reported	None reported
Types of Receipts and Disbursements	Cash receipts and Cash disbursements	Cash receipts Cash disbursements	Cash receipts Cash disbursements

#### BASIS OF ACCOUNTING

The City has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the City's modified cash basis of accounting, revenues (receipts) and expenses (disbursements) are recorded when they result from cash transactions.

As a result of the use of the modified cash basis of accounting, certain assets (such as inventory and capital assets), liabilities (such as accounts payable and long-term liabilities) and expenses (such as depreciation) are not recorded in these financial statements. Therefore, when reviewing the financial information presented in this report, the reader should keep in mind the limitations resulting from the use of this modified cash basis of accounting.

#### GOVERNMENT-WIDE STATEMENTS

(Reporting on the City as a whole)

The government-wide statements (page 10 and 11) report information about the City as a whole using modified cash accounting methods similar to those used by private-sector companies. The statement of net position includes all of the City's cash, certificates of deposit and investments. The statement of activities includes all of the year's receipts and disbursements.

The two government-wide statements report the City's net position and how its has changed. Net position is the City's petty cash, checking accounts, savings accounts, certificates of deposit, and investments (if any). The change in these accounts is one way to measure the City's financial health. Increases or decreases in net position measures improvements or declines in the City's financial health. To assess the City's overall financial health you also need to consider other factors such as changes in the property tax base, and/or sales tax receipts generated from local businesses.



The government-wide financial statements have two broad categories of information: governmental activity and business-type activity.

The governmental activities include operation of the government such and City Council, public safety, streets and highway, snow removal, airport, cemetery, and recreational programs. Property taxes, sales taxes, revenue from the state, user fees and interest earnings finance most of these activities.

Business-type activities account for the City's liquor, water, sewer, and landfill operations. These operations are financed mostly by user fees. Bonds and federal and state grants help pay for capital improvements.

#### FUND FINANCIAL STATEMENTS

(Reporting on the City's most significant funds)

The fund financial statements (page 12 to 17) provide more detailed information about the City's most significant funds - not the City as a whole. Funds are accounting tools used to keep track of the City's receipts and disbursements. State law requires the use of some funds and the City Council establishes other funds to manage money for a specific purpose, like a capital project.

The fund financial statements show information in two broad categories: governmental and enterprise.

**Governmental funds:** Most of the City's basic services are included in the governmental funds, which focus on (1) how cash flows in and out of that fund, and (2) cash balances left at year-end which are available for spending in the next year. The governmental funds financial statements provide detail that helps you determine whether there is more or fewer cash resources available for spending in the near future to finance City programs.

**Enterprise funds:** Services for which the City charges the customer a fee are generally reported in enterprise funds. These funds account for cash and receipt and disbursement of cash, the same as the governmental funds. The liquor, water, sewer and landfill funds are the only enterprise funds maintained by the City.

**Fiduciary funds:** The City can be the custodian (or fiduciary) for various internal and external parties. As such, the City would be responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities would be reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. Fiduciary funds are excluded from the City's government-wide financial statements because the City can not use these assets to finance City's operations. The City had no fiduciary funds during 2022.

#### MATERIAL CHANGES IN STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

(Material changes for governmental activities = changes greater than \$500,000)  
 (Material changes for business-type activities = changes greater than \$400,000)

== 2022 ==	Increase (Decrease)	Reason
<u>Governmental Activities:</u>		
Revenue from taxes	561,000	Additional property and sales taxes.
Public works	930,000	Street projects. completed.
<u>Business-type Activities:</u>		
Charges for services	863,000	Increased rates and more customer
Landfill expenses	491,000	Capital projects.

#### SIGNIFICANT VARIATIONS BETWEEN ORIGINAL AND FINAL GENERAL FUND BUDGET

The City's general fund budget of \$6,229,445 for the 2022 year is an increase of \$823,645 or 15.24% from 2021. The increase was mainly in executive administration, protective inspection, and economic development. There was one supplemental appropriation to the general fund budget. See page 35 for more information.

#### SIGNIFICANT CAPITAL ASSET ACTIVITY

Significant capital asset is reported above.

#### SIGNIFICANT LONG-TERM LIABILITY ACTIVITY

Significant long-term liability activity is reported above. City is current on all long-term liabilities. See page 41 and 42 for more information.

#### CURRENTLY KNOWN FACTS

In 2023 Phase I of the 11<sup>th</sup> Avenue project is expected to begin and cost approximately \$1.2 million from local funds.

In October 2022 the City was awarded a \$1,760,000 Drinking Water State Revolving Loan at 1.625 percent for 30 years for the Hat Ranch well installation project.

In October 2022 the City was awarded a \$79,737 Belle Fourche Roundup Complex Playground Equipment grant from the Land and Water Conservation Fund.

In 2023 the ball field lighting project is expected to cost approximately \$1.2 million to be paid from a loan.

In 2023 the museum addition is expected to cost \$1.8 million from local funds.

In 2023 the City purchased a landfill shredder for \$718,300 with \$359,108 of local funds and a \$72,000 Solid Waste Management Program grant and a \$287,192 Solid Waste Management Program loan at 3.0 percent for 20 years.

In 2023 a hail damage insurance settlement was received of \$1,744,976 for buildings and \$79,497 for vehicles. A FEMA payment of \$40,168 was also received.

Other 2023 projects include a nature trail, bike path lighting, new crows nest, bathroom and concession facility at the ball field, a man-made pond for ice skating, and paving for Day Street and 7<sup>th</sup> Street.

#### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Belle Fourche's business office at 511 Sixth Avenue, Belle Fourche, SD 57717.

CITY OF BELLE FOURCHE  
TABLE 1 - NET POSITION (Condensed and in thousands)  
BASED ON GOVERNMENT-WIDE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022, 2021 AND 2020

	Governmental Activities			Business-Type Activities			Total Government		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
<b>Assets:</b>									
Current assets:									
Cash	1,444	3,146	1,830	3,041	3,627	4,246	4,485	6,773	6,076
Savings and money market	3,012	2,801	2,030	3,925	3,419	3,418	6,937	6,220	5,448
Current assets, restricted:									
Cash	1,931	881	308				1,931	881	308
Savings and money market	1,060	285	285	755	705	655	1,815	990	940
Total assets	<u>7,447</u>	<u>7,113</u>	<u>4,453</u>	<u>7,721</u>	<u>7,751</u>	<u>8,319</u>	<u>15,168</u>	<u>14,864</u>	<u>12,772</u>
<b>Liabilities:</b>									
None reported (cash basis)									0
Total liabilities	0	0	0	0	0	0	0	0	0
<b>Net position:</b>									
Restricted	3,012	1,166	593	755	705	655	3,767	1,871	1,248
Unrestricted	4,435	5,947	3,860	6,966	7,046	7,664	11,401	12,993	11,524
Total net position	<u>7,447</u>	<u>7,113</u>	<u>4,453</u>	<u>7,721</u>	<u>7,751</u>	<u>8,319</u>	<u>15,168</u>	<u>14,864</u>	<u>12,772</u>

TABLE 2 - CHANGES IN NET POSITION (condensed and in thousands)  
BASED ON GOVERNMENT-WIDE FINANCIAL STATEMENTS  
FOR THE THREE YEARS ENDING DECEMBER 31, 2022

	Governmental Activities			Business-Type Activities			Total Government		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
<b>Revenues:</b>									
Program revenues:									
Charges for services	787	595	389	7,298	6,435	6,700	8,085	7,030	7,089
Operating grants and contri	1,158	730	1,124	48			1,206	730	1,124
Capital grants and contri.	43	477	478				43	477	478
General revenues:									
Revenue from taxes	6,339	5,776	5,153				6,339	5,776	5,153
Revenue from state sources	222	231	206				222	231	206
Revenue from county sources	57	57	61				57	57	61
Interest earnings	50	2	6	4	1	5	54	3	11
Rents and franchise fees	148	125	115				148	125	115
Donations	11	20	11				11	20	11
Liquor mark-up	64	62	58				64	62	58
Other general revenue	17	2	9				17	2	9
Total revenues	<u>8,896</u>	<u>8,077</u>	<u>7,610</u>	<u>7,350</u>	<u>6,436</u>	<u>6,705</u>	<u>16,246</u>	<u>14,513</u>	<u>14,315</u>
<b>Expenses:</b>									
General government	1,398	1,034	1,000				1,398	1,034	1,000
Public safety	2,011	1,669	1,683				2,011	1,669	1,683
Public works	2,576	1,646	3,598				2,576	1,646	3,598
Health and welfare	141	189	103				141	189	103
Culture and recreation	2,150	2,315	2,057				2,150	2,315	2,057
Economic development	124	83	86				124	83	86
Debt service	496	458	5,902				496	458	5,902
Liquor				1,696	1,634	1,743	1,696	1,634	1,743
Water				1,590	1,222	968	1,590	1,222	968
Sewer				963	1,151	649	963	1,151	649
Landfill				2,233	1,742	1,434	2,233	1,742	1,434
Total expenses	<u>8,896</u>	<u>7,394</u>	<u>14,429</u>	<u>6,482</u>	<u>5,749</u>	<u>4,794</u>	<u>15,378</u>	<u>13,143</u>	<u>19,223</u>
Excess of revenues over (under) expenses	0	683	-6,819	868	687	1,911	868	1,370	-4,908
Compensation for damages			6				0	0	6
Sale of surplus property	21	12	8	7	2	14	28	14	22
Debt proceeds		708	5,980				0	708	5,980
Transfers	905	1,257	540	-905	-1,257	-540	0	0	0
Change in net position	<u>926</u>	<u>2,660</u>	<u>-285</u>	<u>-30</u>	<u>-568</u>	<u>1,385</u>	<u>896</u>	<u>2,092</u>	<u>1,100</u>
<b>Net position:</b>									
December 31, 2019			4,738			6,934			11,672
December 31, 2020		4,453	4,453		8,319	8,319		12,772	12,772
December 31, 2021	7,113	7,113		7,751	7,751		14,864	14,864	
Correction	-592						-592		
December 31, 2022	<u>7,447</u>			<u>7,721</u>			<u>15,168</u>		

CITY OF BELLE FOURCHE

GOVERNMENT-WIDE  
STATEMENT OF NET POSITION -- MODIFIED CASH BASIS  
AS OF DECEMBER 31, 2022

	Primary Government		
	Governmental	Business-	
	Activities	Type	Total
	Activities	Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	1,879,367	3,040,784	4,920,151
Savings and money market	3,786,683	3,924,980	7,711,663
	-----	-----	-----
<b>Total current assets</b>	<b>5,666,050</b>	<b>6,965,764</b>	<b>12,631,814</b>
	-----	-----	-----
<b>Restricted assets:</b>			
Cash and cash equivalents	1,496,026		1,496,026
Savings and money market	285,483	755,496	1,040,979
	-----	-----	-----
<b>Total restricted assets</b>	<b>1,781,509</b>	<b>755,496</b>	<b>2,537,005</b>
	-----	-----	-----
<b>Total assets</b>	<b>7,447,559</b>	<b>7,721,260</b>	<b>15,168,819</b>
	=====	=====	=====
<b>NET POSITION</b>			
<b>Restricted for:</b>			
Perpetual care: non-expendable	50,000		50,000
Donor and memorial covenants	100,909		100,909
3rd cent uses	589,473		589,473
Debt service	21,457		21,457
Landfill closure and post-closure		755,496	755,496
Local Fiscal Recovery Fund uses	1,019,670		1,019,670
<b>Unrestricted</b>	<b>5,666,050</b>	<b>6,965,764</b>	<b>12,631,814</b>
	-----	-----	-----
<b>Total net position</b>	<b>7,447,559</b>	<b>7,721,260</b>	<b>15,168,819</b>
	=====	=====	=====

See accompanying notes.



CITY OF BELLE FOURCHE

BALANCE SHEET -- MODIFIED CASH BASIS  
 GOVERNMENTAL FUNDS  
 AS OF DECEMBER 31, 2022

	General Fund	CIP Fund	Museum capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
	-----	-----	-----	-----	-----
Cash:					
Cash and cash equivalents	-193,507	1,453,344		619,530	1,879,367
Savings and Money market	3,012,193		774,490		3,786,683
Restricted cash:					
Cash and cash equivalents		1,019,670		476,356	1,496,026
Savings and Money market				285,483	285,483
Total cash	<u>2,818,686</u>	<u>2,473,014</u>	<u>774,490</u>	<u>1,381,369</u>	<u>7,447,559</u>
FUND BALANCE					
Nonspendable				50,000	50,000
Restricted		1,019,670		711,839	1,731,509
Committed					0
Assigned		1,453,344	774,490	619,530	2,847,364
Unassigned	2,818,686				2,818,686
Total fund balances	<u>2,818,686</u>	<u>2,473,014</u>	<u>774,490</u>	<u>1,381,369</u>	<u>7,447,559 *</u>

\* Also equals net position on statement of net position.

See accompanying notes.

CITY OF BELLE FOURCHE  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCES -- GOVERNMENTAL FUNDS -- MODIFIED CASH BASIS  
FOR THE YEAR ENDING DECEMBER 31, 2022

Receipts:	General Fund	CIP Fund	Museum capital Reserve Fund	Other Combining Governmental Funds	Total Governmental Funds
Receipts from local sources:					
Taxes:					
Ad valorem taxes	1,976,581			61,457	2,038,038
General sales and use t:	2,034,690	2,034,690		231,373	4,300,753
Licenses and permits:	328,006				328,006
Intergovernmental receipts:					
Federal grants:	22,090	553,038			575,128
State shared receipts:					
State grants	14,355	611,661			626,016
Bank franchise tax	32,862				32,862
Commercial vehicle prop:	10,097				10,097
Liquor tax reversion	39,359				39,359
Motor vehicle licenses	58,590				58,590
Highway and bridge	81,342				81,342
County shared receipts:					
Road taxes	51,168				51,168
Library	5,914				5,914
Charges for goods and services:					
General government	2,055			41,363	43,418
Public safety	190				190
Public works	4,501				4,501
Cemetery	14,821				14,821
Culture and recreation	378,156			3,585	381,741
Fines and forfeits:	9,783				9,783
Miscellaneous receipts:					
Interest received	47,368		2,767		50,135
Rental and franchise fees	126,597			21,793	148,390
Donations	684			10,875	11,559
5¢ beer mark-up	63,691			0	63,691
Miscellaneous	20,538			502	21,040
Total receipts	5,323,438	3,199,389	2,767	370,948	8,896,542
Disbursements:					
General government:					
Mayor and Council	113,899				113,899
Executive	79,083				79,083
Elections					
Financial administration	227,152				227,152
Insurance	85,118				85,118
Engineering	102,134				102,134
Government buildings	590,690				590,690
Public safety:					
Police	1,717,701				1,717,701
Fire	138,247				138,247
Protective inspection	150,802				150,802
Public works:					
Highways and streets	358,558				358,558
Airport	48,569				48,569
Cemetery	139,672				139,672
Health and welfare:					
West Nile	19,325				19,325
Health	41,100				41,100
Ambulance	81,000				81,000
Culture and recreation:					
Belle Fourche Area Comm. Center	905,170			2,461	907,631
Parks	173,669				173,669
Recreation - Roundup				90,032	90,032
Library	284,872				284,872
Bowman/Comm Halls	8,905				8,905
Museum	342,326			46,341	388,667
Conservation and development:					
Economic development	60,896				60,896
City promotion	63,000				63,000
Debt service:					
Principal		360,877		57,198	418,075
Interest and fees		59,302		18,735	78,037
Capital outlay		2,529,284			2,529,284
Total disbursements	5,731,888	2,949,463	0	214,767	8,896,118
Excess of receipts over (under) disbursement:	-408,450	249,926	2,767	156,181	424

CITY OF BELLE FOURCHE  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCES -- GOVERNMENTAL FUNDS -- MODIFIED CASH BASIS (continued)  
FOR THE YEAR ENDING DECEMBER 31, 2022

	General Fund	CIP Fund	Museum capital Reserve Fund	Other Combining Governmental Funds	Total Governmental Funds
	-----	-----	-----	-----	-----
Other financing sources (uses):					
Transfers in	780,000			904,662	1,684,662
Transfers (out)		-739,662		-40,000	-779,662
Sale of surplus property	20,820				20,820
	-----	-----	-----	-----	-----
Net change in fund balance	392,370	-489,736	2,767	1,020,843	926,244 *
Fund balance:					
January 1, 2021 (note 15)	3,018,612	2,962,750	771,723	360,526	7,113,611
Prior period correction (note 16)	-592,296				-592,296
	-----	-----	-----	-----	-----
January 1, 2021, adjusted	2,426,316	2,962,750	771,723	360,526	6,521,315
	-----	-----	-----	-----	-----
December 31, 2022	<u>2,818,686</u>	<u>2,473,014</u>	<u>774,490</u>	<u>1,381,369</u>	<u>7,447,559</u>

\* Also equals change in net position on statement of activities.

See accompanying notes.



CITY OF BELLE FOURCHE

STATEMENT OF NET POSITION -- MODIFIED CASH BASIS  
 ENTERPRISE FUNDS  
 AS OF DECEMBER 31, 2022

	Liquor Fund	Water Fund	Sewer Fund	Landfill Fund	Total Enterprise Funds
	-----	-----	-----	-----	-----
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	722,888	-80,278	256,980	2,141,194	3,040,784
Savings and money market	-----	1,164,020	720,646	2,040,314	3,924,980
<b>Total current assets</b>	<b>722,888</b>	<b>1,083,742</b>	<b>977,626</b>	<b>4,181,508</b>	<b>6,965,764</b>
	-----	-----	-----	-----	-----
<b>Restricted assets:</b>					
Cash and cash equivalents	-----	-----	-----		0
Savings and money market	-----	-----	-----	755,496	755,496
<b>Total restricted assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>755,496</b>	<b>755,496</b>
	-----	-----	-----	-----	-----
<b>Total assets</b>	<b>722,888</b>	<b>1,083,742</b>	<b>977,626</b>	<b>4,937,004</b>	<b>7,721,260</b>
	=====	=====	=====	=====	=====
<b>NET POSITION</b>					
<b>Restricted:</b>					
Landfill closure and post-closure				755,496	755,496
<b>Unrestricted</b>	<b>722,888</b>	<b>1,083,742</b>	<b>977,626</b>	<b>4,181,508</b>	<b>6,965,764</b>
	-----	-----	-----	-----	-----
<b>Total net position</b>	<b>722,888</b>	<b>1,083,742</b>	<b>977,626</b>	<b>4,937,004</b>	<b>7,721,260</b>
	=====	=====	=====	=====	=====

See accompanying notes.

CITY OF BELLE FOURCHE

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
 IN FUND NET POSITION -- MODIFIED CASH BASIS  
 ENTERPRISE FUNDS  
 FOR THE YEAR ENDING DECEMBER 31, 2022

	Liquor Fund	Water Fund	Sewer Fund	Landfill Fund	Total Enterprise Funds
	-----	-----	-----	-----	-----
Operating receipts:					
Sale of goods and services	1,880,978	1,200,669	1,178,247	3,038,119	7,298,013
	-----	-----	-----	-----	-----
Total operating receipts	1,880,978	1,200,669	1,178,247	3,038,119	7,298,013
	-----	-----	-----	-----	-----
Operating disbursements:					
Personal services	217,213	579,060	480,392	789,618	2,066,283
Other current services	103,795	302,405	146,464	611,780	1,164,444
Cost of goods sold	1,375,101				1,375,101
Capital asset costs		692,418	86,955	831,248	1,610,621
	-----	-----	-----	-----	-----
Total operating disbursements	1,696,109	1,573,883	713,811	2,232,646	6,216,449
	-----	-----	-----	-----	-----
Total operating income (loss)	184,869	-373,214	464,436	805,473	1,081,564
Nonoperating receipts (disbursements):					
Interest receipts		1,490		2,170	3,660
Sale of surplus property			3,582	3,473	7,055
Operating grant				48,576	48,576
Debt service - principal		-11,357	-164,125		-175,482
- interest		-5,134	-85,046		-90,180
	-----	-----	-----	-----	-----
Total nonoperating receipts (disbursements)	0	-15,001	-245,589	54,219	-206,371
Income (loss) before transfers	184,869	-388,215	218,847	859,692	875,193
Transfers in		20,000	20,000		40,000
Transfers (out)	-80,000		-165,000	-700,000	-945,000
	-----	-----	-----	-----	-----
Change in net position	104,869	-368,215	73,847	159,692	-29,807
Net position:					
January 1, 2022	618,019	1,451,957	903,779	4,777,312	7,751,067
	-----	-----	-----	-----	-----
December 31, 2022	722,888	1,083,742	977,626	4,937,004	7,721,260
	=====	=====	=====	=====	=====

See accompanying notes.

CITY OF BELLE FOURCHE

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS  
FOR THE YEAR ENDING DECEMBER 31, 2022

	Liquor Fund	Water Fund	Sewer Fund	Landfill Fund	Total Enterprise Funds
	-----	-----	-----	-----	-----
Cash flows from:					
Operating activities:					
Receipts from customers	1,880,978	1,198,669	1,177,647	3,035,719	7,293,013
Receipts from interfund services provided (estimate)		2,000	600	2,400	5,000
Payments to employees	-217,213	-579,060	-480,392	-789,618	-2,066,283
Payments to suppliers	-1,478,896	-302,405	-146,464	-611,780	-2,539,545
Net cash provided (used) by operating activities	----- 184,869	----- 319,204	----- 551,391	----- 1,636,721	----- 2,692,185
Noncapital financing activities:					
Transfers in		20,000	20,000		40,000
Transfers (out)	-80,000		-165,000	-700,000	-945,000
Sale of surplus property			3,582	3,473	7,055
Operating grant				48,576	48,576
Capital financing activities:					
Cash paid for capital assets		-692,418	-86,955	-831,248	-1,610,621
Cash paid for debt principal		-11,357	-164,125		-175,482
Cash paid for debt interest		-5,134	-85,046		-90,180
Investing activities:					
Interest receipts		1,490		2,170	3,660
Net increase (decrease) in cash	----- 104,869	----- -368,215	----- 73,847	----- 159,692	----- -29,807
Cash and cash equivalent:					
January 1, 2021	----- 618,019	----- 1,451,957	----- 903,779	----- 4,777,312	----- 7,751,067
December 31, 2022	----- 722,888	----- 1,083,742	----- 977,626	----- 4,937,004	----- 7,721,260
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	184,869	-373,214	464,436	805,473	1,081,564
Add back:					
Cash paid for capital assets		692,418	86,955	831,248	1,610,621
Net cash provided (used) by operating activities	----- 184,869	----- 319,204	----- 551,391	----- 1,636,721	----- 2,692,185
Noncash investing, capital and financing activities: None					

See accompanying notes.

CITY OF BELLE FOURCHE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity:

The funds and account groups included in this report are controlled by or dependent upon the City of Belle Fourche's (City) Governing Board.

City officials at December 31, 2022 are:

Mayor:	Finance Officer:
Randy D. Schmidt	Jason LaFayette
Governing Board:	Attorney:
Monte Talkington, President	Dwight Gubbrud
Derrick Erhart	
Rebecca Larson	
Heidi Parker	
Larry Schmaltz	
Bob Somervold	
Clark Sowers	
Randy Sowers	

The City's financial reporting entity is composed of the following:

Financial Reporting Entity:  
Primary Government: - The City of Belle Fourche  
Component Units: - None

To determine the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

The reporting entity of City of Belle Fourche consists of (1) the primary government, which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity; (2) those organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if its governing board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on the City (the primary government). The City may also be financially accountable for another organization if that organization is fiscally dependent on the City unless that organization can, without the approval of the City: (1) set its own budget; (2) determine its own rates or charges; and (3) borrow money.

Based upon the application of these criteria, the City of Belle Fourche does not have any component units.

b. Basis of Presentation:

*Government-wide Financial Statements:*

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds (if any). 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 good and services.

The Statement of Net Position reports all cash and cash equivalent assets. Net position is displayed in two components: restricted (distinguishing between major categories of restrictions) and unrestricted.

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

*Fund Financial Statements:*

The fund financial statements include specific information about individual funds used by the reporting entity. Each fund is considered a separate accounting entity with a separate set of self-balancing accounts that constitutes its cash, net position, receipts and disbursements. Funds are organized into three major categories: governmental, enterprise, and fiduciary (if any). An emphasis is placed on major funds within the governmental and enterprise categories. A fund is considered major if it is the primary operating fund of the City or if it meets the following criteria:

- a. Total cash, receipts or disbursements of the individual governmental or enterprise fund are at least 10 percent of the corresponding element total (cash, receipts or disbursements) for all funds of that category (that is, total governmental or total enterprise), and
- b. The same element that meets the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined
- c. In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's official believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

Funds of the City are described below within their respective fund type:

*Governmental Funds*

General Fund - a fund established by South Dakota Codified Law (SDCL) 4-11-6 to met all the general operational costs of the City except those required to be accounted for in another fund. The general fund is always a major fund.

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

CIP Fund - A fund allowed by SDCL 10-52-2 to account for receipts from the 2nd cent sales tax. The 2nd cent can be spent on capital projects and debt service. The CIP fund is a major fund.

3rd Cent Sales Tax Fund - A fund allowed by SDCL 10-52-8 to account for the receipts from the 3rd cent sales tax imposed on liquor, lodging and dining sales. The 3rd cent can be spent on the promotion of the city. The 3rd cent sales tax fund is not a major fund.

Museum Gift Shop Fund - A fund allowed by SDCL 9-38-6 to account for activity of the Museum Gift shop. Museum Gift shop receipts are spent on operations of the shop. The Museum Gift Shop fund is not a major fund.

Other special revenue funds - The City maintains the following special revenue funds to adhere to donation and memorial requests. These are not major funds.

Belle Fourche Area Community Center (BFACC) Donation Fund  
Library Memorial Fund  
Museum Memorial 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 cost. The City has the following debt service fund:

Tax Increment Financing District Fund - A fund allowed by SDCL 11-9-24 to account for the proceeds of incremental property taxes, restricted to the payment of principal and interest on debt (city or developer advances) issued to finance a public improvement. The City accounts for one legally separate TIF debt issue through its TIF #4 debt service fund. TIF #4 debt service fund is not a major fund.

Permanent Funds - permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's activities. The City has the following permanent fund:

Perpetual Care Fund - A fund to account for a \$50,000 donation, the interest from which can only be used for upkeep of the City's cemetery. The Perpetual Care Fund is not a major fund.

Capital Project Funds - capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise funds and trust funds). The City has the following capital project funds.

Day Street Lift Station Fund - A fund to account for Day Street lift station improvements. The Day Street Lift Station Fund is not a major fund.

Museum Capital Reserve Fund - A fund to reserve resources for a future Museum addition. The Museum Capital Reserve Fund is a major fund.

Enterprise Funds  
(Business-Type)

Enterprise Funds - enterprise funds are used to account for activity for which a fee is charged to external users for goods or services. The City has the following enterprise funds:

Liquor Fund - A fund established by SDCL 35-3-21 to provide off-sale product to the general public. The liquor fund is a major fund.

Water Fund - A fund established by SDCL 9-47-1 to provide water to customers within the City of Belle Fourche. The water fund is a major fund.

Sewer Fund - A fund established by SDCL 9-48-2 to provide sewer services to customers within the City of Belle Fourche. The sewer fund is a major fund.

Landfill Fund - A fund established by SDCL 9-32-11 and 9-34A-6 to provide collection and disposal of solid waste for the City of Belle Fourche. The landfill fund is a major fund.

#### *Fiduciary Funds*

Fiduciary funds are never considered to be major funds.

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

In 2022 the City had no fiduciary or custodial 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 (disbursements) are recognized in the accounts and reported in the financial statements, regardless of the measurement focus. The City's basis of accounting is the modified cash basis of accounting, which is a basis of accounting other than US-GAAP. Under US-GAAP, transactions are recorded in the accounts when revenues are earned and liabilities are incurred. Under the modified cash basis of accounting, transactions are recorded when cash is received or disbursed.

#### Measurement Focus:

##### *Government-wide Financial Statements:*

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

##### *Fund Financial Statements:*

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

#### Basis of Accounting:

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

The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipts and disbursement transactions. Under the modified cash basis of accounting, the statement of net position reports only cash and cash equivalents. Under the modified cash basis of accounting, transactions are recorded in the accounts when cash and/or cash equivalents are received or disbursed and assets and liabilities are recognized to the extent cash has been received or disbursed. Acceptable modifications to the cash basis of accounting implemented by the City in these financial statements are investments and certificates of deposit (if any) whose maturity when purchased is more than 90 days.

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

If the City applied US-GAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting and the fund financial statements for enterprise funds and fiduciary funds (if any) would use the accrual basis of accounting. All government-wide financial statements would use the accrual basis of accounting.

d. Cash and Cash Equivalents:

In the enterprise funds' statement of cash flows, the City considers all highly liquid investments and deposits (including restricted assets) with a term to maturity of three months or less when purchased to be cash equivalents. Those portions of the enterprise funds' cash resources that are included in the City's internal cash management pool are considered to be cash and cash equivalents, regardless of the form in which they are held, because use of the pool provides each enterprise fund with access to its cash resources essentially on demand.

For the one year ending December 31, 2022, all enterprise fund deposits and money market accounts are considered to be cash and cash equivalent for purposes of the statement of cash flows.

e. Interfund Transactions:

Transactions that constitute reimbursements to a fund for disbursements made from it, and that are properly applicable to another fund, are recorded as a disbursement in the reimbursing fund and as reductions of disbursements in the fund that is reimbursed. All other interfund transactions are reported as transfers.

f. Program Receipts and General Receipts:

Program Receipts:

In the government-wide Statement of Activities, reported program receipts derive directly from the program itself or from parties other than the City's taxpayers or citizenry, as a whole. Program receipts are classified in 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 contribution - 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 contribution - These arise from mandatory and voluntary non-exchange transactions with other government, organization, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

General Receipts:

General receipts include all receipts not specifically earmarked for a specific program. General receipts include all taxes, interest received, unrestricted receipts from federal, state, or county governments, and miscellaneous receipts not related to a program. These receipts are not restricted and can be used for the regular operation of the City.



g. Enterprise Fund Receipt Classifications:

In both the government-wide statements and fund financial statements, enterprise fund operating receipts, such as charges for water and sewer services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, if any, such as grants, operating subsidies, interest received, and transfers in, result from nonexchange transactions.

h. Equity Classifications:

*Government-wide financial Statements:*

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

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

*Fund Financial Statements:*

Governmental fund equity is classified as "Fund Balance", and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Enterprise fund equity is classified as "Net Position", the same as in the government-wide financial statements. Fiduciary fund equity (if any) is reported as fiduciary net position.

i. Application of Net Position:

It is the City's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred which can be charged to either restricted or unrestricted net position.

j. Fund Balance Classification Policies and Procedures:

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

- \* Nonspendable - includes fund cash balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- \* Restricted - includes fund cash 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 cash balance amounts that are constrained for specific purposes that are internally imposed (or modified or rescinded) by the government through formal action at the highest level of decision making authority and does not lapse at year-end.
- \* Assigned - includes fund cash balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund cash balance may be assigned by the Board of Trustees or Finance Officer.
- \* Unassigned - includes positive fund cash balance within the general fund which has not been classified within the above categories and negative fund balance amounts in other governmental funds.

The City uses "restricted" and "committed" amounts first when 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 City would first use "committed", then "assigned", and lastly "unassigned" amounts of unrestricted fund balance when expenditures are made.

The City does not have a formal minimum fund cash balance policy.

The City of Belle Fourche fund cash balance classifications are made up of:

<u>Fund Balance Classifications</u>	<u>Account or Fund</u>	<u>Authority or Action</u>	<u>Amount</u>
Nonspendable	Perpetual Care	Statute	50,000
Restricted	Local Fical Recovery Fund uses	Regulation	1,019,670
	3rd Cent uses	Statute	589,473
	TIF #4 (debt service)	Covenant	21,457
	BFACC donation fund	Covenant	20,363
	Library Memorial fund	Covenant	48,232
	Museum Memorial fund	Covenant	32,314
Committed	None		0
Assigned	CIP: Construction	Resolution	1,453,344
	Museum Gift Shop	Resolution	122,456
	Perpetual Care	Resolution	40,403
	Museum Capital Reserve	Resolution	774,490
	Day Street Lift Station		456,671
Unassigned	General		2,818,686
			-----
			7,447,559

The purpose of each special revenue fund and revenue source is:

Special Revenue Fund:	Revenue Source:
* CIP	Sales tax and grants (see page 13)
* 3rd Cent	Sales tax and rents (see page 44)
* Museum Gift Shop	Sales (see page 44)
* Belle Fourche Area Community Center Donation	Donations (see page 44)
* Library Memorial	Donations (see page 44)
* Museum Memorial	Donations (see page 44)

## 2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

### Budget Overdrafts:

The City is prohibited by statute from spending in excess of appropriated amounts by department within a fund. The following are overdrafts of departmental expenditures compared to appropriations:

2022: General fund/general government/financial administration	\$ 112,552
/public safety/police	323,326
/health and welfare/West Nile	13,025
/health and welfare/ambulance	81,000

In the future, the City expects to make contingency transfers or adopt supplemental appropriations to cover expenditures that will exceed their original appropriation.

### 3. DEPOSITS, INVESTMENTS, AND RELATED RISKS

The City follows the practice of aggregating deposits of its various funds for cash management efficiency and returns, except for restricted cash held by 3rd parties and certificates of deposits purchased for an individual fund.

Deposits - The City's 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. 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 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 City money to be invested only in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or (c) in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall 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.

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

Actual bank balances at December 31, 2022 were as follows: Insured \$1,000,025, Collateralized \*\* \$14,837,160 for a total of \$15,837,185.

\*\* Uninsured, collateral jointly held by state's/municipality's agent in the name of the state and the pledging financial institution.

The carrying amount of these deposits, including petty cash of \$4,125 at December 31, 2022 was \$15,168,819. Reconciliation of deposits to government-wide statement of net position is:

Statement of Net Position:

Unrestricted:	
Cash and cash equivalents	12,631,814
Restricted:	
Cash and cash equivalents	2,537,005
	-----
	15,168,819

Certificates of deposit, with a term to maturity of greater than 90 days when purchased, are insured or collateralized and are considered deposits. At December 31, 2022 the City had no certificates of deposit.

Custodial Deposit Risk - The risk that, in the event of a depository failure, the City's deposits may not be returned to it. At December 31, 2022, the City's deposits in financial institutions were not exposed to deposit custodial credit risk.

Concentration of Credit Risk - the City places no limit on the amount that may be invested in any one institution. At December 31, 2022 all of the City's deposits are in First Interstate Bank and Pioneer Bank & Trust.

Investment Risk - State law limits eligible investments for the City as discussed above. The City has no investment policy that would further limit its investment choices.

Investment Custodial Risk - The risk that, in the event of failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in possession of an outside party. The City was not exposed to custodial investment risk in 2022.

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

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the general fund or the fund making the deposit or investment. The City's policy is to credit all income from deposits and investments to the fund making the investment.

#### 4. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is presented as supplementary information on page 41 and 42. The City has no: (a) unused lines-of-credit, (b) short-term debt, (c) debt extinguishments, defeasances, refundings or troubled debt restructuring, (d) special assessment debt, (e) conduit debt, (f) derivatives or hedging of variable rate debt, (g) debt related to claims and judgments, or (h) other than the collateral specified, terms in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences or (3) subjective acceleration clauses.

#### 5. FUTURE REVENUES PLEDGED TO SECURE DEBT

All water fund net revenue (after normal operating, repair and maintenance expenses) is pledged to secure one drinking water SRF revenue bond which has a remaining balance of \$221,063. The bond was incurred to cover the cost of water improvements as described on page 42. The bond will mature in 2039. In 2022 the water fund had net revenue of \$319,204 before capital asset cost and payments of \$16,491 on this bond.

All sewer fund revenue is pledged to secure two clean water SRF revenue bonds which have a remaining balance of \$3,482,008. The bonds were incurred to cover the cost of sewer improvements as described on page 42. The bonds will mature in 2039 and 2041. In 2022 the sewer fund had net revenue of \$551,391 before capital asset cost and payments of \$249,171 on these bonds.

#### 6. RESTRICTED ASSETS AND RESTRICTED NET POSITION

Restricted assets and restricted net position at December 31, 2022 is as follows:

Purpose:	Governmental	Business-Type
Landfill closure costs		755,496
Perpetual care cash	50,000	
Donor and memorial covenants	100,909	
3rd cent uses	589,473	
Debt service	21,457	
Local Fiscal Recovery Fund uses	1,019,670	
	-----	-----
Total Restricted Assets	1,781,509	755,496

#### 7. LEASES

Copier leases are considered immaterial to these financial statements.

8. INTERFUND TRANSACTIONS

The 2022 transfers "in" and "(out)" between funds were:

Fund:	Government-Wide	Business-Type	
General	780,000		Operations
CIP	(739,662)		Operations
TIF #4	(40,000)		Debt service
Day Street	739,662		Operations
Day Street	165,000		Operations
Liquor		(80,000)	Remit a portion of profit
Water		20,000	Debt service
Sewer		20,000	Debt service
Sewer		(165,000)	Operatins
Landfill		(700,000)	Remit a portion of profit
	-----	-----	
	905,000	(905,000)	

9. LANDFILL CLOSURE AND REGULATORY COMPLIANCE

The landfill operation is handled as an enterprise fund by the City. The plan for the operation of the disposal site is based on Administrative Rules of the State of South Dakota (ARSD) 74:27:13. Plans for the operation and various contingencies have been prepared for and are available at the office of the county auditor.

The site as established has a total 2022 capacity of 2,812,451 cubic yards with an estimated life expectancy of 30 years.

Financial assurances for corrective action are only required at facilities with known releases of contaminates. The City of Belle Fourche has not had any known releases of contaminates.

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City accrues a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

At December 31, 2022 the estimated closure and post closure costs, based on a 44% filled, is \$801,378 and is covered by \$755,496 of restricted savings. Total closure cost and post closure cost are estimated to be \$1,821,314. The landfill has a capacity of 2,812,451 cubic yards of which 1,237,217 (or 44.00%) has been filled by August 2022. The total cost of \$1,821,314 times estimated used volume of 44.00% gives the \$801,378 - \$755,496 = \$45,882 estimated present liability for closure/post closure costs and is the minimum transfer for 2023.

Actual closure and post closure costs may be higher or lower due to inflation, expansions, changes in technology, or changes in regulations.

The City is required by the Department of Agriculture and Natural Resources to deposit funds into a separate account to finance closure and post closure costs. In 2022 the City made a contribution of \$50,000 to this account. At December 31, 2022 the City had \$755,496 in this separate account to cover to liability for closure and post closure costs.

10. PENSION PLAN

Summary of Significant Accounting Policies:

As mentioned in note 1c above, these financial statements, both government-wide and fund financial statements, are presented on a modified cash basis of accounting rather than an accrual/modified accrual basis of accounting. Consequently, these financial statements do not measure the net pension (assets)/liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense (revenue), and information about the fiduciary net position of the South Dakota Retirement System (SDRS).

Plan Information:

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

Benefits Provided:

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

Members that were hired before July 1, 2017 are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80.

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

Members that were hired on or 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 equal to or greater 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 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 .05 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, contributions requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The City's share of contributions to the SDRS for the years ending December 31, 2022, 2021 and 2020 were \$194,730, \$171,800, and \$175,385, respectively (employer's share) equal to the required contribution each year.

Pension (Assets)/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources to Pensions:

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

Proportionate share of total pension liability	\$ 19,375,907
Less: Proportionate share of net position restricted for pension benefits	(19,388,878)
	-----
Proportionate share of net pension (asset)/liability	\$ (12,971)
	=====

The net pension liability (asset) was measured as of June 30, 2022 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the City's share of contribution to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the City's proportion was .001372560 which is an increase of .00008182 over its proportion measured as of June 30, 2021.

Actuarial Assumptions:

The total pension liability in the June 30, 2022 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 return of 4.00%
Future COLAs	2.10%
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: Pub T-2010  
Other Class A Members: Pub G-2010  
Public Safety Members: Pub S-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees:

Pub T-2010, 108% of rates above age 65

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

Public Safety Retirees: Pub S-2010, 102% of rate at all ages

Beneficiaries:

Pub G-2010 contingent survivor mortality table

Disabled Members:

Public Safety: Pub S-2010 disabled member mortality table

Others: Pub G-2010 disabled member mortality table

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

Investments

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which my utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (ie: 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 weighting 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, 2022 (see the 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
Global Equity	58.0%	3.7%
Fixed Income	30.0%	1.1%
Real Estate	10.0%	2.6%
Cash	2.0%	0.4%
	----- 100.0% =====	

Discount Rate:

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

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

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



	1% Decrease	Current Discount Rate	1% Increase
	5.50%	6.50%	7.50%
City's proportionate share of the net pension (asset)/liability	\$2,693,424	\$(12,971)	\$(2,224,812)

Pension Plan Fiduciary Net Position:

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

11. PROPERTY TAX

Taxes are levied on or before October 1, attach as an enforceable lien on property, become due and payable on the following January 1, and are payable in two installment on or before the following April 30 and October 31. The county bills and collects the City's taxes and remits them to the City. Because the City is on the modified cash basis of accounting, all property taxes received in cash are considered revenue for the period in which it was collected.

12. JOINT VENTURES

*Butte County Ambulance:*

The City participates in a joint venture, known as Butte County Ambulance, formed for the purpose of providing ambulance services to residents of Butte County and the Cities of Belle Fourche and Newell.

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

Butte County	45%
City of Belle Fourche	45%
City of Newell	10%

The joint venture's governing board is composed of 2 representative each from the Butte County and the Cities of Belle Fourche and 1 representative from the City of Newell. The board is responsible for adopting the budget and setting service fees at a level adequate to fund the adopted budget.

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

Separate financial statements for this joint venture are available from the Butte County Ambulance Service at 605 6th Avenue, Belle Fourche, SD 57717.

At December 31, 2022, this joint venture had UNAUDITED 2022 budgeted cash receipts of \$530,200, budgeted cash expenses of \$591,402 showing a deficit of \$61,202 and no long-term debt.

13. RELATED PARTY

The Belle Fourche Development Corporation (BFDC) is considered a related party because BFDC is financial dependent on subsidies from the City. BFDC's 2022 financial statement was not available as of this report date. BFDC had a budget of \$90,000 in 2023.

14. RISK MANAGEMENT

The City is exposed to various risks of loss related to injuries to employees; torts; theft of or damage to property; errors and omissions of public officials; and natural disasters. During the one year ending December 31, 2022, the City managed its risks as follows:

Employee Health Insurance:

The City purchases health insurance for its employees from a commercial insurance carrier.

#### Liability Insurance:

The City joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The City'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 City. The City pays a Members' Annual Operating Contribution, to provide liability coverage detailed below, under an occurrence-based 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 City pays an annual premium to the pool to provide coverage for general liability, auto liability, auto damage, property, and equipment breakdown insurance.

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

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

#### Airport Liability Coverage:

The City has purchased airport liability coverage through a commercial insurance carrier. This insurance covers bodily injury and property damage. These coverages are provided to a \$1,000,000 limit for each occurrence and \$2,000,000 in the aggregate.

#### Worker's Compensation:

The City joined the South Dakota Municipal League Workers' 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 City'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 City pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

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

Unemployment Benefits:

The City is on a reimbursement basis for any claims paid by the unemployment fund administered by the South Dakota Department of Labor. Because claim amounts are small, resources have not been designated to cover future claims. During 2022 no unemployment claims were paid none are expected to be paid in 2023.

15. CHANGE IN ACCOUNTING PRINCIPLE

In 2022 the City changed its major fund determination policy from one that considers all funds as major funds for consistency and public interest as allowed by Government Accounting and Financial Reporting Standards Sec. 2200.159 to one that limits major funds to a 10% and 5% test of assets, receipts or disbursements. See note 1(b) above. See also Schedule One on page 34.

In addition to the above change in accounting principle, the City decided to display the two sub-funds of the general fund, each as their own fund. Therefore, the CIP fund became a major fund and the Museum Gift Shop fund became a non-major fund.

16. PRIOR PERIOD CORRECTION

The general fund beginning fund balance was adjusted by netting with other fund adjustments and reduced by \$592,296 to reconcile to 2022 bank statement activity.

17. LITIGATION

At December 31, 2022 the City was not a party to material litigation. However, as discussed in the risk management note above, the City has liability coverage for itself and its employees through South Dakota Public Assurance Alliance. Any potential litigation liability is not expected to have a material effect on the City's financial statements.

18. TAX ABATEMENTS

As of December 31, 2022 the City did not provide any tax abatement incentives through its Tax Increment Financing District Projects or through other agreements that are considered tax abatements in accordance with the provisions of GASB Statement No. 77.

19. OTHER DISCLOSURES

The City does not offer any Other Post Employment Benefits.

In 2023 Phase I of the 11<sup>th</sup> Avenue project is expected to begin and cost approximately \$1.2 million from local funds.

In October 2022 the City was awarded a \$1,760,000 Drinking Water State Revolving Loan at 1.625 percent for 30 years for the Hat Ranch well installation project.

In October 2022 the City was awarded a \$79,737 Belle Fouché Roundup Complex Playground Equipment grant from the Land and Water Conservation Fund.

In 2023 the ball field lighting project is expected to cost approximately \$1.2 million to be paid from a loan.

In 2023 the museum addition is expected to cost \$1.8 million from local funds.

In 2023 the City purchased a landfill shredder for \$718,300 with \$359,108 of local funds and a \$72,000 Solid Waste Management Program grant and a \$287,192 Solid Waste Management Program loan at 3.0 percent for 20 years.

In 2023 a hail damage insurance settlement was received of \$1,744,976 for buildings and \$79,497 for vehicles. A FEMA payment of \$40,168 was also received.

Other 2023 projects include a nature trail, bike path lighting, new crows nest, bathroom and concession facility at the ball field, a man-made pond for ice skating, and paving for Day Street and 7<sup>th</sup> Street.

CITY OF BELLE FOURCHE  
 SCHEDULE ONE  
 CHANGES TO BEGINNING FUND BALANCES  
 ACCOUNTING PRINCIPLE CHANGE  
 -- GOVERNMENTAL FUNDS -- MODIFIED CASH BASIS  
 FOR THE YEAR ENDING DECEMBER 31, 2022

	General Fund	CIP Fund	Museum capital Reserve Fund	Other Combining Government Funds	Museum Gift Shop Fund	3 <sup>rd</sup> Cent Sales Tax Fund	BFACC Donation Fund	Library Memorial Fund	Museum Memorial Fund	Debt Service TIF #4 Fund	Perpetual Care Fund	Day Street Lift Station Fund	Total Government Funds
Fund balance:													
January 1, 2021	6,093,313	0	771,723	0	0	502,152	18,785	43,389	42,219	0	90,021	-447,991	7,113,611
Change in accounting principle	-3,074,701	2,962,750		360,526		-502,152	-18,785	-43,389	-42,219	0	-90,021	447,991	0
January 1, 2021, adjusted	<u>3,018,612</u>	<u>2,962,750</u>	<u>771,723</u>	<u>360,526</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,113,611</u>

(page 44)

CITY OF BELLE FOURCHE  
SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
FOR THE YEAR ENDING DECEMBER 31, 2022

GENERAL FUND	Budgeted Amounts			Actual	Variance Positive (Negative)	
	Original	Contingency Transfers	Supplemental			Final
<b>Receipts:</b>						
Receipts from local sources:						
Taxes:						
Ad valorem taxes	2,014,048			2,014,048	1,976,581	-37,467
Sales and use tax	1,483,000			1,483,000	2,034,690	551,690
Amusement tax	6,200			6,200		-6,200
Licenses and permits:	88,400			88,400	328,006	239,606
Intergovernmental receipts:						
Federal grant:	10,000			10,000	22,090	12,090
State shared receipts:						
State grants	72,000			72,000	14,355	-57,645
Bank franchise tax	28,000			28,000	32,862	4,862
Commercial vehicle prorated	8,000			8,000	10,097	2,097
Liquor tax reversion	36,500			36,500	39,359	2,859
Motor vehicle licenses (5%)	58,500			58,500	58,590	90
Highway and bridge	70,000			70,000	81,342	11,342
County shared receipts:	50,800			50,800	57,082	6,282
Charges for goods and services:						
General government				0	2,055	2,055
Public safety	500			500	190	-310
Public works	21,800			21,800	19,322	-2,478
Culture and recreation	311,750			311,750	378,156	66,406
Fines and forfeits:	5,220			5,220	9,783	4,563
Miscellaneous receipts:						
Interest received	5,000			5,000	47,368	42,368
Rentals and franchise fees	25,100			25,100	126,597	101,497
Donations	500			500	684	184
5% beer mark-up	24,500			24,500	63,691	39,191
Miscellaneous	101,500			101,500	20,538	-80,962
<b>Total receipts</b>	<b>4,421,318</b>	<b>0</b>	<b>0</b>	<b>4,421,318</b>	<b>5,323,438</b>	<b>902,120</b>
<b>Disbursements</b>						
General government:						
Mayor and Council	111,050		2,900	113,950	113,899	51
Executive	156,500			156,500	79,083	77,417
Contingency	50,000			50,000		50,000
Amount transferred	0	-7,700		-7,700		-7,700
Elections	4,900			4,900	0	4,900
Financial administration	81,100		33,500	114,600	227,152	-112,552
Other	827,520		122,700	950,220	777,942	172,278
Public safety:						
Police	1,251,475		142,900	1,394,375	1,717,701	-323,326
Fire	145,400		3,950	149,350	138,247	11,103
Protective inspection	491,200			491,200	150,802	340,398
Public works:						
Highways and streets	454,900	550		455,450	358,558	96,892
Sanitation	10,000			10,000		10,000
Airport	64,330			64,330	48,569	15,761
Cemetery	174,350			174,350	139,672	34,678
Health and welfare:						
West Nile	0		6,300	6,300	19,325	-13,025
Health	62,125			62,125	41,100	21,025
Ambulance	0			0	81,000	-81,000
Culture and recreation:						
Belle Fourche Area Comm. Cente	808,675	1,600	122,600	932,875	905,170	27,705
Parks	244,450			244,450	173,669	70,781
Library	287,525			287,525	284,872	2,653
Bowman/Comm Halls	9,000			9,000	8,905	95
Museum	346,800	50		346,850	342,326	4,524
Conservation and development:						
Economic development	207,015			207,015	123,896	83,119
Debt service:	0			0		0
Other	11,200	210	370	11,780		11,780
<b>Total disbursements</b>	<b>5,799,515</b>	<b>-5,290</b>	<b>435,220</b>	<b>6,229,445</b>	<b>5,731,888</b>	<b>497,557</b>
Excess of receipts over (under) disbursements	-1,378,197	5,290	-435,220	-1,808,127	-408,450	1,399,677
Other financing sources (uses):						
Transfer in	780,000			780,000	780,000	0
Transfer (out)		-5,290		-5,290		5,290
Sale of surplus property	5,000			5,000	20,820	15,820
<b>Net change in fund balance</b>	<b>-593,197</b>	<b>0</b>	<b>-435,220</b>	<b>-1,028,417</b>	<b>392,370</b>	<b>1,420,787</b>
<b>Fund balance:</b>						
January 1, 2022, adjusted	1,871,185			1,871,185	2,426,316	555,131
December 31, 2022	1,277,988	0	-435,220	842,768	2,818,686	1,975,918

CITY OF BELLE FOURCHE

SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 FOR THE YEAR ENDING DECEMBER 31, 2022

CIP Fund	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplemental:	Final		
<b>Receipts:</b>					
<b>Receipts from local sources:</b>					
<b>Taxes:</b>					
Sales and use tax	1,483,000		1,483,000	2,034,690	551,690
<b>Intergovernmental receipts:</b>					
Federal grants	660,000		660,000	553,038	-106,962
State grants	723,700		723,700	611,661	-112,039
<b>Miscellaneous receipts:</b>					
Other	35,050		35,050	0	-35,050
<b>Total receipts</b>	<b>2,901,750</b>	<b>0</b>	<b>2,901,750</b>	<b>3,199,389</b>	<b>297,639</b>
<b>Disbursements:</b>					
<b>General government:</b>					
Government buildings	113,500	87,000	200,500	200,300	200
<b>Public safety:</b>					
Police	70,000		70,000	0	70,000
Fire	90,000		90,000	3,870	86,130
Other protection	70,000		70,000	0	70,000
<b>Public works:</b>					
Highways and streets	2,405,200	895,100	3,300,300	1,921,664	1,378,636
Airport	150,000		150,000	62,259	87,741
Cemetery	330,000		330,000	44,916	285,084
<b>Culture and recreation:</b>					
Belle Fourche Area Comm. Cente	362,500		362,500	193,982	168,518
Parks	305,000		305,000	87,576	217,424
Library	15,000		15,000	14,717	283
Museums	1,171,000		1,171,000		1,171,000
<b>Debt service:</b>	<b>421,000</b>		<b>421,000</b>	<b>420,179</b>	<b>821</b>
<b>Total disbursements</b>	<b>5,503,200</b>	<b>982,100</b>	<b>6,485,300</b>	<b>2,949,463</b>	<b>3,535,837</b>
<b>Excess of receipts over (under) disbursements</b>	<b>-2,601,450</b>	<b>-982,100</b>	<b>-3,583,550</b>	<b>249,926</b>	<b>3,833,476</b>
<b>Other financing sources (uses):</b>					
Transfer in	1,121,000		1,121,000		-1,121,000
Transfer (out)			0	-739,662	-739,662
<b>Net change in fund balance</b>	<b>-1,480,450</b>	<b>-982,100</b>	<b>-2,462,550</b>	<b>-489,736</b>	<b>1,972,814</b>
<b>Fund balance:</b>					
January 1, 2022	2,962,750		2,962,750	2,962,750	0
December 31, 2022	1,482,300	-982,100	500,200	2,473,014	1,972,814

CITY OF BELLE FOURCHE

NOTES TO SUPPLEMENTARY INFORMATION - BUDGETS

SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND AND MAJOR SPECIAL REVENUE FUND FOR THE ONE YEAR ENDING DECEMBER 31, 2022

1. BUDGETS AND BUDGETARY ACCOUNTING

The City of Belle Fourche follows these procedures in establishing the budgetary data reflected in the supplementary information:

- a. 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.
- b. 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 d.
- c. 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.
- d. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets. During 2022 there was a supplemental budget to increase the general fund budget and the CIP fund budget. See page 35 and 36.
- e. Formal budgetary integration is employed as a management control device for the general fund and major special revenue funds.
- f. The budget for the general and the major special revenue funds are not adopted on a basis consistent with generally accepted accounting principles (GAAP) because all accounting, and the adoption of the all budgets, is on a modified cash basis of accounting.

2. GAAP and Budgetary Accounting Basis Difference:

The financial statements prepared in conformity with U.S.GAAP (within the context of the modified cash basis of accounting) present capital outlay disbursement information as a separate category of disbursements. Under the budgetary basis of accounting, capital outlay disbursements are reported within the function to which they relate. For example, the purchase of a road grader would be reported as a capital outlay disbursement in the governmental funds statement of receipts, disbursements and changes in fund cash balance. However, in the budgetary comparison schedules, the purchase of a road grader would be reported as a disbursement in the public works function of general fund, along with all other current public works disbursements.

CITY OF BELLE FOURCHE  
 FOR THE NINE YEARS ENDING DECEMBER 31, 2022

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE  
 SOUTH DAKOTA RETIREMENT SYSTEM'S NET PENSION (ASSET)/LIABILITY

SDRS Measurement Date Year Ended (1)	City's Pension Allocation Percentage	City's Proportionate Share of Net Pension (Asset) Liability	City's Covered Employee Payroll for its 6-30 Year End	City's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2022	0.1372560%	-12,972	3,058,289	(0.43%)	100.10%
June 30, 2021	0.1290740%	-988,486	2,733,235	(36.17%)	105.52%
June 30, 2020	0.1233352%	-5,356	2,525,817	(0.21%)	100.04%
June 30, 2019	0.1213765%	-12,863	2,423,208	(0.53%)	100.09%
June 30, 2018	0.1193185%	-2,783	2,325,484	(0.12%)	100.02%
June 30, 2017	0.1153980%	-10,472	2,208,462	(0.47%)	100.10%
June 30, 2016	0.1231037%	415,832	2,194,516	18.95%	96.89%
June 30, 2015	0.1223437%	-518,895	2,100,611	(24.70%)	104.10%
June 30, 2014	0.1275175%	-918,711	2,090,563	(43.95%)	107.30%

(1) The amounts presented for each fiscal year were determined as of the collective net pension (asset)/liability which is 6-30 of the City's current calendar year.

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF BELLE FOURCHE  
 FOR THE NINE YEARS ENDING DECEMBER 31, 2022

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S CONTRIBUTIONS  
 TO THE SOUTH DAKOTA RETIREMENT SYSTEM

City's Year Ended	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Employee Payroll for its Calendar Year End	Contributions as a Percentage of Covered Employee Payroll
December 31, 2022	194,730	194,730	0	3,029,500	6.43%
December 31, 2021	171,800	171,800	0	2,673,606	6.43%
December 31, 2020	175,385	175,385	0	2,726,000	6.43%
December 31, 2019	176,315	176,315	0	2,759,075	6.39%
December 31, 2018	153,990	153,990	0	2,407,489	6.40%
December 31, 2017	144,969	144,969	0	2,274,752	6.37%
December 31, 2016	148,056	148,056	0	2,313,228	6.40%
December 31, 2015	136,018	136,018	0	2,131,537	6.38%
December 31, 2014	134,207	134,207	0	2,095,925	6.40%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.



CITY OF BELLE FOURCHE

NOTES TO SUPPLEMENTARY INFORMATION - PENSION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY  
AND SCHEDULE OF PENSION CONTRIBUTIONS FOR THE ONE YEAR ENDING DECEMBER 31, 2022

Changes of Prior Valuation:

The June 30, 2022 Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2022 Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

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

Benefit Provision Changes:

During the 2022 legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

Actuarial Assumption Changes:

As a result of an experience analysis covering the period from July 1, 2016 to June 30, 2022, and presented to the SDRS Board of Trustees in April and June 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for the June 30, 2022, actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%.

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was change to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) 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%.

REQUIRED SUPPLEMENTARY INFORMATION - PENSION (continued)

AS of June 30, 2022, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2022, Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 20, 2022, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

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 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027, Actuarial Valuation.

Actuarial Method Changes:

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Accounts are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.

CITY OF BELLE FOURCHE  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES  
 FOR THE ONE YEAR ENDING DECEMBER 31, 2022

	Beginning 12-31-21	2022 Additions	2022 (Deletions)	Governmental Ending 12-31-22	Business-Type Ending 12-31-22	Principal Due in 2023
<b>GOVERNMENTAL - DIRECT BORROWING</b>						
2020 Sales Tax Revenue Refunding Bonds - Series 2020A:						
Original Loan Amount of \$3,884,277						
Maturing on 9-1-2031						
Interest at 1.85%						
Principal and interest payments due March and September 1st						
Purpose: refinance street, water, and sewer improvements						
Secured by sales tax, which is irrevocably pledged to the full payment of said bonds.						
Callable in whole at option of City after 9-1-2026						
Paid by CIP fund	3,205,520		-360,877	2,844,643		367,173
2020 Sales Tax Revenue Refunding Bonds - Series 2020B:						
Original Loan Amount of \$968,379						
Maturing on 5-1-2035						
Interest at 2.15%						
Semi-annual payments of \$37,967						
Purpose: Construction of new rodeo grounds, furnishing and equipping the same including a new grandstand						
Secured by the City's 1% non-ad valorem tax authorized by SDCL 10-52A-2						
Callable after May 1, 2028						
Paid by 3rd cent fund	885,644		-57,198	828,446		58,434
<b>GOVERNMENTAL - OTHER LIABILITIES</b>						
City Advance to TIF #4:						
Total advance plus interest: \$1,000,000						
Repayment as tax incremental revenues are received over a period of 10 years						
Secured by property tax payments						
Cost recognized in 2018						
Zero interest						
Paid 1/2 to water 1/2 to sewer						
Paid by TIF #4 fund	849,608		-40,000	809,608		134,916
<b>Totals</b>	<b>4,940,772</b>	<b>0</b>	<b>-458,075</b>	<b>4,482,697</b>	<b>0</b>	<b>560,523</b>

SCHEDULE OF PAYMENTS:	Total Payment	Principal	Interest	Balance
2020 Sales Tax Revenue Refunding Bonds - Series 2020A:				
2023	419,799	367,173	52,626	2,477,470
2024	418,611	372,778	45,833	2,104,692
2025	416,846	377,910	38,936	1,726,782
2026	419,613	387,668	31,945	1,339,114
2027	281,400	256,626	24,774	1,082,488
2028-2031	1,133,028	1,082,488	50,540	0
<b>Totals</b>	<b>3,089,297</b>	<b>2,844,643</b>	<b>244,654</b>	
2020 Sales Tax Revenue Refunding Bonds - Series 2020B:				
2023	75,933	58,434	17,499	770,012
2024	75,934	59,697	16,237	710,315
2025	75,933	60,988	14,945	649,327
2026	75,934	62,306	13,628	587,021
2027	75,933	63,653	12,280	523,368
2028-2032	379,667	339,507	40,160	183,861
2033-2034	189,834	183,861	5,973	0
<b>Totals</b>	<b>949,168</b>	<b>828,446</b>	<b>120,722</b>	
City Advance to TIF #4:				
2023	134,916	134,916	0	674,692
2024	134,916	134,916	0	539,776
2025	134,916	134,916	0	404,860
2026	134,916	134,916	0	269,944
2027	134,916	134,916	0	135,028
2028	135,028	135,028	0	0
<b>Totals</b>	<b>809,608</b>	<b>809,608</b>	<b>0</b>	

CITY OF BELLE FOURCHE  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES (continued)  
 FOR THE ONE YEAR ENDING DECEMBER 31, 2022

	Beginning 12-31-21	2022 Additions	2022 (Deletions)	Governmental Ending 12-31-22	Business-Type Ending 12-31-22	Principal Due in 2023
<b>BUSINESS-TYPE - DIRECT BORROWING</b>						
<b>2017 Clean Water SRF Borrower Bond:</b>						
Original Loan Amount of \$2,125,000						
Maturing on 8-15-2039						
Interest at 2.25%						
Purpose: sewer project						
Payable exclusively out of pledged revenue from segregated customer surcharge receipts of the sewer fund.						
No prepayment without lender's consent						
Paid by the sewer fund	1,863,743		-91,067		1,772,676	93,134
<b>2017 Drinking Water SRF Revenue Bond:</b>						
Original Loan Amount of \$265,000						
Maturing on 5-15-2039						
Interest at 2.25%						
Purpose: water project						
Payable from water system revenue less those expenses directly associated with the operation and maintenance of the system.						
No prepayment without lender's consent						
Paid by the water fund	232,420		-11,357		221,063	11,614
<b>2019 Clean Water SRF Revenue Bond:</b>						
Original Loan Amount of \$1,836,000						
Maturing on 8-15-2041						
Interest at 2.50%						
Purpose: replacement of Day Street Lift station						
Payable from sewer system revenue less those expenses directly associated with the operation and maintenance of the system.						
Also secured by statutory mortgage and other provisions of SDCL 9-40.						
No prepayment without lender's consent						
-35,851 Adjustment						
Paid by the sewer fund	1,818,241		-73,058		1,709,332	74,901
<b>Totals</b>	<b>3,878,553</b>	<b>0</b>	<b>-175,482</b>	<b>0</b>	<b>3,703,071</b>	<b>179,649</b>

SCHEDULE OF PAYMENTS:	Total Payment	Principal	Interest	Balance
<b>2017 Clean Water SRF Borrower Bond:</b>				
2023	132,237	93,134	39,103	1,679,542
2024	132,237	95,247	36,990	1,584,295
2025	132,237	97,408	34,829	1,486,887
2026	132,237	99,618	32,619	1,387,269
2027	132,237	101,879	30,358	1,285,390
2028-2032	661,184	545,137	116,047	740,253
2033-2037	661,183	609,858	51,325	130,395
2038	132,237	130,395	1,842	0
<b>Totals</b>	<b>2,115,789</b>	<b>1,772,676</b>	<b>343,113</b>	
<b>2017 Drinking Water SRF Revenue Bond:</b>				
2023	16,491	11,614	4,877	209,449
2024	16,491	11,878	4,613	197,571
2025	16,491	12,147	4,344	185,424
2026	16,491	12,423	4,068	173,001
2027	16,491	12,705	3,786	160,296
2028-2032	82,454	67,982	14,472	92,314
2033-2037	82,453	76,052	6,401	16,262
2038	16,491	16,262	229	0
<b>Totals</b>	<b>263,853</b>	<b>221,063</b>	<b>42,790</b>	
<b>2019 Clean Water SRF Revenue Bond:</b>				
2023	116,935	74,901	42,034	1,634,431
2024	116,935	76,791	40,144	1,557,640
2025	116,935	78,728	38,207	1,478,912
2026	116,935	80,715	36,220	1,398,197
2027	116,935	82,752	34,183	1,315,445
2028-2032	584,677	446,159	138,518	869,286
2033-2037	584,677	505,367	79,310	363,919
2038-2041	380,039	363,919	16,120	0
<b>Totals</b>	<b>2,134,068</b>	<b>1,709,332</b>	<b>424,736</b>	

CITY OF BELLE FOURCHE

COMBINING BALANCE SHEET -- MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2022

	3 <sup>rd</sup> Cent Sales Tax Fund	Museum Gift Shop Fund	BFACC Donation Fund	Library Memorial Fund	Museum Memorial Fund	Debt Service TIF #4 Fund	Perpetual Care Fund	Day Street Lift Station Fund	Total Combining Governmental Fund
<b>Cash:</b>									
Cash and cash equivalents		122,456					40,403	456,671	619,530
Savings and Money market									0
<b>Restricted cash:</b>									
Cash and cash equivalents	345,339		20,363	48,232	31,894	21,457	9,071		476,356
Savings and Money market	244,134				420		40,929		285,483
<b>Total cash</b>	<b>589,473</b>	<b>122,456</b>	<b>20,363</b>	<b>48,232</b>	<b>32,314</b>	<b>21,457</b>	<b>90,403</b>	<b>456,671</b>	<b>1,381,369</b>
<b>FUND BALANCE</b>									
Nonspendable							50,000		50,000
Restricted	589,473		20,363	48,232	32,314	21,457			711,839
Committed									0
Assigned		122,456					40,403	456,671	619,530
Unassigned									0
<b>Total fund balances</b>	<b>589,473</b>	<b>122,456</b>	<b>20,363</b>	<b>48,232</b>	<b>32,314</b>	<b>21,457</b>	<b>90,403</b>	<b>456,671</b>	<b>1,381,369</b>

See accompanying notes.

CITY OF BELLE FOURCHE

COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
 IN FUND BALANCES -- GOVERNMENTAL FUNDS -- MODIFIED CASH BASIS  
 FOR THE YEAR ENDING DECEMBER 31, 2022

	3 <sup>rd</sup> Cent	Museum				Debt		Day Street	Total
	Sales	Gift	BFACC	Library	Museum	Service	Perpetual	Lift	Combining
Receipts:	Tax	Shop	Donation	Memorial	Memorial	TIF #4	Care	Station	Governmental
Receipts from local sources	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund
<b>Taxes:</b>									
Ad valorem taxes						61,457			61,457
General sales and use t	231,373								231,373
<b>Charges for goods and services:</b>									
General government		41,363							41,363
Culture and recreation					3,585				3,585
<b>Miscellaneous receipts:</b>									
Rental and franchise fees	21,793								21,793
Donations			4,039	4,843	1,993				10,875
Miscellaneous	120						382		502
<b>Total receipts</b>	<b>253,286</b>	<b>41,363</b>	<b>4,039</b>	<b>4,843</b>	<b>5,578</b>	<b>61,457</b>	<b>382</b>	<b>0</b>	<b>370,948</b>
<b>Disbursements:</b>									
<b>Culture and recreation:</b>									
Belle Fourche Area Comm. Center			2,461						2,461
Recreation - Roundup	90,032								90,032
Museum		30,858			15,483				46,341
<b>Debt service:</b>									
Principal	57,198								57,198
Interest and fees	18,735								18,735
<b>Total disbursements</b>	<b>165,965</b>	<b>30,858</b>	<b>2,461</b>	<b>0</b>	<b>15,483</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>214,767</b>
<b>Excess of receipts</b>									
over (under) disbursement	87,321	10,505	1,578	4,843	-9,905	61,457	382	0	156,181
<b>Other financing sources (uses):</b>									
Transfers in								904,662	904,662
Transfers (out)						-40,000			-40,000
<b>Net change in fund balance</b>	<b>87,321</b>	<b>10,505</b>	<b>1,578</b>	<b>4,843</b>	<b>-9,905</b>	<b>21,457</b>	<b>382</b>	<b>904,662</b>	<b>1,020,843</b>
<b>Fund balance:</b>									
January 1, 2021	502,152	111,951	18,785	43,389	42,219	0	90,021	-447,991	360,526
December 31, 2022	589,473	122,456	20,363	48,232	32,314	21,457	90,403	456,671	1,381,369

See accompanying notes.

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 Honorable Mayor and  
Members of the Belle Fourche City Council  
Belle Fourche, South Dakota

INDEPENDENT AUDITOR'S REPORT

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Belle Fourche (City), Butte County, South Dakota, as of December 31, 2022 and for the year then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued my report thereon dated December 4, 2023 which was qualified.

Report on Internal Control Over Financial Reporting:

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

A *deficiency in internal control* exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of City's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency*, is a deficiency, or 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.

My 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. However, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses.

I did identify a deficiency in internal control, described in the accompanying schedule of findings and management's responses as item 2022-01 that I consider to be a significant deficiency.

*Government Auditing Standards* require the auditor to perform limited procedures on the City's response to the internal control over financial reporting finding identified in my audit described in the accompanying schedule of findings and management responses. The City's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the responses.

I did note minor matters involving internal control over financial reporting that I reported to the governing body and management of the City of Belle Fourche in a separate Letter of Comments dated December 4, 2023.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Belle Fourche's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts 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 my audit and, accordingly, I do not express such an opinion.

The results of my tests disclose no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I did note a minor matter involving compliance that I reported to the governing body and management of the City of Belle Fourche in a separate Letter of Comments dated December 4, 2023.

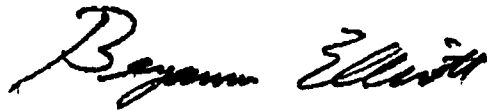
Purpose of this Report

The purpose of this report is solely to describe the scope of my 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 City of Belle Fourche's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Belle Fourche's internal control over financial reporting 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.

Independent Audit Services, PC  
Benjamin Elliott, CPA  
Madison, South Dakota

December 4, 2023





SCHEDULE OF PRIOR AUDIT FINDINGS AND MANAGEMENT RESPONSES

Prior Federal Audit Findings:

Not applicable to this audit because this audit is not subject to Single Audit Uniform Guidance requirements.

Prior Other Audit Findings:

There were no prior year other audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Section I. Summary of Independent Auditor's Results

*Financial Statements:*

Type of auditor's report issued: Qualified Opinion

Material noncompliance noted: None Reported

Internal control over financial reporting:

\* Material weakness(es) identified. None Reported

\* Significant deficiency(ies) identified that are not considered to be material weaknesses. Finding 2022-01

Section II. Financial Statement Findings

Finding 2022-01: Budget Overdrafts  
(compliance and internal control)

*Criteria:*

SDCL 9-21 requires governmental expenditures to be authorized in an annual appropriation ordinance, or by a supplemental appropriation ordinance, by the governing body before the end of year. The City is prohibited from spending in excess of appropriated amounts at the sub-function level.

*Condition:*

In 2022 City departments exceeded their budget by the following amounts.

2022: General fund/general government/financial administration	\$ 112,552
/public safety/police	323,326
/health and welfare/West Nile	13,025
/health and welfare/ambulance	81,000

*Effect:*

Expenditures in excess of a budget can lead to unnecessary expenditures. Also, joint and several liability may attach to any official who approves an expenditure in excess of the amount budgeted for any purpose or department. SDCL 9-21-9 and 9-21-10

*Recommendation:*

I recommend the City stay within its budget, using contingency transfers and supplemental appropriations to adjust particular budget line items when necessary.

*Management Response:*

Management agrees with this recommendation. In the future, the City expects to make contingency transfers or adopt supplemental appropriations to cover expenditures that will exceed their original appropriation.