

**MUNICIPALITY OF TIMBER LAKE
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
For Year Ended: December 31, 2023**

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April 26, 2024**

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MUNICIPALITY OF TIMBER LAKE
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
December 31, 2023

1) General Comments

The City of Timber Lake reports a combined annual revenue of \$1,045,038.14 for fiscal/calendar year 2023 (January 1 to December 31). The City of Timber Lake submits the Large Municipalities – Special Purpose annual report as required for municipalities of the third class with more than \$600,000 revenue.

The City of Timber Lake manages its financial accounts using the Cash Basis system.

2023 Revenue by Fund/Class (\$)	
General Fund	763,765.74
Sewer Fund (Enterprise)	131,570.27
Water Fund (Enterprise)	149,702.13
Total Revenue	1,045,038.14

The SD Department of Legislative Audit requires the following financial reports as a complete Special Purpose Annual Report:

1. Exhibit 3: Balance Sheet – Governmental (General) Funds
Reports the cash assets and fund balances of major individual governmental funds at December 31, 2022.
2. Exhibit 4: Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental (General) Funds
Reports the revenues, expenditures and changes in fund balances of major individual governmental funds for the calendar year.
3. Exhibit 5: Statement of Net Position – Proprietary (Enterprise) Funds
Reports the cash assets and net position of proprietary (enterprise) funds at December 31, 2022. Each major enterprise fund is presented in its own column, with a total column for all enterprise funds.
4. Exhibit 6: Statement of Revenues, Expenses and Changes in Net Position – Proprietary (Enterprise) Funds
Reports the revenues, expenses and changes in net position of proprietary (enterprise) funds for the calendar year. Each major enterprise fund will be presented in its own column, with a total column for all enterprise fund.
5. Exhibit 8: Statement of Net Position – Fiduciary Funds
Reports the cash assets and net position of fiduciary funds at December 31, 2022.
6. Exhibit 9: Statement of Changes in Fiduciary Net Position – Fiduciary Funds
Reports the additions, deductions, and changes in net position of fiduciary funds for the calendar year.
7. Schedule of Changes in Long-Term Debt
Reports the long-term debt to supplement the cash assets information reported on the financial statements.
Includes principal only.

The City of Timber Lake has three funds (classes):

1. General Fund
2. Sewer Fund (Enterprise)
3. Water Fund (Enterprise)

2023 Year-End Balances (\$)	
General Fund	949,468.46
Sewer Fund (Enterprise)	107,783.86
Water Fund (Enterprise)	268,619.79
Total	1,325,872.11

The ELO CPAs & Advisors firm audits the City of Timber Lake’s 2023 financial records. The finance officer’s annual report and notes to the financial statements are supported by the Balance Sheet as of December 31, 2023 and the external audit report.

2) Comments to Finance Reports

Exhibit 3: Balance Sheet – Governmental (General) Funds

- Reports the cash assets and fund balances of major individual governmental funds at December 31, 2023.
- The General Fund includes: a) Checking Account balance; b) Savings Account balance; c) Certificate of Deposits – 5 (#10869, 10871, 10782, 10783, 108777); and d) petty cash.
- The City of Timber Lake reports the following General Fund cash assets:

Cash Assets	General Fund
Checking Account	863,639.81
Petty Cash	150.00
Savings Account	57,678.45
Certificate of Deposits	28,000.00
Total	949,468.46
Non-Spendable	0.00
Restricted	0.00
Committed	0.00
Assigned	0.00
Unassigned	949,468.46

The above fund balances are supported by the Balance Sheet as of December 31, 2023.

General Fund Equity Balances

- Non-spendable: City is cash basis. Not applicable.
- Restricted: No third party or external entity restricted the use of any General Funds.
- Committed: The Board did not commit unexpended fund equity in 2022.
- Assigned: The Board did not assign unexpended fund equity in 2023.

Exhibit 4: Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental (General) Funds

- Reports the revenues, expenditures and changes in fund balances of major individual governmental funds for the calendar year.
- The City of Timber Lake reports the following revenues, expenses, and changes in General Fund cash balances:

Revenues, Expenditures, and Changes in Fund Balance: General Fund (2023)	
Beginning Balance (January 1, 2023)	738,733.11
Revenue	562,748.21
+ Sale of Municipal Surplus Property	11.01
+ Compensation for Loss or Damage to Capital Assets	196,369.62
Expenses	529,129.29
+ Debt Service (Principal and Interest)	19,264.20
Ending Balance (December 31, 2023)	949,468.46
Net Income (Change in Fund Balance)	210,735.35

The above fund balances are supported by the Balance Sheet as of December 31, 2023 and Exhibit 1.

Exhibit 5: Statement of Net Position – Proprietary (Enterprise) Funds

- Reports the cash assets and net position of proprietary (enterprise) funds at December 31, 2023.
- The City of Timber Lake reports the following cash assets and net position of the City’s two enterprise funds (Sewer and Water):

Net Position: Enterprise Funds		
Cash Assets	Sewer Fund	Water Fund
Checking Account	107,783.86	268,619.79
Cash	-	-
Investments	-	-
Total	107,783.86	268,619.79
Restricted for:	-	-
Revenue Bond Service	43,165.12	-
Revenue Bond Retirement	-	-
Revenue Bond Contingency	-	-
Special Assessment Bond Guarantee	-	-
Special Assessment Bond Sinking	-	-
Equipment Repair and/or Replacement	-	10,000.00
Permanently Restricted Purposes	-	-
Other Purposes:		
Infrastructure Project (Wastewater)	50,000.00	
Infrastructure Project (Water)		90,242.25
Unrestricted	14,618.74	168,377.54

The above Enterprise Fund Equity or net position balances are supported by the Balance Sheet as of December 31, 2023.

Net Position Balances

- Non-spendable: City is cash basis. Not applicable.
- Restricted: No third party or external entity restricted the use of any Sewer or Water Funds.
- Other Net Position Action:
 - 1) Water Fund: See Board action on December 28, 2022. See Board action on January 10, 2023 (first reading) and February 6, 2023 (second reading) and Ordinance #2023-01-01 (2023 Appropriation Ordinance – Supplement #1), effective March 9, 2023.
 - \$90,242.25 (Net Position) restricted to Water Infrastructure Improvement Project expense account. Funds represent the full American Rescue Plan Act (ARPA) funds received in 2022 and 2021.
 - \$10,000.00 (Net Position) committed to equipment replacement of automated meter reading system.
 - 2) Sewer Fund:
 - \$50,000 (Net Position) to Sewer Infrastructure Improvement Project expense account. Non-Federal funds are already appropriated in the 2023 budget ordinance.
 - \$43,165.12 (Net Position) to Revenue Bond Debt Service. City of Timber Lake began collecting Sewer Debt Surcharge in July, 2023. Amount represents total surcharge fees collected in 2023 to be used to service loan/debt.
- NOTE: Net Position in the Water and Sewer Fund(s) itself indicates the intended use of that net position. (GASB-34 and Rod Fortin). The above “restrictions” are disclosed for transparency purposes. Funds are technically unrestricted.

Exhibit 6: Statement of Revenues, Expenses and Changes in Net Position – Proprietary (Enterprise) Funds

- Reports the revenues, expenses and changes in net position of proprietary (enterprise) funds for the calendar year. Each major enterprise fund will be presented in its own column, with a total column for all enterprise fund.
- The City of Timber Lake reports the following revenues, expenses, and changes in Enterprise Fund Net Position balances:

Revenues, Expenses, and Change in Net Position – Enterprise Funds		
	Sewer Fund	Water Fund
Beginning Balance (January 1, 2023)	105,160.30	356,991.72
Revenue	131,570.27	149,702.13
Expenses	128,946.71	238,074.06
Debt: Principal & Interest	0	0
Ending Balance (December 31, 2023)	107,783.86	268,619.79
Net Income (Change in Net Position)	2,623.56	(88,371.93)

The above net position balances are supported by the Balance Sheet as of December 31, 2023 and Exhibit 5.

Exhibit 8: Statement of Net Position – Fiduciary Funds

- Reports the cash assets and net position of fiduciary funds at December 31, 2023.
- This financial report is non-applicable for Timber Lake. Timber Lake does not have private purpose trust and/or custodial funds.

Exhibit 9: Statement of Changes in Fiduciary Net Position – Fiduciary Funds

- Reports the additions, deductions, and changes in net position of fiduciary funds for the calendar year.
- This financial report is non-applicable for Timber Lake. Timber Lake does not have private purpose trust and/or custodial funds.

Schedule of Changes in Long-Term Debt

- Reports the long-term debt to supplement the cash assets information reported on the financial statements. Includes principal only.
- The City of Timber Lake has the following debt. The debt consists of the following entities and purpose:
 1. General Fund
 - Western Dakota Bank – Timber Lake Branch
 - The City of Timber Lake initiated an installment loan with the Western Dakota Bank – Timber Lake Branch on November 6, 2020 to purchase the 2008 John Deere Blade. The terms of said loan are:
 - Original Debt: \$86,900.00
 - Interest Rate: 3.900% (Compounding)
 - Duration of Loan (in years): 5
 - Monthly Loan Payment: \$1,605.35
 - Principal Paid in 2023: \$17,393.44
 - Pay-Off Amount/Current Balance (as of 12/31/2023): \$36,942.01
 - Current Maturity: December 15, 2025
 2. Sewer Fund Debt:
 - The City of Timber Lake initiated an installment loan with the SD Department of Agriculture and Natural Resources (SD-DANR) Revolving State Fund to finance the Wastewater Infrastructure Improvement Project. Loan Closed/Signed on April 14, 2023.
 - Original Debt: \$2,229,066.00

- Interest Rate: 2.125%
- Duration of Loan (in years): 30
- Monthly Loan Payment: not yet determined
- Principal Paid in 2023: \$0
- Pay-Off Amount/Current Balance (as of 12/31/2023): \$0
- Current Maturity: 2053
- SRF Loan #: C461260-01
- The City of Timber Lake did not draw funds for the Wastewater Infrastructure Improvement Project in 2023.

3. Water Fund Debt: None

- The City of Timber Lake was awarded an installment loan with the SD Department of Agriculture and Natural Resources (SD-DANR) Revolving State Fund to finance the Water Infrastructure and Storage Improvement Project. Loan is not yet closed.
- Original Loan Award: \$551,000
- Interest Rate: 1.875%
- Duration of Loan (in years): 30
- Monthly Loan Payment: not yet determined
- Principal Paid in 2023: \$0
- Pay-Off Amount/Current Balance (as of 12/31/2023): \$0
- Current Maturity: 2053
- SRF Loan #: pending loan closure
- The City of Timber Lake did not draw funds for the Water Infrastructure and Storage Improvement Project in 2023.

3) Summary Of Significant Accounting Policies:

Financial Statements

The 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.

Financial Reporting Entity

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

Component Units:

Not applicable to City of Timber Lake.

Component Units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Municipality 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 Municipality (primary government). The Municipality may also be financially accountable for another organization if that organization is fiscally dependent on the Municipality.

4) Basis of Presentation:

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

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

Governmental Funds:

1. General Fund – The General Fund is the general operating fund of the Municipality. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered a major fund.
2. Special Revenue Funds – Not Applicable to City of Timber Lake
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.
3. Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. This fund is used to account for property taxes which may be used only for the payment of the debt principal, interest, and related costs. Debt Service Fund is not a major fund.
4. Capital Projects Funds – Not applicable to City of Timber Lake. Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds for individuals, private organizations, or other governments).
5. Permanent Funds – Not applicable to City of Timber Lake
Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Municipality's programs—that is for the benefit of the Municipality and its citizenry.

Proprietary Funds:

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

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

The City of Timber Lake has two Enterprise Funds:

- i. Water Fund – Financed primarily by user charges, this fund accounts for the construction and operation of the municipal waterworks system and related facilities (SDCL 9-47-1). The Water Fund is a major fund.
 - ii. Sewer Fund – Financed primarily by user charges, this fund accounts for the construction and operation of the municipal sanitary sewer system and related facilities (SDCL 9-48-2). The Sewer Fund is a major fund.
2. Internal Service Funds – Not applicable to City of Timber Lake Internal service funds are used to account for the financing of goods or services provided by one department or Custodial to other departments or agencies of the primary governments and its component units, or to other governments, on a cost-reimbursement basis.

Fiduciary Funds:

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

- 1. Pension (and Other Employee Benefit Trust Funds) – Not applicable to City of Timber Lake. Pension and other employee benefit trust funds are used to account for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution pension plans, other post-employment benefit plans, or other employee benefit plans. The Municipality manages an IRC 457 Deferred Compensation Plan, which it offers to its employees.
- 2. Private-Purpose Trust Funds – Not applicable to City of Timber Lake Private-purpose trust funds are used for trust arrangements under which the principal and income benefit individuals, private organizations, or other governments.
- 3. Custodial Funds
Not applicable to City of Timber Lake
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.

5) Measurement Focus and Basis of Accounting:

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

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

6) Measurement Focus:

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

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

7) Basis of Accounting:

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

The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions. Under the modified cash basis of accounting, the statement of financial position reports only cash and cash equivalents (those investments with terms to maturity of 90 days (three months) or less at the date of acquisition). Under the modified cash basis of accounting, transactions are recorded in the accounts when cash and/or cash equivalents are received or disbursed, and assets and liabilities are recognized to the extent that cash has been received or disbursed. There are no acceptable modifications to the cash basis of accounting implemented by the Municipality in the financial statements.

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

8) Interfund Eliminations and Reclassifications:

Not applicable to City of Timber Lake

9) Deposits and Investments:

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

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

10) Capital Assets:

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

The Municipality has not elected to modify their cash basis presentation by recording capital assets arising from cash transactions and depreciating/amortizing those assets where appropriate, so any capital assets owned by the Municipality and the related depreciation/amortization are not reported on the financial statements of the Municipality.

11) Long-Term Liabilities:

Long-term liabilities include, but are not limited to, General Obligation Bonds, Revenue Bonds, Certificates of Participation, Notes Payable, Lease Liabilities, Subscription Liabilities, and Compensated Absences.

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental, business-type, and component unit activities are presented using a modified cash basis of accounting. The Municipality does report the principal and interest payments on long-term debt as Debt Service expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances. On the Statement of Activities, the principal portion of these Debt Service payments are reported within the appropriate expense function while the interest portion is reported as Interest on Long-Term Debt.

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

12) Program Revenues:

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

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

13) Proprietary Funds Revenue and Expense Classifications:

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

14) Cash and Cash Equivalents:

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

15) Equity Classifications - *Government-wide Financial Statements*:

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

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

Fund Financial Statements: Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned, or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as restricted net position.

16) Application of Net Position:

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

17) Fund Balance Classification Policies and Procedures:

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

1. Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. Nonspendable is not applicable to the City of Timber Lake. City is cash basis and the only asset reported is cash.
2. Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The City of Timber Lake reports no restricted funds.
3. Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. The City of Timber Lake Board did not affect an action to commit funds, by ordinance. City reports no committed funds.

- 4. Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the City Board of Trustees. The City of Timber Lake reports assigned funds. The City of Timber Lake Board did not affect an action to assign funds, by resolution. City reports no assigned funds.
- 5. Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

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

18) Implementation Of New Accounting Standard

GASB-96 does not apply to the City of Timber Lake. The City has not implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). This statement improves accounting and financial reporting for SBITAs; enhances the comparability of financial statements between governments; and also enhances the understandability, reliability, relevance, and consistency of information about SBITAs.

19) Violations Of Finance-Related Legal and Contractual Provisions

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

	<u>Year Ended</u> <u>12/31/2023</u>
General Fund:	
<u>Activity</u>	
432: Sanitation	\$ 3,651.29
441: Health	1,487.50
492: Other Expenditures	1,784.42

The Municipality plans to take the following actions to address these violations:

- A. 432: Sanitation – Collect revenue from landfill/restricted use site to ensure planned expenditures are supported by income; adopt a supplemental ordinance mid-year as needed; and/or transfer Legislative Contingency at year-end.
- B. 441: Health – Transfer Legislative Contingency at year-end.
- C. 492: Other Expenditures: Transfer Legislative Contingency at year-end.

20) Deficit Fund Balances / Net Position of Individual Nonmajor Funds

As of December 31, 2023, the City reports no individual nonmajor funds having deficit fund balances/net position.

21) Deposits And Investments Credit Risk, Concentrations of Credit Risk and Interest Rate Risk

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

- A. Deposits – The Municipality’s cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank’s

public debt rating which may not be less than “AA” or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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

As of December 31, 2023, the Municipality did not have any investments. The investments reported in the financial statements consist of only certificates of deposit.

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

22) Restricted Cash and Investments

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

Amount:	Purpose:
\$ 0.00	Security for loan, bonds, and similar commitments Sewer Fund: Sewer Debt Surcharge
\$ 0.00	For Capital Asset construction
\$ 43,165.12	For Debt Service, by debt covenants Sewer Fund: Sewer Debt Surcharge

Additionally, the Municipality does not have an unused letter of credit from a commercial bank in any amount.

23) Property Taxes

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

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

24) Conduit Debt

Not applicable to the City of Timber Lake. The Municipality has not issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest.

25) Landfills

Not applicable to the City of Timber Lake. The Municipality accounts for revenue and expenditures/expenses in Sanitation.

26) Segment Information for Enterprise Funds

Not applicable to the City of Timber Lake. The Municipality does not have non-major enterprise or governmental funds which have revenue bonds secured by all or a portion of the revenues of the enterprise fund. Not does the Municipality have a major enterprise fund with two or more revenue bond issues, where only a specific portion of the operating revenues secure each revenue-backed debt.

27) Restricted Net Position

Not applicable to the City of Timber Lake. The Municipality does not have permanent endowments or permanent fund principal amounts.

28) Interfund Transfers

Not applicable to the City of Timber Lake. The Municipality did not transact any interfund transfers for the year ended December 31, 2023.

29) Tax Abatements

Not applicable to the City of Timber Lake. The Municipality did not enter into any property tax abatement agreement(s) with local businesses, under SDCL and/or Ordinance authority. Therefore, the Municipality reports no abated property taxes.

30) Prior Period Adjustments

Not applicable to the City of Timber Lake.

31) Pension Plan

Plan Information:

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

Benefits Provided:

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

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

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

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

- 1) Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.

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

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

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

Contributions:

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

Year	Amount
2023	\$6,665.20
2022	\$5,661.23
2021	\$5,486.19

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

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

Proportionate share of total pension liability	\$624,114
Less proportionate share of net position restricted for pension benefits	624,534

Proportionate share of net pension asset	(\$420)

The net pension asset was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the Municipality's proportion was 0.00430700%, which is an increase of 0.0003530% from its proportion measured as of June 30, 2022.

Actuarial Assumptions:

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

Inflation	2.50 percent
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25

	years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%.
Future COLAs	1.91%

Mortality Rates:

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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

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

Discount Rate:

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

Sensitivity Of Liability (Asset) To Changes in The Discount Rate:

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

	1% Decrease	Current Discount Rate	1% Increase
Municipality’s proportionate share of the net pension liability (asset)	\$86,164	\$(420)	\$(71,330)

Pension Plan Fiduciary Net Position:

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

32) Other Post Employment Benefits - Healthcare Plan

Not applicable to the City of Timber Lake. The Municipality does not offer post-employment benefits.

33) Accountability For Related Organization

Not applicable to the City of Timber Lake. The Municipality is not accountable for any related organization(s).

34) Joint Ventures

Not applicable to the City of Timber Lake. The Municipality does not have any joint venture(s). The Municipality has no equity interest in the Net Position of any other organization. The Municipality does not have a responsibility to fund deficits of any other organization in proportion to any relative participation.

35) Related Party Transactions

Not applicable to the City of Timber Lake. The Municipality has no relationship with a “related-party.”

36) Significant Contingencies – Litigation

At December 31, 2023, the Municipality was involved in the litigation of: Dunn-Love v Penfield-All.

At December 31, 2023, the Municipality was involved in one lawsuit. No determination can be made at this time regarding the potential outcome of these lawsuits. However, as discussed in the Risk Management note, the

Municipality has liability coverage for itself and its employees with SD Public Assurance Alliance. Therefore, no material effects are anticipated to the Municipality as a result of the potential outcome of these lawsuits.

37) Significant Contingencies – Federally Assisted Programs – Compliance Audits

Not applicable to the City of Timber Lake. The Municipality has not received nor expended more than \$750,000 in federal grant monies for the year ended December 31, 2023. Municipality anticipates the need for single-purpose compliance audit(s) for calendar years 2024-2025-2026.

38) Subsequent Events

Not applicable to the City of Timber Lake.

39) Risk Management

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

Employee Health Insurance:

The Municipality joined the South Dakota Municipal League Health Pool of South Dakota. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The Municipality pays a monthly premium to the pool to provide health insurance coverage for its employees. Settled claims from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

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

- a. General Governmental Liability
- b. Automobile Liability
- c. Automobile Physical Damage
- d. Property Damage
- e. Electronic Device (EDP) Hardware
- f. Mobile Equipment

Effective October 5, 2021, the SDPAA adopted a new policy on member departures. Departing members will no longer be eligible for any partial refund of the calculated portion of their contributions which was previously allowed. The prior policy provided the departing member with such a partial refund because the departing member took sole responsibility for all claims and claims expenses whether reported or unreported at the time of their departure from the SDPAA. With such partial refund being no longer available, the SDPAA will now assume responsibility for all reported claims of a departing member pursuant to the revised IGC. The Municipality has not departed from SDPAA as of December 31, 2023.

The Municipality carries a deductible for the coverage, as shown below:

Coverage	Deductible
i. General Governmental Liability	\$0.00
ii. Automobile Liability	\$0.00
iii. Automobile Physical Damage	\$100 (Comp); \$250 (Collision)
iv. Property Damage	\$500
v. Electronic Device (EDP) Hardware	\$500
vi. Mobile Equipment	\$500

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

Worker's Compensation:

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

The Municipality does not carry additional insurance to cover claims in excess of the upper limit.

Unemployment Benefits:

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

During the year ended December 31, 2023, no claims for unemployment benefits were paid. At December 31, 2023, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

40) Implementation Of New Standard and Restatement

Not applicable to the City of Timber Lake. The Municipality has not restated the net position and fund balance of any governmental and/or enterprise fund(s).

41) Statement of Distribution

SDCL 9-22-21 requires the annual financial report to be submitted to the governing body no later than the first regular meeting of May of each year and that the report be published in the official newspaper, or any other newspaper as the governing body may direct within thirty days after the report is made to the government body or on completion of an annual audit. SDCL 9-22-21 also requires that by the last day of May each year the financial officer shall file a copy of the report with the SD Department of Legislative Audit.

Timber Lake Distribution Dates:

- (a) May 8, 2024 -- Annual financial report submitted to the governing body.
- (b) May 13, 2023 – Entire linked annual report workbook submitted to the SD Department of Legislative Audit. Required financial statements are within the complete workbook.
- (c) May 13, 2023 – Published Annual Report Form submitted to the *Timber Lake Topic* for publishing on May 16, 2023.

- (d) May 14, 2023 – Scanned copy of required annual report records and narrative sent to Central SD Enhancement District.
- (e) May 14, 2023 – Scanned copy of required annual report records and narrative uploaded to City of Timber Lake website (www.tlsd.us).
- (f) All approved financial reports, all worksheet documents, and all supporting documents shall be retained in the Timber Lake Finance Office.

I have prepared the preceding notes to the financial statements.

<u>Karla Nordyke</u>	<u>City Finance Officer</u>	<u>April 26, 2024</u>
Signature	Title	Date

Other Financial Summary Information

Cash Flow Report: Calendar/Fiscal Year 2023

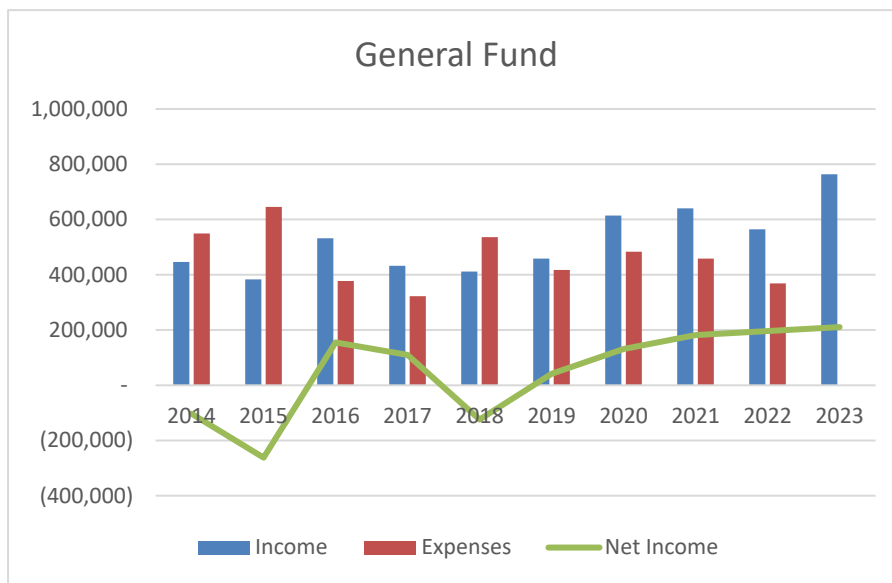
**CASH FLOW REPORT
(MONTHLY FINANCIAL REPORT)
CALENDAR/FISCAL YEAR 2023**

	GENERAL FUND	ENTERPRISE FUNDS WATER FUND	SEWER FUND	TOTAL
Beginning Balance (Checking Account) (as of 01/01/2023)	653,304.49	356,991.72	105,160.30	1,115,456.51
Total Receipts (Income)	763,765.74	149,702.13	131,570.27	1,045,038.14
Total Expenditures	553,430.42	238,074.06	128,946.71	920,451.19
Ending Balance (Checking Account) (as of 12/31/2023)	863,639.81	268,619.79	107,783.86	1,240,043.46
Savings Account Balance (as of 12/31/2023)	57,678.65			57,678.65
Cash Value of Certificate of Deposits (as of 12/31/2023)	28,000.00			28,000.00
Petty Cash (as of 12/31/2023)	150.00			150.00
TOTAL FUND BALANCES (as of 12/31/2023)	949,468.46	268,619.79	107,783.86	1,325,872.11
<hr/>				
Daily Ledger Balance (Bank) -- Checking Account (as of 12/31/2023)				1,240,274.33

Fund Balance Trends (General Fund)

Net Position Trend Data is available retrospectively to 2010. Ask Finance Officer for more detail if needed. Average represents a 10-year average (2014 through 2023).

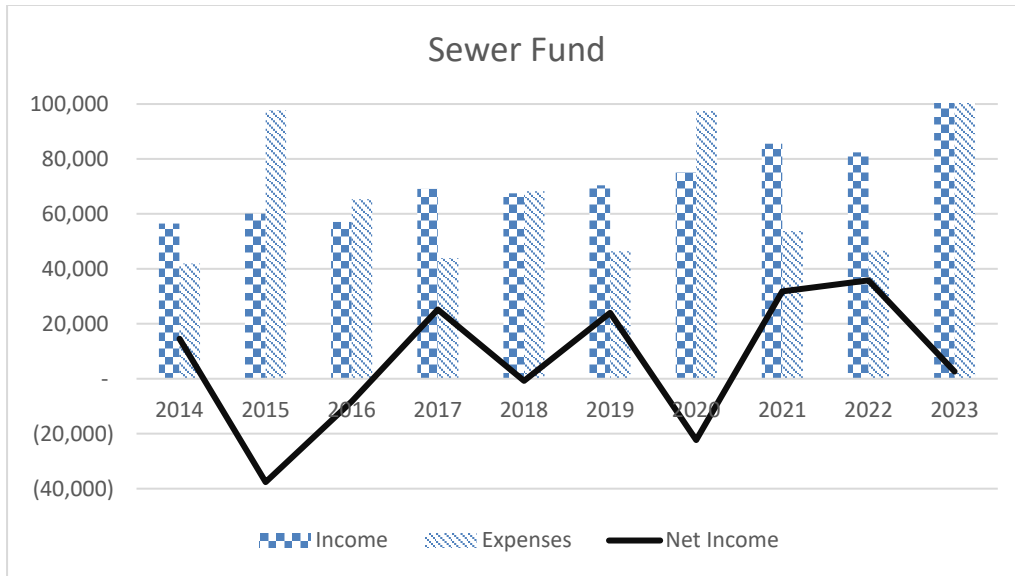
GENERAL FUND											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Average
Income	445,859	383,244	531,865	432,219	411,451	458,383	613,859	639,880	564,094	763,766	524,462
Expenses	549,209	645,349	377,030	322,426	535,619	416,914	483,050	458,339	368,306	553,430	470,967
Net Income	(103,350)	(262,105)	154,835	109,793	(124,168)	41,469	130,809	181,542	195,788	210,735	53,535



Net Position Trends (Enterprise Funds)

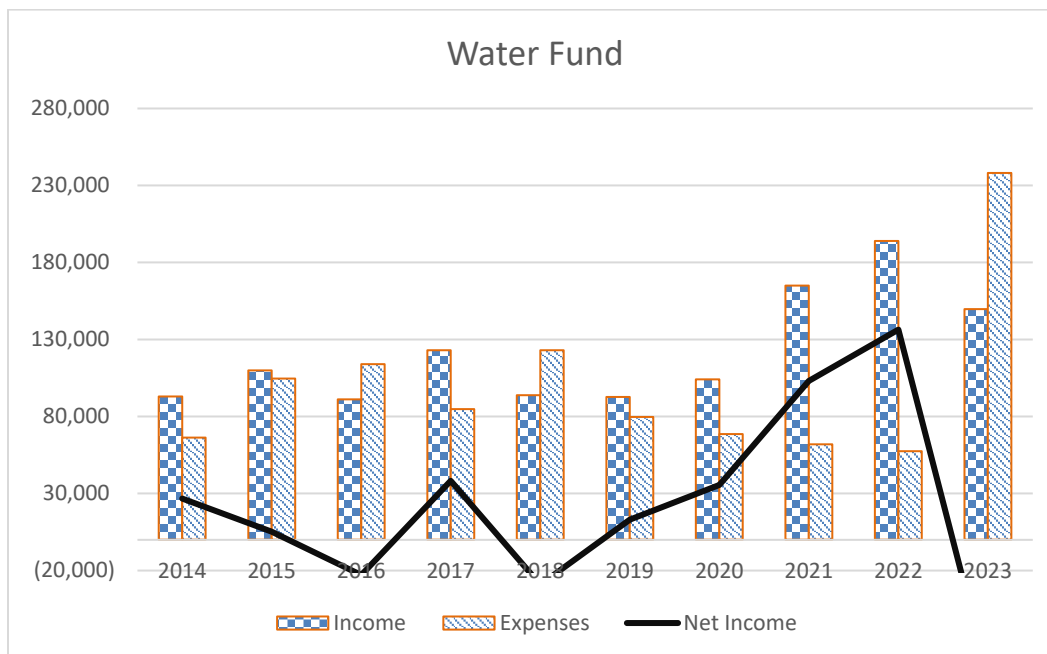
Net Position Trend Data is available retrospectively to 2010. Ask Finance Officer for more detail if needed. Average represents a 10-year average (2014 through 2023).

SEWER FUND											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Average
Income	56,441	60,099	57,019	69,114	67,462	70,373	75,124	85,517	82,390	131,570	75,511
Expenses	41,922	97,716	65,305	43,891	68,239	46,396	97,417	53,730	46,547	128,947	69,011
Net Income	14,520	(37,617)	(8,285)	25,223	(778)	23,977	(22,293)	31,787	35,843	2,624	6,500



WATER FUND

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Average
Income	92,967	109,852	91,104	122,997	93,832	92,676	104,097	164,919	193,884	149,702	121,603
Expenses	66,264	104,641	114,003	84,796	123,029	79,649	68,570	61,879	57,439	238,074	99,834
Net Income	26,703	5,212	(22,899)	38,201	(29,197)	13,027	35,527	103,041	136,445	(88,372)	21,769



Top 10 Revenues & Expenses (All Funds)

Comparison of 2022 Top Ten Revenue & Expenses to 2023 Top Ten Revenue & Expenses.

Top Ten Revenue & Expense data is available retrospectively to 2018. Ask Finance Officer for more detail, if needed.

Calendar Year (2022)		
TOP 10 REVENUE FUNDS		
1	Sales Tax Revenue	274,682
2	Water Fund	193,884
3	General Property Taxes	104,596
4	Sewer Fund	82,390
5	Garbage Collection	58,604
6	State Shared Revenues	42,694
7	Other: Insurance	22,231
8	Operating Agreements	22,223
9	Leases	11,055
10	Sanitation (RUS)	7,966

TOP 10 EXPENSE FUNDS		
1	Financial Administration	91,330
2	Streets	65,585
3	Law Enforcement	60,000
4	Water	57,439
5	Sanitation: Garbage Collection	48,180
6	Sewer	46,547
7	General Government	43,285
8	Long Term Debt (Blade)	19,264
9	Legislative	18,559
10	Sanitation: Restricted Use Site	10,089

Calendar Year (2023)		
TOP 10 REVENUE FUNDS		
1	Sales Tax Revenue	275,163
2	Loss/Damage Compensation	196,370
3	Water Fund	149,702
4	Sewer Fund	131,570
5	General Property Taxes	122,634
6	Garbage Collection	63,562
7	State Shared Revenues	44,167
8	Operating Agreements	20,511
9	Leases	12,315
10	Credits & Allowances	7,365

TOP 10 EXPENSE FUNDS		
1	Water	238,103
2	Streets	163,091
3	Sewer	128,918
4	Financial Administration	93,777
5	General Government	70,169
6	Law Enforcement	60,000
7	Sanitation: Garbage Collection	57,180
8	Library	32,250
9	Long Term Debt (Blade)	19,264
10	Legislative	17,539

Sales-Use Tax

Source: SD Department of Revenue -- Statistics for ALL Cities by Standard Industrial Classification (SIC), Major Group, and Division Returns Filed: Calendar Year - Taxable Tax Due Timber Lake - General Recap

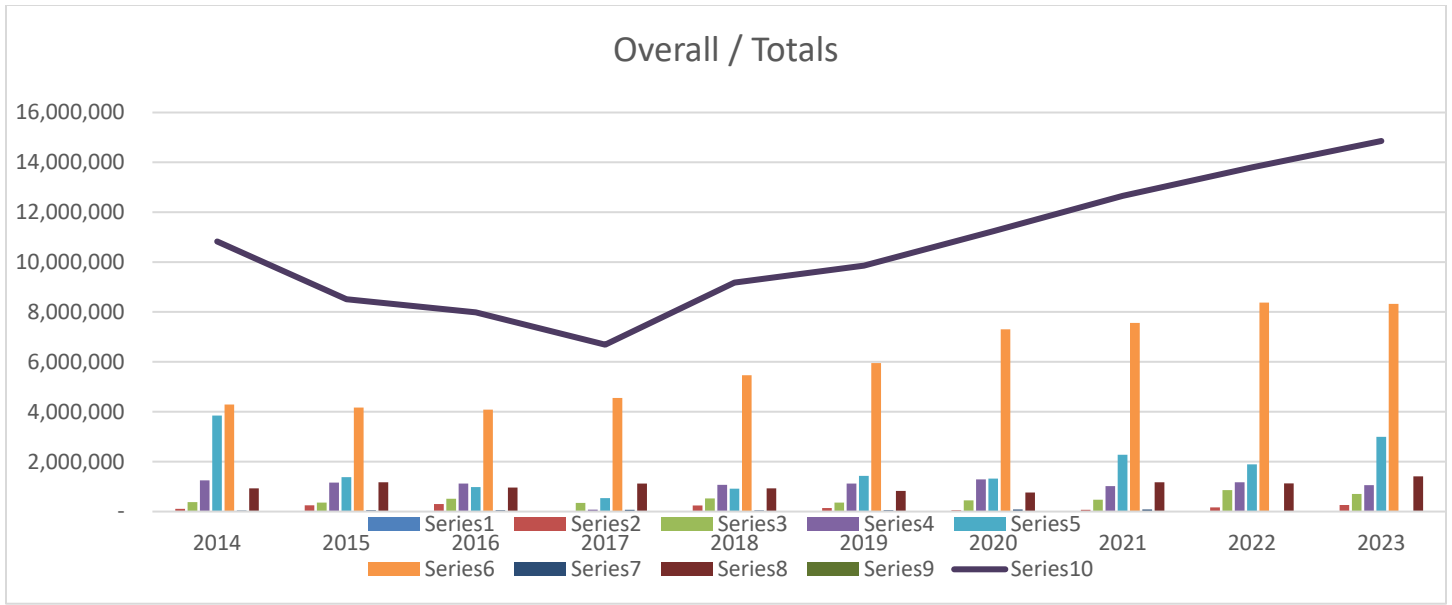
Sales Tax Trend Data is available retrospectively to 2011. Ask Finance Officer for more detail, if needed.

SD Department of Revenue stopped reporting online sales (remote sellers) in August 2023.

TAXABLE SALES -- TIMBER LAKE

Source: SD Department of Revenue; Statistics for All Cities by Standard Industrial Classification (SIC), Major Group, and Division (Calendar Year)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agriculture, Forestry, and Fishing	11,615	1,278	1,268	-	5,155	4,250	2,368	27,767	41,131	41,572
Construction	103,384	242,778	296,252	-	237,958	135,475	43,365	67,749	164,675	256,703
Manufacturing	373,251	352,094	507,993	338,941	524,149	355,000	445,770	466,969	852,106	700,572
Transportation, Communications, Electric, Gas, and Sanitary Services	1,246,480	1,156,608	1,116,806	75,253	1,066,348	1,115,074	1,282,347	1,018,100	1,170,489	1,050,631
Wholesale Trade	3,843,152	1,374,009	974,397	532,512	913,787	1,423,175	1,313,730	2,270,557	1,889,319	2,990,925
Retail Trade	4,284,239	4,166,537	4,084,718	4,548,675	5,460,852	5,951,615	7,302,009	7,556,743	8,374,146	8,324,887
Finance, Insurance, and Real Estate	34,971	46,348	46,714	68,770	39,407	44,846	81,592	79,963	174,200	80,587
Services	928,322	1,167,724	954,826	1,116,660	928,002	824,397	761,063	1,166,358	1,126,587	1,408,748
Other	-	-	-	8,208	225	560	826	-	660	4,047
Total Sales Tax	10,825,414	8,507,377	7,982,974	6,689,019	9,175,884	9,854,391	11,233,069	12,654,205	13,793,312	14,858,672
City of Timber Lake (2.0%)	219,334	168,771	167,021	193,335	183,748	198,603	224,942	270,025	275,897	297,380
Online Sales								48,131	27,544	



Series:

- 1 – Agriculture, Forestry, and Fishing
- 2 – Construction
- 3 – Manufacturing
- 4 – Transportation, Communications, Electric, Gas, and Sanitary Services
- 5 – Wholesale Trade
- 6 – Retail Trade
- 7 – Finance, Insurance, and Real Estate
- 8 – Services
- 9 – Other
- 10 – Total Sales Tax Received